Sectoral perspective on bridging the digital divide – the case of tourism

WTO, CTD 17 October 2016

Mrs. Zoritsa Urosevic
Representative to the UN at Geneva
World Tourism Organization
zurosevic@unwto.org
Two thirds of the activities of the United Nations system take place in Geneva, making it a key centre of international cooperation and multilateral negotiation. This is one of the reasons that the city is often referred to as "International Geneva."

Around 9,500 staff work for the UN family in Geneva, which is the largest concentration of UN personnel in the world.

Tourism, third export earnings category in 2015

- **Fuels**: $3,068 billion
- **Chemicals**: $2,054 billion
- **International Tourism**: $1,522 billion
- **Food**: $1,486 billion
- **Automotive Products**: $1,395 billion

Source: World Tourism Organization (UNWTO), 2016
Tourism matters: here’s why

- 10% of GDP
- 1/11 jobs
- US$ 1.5 trillion in exports
- 7% of world’s exports
- 30% of services exports

Why Tourism Matters

©World Tourism Organization (UNWTO) 2016

UNWTO - a Specialized Agency of the United Nations
Two thirds of the activities of the United Nations system take place in Geneva, making it a key centre of international cooperation and multilateral negotiation. This is one of the reasons that the city is often referred to as "International Geneva." Around 9,500 staff work for the UN family in Geneva, which is the largest concentration of UN personnel in the world.

2015 Int. Tourism Arrivals – World

[Map showing international tourist arrivals by region for 2015, with the total world arrivals at 1,184 million.]
Travel and tourism to trade in services (LDCs)

International tourism and LDCs, 2014

- International tourist arrivals: 24 million
- Exports: US$ 18 billion
- Total exports: 7%

14% average annual growth in international tourist arrivals, compared to 7% worldwide (2000–2014)

LDC service exports – evolution of travel and tourism by region 2005-2015

Travel exports rose by 6% in 2015, reaching some US$19 billion

Source: WT/COMTD/LDC/W/64
“Two major revolutions have marked the last decades: the travel revolution, which has positioned tourism as a fundamental element of our lives, and the boom of new technologies that have changed the game for many sectors including tourism”

Mr Taleb Rifai UNWTO Secretary-General
The Three Waves of Tourism & Internet based ICT

1995-2005: Advent of the Web and other Internet based services

- Marketing to customers in their homes and offices
- Rapid development of web-based information and booking systems, offered major new players

2005-2015: Mobile and social expand exponentially

- Customers to access information and booking systems whilst travelling to and within the destination
- Reviews, mapping, photos and video come to play key role in trip planning – the customer is increasingly in control
- Major implications for ‘on-the-ground’ services

2015-25: The ‘Internet of Things’ and ‘Living Services’

- “a new layer of connected intelligence that will revolutionise the ability of organisations to offer interesting and increasingly indispensable digital services to travellers”
Tourism and the consumer – key trends

**NextGen Traveler**

Why the NextGen Traveler?

- Adventurous
- Frequent travelers
- Multi-channel online shoppers is becoming the FIRST touch-point for travellers
- Travel industry is changing FAST
- Between 18-30 years of age
- Above 55 years of age
- Who are affluent and have travel ambitions
- Online information is freely available

**3 KEY TRENDS**

1. **Smart Consumer**
   - Want honest, transparent offers
   - Empowered to build personalized travel packages
   - Offers should be different and creative
   - Online & offline content should be seamless
   - Create own unique path in between

2. **Uniqueness Search**
   - Consider themselves “explorers” vs. tourists
   - Collaboration between traveler and brand
   - Want customized travel plans
   - Expect authentic overseas experience

3. **Social Interaction**
   - Travelers want to feel valued
   - Stay connected 24/7
   - Desire to engage with brands
   - Social media is their playground

Source: Amadeus
Mobility platforms

The rise of the mobile-app empowered traveller

Almost all travellers now come with smartphone attached.

87% of global travellers use smartphones while travelling.

Multi-screen travel planning & purchase (across smartphone, tablet & PC) is becoming commonplace.

47% of travellers start looking for vacation ideas on one device and complete the activity on another.

Mobile apps increasingly assist smartphone-attached travellers along their journey.

Around half of all smartphone users now have travel apps installed.

App usage for travel brands has increased by over 100% within the last year.

Pre-trip: Mobile apps now play an important role in travellers’ planning & purchase.

