Perspectives and Responses for Stimulating Recovery

Conclusions from the UNWTO Affiliate Members’ International Seminar Celebrated on 21.1.10 in Madrid

In conjunction with
"Perspectives and Responses for Stimulating Recovery"

BACKGROUND

The UNWTO-backed seminar entitled ‘Perspectives and Responses for Stimulating Recovery’ held in the framework of FITUR 2010, the Spanish tourism fair, responds to the decision to support tourism forums which share experiences, and reinforces the message given by the UNWTO’s Secretary-General, Taleb Rifai, last October in Astana, in his presentation of the ‘Roadmap for Recovery’ at the UNWTO’s last General Assembly (www.unwto.org/pdf/roadmap_EN.pdf)

This document constitutes a set of strategic guidelines which aim to support the world economy and the tourism industry and centre on three interlocking areas of action:

- Resilience
- Stimulus
- Green economy

The Seminar held at FITUR 2010 brought together representatives from the public sector and experts from different areas of the private sector with two main aims in mind:

- Understanding the market and responding rapidly: By presenting the sector with projects that are in progress or under development, analysed from the Roadmap guidelines perspective, which are making inroads into recovery or are adapting to the reality that the tourism sector faces today.

- Boosting partnerships and “coopetition”: By analysing changes to the sector in 2009, the current situation and the short-term future from different industry viewpoints.

But first we need to find out exactly where we are now. The latest UNWTO World Tourism Barometer (January 2010) showed slight growth in international tourism for the last quarter of 2009 which contributed to a better than expected full-year. International tourist arrivals are estimated to have declined by 4% in 2009. Prospects for 2010 have also improved with an expected growth forecast in international tourist arrivals of between 3-4% (http://unwto.org/facts/eng/pdf/barometer/UNWTO_Baram10_1_en_excerpt.pdf)

• Taleb Rifai, UNWTO Secretary-General:

"Initial results from 2010 suggest that recuperation is underway. However, although world statistical averages show signs of recovery there are still uncertainties. Rising unemployment and increasing public debt are set to bring greater tax burdens, with results varying by regions and destinations. The UNWTO is determined to address the economic and environmental challenges which arise from the transformation towards a green economy. Our Roadmap for Recovery, endorsed at the 18th session of our General Assembly in October 2009, is part of this framework and has to be the cornerstone of our actions and of the support we need to give our members."
These prospects were confirmed by the considerable rise in the UNWTO Panel of Experts’ Confidence Index, which corroborates the message sent out by the industry specialists brought together at FITUR.

**KEYS**

The industry experts’ and professionals’ meeting brought about by this Seminar on ‘Perspectives and Responses for Stimulating Recovery’ has given the sector the opportunity to analyse projects and combine criteria and responses to find out what exactly is needed to power the industry’s recovery.

In 2009, as had occurred in previous international crises, the industry fared better than the rest of the business sector and, according to the International Monetary Fund’s latest forecasts, global recovery is occurring significantly faster than expected in 2010. World growth, which was negative in 2009, is gathering speed and forecasts suggest that it will rise by 3.9% this year and by 4.3% in 2011.

Even so, the industry must be prepared for two situations which may directly affect recovery and consumer habits:

- Unemployment
- Government debt which entails potential tax increases and thus, reduces consumer purchasing power.

In the light of these two factors, and when discussing the keys to recovery, we must refer to several critical points dealt with in the Roadmap.

Job creation
Cooperation/ partnerships
Investment in technology

All based on well-defined sustainability criteria

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**Márcio Favilla L. de Paula, UNWTO Executive Director of External Relations and Associations:**

“The social and economic paradigms we have been working with over the last few decades will definitely change albeit slowly. Tourism needs to lead this change if it wants to have a more competitive, sustainable industry. If we are to address these challenges, we must maintain the spirit of cooperation and partnership which has arisen out of the recent crisis.”
The need to look for new initiatives promotes both technological innovation and the search for new ways for different stakeholders to work together both in operational and academic areas. This will encourage applied research and the development of plans using radically different approaches.

