Experts are forecasting China's middle-class to increase from 18 million (2010) to 169 million by 2020. This progression is unprecedented in the history of humans. The closest comparable we have is the growth in U.S. consumers after World War II. Those decades saw Mexico's tourism grow from nearly nothing to becoming a top ten international destination with 23 million visitors annually.

In this report, we look to see what factors may exist that make Vietnam a comparable to Mexico during the second half of the 20th Century. We also use the regression analysis from a previous study to determine the significant variables leading to the growth in international arrivals and then predict future demand of Chinese travelers to Vietnam.

Vietnam's Coastal Tourism Growth is Inevitable: Why, Where and When to Enter the Market

Part I - Why

Look to Mexico

May 2012

MGT Management Consulting

Quantify Your Strategy

Why Vietnam's Tourism Growth is Inevitable
Look to Mexico

Introduction

According to a 2012 report by McKinsey & Company, the number of Chinese households with disposable income will grow from 18 million (2010) to 169 million in 2020[1]. This growth in the middle class has companies from Google to Wal-Mart scrambling to reach the new Chinese consumers. Competition and regulations from within China will increase risk and cost for investors who want to enter this market. We identified an unconventional opportunity for investors to target the new Chinese consumer without having to enter China.

Tourism is one of the few export products that never leave the exporting country. Because of this, investors and resort developers can tap into this huge market without the difficulties of investing inside of China itself. In 1978, 30% of all Mexican merchandise exports were actually tourism services purchased by U.S. travelers inside of Mexico[2]. Vietnam's geographic position with China is the same as Mexico and the United States. Strategic investments in Vietnam could lead to substantial returns on investment later when Chinese begin spending their new disposable income on leisure activities that include international travel.

While the projected growth of the Chinese middle class in unprecedented, we analyzed the closest comparable in an effort to identify variables that determine the shape of the demand curve for Chinese international travel to Vietnam in the coming ten years. Our comparable is the United States during the 1950's – 1980's and its effect on Mexico's tourism industry.

The United States and Mexico

In 1947, one out of every three Americans lived in poverty. By 1978, the ratio had improved to one out of every eleven[3]. In addition, immigration and the baby boom increased America's population by 78 million people. The combination of the two trends raised the number of Americans with disposable income for the first time, by over 100 million in a thirty year period.

Where did Americans Travel?

In the 1960's, Mexico did not rank among the world's leading international tourist destinations. The majority of international visitors went to Mexico City and the

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[1] https://www.mckinseyquarterly.com/Meet_the_Chinese_consumer_of_2020_2941

[2] Jeffrey S. Smith, *Three Generations of International Tourist Resorts in Mexico*, Geographische Rundschau International Edition Vol 5, No1/2009

[3] Richard M. Abrahms, *America Transformed: Sixty years of Revolutionary Change, 1941-2001*.

cultural heritage sites near the capital[4]. By 1978, 3.75 million tourists entered Mexico annually, and 90% were American.

The trend continued through the 1980's and by 1990, 16 million Americans chose to travel to Mexico, more than Americans travelled to all other countries combined excluding Canada.[5] They made five times more visits to Mexico than to the Caribbean Islands despite Mexico being further from the population centers on the East Coast. Famous resort cities Acapulco, Puerto Vallarta, and Cancun emerged due to these middle-class Americans.

Last year, 23.4 million international tourists arrived, placing Mexico tenth in the world rankings (for a comparison, Thailand had 15.8 million international arrivals in 2011)[6]. Eighty-five percent of these foreign travelers came from the United States.[7]

What Influenced Their Travel?

In a 1982 paper by Stronge and Redman[8], the authors identified several demand functions to describe changes in the number of American tourists travelling to Mexico. They ran regression analysis from 1954 to 1978 and as expected, the income of Americans and the price of substitute travel (domestic and ther international travel) vis-à-vis Mexican prices, explained up to 95% of the variance in the data. Because of the shared border, the income level of U.S. border-states also had an impact.

They determined the demand function for changes in Mexico tourism to be;

U.S. Tourism Demand = f(U.S. Income (+), U.S. Border State Income (+), Transoceanic Fares (+), Mexican Prices (-))

The independent variables are all relative values.

- U.S. Border State Income[9] is a proportion of the U.S. total income.
- Transoceanic fare is relative to the U.S. price level.
- Mexican Prices are relative to other overseas travel costs. In addition, the Mexican Prices must be considered relative to U.S. Domestic Travel.

Difficulties arose in the regression analysis because the transoceanic travel index is a single number, relative to CPI, but it has a double effect for international travel. If U.S. domestic travel prices increase, you would expect to see an increase in travel to Mexico. Conversely, you would also expect to see an increase in travel to other destinations, which would have a negative effect on travel to Mexico. To get around this, the researchers ran several regressions, holding certain independent variables constant and creating several demand curves.

