TRENDS AND POLICIES SHAPING THE FUTURE OF TOURISM: AN INTERNATIONAL PERSPECTIVE

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+1 Colombia

+1 ACCESSION COUNTRY: Costa Rica

+5 KEY PARTNERS: Brazil, China, India, Indonesia, South Africa

+1 TOURISM COMMITTEE ASSOCIATE: Morocco

+7 TOURISM COMMITTEE PARTICIPANTS: Croatia, Egypt, Peru, Philippines, Romania, Russian Federation, South Africa
OECD’s integrated approach to tourism

**Measuring and comparing:**
Tourism Trends and Policies
- Tourism trade in value added indicators
- Tourism Satellite Account
- Global Forum on Tourism Statistics

**Whole-of-government approach:**
Connecting with other policies and industry
- Partner countries
- Multi-stakeholder involvement
- International organisations

**Analysis and policy advice:**
Policy recommendations & support for tourism reforms
- Policy analysis
- Tourism policy reviews
- Local and thematic reviews
Value of tourism in the OECD area today

OECD countries receive 58% of global arrivals and 61.3% of global travel receipts.

Tourism is a major contributor to OECD economies:
- 4.5% of GDP
- 6.8% of employment
- 21.8% of services exports

Domestic tourism economy is significant:
- 75%
- 25%

Inbound tourism

EUR 1 Value Added in tourism results in 61c
VA in upstream industries

Sources: OECD Tourism Statistics, OECD-WTO Trade in Value Added (TiVA)
Purpose of the work

To **determine** and **assess** the key megatrends likely to impact the tourism industry in the years ahead

To better enable policy makers to bring currently unforeseen and emerging issues onto the **strategic policy agenda**, develop potential scenarios and policy responses

To better assist public and private actors to **capitalise** on opportunities and challenges as they arise
Overview of global megatrends

- Modernising regulatory and legislative frameworks
- Cultivating partnerships with industry, other governments and key stakeholders
- Taking steps to future-proof tourism policy
Evolving Visitor Demand

**Expanding Global Middle Class**
- 3.2 billion in 2016
- + 150 million people annually (88% in Asia)
- $35 trillion in 2015
- $64 trillion in 2030

**Aging Populations**
- The share of +60 expected to double over the next 35 years
- Pursue leisure-oriented experiences and a high yield market

**Emerging Generations (by 2040)**
- Millennials (20%): with increased spending and accumulated wealth
- Generation Z: a major force in the tourism market and labor force
- Travel more frequent but shorter and pursue authentic experiences
- Digital-natives, demanding, traveling on their own and open to sharing products and services
Scenarios and policy responses

**Scenarios**
- The Rise of the Penny-Pinching Tourist
- The Age of Futuristic Travellers
- Path of Incremental Innovation

**Responses**
- Prepare for growing demand among elderly tourists
- Re-think how travel experiences are framed and marketed
- Promote cross-cultural understanding and awareness
- Promote and develop authentic, personalised experiences

**EXAMPLES**
- **New Zealand**
  Marketing to Chinese travellers
- **Germany**
  Discover Germany’s Barrier Free initiative
Country examples – Evolving visitor demand

**New Zealand**

Marketing to Chinese travellers

- Tourism New Zealand review of the Chinese market, leading to the development of a toolkit to support businesses.
- China Visitor Insight Program: understand the needs and preferences of independent travellers from China.
- Made it simpler for travellers from China to visit (multiple-entry visas).
- 2019 China New Zealand Tourism Year

**Germany**

Discover Germany’s Barrier Free initiative

Lists accessible facilities for all visitors - wheelchair users, people with limited mobility etc.
Travel mobility

**HIGH GROWTH IN PASSENGER NUMBERS**

- Air passenger traffic: 3.8 billion in 2016 → 7.2 billion in 2035
- Road and rail passenger: 120% to 230% increase to 2050
- Cruise: 22 million in 2014 → 30 million in 2024

What if macroeconomic instability, the growth of high-speed rail, GHG emission and heat waves?

**SECURITY AND BORDER MEASURES**

Balance between enhanced travel facilitation with and maintaining or improving border security is important

**NATURAL DISASTERS, PANDEMICS AND POLITICAL INSTABILITY**

Nations with higher risk of political instability will account for 57% of international arrival by 2030
Scenarios and policy responses

**Scenarios**
- Global Citizenship: Connectivity, Cooperation and Seamless Mobility
- Looking Inward: Protectionism and Restricted Global Mobility
- Fragmentation over Integration: Divided Approaches to Mobility

**Responses**
- Ensure that the medium- to long-term needs of the tourism industry are considered
- Utilise current and emerging technologies to streamline visa and cross-border processing
- Consider ways to support alternative and sustainable mobility in tourism
- Develop crisis management strategies

