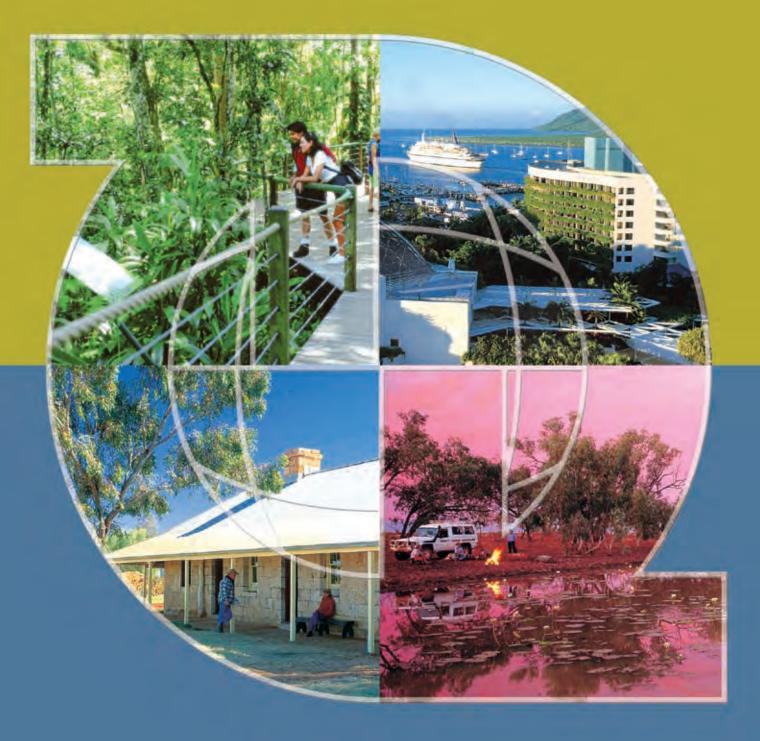# MEGATRENDS UNDERPINNING TOURISM TO 2020
Analysis of key drivers for change

Larry Dwyer, Deborah Edwards, Nina Mistilis,

Carolina Roman, Noel Scott and Chris Cooper

SUSTAINABLE
TOURISM

CRC

Technical Reports

The technical report series present data and its analysis, meta-studies and conceptual studies, and are considered to be of value to industry, government and researchers. Unlike the Sustainable Tourism Cooperative Research Centre's Monograph series, these reports have not been subjected to an external peer review process. As such, the scientific accuracy and merit of the research reported here is the responsibility of the authors, who should be contacted for clarification of any content. Author contact details are at the back of this report.

National Library of Australia Cataloguing in Publication Data

Copyright © CRC for Sustainable Tourism Pty Ltd 2008

Acknowledgements

CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF BOXES

SUMMARY

A key element of a successful tourism industry is the ability to recognise and deal with change across a wide range of behavioural, environmental and technological factors and the way they interact. The coming decade and a half should see major shifts in the leisure and tourism environment, reflecting changing consumer values, political forces, environmental changes and the explosive growth of information technology. No aspect of the industry will remain untouched. The challenge for tourism stakeholders in both the private and public sectors is to account for these changes proactively to achieve and maintain competitive advantage for their organisations.

This report explores the way in which some key drivers *could* affect the tourism industry, both international and domestic, to the year 2020. An exploration of these trends allows important change agents, on both the supply side and the demand side of tourism, to be highlighted and discussed, strategies formulated by destination managers, and tourism operators to develop tourism in a sustainable way. While the implications extend to all tourism destinations and operations, the focus is on Australia in particular.

Objectives of the Study

Australia must look to the future in order to be ready to receive future visitors with the services and products that they will demand. Tourism stakeholders, public and private sector, need to ensure that tourism policies and planning, product development, and marketing strategies are consistent with the trends and environmental factors that are shaping the behaviour of future tourists.

Specific aims are to:

- Identify global tourism forecasts to the year 2020.
- Identify the major economic, political, social, environmental, and technological forces driving global change to 2020.
- Identify global and national megatrends which have implications for Australian tourism destinations and the firms comprising them.
- Propose recommendations that destination managers and tourism operators in Australia might adopt to maintain competitive advantage in the context of these major trends.

The outcomes of the project have implications for decision making by all tourism stakeholders in the private and public sectors. While the focus is on Australia, much of the discussion is relevant to tourism stakeholders internationally, since the underlying trends have global significance.

Findings

Economic trends

Globalisation results in easier access across borders, which for the tourism industry may mean more foreign tourists as well as an increased global competition from international tourist destinations. The projected dynamic world economy is forecast to provide the basis for increased international and domestic tourism. Studies indicate that rising income is the most powerful generator of tourism flows. The main factors that will combine to promote widespread economic dynamism and growth and continue to drive globalisation include:

- **Political pressures for higher living standards** as democracy spreads globally.
- **Improved macroeconomic policies**. The widespread improvement in recent years in economic policy and management sets the stage for future dynamism.
- **Deregulation/liberalisation**. Efforts to remove barriers to international travel by means of the ongoing liberalisation of transport and other forms of deregulation are expected to continue.
- **Rising trade and investment**. International trade and investment flows will grow, spurring increases in world GDP.
- **Diffusion of information technology**. The pervasive incorporation of information technologies will continue to produce significant efficiency gains in developed economies. The greatest benefits of globalisation will accrue to countries and groups that can access and adopt new technologies.
- **Increasingly dynamic private sectors**. Rapid expansion of the private sector in many emerging market countries—along with deregulation and privatisation in Europe and Japan—will spur economic growth by generating competitive pressures to use resources more efficiently.