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[4] Ibid
[5] http://tinet.ita.doc.gov/view/f-1999-11-001/index.html
[6] http://en.wikipedia.org/wiki/World_Tourism_rankings
[7] http://tinet.ita.doc.gov/view/m-2011-O-001/index.html
[8] *U.S. Tourism in Mexico; An Empirical Analysis*, William B. Stronge & Milton Redman. 1982.
[9] California, Arizona, New Mexico, and Texas

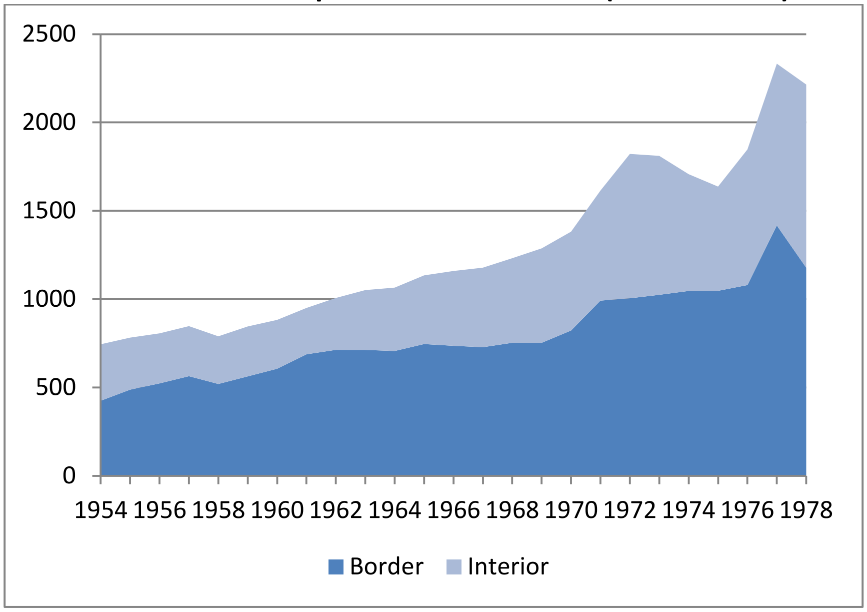
What they found is that prices within Mexico affect border tourism more than tourism to the interior. Interior tourism in Mexico is price inelastic with respect to Mexican prices. In other words, when prices of Mexican tourism go up relative to substitutes (internal U.S. travel or other locations), demand declines but at a lower rate.

But our interest is not on trans-border travel, we are interested in coastal resort development. Fortunately, the researchers were able to disaggregate the data into "border" and "interior" tourism. The disaggregated data showed that;

- U.S. tourism in the Mexican interior is highly U.S. income elastic. The co-efficient ranged from 1.01 to 1.36.
- U.S. tourism to Mexico is elastic when Mexican prices are held constant and U.S. travel prices increase.
- Tourism in Mexico is elastic when Mexican prices are held constant but other international tourism prices increase.
- If all prices remain constant relative to each other, Mexico's share of over-seas tourism has a tendency to rise.

Even without using the regression analysis, Charts 1 and 2 make it clear a high degree of correlation exists between U.S. Income and U.S. tourist expenditures in Mexico during this time. The drop in personal income in 1975 affected Mexico in 1976, implying causation and a one year lag.

Chart 1: U.S. Tourist Expenditures in Mexico (millions USD)[10]



