



Tourism a sunrise economy? Now and beyond

Tourism future trends beyond 2030

**Penang, Malaysia
17-18 October 2016**

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Director Tourism Market Trends Programme**

Picture: Christopher Harriot
https://commons.wikimedia.org/wiki/File:20111022_Sunrise_-_Penang_Bridge.jpg

Looking back – Looking ahead





Tourism Towards 2030 : Key Results



World Tourism Organization

UNWTO

Tourism towards 2030
Global overview

繁榮

Prosperity

Continued growth
of demand



Continued growth of demand

From advanced markets

- established markets still far from saturated, however growth potential is comparatively moderate
- growth both from:
 - increase of participation, but tourism is already available for broad part of society
 - increased frequency: more frequent but shorter stays

From emerging markets

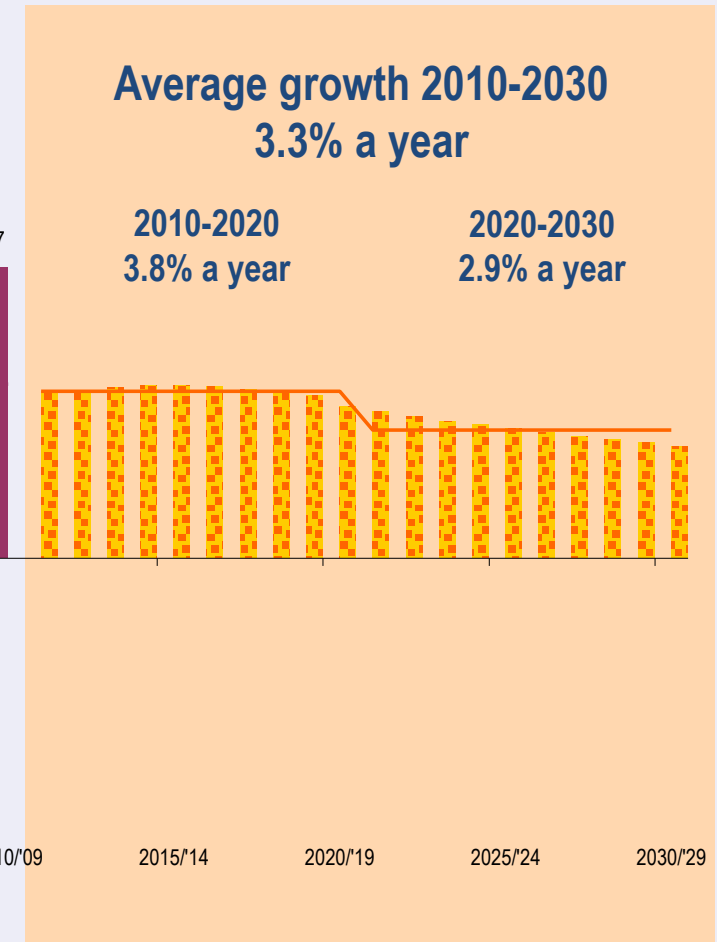
- still huge potential for growth to exploit from current travellers but above all from new emerging middle classes
- sizable populations currently still only take part in international tourism very limitedly
- many emerging economies show rapid economic growth resulting in increasing disposable incomes
- a relative big share of this increase will be spent on tourism (domestic as well as international)