**EXAMPLES**
- **Ljubljana**
  URBANA integrated transport card
- **Airport Smart Security Strategy**
  (piloted in Amsterdam, London, Melbourne)
- SwitzerlandMobility
Example – Supporting sustainable mobility

SwitzerlandMobility

Extensive non-motorised transport network, established in 2008, for both residents and visitors. It provides:

• 23 national, 154 regional and 600 local routes
• hiking, cycling, mountain biking, roller-blading, and canoeing routes
• Improved perception of Switzerland as an “environmentally friendly” destination
• Access to a promising new market for tourism service providers

HARMONISED STRATEGY

Close collaboration between transport providers, and local and regional authorities was essential to provide:

• the appropriate infrastructure
• connectivity and linkages with traditional transport services
• signage on walking and cycling routes
• attractions and accommodation options
Example – Streamlining cross-border processing

Airport Smart Security Strategy

- Strategic partnership between Airports Council International (ACI) and IATA
- Three-pronged strategy to integrate risk-based security concepts
- Advanced screening technologies, and process innovations in order to streamline security processes and improve the passenger experience
- Piloted in Amsterdam, London, Melbourne

PRIORITY COMPONENTS

- Passenger screening
- Cabin baggage screening
- Alternative detection methods
- Checkpoint
- Environment and management
- Centralised image processing
- Risk-based differentiation
Enabling technologies

**DIGITALISATION**
- Advertising and booking easier and simpler
- Social media
- Revenue of top 5 sharing economy sectors: USD 15 billion in 2014 to 335 bn by 2025
- Employment by ride-sharing firms in the US increased 63% in 2015

**AUTOMATION AND ARTIFICIAL INTELLIGENCE**
- 14% of existing jobs could disappear as a result of automation in the next 15-20 years, and another 32% are likely to change radically.
- Deliver more efficient, affordable services
- Customised travel experiences
- Autonomous vehicles

**BLOCKCHAIN TECHNOLOGY**
- Identity management and secure, efficient communication for travellers
- Reduced costs of exchange rates among foreign currencies

**VIRTUAL REALITY AND AUGMENTED REALITY**
- Experience new and exotic locations, and sensitive heritages
- Holograms or mobile apps add virtual elements to real-life situations
- Better navigation information, translations, and even virtual interactions
Scenarios and policy responses

**Scenarios**

- Technological Utopia
- High-Tech Capitalist Dystopia
- Trapped in Technological Myopia

**Responses**

- Support the transformation of SMEs to a digital economy
- Promote international cooperation to achieve data security and privacy goals
- Promote an innovation culture
- Work closely with industry, colleges, universities and training institutes

**EXAMPLES**

- **Spain**
  - Smart Destinations Project

- **Portugal**
  - Tourism Innovation Centre
Example – Supporting digitalisation

**Spain Smart destinations**

Innovative tourist destination using state-of-the-art technology (e.g. for geo-referenced data)

- **Objectives:**
  - Sustainable development
  - Distribution of tourism flows
  - Profitability
  - Residents wellbeing
  - Tourist satisfaction

**Portugal Tourism Innovation Centre**

- Set up as a private association in 2019 (e.g. Google, Microsoft Portugal) and Turismo de Portugal
- Promote entrepreneurship, innovation & research
- Support companies to innovate
- Create innovation laboratories
Sustainable Tourism Growth

- **TOURISM RELATED EMISSIONS**
  - 5% of global GHG emissions (transport \( \frac{3}{4} \) and accommodation 20%)
  - Aviation emission tripled by 2035

- **FRESH WATER RESOURCES**
  - Changes in the availability or quality of water resources -> negative impacts on tourism

- **FOOD PRODUCTION**
  - 200 million meals per day in 2005 \( \rightarrow \) 300 million in 2016
  - Hotels can directly influence sustainable food production

- **ECONOMIC AND SOCIO-CULTURAL WELL-BEING OF HOST COMMUNITIES**
  - Rapid and unplanned growth can result in deterioration of traditional culture and higher cost of living (e.g. Accommodation sharing services)
Scenarios and policy responses

**Scenarios**
- An Era of Social and Environmental Irresponsibility
- Green Growth: The Inherent Sustainability of Travel
- Polarised Progress: Diverging Views on Sustainability

**Responses**
- Promote horizontal and vertical policy coordination, closer integration of multiple policies
- Close work by policy makers, industry and local communities to better manage tourism flows
- Build business case for sustainable tourism practices and address information gaps
- Provide stable and long-term market signals

**EXAMPLES**
- **Austria**
  Plan T - Masterplan for Tourism
- **Australia**
  Queensland Tourism Climate Change Response Plan
- **New Zealand**
  Tourism Sustainability Commitment
Example – Sustainable tourism growth

Austria Masterplan for tourism

- Lays down guidelines for the sustainable development of tourism and serves as a guide for political decisions at all levels.

