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HEALTH AND WELLNESS TOURISM IN CROATIA - CATEGORY ANALYSIS

HEADLINES

- In 2010 current value sales grow by 3% to reach HRK67 million
- Health and wellness tourism continues to develop despite the economic crisis
- Average sales per hotel/resort spa grow by 1% in current value terms in 2010
- Sales are expected to grow by an 8% constant value CAGR over the forecast period to reach HRK98 million in 2015

TRENDS

- Hoteliers are discovering that today’s holidaymakers are looking for activities to supplement their holiday experience. As a result, health and wellness tourism is establishing itself on the travel services map. Health and wellness tourism is one of answers to the problem of low profitability of hotels in Croatia. High value-added services can, if well implemented and managed, create high revenue streams.
- Hotels are required to provide some form of wellness service if they want to acquire 4- or 5-star status. Therefore spas and similar services are very important to high-end hotels. The level of wellness service and expertise can provide a means of differentiating accommodation facilities from those of the competition.
- The first wellness centre in Croatia was opened in Opatija in 2000. Since then, the number of wellness centres has grown by a 7% CAGR. In 2010, there were 188 hotel/resort spa outlets, offering wellness services throughout the country, in addition to Toplice’s hot spring swimming facilities. There are distinct concentrations of hotel/resort spas in Zagreb, Dubrovnik and Opatija. The prominence of these facilities is increasing, as wellness tour packages are being marketed through travel agencies in many parts of the country.
- The proliferation of wellness centres, often with rudimentary facilities, since the start of the century, has led to demands for firmly established standards. At the end of 2003, the Croatian Chamber of Commerce initiated the founding of the Croatian Wellness Association (Wellness Udruga Hrvatske – WUH), which has become a member of the European Federation of Fitness and Wellness Centres. WUH’s standards are aligned with those of German fitness and sport studios.
- Effective wellness centres need skilled personnel, and as Croatia lags behind Western Europe in some areas, such as staff training levels and the general quality of facilities on offer, steps are being taken to improve the situation. The Wellness Institute and WFAC have created educational programmes to increase the level of expertise in health and wellness in Croatia. The Vimal Wellness University in Zagreb runs specialised courses and programmes for managers, coordinators, marketing managers, receptionists and masseuses. Due to the effects of the economic crisis, not least the increasing rate of unemployment, interest in the university’s programmes grew in 2010.
- High-class hotels are at the forefront of spa and wellness centre development. The number of guests who choose to use spas during a stay is rising. On the supply side, the number of
hotels with spa facilities is growing year-on-year, along with spa prices. Almost every hotel which improved its star rating in 2010 introduced or improved spa facilities.

PROSPECTS

- Health and wellness tourism is expected to record the fastest sales growth in travel and tourism in Croatia. Constant value sales are predicted to grow by an 8% CAGR over the forecast period. Growth will be driven by an increasing number of outlets and wellness/spa visitors and higher prices due to improved services.

CATEGORY DATA

Table 1 Number of Hotel/Resort Spas: Units 2005-2010

<table>
<thead>
<tr>
<th>outlets</th>
<th>2005</th>
<th>2006</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
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</thead>
<tbody>
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Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 2 Spa Consumer Markets: Domestic Tourism 2005-2010

<table>
<thead>
<tr>
<th>'000 trips</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<th>2009</th>
<th>2010</th>
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<td>Data removed from sample</td>
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<td>Data removed from sample</td>
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<tr>
<td>Non-spa</td>
<td>Data removed from sample</td>
<td>Data removed from sample</td>
<td>Data removed from sample</td>
<td>Data removed from sample</td>
<td>Data removed from sample</td>
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<tr>
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Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources
Table 3  Spa Consumer Markets: Arrivals 2005-2010

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<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-spa</td>
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<td>Total</td>
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</table>

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 4  Forecast Health & Wellness Tourism Sales by Category: Value 2010-2015

<table>
<thead>
<tr>
<th>HRK million</th>
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<tbody>
<tr>
<td>2010</td>
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<tr>
<td>Medical Tourism</td>
</tr>
<tr>
<td>Spas</td>
</tr>
<tr>
<td>- Destination Spas</td>
</tr>
<tr>
<td>- Hotel/Resort Spas</td>
</tr>
<tr>
<td>- Other Spas</td>
</tr>
<tr>
<td>Other Health &amp; Wellness</td>
</tr>
<tr>
<td>Tourism</td>
</tr>
</tbody>
</table>

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
TRAVEL AND TOURISM IN CROATIA - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

Travel and Tourism Offers Temporary Relief To the Croatian Economy

The political and economic situation in Croatia in 2010 was very difficult: unemployment reached an all-time high, high public debt, many illiquid companies, people working but not getting paid and corruption scandals involving the country’s highest officials, etc. As a result, consumer confidence was very low and one of the few bright spots was the positive tourism performance, which brought temporary but important relief from political and economic difficulties.

Strategic Plan To Develop Croatian Tourism

The most recent strategic plan to develop tourism in Croatia covered September 2003-2010. In October 2010, the Ministry of Tourism issued a public tender for a new strategic plan to develop Croatian tourism. This was a much anticipated call as the new strategic plan is set to shape Croatia’s travel and tourism Industry for the next decade.

