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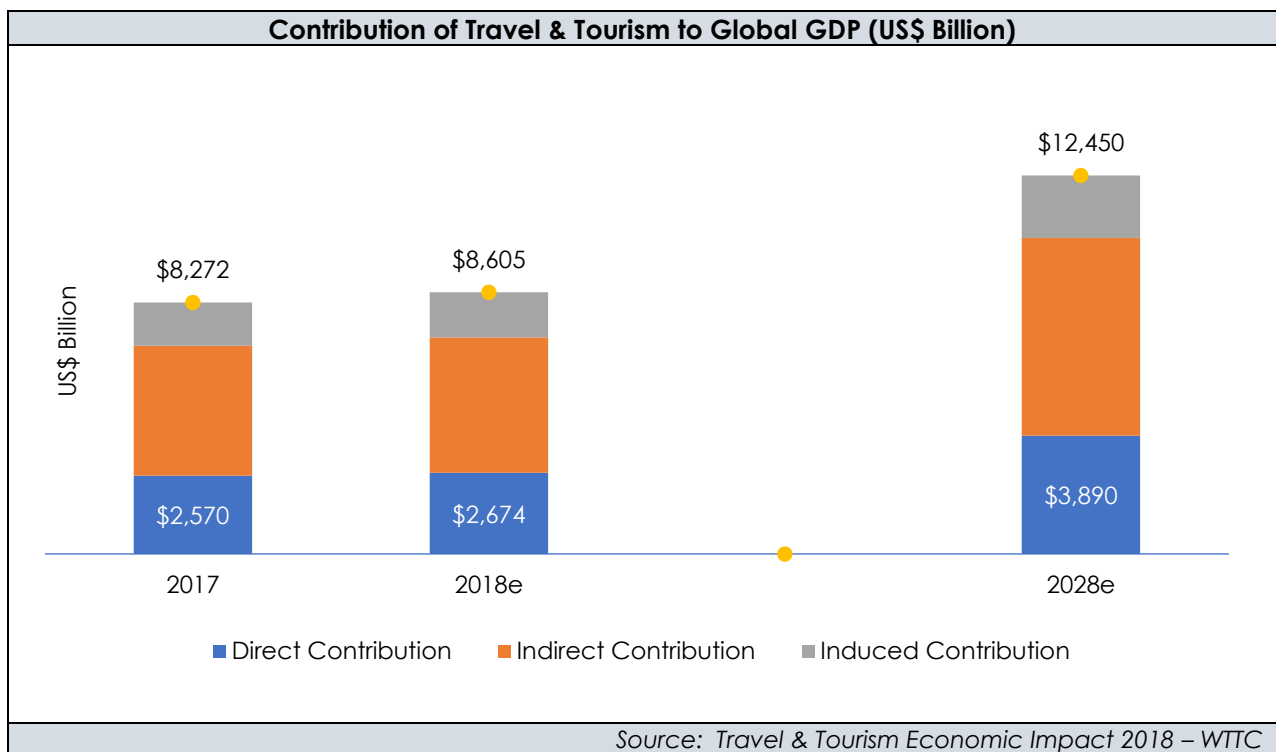
Opening New Frontiers with Tourism