Growth in international tourism will continue, but at a more moderate pace

International tourism, World

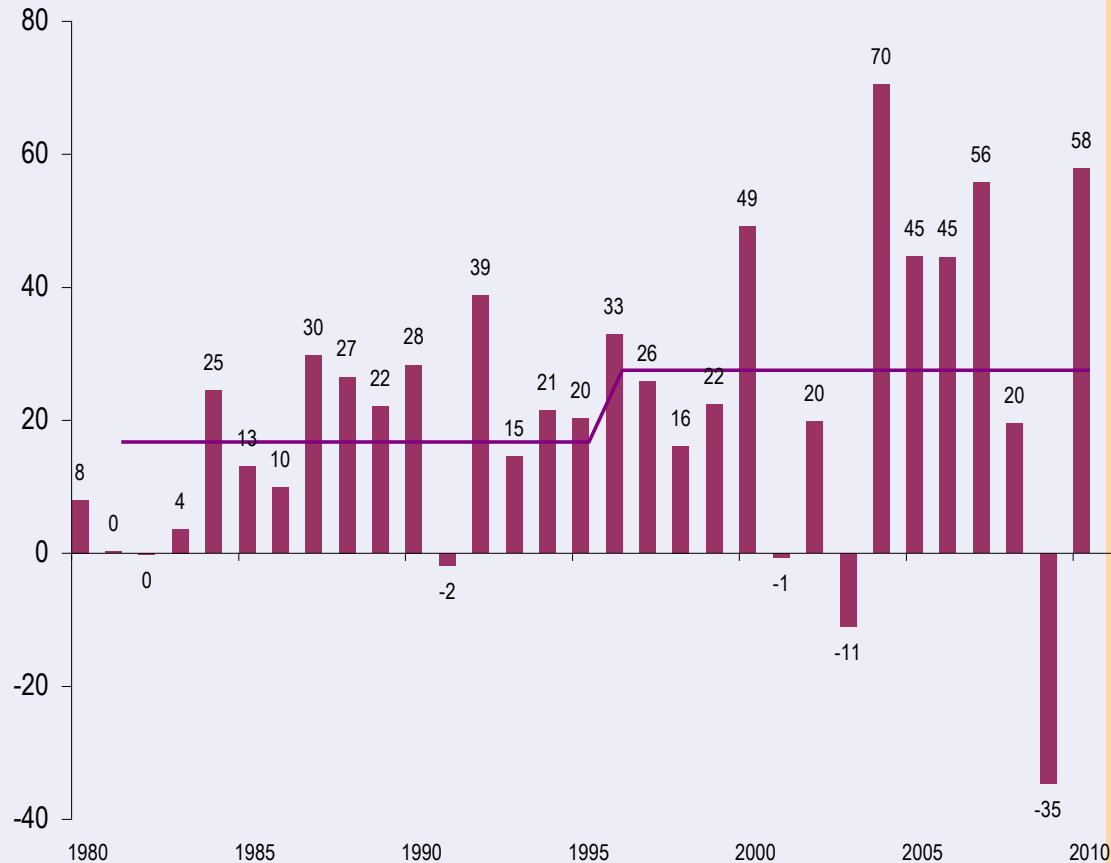


International Tourist Arrivals, % change over previous year



International tourist arrivals to increase by 43 million a year on average

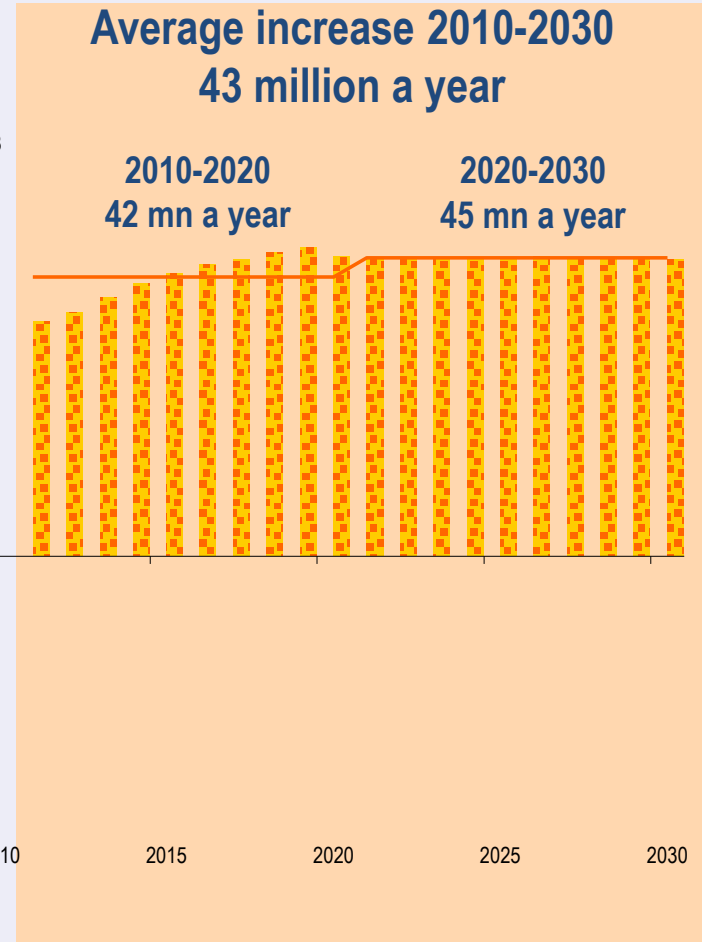
International tourism, World



**Average increase 2010-2030
43 million a year**

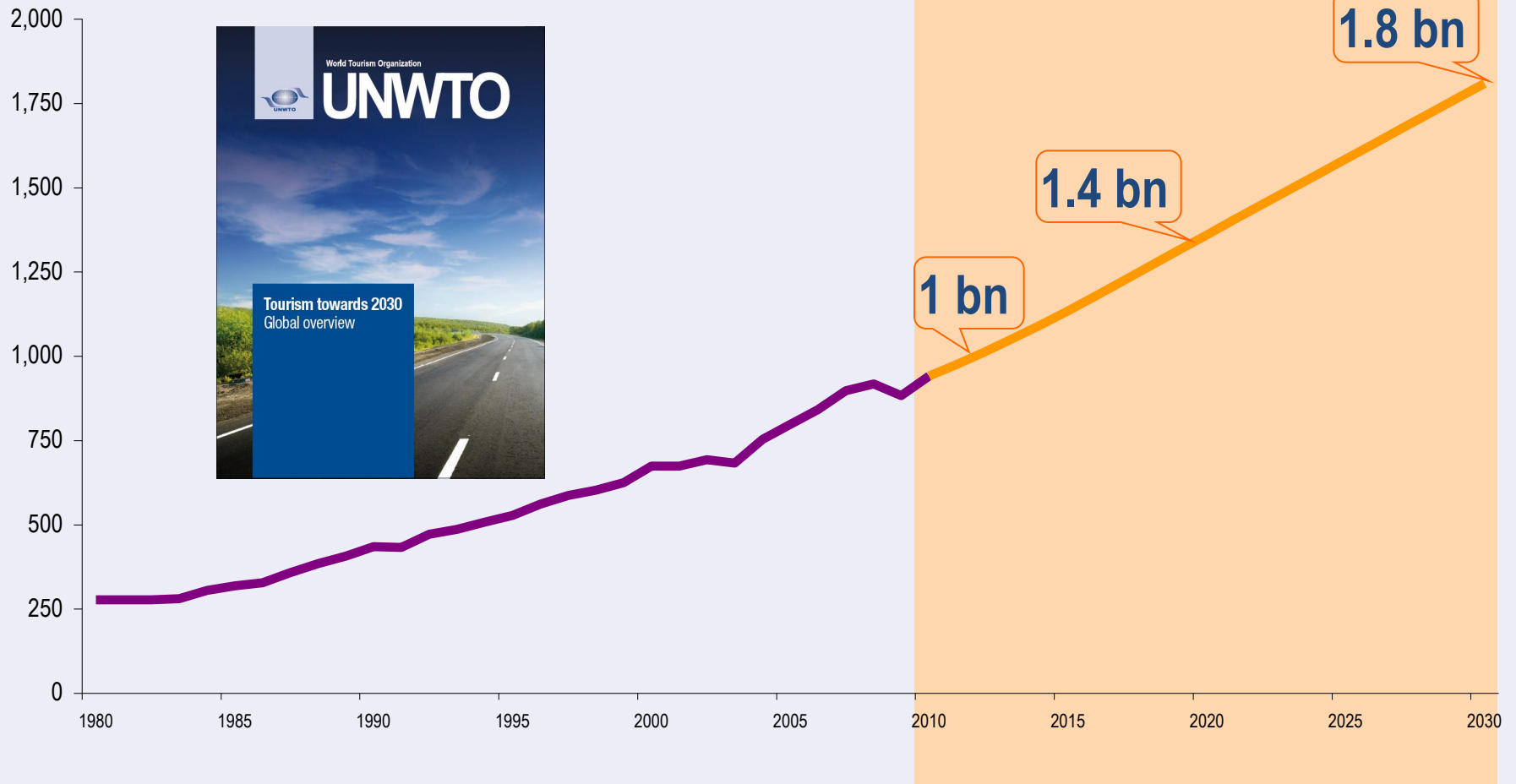
**2010-2020
42 mn a year**

**2020-2030
45 mn a year**



International tourist arrivals to reach 1.8 billion by 2030

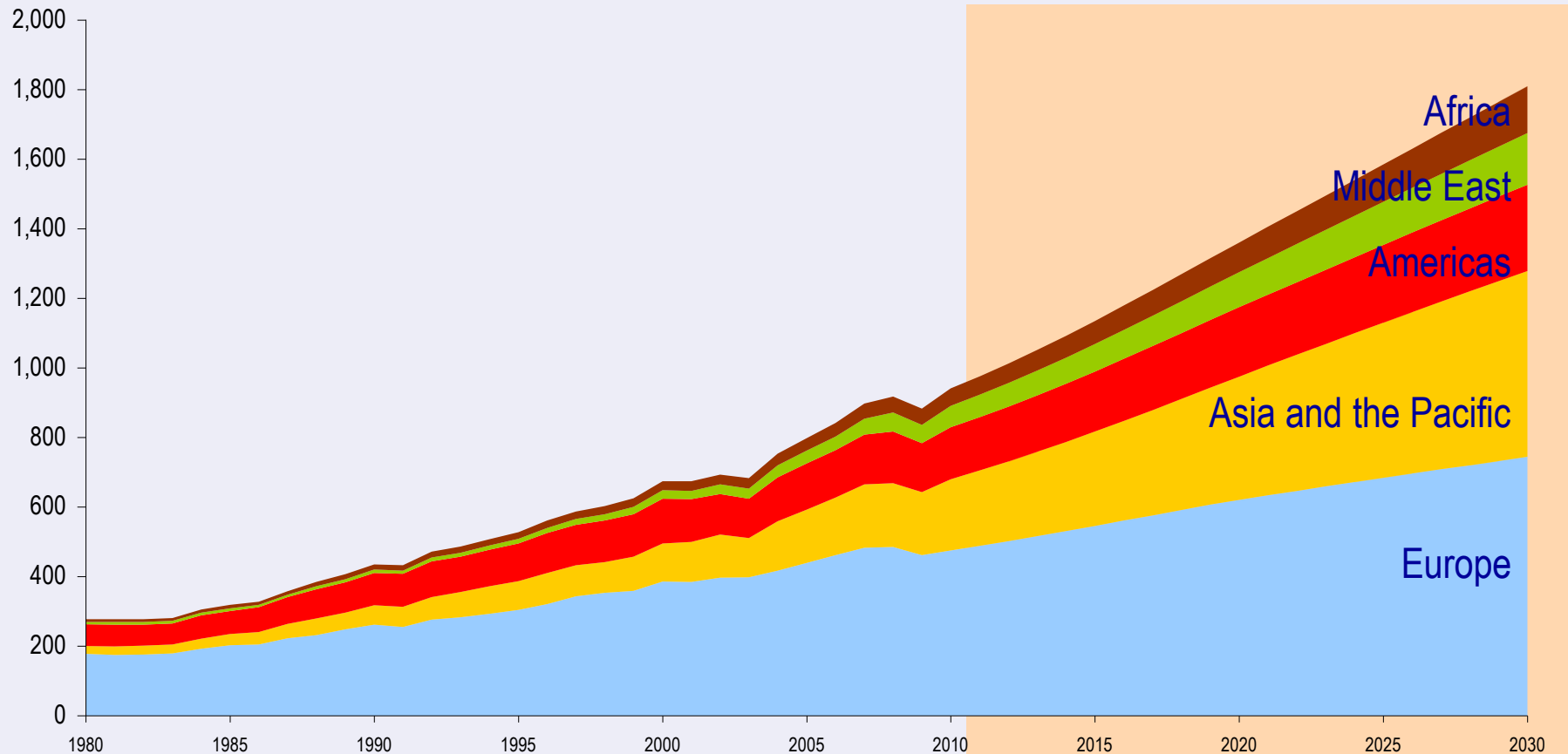
International tourism, World



source: World Tourism Organization (UNWTO) ©

Asia and the Pacific will gain most of the new arrivals

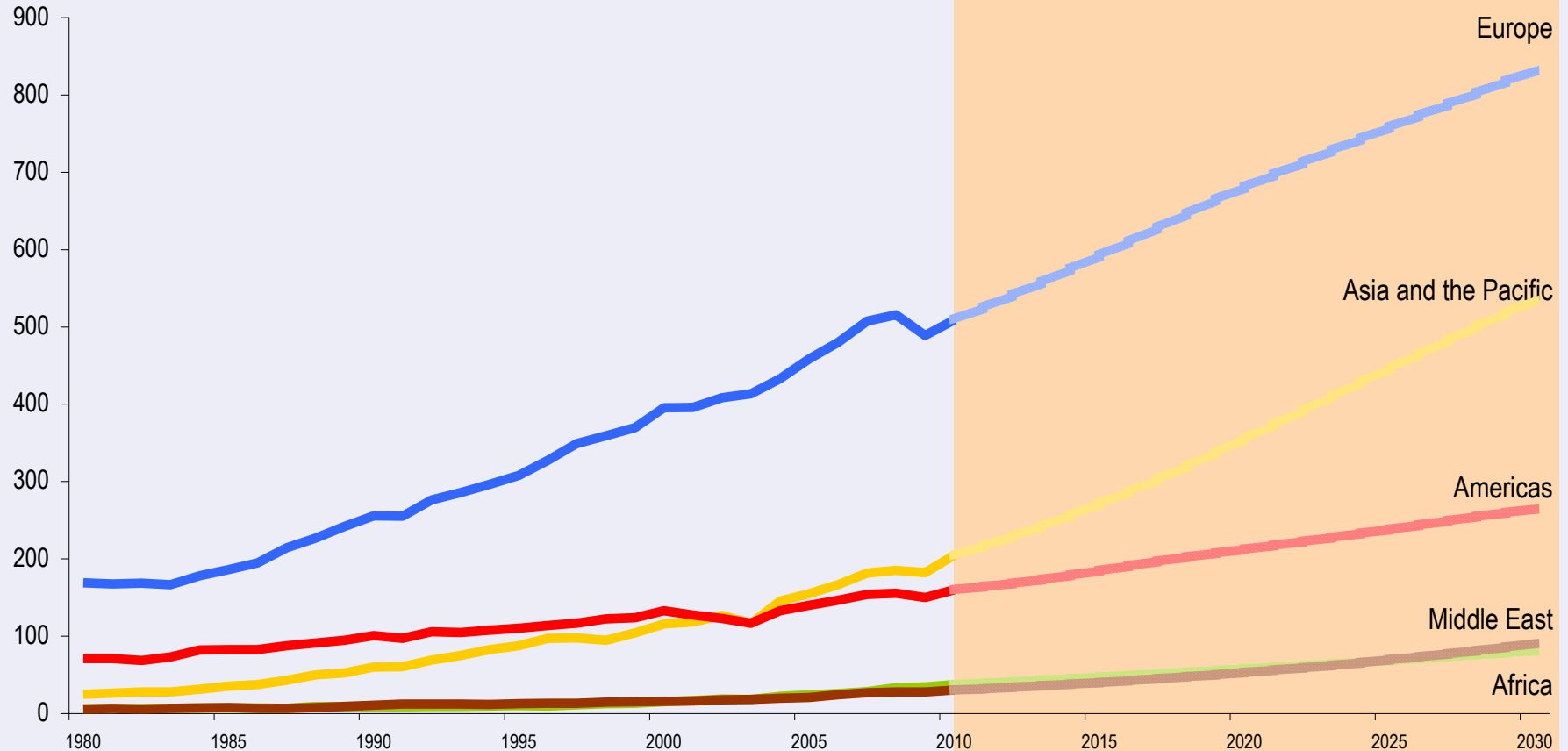
Inbound tourism by region of destination



source: World Tourism Organization (UNWTO) ©

Asia and the Pacific will also be the outbound region that grows most

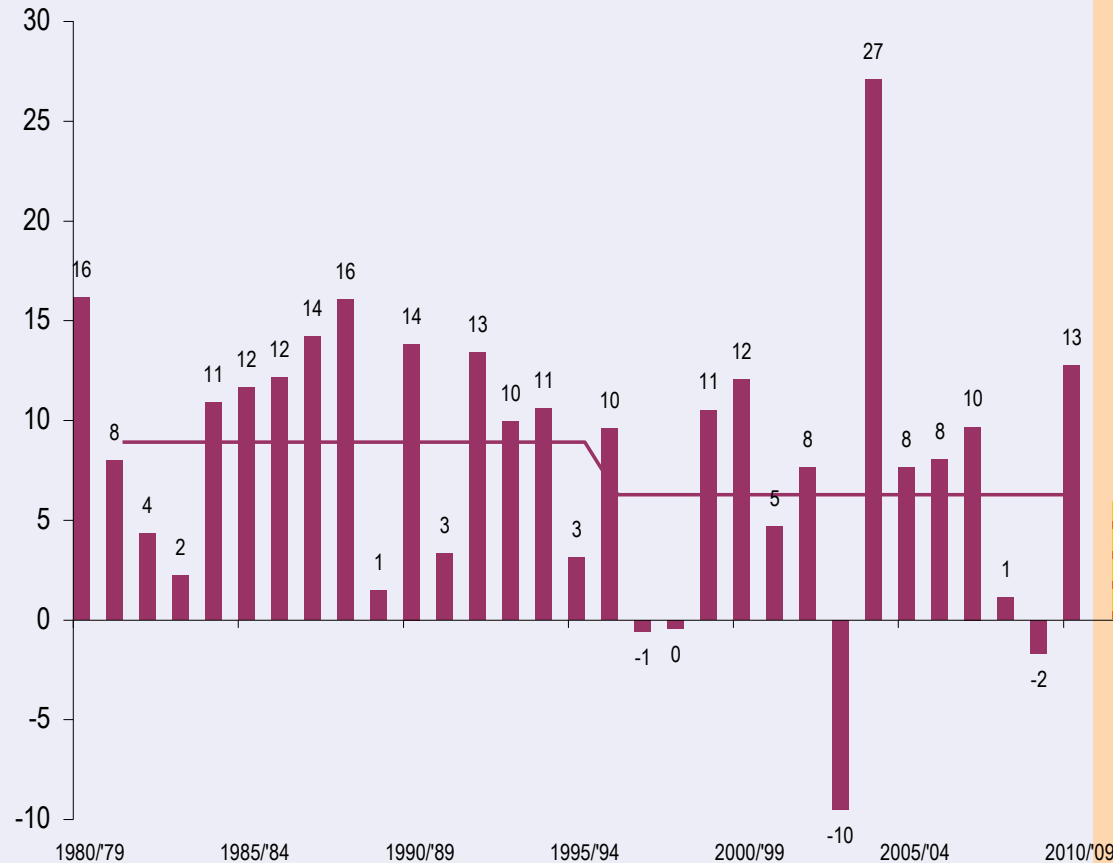
Outbound tourism by region of origin



source: World Tourism Organization (UNWTO) ©

Asia and the Pacific : growth to continue at an average rate of almost 5% a year

International Tourism, Asia and the Pacific

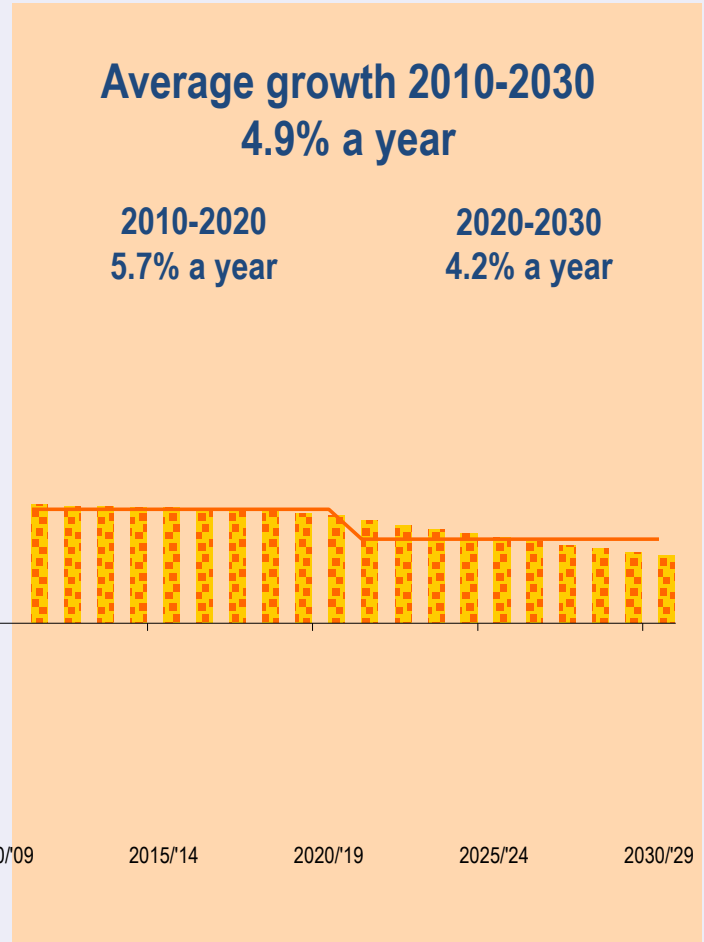


International Tourist Arrivals, % change over previous year

Average growth 2010-2030
4.9% a year

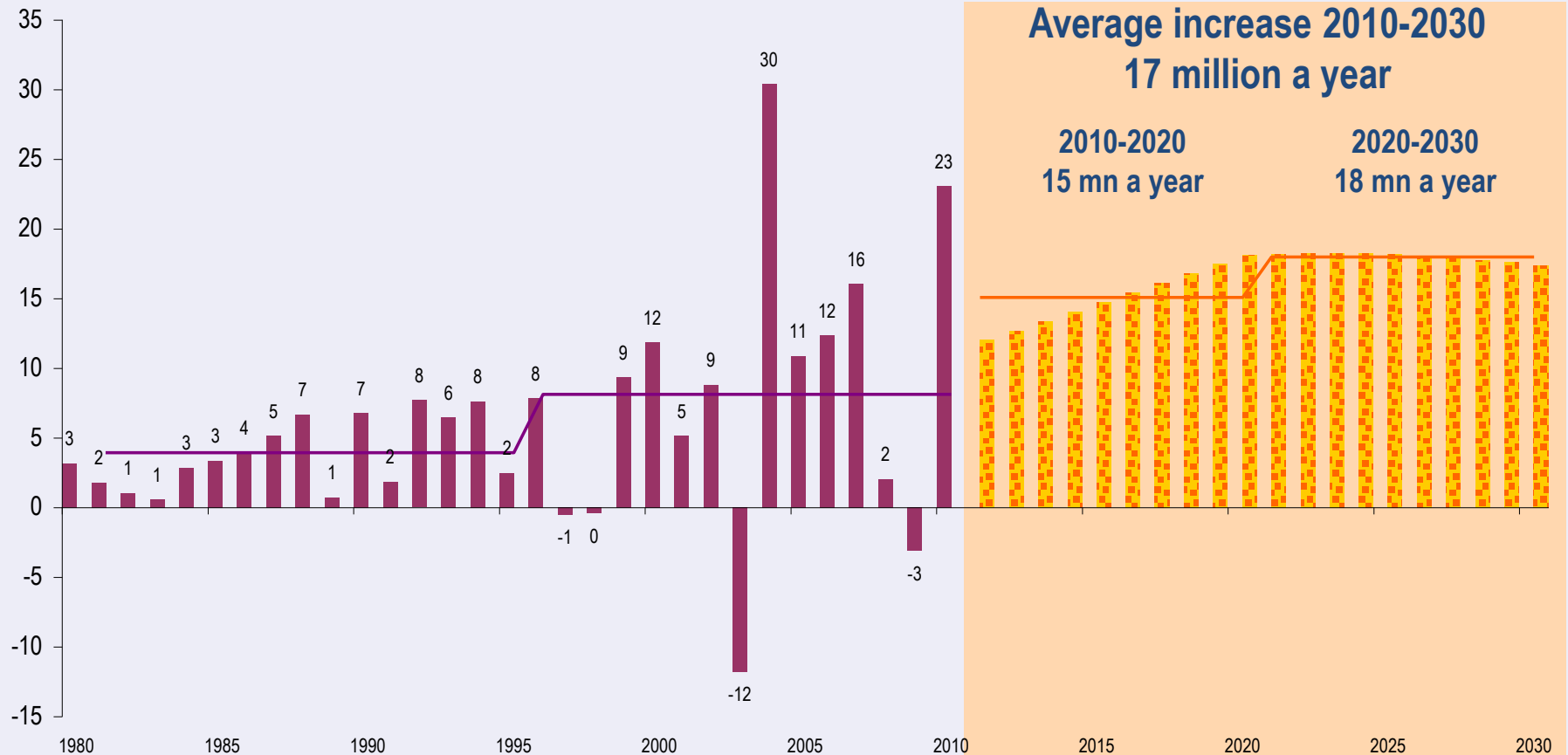
2010-2020
5.7% a year

2020-2030
4.2% a year



Asia and the Pacific : Intl tourist arrivals to increase by 17 million a year on average