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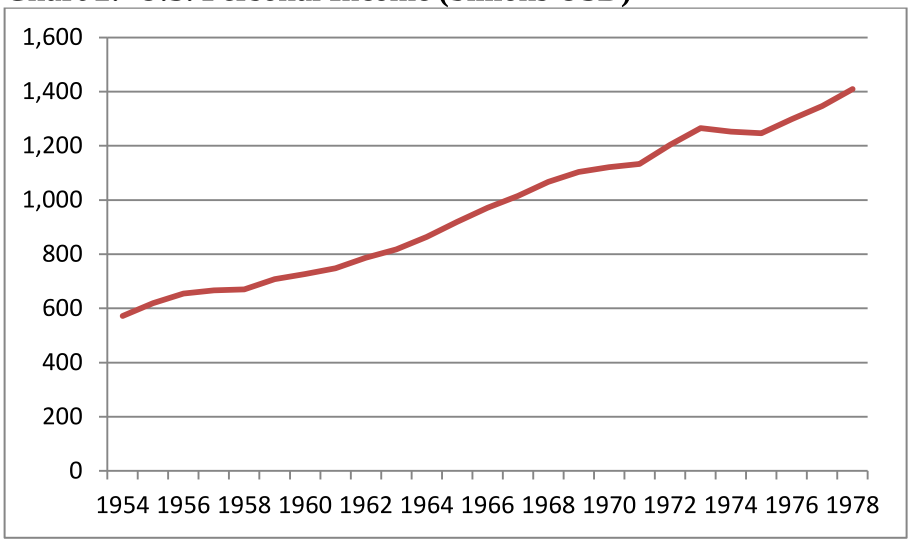
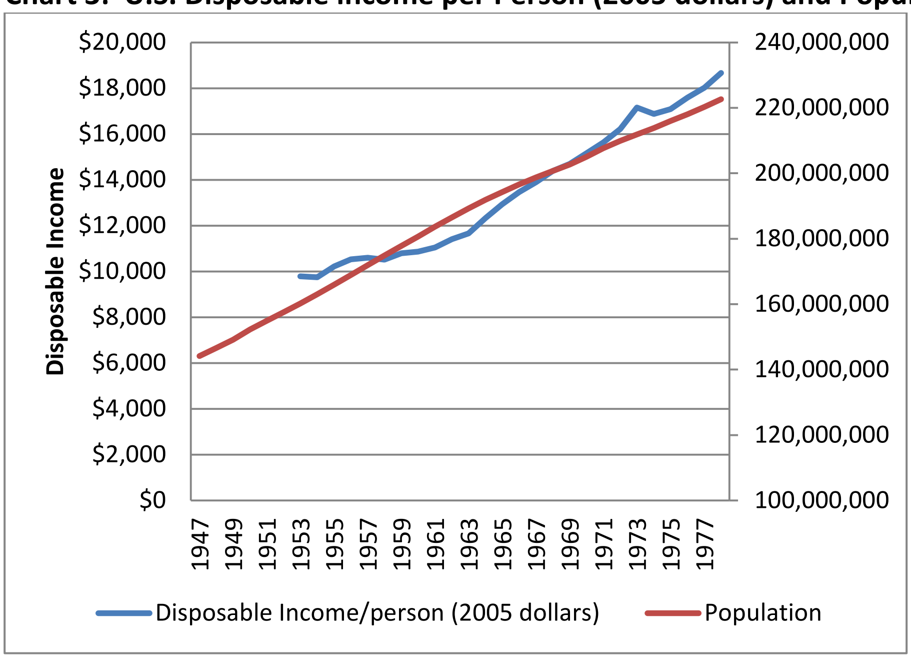
[10] *U.S. Tourism in Mexico; An Empirical Analysis*, William B. Stronge & Milton Redman. 1982.

Chart 2: U.S. Personal Income (billions USD)[11]



Total income is an aggregate of population and per capita income. Chart 3 shows that during this time both contributed to the steep growth in total income of the United States. For our purposes later, we substituted disposable income for income in the chart.

Chart 3: U.S. Disposable income per Person (2005 dollars) and Population



[11] Ibid

We also included population data from 1947 because these were the baby-boomers who would travel to Mexico as they reached adulthood. Americans were not just getting better-off; nearly 100 million new Americans were also getting wealthier.

Mexico's Competitive Advantages

It is not enough to just say the Mexican comparable tells us that as income levels in China grow, Vietnam's tourism market will grow. We also need to understand what factors made Mexico such an attractive destination for Americans, why they chose it over other resort locations (domestically and internationally), and then determine if Vietnam has these same competitive advantages.

Mexico has over nine thousand kilometers of coast all found in hot tropical or hot dry climates. It is located directly on the southern U.S. border and the borders on both the Pacific and Atlantic Oceans. The east coast resort destination of Cancun is about 2,500 km from New York City. The West Coast resort city of Puerto Vallarta is about 2,000 km from Los Angeles and 3,300 km from Seattle.

Mexico's relationship with the United States is complicated and has often been adversarial, beginning with the Texas Revolution in 1836 that led to the annexation of Texas in 1846 and the Mexican-American War. Both countries blame each other for a variety of societal problems, while at the same time they share a large border, similar cultural and religious beliefs, and a significant number of immigrants from the other country.

Mexico's Competitive Advantages Compared to U.S. Warm Weather Destinations

1. Increased Purchasing Power
   We see that over time, travel to Mexico by U.S. citizens is highly dependent on the income level of Americans. While Stronge and Redman's research determined that changes in Mexican prices are an inelastic factor in tourism growth, the difference in purchasing power contributes to why Americans vacation in Mexico.

   Mexico's GDP per capita in 1973 was about 25% of that in the U.S., and it has remained near that level through 2006.

2. Year-Round Warm Climate
   The United States boasts many beautiful beaches, but only Hawaii has hot temperatures in the winter when most Americans want to travel to a warm climate. California and Florida are relatively cool during January compared to Mexico. San Diego's average high in January is 18 degrees Celsius and the average low is 9 degrees Celsius. Miami's is 24 and 18 degrees respectively. Cancun, on the other hand, averages a high of 27 degrees and a low of 20 degrees in January.

3. Experience a Different Culture
   Many travelers want to experience a different culture and see historical sites in other countries. Mexico was the traditional home of the Mayans and the country has old Mayan ruins that have been turned into tourism sites. Many of these are in the interior but they are close enough to the beach resorts for day trips.

