



The Future of Travel



The Global Challenge

The travel and tourism industry is often described as the largest industry in the world. It accounts for 9% of world GDP, \$1.3tn in exports and 6% of world trade across multiple sectors, including transport (aviation, rail, road and sea), accommodation, activities, food and drink. It is estimated that it creates about 120 million direct and 125 million indirect jobs and is closely linked to other sectors in domestic and international markets, such as the manufacturing industry, agriculture and the service sector. In turn, these create broad multiplier effects for local and national economies.

In 2012, for the first time in history, the number of tourists crossing international borders in a single year reached over one billion. While just over 50% of these arrivals were from Europe, much of the demand is being fuelled by rising household incomes in emerging economies – not only the Brics (Brazil, Russia, India and China) but increasingly across the rest of south-east Asia and Latin America. In addition another five to six billion people travel in their own country every year. Technological innovations are fuelling this growth, and include developments in low cost air travel and the widespread use of increasingly sophisticated applications that aid online researching and booking travel.

Mass tourism was one of the great game-

changers of the 20th century. Thomson Holidays 'Sustainable Holiday Futures' report explains: "Cheap flights meant travel was no longer the preserve of a wealthy elite, enabling millions of people to travel beyond their border and dramatically widening the horizons, tastes and expectations of an entire generation in the developed world." Today I see the mobilisation of the middle classes in the Indian Subcontinent, Asia and South America as the game-changer for the early part of the 21st Century.

In general people like traveling and which is probably why the industry has remained resilient, adapting in the face of a range of challenges such as armed conflict (particularly the Gulf Wars) and disease (Sars, H1N1, Foot and Mouth, and more recently Ebola), earthquakes and other natural disasters. Looking ahead the future looks positive; for example international tourist arrivals worldwide are expected to increase by c. 3.3% a year to reach 1.8 billion by 2030 with the majority of market share tipping toward the emerging economies over this period.

Despite the positive trajectory the Thomson Future Holidays report warns that the challenges for the industry are formidable: "The dream of affordable travel for all is being obscured by climate change, future long-term projections of rising fuel prices and a growing awareness among consumers

Doubling of International Tourism

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Growing Consumer Awareness

The dream of affordable travel for all is being obscured by climate change, future long-term projections of rising fuel prices and a growing awareness among consumers that sustainability and responsible travel are set to have an impact on how we understand, embrace and manage our holiday plans.

Two Main Challenges

There are broadly two main challenges ahead for the development of a robust travel and tourism industry: how to continue to grow further to deliver jobs, exports, economic growth and development, and in doing so, how to manage this sustainably.



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Options and Possibilities

Security vs. Convenience

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Considering growth, perhaps the first issue to be addressed should be the balance between convenience and security with border controls coming under increasing strain as they deal with huge volumes of people travelling internationally at a time when fears around global security are high.

The World Economic Forum’s Global Agenda Council believes that “the bureaucratic hurdles that often accompany visa procurement such as long wait times, absence of local consular offices and excessive documentation requirements discourage travel, constraining visitor spending and the jobs and growth it generates”, and that “The largest delays are caused by antiquated visa processes and can be easily reduced through utilization of commonplace modern technology”. Improved visa facilitation in G20 countries, it says, could create between 940,000 - 5.1 million jobs and generate US\$149 -206 billion in international tourist receipts by 2015. It says that shifting away from in-person interviews and consulate-based application system to online applications, video interviews and application processing software can reduce staffing costs and produce immediate returns en route to widespread adoption of e-Visas and a coordinated global travel facilitation system. It’s paper ‘Smart Travel: Unlocking Economic Growth and Development through Travel Facilitation’ proposes “a smart travel model and blueprint that could revolutionize the travel and tourism sector, much the way smartphones have transformed the telecommunications and media industries”.