High Seasonality Puts Pressure on the Travel and Tourism Infrastructure

One of the biggest problems facing tourism in Croatia is the short tourist season. Despite efforts to diversify, Croatia remains predominantly a sun and beach destination. The relatively narrow tourism offer means that the areas of natural beauty are still the main attractions. The dependence on natural beauty and the climate continue to pose a large threat to the travel and tourism industry. A serious ecological disaster or a long period of unusually low temperatures could have serious consequences on the country’s tourism balance of payments. In addition, high seasonality creates an immense strain on the infrastructure, which needs to be developed to support high volumes of visitors for short periods of time but is then underused for the rest of the year.

Domestic Tourism Falls Short of Expectations

During the global economic downturn the national tourism boards of most of the Croatia’s competitors featured promotional campaigns inviting the domestic populations to holiday “at home”. This was one way to compensate for the falls in the numbers of foreign visitors. However, the number of domestic trips in Croatia recorded a strong decline in 2010, for a second consecutive year. Instead of substituting more expensive outbound travel with domestic trips, Croatian tourists did exactly the opposite.

Lack of Order in Travel Accommodation

The majority of beds in Croatia are in private accommodation, more specifically privately-owned homes. They are scattered around many small places along the country’s long coastline and on islands, making it very difficult to control the travel accommodation offer. Legislation on private accommodation is in place but effective implementation and control are lacking. Year-on-
year progress is visible but there is still a long way to go until order can be brought to travel accommodation in Croatia.

**KEY TRENDS AND DEVELOPMENTS**

**Impact of the Recession**

Content removed from sample

**Current Impact**

Content removed from sample

**Outlook**

Content removed from sample

**Future Impact**

Content removed from sample
National Tourism Board Strategy

Current Impact

Outlook

Future Impact

Legislative Environment – Controlling Private Operators
Outlook

Content removed from sample

Future Impact

Content removed from sample

Croatia: A “lifestyle” Destination

Content removed from sample

Current Impact

Content removed from sample
Outlook

Content removed from sample

Future Impact

Content removed from sample

Small Family-owned Hotels Emerge

Content removed from sample

Current Impact

Content removed from sample
Croatia Aims To Develop A High Added-value Tourism Offer
Content removed from sample

Outlook

Content removed from sample

Future Impact

Content removed from sample

DEMAND FACTORS

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### Table 11 Leave Entitlement: Volume 2005-2010

<table>
<thead>
<tr>
<th>Number of days</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>Paid Holiday</td>
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<tr>
<td>Public Holidays on Working Days</td>
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<td>Public Holidays not on Working Days</td>
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<tr>
<td>Leave Entitlement</td>
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</table>

Source: Euromonitor International from official statistics

### Table 12 Holiday Demographic Trends 2005-2010

<table>
<thead>
<tr>
<th>% number of people</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday Takers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Holiday Takers</td>
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</table>

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews
Table 13 Holiday Takers by Sex 2005-2010

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
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<tr>
<td>Male</td>
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<td></td>
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</tbody>
</table>

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews
Note: Sex of national tourists (domestic and outbound)

Table 14 Holiday Takers by Age 2005-2010

<table>
<thead>
<tr>
<th>Age</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<td>0-14</td>
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<td>15-24</td>
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<td>25-34</td>
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<td>35-49</td>
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<td>50-64</td>
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<td>Over 65</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews
Notes: Age of national tourists (domestic and outbound)

Table 15 Seasonality of Trips 2005-2010

<table>
<thead>
<tr>
<th>Month</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>February</td>
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<td>March</td>
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<td>April</td>
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<td>May</td>
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<td>June</td>
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</tbody>
</table>

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews
Note: For national tourists (domestic and outbound)

**BALANCE OF PAYMENTS**

Maintaining a positive balance of payment has always been the priority for Croatian policy makers. Croatia is predominantly an inbound tourism destination and the balance of payments will remain positive unless this situation changes. In 2010, the balance of payments reached
HRK15.2 billion, an increase of 4% over 2009. The main reason for the rise in the balance of payments was the 7% increase in incoming tourist expenditure in current value terms in 2010.

Table 16 Balance of Tourism Payments: Value 2005-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Receipts</th>
<th>Expenditure</th>
<th>Balance</th>
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<tbody>
<tr>
<td>2005</td>
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<td>2006</td>
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<td>2007</td>
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<td>2008</td>
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<td>2009</td>
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<td>2010</td>
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</table>

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews

MARKET INDICATORS

Table 17 Length of Domestic Trips: 2005-2010

<table>
<thead>
<tr>
<th>Type</th>
<th>'000 trips</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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</tr>
</thead>
<tbody>
<tr>
<td>0-3 Days</td>
<td></td>
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<td></td>
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<td>4-7 Days</td>
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<td>Over 7 Days</td>
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</table>

Domestic Trips

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews

Table 18 Length of Outbound Departures: 2005-2010

<table>
<thead>
<tr>
<th>Type</th>
<th>'000 trips</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>0-3 Days</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-7 Days</td>
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<td>Over 7 Days</td>
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</tbody>
</table>

Departures

Source: Euromonitor International from official statistics, trade associations, trade press, trade interviews

DEFINITIONS

This report analyses the market for Travel and Tourism in Croatia. For the purposes of the study, the market has been defined as follows:

- Tourism flows inbound
- Tourism flows outbound
- Tourism flows domestic
- Travel accommodation
- Transportation
Tourism Flows

Arrivals

Arrivals refers to international tourists visiting another country for at least 24 hours, for a period not exceeding 12 months, and staying in collective or private accommodation for leisure, business, visiting friends/family and other purposes (religious, medical, education etc). Euromonitor International considers arrivals to be recorded in terms of trips as opposed to visitors, whereby a visitor may make more than one trip during the recorded period. An inbound trip starts as soon as an international tourist enters another country until they leave again.