Mexico's Competitive Advantages to Other International Travel Destinations

1. Comparatively Cheaper Travel Costs
   Airline tickets are a significant percentage of the cost of travel for middle-class vacationers (particularly during the 1960's and 1970's). Stronge and Redman determined it is a factor in Americans choosing Mexico, but changes in relative prices are demand inelastic. They determined the co-efficient of Mexican to Overseas Price of travel vis-à-vis other international travel to be (-.66).

2. Travel Time
   Distance between countries does not change over time, so the importance of travel times between countries was not part of the study in what determined the change in Mexican tourism numbers. However, less travel time means more beach time and Mexico's proximity to America is most likely a significant factor in the choice of overseas travel.

3. Political Stability/Safety/Comfort Level
   Between 1940 and 1980, Mexico's economy went through what many historians call the Mexican miracle because of sustained growth and stability. Although social inequality existed, the rising income levels of the population put little pressure on the regime for change. It was not until the mid-1980's that the reigning PRI government began losing its monopolistic power. The transition was relatively peaceful until 1994, when a two-week armed rebellion against the central government disrupted tourism.[12]

   In the early years of Mexican tourism, the country's biggest competition for American tourists was Cuba. That ended abruptly in the late 1950's when the Cuban Revolution began and America prohibited its citizens from traveling to the country. Other potential competitors in the region also suffered political turmoil during the time Americans began accumulating disposable income. Caribbean Island destinations were not considered as safe, either.

4. Return Visits to Family
   In their research, Stronge and Redman concluded that Mexico's share of over-seas tourism is actually price inelastic relative to other overseas tourism. Nonetheless, they observed that as prices remain relatively constant over time, Mexico's share increased. They attributed this to Americans of Mexican heritage choosing Mexico

[12] http://en.wikipedia.org/wiki/Mexico

for vacation. The increase over time is due to this ethnic group lagging behind European-Americans in economic prosperity.

Vietnam's Competitive Advantages

Do Vietnam's coast and its geographic position relative to China have the same advantages that made Mexico the tenth most visited country in the world?

Vietnam is located in a very similar position geographically. It is the same distance from Shanghai to Nha Trang as New York to Cancun. Beijing is closer to Danang than the distance between Seattle and Puerto Vallarta.

One difference is that with only an east coast, Vietnam has about one third of the coastline of Mexico. The northern part of Vietnam has more rain and cooler weather than the north of Mexico as well. With all else being equal, China's much larger population of middle class and Vietnam's shorter coastline will make Vietnam's coastal tourism significantly denser than Mexico's.

Like Mexico and the United States, Vietnam's relationship with China is also complicated by a history of both aggression (war in 1979 and a long history of Chinese invasions) and co-operation.

Vietnam's Competitive Advantages Compared to China's Warm Weather Destinations

1. Increased Purchasing Power
   Vietnam's per capita GDP is 40% of China in 2011. From 2010 to 2020, Vietnam's per capita GDP is expected to grow at a slower rate (6.5% average annual) than China's (8.5% average annual), causing the ratio to decrease to around 30% by 2020. GDP is not a perfect indicator of increased purchasing power but it correlates well, and the ratio between Vietnam/China is going to be very close to the Mexico/U.S. ratio by 2020.

2. Year-Round Warm Temperature
   Like the U.S., China has plenty of beach resort locations. Two of the more popular are Hainan and Shenzhen, both located in the south.

Table 1: Comparable Weather in January[13]

City	Ave Hi (Jan)	Ave Low (Jan)	Rainfall (mm)
Hainan	20.3	13.6	30.0
Shenzhen	8.8	1.1	80.3
Danang (VN)	25.2	19.2	59.5
Nha Trang (VN)	27.2	21.4	30.9

[13] Meoweather.com

Obviously, Chinese tourists in the north are not going to travel to Shenzhen in the winter months. Vietnam does have a competitive advantage for winter travel compared to Chinese beach resort locations and the further south in Vietnam, the greater this advantage.

3. Experience a Different Culture
   History shows that as societies gain disposable income, they begin travelling further from home. We expect the new middle class Chinese consumers to do the same. Whether Vietnam offers enough or the right amount of cultural change is arguable. Americans are comfortable with Mexican food, Christianity, the Spanish language, and their shared cultural history. It is not hard to imagine that the Chinese would feel comfortable in Vietnam with its similar food, religion, and heritage.

Vietnam's Competitive Advantages to Other International Travel Destinations

1. Comparatively Cheaper Travel Costs
   A quick, unscientific search on Expedia.com shows that southern Vietnam is closer and cheaper than competing locations in SE Asia.