There have been many cases in which crises have encouraged increased cooperation and partnerships between the public and private sectors. The search for synergies to improve competitiveness and stimulate recovery has boosted the rapid development of strategic plans and projects, such as the Plan Horizonte 2020 in Spain.

Moreover, technology empowers customers and gives them the opportunity to decide what, where, how, when and who with in just a few clicks. In fact, it opens up a whole new ball game in which tourism industry players have to stake their positions in the market, set out their objectives and make the transition towards sustainable development criteria.

If the industry is to adjust to this new scenario, two key factors for success must be taken into account:

- **Information management:** We must ascertain and assimilate what the habits and expectations of our actual and potential consumers are if we want to be taken as a serious contender for their business.
- **We need to develop new marketing** for our products and services focused on creativity, innovation and values alongside smart use of technology and new sales channels and techniques.

The crisis in 2009 has produced and precipitated changes in consumer habits and the majority of these changes have already become entrenched as new behaviour patterns. The industry must use and develop all the tools at its disposal to adapt to new tourist and environmental expectations. As Peter Drucker said "the best way to predict the future is to create it". This is fine as long as sustainability criteria are used and all the public and private stakeholders who make up the tourist industry take an active role in this task.

**FROM IDEAS TO ACTION...**

This seminar has provided first-hand knowledge of developments which combine many of the keys reflected in both the Roadmap for Recovery and in the contributions made by industry professionals and experts. These include two projects inspired by the principle "Understand the market and respond rapidly" (IPDT and Forum for the Future) and two inspired by "Boost partnerships and "coopetition"" (Microsoft Innovation Center / Tourism Technologies and the City of Barcelona, Spain).

**Instituto de Planeamiento e Desenvolvimento do Turismo (IPDT), Portugal**

The IPDT highlights the importance of reflection and analysis to be able to react in time to situations such as the crisis in 2009.

The Institute points out that the tourist industry is linked to all areas of society. Thus, the choice of information to be analysed and used as the basis for decision-making is fundamental.

The IPDT points to studies on trends and economic cycles that can provide us with valuable information for making decisions.

Source: Jorge Costa, IPDT Portugal
In an attempt to respond and react rapidly to the needs of the market, the advice is to go with carefully thought-out ideas which look for profitable opportunities in the light of market fluctuations, without forgetting that consumers make the decisions in the tourism value chain. We need to work on ideas such as:

- The development of country reports to obtain in-depth knowledge about them and thus predict trends and make rational decisions.
- The search for income through efficiency, through the development of innovative products, diversification and breaking into new markets.
- The creation of new, well defined, clearly differentiated destinations.
- Educating children in tourism. Educating the travellers and professionals of the future.

**FORUM FOR THE FUTURE: TOURISM 2023**

The Tourism 2023 project sets out to help the UK travel and tourism industry understand the challenges it faces and plan for a sustainable future.

It analyses factors which will impact on the industry such as climate change, population growth and ageing, shortages of some natural resources, and increases in travel from emerging economies. It also looks at other uncertainties such as technological advances and legislation. All these factors of change will have a dramatic impact on travel and will reshape the industry over time.

The project explores how factors like these could lead to very different worlds in 2023 and as a result has created four vivid scenarios and has then generated a vision of the sustainable future the industry wants for itself.

The four scenarios put forward are:

1. **boom and bust**
   - A booming UK economy and impressive advances in transport technologies have fuelled a growth in travel worldwide.
   - People travel more frequently, further and at faster speeds than ever before and there are many new reasons to go abroad.
   - But precarious trade-offs have been needed in order to meet the UK's emissions targets, and many destinations are suffering from serious overcrowding.
   - People are now asking: how long can this growth be maintained?