Euromonitor International’s arrival figures exclude trips made by same-day visitors, transit passengers and cruise passengers as this can distort arrival figures in important border crossings and cruise destinations respectively. It also excludes those in paid employment abroad. Military personnel and diplomats are excluded, along with displaced people because of war or natural disasters. Transportation crew (air, rail, land and sea) and lorry drivers are also excluded. Trips to second homes are included. The country of origin of the inbound arrival is referred to as the source country and reflects the country of residence, rather than nationality of the visitor. Students that stay in a country for a period of more than 12 months are excluded from arrivals data and are considered as residents of the country of temporary residence.

Data is collected from official sources and is constructed from different sources in order to provide the overall number of arrivals. Key sources include border statistics collated, border surveys and registered guests at accommodation outlets primarily sourced from national tourist offices and national statistics offices.

Arrivals by City

International arrivals by city includes those international visitors that arrive at the city as their first point of entry, but also includes those visitors to the city that arrived in the country via a different point of entry, but then go on to visit the city in question. A minimum stay of 24hrs is required for inclusion in the arrivals figures.

Departures

Departures refers to the number of residents that travel abroad from their country of residence to another destination country for leisure or business purposes. Residents include students residing abroad for a period of over 12 months. Departures by destination reflect the main departure destination recorded at the country of residence of the outbound traveller. For example, a UK resident on a trip to Rome with a stop-off in Paris would be recorded under UK departures to Italy. Data includes foreigners residing permanently in the country of departure including students residing for over a period of one year.

Departure figures exclude outbound trips by same-day visitors, transit passengers and cruise passengers (apart from at the initial point of departure from the country of residence) as this can distort departure figures in important border crossings and cruise destinations respectively. Military personnel and diplomats are excluded, along with displaced people because of war or
natural disasters. Transportation crew (air, rail, land and sea) and lorry drivers are also excluded.

**By Purpose of Visit**

**Leisure**

Tourism for leisure purposes includes leisure, visiting friends and relatives and other purposes (such as sports, education, medical, shopping, religion etc).

Leisure arrivals by type is broken out into backpackers, organised tour groups (including school trips and organised sport trips), singles, families, friends, couples (including gay couples) and others. Others include travelling for a wedding etc. Where singles, families or couples go on organised tours or are backpacking then they are considered to fall under the latter. If singles, families or couples are not back-packing or part of an organised tour group, then they are counted in their respective category.

**Business**

Tourism for business purposes includes all business trips that are taken primarily for business purposes including unmanaged and managed. If business travellers choose to add on a leisure extension to their trip, the arrival or departure would still be considered as business as that is the primary motive for the trip.

**MICE**

Refers to meetings, incentives, conventions and exhibitions where these are organised events run by third parties on behalf of companies, either onsite or in hotels or conference centres.

**Domestic trips**

Domestic trips refers to the number of trips taken by residents of the country within their country of residence. Within a trip, multiple destinations may be included; however, the overall destination is recorded as the main destination. Trips over 24 hours are to be included so day trips are excluded. Trips refer to single person trips, not multiple person trips.

**Spa target market**

The number of inbound or outbound visitors who visit and use spas during their stay.

**Holiday takers**

The number of people out of the country’s entire population who take holidays. For holiday takers, it shows how many people actually take holidays, either abroad or within the country. For example, even if some people have time off, they may not take holidays.

**Tourism Receipts and Expenditure**

**Domestic tourist expenditure**

Domestic tourist expenditure refers to spending on travel and tourism services by domestic visitors on their trips for business and leisure purposes.

For domestic tourism expenditure split by business and leisure: business domestic tourism expenditure includes expenditure by group and MICE tourism (ie managed business booked via corporate business travel retailers acting as a third party) and independent or transient business (ie unmanaged business that is booked via travel retailers or direct suppliers). Leisure domestic
tourism expenditure includes expenditure by all leisure departures including those visiting friends/relatives and others.

**Incoming tourist receipts**

These are classified as payments by international inbound tourists, including fares paid to national carriers for international transport and any other prepayments made for goods or services received in the country of destination. This includes receipts from day visitors from abroad, although there are exceptional cases that are recorded separately. Excludes spending by students that stay in a country for a period of over 12 months. Air fare paid to foreign carriers is excluded. Expenditure from day trips is included.

Incoming tourist receipts split by business and leisure: business incoming tourist receipts includes spending by group and MICE tourism (ie managed business booked via corporate business travel retailers acting as a third party) and independent or transient business (ie unmanaged business that is booked via travel retailers or direct suppliers). Leisure incoming tourist receipts includes spending by all leisure arrivals including those visiting friends/relatives and others.

**Outgoing tourist expenditure**

This is expenditure by outbound tourists abroad, including their payments to foreign carriers for international transport. This includes expenditure on day visits abroad, except in certain cases when these are recorded separately. Data thus excludes international transport fares purchased within the country of origin.

Leisure departures by type is broken out into backpackers, organised tour groups (including school trips and organised sport trips), singles, families, friends, couples (including gay couples) and others. Others include travelling for a wedding etc. Where singles, families or couples go on organised tours or are backpacking then they are considered to fall under the latter. If singles, families or couples are not back-packing or part of an organised tour group, then they are counted in their respective category.

Outgoing tourism expenditure split by business and leisure: business outgoing tourism expenditure includes expenditure by group and MICE tourism (ie managed business booked via corporate business travel retailers acting as a third party) and independent or transient business (ie unmanaged business that is booked via travel retailers or direct suppliers). Leisure outgoing tourism expenditure includes expenditure by all leisure departures including those visiting friends/relatives and others.