An Avasant Perspective

Introduction

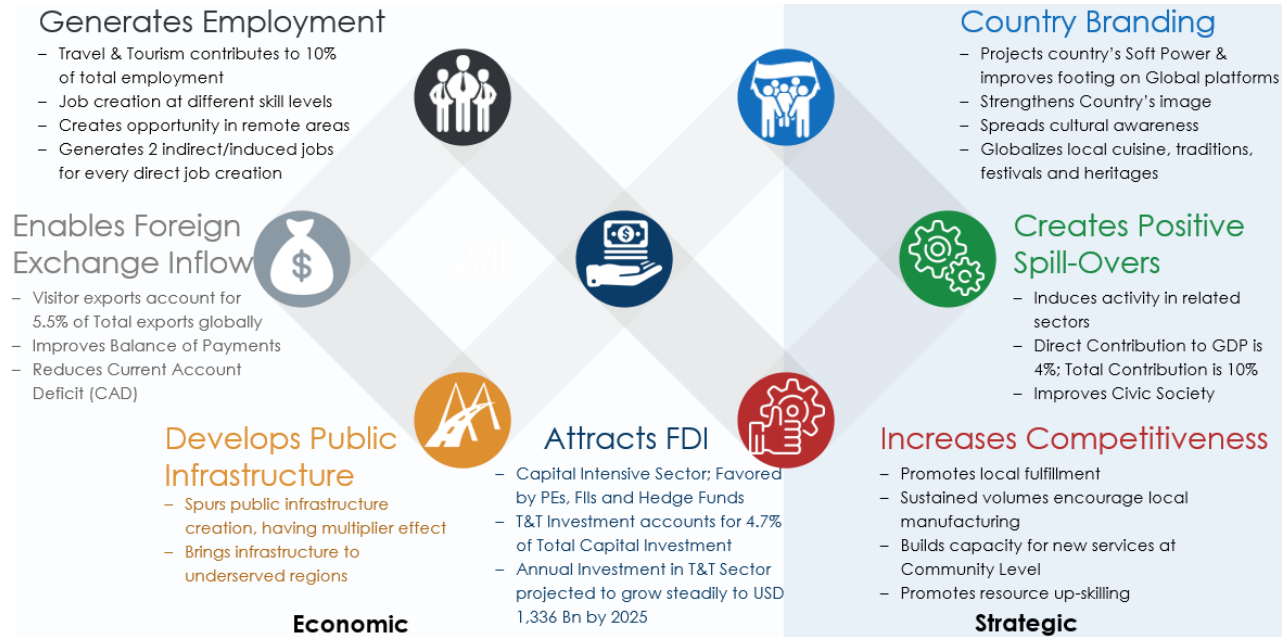
The Travel & Tourism (T&T) industry has witnessed steady growth over the last decade. This has led to recognition of T&T as a priority sector for growth and central to the transformation of many locations and countries by driving social and economic changes. Job creation and economic diversification have been the major factors driving this focus. The T&T sector has positive spillovers to other sectors of the economy as well. Further, countries such as Sri Lanka, Czech Republic & Nicaragua are leveraging tourism as a strategic initiative to create a positive image globally for strategic and economic benefits.

Globally, the Travel & Tourism sector is the third largest employer, only next to agriculture and manufacturing. One out of ten employees is employed in this sector. This industry accounted USD 8 trillion or for 10.4% of global GDP in 2017. This is expected to grow to US\$12 trillion (11.7% of Global GDP) by 2028.



Associated Benefits

Countries that have promoted Tourism have gained in many ways, primarily through economic development. The Tourism Sector brings the following benefits to every country / region:



Travel & Tourism Trends

Key Travel & Tourism trends

-  Hostels and Airbnb have become favored alternatives to hotels
-  Preference for off-beat destinations by millennials has added new locations to maps
-  e-Visas and Visa on Arrival have been successful in promoting international travel
-  Rising incomes in emerging countries have led to growth in domestic and regional tourism
-  Internet and smartphone penetration has led to listing of most travel and stay options – DIY
-  Vacations are being recognized as a necessity rather than a luxury in emerging countries
-  Low cost carriers have linked up new locations and brought onboard a middle-class flyers



Tourism Industry is fast evolving

Post - 2010

Pre - 2010

Connectivity	Internet, promoted by telecom penetration globally, has become the most preferred channel for information, interaction and bookings	Phone, letters and emails were the prevalent channels of communication.
Disruptive Technology	Technology has disrupted the models of traditional tourist businesses, ranging from local guides to travel operators and middle-men.	Information asymmetry had resulted in establishment of middlemen (agents, tour operators)
Personalized Experience	Millennials value localized travel experience and look for one to one interactions. This has led to advent of community based tourism.	Tourists preferred group tours or organized tours and travelled to traditional tourism hot-spots.
Limited Government Control	Governments have little control over tourist travelling preferences e.g. US citizens travelling to Cuba even when the sanctions were in place	Government travel advisories had a significant impact on tourism plans of citizens.