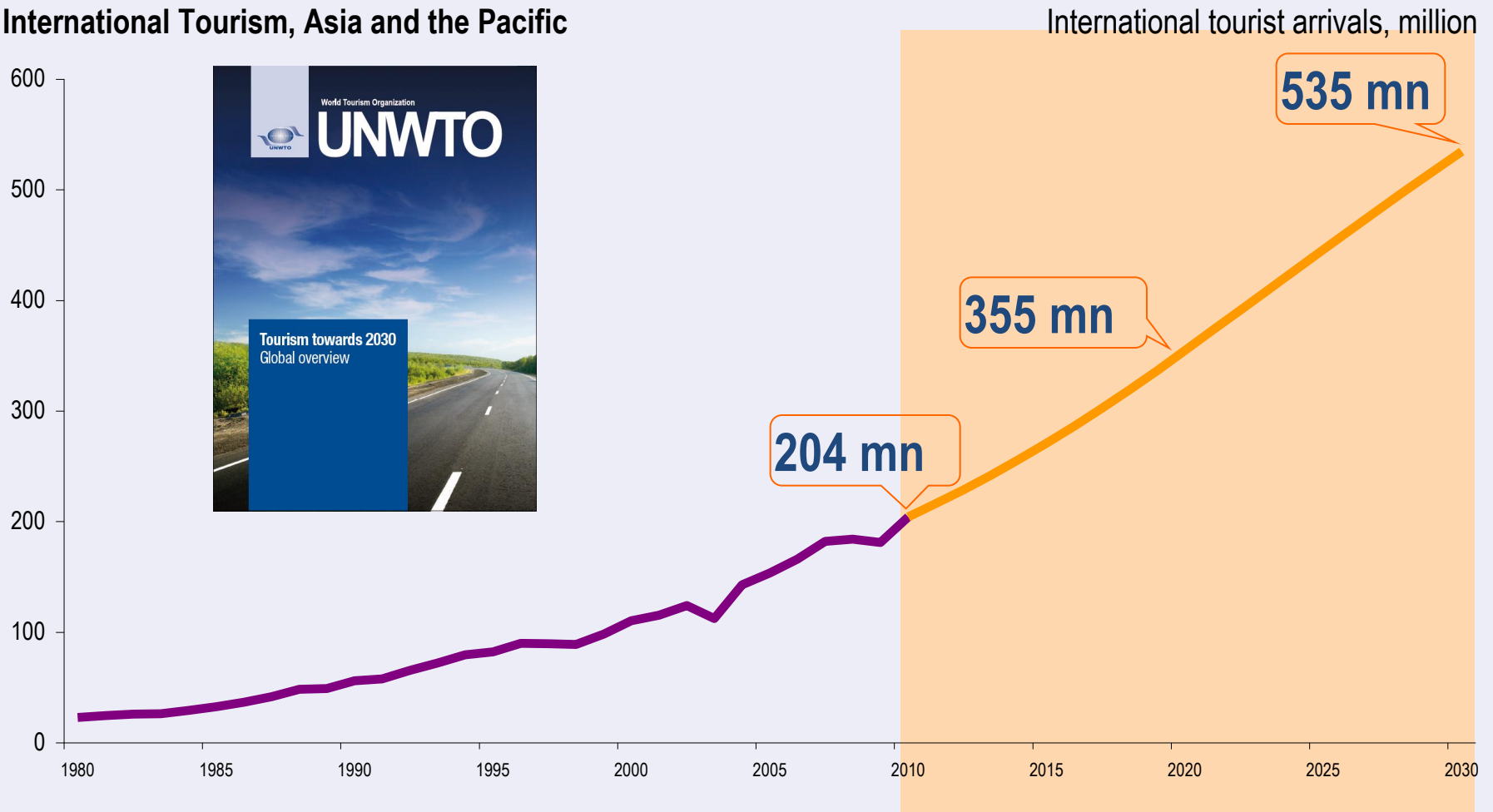
International Tourism, Asia and the Pacific International tourist arrivals, absolute change over previous year, million



source: World Tourism Organization (UNWTO) ©

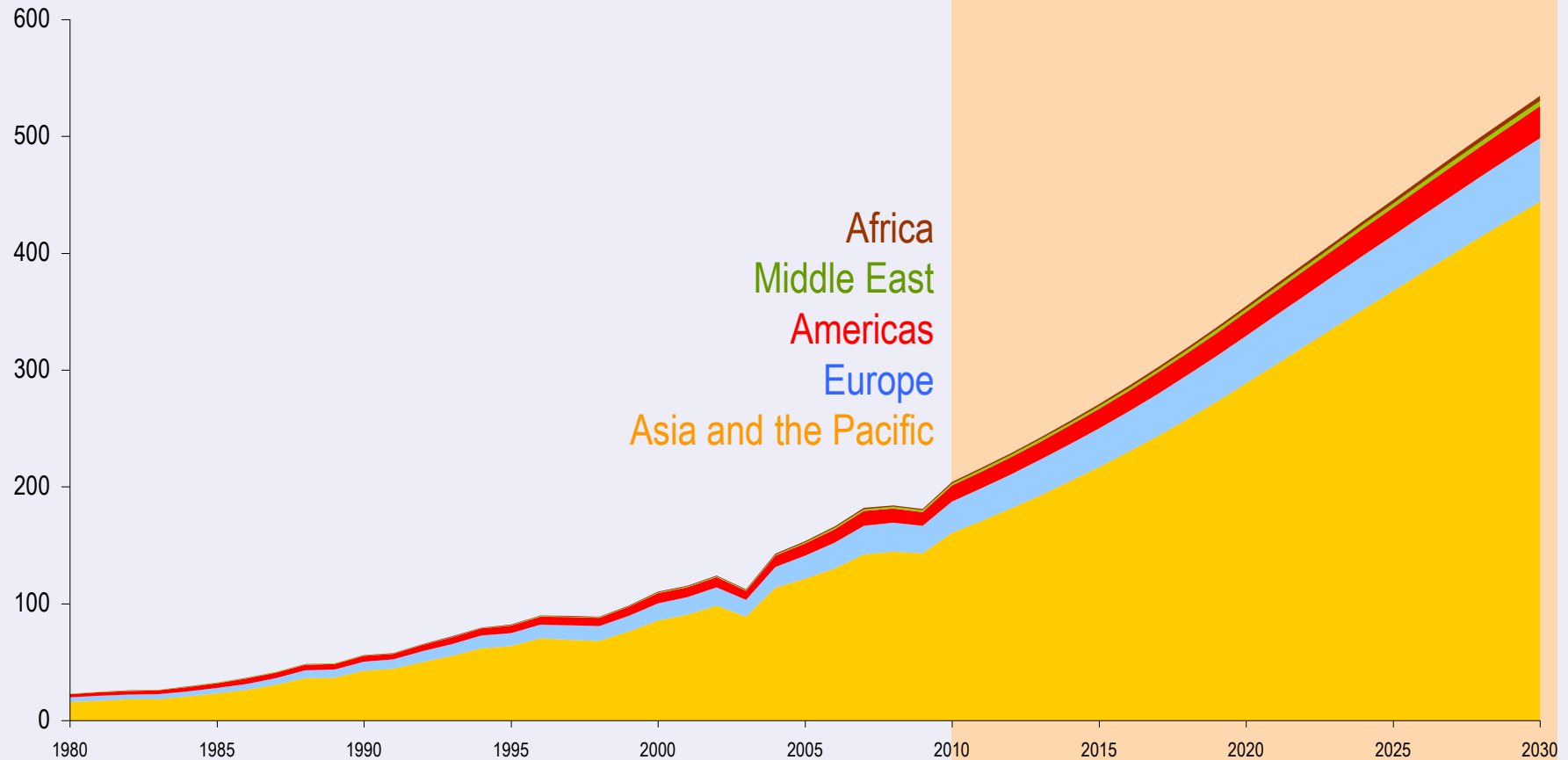
Asia and the Pacific : Intl tourist arrivals still to grow from 200 mn to over 500 mn