45% of travellers have used an app to help them plan travel.

30% have used mobile apps to find hotel deals.

15% have downloaded mobile apps, specific to their upcoming vacation.

During trip: Mobile apps are now being accessed throughout the trip.

52% of travellers use apps in destination.

- Of those 94% are researching things to do.
- Of those 80% are looking for maps and directions.
- Of those 75% are searching for restaurants.

During trip: Mobile apps are now being accessed throughout the trip.

7/10 travellers post vacation photos via social network apps during and after their trip.

Upon their return, travellers soon start searching for their next trip, with the most popular travel components booked via smartphone apps being:

- Airline travel - 51% of users
- Overnight accommodation - 45% of users
- Travel/Vacation Packages - 45% of users

With 82% of the world’s top 50 airlines now offering apps for customer loyalty & retention, frequent flyers are increasingly re-booking via a pre-installed app.
ICT Connectivity - key facts to consider

- The web has developed from a read-and-write only platform into the Social Web.
- 2000 – 2015 Internet penetration increased almost seven-fold from 6.5 to 43 per cent of the global population.
- Yet, four billion people in the developing world remain offline.
- Of the nearly one billion people living in LDCs, 851 million do not use the Internet. (ITU, 2015)
Tourism and the digital economy

- 95% of people use digital resources to organize a trip, using an average of 19 websites or mobile applications (Boston Consulting Group)
- 74% of the respondents mentioned “free wi-fi” as the main benefit when deciding about accommodation (Tripadvisor)
- By the end of this decade mobile hotel bookings worldwide will triple, while non-mobile online reservations will rise by only 4% annually (Deutche Bank)
- The consumer peer-to-peer rental market is worth an estimated $26 billion, with Airbnb alone having more than 600,000 listings across 160 countries. (Deutche Bank)
- Guides and tours: Fewer than 3% of tour guides with online presence (WEF, 2015)
Figure 5: Business-to-consumers internet use and international tourism arrivals

Sources: World Economic Forum Executive Opinion Survey and UNWTO.
Tourism Competitiveness Factors

(WEF 2015)

Travel & Tourism Competitiveness Index

- **Enabling Environment**
  - Business Environment
  - Safety and Security
  - Health and Hygiene
  - Human Resources and Labour Market
  - ICT Readiness

- **T&T Policy and Enabling Conditions**
  - Prioritization of Travel & Tourism
  - International Openness
  - Price Competitiveness
  - Environmental Sustainability

- **Infrastructure**
  - Air Transport Infrastructure
  - Ground and Port Infrastructure
  - Tourist Service Infrastructure

- **Natural and Cultural Resources**
  - Natural Resources
  - Cultural Resources and Business Travel

UNWTO - a Specialized Agency of the United Nations
## Tourism competitiveness ranking

### WEF Tourism Competitiveness Report 2015

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country/Economy</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Spain</td>
<td>5.31</td>
</tr>
<tr>
<td>2</td>
<td>France</td>
<td>5.24</td>
</tr>
<tr>
<td>3</td>
<td>Germany</td>
<td>5.22</td>
</tr>
<tr>
<td>4</td>
<td>United States</td>
<td>5.12</td>
</tr>
<tr>
<td>5</td>
<td>United Kingdom</td>
<td>5.12</td>
</tr>
<tr>
<td>6</td>
<td>Switzerland</td>
<td>4.99</td>
</tr>
<tr>
<td>7</td>
<td>Australia</td>
<td>4.98</td>
</tr>
<tr>
<td>8</td>
<td>Italy</td>
<td>4.98</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>4.94</td>
</tr>
<tr>
<td>10</td>
<td>Canada</td>
<td>4.92</td>
</tr>
<tr>
<td>132</td>
<td>Sierra Leone</td>
<td>2.77</td>
</tr>
<tr>
<td>133</td>
<td>Haiti</td>
<td>2.75</td>
</tr>
<tr>
<td>134</td>
<td>Myanmar</td>
<td>2.72</td>
</tr>
<tr>
<td>135</td>
<td>Burundi</td>
<td>2.70</td>
</tr>
<tr>
<td>136</td>
<td>Burkina Faso</td>
<td>2.67</td>
</tr>
<tr>
<td>137</td>
<td>Mauritania</td>
<td>2.64</td>
</tr>
<tr>
<td>138</td>
<td>Yemen</td>
<td>2.62</td>
</tr>
<tr>
<td>139</td>
<td>Angola</td>
<td>2.60</td>
</tr>
<tr>
<td>140</td>
<td>Guinea</td>
<td>2.58</td>
</tr>
<tr>
<td>141</td>
<td>Chad</td>
<td>2.43</td>
</tr>
</tbody>
</table>