Opening New Frontiers

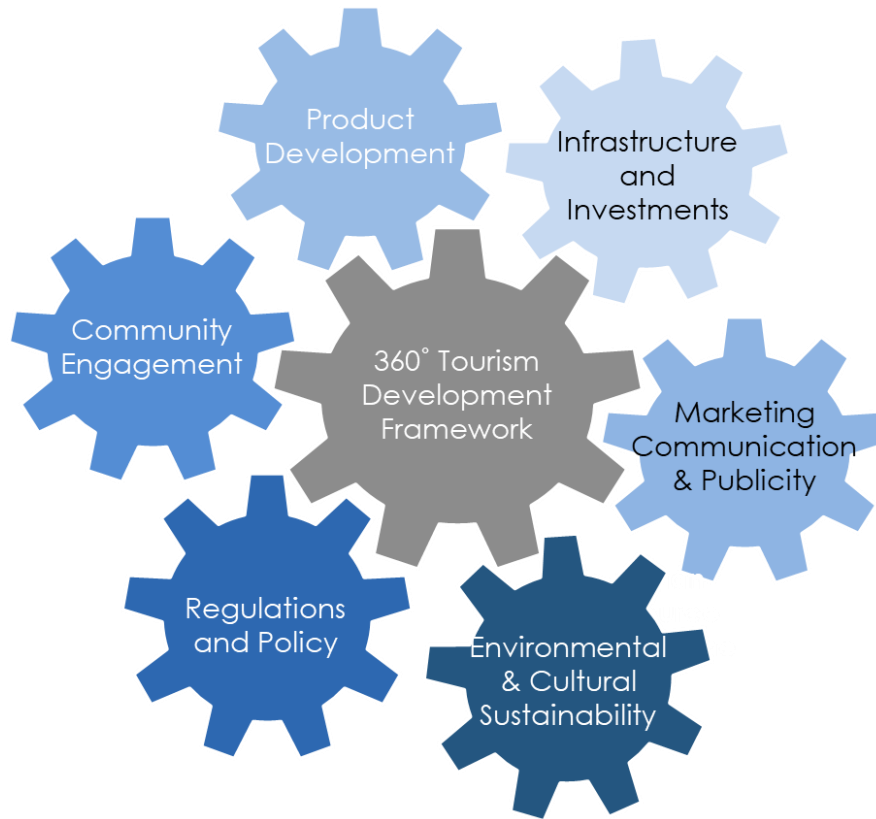
Globally, tourists have been on the look-out for off-beat locations. The search for pristine locations has been further boosted by the millennial generation. This presents an excellent opportunity for nascent destinations to expand their tourism industry. Over the last decade, several lesser known locations have been able to add their names to global tourism circuits. They have competed with popular destinations in Europe, Asia and Latin America to get a bigger share of footfalls.

Countries looking to develop their tourism sectors need to be prepared to take advantage of the opportunities. However, Governments often fall short of the maturity and knowledge required for building and sustaining the industry. More importantly, they lack the preparedness to address potential risks such as pollution, security threats and pandemic hazards.

Therefore, aspiring tourist destinations need to adopt a structured approach for sector development. This strategy should to be collaborative and coherent with country level objectives and needs to be implemented jointly by Governments, communities and private sector. While Government would be in charge of policy formulation, the private sector and local community would be responsible for growth and sustainability.

Tourism development strategies

Avasant has been involved in development of Services Sector in more than 40 countries globally. We have leveraged our global experience in Travel & Tourism industry to develop best practices frameworks that can be implemented by emerging locations for sector development. The below figure depicts the 360° Tourism Development framework, consisting of seven levers. Each of these levers have been detailed in the subsequent sections.



Product development

Destinations sometimes struggle to attract tourists despite possessing promising potential. The limited success is often due to lack of proper packaging and positioning. Tourists need to be targeted with crisp and relevant value propositions. Further, sophisticated positioning allows locations to command a premium for their offerings.

Conventionally countries have crafted products based on their intrinsic potential. Most of these are a function of geography, heritage or culture.

However, there are many offerings that are location agnostic and can be developed by leveraging the unique elements of any landscape, culture or trends. Countryside tourism, eco-tourism, wilderness camping, jungle safaris, etc., are such examples that can be quickly developed without substantial capital. A Tourism Asset Analysis often helps in objective evaluation of existing assets and planned investments. The below graphic illustrates some common tourism product development strategies.

Tourism Product Development



Infrastructure and Investments

Attractiveness of a destination greatly depends on well-functioning public infrastructure. Therefore, Infrastructure creation needs to complement product development. This is critical for enhancing the accessibility, hospitality and security of the tourist spots. The improvement of the existing infrastructure and the establishment of cost-efficient civic amenities are some of the basic priorities of any development strategy.

Good public infrastructure such as airports, highways and rail-roads enable tourists to minimize the transit time and maximize quality time at the destination. Convenience, speed and total cost of the journey are the top decisive factors for tourists.

