

Representing 10 Percent of the Global GDP

An Interview with Jean-Claude Baumgarten, President, World Travel & Tourism Council (WTTC), London

EDITORS' NOTE Before being named to his present post in 1999, Baumgarten held several senior-level positions at Air France, including adviser to the chairman; executive VP of corporate, international, and industrial affairs; and executive VP of commercial operations. He is also a former executive VP of GMF, a French insurance company, and a former VP of Becco, a French contractor. An adviser in foreign trade to the French government, he is a graduate of the Ecole des Hautes Etudes Commerciales.



Jean-Claude Baumgarten

INSTITUTIONAL BRIEF Founded in 1990, the London-based World Travel & Tourism Council (WTTC) is a forum for global business leaders, comprising the chairmen, presidents, and chief executive officers of 100 of the foremost companies in sectors including hospitality, transportation, manufacturing, entertainment, and recreation. As the only body representing the private sector in all aspects of travel and tourism worldwide, it has the principal missions of raising awareness of the economic and social contributions of its overall industry, and of working with governments to unlock the industry's potential to create jobs and generate prosperity. The WTTC is overseen by its chairman (Sir Ian Prosser) and its president, with policies set by its executive committee and implemented by London staff.

What's the WTTC's overarching mission, and are you pleased with the awareness you've built over the past 12 years?

Our main mission is to create an awareness of the importance of travel and tourism. In fact, the WTTC was created in large part to address the general, widespread lack of recognition for the industry, so building that recognition remains the first of our seven strategic priorities. For that reason, we've spent more than \$3 million over the past 12 years creating our

Tourism Satellite Accounting Model. Today, this model is recognized by the United Nations, and it shows that travel and tourism, along with related industries, represents 10 percent of the world's GDP and 200 million jobs. That's the message we're trying to communicate to the media and governments.

Why is it difficult to convey that message?

The industry has three major communications barriers to overcome. First, it's very diverse and segmented, comprising airlines, travel agents, tour operators, hotels, rental-car companies, and so forth. Of course, an automaker may use many components from several industries to build a car, but ultimately, the auto industry presents itself as one group. By contrast, the travel-and-tourism sector hasn't been successful in that regard. Second, companies in this sector vary greatly in terms of size. There are the majors, which are members of the WTTC, but there are also small and midsize firms, and that diversity presents quite a challenge. Third, our industry simply hasn't done a great job of raising awareness in the past. That's why the WTTC is so important: It speaks with one voice to represent the whole spread of the tourism product.

Does the industry have an effective working relationship with the public sector?

It's a never-ending battle, and, of course, governments change all the time and have their own priorities. For example, in the aftermath of September 11, 2001, travel and tourism achieved a whole new level of recognition. Most world leaders, including the U.S. president, became very aware of and committed to the industry. The challenge, however, is continuing to ride that wave. When new priorities arise, governments naturally become less focused on this industry. So it's up to us as an organization to continue to refocus world governments, because it means jobs, it means economic growth, and it contributes 10 percent of the worldwide GDP.

Almost every company was in some way affected by 9/11. How have these tragic events impacted the travel-and-tourism industry?

The greatest impact has been the recession, which actually preceded 9/11. Using our Tourism Satellite Accounting Model, each year we create a projection for the coming year and the coming decade – excluding, of course, unforeseen international events such as 9/11 and the tragic bombing in Bali in October. For 2001 and 2002 combined, we projected a 7.4 percent decrease in dollar-value demand worldwide, which meant a loss of 10 million jobs across the industry and related sectors. That shows how important and sensitive the travel-and-tourism industry is, but at the same time, it also indicates that we're very resilient. Right now, I'd predict that it's going to take the industry two years to recover, but ultimately, this industry is going to rebound – higher and stronger than ever before.

Looking at that two-year horizon, will the WTTC's goals remain the same?

Although we'll be confronting some different issues from those we faced in the past, everything will still come down to our core mission: to build an awareness of the industry's importance and its economic value. In other words, we'll revert to the fundamentals of our message because there needs to be an awareness among governments, the media, and the public so that everybody clearly understands who we are.

You spent many years as an executive in the private sector. What prompted you to join the WTTC a few years ago?

I spent almost my entire career in travel and tourism and, in particular, in the airline industry. But now, in this capacity, I can say things that I couldn't say before, and I can try to build an awareness for the industry – something I've felt strongly about for many, many years. Ultimately, I'd like every executive representing travel and tourism to know that his industry is recognized for its importance around the world. ●