



Issues Paper

# Analysing Megatrends to Better shape the future of Tourism

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OECD, Paris



OECD

## ■ Background information

This note is provided as background information at the High Level Meeting on Tourism Policies for Sustainable and Inclusive Growth, 2-3 October 2017, OECD. This meeting brings together Ministers, senior policy makers and industry leaders to discuss ways to deliver more sustainable and inclusive tourism growth.

The event marks the occasion of the 100th meeting of the Tourism Committee and supports the future policy agenda of OECD member and partner countries. It aims to draw attention to the major advances made in the implementation of effective tourism policies and programmes, and to facilitate open discussions about long term objectives for tourism development, and how an effective, forward-looking, whole-of-government approach can help achieve these objectives.

More information: [oe.cd/tourism](http://oe.cd/tourism)

## ■ About the OECD

The Organisation for Economic Co-operation and Development (OECD) is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD's mission is to promote policies that improve economic and social well-being of people around the world.

## ■ About the OECD Tourism Committee

The OECD Tourism Committee, created in 1948, acts as the OECD forum for exchange, and for monitoring policies and structural changes affecting the development of domestic and international tourism. It actively promotes the sustainable economic growth of tourism.

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## *Analysing Megatrends to Better Shape the Future of Tourism*

### **Megatrends in a shifting world have long-term implications for tourism**

The future of tourism will be impacted by large-scale social, economic, political, environmental and technological changes, bringing new and often unseen challenges, threats and opportunities. These ‘megatrends’ are slow to form, but once they have taken root, exercise a profound and lasting influence on human activities, processes and perceptions, including for tourism. Four megatrends are likely to have significant impacts and relevance for tourism: i) evolving visitor demand, ii) sustainable tourism growth, iii) enabling technologies, and iv) travel mobility. Exploring the multi-dimensional implications of these megatrends to 2040 is important to inform policy and shape the future of tourism.

### **Globalisation and demographic trends are changing visitor demand**

Over the next few decades, the structure of the visitor economy will evolve as income and education levels increase in emerging economies, the global population continues to age, and new consumer groups emerge. Combined, these factors will impact on the propensity to travel as well as the expectations of travellers. Although expected to grow at a slower rate than in the past, the world population is forecast to rise from 7.4 billion in 2015 to 9.7 billion in 2050, driven by growth in developing countries.

The share of people in the global population over 60 years of age is expected to nearly double over the next 35 years. As such, the travel market for older people is likely to grow substantially and infrastructure and support services may need to be tailored to accommodate increased this demand. At the same time, ‘Millennials’ and ‘Generation Z’ will be key tourism consumer groups to 2040. Different policy and industry pressures will result from changes in these demographic groups, each of which has very unique travel preferences. For example, accessibility (both physical access and information provision) is likely to be an area of particular concern for older tourists.

Countries will need to consider and respond to a range of challenges associated with forecast inbound and domestic tourism growth to meet expected demand and the evolving expectations of tourists. This will include spreading the benefits to regions and local communities whilst maintaining their support for increased tourism.

### **Global shift to low-carbon, resource-efficiency will impact the tourism economy**

As for many sectors, tourism is a relevant factor in the consumption of energy and generation of greenhouse gases. It also contributes to fresh water and land use, environmental degradation, and unsustainable food consumption. At the same time, however, tourism can have significant positive impacts by raising awareness of environmental values and by serving as a tool to help finance the protection of natural areas and increase their economic value and importance.

Tourism can play a key role in driving the transition to a low-carbon and resource-efficient economy. Due to its cross-cutting nature and close connections to numerous

sectors, even small improvements will have important impacts. Tourism has the potential to make a major contribution to the 2030 sustainable development agenda by mainstreaming sustainable consumption and production patterns that are resource efficient and result in enhanced economic, social and environmental outcomes.

This scenario presents a range of opportunities and challenges for tourism policy makers. These include the need to better understand the current and potential impacts of different forms of tourism on natural resources, and providing the right incentives throughout the value chain to promote sustainability, and demonstrate that environmentally-friendly policies can also be business friendly – including for SMEs. A key challenge is to address these issues in an integrated manner, and while the policy remit will often not reside with tourism policy makers, there will be opportunities to exploit synergies with other policy areas.