Some of the basic infrastructure are (among others)

- Airports, sea-ports and highways
- Last mile transport infrastructure
- Community level infrastructure such as bus-stops, marinas, etc.
- Immigration control and monitoring infrastructure
- Lodging and Boarding infrastructure
- Supporting infrastructure such as ATMs, supermarkets, toilets, parking slots, etc.
- tourist information and management system for security and monitoring

Since infrastructure creation requires substantial investment, Governments often invite private enterprises to invest, develop, operate and maintain the public infrastructure. There are various Public Private Partnership models that can be leveraged for such collaboration. Investments should not be limited to physical infrastructure, but should also extend to Information Technology. Today, IT offers powerful tools in business and tourist management that can be easily leveraged for growth.

Regulations and Policy

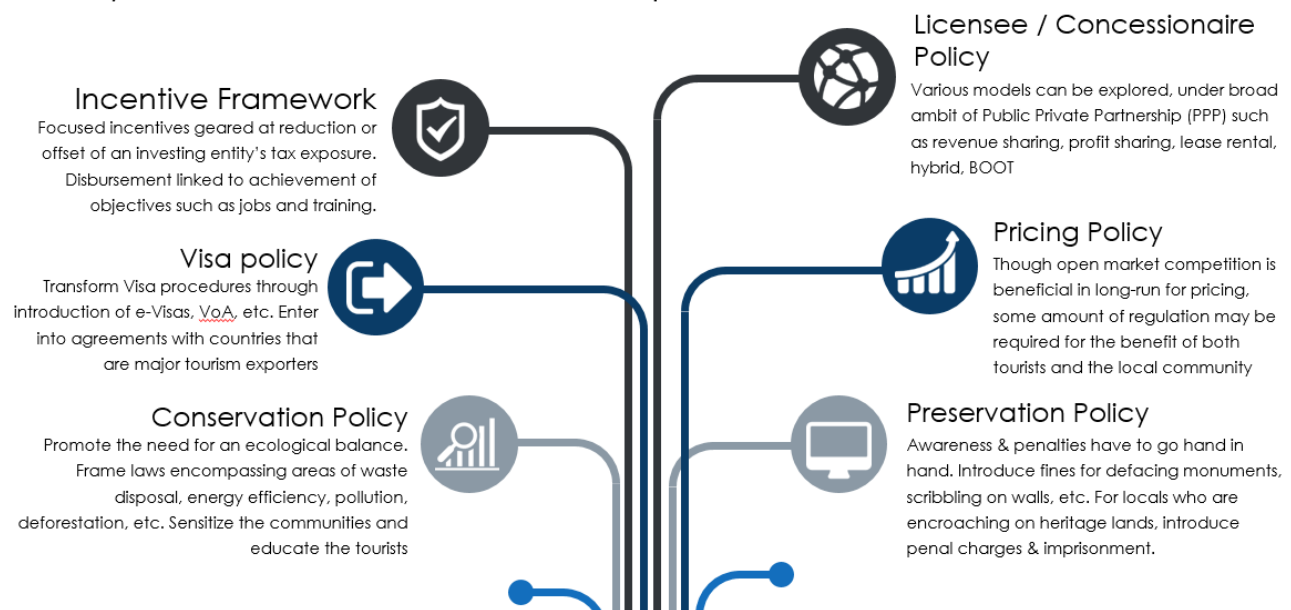
Tourism development and operations requires proper institutional and legal framework. The policy initiatives should carefully balance growth and sustainability. Tourism policies of many destinations are often un-coordinated and lack the necessary controls. Moreover, the existing regulations are at times outdated and lack the flexibility to align with the changing market dynamics.

Some of the common policy interventions that are required for promoting tourism sector are:

- Strengthening tourism organizations at the national, regional and local levels
- Setting up proper mechanisms for reporting and control
- Establishment of information management systems and quality management systems
- Enhancement of the legal basis for tourism development
- Promoting sustainability by engaging local communities

The following framework presents the best practices in enabling framework for Tourism with a focus on sustainability.