2. **divided disquiet**
   - Travelling overseas is an unattractive proposition. A toxic combination of devastating climate change impacts, violent wars over scarce resources and social unrest has created an unstable and fearful world.
   - Security is tight and travel is cumbersome, time consuming and inefficient.
   - Visitors are highly selective in where and when they travel, cramming into a small number of destinations where tight restrictions and overcrowding compound the problems. Many people have begun to think that holidaying abroad just makes the problems worse.

3. **price and privilege**
   - A dramatically high oil price has been made prohibitively expensive. Cost is the primary concern for holidaymakers as everyone asks, how far can I get for my money?
   - Although a small, elite market continues to fly regularly, the vast majority of people simply cannot afford the experience. There have been mass redundancies, across the travel industry and the affordability of overland routes has led to radical restructuring.

4. **carbon clampdown**
   - Tradable carbon quotas have been introduced for all UK households as part of the government’s bold plans to tackle climate change. The public has clamoured for tough action as environmental impacts are increasingly felt.
   - Holidaymakers are highly sensitive to the impacts of their travel and seek ethical experiences that are within their carbon budget. Holidaying in Britain is back in fashion and has soared in popularity.

Source: Stephanie Draper, Forum for the Future
Experience has shown that the best way to implement technological innovation is to do so in companies which represent an economy's DNA, as is the case of tourism in the Spanish economy. Although, we must remember that in the current climate the word innovation has to be synonymous with increasing revenue or reducing costs.

The decision-making power held by tourists as to which products and services they purchase makes information management a key factor for success, if it is used correctly in our relations with consumers/customers.

The value chain of a product or service in the tourism industry has changed. Nowadays, new technologies can be used to collect and manage information at each of the stages which make up the relationship or service chain with the consumer.

Javier Blanco, Executive Director of UNWTO's Affiliate Members Secretariat: “This is a great opportunity to push for ethical tourism which helps to reduce inequalities and to create jobs and growth for the global economy. The extent of this challenge concerns both the public and the private sectors on an equal footing.”

Stephanie Draper, Director, Change Strategies, Forum for the Future: “The future will not be the same and we must change mindsets and behaviours to provide responsible and sustainable responses.”

Felipe González Abad, Senior Adviser, Amadeus: “The slump in airline bookings registered at the start of 2009 was cushioned during the rest of the year. In October, November and December year on year growth of 4% compared to 2008 was recorded, although this fell short of the figures for 2006 and 2007.”

Antonio Bernabé, Director General, Turespaña: “The crisis in the industry has encouraged the public and private sectors to cooperate and join forces. The opportunity to make changes in a crisis situation is essential to give greater impetus to our efforts and to stimulate recovery.”
The tourism industry needs to boost productivity and become more competitive, which involves reducing costs. At a technological level, this means solutions which involve interoperability and becoming more competitive by using a common language for the different stakeholders who intervene in consumer relations or who liaise between large and small companies.

Information management should be aimed at ascertaining and managing customer expectations. It is the cornerstone of the future.

The creation of the Microsoft Innovation Center / Tourism Technologies (MICTT) is an initiative which reflects the importance of technological innovation for the tourism industry and vice-versa. The Center is also an example of a public-private partnership aimed at boosting tourism.

The MICTT specialises in new software solutions for tourism. Its main objective is to provide companies and members with a technological platform, solutions and the latest ICT tools to grow the tourism industry.

• María Garaña, President, Microsoft Spain: “Information management should be aimed at ascertaining and managing customer expectations. IT IS THE CORNERSTONE OF THE FUTURE.”

• Jorge Costa, Chairman, IPDT - Instituto de Planeamento e Desenvolvimento do Turismo: “It’s not a question of simply responding rapidly. We need to plan and this requires reflecting on the market and the economy so we can make decisions.”
Turisme de Barcelona: 
BCN2015 Tourism Plan as a collective tool for progress

Over the last few years, Barcelona has carved itself a leading position in the majority of European and international tourism rankings. It is a leader in convention tourism, cruise stopovers and city breaks. Part of its success is due to how the city has effectively been marketed by Turisme de Barcelona, a public-private tourism promotion partnership created in the mid 90s, as well as to its excellent positioning in outbound markets.