Table 2: Fares for Flights from Shanghai China

Ho Chi Minh City	$600	4h 10	Non-stop
Manila	$575	5h 20	1 stop
Bangkok	$727	4h 15	Non-stop
Bali	$1091	5h 40	Non-stop
Singapore	$862	5h 05	Non-stop

2. Travel Time
   See Above

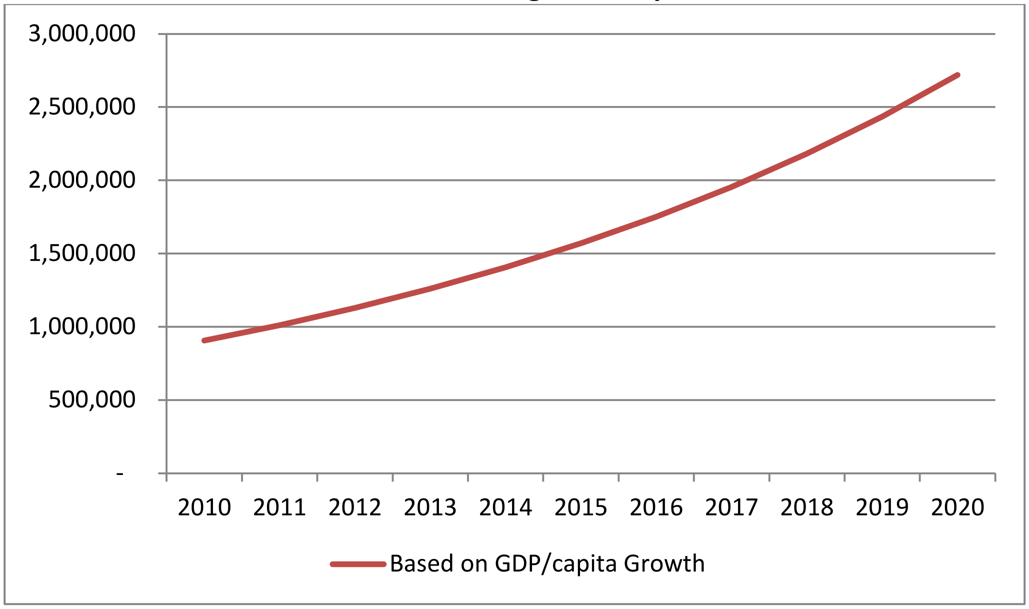
3. Political Stability/Safety/Comfort Level
   It is unclear how important this will be in the next ten years and what exactly will happen. It is important to note that Thailand has had political problems the past two years. Chinese tourists were attacked and killed by terrorists in the Philippines. Also, the fact that Vietnam is a communist/Buddhist society may increase the chance of a new middle-class Chinese consumer traveling to Vietnam instead of choosing Indonesia, Malaysia, or the Philippines.

4. Return Visits to Family
   The proportion of Vietnamese-Chinese living in China and becoming part of this middle class boom is so small that it is not worth considering.

Projected Demand Curve for Chinese Tourists in Vietnam

We presented many similarities between Vietnam and Mexico's past, and we have a regression analysis for U.S. Tourism to Mexico and established the independent variables and a range for their co-effecients. Now we can use the information to project future demand of Chinese tourists, using 2010 actuals as the y-intercept.

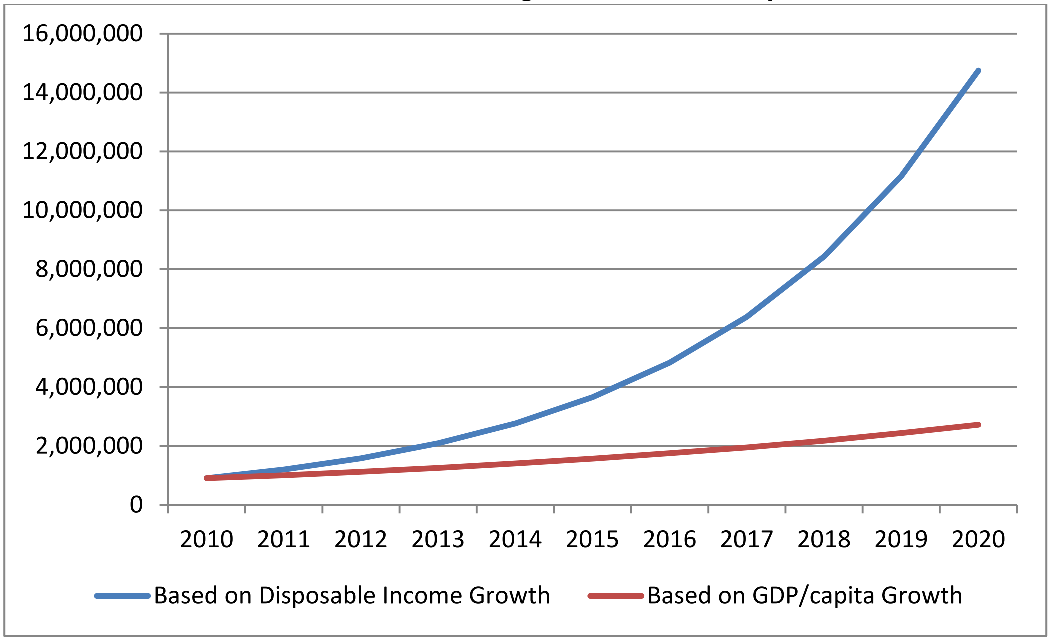
Chart 6: Estimated Demand Curve Using GDP/Capita Growth[14]