**Tourism expenditure by sector**

Tourism expenditure includes spending by inbound and domestic tourists to represent the country’s total income from travel and tourism. For tourism expenditure and outgoing tourist expenditure by sector, categories are as follows:

- **Accommodation:** includes all forms of travel accommodation namely campsites, hotels, motels, self-catering, chalets, guesthouses, hostels, private accommodation and other. Includes spending on accommodation by students visiting for a period of less than 12 months.
- **Entertainment:** includes evening entertainment, gold trips paid for at the destination and tourist attractions such as casinos and theme parks. Theme parks are considered under entertainment as that is its core offer regardless of arranged transport whether considered to be an impulse or planned purchase. Includes golf trips if considered to be an impulse purchase.
- **Travel within the country:** includes spending on all local transport such as rail, bus/coach, ferry, air, chauffeur driven car, cruise including taxis. Travel within the country is included for
tourists using public transport within the country; but any daily use by residents of public transport for commuter purposes is to be excluded.

- **Excursions:** within the country; may be for one day or over. Excursions refer to every type of package organised by travel agents or any other travel operator in-destination, for the organisation of trips to visit tourist attractions or other places of particular tourist interest or also to attend an event or artistic performance. The price includes the transportation (generally by coach), often a guide and possibly some activities or entrance tickets (to eg a museum or a concert). Meals may also be included in the price. Types of trips organised: all types of attractions/tourist activities including concerts, golf, art galleries, local villages, nature reserves, historical monuments, theme parks, casinos, local markets etc. For golf trips, these are seen as an excursion if the trip requires organisation and transport to get to and from the golf course. Most excursions include food, along with a guide. Self-drive options are also available.

- **Food:** includes spending on retail food as well as foodservice; includes full-service restaurants and other foodservice formats such as cafés/bars, fast food, 100% home delivery/takeaway, street stalls/kiosks and self-service cafeterias.

- **Shopping:** includes food and non-food purchases. Duty-free is included.

- **Other:** includes spending on tuition fees paid by foreign students studying in the country for a period of less than 12 months. Services paid to travel retailers for additional services purchased in-country such as concierge services, car rental, travel insurance, etc are covered. May also include expenditure on communications, mobile phones, Internet etc.

**Method of payment**

- **Cash:** money in note or coin form which is used to pay for goods and services at the time of purchase.

- **Credit card:** a plastic payment card that allows the cardholder to make purchases and to draw cash up to a pre-arranged ceiling. The credit granted may either be settled in full by the end of a specified period without incurring any interest, or may be settled in instalments with the balance taken as extended credit (ie it offers revolving credit)

- **Debit card:** this is an instant payment card attached to a current or savings account, which can be used for paying for goods and services. Depending on the merchant’s system, payment could be taken instantaneously from the customer’s account, or take a few days. No interest is charged on payments. Debit cards usually combine other functions such as cash withdrawals from ATMs and cheque guarantee.

- **Charge card:** also called Deferred Debit or a Travel and Entertainment card. A charge card is similar to a credit card but is a short-term loan that normally has to be paid off within 30 days of billing and does not attract any interest charges, therefore there is no revolving credit option. There is usually no upper spending limit and customers normally have to pay a high annual fee. Diners Club and most American Express cards have a charge card function.

- **Prepaid debit card:** a card offered by a service provider that uses a prepaid e-cash card as a payment vehicle.

- **Traveller’s cheques:** these are cheques issued by banks, credit card and charge card companies that allow the holder to buy goods and services in a foreign country.

**Travel Accommodation**

Travel accommodation covers the main types of accommodation used by incoming tourists and domestic tourists. Travel accommodation value is measured in terms of the price paid for accommodation by the consumer and businesses based on total room sales. It does not include
foodservice (food and drinks) or any other form of revenue that is not directly related to accommodation such as events and conferences and guest services such as gym, spa, shop etc. Travel accommodation volume is measured in terms of number of outlets, rooms and bed nights.

The market is broken down into nine principal sectors.

Campsites
Covers areas set aside for camping and caravans.

Chalets
Rented accommodation in mountain or country areas; may include meals; includes lodges and inns.

Guesthouses
Rooms within officially-recognised private accommodation, for the purpose of tourism; rented to tourists on a nightly or weekly basis; often with breakfast included.

Hostels
Outlets providing low cost/budget accommodation, often in dormitories; includes youth hostels.

Hotels
Hotel outlets that provide lodging include independent and chained operators as well as all company owned, leased, managed and franchised outlets. Aparthotels are included. Residences or serviced apartments are the same as aparthotels with the rental of apartments offering the service of a hotel. The word “residence” is not used with this meaning in English speaking countries. Hotels include French pensions, Spanish hostals and Italian pensione. Extended stay hotels are included. Villas attached to hotel resorts are also included in the hotels category.

Motels
Roadside hotel accommodation for motorists.

Private accommodation
Privately-owned houses or individual rooms rented to tourists on an unofficial basis and not always authorised by tourist authorities.

Self-catering apartments
Providing lodging in allocated tourist apartments, not providing meals.

Other
Smaller types of accommodation, such as holiday camps, not listed above but included in country statistics.