• Gareth Gaston, General Manager, OctopusTravel by Travelport:
“Consumers trust what other consumers say about a product, not what the company says about its own product. A good website today is simply a must.”

• Ron Oswald, Secretary General, UITA – International Union of (Food, Hotel, Restaurant, Catering) Workers’ Associations: “The number of tourists who are concerned about the impact of their trip on tourist destinations is constantly on the rise.”
In 2008, Barcelona City Council decided to put together a Strategic Plan for Tourism in the city for the period up to 2015.

The Strategic Plan promotes a new tourism model for Barcelona, which is commensurate with the model that defines the city. It includes changes which ensure sustainable development and enduring success for the future. It also involves a broad-based vision of how to achieve this proposal by linking success in tourism to the success of the city.

The idea is to continue to build a city for its citizens, which as a result is a pleasant place for its visitors, viewed in this instance as “temporary citizens”.

In short, the Plan has four main points:

• To define how tourism in its different guises impacts on the city, both from a qualitative and quantitative viewpoint.
• To analyse the tourism model in Barcelona.
• To base the development of tourism in the city of Barcelona on sustainable development.
• To engage citizens in the city’s tourism plans.
In the light of the current world crisis, the UNWTO’s Roadmap for Recovery is a valuable tool to contribute to the recovery of the international tourist industry. This Seminar, organised by UNWTO Affiliate Members, has shown through case studies that its guidelines are viable.

Although the UNWTO World Barometer forecasts growth of 3-4% in the numbers of international tourist arrivals for 2010 we must not lower our guard. After many years of continued growth, the last two years have forced us to engage in a process of profound reflection. Continuous change, different ways of doing business… The industry has had to stop and think about what has been done, how it has been done, and on how it wants to do things from now on. We need to rethink strategies, process innovation, modernise facilities, try out new business models, which do not mean losing ground to the competition, train teams at all levels so that they are ready for the future, and ready to make the difference… Perhaps 2009 was what was needed to shake companies up whilst 2010 is essential for defining strategies which have proved successful. We have had to learn a lot and fast.

The industry has finally made its grand entrance into the information society. However, it still needs to include more new technologies into its day-to-day business as this will help to improve the management of organisations and of tourism destinations. What’s

**CREATING THE FUTURE: CONCLUSIONS**

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* Eulogio Bordas, Chairman, UNWTO Affiliate Members, Chairman, THR: “The decline in international tourism has probably bottomed out and there are signs of a gradual pick-up. The results of the next few months are likely to confirm this recovery. A different type of consumer is appearing on the scene.”
more there is no way back. These technologies give us greater insight into what makes our customers tick, how to manage them better (before, during and after), and give us a better idea of what the competition is doing. Energy-saving technologies, for example, help us to reduce overheads, to become more environmentally friendly and to provide more efficient responses to climate change.

All the experts in attendance at this Seminar agreed with the views that consumers will not go back to their pre-crisis consumer patterns nor will the tourism industry return to ‘business as usual’ as before.

In the past, the key to the tourism industry was “Location, Location, Location”, nowadays, it’s “Information, Information, Information”; i.e. gathering information about the environment on a daily basis and managing this information to find out how things are going, what we need to do, when, and why, to optimise business results.

However, to get to this stage teams need to be trained at all levels so that they are ready to address these challenges. Taboos have to be broken and know-how and experiences must be shared once and for all with professionals across the industry. Professionals need to exchange opinions and points of view, consider and analyse new ideas, new ways of doing things, learning through others, cooperating to improve destinations and become more competitive. In short, cooperate to compete.
Your company or organisation can join the UNWTO as an affiliate member and share the best world knowledge, the keys to the current situation of the tourism industry and future opportunities.

For further information, please contact:
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