### **New technologies are transforming supply and demand for tourism services**

Mobile technologies continue to change the way tourists plan and experience travel. Digitalisation is transforming the sector, and peer-to-peer/shared usage platforms will likely continue to create new marketplaces and business models. The tourism sector is likely to feel the impacts of automation and integration of machine learning in the workforce, and in fact technology is already changing the consumer face of tourism in some sectors (hotel front desk, airport check in, etc.), while developments in information and communications technologies have progressively changed tourism value chains, and the position of SMEs within them.

These developments present opportunities for governments to re-think not only how tourists experience their country and how citizens can benefit from enabling technologies, but also pose challenges for established operators and raise broader policy questions in areas such as employment, consumer protection, privacy and security, taxation and regulation.

Policy shapers need to consider the demand and supply-side implications of such development for tourism and develop policy responses involving key stakeholders. However, the current rate of technological change makes adjusting/reacting to technological change more difficult for both governments and industry.

### **Travel mobility - essential for tourism growth**

Transport is an essential component of the tourism system, connecting markets in tourism generating regions to destinations (both domestic and international). The location, capacity, efficiency and connectivity of transport can play a significant role in how a destination physically develops, influencing the mobility of visitors and the connectivity of tourist experiences within destinations.

Travel mobility will be affected by a range of internal and external factors over the next 20-25 years, presenting opportunities and challenges for industry and policy makers. The sheer growth in visitor numbers, safety and security concerns, perceptions of travellers, changes in customs and immigration policies, transport innovations, access infrastructure, and aviation regulations, are just some of the issues likely to affect the movement of people.

Policy makers will need to be agile in order to respond effectively to these and other developments, to implement policies and practices that enable greater traveller confidence

and mobility, while promoting sustainable tourism growth and maintaining or enhancing security and border integrity. Examples include the likely need for greater consistency and harmonisation of international standards in relation to safety and security, and international transport regulations. Governments might also envisage the need to impose restrictions or limits on inbound (e.g. visa restrictions) or outbound travel (e.g. carbon footprint limits or mandatory carbon offsetting), in order to meet international emissions reduction commitments and/or achieve sustainable development goals. Integrated transport systems and multi-modal hubs will become increasingly important, representing an opportunity to improve accessibility to countries and regions, promote more sustainable transport options and provide seamless travel solutions.

### Preparing for megatrends

An in-depth discussion of megatrends, including the consideration of plausible alternative futures/scenarios, enables policy makers to bring currently unforeseen and emerging issues onto the strategic policy agenda, more effectively develop potential policy responses, and better enable the industry to capitalise on opportunities and respond to challenges as they arise. The construction of scenarios can act as a tool to help policy makers better manage long-term risks and proactively respond to the identification of emerging opportunities and threats.

In order to look forward, however, governments must first have a clear sense of the value of tourism for their economies and invest accordingly. They need to have a clear strategic vision, define key objectives (e.g. increasing jobs in certain regions, improving skill levels/capacity building, increasing visitor numbers or yield), and adopt an integrated approach bringing together key stakeholders. Developing comprehensive long-term plans that extend beyond the political cycle – while maintaining the flexibility to adapt to evolving priorities – provides the consistency and certainty that industry needs, and provides a platform for sustainable and inclusive growth.

### Topics for discussion

- How do megatrends - such as evolving tourism demand, sustainable growth, enabling technologies and travel mobility – influence i) tourism demand and consumption, ii) tourism supply and infrastructure, iii) the future of jobs in tourism?
- What are the good policy practices to address the challenges and to capitalise on opportunities of megatrends for the tourism sector?
- What are countries doing to develop forward-looking tourism strategies taking into account megatrends?
- How can governments reconcile the need to respond to short-term priorities with the need to develop a long-term approach in tourism? What approaches have been successful?

### Further reading

- Haxton, P. (2015), "A Review of Effective Policies for Tourism Growth", *OECD Tourism Papers*, No. 2015/01, OECD Publishing, Paris.  
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- OECD/UNEP (2011), *Climate Change and Tourism Policy in OECD Countries*, OECD Publishing, Paris.  
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