Hotel chains
Hotel operators that run a number of outlets, usually with a degree of specialisation in service or product positioning. The number of branches required to be termed a chain varies from country to country but is usually 10 or more. The chain usually trades with the same fascia, format and identity. If a hotel forms part of a regional or international chain network and has less than ten outlets in a particular country, it is still counted as a chain.
If a hotel forms part of a regional or international chain network and has less than ten outlets in a particular country, it is still counted as a chain.

Hotel independents

Hotel operators that own and operate one or more (but fewer than 10) outlets, but not affiliated to any other business. Mainly relates to family businesses or partnerships.

Hotel price platforms

Luxury: includes luxury, upper upscale and upscale chained and independent outlets and their corresponding sales. Includes 4 to 5 stars. The luxury classification can also be determined by the brand’s luxury positioning and marketing.

Mid-priced: includes mid priced chained and independent outlets and their corresponding sales that may or may not serve food and beverages. Includes 3 stars. The mid-priced classification can also be determined by the brand’s positioning and marketing.

Budget: includes budget chained and independent outlets and their corresponding sales. Includes 0-2 stars. The budget classification is also determined by the brand’s positioning and marketing.

Number of bed nights

Refers to the total number of beds in travel accommodation occupied over the year. Bed nights are calculated as the actual number of guests staying in hotel or other accommodation outlets multiplied by the number of nights they stayed. This data is generally sourced from National Statistics. It is not directly related to the number of beds available, but refers instead to the number of people staying the night and is associated with guest occupancy. It can be applied across all travel accommodation sectors considering that it refers to guests.

% occupancy rates

This expresses the relationship between available capacity and the extent to which it is used. It may refer to either the use of rooms or of beds. % occupancy rates are based on the number of nights of both domestic and international tourists.

Average Daily Room Rate (ADR)

ADR refers to the average daily room rate that a hotel charges a consumer for staying in a hotel room per day. ADR is part of the calculation along with % occupancy to generate revPAR (revenue per available room). ADR is based on the actual rate offered to the consumer taking into account discounts, not the rack rate advertised by the hotel.

RevPAR

RevPAR signifies revenue per available room on a daily basis, not annual, in the travel accommodation market. It is calculated by occupancy multiplied by the average daily room rate per company. RevPAR is based on rooms available for use by domestic and international visitors. Euromonitor International measures system-wide revPAR ie for company-owned, company operated, licensed and franchised outlets.

Number of rooms

The number of rooms per hotel is counted as what is available for use by consumers over the year.

Mid to premium hotels in tourist locations
Refers to the number of mid to premium hotels in tourist locations. Excludes all non-tourist locations such as hotels at service stations and non city/art or tourist resort locations.

- **Beach**: hotels located by the beach or at seaside or coastal locations.
- **Culture**: hotels located in cultural destinations such as cities and towns and where the main trip purpose is cultural or artistic.
- **Countryside/mountain**: hotels based in country, mountain or lakeside locations.
- **Airport**: hotels located at airports either within the terminal or in close proximity to the terminal.
- **Others**: includes 3-5 star hotels located at non-tourist locations eg service stations, motorways etc.

**Transportation**

Transportation covers the mode of transport used by tourists going to their destination and within the country paid for by consumers and businesses including corporate travellers. It includes sales for outgoing travel by country residents and internal travel by foreign and domestic tourists. Transportation value is measured in terms of the price paid (fare) for the mode of transport by the consumer in the national market. Ancillary revenues on bags, priority boarding, food and drinks are to be included due to the increasing importance to companies. The car rental market is analysed separately.

Transportation includes air, bus/coach, chauffeur-driven car, cruise, ferry and rail.

**Air**

Includes schedule, charter and low cost carriers. Air transportation is primarily defined as air ticket sales for the purpose of outgoing air travel by country residents and internal air travel by international tourists and domestic tourists. Excludes transit.

**Bus/coach**

Encompasses overland travel by bus or coach.

**Chauffeur-driven car**

Passengers driven to their destination by a hired third party. Excludes taxis.

**Cruise**

Travel by cruise ship, and may include river cruises. The length of trip varies from day trips to longer 7 day or over. For the purpose of this research, cruise data includes the amount spent on the cruise package ie additional transport such as air fares, accommodation, food and entertainment paid for in advance. Excludes cruises offered by ferries.

Cruise transportation refers to sales of cruises to domestic, incoming and outgoing visitors, whereby the cruise takes place domestically or its point of departure is from the country under research.

**Ferry**

Travel by ferry. If a cruise takes place on a ferry, this is to be considered as ferry sales as that is the primary mode of transport.

**Rail**

Travel by passenger train, excluding freight and car transport. Includes cable cars. Covers what is spent on rail in that country by tourists travelling domestically (both international and domestic).

Specific data indicators for the air sector are as follows:
Airline capacity
Capacity is based on the number of seats available for sale based on the number of potential enplanements. Transit passengers are excluded.

Airline utilisation
Euromonitor considers airline capacity and passengers carried in terms of enplanement over origin-destination, whereby the number of enplanements are based on scheduled flights, as defined by the airlines and assigned flight numbers. For example, a passenger whose flight stops mid-route to pick up more passengers but continues with the same aircraft/flight number would be counted as one enplanement. A passenger who switches flights to another airline or aircraft with a new flight number mid-journey would be considered as two enplanements. If an airline operates charter or non-scheduled flights, in addition to scheduled flights, then technically passengers carried could be in excess of enplanements. Transit passengers are excluded. Passengers carried data includes outbound, domestic and inbound passengers, including passengers travelling with a frequent flyer programme.