Policy Framework for Tourism development



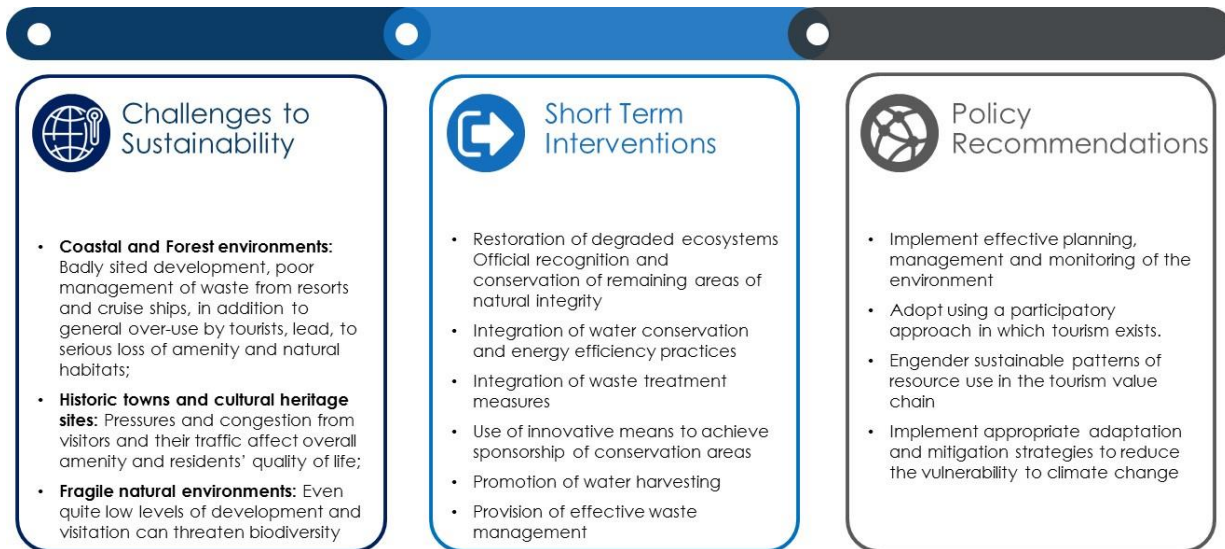
Environmental and Cultural Sustainability

Popular tourist destinations such as bio-diversity hotspots and heritage sites are being put under considerable pressure. In recent years, there have been several threats to the integrity of the natural resources, as well as the cultural and built environment of the popular destinations.

The growth in tourist foot-falls must be managed and regulating mechanisms should be put in place to avoid any harm to the very resources on which tourism depends. This will require careful planning,

monitoring of the new developments, improved environmental management practices and influencing consumption patterns.

Some of the more common challenges to sustainability are presented in the figure below. Also listed are specific interventions are required in the short-term to stall the damage to the tourism destinations. A good portion of these damages would be un-revocable. In the long-run, planned and structured measures are required to enhance sustainability. These interventions need to be backed with forward looking Policy objectives to ensure sustainability in the medium and long-term.



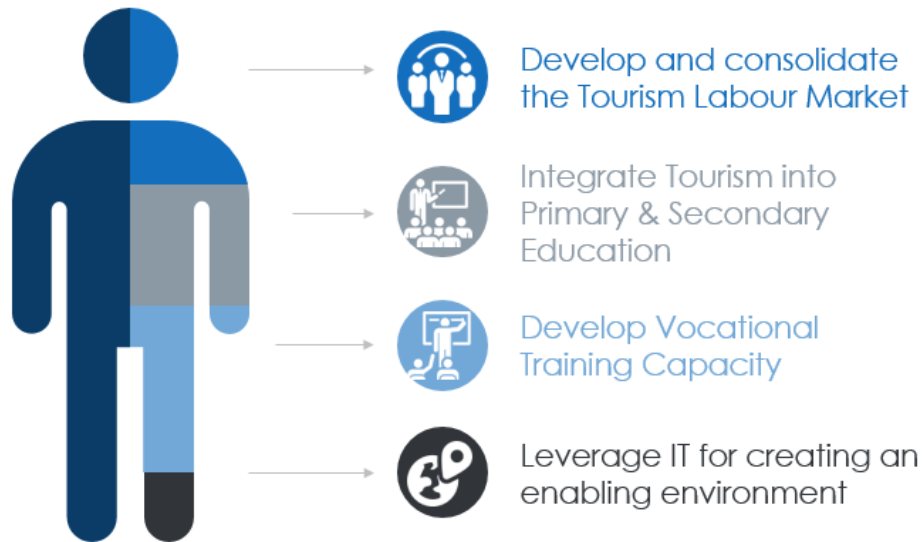
Human Resource Development

Service is an integral part of the travel & tourism product and contributes significantly to the product quality and overall level of competitiveness. As a result, the human resource requirements need specific attention and action at national and regional levels. It is essential that the human resource is professionally trained to meet globally standards.