Economic theory and common sense tell us that not all income growth is the same. For example, you can increase a family's annual income 20%, but if that increases their income from $5,000/year to $6,000/year, they probably won't be traveling internationally any more than before. The same would be true of a family with an income of $1,000,000 that rises to $1,200,000/year. The effect is not nearly the same as for a family that goes from zero disposable income to having disposable income. Believing that the growth of Americans with disposable income for the first time influenced the number of visits to Mexico, we substituted McKinsey & Company's projection for growth of families with disposable income in China, and discovered a very different demand curve.

[14] Assuming an average annual growth rate of 8.5%

Chart 7: Estimated Demand Curve Using Families with Disposable Income Growth



We believe that the growth in the number of households with disposable income is a better independent variable for tourism growth than income growth. Like America during the 50's, 60's and 70's, it is the number of new middle class consumers that will drive growth in international tourism, not necessarily the increase in the wealth of China.[i]

To test our hypothesis, we compared the projected values of the models for 2011.

Table 3: Forecast vs. Actual for 2011

2011	Per Capita GDP Growth Forecast	# Families with Disp. Income Growth Forecast	Actual
Chinese Tourists to Vietnam	1,010,608	1,196,773	1,418,604

As you can see, both forecasts were strikingly low.

Our Assumptions:

- Hold the independent variable for price of alternative locations constant.
- Co-efficient for China income is (1.25)
- Co-efficient for Vietnam price compared to China is (-.50)
- Vietnam price growth (GDP per capita) is 6.5% per year until 2020, China's GDP per capita is based on 8.5%. We substituted GDP growth for both countries because of the difficulty of finding CPI forecasts through 2020 for Vietnam.
- McKinsey & Company's projected number of Chinese with disposable income grows at a constant rate (24.95%)

Unfortunately we were not able to disaggregate border tourism from interior tourism in Vietnam for 2010, so our demand curves includes all Chinese tourists. However, the Mexico/U.S. regression analysis showed that tourism is very income inelastic when border incomes are held constant. We would expect to see an increase in border tourism over the next eight years, but growing at a much lower rate than the total demand curve in Chart 7.

Vietnam's government forecasted 7 to 7.5 million foreign visitors by 2015[15]. In 2011, 4.6 million visitors came from other countries than China. If visitors from countries other than China increase at a modest 5% rate, then using our projections for China the total number of visitors to Vietnam will be 8.9 million visitors in 2015 (19% higher).

Our conclusion based on this research is that short-term tourism forecasts for Vietnam are low. Long term projections do not take into account the growth from the Chinese middle-class and the exponential effect it will have in the second part of this decade. If McKinsey & Company's forecast for the number of Chinese with disposable income is accurate, all the estimates we found for visitors to Vietnam at the end of the decade fall substantially short.

Mexico's Tourism Development

Now that Mexico's history helped estimate the demand curve for Chinese tourism in Vietnam, what else can we learn from Mexico's past?

Mexico's coastal tourism grew in three generations[16]. The first generation resorts were developed during the 1960's in fishing villages along the coast when local business owners recognized the income potential of tourism. Acapulco, Puerto Vallarta, and Mazatlan changed to accommodate Americans. Domestic business investors built small, locally managed resorts, giving visitors access to the beaches, fishing, and scuba diving in the clear waters. Provincial governments did not organize efforts to bring in tourists and coordination between resorts and local governments to address the growing issues of waste water, trash, and pollution was missing. Growth was uncontrolled and the environment suffered. For example, by 2007, the bay near Puerto Vallarta had 16 times the fecal bacteria levels than WHO standards. The over-crowding and uncontrolled growth damaged these 1st generation resort cities' reputations, causing them to become low-end options for American college students and other low-spending tourists and time passed. They have been trying to re-invent themselves in the last few years.

