

## **Latest MasterIndex™ of Travel Forecasts Slowdown in Growth of Outbound Travel Across Asia/Pacific in 1H2007**

**Hong Kong, 2<sup>nd</sup> February 2007** – MasterCard Worldwide today announced the results of its latest MasterIndex of Travel report, predicting a slowdown in growth of outbound travel across the Asia/Pacific in the first half of 2007. Out of 13 markets, leading the growth is China, expecting to reach 17.2 millions outbound travelers in the next 6 months.

While markets across the Asia/Pacific continue to see growth in outbound travel, with China (12%), Malaysia (7.8%) and Thailand (7.2%) experiencing the highest year-on-year growth, the rate of growth across most markets in the Asia/Pacific have dropped compared to the previous survey.

### **Hong Kong Specific Highlights**

#### **Personal Travel**

- Key sources of information used by travelers in planning their trips were travel agents (57.4%) followed by the internet (42.3%) and magazines and newspapers (18.8%).
- Top concerns for travelers when traveling to a foreign destination were security and safety issues (77.2%), followed by language barriers (13.6%) and losing one's passport (12.1%).
- The main activities travelers engaged in when traveling were general sightseeing (51.5%), shopping (33.1%) and rest and relaxation (30.1%).
- Most preferred shopping items for travelers when abroad included local souvenirs/antiques/arts and crafts (51.5%), followed by apparel and personal effects (34.9%) and food items (25%).
- The favorite personal travel destination for Hong Kong travelers was Japan (40%).

#### **Business Travel**

- 32.7% of business travelers said that over the last 12 months, there was the need to travel more compared to the previous period.
- China (50%) was the most frequently visited destination, followed by Japan and Thailand (14% each) and Taiwan (12%).
- Majority of business travelers (74%) used their company's in-house travel department for making business travel arrangements.
- Cathay Pacific (64%) was the most preferred airline for business travel, followed by Air China (8%) and China Eastern Airlines (6%).
- International five-star or higher end hotels (44%) were most preferred for business travel, followed by international four-star hotels (25%) and international five-star spa and resorts (19%).

“This near term outlook of outbound travel appears to be consistent with our long term view of a massive expansion of overseas travel in Asia in the coming decade. Some marginal slowdown in growth in some markets is to be expected. The important thing to note is that growth momentum remains intact,” observed Dr. Yuwa Hedrick-Wong, economic advisor to MasterCard Worldwide in Asia/Pacific.

Markets seeing the greatest slowdown in the rate of growth in outbound travel are Hong Kong, Korea and Malaysia. Hong Kong's rate of growth of outbound travel is expected to slow down significantly from a robust 15% (seen in the previous survey for the second half of 2006) to a less optimistic 4.5%.

For Korea and Malaysia, a slowdown in their year-on-year growth from a previously recorded 9.0% and 12.5% respectively, to 3.6% and 7.8% respectively, is predicted for the first half of 2007.

Mirroring the earlier forecast in the second half of 2006, Malaysia is expected to continue to take the lead in the number of outbound travelers (including visitors to Singapore). Over 21.5 million outbound visits are expected to be made by Malaysians for work and leisure from January to June 2007. Key markets that stand to benefit from the continued increase in Malaysians traveling overseas include Singapore, China, Indonesia and Hong Kong.

Released twice a year, the MasterCard of Travel also includes a survey of business and personal travel trends among the urban middle class across 13 markets (Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and Vietnam<sup>1</sup>). Intra-regional travel for pleasure continues to increase, with 39% of the consumers polled having traveled internationally over the past 12 months. Business travel remained constant at 19%.

Personal travelers continued to name destinations in Asia/Pacific (82% vs. 83% six months ago) as their top choice for personal travel, with an increasing number of respondents now also preferring to travel to destinations in North America (27% vs. 18% six months ago). Similarly, for business travelers, destinations in Asia/Pacific (87% vs. 88%) emerged as being the most frequented, compared to destinations in America (13% vs. 11%) and Europe (12% vs. 12%).

In terms of business travel, a greater number of business travelers (35% vs. 31% six months ago) said they needed to travel more compared to the previous period. Of the 13 markets, business travelers in Vietnam (73%), Japan (50%), Australia (47%) and New Zealand (43%) felt this need for increased travel.

"We have observed for some time that better IT connectivity seems to create more, not less, need for direct face-to-face contacts in business development in Asia; hence the growth in business travel has risen hand-in-hand with the expanding power of IT," added Dr. Hedrick-Wong.