Clearly the challenge is to make travel safer but at the same time more efficient. Innovations in travel facilitation is essential for growth so look out for different forms

of frictionless travel - streamlining visa processes with the introduction of e-visas for example: “As the world becomes hyper-connected, circular and citizen-centric, the right legislative framework, innovative financing and partnership models are crucial to facilitate travel. This includes smart visas, smart infrastructure (i.e. smart airports) and skills.¹”

The notion of technology driven travel is not confined to border controls. Smart cards similar to those used for localized, multi-modal urban transport (such as the Oyster card in London and Tisséo smart card in Toulouse) will increasingly be used not just for local transport solutions and for booking accommodation, activities, food and drink, but also at the level of predicting personal choices in hotel rooms, such as smart showers that predict the temperature we prefer, and smart meters that optimise our use of energy, temperature control, and so on.

Beyond this, smart technology has revolutionized how we choose to travel. We are no longer dependent on the wisdom of our high street travel agent and prefer instead to make decisions based on the experience of online crowds from the likes of Trip Advisor. Browsers and indeed our browsing habits are becoming increasingly sophisticated allowing us to choose our journeys by cross-referencing and sharing ideas as well as influencing the buying choices of others. Looking ahead expect searches to be even more refined, with users having greater control over whose opinion they seek. Combine this with the increasing use of smart devices and it is clear that ensuring they stay ahead of technological innovation will be key to survival for many (from SMEs to the large corporates) across all

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sectors of the industry.

Regulation will continue to have a huge influence over the aviation and transport industry. The key regulatory challenges are likely to be Air Passenger Duty increases, compliance with the EU Emissions Trading Scheme (ETS) and volatile fuel prices. The effects of the deregulation of the European railways in 2010 that allowed open access (i.e. all railway operators can now compete on international routes, and private companies can now pick up passengers outside their home country and operate cross-border trains) have yet to be realised. It is hoped that it will lead to competitive pricing for tickets, more seats on more trains and increased variety of rail products and services. Perhaps the most significant improvement (and one that looks set to grow in the future) is the multi-modal approach to air and rail. Many large German airports, for instance, such as Frankfurt, Cologne and Dusseldorf, now have modern rail stations that allow air passengers to continue seamlessly by rail to many destinations. The Chinese have also already significantly invested in mass transit by rail. As fuel costs make conventional air travel more expensive, in some regions, rail travel may replace domestic and even intercontinental flights.

Given that the travel and tourism industry is a huge employer, the development of and tighter controls on employment rights are likely to be a significant factor in the future. It is worth noting in this regard that there are few NGOs lobbying the industry on human rights; the UK-based charity Tourism Concern is a small but vociferous organisation that campaigns for a variety of human rights issues, such as the right to water for local communities, displacement and land rights of indigenous people, and porter protection, while Survival International campaigns for the rights of tribal people worldwide. As the travel and tourism industry boom continues, it is likely there will be many more issues to contend with in this regard, particularly regarding the expansion of urban landscape into traditional land areas in Africa and the expansion of oil production and timber felling in the tropical rainforests of Southeast Asia and South America.

Tourism is an under utilized tool for socio-economic development. In general it has had a positive impact on local community empowerment, especially for women. There are other intangible assets, such as encouraging greater global connectivity and cultural understanding. Awareness of this is increasing and community based tourism is on the rise with a growing number of holiday makers eschewing the crowded beaches and all inclusive packages to enjoy a more authentic experience living in the culture rather than observing it from the outside. The demand for localized, personal experience will grow over the next decade. As a result the travel and tourism industry is becoming increasingly aware of its social responsibility so look out for increasingly sustainable travel options. Over the next decade travellers will base their buying decisions not only around comfortable beds, leisure facilities or the proximity to cultural attractions, they will also be able to choose to stay in places where they know the staff are being treated well and the local economy is not being exploited.

Some in the industry are already changing their ways of working. Thomson Holidays (part of the TUI Group) reports that companies will increasingly be held to account over their commitment to issues of a more sustainable tourism industry. Jane Ashton, head of sustainable development at TUI Travel, said: "Our research shows that our customers want us to take care of sustainability issues for them. So our challenge is to influence destinations and hotels to supply an infrastructure that allows our customers to be more sustainable."