International Tourism, Asia and the Pacific



Bulk of arrivals in Asia and the Pacific intraregional, shares not to vary much

Asia and the Pacific: Inbound tourism by region of origin

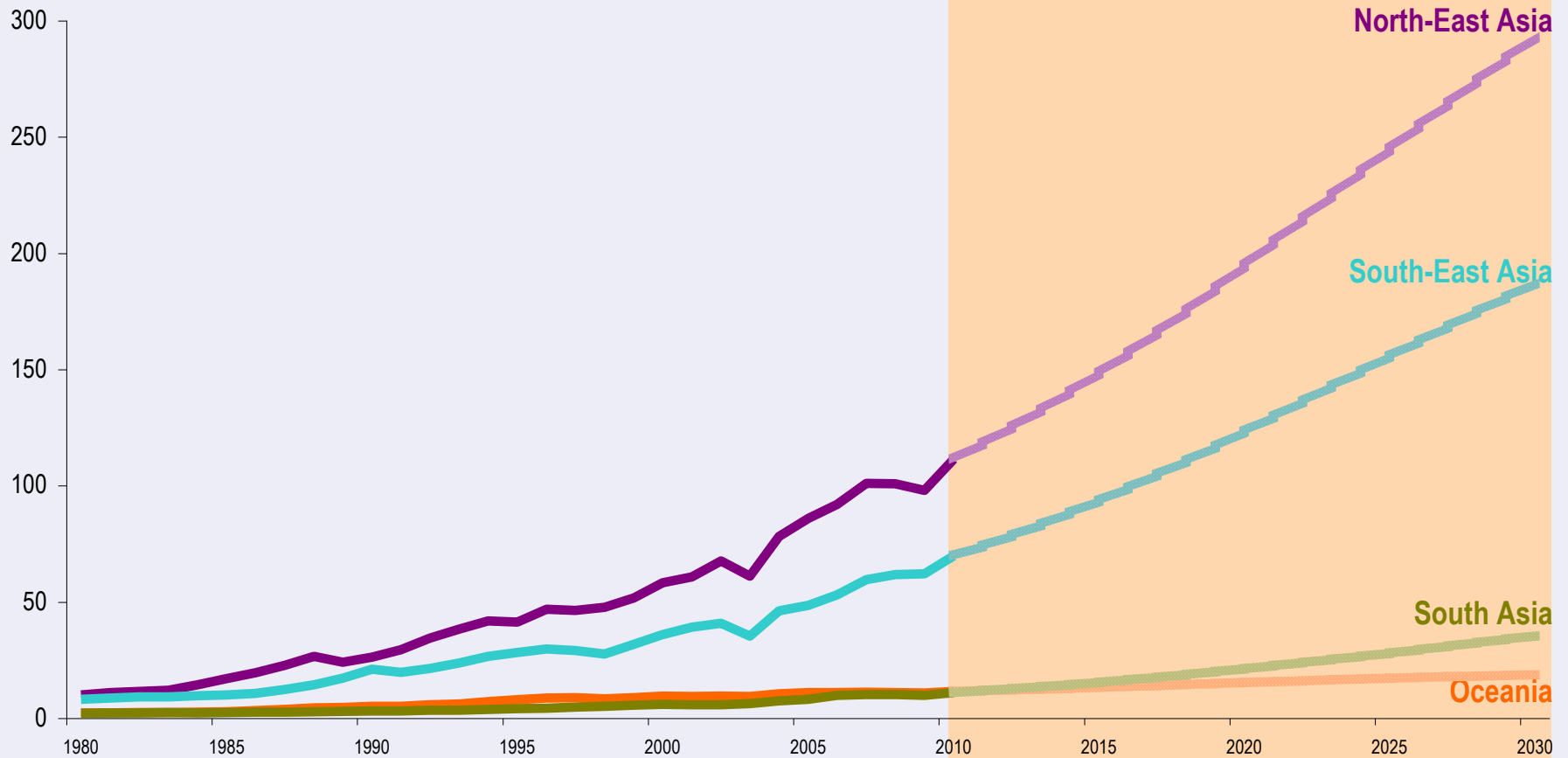


Source: World Tourism Organization (UNWTO) ©

Asia and the Pacific by subregion

Asia and the Pacific: Inbound tourism by subregion of destination

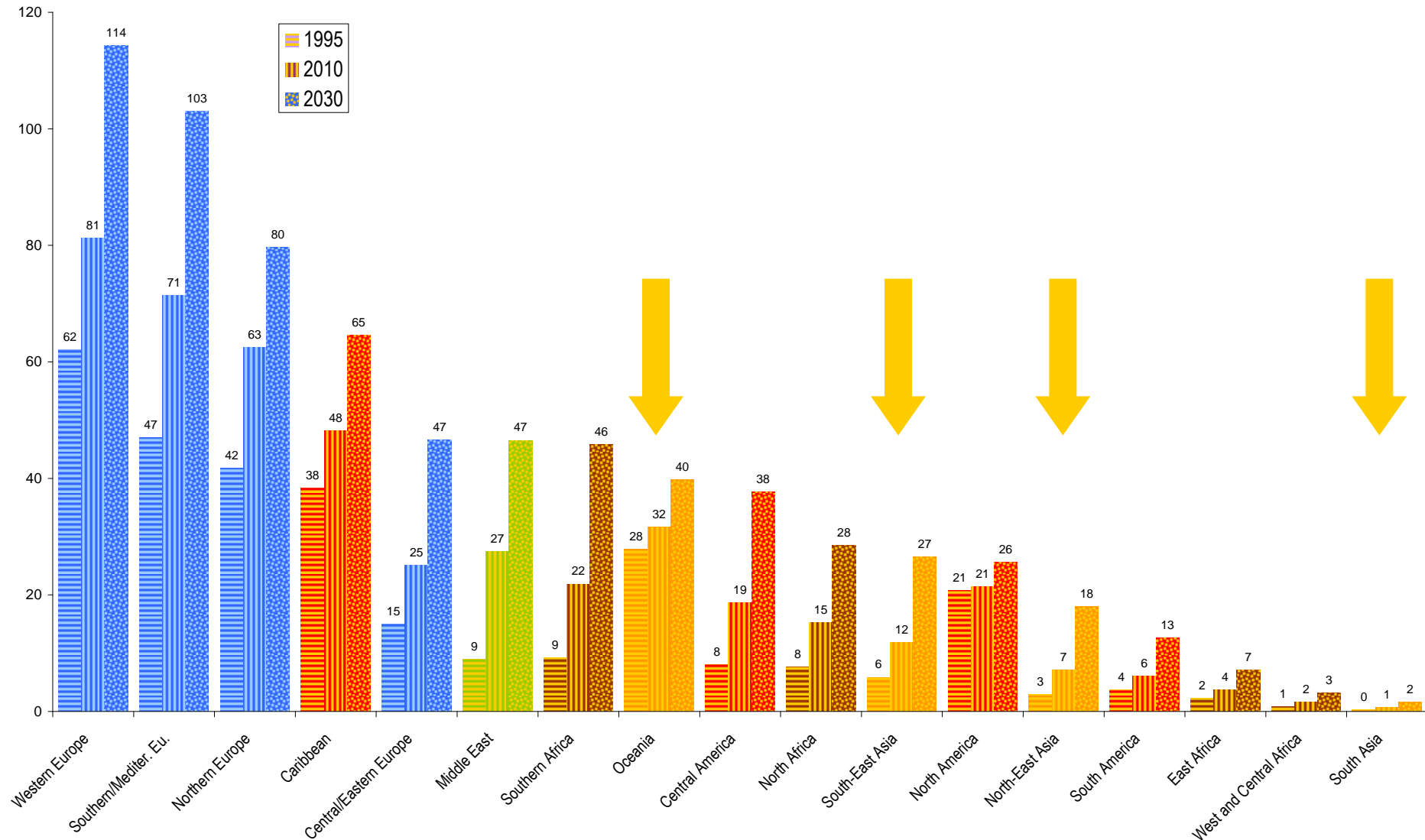
International tourist arrivals, million



Europe continues to lead in international arrivals received per 100 of population

International tourism by (sub)region of destination

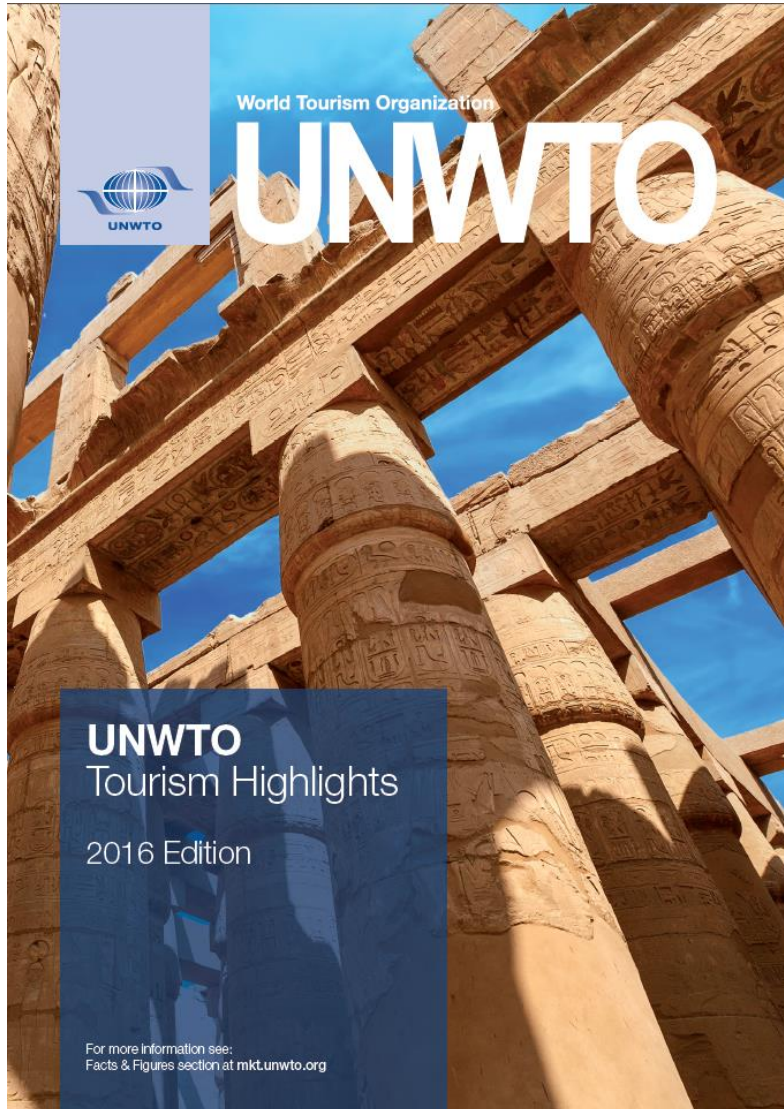
International tourist arrivals received per 100 of population



**Asia and the Pacific
towards 2030**

17 million
additional
international
tourist arrivals
on average a
year of the
43 million
worldwide

Key results 2015



International tourist arrivals
1186 million
+4.6%

International tourism receipts
(BOP Travel)
US\$ 1260 billion (euro 1136 bn)
+4.4% (real terms)
+

International passenger transport
(BOP Transport, passenger)
US\$ 211 billion (euro 191 bn)

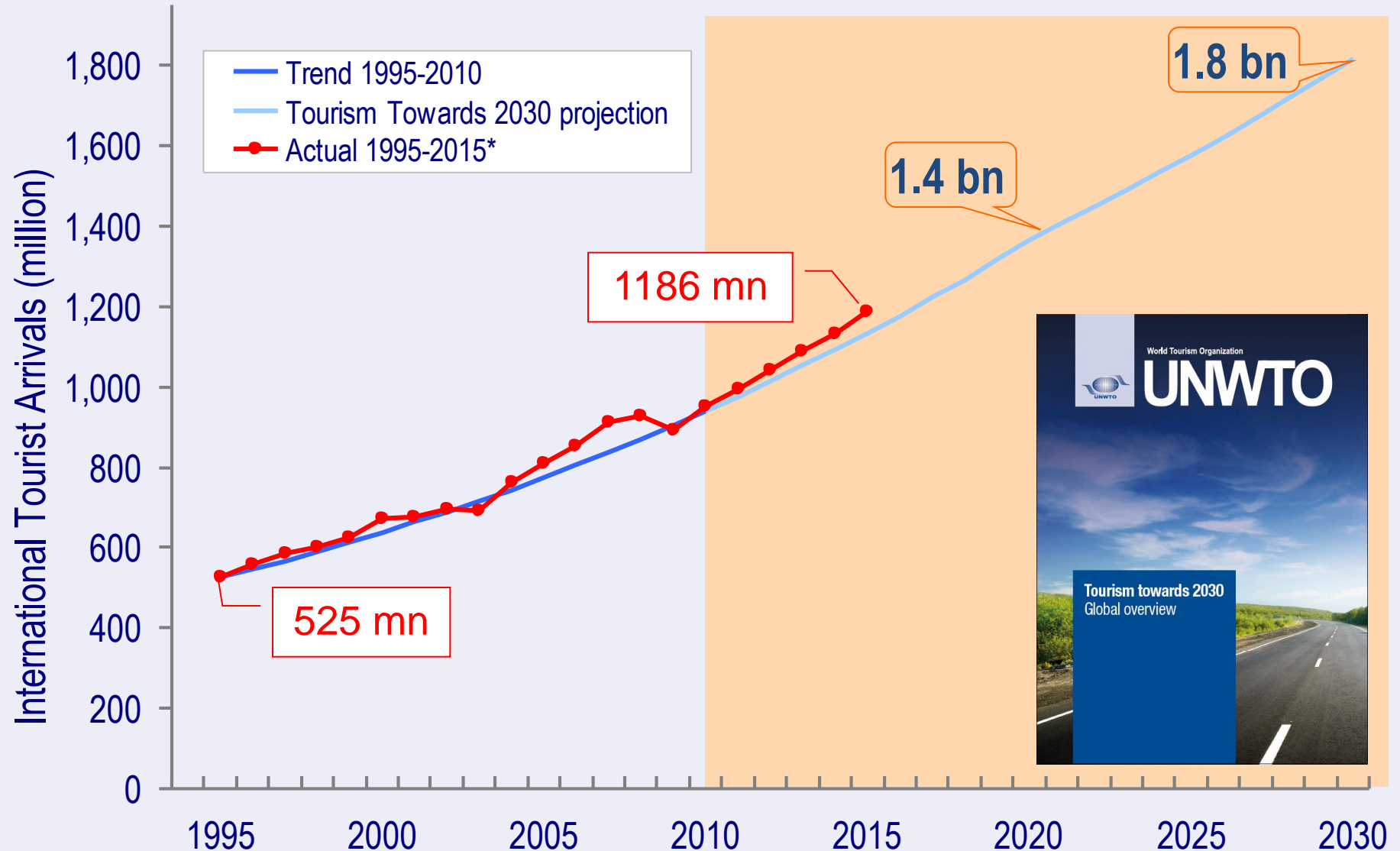
7% of world's exports

<http://mkt.unwto.org/highlights>

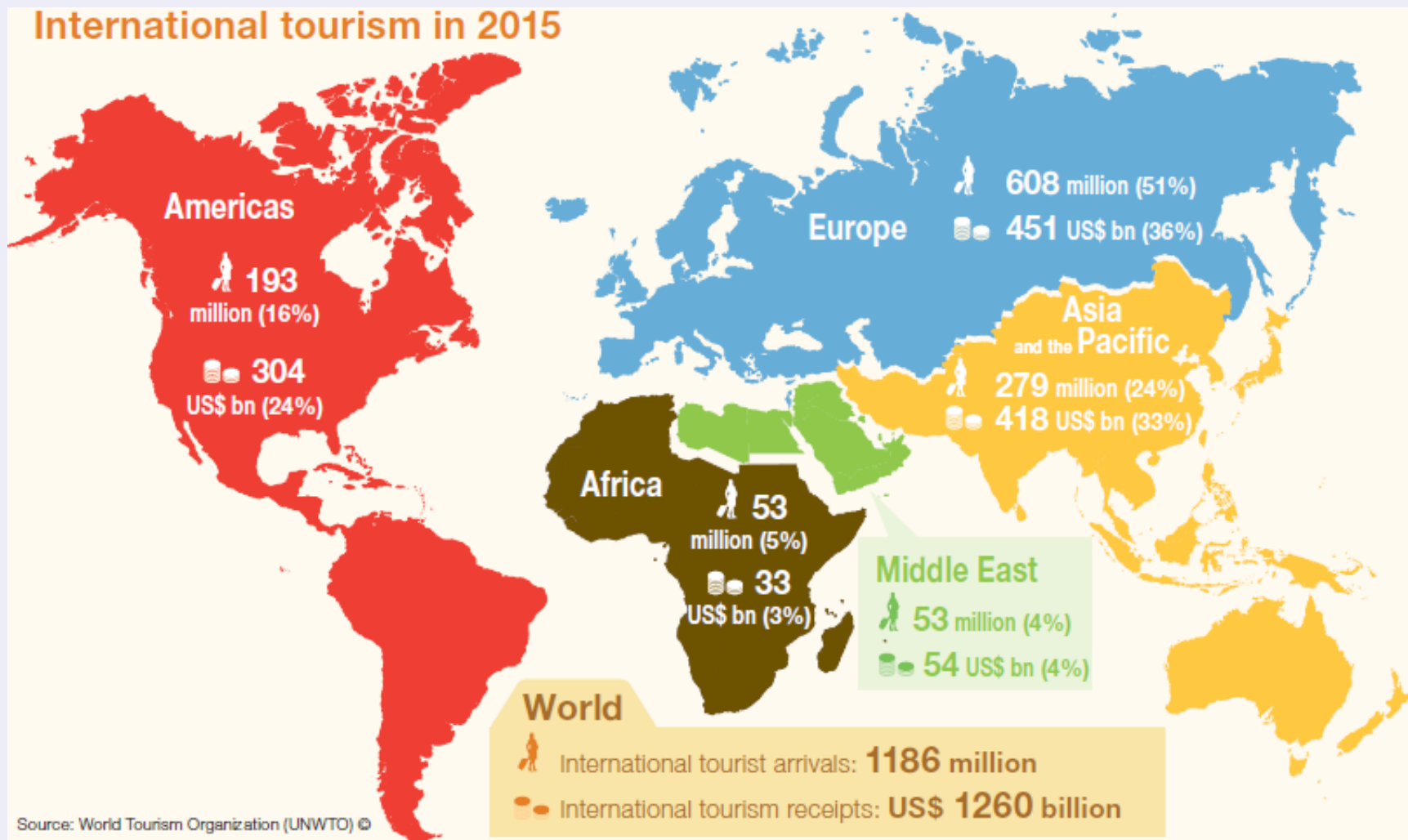
UNWTO - a specialized agency of the United Nations www.unwto.org/facts