Seats sold by distance

Air passengers carried by type
Air passengers carried does not include transit passengers, but all those carried on domestic and international flights from that country for outbound, domestic and inbound purposes.
- Schedule: an airline that provides scheduled flights based on the airline’s schedule; tends to refer to traditional (national flag or legacy) carriers which operate a hub and spoke operation.
- Charter: an airline that provides charter flights whereby charter flights take place outside normal scheduling hours.
- Low cost carriers: the low cost carriers (LCCs) model is very much based on the Southwest example in the US which appeared over 30 years ago. They differentiate themselves from national carriers by offering a pared down customer service with no pre-assigned seat allocation, no in-flight catering unless paid for, short turnaround times, flying to non-hub or regional airports, limited baggage allowance, predominantly online booking etc ie “no frills”. As the LCC model has developed there are now differences across the low cost tagline, with some companies differentiating by providing some level of allocated seating or paid-for in-flight entertainment etc. Low cost carriers tend to operate point to point ie between city pairs, rather than via hubs. Predominantly, LCCs fly short haul, however, a new form of long haul low cost carrier is emerging.

Revenue Passenger Kilometre (RPK)
The number of paying passengers carried multiplied by the distance they flew in kilometres.

Average load factor
Refers to utilisation of aircraft in terms of passengers that buy seats, presented in percentage terms.

Passengers carried by airport
The number of passengers includes transit passengers that the country’s leading airports handle on an annual basis. Includes transit passengers.
Car Rental

The car rental market covers the hire of passenger vehicles for self-drive including small vans by both business and leisure users, and whether from the airport or downtown locations, in the context of the total short-term rental fleet. Small vans up to one tonne are included. The category excludes businesses that hire cars for long term leasing. Car rental covers sales to incoming tourists and domestic users including domestic tourists and general nationals.

For longer than average rental periods eg rental of one month, provided the rental is sourced from the short-term rental fleet then this is included. Car rental also excludes commercial vehicles, trucks and motorbikes. Local car rental schemes are excluded. Sales are recorded in the country of destination.

Value sales of car rental cover the price of car hire to the consumer. Volume of car rental is provided by the number of car hire transactions, fleet size and number of car rental operators.

- **Business**: for the purpose of a business trip either arranged on behalf of the customer by work or arranged personally.
- **Leisure**: for personal trip or holiday, visiting friends/family, or any other non-work related activity such as moving house.
- **Insurance replacement**: the use of a rental car paid for by an insurance company as a replacement vehicle for a consumer or business, while their own car is repaired following an accident.
- **Airport**: is defined by car rental POS/counters/offices based at an airport either within the terminal or next to the airport. Includes POS located in close proximity to the airport.
- **Non-airport**: refers to downtown locations including high street/retail parks ie everything except POS located in or by airports.

Transactions

Car rental transactions ie rental volume measures the exchange between a rental firm and consumer/business of a rental vehicle for the sectors reviewed: business, leisure, insurance replacement, excluding all trucks and commercial vehicles. Transactions can be booked in advance or on the day of usage; booked direct with the car rental firm or through an intermediary on- or off-line. Transactions exclude the sale of old cars to consumers.

Fleet size

Fleet size refers to the number of cars at the car rental company’s disposal including all operational cars at the annual year end for rentals in the business, leisure and replacement market for passenger vehicles. This does not reflect any fluctuations in size through down/up sizing the fleet throughout the course of the year.

Operators

Car rental operators refers to the number of businesses that are active in the car rental category whether chained or independent.

Travel Retail

Travel retail encompasses companies that put travel packages and components together, companies that sell them and those that supply foreign currency. The market for travel retail covers sales to outgoing and domestic tourists and internal use by incoming tourists. Both business and leisure travel retailers’ sales are included.

Travel retail value is measured by the price paid for travel retail services online and offline by managed business travellers, unmanaged business travellers and leisure travellers.
the price is what the consumer/business pays for a travel service, this includes fare or flight supplements, airport tax, booking fees and commissions paid direct to the travel retailer as part of the purchase. Sales reflect the direct sales to the consumer via travel agents, direct sales to the consumer by tour operators whether online or offline, exchange services excluding tour operator to travel agent dealings.

Due to the difficulty of establishing sales by travel retail category as a result of the overlap of business between agents, operators and exchange services, value is provided at total market level only. Travel retail volume is given in the number of travel retail outlets including travel agents, tour operators and exchange services.

Corporate business travel retail products

Corporate business travel retail refers to sales by travel retailers of all travel retail products including single and multiple components, whether online or offline, to a corporate or managed account held by an employer in order to facilitate travel for its employees for business purposes. Sales are based on the value of the business to business (B2B) travel retail products sold. It excludes unmanaged business.

Leisure travel retail products

Leisure travel retail refers to sales of all travel retail products including single and multiple components to leisure travellers or unmanaged/transient business travellers. Includes all business to consumer (B2C) sales. Includes leisure travel products sold to consumers whether individuals or groups via leisure travel retailers, online and offline.

Transient/independent business travel is when businesses buy direct from leisure travel retailers, but for business travel purposes. This is therefore considered to be a B2C transaction.

Travel retail outlets

- Travel agents: retail outlets that sell holidays and holiday services. Travel agents sales are based on sales ie gross revenue and equal the total transaction value sold to the consumer (ie including the price of the product and commission), not on pure agent income which includes only commissions.
- Tour operators: companies that organise holiday packages and sell them either directly to the public, or through travel agencies. Tour operators’ sales include direct sales to the consumer. Sales of tour operators’ products which are sold through travel agents direct to the consumer are instead included under travel agents.
- Exchange services refers to dedicated currency exchange outlets only. It therefore excludes banks and travel agencies.

