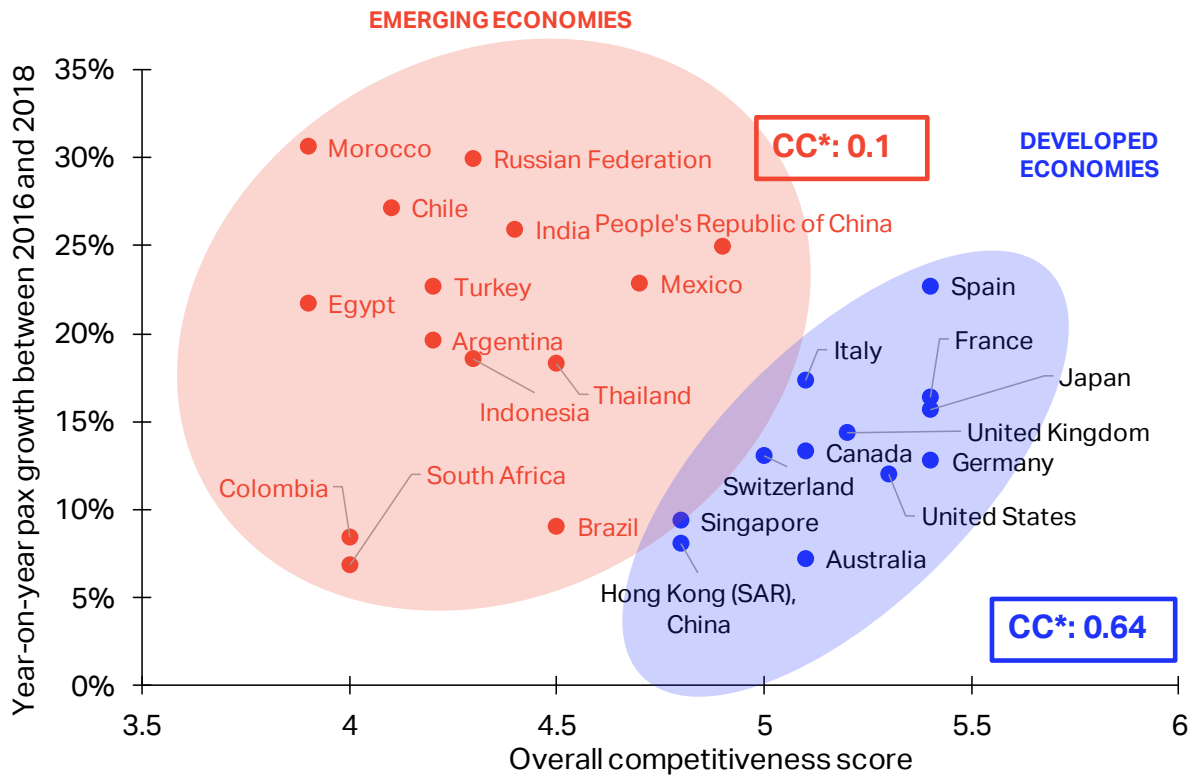


## How do competitiveness indicators matter for passenger growth?



Source: IATA Economics, Wef Travel and Tourism Competitiveness Report 2019

\*correlation coefficient

- In celebration of World Tourism Day, today's chart considers the relationship between travel and tourism competitiveness and air passenger growth across a range of countries. As a measure of competitiveness we are using the latest WEF travel and tourism indicator ([link](#)), which ranks countries on a scale of 1-7 (best) across 14 criteria.
- The chart shows that there is generally a high correlation (0.64) between competitiveness and passenger growth in the so-called developed economies (colored blue) but a much lower correlation (just 0.1) in emerging markets. So how do we account for such a difference between the developed (DM) and emerging (EM) markets?
- Understanding the key drivers of growth for the respective markets provides some insight. In EM, passenger demand is typically driven by rapid growth in economic activity and household incomes. This helps to grow and create new air transport markets, often at a rapid pace and from a relatively low base. While still important, through this period of rapid change and economic development, issues such as infrastructure, the broader business environment, health indicators and safety and security may lag levels in the DM. This is reflected in a relatively lower competitiveness score.
- For DM, changes in income become less important as a driver of air passenger growth. Incomes are already relatively high and air travel is more established and more readily available. So the development of infrastructure, specific initiatives to improve international openness or to prioritize travel and tourism can be more effective in stimulating air passenger demand, even though growth is typically much slower than we see in EM. Factors such as these contribute to a higher WEF competitiveness ranking and help to explain the much closer relationship between air passenger growth and competitiveness. As countries move along the path of economic development, we would expect to see both a competitiveness score and a stronger relationship between the competitiveness indicators and pax growth.