THE NEXT HIT - SMART DESTINATIONS

Digital advances are transforming how we connect and inform ourselves, transforming our behaviour, and encouraging innovation and sustainable, responsible growth strategies.

We know that a digitally advanced tourism sector can improve entrepreneurship, inclusion, local community empowerment and efficient resource management, amongst other important development objectives will help us to further explore the opportunities provided to tourism by technological advances including big data, artificial intelligence and digital platforms.

Today, people and businesses connect, exchange information and execute transactions in ways never before imagined. The combination of digital platforms, user-generated content and feedback, social media integration, global positioning services, and the use of big data and artificial intelligence, has transformed the way people experience, consume and share information.

This is the result of successive advances in telecommunications, computers, databases, networks, Internet, mobile and wireless technology, global positioning systems and smartphones, amongst other things.

Tourism, as one of the world's transversal economic sectors, has been both witness to and protagonist of these changes. For both public and private tourism entities, ICT has offered indispensable and very powerful tools for management, logistics, distribution and marketing. It has brought about a digital tourist that is more autonomous, hyper-connected and increasingly demanding, expecting personalized customer service.

Shifts in customer expectations and global trends are compelling the tourism sector to adapt business and operating models in search of enhanced customer satisfaction and operational performance. This is creating opportunities for new entrants into the tourism value chain, especially digital 'natives' like online travel aggregators. At the same time, private platform tourism services (the so-called sharing economy) are on the rise.

While the tourism sector has been at the forefront of digital disruption, exponential technological change means that the sector must innovate, and stakeholders must collaborate, on a near-constant basis in order to remain competitive.

In addition, the tourism sector's cross-cutting nature extends its level of responsibility to use technological change and digitalization to help engender a more economically and socially sustainable, inclusive and environmentally-friendly future.

In social terms, digitalization is expected to continue propelling the travel experience on its trajectory towards becoming more seamless, frictionless, and high quality.

The use of technologies including the **'Internet of Things'**, location-based services, artificial intelligence, augmented and virtual reality, and blockchain technology (see definitions below) has resulted in a tourism offer that is more attractive, efficient, inclusive, and economically, socially and environmentally sustainable than its predecessor. It has also facilitated innovation and rethinking of processes, with a view to tackling challenges such as seasonality and overcrowding and developing smarter destinations.

Digitalization has a positive environmental impact and can yet have a greater one, with innovations in manufacturing, smart assets and efficient use of resources contributing to a more sustainable industry footprint.

Some major impacts on the sector as a whole are the development of smart travel facilitation, smart destinations, and a new wave of job profiles.

In the same way the smartphone has transformed telecommunications and media, a comprehensive smart travel model – one that includes smart visas, borders, security processes and infrastructure – will revolutionize tourism. With consolidation of these tools, passengers can book their flights and check in online, have their boarding passes on their smartphones, go through automated clearance gates and even validate their boarding passes electronically to board planes. These measures improve both travel facilitation and security.

A smart destination is one with a strategy for technology, innovation, sustainability, accessibility and inclusivity along the entire tourism cycle: before, during and after the trip. A smart destination is also one with residents as well as tourists in mind, factoring multilingualism, cultural idiosyncrasies and seasonality into tourism planning.

This is why smart destinations are key to the transformation of the tourism sector. By continuously and accurately measuring, integrating and analyzing data for efficient decision-making, prioritization and anticipation of challenges, they create a seamless and exciting experience for tourists while managing local resources efficiently.

Smart destinations can make tourism governance more inclusive through inclusive entities, such as boards, trusts or foundations, which represent all public/private stakeholders in the destination. They can help ensure maximum accessibility in sites, products and services, eliminating barriers to mobility. And they allow us to analyse sustainable tourism management through different lenses.

Consider, for example, the challenge of seasonality, where population change from variation in tourist flows makes tourism's impact difficult to measure. Technology-based data tools, such as remote sensors and big data management systems, can help destination managers capture and process large volumes of data for a greater understanding of the impact of seasonality on tourism and on sustainability. It can therefore help them to predict and manage tourist flows in order to more efficiently and effectively manage destinations.

Key technologies and definitions

- Transport technologies, making air, land and sea transport faster, cheaper, more connected, more environmentally friendly and more engaging for travellers
- Living services and the 'Internet of Things', devices interconnected via the Internet and embedded in everyday objects, enabling the objects to send and receive data
- Smart mobile technologies
- Location-based services and 'iBeacons', Apple technology allowing mobile apps and devices to listen for signals from beacons
- Artificial intelligence and its diverse applications
- Augmented reality and virtual reality
- 'Blockchain', a public register in which transactions between two users belonging to the same network are stored in a secure, verifiable and permanent way

Job creation

The future of travel is technology-based, so tourism jobs will require both technical and advanced soft skills used to effectively implement and manage smart initiatives. The greatest societal impact of digital transformation in tourism may be the effect on the sector's workforce, which directly and indirectly represents 1 in every 10 jobs worldwide. Like in other economic sectors, intelligent automation will change the nature of some travel jobs and eradicate others altogether. However, digitally-enabled growth will also generate new employment opportunities that

could outpace the automation of existing roles, especially as strong growth is forecast for the sector.

Startups and micro, small and medium enterprises (MSMEs) – drivers of technology-based innovation and entrepreneurship in tourism – will take on an increasingly important role in developing the skills needed for the jobs of the future. The sector should therefore prioritize strengthening startups and MSMEs so they can become integral parts of the tourism value chain, and boosting technology- and skills-based education, training and policies that stimulate innovation and decent employment.

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The impact of tourism on technology in numbers

From 2016 to 2025, digitalization in aviation, travel and tourism is expected to:

- Create up to US$ 305 billion of value for the sector through increased profitability
- Migrate US$ 100 billion of value from traditional players to new competitors
- Generate benefits valued at US$ 700 billion for customers and wider society through a reduced environmental footprint, improved safety and security, and cost and time savings
- Result in a net displacement of current jobs, which is expected to be partially offset by the creation of next-generation skilled jobs inside and outside tourism and its related sectors

Innovation in tourism, as elsewhere, is collaborative action between governments, academia, corporations, MSMEs and start-ups, investors, business development partners (accelerators, incubators, etc.) and other stakeholders. Fostering a successful tourism innovation and entrepreneurial ecosystem requires connecting all stakeholders to collaboration opportunities and prioritizing capacity building in tourism and technology.

UNWTO has a newly developed **strategy on tourism innovation and digital transformation** to unleash the potential of the sector. This strategy introduces new activities aimed at connecting and sharing knowledge among the entire tourism innovation ecosystem – meaning the large and diverse base of participants and resources necessary for innovation, ranging from those with already thriving innovations to those developing them. These activities also target the uptake of new technologies that increase destination competitiveness, resource efficiency and inclusion.