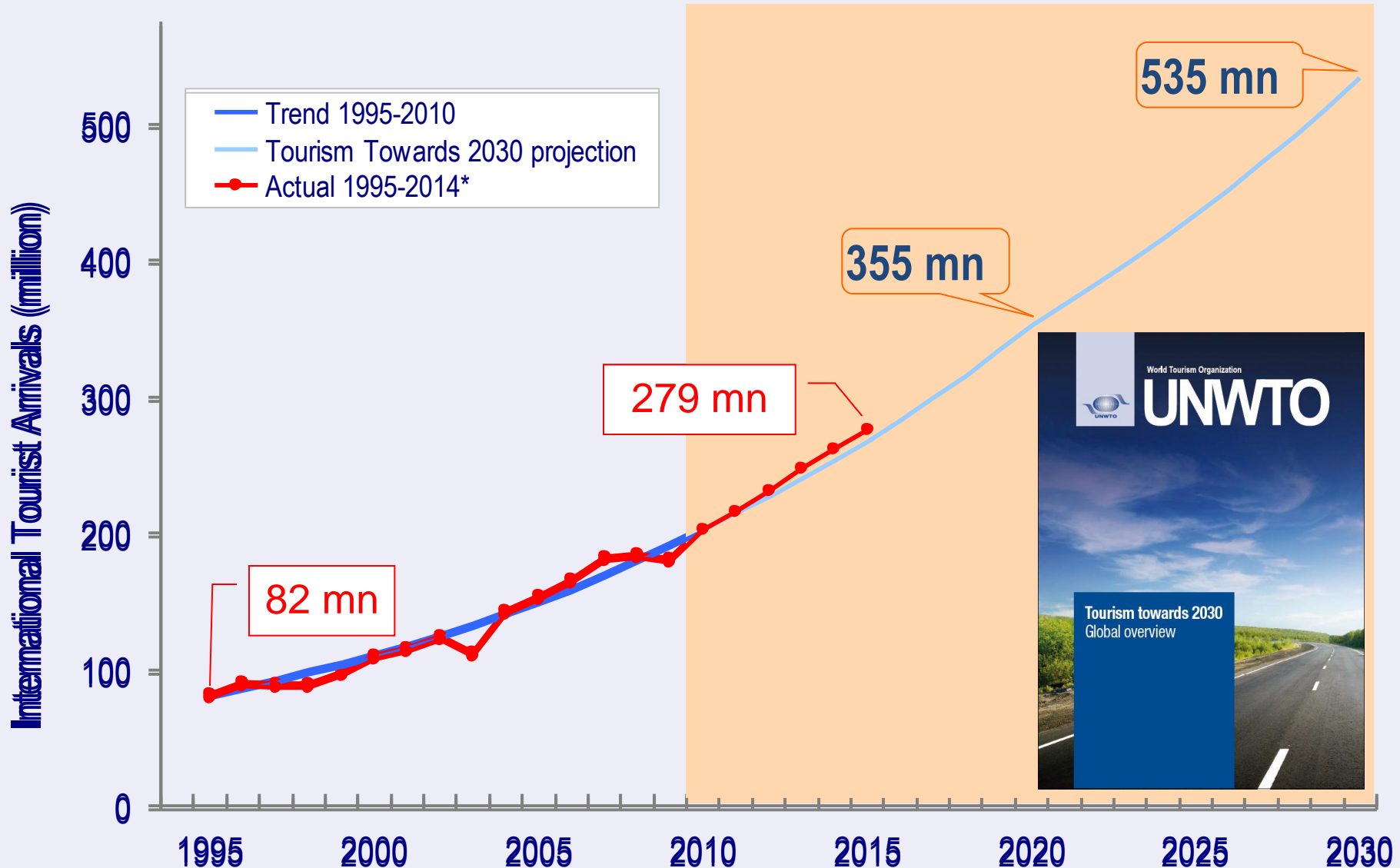
Actual Trend vs. Tourism Towards 2030 projection World



International tourist arrivals and tourism receipts



Actual Trend vs. Tourism Towards 2030 projection Asia and the Pacific



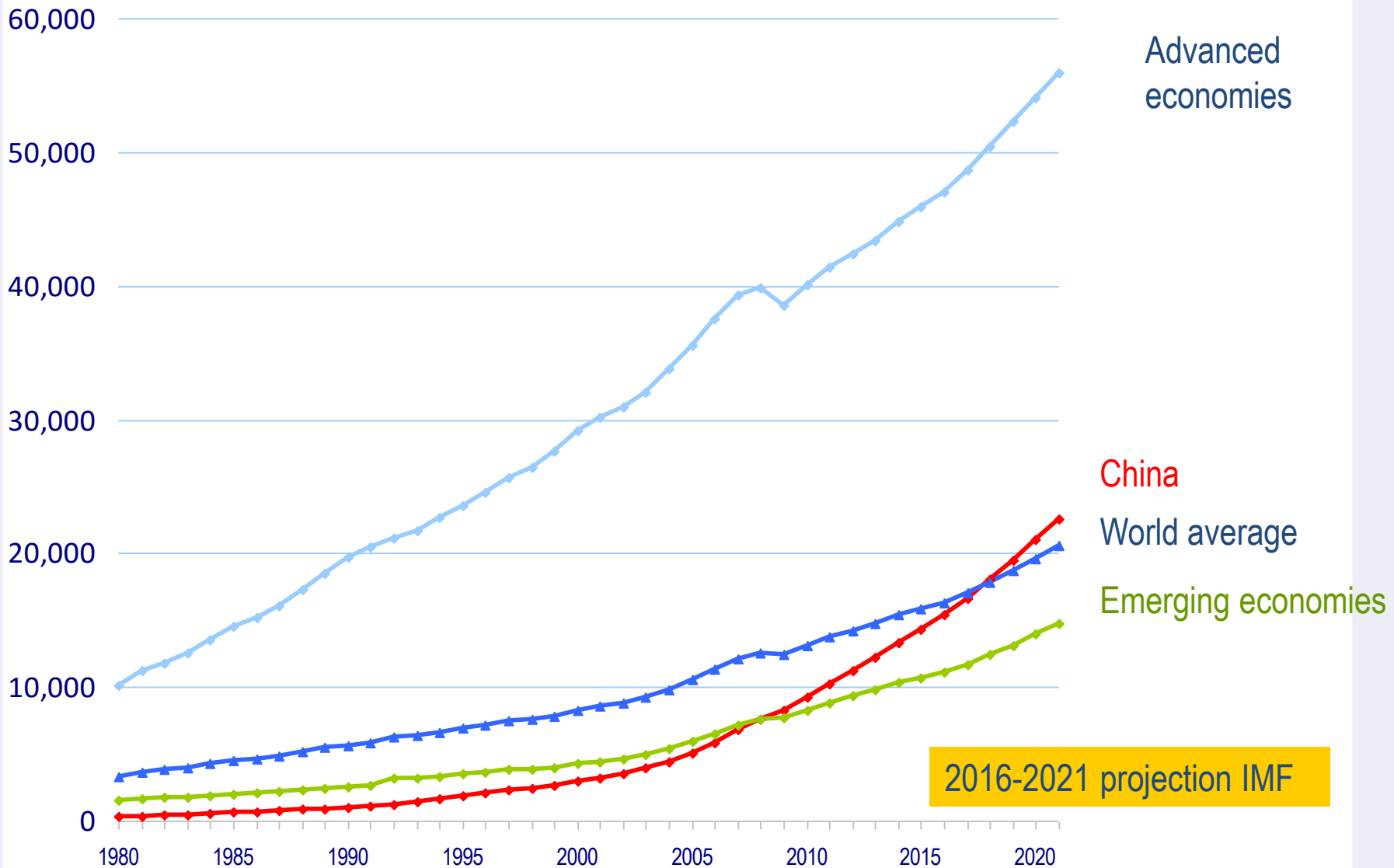
Source: World Tourism Organization (UNWTO)



**Drivers:
the rise of the
consumer class**

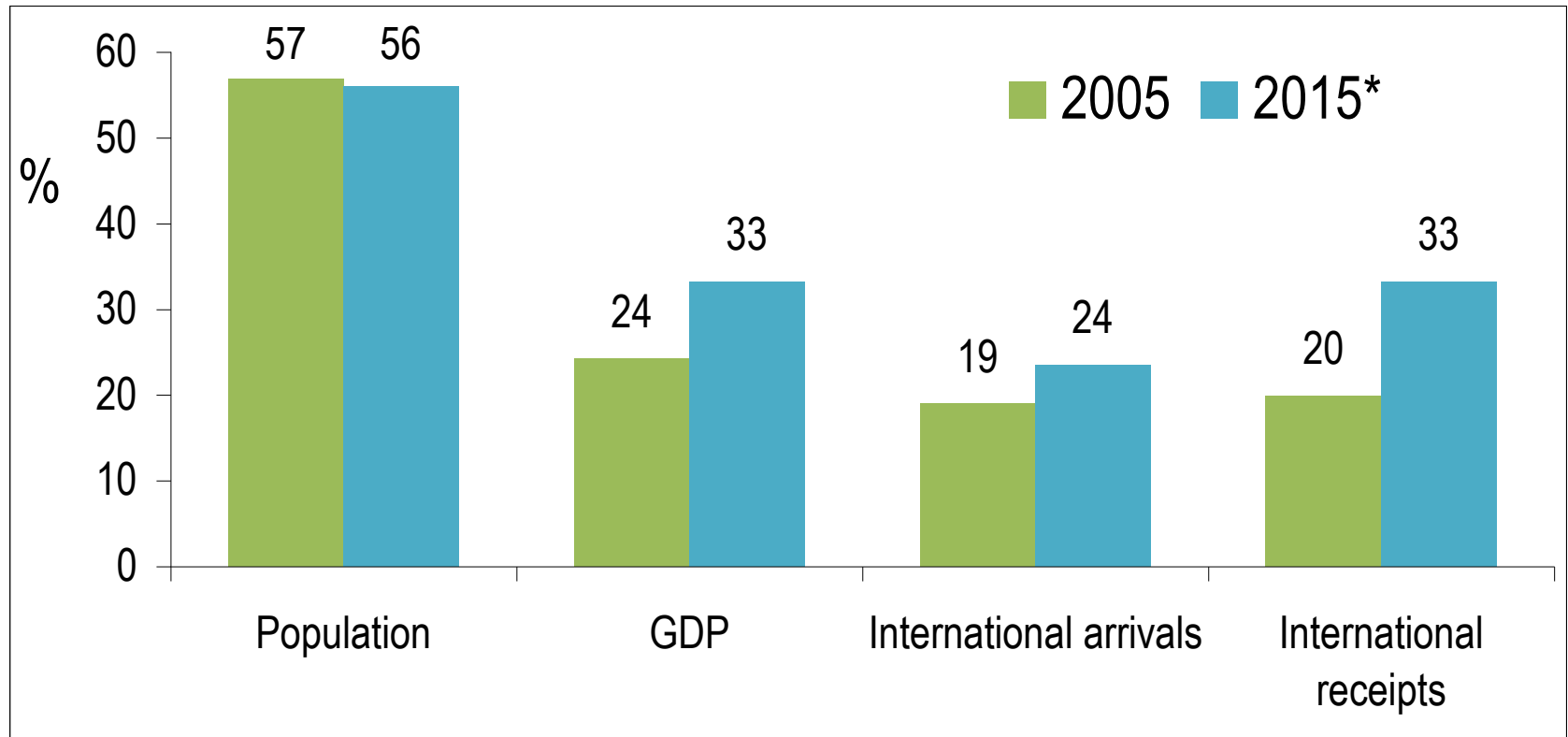
Growing prosperity

Gross domestic product per capita GDP (based on purchasing-power-parity (PPP))



Growing prosperity

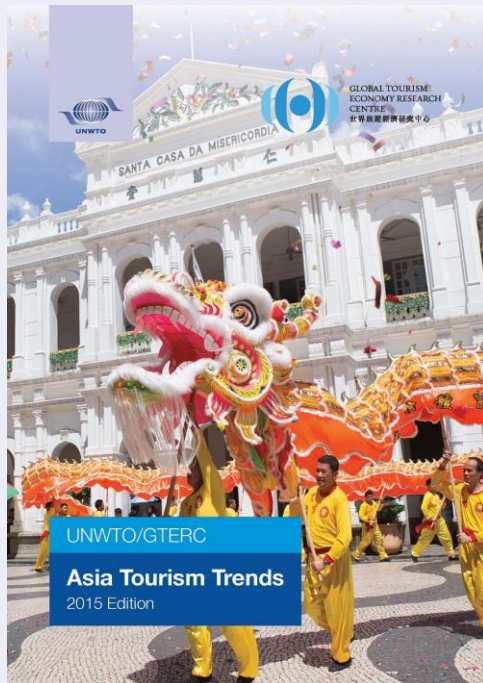
Asia and the Pacific share in the world



Source: Compiled by World Tourism Organization (UNWTO) from International Monetary Fund, World Economic Outlook and UNWTO, 2016