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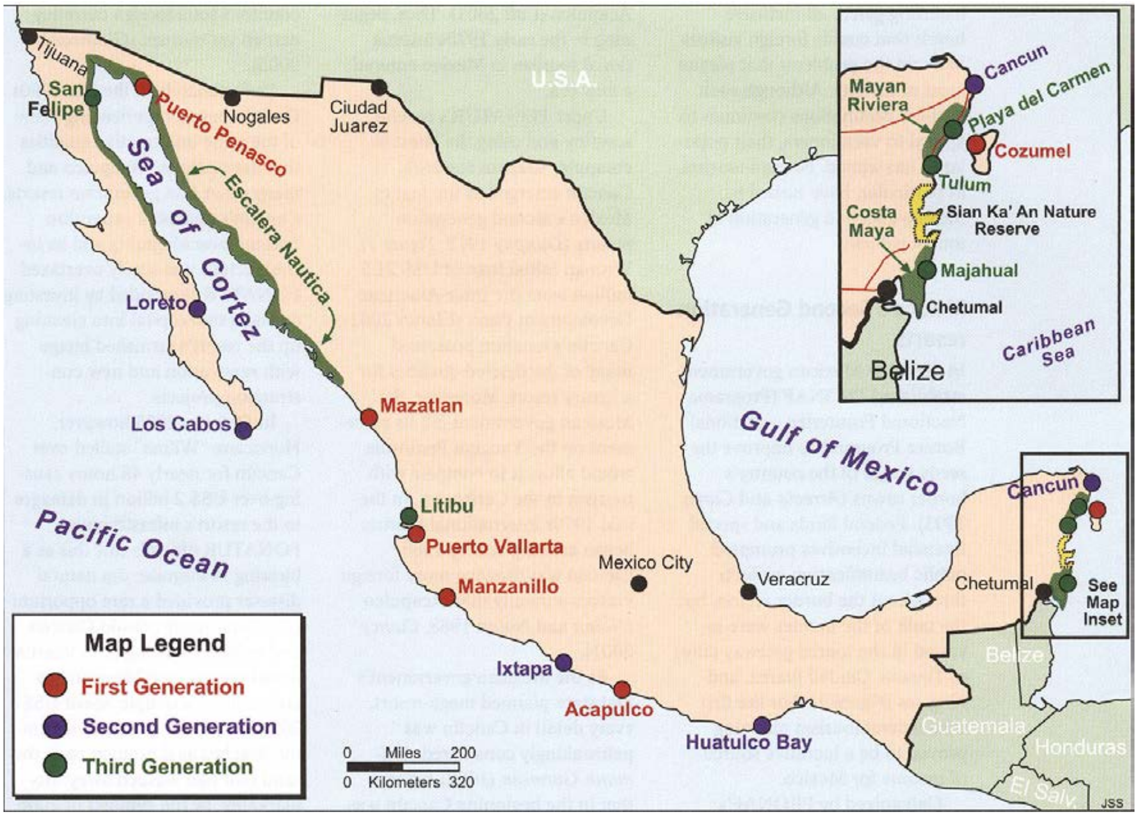
[15] http://www.ttgmena.com/Vietnam-Thriving-through-heritage/

[16] This section draws heavily on Jeffrey S. Smith's report called *Three Generations of International Tourist Resorts in Mexico*, Geographische Rundschau International Edition Vol. 5, No 1/2009.

Map 1: Mexico's International Tourist Resorts



The Mexican government learned from the early mistakes and became very involved in developing the 2nd generation resorts. A new agency called FONATUR was created to develop and manage the countries new coastal resort locations. FONATUR also provided financing for developers by providing security for international loans (using the new oil revenues the country discovered). The first of these projects was Cancun.

As Mexico's first state-planned mega resort, every detailed was planned. The villages of Cancun and neighboring Puerto Juarez grew from 300 residents in 1974 to 300,000 at the turn of the century. Cancun has 26,560 hotel rooms and receives 6 million visitors a year (2005). Twenty percent of all tourism in Mexico and 30% of foreign currency earned from tourism still originates from this resort city. Despite the planning, the construction of 120 hotels in 20 years has done some damage to the environment.[17]

With Cancun's success, FONATUR began developing four other master-planned mega resort cities; Ixtapa, Los Cabos, Huatulco Bay, and Loreto. They were not developed at the same time, but rather one after each other, learning from mistakes and successes of the resorts built before them. Ixtapa is Mexico's third largest resort city and it hosts 300,000 tourists a year (2003) and 1,000 cruise ships. Los Cabos was positioned to attract wealthier tourists and is now the 2nd most popular location, despite the higher

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[17] For a case study on the environmental impact of Cancun's development, http://www1.american.edu/TED/cancun.htm

price point. Super-luxury resorts charge as much as $800/night for a room. Loreto, on the other hand, has become a huge disappointment and the agency had trouble from the start in getting investors to build. By 2005, only five small hotels with a total of 138 rooms were established.

These second generation resorts in Mexico had similar characteristics. They were near sister-cities that housed the Mexicans needed to staff the resorts. Despite being close-by, all were very segregated from Mexico's population and culture. They were all-inclusive gated cities, and indistinguishable from many of the large beach resorts that were found throughout the world.