### Pillar 5: ICT Readiness (8 indicators)

Online services and business operations have increasing importance in T&T, with internet being used for planning itineraries and booking travel and accommodation—but ICT is now so pervasive and important for all sectors, it is considered part of the general enabling environment. The sub-components of the pillar measure not only the existence of modern hard infrastructure (mobile network coverage and quality of electricity supply), but also the capacity of businesses and individuals to use and provide online services.
Looking to the Future: Travel Facilitation

- Include travel facilitation as a pillar in regional and bilateral trade negotiations and agreements;
- Review and streamline current visa processes including adopting new technologies to speed up visa applications and move towards an electronic (e-) visa while strengthening security;
- Reviewing and enhancing border-crossing processes and security checks at key entry points, notably at airports.
The way forward: need of ICT developments for tourism

Tourism destination organisations and businesses to understand current and emerging technologies that are of primary relevance for them, in particular:

- **Effective use of new technology in marketing**, including the attraction of new markets and customer relationship management (including the role of social media); and content acquisition and distribution.

- **Technologies will enhance industry performance**, through new business models, increased access to knowledge and skills, business networking and partnerships, strengthened sustainability and new applications, including robotics.

- **Enhancing the experience of visitors travelling** to and within destinations.
Implications of ICT developments for tourism destinations and businesses

For destination organizations, through innovative use of ICT:

- **To enhance the quality of experience**, through location based information, interpretation and services
- **To ensure that all the players within the destination** are ‘connected’, working together in a seamless way
- **To engage and assist all sectors of the industry and the community** in delivering the highest quality of welcome and service.
- **To build capacity at the national and destination to connect** with other sectors of the economy of the need and opportunities for new technological applications in different sectors of tourism

And finally, at the most strategic level:

- **To use technology to ensure the sustainability of travel and tourism**, by rapidly reducing the carbon footprint of transport and destination activities.
Incredible India – an example

The Indian Government has embarked on an ambitious project, with the PM leading, to transform itself into digitally empowered society and a knowledge economy. The Ministry of Tourism’s activity within this context includes a wide variety of initiatives including:

• Enriched ‘Incredible India’ website
• Incredible India mobile app with virtual walking tours and audio tours
• Online tracking of hotel classification applications
• Online approval of travel trade service providers
• e-Management of tourism & hospitality institutes
• Rapid growth of e-visas, 266% increase in April 2016
• ‘Clean the Monuments’ Application
• Use of space technology for visualisation of 3D routes for trekking, skiing etc.
• Indian Railways CTC - example of how dissemination, propagation and accessibility of technology is integral to the country’s development strategy - 15-18 million transactions per month
• Cabs accessible online - aggregators using own e-wallet service
The Amadeus small hotels distribution project:
This technology transfer project enables the professional distribution of small hotels with scarce resources and access to technology.

- These small guest houses or bed & breakfast establishments, often located in rural areas, typically have no access to the professional sales channels or standard processes of the travel industry.
- The Amadeus small hotels distribution project brings them a technology platform with which to manage and distribute their offer online in a professional way. It also gives them access to a network of Amadeus travel agencies worldwide to sell their offer, hence expand their commercial reach.

…”Technology has a significant direct benefit for tourism nations, through efficiencies, engagement and knowledge transfer; and that it is therefore incumbent that we create a proactive ICT culture & ecosystem and take a holistic approach in order to create market awareness, provide location based services and enhance experience delivery. “

2016, Mr. Vinod Zutshi, Secretary, Ministry of Tourism, India
Some resources…

See UNWTO website http://rcm.unwto.org/content/facilitation-tourist-travel
https://www.weforum.org/agenda/2015/07/connecting-an-unconnected-tourism-industry/
https://www.weforum.org/agenda/2015/09/5-innovations-transforming-the-travel-industry/
2017
declared by the United Nations
International Year of
Sustainable Tourism for Development

This is a unique opportunity to advance the relevance of our sector in global and national agendas, we invite you all to engage with UNWTO, make the most of this opportunity and shine a spotlight on tourism!