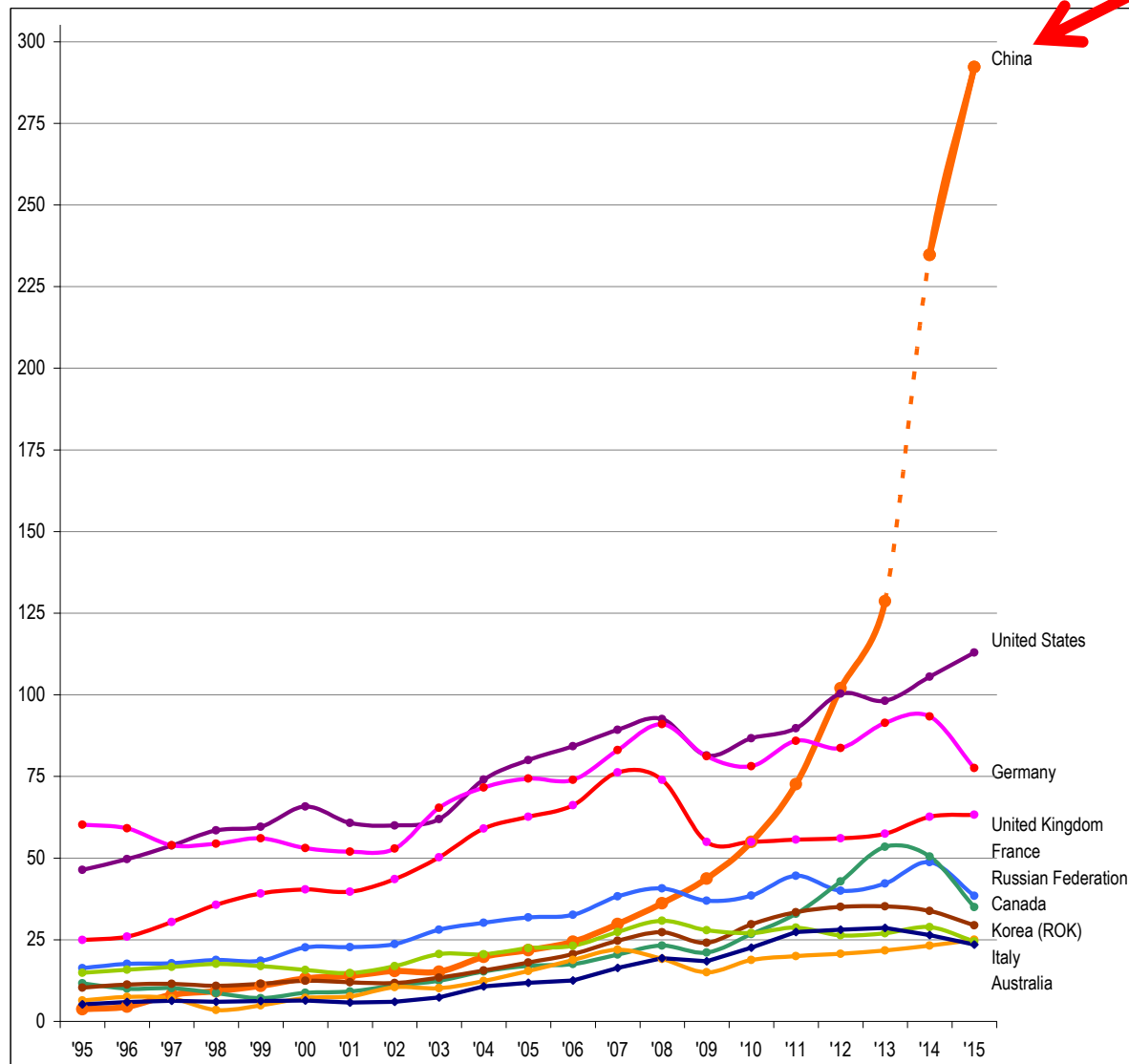
Rise of the consumer class

- Disposable income
- Urban
- Connected



China became number 1 outbound market in 2012 and strong growth continues

World and regions: Outbound Tourism
International Tourism Expenditure



Source: World Tourism Organization (UNWTO) ©



The Chinese Outbound Travel Market

2012 Update



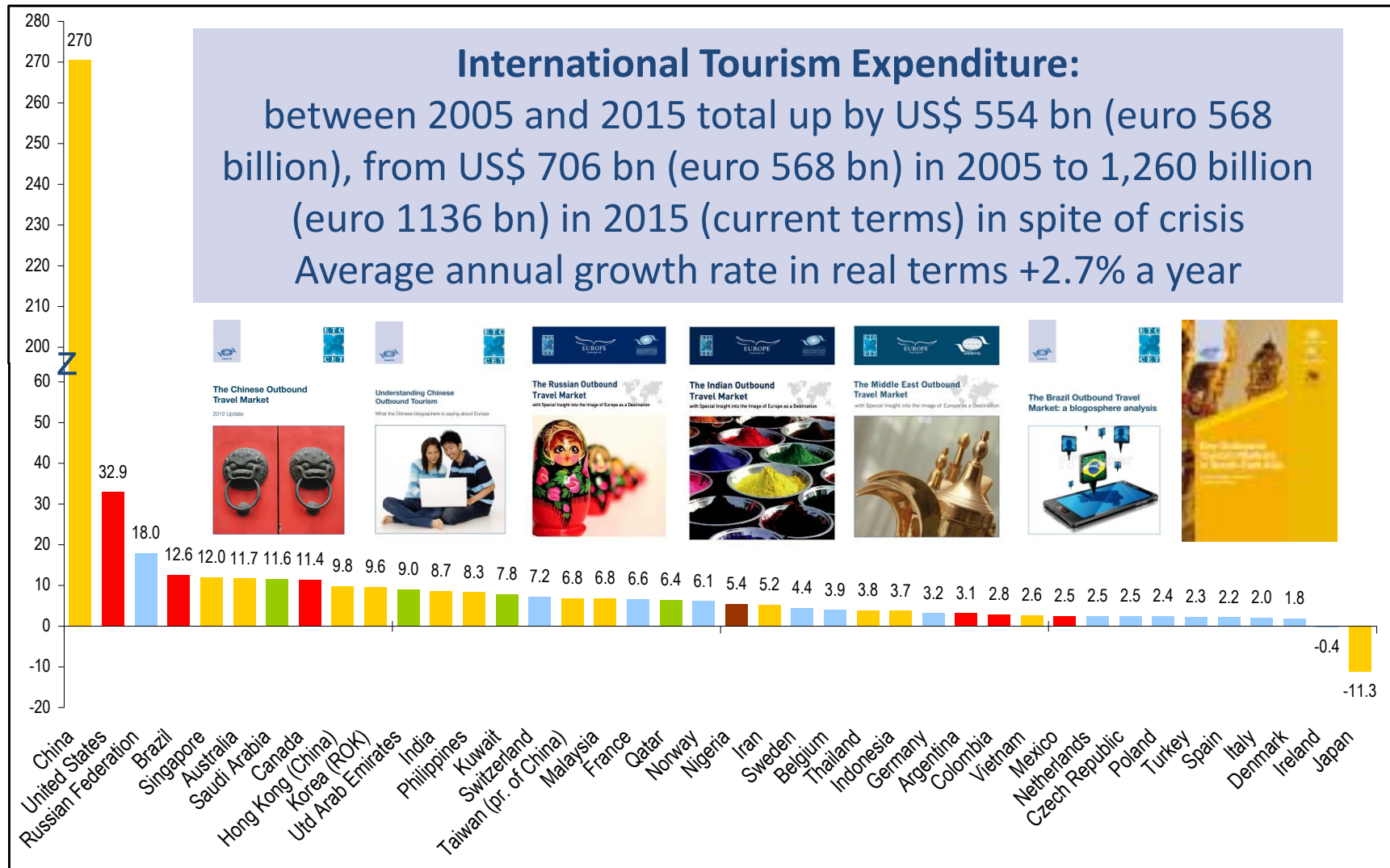
Understanding Chinese Outbound Tourism

What the Chinese blogosphere is saying about Europe



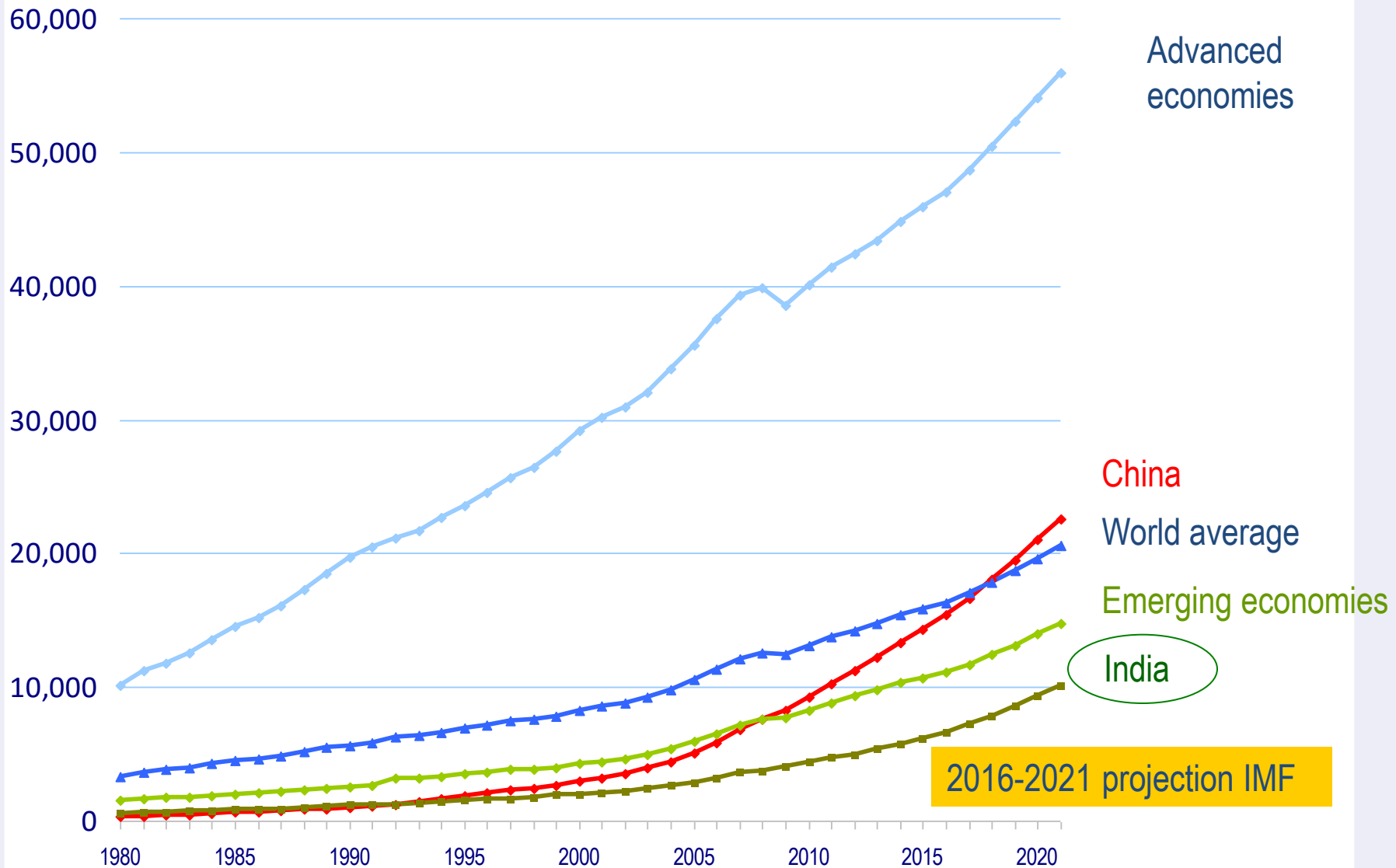
High potential outbound markets

International Tourism Expenditure: increase 2005-2015* (US\$ billion)



India next?

Gross domestic product per capita GDP (based on purchasing-power-parity (PPP))





Diversification

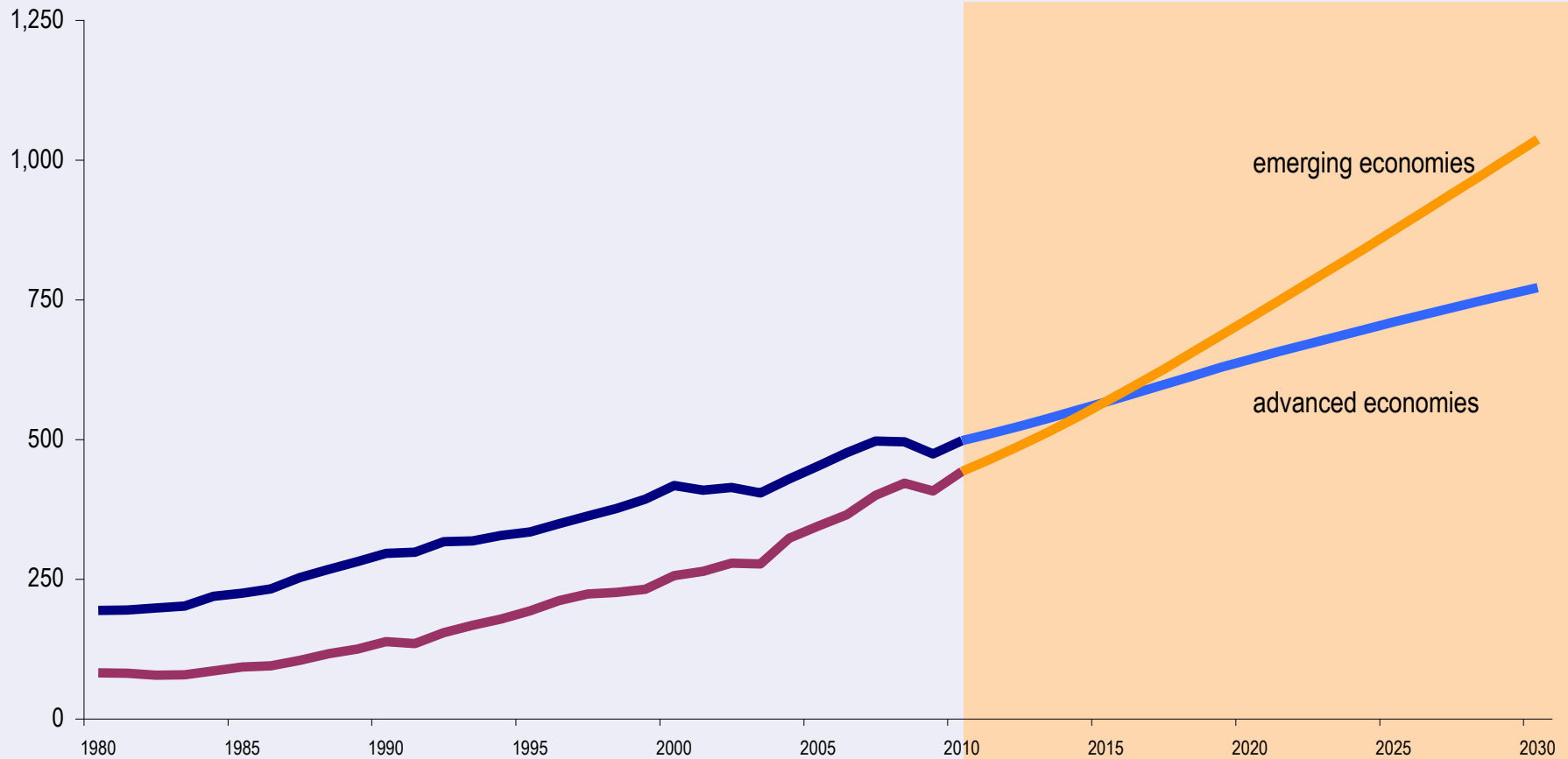
Asian tourism is maturing and moving towards sophistication

- **tourism development, like society and economy overall, is characterised by ever increasing diversification and sophistication**
 - of destinations
 - of source markets
 - of products
 - of segments
- **consumers are continuously evolving:**
 - more experienced and demanding customers
 - changing values and lifestyles
 - demographic change (ageing, migration and diversification of family structure)
- **intensified competition**
 - shaping an adequate business environment
 - innovation, diversification of products, markets and segments, product development, ICT and technology in general, marketing and promotion, research, evaluation, human resources development, quality, etc.



