

Embracing the challenges and planning for the future so that Travel & Tourism can thrive

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World Travel & Tourism Council

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Keith Tuffley addressing the Global Summit audience in Bangkok, Thailand April 2017

WTTC's recent Global Summit in Bangkok focused on the role of Travel & Tourism in driving sustainable development, asking how the sector can 'transform our world'. With Travel & Tourism forecast to rise by 4% a year for the foreseeable future, and 1.8 billion international travellers expected by 2030, the sector's transformative power in terms of economic impact is clear. However, the resilience of this growth is dependent on the sector's ability to recognise and respond to the internal and external challenges it faces.

In a world defined by rapid change and disruption, four external challenges emerged as being most critical to Travel & Tourism's future:

Demographic changes: Ian Goldin, Professor of Globalisation and Development at the University of Oxford, identified three megatrends which will shape the future of Travel & Tourism. First the rapid decline in fertility which will mean that while the world population will stabilise in terms of numbers, it will be increasingly old. Secondly, the workforce is changing dramatically, driven in large part by immigration. And finally, the growth of emerging markets which continues to be much faster than older, developed, markets.

Technology: The challenges and opportunities of technological developments are extensive, but Ian Goldin focused on the moral and ethical impact of some of these advancements. Rob Rosenstein, CEO of Agoda, posed the more practical question of how the sector was preparing for the massive changes in distribution that technology will bring.

Climate Change: Delegates were once again reminded of the potential impact of climate change. Ian Goldin emphasised that as yet there is no system in place to address the problems climate change will cause, while Keith Tuffley, Managing Partner & CEO of The B Team, highlighted that not acting on climate change will cost \$44 trillion by 2060.

Changing structures of work: Automation, freelance working, and the sharing economy are all impacting how people work and are employed. April Rinne summed it up with an anecdote from Robin Chase, co-founder of Zipcar, “My father worked in one job all his life, I will work in five, my child will work five at a time”. As a sector which directly employs 292 million people, Travel & Tourism will be at the coal face when it comes to providing quality jobs, flexible work, and defining new relationships with employees.

As well as these megatrends, some of the greatest challenges to Travel & Tourism come from its own success and growth. Speakers identified a number of ways the sector could prepare for the ‘1.8 billion’:



Pansy Ho

Understand the demographics of this growth: The continued growth of the Chinese outbound market continues to represent a challenge when looking towards the future. Pansy Ho, Managing Director of Shun Tak Holdings Limited, suggested that the sector has not yet begun to anticipate the full extent of this. Amitabh Kant, CEO of NITI Aayog, echoed this view, reminding the audience that only a small percentage of Chinese and Indians have travelled abroad so far, and that as the rest of the population starts doing so it will change the global Travel & Tourism market.

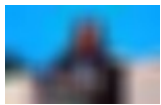


Catharina Eklof

Harness technology for safe and secure travel facilitation: Ensuring secure travel is a key concern of the sector, as it always has been. However processing an ever-increasing number of travellers safely and securely, in a way which does not impinge too heavily on their time or convenience, is also a key challenge for the future. The concept of ‘digital borders’ was discussed, with the Tourism Secretary of Kenya, Said Athman, suggesting that a ‘global visa’ is not beyond the realms of possibility as the data and political will is there. Hyuk Lee, Regional Specialised Officer with INTERPOL, raised the opportunity of biometrics but suggested that agencies such as his did not know how to share information with the private sector. Catharina Eklof, Senior Vice President, Global Merchant Development, Mastercard, highlighted the importance of secure digital identity as a foundation for such a move.

Invest in infrastructure: Investment in infrastructure was a key theme, particularly when looking at the ASEAN perspective. HE Arief Yahya, Minister of Tourism from Indonesia, highlighted the importance of foreign investment in the region, since government funding can only cover part of

the investment that is required—in the case of Indonesia about 30% of the total requirement. This investment is needed across the board, not least in transportation. Talking from an aviation perspective, Arun Mishra, Regional Director of the Asia & Pacific Office of the International Civil Aviation Organization, emphasised specific concerns about infrastructure constraints, which he described as a main stumbling block for development in the region. Many airports are saturated and need a new runway ‘yesterday’. The problem reaches up into the skies themselves, with air navigation congested and urgent needs for new technology and navigation systems.



Christine Duffy

Address overcrowding in hotspot tourist destinations: One of the greatest challenges facing destinations, Christine Duffy, President of Carnival Cruises, emphasised that it is in everyone’s interest to address overcrowding as companies will not want to places where they will not have a good experience. Maria Damanaki, Global Managing Director for Oceans at The Nature Conservancy, and TP Singh, Deputy Regional Director, International Union for Conservation of Nature, highlighted the importance of impact on biodiversity and the environment which is also critical to the customer experience. Identifying ‘carrying capacity’ emerged as a potential solution which would allow both policy makers and industry to be on the same page. But, as Jamaica’s Minister of Tourism, HE Edmund Bartlett questioned, “How is carrying capacity measured and implemented?”

Alex Dichter, Senior Partner at McKinsey & Company, emphasised that ultimately this is a solvable problem of management—there is enough space for everyone, it’s a matter of when and where they travel. It is an issue that needs to be addressed, and Travel & Tourism should be encouraged to take the initiative, considering that, unlike other problems, the sector has enormous power to do something about this one.

Despite the myriad of challenges facing Travel & Tourism, there was optimism that they could be overcome. As Keith Tuffley pointed out—there is no sector better placed to inspire people, and contribute the new thinking and innovation that is required.