Travel retail products

- Accommodation only: sales of accommodation services through tour operators and travel agents including hotels, motels, self-catering, guesthouses and all other forms.
- Adventure/trekking holiday: sales of adventure/trekking holidays via tour operators and travel agents. Includes skiing holidays.
- City break: sales of city breaks through tour operators and travel agents.City breaks differ from a traditional package holidays if the package involves a city/town destination, combining travel and hotel components, where the main purpose for going is to visit cultural attractions, art, shopping etc for a short period of time (tends to be 2-3 days although can be longer). Purchases from travel retailers to a city destination where the components are separate and not part of a deal are counted under accommodation only and flight only as they are purchased as individual items, even though it is to a city destination. Alternatively, if possible
to customise the different components then the package falls under dynamic packaging. Therefore, city break is determined by how it is marketed to the consumer and must form part of a fixed deal.

- **Cruise**: sales of cruises through tour operators and travel agents. Includes flights and other pre-paid products/services such as spas, food, drinks, entertainment, excursions etc. Cruise through travel retailers refers to sales of cruises for domestic and outbound purposes, therefore the cruise is not limited to the point of sale, whereby it can take place anywhere in the world or domestically.
- **Spa packages**: sales of health and wellness spa packages such as treatments, day packages, overnight stays. May include accommodation and food.
- **Flight only**: sales of airline tickets only (on their own rather than as part of a package deal or city break) via tour operators and travel agents.
- **Other transport**: other forms of transport excluding airline tickets sold via tour operators and travel agents such as rail, ferry, bus/coach. Car rental is included under “others”.
- **Fly-drive**: includes the sales of holiday packages which include the return flights and car rental once arriving in the destination country through tour operators and travel agents.
- **Package holiday**: includes traditional package holidays which are fixed by tour operators and travel agents and include transportation, accommodation along with a choice of food options ranging from B&B, mid to full board. Also includes dynamic package holidays which are sold online by companies such as Expedia which allow the consumer to combine travel components such as transportation and accommodation. Includes “free and easy” packages in Asia. Package holidays have traditionally been to sun/sea/sand destinations for a duration of 7, 10 or 14 days involving a combination of travel/accommodation components. Excludes cruise packages including flights and pre-paid services, as researched separately.
- **Traveller’s cheques**: traveller’s cheques sold via exchange services which may be located within travel agents.
- **Travel insurance**: sales of travel insurance sold via travel retailers online and offline, including proprietary products or part of airlines, other players’ insurance products sold via travel retailers.
- **Others**: others include tourist attraction entrance fees, car rental hire and such products/services. Includes travel insurance and foreign currency purchases sold via exchange services which may be located within travel agents.

### Travel Retail Online Sales

Online travel retail refers to the sales of travel retail services over the Internet. It includes the sales of all travel products/services of travel accommodation, hotels, transportation, airlines, car rental, tourist attractions, package holidays and tours, etc via online booking sites (online travel agents) as well as traditional travel retailer websites. There will therefore be double-counting with the intermediaries’ sales of travel accommodation, hotels, transportation, air and car rental as these are reviewed in their respective market or category sections.

### Dynamic packaging

This concept was pioneered by Expedia and was originally the domain of online travel agents but now traditional travel retailers (direct suppliers) have launched their own versions of dynamic packaging. Essentially dynamic packaging allows consumers to build their own trips by offering a combination of different travel components such as flight/hotel/car rental etc at different price levels. Therefore it is dynamic and customised, rather than fixed or pre-arranged traditional holiday package.
Traditional package holiday

Traditional package holidays are a fixed package, usually all-inclusive, combining transportation and accommodation components in a resort or location either pre-selected by the consumer or allocated upon arrival. Traditionally offered by tour operators and travel agents, these are also offered on the Internet by travel retail direct suppliers, although package holidays differ from dynamic packages in that the consumer has no flexibility or customisation in the choice of travel (flight, accommodation) components.

Tourist Attractions

The tourist attractions market covers the sites visited by tourists, covering sales and free entry to incoming and domestic tourists. These are permanent attractions, so exclude unique events or transient events such as F1.

Value sales include all entrance fees only, but exclude business to business activities such as hospitality and conferences. Expenditure on food and drinks is excluded. Tourist attractions volumes are measured by the number of visitors. Attractions such as Hollywood Wax of Fame are excluded due to difficulties in recording visitor numbers. Communal leisure facilities such as swimming pools and golf resorts are excluded.

Art galleries

Includes all forms of art galleries including modern, traditional, national, private and avant-garde as well as contemporary: indoor and outdoor. Art galleries visitors include international tourists, domestic tourists and residents.

Casinos

Includes consumer spending at casinos on gambling, not casino revenues ie what the companies reports as their earnings. Excludes non-gambling activities services such as hospitality, MICE, foodservice, nightclubs, retail, spa and entertainment. Casino visitors include international tourists and domestic tourists only.

Circuses

Includes all forms of travelling and permanent circuses. Circuses visitors include international tourists, domestic tourists and residents.

Historic buildings/sites

Includes palaces, monuments, castles, historic birthplaces, landmarks, temples, religious sites etc. Historic buildings/sites visitors include international tourists, domestic tourists and residents.

Museums

Includes all national and privately-owned museums. Museums visitors include international tourists, domestic tourists and residents.