- Supplemented by an annual action plan

- Foresees an indicator system based on socio-economic and environmental indicators.

Private sector involvement

- Plan resulted from a wide-reaching stakeholder consultation process

- Stakeholders are continuously updated on the process, with feedback taken into consideration for evaluation on an ongoing basis
Example – Climate Adaption Strategy

Queensland Tourism Climate Change Sector Adaptation Plan

Comprehensive tourism-specific adaptation plan, with 6 priority actions for:

- Resilient businesses, destinations and communities
- Education for healthy natural assets
- Green tourism industry leading the way towards carbon neutrality
- Diversified product
- Sustainable branding
- Tourism industry is united in working together with government and communities

Private sector involvement

- Developed by the Queensland Tourism Industry Council in partnership with Government
- Guided by input from the tourism industry
- Takes a partnership approach, with collaboration between all stakeholders and sub-sectors to ensure resilience is embedded
Example – Sustainability Commitment

**New Zealand Tourism Sustainability Commitment**

- Industry-led initiative developed with the support of Government
- Aims to ensure that every New Zealand tourism business is committed to sustainability by 2025

**Industry level sustainability goals**

- Developed by industry, for industry
- Established 8 industry-level sustainability Goals and 14 Commitments
- Focus on four key areas:
  - Economic sustainability
  - Visitor sustainability
  - Sustainable host communities
  - Environmentally sustainable tourism
Managing tourism for sustainable and inclusive growth (PWB 2019-20)

Tourism has brought new opportunities, but has also created new challenges:

• Continued growth is creating pressures on infrastructure, the environment, and local communities

• Tourism growth remains economically, socially and environmentally unbalanced

• Innovative policy solutions are required to better manage tourism development in the coming decades

OECD work is providing policy advice on how to:

○ Diversify and diffuse the benefits of tourism, temporally and spatially

○ Counteract the pressures on residents in destinations experiencing significant tourism inflows

○ Generate greater positive spill-over impacts for the wider economy
Preliminary policy responses

- There is a need to **rethink** perceptions of tourism success
- An **integrated approach** to tourism development is imperative
- **Mainstreaming** sustainable policies and practices should be a priority

- **Better measurement** is needed for better management
- Policy makers should develop a **forward looking** agenda
Preparing for megatrends

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<tr>
<th>Modernising regulatory frameworks</th>
<th>Engage stakeholders in the development and regular review of regulatory frameworks</th>
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<tbody>
<tr>
<td>Cultivating partnerships with key stakeholders</td>
<td>The impacts of megatrends and the process of policymaking are more crosscutting than ever before</td>
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<td>Taking steps to future-proof tourism policy</td>
<td>Promoting a culture of improvement and future-oriented thinking</td>
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<td>Monitoring megatrends and long-term scenario planning exercises</td>
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<td>Strategic Foresight Principles in Tourism</td>
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<tr>
<td>1</td>
<td><strong>AGILITY</strong></td>
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<td>Utilise existing evidence and projections, while being agile enough to adapt to emerging realities.</td>
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<td><strong>MULTIPLICITY</strong></td>
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<td>Prepare for and think about alternative futures when designing policies and programs.</td>
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<td>3</td>
<td><strong>PROACTIVITY</strong></td>
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<td>Take proactive steps to work towards the desired future.</td>
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<td><strong>LONG-TERM SUSTAINABILITY</strong></td>
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<td>Consider the impact of policies on future generations and take responsible actions in the present.</td>
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<td>5</td>
<td><strong>ENGAGEMENT &amp; INCLUSION</strong></td>
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<td>Engage with diverse stakeholders that represent a range of perspectives and interests.</td>
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<td>6</td>
<td><strong>INTERNATIONAL COLLABORATION</strong></td>
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<td>Collaborate internationally to ensure that policies and decisions are globally sustainable.</td>
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OECD work programme on tourism for 2019-20

OECD Tourism Trends and Policies 2020

Monitoring and evaluating tourism policies for stronger performance

Fostering the digital transformation of tourism SMEs

Preparing the tourism workforce for the digital future

Managing tourism development for sustainable and inclusive growth

Tourism policy reviews – national, local, thematic
Publications available on-line

- Providing new OECD evidence on tourism trade in value added (2019)
- Effective policy approaches for quality investment in tourism (2018)
- Analysing megatrends to better shape the future of tourism (2018)
- Major events as catalysts for tourism (2017)
- Financing approaches for tourism SMEs and entrepreneurs (2017)

To find out more -

www.oecd.org/cfe/tourism
http://stats.oecd.org/