A total of 5,405 consumers from 13 markets participated in the survey (with Vietnam as the additional market included in the survey component). Fieldwork was conducted between 11 October and 30 October 2006, with a sample of 400 or more consumers in each of the markets.

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<sup>1</sup> Vietnam was included as the additional market in the survey component in 2004

## **Other Findings from the Report:**

### **Personal travel**

- Thais (71%), Singaporeans (69%) and respondents from Hong Kong (68%) continue to top the list of personal travelers in the past 12 months, much higher than region's average of 39%.
- Travel agents (47%), the Internet (41%) and word of mouth (34%) remain key sources of information.
- Security and safety issues (57%) continue to be the biggest area of concern, ahead of losing of a passport (37%).
- General sightseeing and visiting scenic spots (60%) remain the top priority activity for travelers in Asia/Pacific, followed by shopping (51%) and entertainment (46%).
- apparel and personal effects (58%) and local souvenirs (55%) top the list of the most preferred shopping purchases, followed by food (32%) and luxury items/jewelry/branded goods (31%).

### **Business travel**

- Report showed 19% of respondents in the region have traveled internationally on business in the past 12 months, with Singapore (40%) heading the list followed by Thailand (32%).
- Business travelers in Vietnam (73%), Japan (50%), Australia (47%) and New Zealand (43%) needed to travel more compared to the previous period.
- China (33%) further bolsters its previous position as the most frequently visited business destination and appears to pull itself further away from its competitors like Hong Kong (17%), Singapore (16%), Malaysia (14%), Japan (13%), Thailand (12%), Australia and the United States of America (10% each).
- Singapore Airlines (20%) continues to be the most preferred airline for business travelers. Air China (11%), Cathay Pacific (10%) and Thai Airways (9%) are the next most preferred carriers.
- Business travelers prefer international 4-star hotels (33%) followed by international 5-star hotels (23%) and 3-star medium priced hotels (19%).

***NOTE TO EDITORS: This news release is distributed with the table (below) that shows the MasterIndex of Travel forecast by market.***

***The full report, which details the individual market forecasts, can be found at the website [www.masterintelligence.com](http://www.masterintelligence.com)***

The following chart shows the MasterIndex of Travel forecast for outbound travel for the first half of 2007.

	<b>Outbound Travelers: Forecast for the 1st Half of 2007</b>	<b>Year-on-year Growth</b>
China	17.24 million	12.00%
Malaysia	21.67 million	7.80%
Thailand	1.83 million	7.20%
Singapore	2.79 million	5.20%
Indonesia	2.09 million	5.00%
Philippines	1.26 million	5.00%
Japan	8.81 million	4.80%
Australia	2.41 million	4.50%
Hong Kong	2.90 million	4.50%
Taiwan	4.38 million	3.80%
Korea	5.63 million	3.60%
New Zealand	0.95 million	1.00%

#### **About the MasterCard MasterIndex™ Reports**

The MasterIndex of Travel is one of MasterCard's MasterIndex suite of research products in Asia/Pacific. The other key MasterIndex research products include:

- The flagship MasterIndex™ of Consumer Confidence - the regions most comprehensive and longest running consumer sentiment survey. Now in its 14<sup>th</sup> year, the MasterIndex of Consumer Confidence has demonstrated its predictive precision and has proved to be an excellent barometer of the consumer pulse in this region. Today, the survey is much sought after by analysts, academics and decision-makers in financial institutions, government agencies and multinational organizations.
- The MasterIndex™ of Retail, which provides six-month outbound retail forecasts for the same 12 markets covered by the MasterIndex of Travel. This powerful predictive market intelligence is highly relevant to the retail, entertainment, food and beverage, travel and tourism sectors, as well as related sectors.
- The MasterIndex™ of Women's Advancement, an annual report which compares the socio-economic level of women to men in 13 Asia/Pacific markets using four key indicators: participation in the labor force, tertiary education, managerial positions and above median income.

*MasterIndex information relates to travel and consumer economic trends only and does not constitute a projection of the business or financial performance of MasterCard Incorporated or its affiliates.*

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#### **About MasterCard Worldwide**

MasterCard Worldwide advances global commerce by providing a critical economic link among financial institutions, businesses, cardholders and merchants worldwide. As a franchisor, processor and advisor, MasterCard develops and markets payment solutions, processes approximately 14 billion payments each year, and provides industry-leading analysis and consulting services to financial institution customers and merchants. Through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard Worldwide serves consumers and businesses in more than 210 countries and territories. For more information go to [www.mastercardworldwide.com](http://www.mastercardworldwide.com).

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