The tourism industry faces a challenge in attracting high quality human capital at all levels. One of the major reasons is the public perception due to fragmented operations in the unorganized sector. This creates an impression that the sector is low paying and does not offer adequate career growth.

As a priority, industry staff must be appropriately sensitized to the cultural dimension of working in the industry in order to promote levels of job satisfaction. Awareness has to be spread on the mechanisms, programs and actions at the regional and national levels, which can help address the salient issues related to the human resource needs and requirements of the tourism sector. The following figure depicts a holistic approach for developing the human capital base of the Tourism Industry.

Human Resource Development for Tourism



Community Engagement

Conflicts of interest may occur between the tourism sector and local communities due to multiple reasons. Right to access, struggle for traditional livelihoods, misplaced apprehensions and obstruction to change are some of the contentions that are commonplace.

Local residents have to be educated on the various aspects of tourism so that they can appreciate the importance to the economy & also on their individual livelihood and on their community's prosperity. It is extremely important to encourage a positive attitude towards tourists among host population.

Awareness of the importance of tourism as the main pillar of economic development and broadening direct involvement of local communities are some of the low hanging fruits to enhance community participation.

A participatory approach should be adopted by Government and private sector using effective planning and management. Local entrepreneurship can be developed via the development of micro and small businesses and enhanced community participation in tourism. The following framework showcases the community engagement strategy for tourism development.

Community Engagement Strategy



Marketing & Communications

Over the last decade, the marketing of tourism has been influenced by a range of industry trends. This includes opportunities offered by new digital channels and market-generated pressures on product development to meet minimum standards. The advent of internet and smartphone age has already resulted in a paradigm shift in the information-intensive tourism industry. It offers highly cost effective opportunities for tourism marketing by facilitating booking, information distribution, and communication with customers and within the industry. It has also altered the process of booking holidays. The online travel market is predicted to grow substantially as consumer confidence grows and technologies improve. The following infographic showcases the latest digital trends in marketing and publicity within the tourism sector.

Technology innovation is increasingly able to drive sustainable business value



Travel Planning

9 out of 10 travelers use the internet for and travel planning



Direct Lead generation and conversion

Two-thirds travel companies agreed that direct bookings were generated from social media



Inspiration for Travel

80% of users say that their travel plans get influenced by friends' photos and videos on Facebook



Digital engagement with tourists

Three in four Tourism boards across the world have active digital presence



Research an upcoming trip

Two-thirds of travelers research online their upcoming trip



Social Media use by Tourism professionals

8 out of 10 professionals in the tourism industry use some form of social media for promotion



Social Activity by tourists

9 out of 10 tourists posted their vacation photos on some social media platform



Word of Mouth through digital channels

92% of consumers express that they trust the recommendations of friends and family over ads

A well-structured marketing and communications strategy can be instrumental in achieving maximum results with minimum budget. The focus is on better targeting, and on delivering the most cost effective marketing plan through utilizing new technologies, including the internet and traditional media.

Successful marketing involves multiple stakeholders and is key to the long-term sustainability. Governments being the major players in marketing strategy formulation, must ensure that the marketing-mix is aligned to the national level objectives for the tourism sector. Corporate sector and small enterprises possess sufficient capital and tools to drive their own marketing. Changing consumer preferences mandates that the marketing strategy is periodically updated and aligned with market needs. The following diagram depicts a sample Marketing and Communications strategy for a tourist destination.



Conclusion

The Travel & Tourism sector can be a sustainable growth engine for countries at all stages of development. This is primarily driven by rising incomes and behavioral changes towards vacations, that are now perceived as a *necessity* rather than being a *luxury*. Secondly the world has shrunk into a global village, thereby opening up new avenues of employment and business that require travel.

Globally, this sector is expected to grow consistently by around 4% annually over the next decade and generate 276 million additional jobs. Being labor intensive, it employs a large proportion of women and youth, both in direct and indirect employment.

Destinations, both nascent and mature can tap into this opportunity and grow their share of tourist footfalls through structured planning and implementation.

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