National parks/areas of natural beauty

National parks as defined by the government; areas of interest include gardens and areas of natural beauty that have not been allocated the title of national parks. National parks/areas of natural beauty visitors include international tourists, domestic tourists and residents.
Theatres
Theatres exclude cinemas. Theatres visitors include international tourists and domestic tourists only.

Theme/amusement parks
All permanent theme and amusement parks generally found in out-of-town locations. Excludes travelling fairs. Theme/amusement parks visitors include international tourists, domestic tourists and residents.

Zoos/aquariums
Includes all national and privately-owned zoos and aquariums. Waterparks are included under theme/amusement parks. Zoos/aquariums visitors include international tourists, domestic tourists and residents.

Others
Others includes other types such as themed tourist attractions such as wax work museums, Ferris wheels such as the London Eye which do not fit in the above sectors. Also includes industrial tourism which refers to visits to past and present factories and company sites, as well as visits to company headquarters, such as power stations, mines, forestry, factories, businesses etc. Olympics or sports stadia that are open to the public for visiting are included.

Health and Wellness
Health and wellness includes sales of spa packages, products and services open to international and domestic tourists.

Spas
Spas include destination spas, hotel/resort spas, and others.

Destination spas
Destination spas are business establishments which offer all-inclusive programmes and educational courses to improve health and well-being, where guests usually reside for at least two to seven nights and attend two to seven day programmes, including fitness activities, educational classes and seminars on health and well-being, and special interest programmes such as relaxation or yoga. Spa services such as beauty treatments and massages are also often included in destination spa services, and meals incorporating healthy cuisine are also served.

Hotel/resort spas
Hotel/resort spas are spa services offered as part of a hotel or resort setting. Spa treatments are purchased à la carte, separately from the accommodation and meal price. As such, they may not offer all-inclusive packages like destination spas.

Note spending at hotel/report spas includes only spending at the spa, does not include the overall total spend at the hotel or resort therefore excludes accommodation only and additional services such as room service etc.

Other spas
Include spas on cruise ships, traditional spas (including mineral springs and thermal spas), and other types of spas.
Medical tourism

Medical tourism value sales concern all domestic and inbound trips that have the purpose of some kind of medical treatment regardless of complexity. Aesthetic or cosmetic surgery is also included. Only expenses for travel and tourism services such as hotels, travel within the country, car rental, travel retail, etc in the country are included, while medical expenses are excluded as the focus is on the revenue generated for travel and tourism through medical tourism. For inbound trips for medical purposes, transportation tickets bought in the country of departure are excluded. Travel services expenses of both the patient and the accompanying person/s are included.

Others

Others includes cruise ships, mineral springs, traditional spas (including mineral springs and thermal spas). Includes therapies, treatments, cooking classes, dieting, lifestyle classes, meditation etc.

Internet Transactions

Internet transaction value includes the sales and payment of products and services over the Internet from both direct suppliers’ web platforms and online intermediaries. If the internet is used for research purposes only with the booking not being completed through the direct supplier or intermediary online reservation system this is not considered to be an online transaction. For example, Priceline and Booking.com allow for payment at the hotel, which is considered still to be an online booking.

Direct suppliers

Direct suppliers refer to companies providing a service or product direct to the consumer without the aid of an online travel agent or intermediary.

Intermediaries

Double-counting occurs for intermediaries’ sales of travel accommodation, hotels, transportation, air and car rental as these are reviewed in their respective market, but also included in the travel retail market.

- Travel accommodation direct suppliers: include all accommodation companies such as hotel operators which offer an online payment system for the reservation and booking of hotel rooms over the Internet. Includes national travel accommodation sales only sold to domestic and international visitors.

- Travel accommodation intermediaries: include all third parties such as travel agents, tour operators and online travel agencies or specialist accommodation brokers selling travel accommodation products/services over the web. Where direct transportation suppliers (airlines) sell hotel rooms via its website this would be included as intermediary travel accommodation sales. Includes national travel accommodation sales only sold to domestic and international visitors.

- Transportation direct suppliers: (including airlines, rail companies, ferry companies etc) encompasses companies such as low cost carriers, scheduled airlines and national carriers along with other transport operators which provide a payment system for consumers to book direct. The focus is primarily domestic and outbound.

- Transportation intermediaries: include all third parties such as travel agents, tour operators, brokers, consolidators and online travel agencies selling transportation or flight-only products/services over the web. The focus is primarily domestic and outbound.
- Car rental direct suppliers: include the car rental companies that provide an online booking (involving payment) website. Includes sale of national car rental companies to domestic and international visitors.

- Car rental intermediaries: include all third parties such as travel agents, tour operators, specialist car rental brokers and online travel agencies selling car rental services over the web. Where direct transportation or accommodation suppliers sell car rental, such sales are included here. Includes sale of national car rental companies to domestic and international visitors.

- Travel retail online players: includes traditional travel retailers and online travel agents, along with exchange service providers that have a web platform for sales. Traditional travel retailers are those that originally started out as bricks and mortar and still predominantly have outlets, however, also provide an internet platform alongside their standard operations. Online travel agents includes brokers and intermediaries that began as internet start-ups, but may now also have high street shops and call centres, however, the main body of their sales comes from their online operations. Includes sales of travel and tourism products through online travel retailers operating in the country through a national or regional platform. Accommodation only and car rental only sold via travel retailers includes domestic and international sales. Flight only and other transport only refer to both domestic and international sales as well.

- Tourist attractions: direct suppliers are attractions that offer a web platform for the purchase of tickets.

- Tourist attractions intermediaries: are third parties such as travel retailers that offer a web platform for the purchase of tickets.

Sources used during research include the following:

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