Over time, middle class Americans and college spring breakers began spoiling even the 2nd generation resorts for more affluent travelers and those looking for a unique experience. Mexico has moved to the 3rd generation of resorts that either target more affluent clients or specifically targeted, "niche", tourism. These new resorts offer "genuine" or "alternative" experiences.   To support these new resorts, the Mexican government built infrastructure connecting the Mayan ruins, making them accessible from new luxury resorts built on previously undeveloped beaches. Third generation resorts blend into the environment, are eco-friendly, not in walled communities, and offer accessibility to Mexican history, national parks, and culture. Smaller and more exclusive, they cater to the wealthy. Marinas for the burgeoning yacht tourism market line the shores.

Vietnam's Tourism Development

In Part II of this series, we look at Vietnam's coastal tourism destinations in more detail. For the most part, Vietnam's development is equivalent to the first generation of Mexican resorts. Phan Thiet/Mui Ne was a fishing village that grew out of control with hotel development to a point where the ocean is brown with algal bloom much of the time. Access roads have become so congested that a two hour drive from Saigon turned into a six hour drive. The front beach of Vung Tau is not any better. The beach city of Nha Trang also developed with no planning and no infrastructure, and now the provincial government is trying to catch-up. These three areas are going to have an incredibly hard time changing their reputation as dirty places for locals and back-packers.

Potential 2nd generation resort areas are already being planned and developed. A foreign investor identified the southern island of Phu Quoc as having Phuket potential. The Millennium Group recently broke ground on a 5 million sqm resort complex to comprise of 8 resorts, 2,200 condos/villas, and 2 golf courses on the island[18]. Asian Coast Development will soon open the first Ho Tram Strip resort on the back side of the Vung Tau Peninsula, an MGM Casino. Four other five-star resorts are planned. Danang's China Beach is the closest year-round beach resort destination to China. Already, several five-star resorts and two golf courses opened. Finally, the Cam Ranh

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[18] http://www.millenniumgroup.net/?page_id=29

strip will become the next major beach resort location full of 2nd generation style resorts.

Unlike Americans traveling to Mexico, the Chinese will be arriving to coastal resort cities already visited by tourists from around the world. It is unclear as to whether they will go through the same progression of resort types. As Mexico's tourism industry matured, middle-class Americans were the primary customers for 2nd generation resorts. Another question is whether Vietnam will have 3rd generation resorts and what will be the size of the market. The most obvious place for cultural tourism is somewhere near Hoi An and Hue, two UNESCO World Heritage Sites that are located near some great beaches. Most of those beaches are already being developed though. We think northern Ninh Thuan Province has potential for resorts integrated with the local culture. The province has a stretch of coast that has not been touched because in the past, it was not accessible by road. Now that a new road is being built, the area is generating attention from such developers as Silverfin Development.[19] The province also has seven hundred year-old Cham Temples, traditional Vietnamese villages, and a large national park. It is unclear at this point whether the new Chinese travelers will care for anything other than beach and golf, though.

Unfortunately, central planning from Vietnam's government is nearly non-existent. Provinces have taken it upon themselves to try and garner as much development money as possible without planning or building required infrastructure. They each compete with each other for FDI and tourists, rather than having a synced plan to compete against other countries. Vietnam's Central Government would benefit from studying and learning from Mexico.

Conclusion

Many lessons can be learned from Mexico's tourism growth. Investors should recognize the potential of Vietnam's coastal tourism as a chance to sell to the new Chinese middle-class consumer without having to enter China. Mexico's example can illustrate to resort developers the progression of resort developments. First generation resorts can destroy a location's reputation. Second generation resorts can attract huge numbers of middle-class tourists, and third generation resorts must differentiate and specialize to specific groups who want to experience more than what the 2nd generations resorts offer. Finally, Mexico's successful central planning of resort development and assistance in financing development should be the model for Vietnam's Central Government.

The world is a much smaller place in 2012 than it was in 1954. More competition will exist for these new international travelers but Vietnam is better positioned both geographically and culturally to succeed in becoming a top ten destination for international tourists.

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[19] http://silverfin.ky/news/2012/05/21/us-investors-keen-ninh-thuan-province

MGT Management has had a presence in Vietnam for ten years, seven of those consulting for clients choosing locations for resort developments. We also specialize in creating discounted cash flow valuation models that are integrated into custom management accounting tools, budgets, and tracking reports based on value-added management practices. For more information, visit our website at http://www.mgtmanagement.com/Reports_and_Research.html. *For questions or to be added to our mailing list, send to* info@mgtmanagement.com.

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[i] McKinsey & Company in their 2012 report on Urban Growth through the year 2025 mentions that the demand curve for consumer goods follows an adoption S-Curve. As incomes rise, there is a certain point where demand for consumer goods increases rapidly. For travel and leisure, that level is $18,000 per capita annual GDP. It is not a coincidence that the U.S. achieved that level during the early 1960's, the period that saw the beginning of Mexico's rapid tourism growth.