Thomson Holidays also predict that during the next twenty years, UK travellers will agree to pay for their water on holiday; take 'Tradecations' - cooperating with radical plans by hotels and resorts to slash their carbon footprint in return for carbon reward points that can be traded for visits to local sites of interest, spa treatments or dinner and drinks; discover holiday super-hubs and aerovilles as a new integrated global rail and sail network replaces domestic and regional air travel. With regard to carbon quotas, it warns there is a "potential double-whammy for the

Multi-Modal Hubs

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Better Employers

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Community-based Tourism

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Positive Local Impact

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Responsible and Inclusive

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travel industry with governments worldwide predicted to impose personal carbon quotas". The British government's plan to reduce carbon emissions by 80% by 2050 "would give UK citizens an annual carbon quota of just 3.1 tonnes per person", so the report concludes: "Such low quotas will encourage families to carbon-comparison shop."

When practiced responsibly, tourism can also be a tool for biodiversity conservation - many national parks and other protected areas would no longer be able to survive financially without large number of visitors, and there are an increasing number of examples where ecotourism has helped save individual species, such as the mountain gorilla in Rwanda and Orang Utan in Borneo. A census announced this week in India reports that tigers numbers are up 30% over the last four years, which is in part due to tourism's influence on the understanding of the economic value of tigers; that they are worth more alive than dead.

Increased awareness of environmental issues (and the rise of the 'green consumer') has inevitably led to a growth in the interest in environmental travel. As far back as 2010, around 50% of Americans that traveled abroad were engaged in nature, culture or heritage tourism and research commissioned by Trip Advisor suggested that 71% of its members intended to make eco-friendly travel choices in the future. So, over the next ten years look out for continuous growth in travel focused on learning about, experiencing or positively affecting ecological conservation, economic development and local community improvements, cultural respect or human rights.

However, if poorly managed, tourism can be a double-edged sword, having a negative impact on local populations and their natural environment (including degradation of local environmental quality, water consumption and waste management) as well contributing to greenhouse gas emissions. Unchecked and unregulated, the continued growth of the industry will also have implications for areas of significant cultural and natural importance. Of the 1007 properties listed on UNESCO's World Heritage List, 46 are identified as 'in

danger', such as the Everglades in Florida, the Selous Game Reserve in Tanzania, the Rainforests of the Atsinanana in Madagascar and the Virunga National Park in the Democratic Republic of Congo. UNESCO includes "unchecked tourist development" on its list of challenges that it says pose threats to World Heritage Sites; the others are: armed conflict and war, earthquakes and other natural disasters, pollution, poaching, and uncontrolled urbanization. Regulators and law enforcement officers must address this.

Beyond everything climate change will undoubtedly affect the travel and tourism industry, both in terms of the regulation of greenhouse gas emissions and the effect on the tourist industry of destinations adapting to climate change, especially those regions that already are exposed to extreme weather, such as at the equator and the poles, as well as vulnerable island states, such as the Maldives and many Pacific Islands, and low-lying coastal areas of industrialised nations that are vulnerable to sea water rises. Tourism bears some responsibility for this currently accounting for 5% of global greenhouse gas emissions – approximately 4% from transportation (40% of those from air travel and 32% from car travel) and almost 1% from the accommodation sector. As demand for air travel is forecast to double by 2050, and carbon emissions from flights departing the UK alone are forecast to increase from 33.3 MtCO₂ in 2011 to 47 MtCO₂ by 2050 expect innovations in transport infrastructure to begin to mitigate the damage being done.

One of the other options for tackling aviation's contribution to greenhouse gas emissions is the EU Emissions Trading Scheme - a market-based "cap and trade" mechanism whereby emissions are capped at a set overall limit but are tradeable. Another solution is to address the source of the emissions produced by aviation through use of future aircraft technology, better operational flying techniques and the development of sustainable fuels. 'Sustainable Aviation', an alliance of the UK's airlines, airports, aerospace manufacturers and air navigation service providers, has

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produced a 'CO2 Roadmap', which it says could reduce the UK's aviation emissions by up to 24% by 2050. It says the UK could have between 5 and 12 operational plants producing sustainable fuels by 2030, which

could generate a Gross Value Added of up to £265 million in 2030 and support up to 3,400 direct jobs, and a further 1,000 jobs.