Emerging economy destinations to surpass advanced destinations

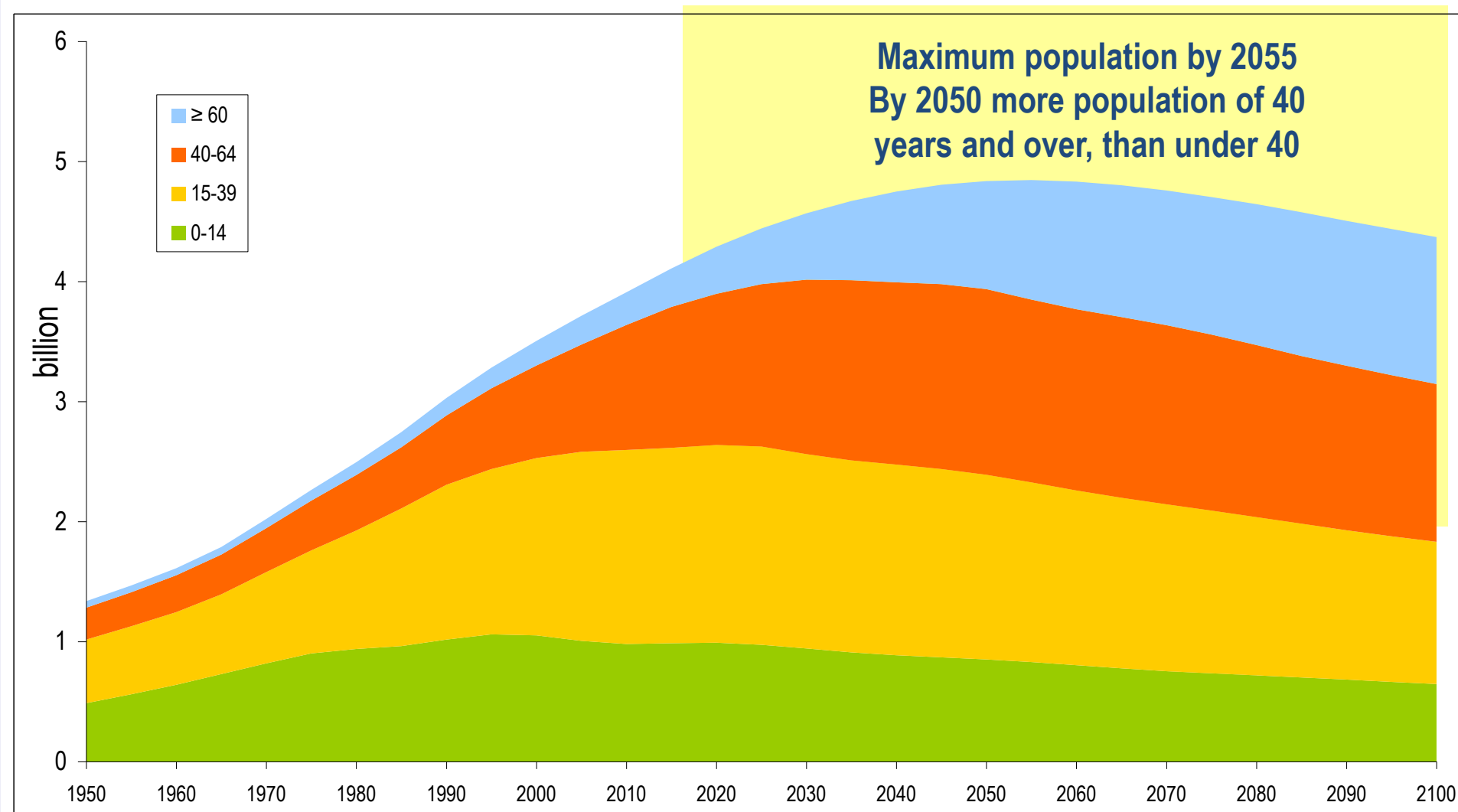
Inbound tourism, advanced and emerging economies



source: World Tourism Organization (UNWTO) ©

Aging of Asian population

Asia and the Pacific: population by age group, 1950-2100



Tourism for all

World Tourism Day

World Tourism Organization Network

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World Tourism Day Declaration



World Tourism Day 2016 "Tourism for All: Promoting Universal Accessibility" Declaration



W <http://wtd.unwto.org/resources>

From delivery of products and services to offering experiences

- Focus on guests / customers first
- Engage your visitors
- From to see to to do and to involve
- Value authenticity
- Treasure heritage, culture, gastronomy, etc.
- Storytelling
- Think global, act local
- Develop routes and themes, festivals and events
- The new luxury (simple things, time, access to something unique, treat yourself, wellness)



Not all guests
are the same





**Drivers: change,
innovation,
disruption**



Tourism, change and technology

World, economy and tourism constantly changing thanks to:

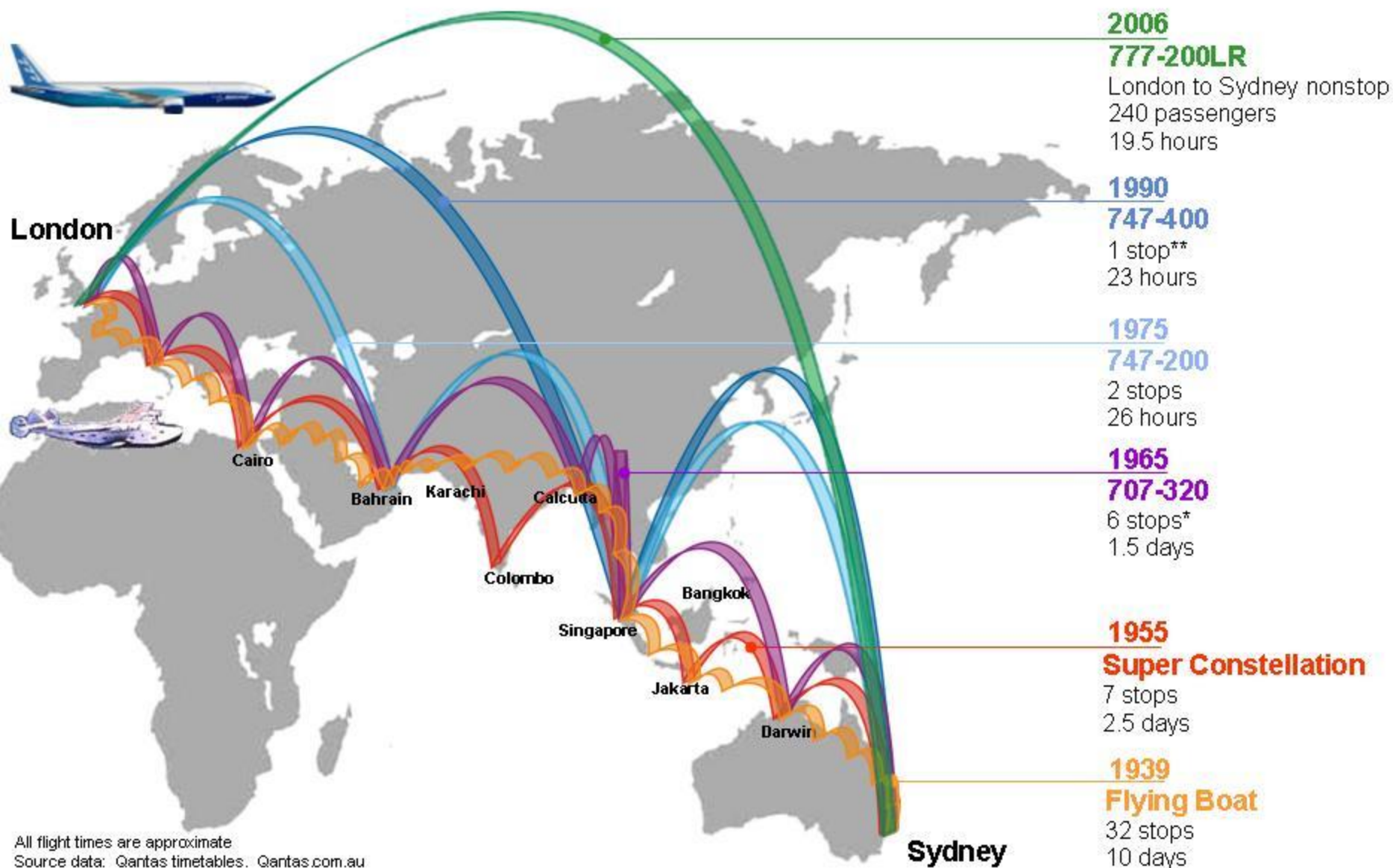
- Changes in the environment and in customers due to political, economic, social, **technology**, legal, environmental, ethics, demographic factors (STEEPLED)
- Reaction to changes and innovation: new ideas, R+D (C+I), entrepreneurship, business models, organisation, architecture, design, new or improved services, human resource development, etc.
- **T** is a strong driver for tourism (as for other sectors of the economy)
 - Connectivity: transport, infrastructure, facilitation
 - Logistics, management and administration
 - Safety & security
 - Hospitality and catering
 - Marketing and promotion
- **T** is continuously evolving
 - this often leads to incremental changes but sometimes to shifts, disruption (e.g. steam engine to combustion and electric engine; some new things come and go rapidly, e.g. pager, fax, ipod)

Change as driver of development

Resulting in:

- Offering of new or better products and services
- Increase of choice, further differentiation, diversification and sophistication
- Enhancing experience
- Use of economies of scale / lower costs
- Increase labour productivity / value added
- Source of market growth
 - Inclusiveness, open up for broader part of society
 - Enables more frequent trip taking
 - Opportunity for entry of new entrepreneurs
- But changes might be disruptive for part of traditional operators
=> need to stay competitive

Breakthroughs in airplane capabilities give airlines additional choices to improve service



All flight times are approximate
Source data: Qantas timetables. Qantas.com.au

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Courtesy of Boeing

Cost of transport has strongly decreased

Wages vs airfares

time taken to earn the lowest Sydney-London return airfare



ICT: Connected world

Computer, internet, social media, mobile technology (apps, GPS, etc.) single biggest change in past decades

- The airline industry pioneered in the 1970s and 1980s the development of automated computers reservations systems (CRS) that evolved in **Global Distribution Systems (GDS)** for reservation of air transport, hotel rooms, rental cars, etc. through companies such as Sabre, Amadeus, Galileo, etc.
- With the emergence of the **internet** in the 1990s a **generic infrastructure became available** that quickly spread to billions of users. Internet as gateway underpins a lot of both traditional and new businesses for information, transactions and marketing.
- Online travel agencies (OTA) and booking engines, such as Expedia, booking.com, Rumbo and Tui.com, were among the first companies to exploit the **internet as a platform to connect supply and demand**.
- The internet goes social with opinions, reviews, comments, tips, etc., such as in Tripadvisor, Yelp, etc.
- Non-traditional tourism business through digital platforms, such as airbnb and uber, bemyguest, eatwith.

Future drivers of tourism development

Tech of the future

clean energy

big data

ever increasing connectivity

internet of things

virtual reality

voice recognition

machine translation

3d printing

flat screen advertisement

drones

self-driving vehicles

nanotechnology

biotech

Other major areas of change

demographic and social change

- aging
- migration
- diversification of family structure
- changing values and lifestyles

sustainability

- use of resources, waste
- climate change adaptation and mitigation

safety and security

changing role of NTAs / NTOs

Etc.

UNWTO Ulysses Awards

UNWTO Knowledge Network

World Tourism Organization Network

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UNWTO Awards for Excellence and Innovation in Tourism



What are the UNWTO Awards?

The UNWTO Awards, created by the World Tourism Organization (UNWTO), are the flagship awards for the global tourism sector. Every year, they are conferred by the UNWTO and the UNWTO Knowledge Network to highlight and showcase innovation and application of Knowledge in Tourism.

In doing so, the UNWTO Awards seek to recognize and stimulate knowledge creation, dissemination and innovative applications in tourism and to bring to light the latest advances in the area. This has a transversal effect on governance and society at large.

The awarded projects are in line with the policies, priorities and programme of work of UNWTO, including the Code of Ethics for Tourism and the principle standards set in the [United Nations' Eight Millennium Development Goals](#). They represent some of the best examples of tourism leaders from around the world that through their exceptional initiatives have placed themselves at the forefront of the sector.

Recognition is given in the following categories:

The **UNWTO Ulysses Prize** is given to a distinguished scholar, whether in academia, government or private industry, for outstanding contributions to innovation and knowledge in tourism.

The **UNWTO Award for Lifetime Achievement** is conferred to recognize a lifetime achievement of individuals with visionary leadership and significant contribution throughout the nominee's career as an inspirational role model for



Watch the videos of the 2nd
UNWTO Knowledge Network
Global Forum



2nd UNWTO Knowledge Network
Global Forum Photos



2013 UNWTO Awards Photos



<http://know.unwto.org/en/content/unwto-awards-excellence-and-innovation-tourism>