¹ World Economic Forum

Seamless Cross Border Travel

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Proposed Way Forward

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Given unpredictable fuel costs in a climate-challenged world, the future for the aviation industry must surely lie with greater efficiencies in the short term and with alternative fuels used in the future, even if a global emissions trading mechanism is put in place. The railways are likely to be the mid- to long-term solution for mass domestic transit, particularly linking to intercontinental airport hubs for leisure, work and shopping, especially in those countries with modern railway networks, such as China, Japan and the Middle East, but also across the high-speed networks of Europe.

Regarding World Heritage Sites already at

risk from the sheer numbers of visitors, it has been suggested that charging a tourist levy for entry is one solution to limit the numbers, though critics have said this is elitist.

Impacts and Implications

It is uncertain how far climate change will impact destinations over the next 20 years, but it is highly likely that we will start to see the effects of a warming world in this time frame, especially in those destinations that already experience extreme weather, such as at the equator and the poles (as well as the Caribbean, the Mediterranean and Australia), where particularly water scarcity will impact on the tourism industry.

Companies will increasingly be accountable for their environmental and social impact, and demonstrate how close they come to providing a 'net positive impact' in the destination.

Lead Expert – Richard Hammond

Founder of Greentraveller.

Lead expert on the Future of Travel.

Richard is the founder and chief executive of Greentraveller Limited, the digital media agency for sustainable transport and tourism, which also runs the award-winning green holidays website greentraveller.co.uk. He is the co-author of the award-winning travel guide book 'Great Escapes', published by Rough Guides. Greentraveller was shortlisted as Best Online Consumer Publication in the 2013 British Travel Press Awards.



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About Future Agenda

Context – Why Foresight?

In an increasingly interconnected, complex and uncertain world, many organisations are looking for a better understanding of how the future may unfold. To do this successfully, many companies, institutions and governments are working to improve their use of strategic foresight in order to anticipate emerging issues and prepare for new opportunities.

Experience shows that change often occurs at the intersection of different disciplines, industries or challenges. This means that views of the future that focus on one sector alone have limited relevance in today's world. In order to have real value, foresight needs to bring together multiple informed and

credible views of emerging change to form a coherent picture of the world ahead. The Future Agenda programme aims to do this by providing a global platform for collective thought and innovation discussions.

Get Involved

To discuss the future agenda programme and potential participation please contact:

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Future Agenda 1.0

The Future Agenda is the world's largest open foresight initiative. It was created in 2009 to bring together views on the future from many leading organizations. Building on expert perspectives that addressed everything from the future of health to the future of money, over 1500 organizations debated the big issues and emerging challenges for the next decade. Sponsored globally by Vodafone Group, this groundbreaking programme looked out ten years to the world in 2020 and connected CEOs and mayors with academics and students across 25 countries. Additional online interaction connected over 50,000 people from more than 145 countries who added their views to the mix. All output from these discussions was shared via the futureagenda.org website.

Future Agenda 2.0

The success of the first Future Agenda Programme stimulated several organizations to ask that it should be repeated. Therefore this second programme is running throughout 2015 looking at key changes in the world by 2025. Following a similar approach to the first project, Future Agenda 2.0 builds on the initial success and adds extra features, such as providing more workshops in more countries to gain an even wider input and enable regional differences to be explored. There is also a specific focus on the next generation including collaborating with educational organizations to engage future leaders. There is a more refined use of social networks to share insights and earlier link-ups with global media organizations to ensure wider engagement on the pivotal topics. In addition, rather than having a single global sponsor, this time multiple hosts are owning specific topics either globally or in their regions of interest. Run as a not for profit project, Future Agenda 2.0 is a major collaboration involving many leading, forward-thinking organisations around the world.

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