Resilience



Betl

#LE MONDE EST BARDO

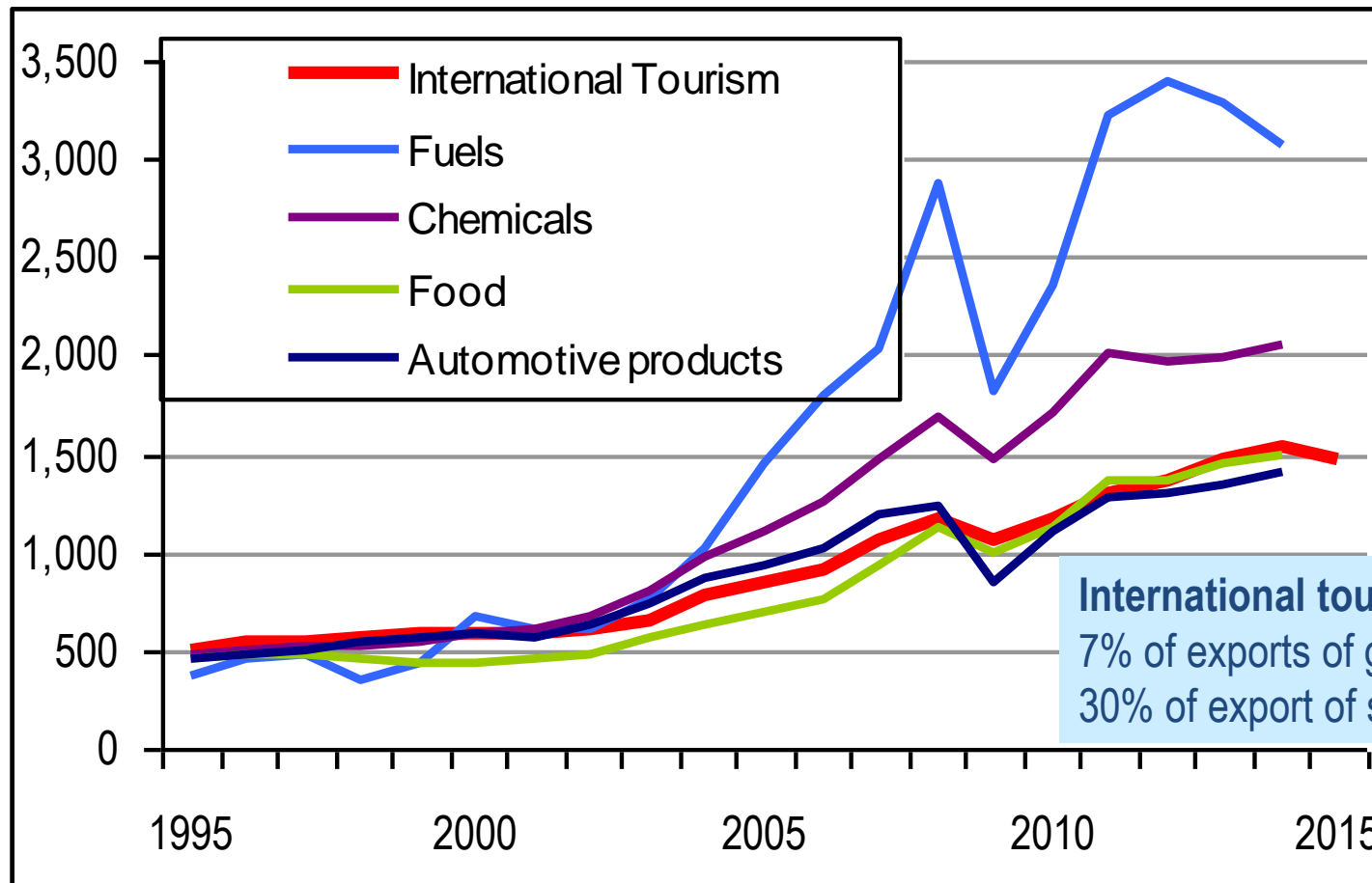


#العالم باردو

**Not
Afraid**

International tourism vs. other export categories

International Tourism (BOP Travel & Passenger transport) and export
World (US\$ billion)



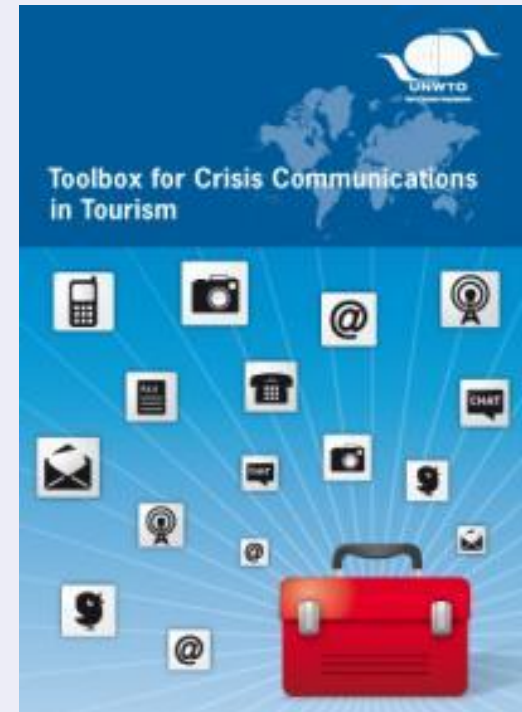
International tourism:
7% of exports of goods and services
30% of export of services

Resilience

- over time, tourism has suffered various setbacks: natural disaster, health threats, economic crises, unrest, conflict and terrorism, etc
- in these situations 1st address immediate threats and needs
- 2nd speak with one voice, proactively coordinate the communication of transparent and timely information
- 3rd a rapid response to changing market conditions is needed
- 4th support recovery
- 5th crises often makes structural underlying weaknesses visible
- tourism can be severely impacted, but in virtually all cases this is temporarily and a rebound and recovery follow
- crisis: time for change, time of chances

Tourism in times of uncertainty

- Be prepared!
- Be able to act and react quick and flexible
- Design contingency plans and practice them
- Communication is key
 - in time, pro-active, transparent and professional
- Make yourself less vulnerable: diversify markets, segments and products
 - => do not put all your eggs in one basket
- Review current measures in place and improve them if necessary
- It is necessary to defend actively the interest of the tourism sector



Toolbox for Crisis Communications

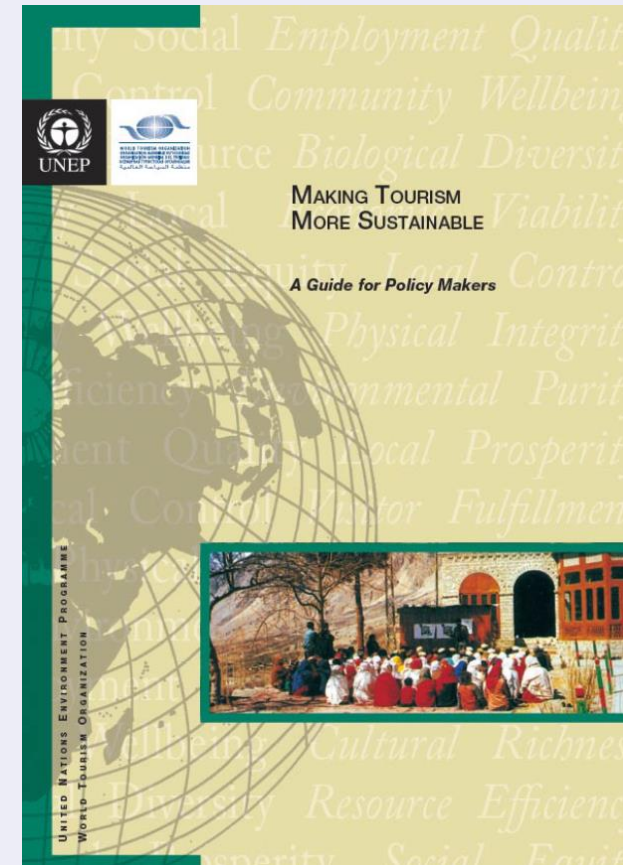
A high-angle, wide shot of a massive crowd of people, primarily young adults, swimming in a body of water. The water is filled with numerous colorful inflatable rings in shades of blue, yellow, green, and pink. Many people are splashing, creating white water spray throughout the scene. The density of the crowd is high, filling the entire frame.

**Sustainable
tourism for
development**

Sustainable tourism

Expressed simply, sustainable tourism can be defined as:

" Tourism that takes full account of its current and future **economic, social and environmental impacts**, addressing the needs of visitors, the industry, the environment and host communities"



Reference: *Making Tourism More Sustainable - A Guide for Policy Makers*,
UNEP and UNWTO, 2005, p.11-12,
www.unep.fr/scp/publications/details.asp?id=DTI/0592/PA

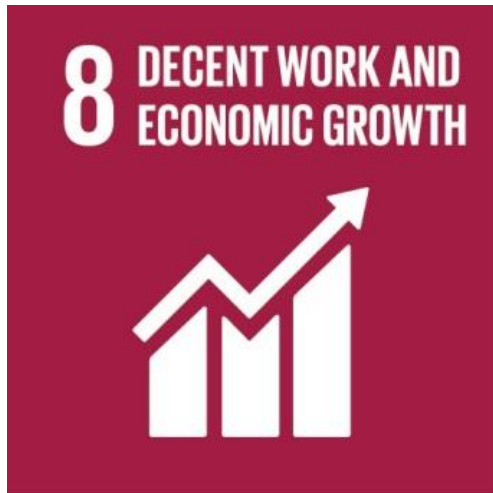
Tourism, a sunrise industry?

- **tourism represents a powerful tool for social and economic development** and the reduction of poverty through the creation of jobs and enterprises, infrastructure development and export revenues earned
- it is essential to continue **creating and raising awareness** and to **mainstream tourism in the political agenda** in order to tap into this potential

The 2030 Agenda for Sustainable Development



The 2030 Agenda for Sustainable Development



Target 8.9 – by 2030, devise and implement policies to promote **sustainable tourism** that creates jobs and promotes local culture and products.

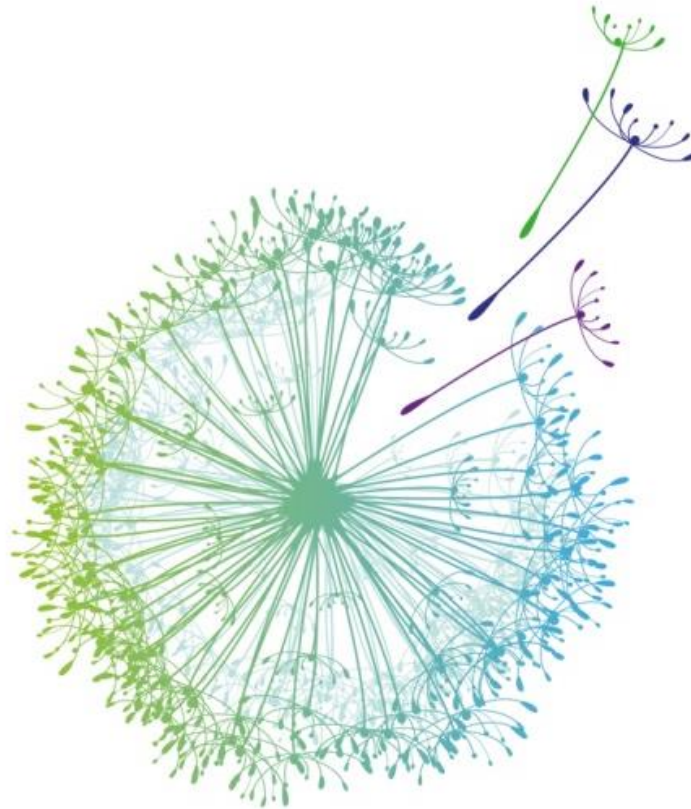


Target 12.b – develop and implement tools to monitor sustainable development impacts for **sustainable tourism** that creates jobs, promotes local culture and products.



Target 14.7 – by 2030 increase the economic benefits to SIDS and LDCs from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and **tourism**.

How can you celebrate?



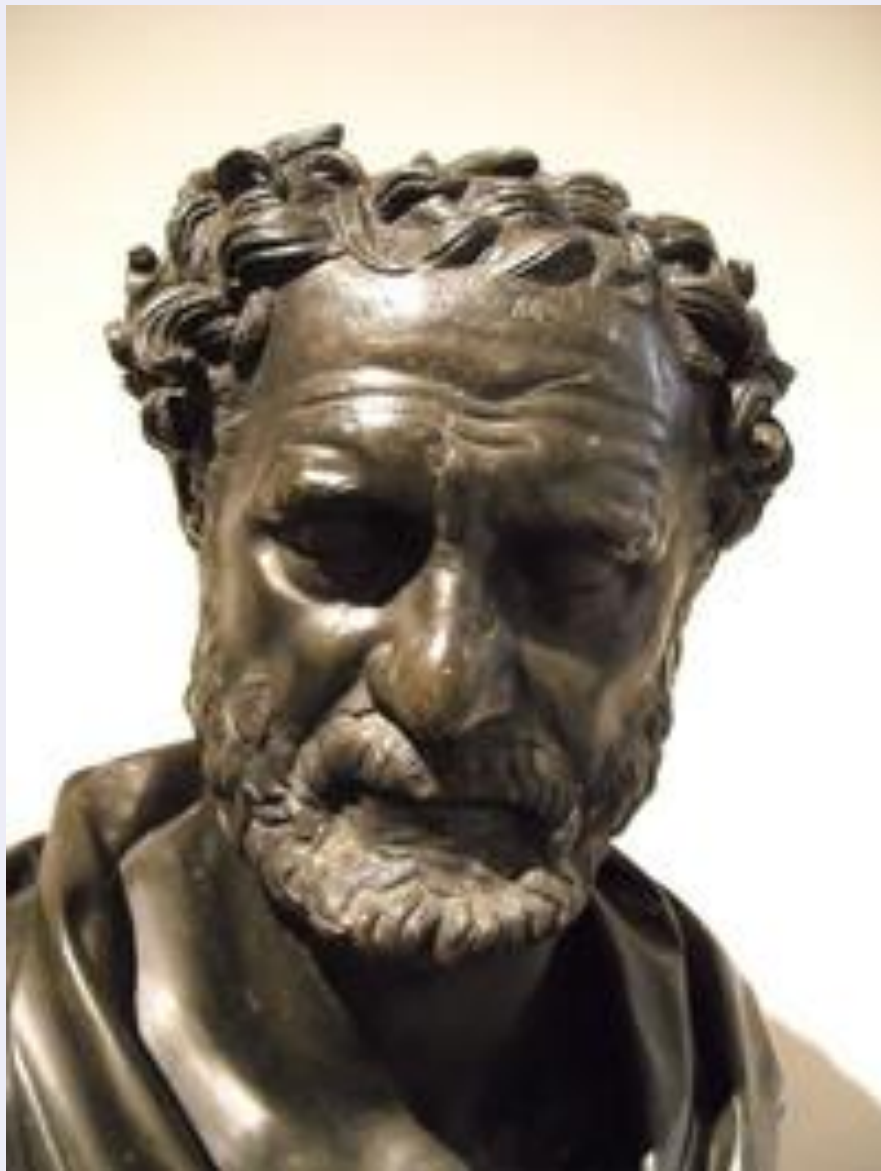
2017
**INTERNATIONAL YEAR
OF SUSTAINABLE TOURISM
FOR DEVELOPMENT**

Tourism, a sunrise industry?

- however, with the expected continuation of growth **sustainability** (social, economic and environment) is more critical than ever
- need for addressing issues around:
 - use of resources and energy dependency
 - the treatment of waste water and solid waste
 - climate change adaptation and mitigation, green economy,
 - nuisance, social tension
 - congestion
 - risks
- through:
 - integrated planning taking traffic flows into account, zoning, pedestrian areas, use of public transport, interconnectivity
 - product development of low impact products
 - integrated management
 - investment
 - congestion management, i.e. spreading over place and time, reducing impact, positioning, marketing, pricing

‘The only thing that is constant is change’

Heraclitus, c. 535 - 475 BC



**Thank you very much
for your attention!**

John G.C. Kester

Tourism Market Trends Programme

**World Tourism Organization
(UNWTO)**

www.unwto.org