Economic liberalisation and globalisation entail risks and, inevitably, there will be problems, some of them potentially highly disruptive. These brakes to growth could include:

- Downturns in key economies with attendant spill over implications for other economies.
- Disputes over international economic rules.
- Situations of unequal growth prospects and distribution.
- The countries and regions most at risk of falling behind economically are those with endemic internal and/or regional conflicts and those that fail to diversify their economies.

Social trends

The increasing expectations of people will generate more demand for discretionary expenditure on travel and tourism. This demand, in conjunction with other social changes, will affect tourist characteristics and tourism flows.

An increasing world population, with improved health for older persons, will imply more potential travellers, especially given the expected increased economic growth in the majority of countries. The growing urban congestion in both the industrialised and developing worlds leads to the increasingly felt need to engage in discretionary tourism to escape and/or to indulge.

The greater pressure on 'time' and rising 'stress' levels leads to growing emphasis on the means of 'escape' through holidays. Ageing of populations has implications for the type of tourism experiences that will be demanded by visitors and the types of products and services that tourism businesses need to develop.

Individuals, particularly those in the developed countries, have an increased social and environmental consciousness, seeking 'authentic' tourism experiences. They wish to be involved as participators not spectators and seek a variety of optional experiences.

One result has been a fragmentation of the tourist market into sub-sets of unique experiences. The evolving tourist is also referred to as the 'experiential' traveller.

The family holiday remains, but the greater growth will occur in holidays for the retired and for single people.

Parallel to changes in demography are changes in tastes. Holidays are becoming more specialised, and increasingly carry with them some kind of educational or cultural experience. Travel and tourism experiences will be increasingly factored in to the values and lifestyles of the growing middle class worldwide. Tourists are increasingly interested in discovering, experiencing, participating in, learning about and more intimately being included in the everyday life of the destinations they visit. At the same time individuals are becoming more interested in self improvement as part of the tourism experience with an emphasis on health, well-being, education, skill development and cultural appreciation. Changing work patterns allow for more flexibility of travel plans.

Political trends

Political stability will be an important precondition for the prosperity of tourism. Destinations that do not advance economically because of political constraints to growth will generate fewer outbound and domestic tourist numbers. Conflicts between countries will constrain tourism flows overall but can also benefit destinations perceived to be 'safe'. Political trends are likely to affect tourism flows globally in five major ways:

1. Existing and emerging global players

- The USA is likely to remain an important influence but with its relative power position eroded.
- Enlarged Europe will increase its weight internationally.
- Japan faces an ageing crisis which could challenge its regional status.
- China and India will emerge as new major global players and transform the geopolitical landscape.
- Russia has international potential due to its gas and oil, but will be limited by social and political challenges.

2. Power of 'non-state' actors

- Issues and fallout from heightened security and terror will continue.
- Increased security costs for international commerce.
- Restrictive border control.
- Threat of terrorism will be more decentralised, due to internet.
- Real and perceived risks constrain tourist behaviour.
- Governments will provide freedom of personal travel and protect people through tight security.
- Expected increase in cyber terrorism.
- Stricter border controls creating barriers or deterrents to tourism.
- Regional conflicts likely amongst less developed countries.

3.   Health risks and security

- Emergence and spread of infectious diseases driven by increased international travel.
- Most dangerous, infected, and poverty-stricken countries vying for urban tourists may feel 'safer' with CCTV, but this also impinges on privacy.

4.   Haves vs. have nots

- Gap between the 'haves' and 'have-nots' will widen without support policies.
- Countries pursuing new technologies will leapfrog stages of development.
- Islam will continue as focus of global dissent.

5.   Political trends will have the following implications for tourism:

- Destinations perceived as less safe and secure will be avoided.
- Middle East conflicts will substantially increase fuel costs of travel.
- The whole destination and individual operators must sustain safety and security.
- Enclave tourism strategies need to be re-examined.
- Need for enterprise and government cyber security and biosecurity.
- Need for investor and insurance drivers to decrease perceived risk.
- Destination image based on safety is increasingly important.
- Marketers of risk destination can target tourists with a higher tolerance for risk.
- Populations exploring their own identities creates opportunities to develop cultural and natural tourism experiences.

Environmental trends

Tourism is closely linked to the environment. The natural environment and climate conditions are very important in determining the viability and attractiveness of a region as a tourist destination. Tourist developments tend to be based near attractive or unique features of the environment, enabling visitors to gain easier access to interesting natural or man-made environments. Typically, the concern of tourism stakeholders, including researchers, has focussed on how tourism development may provide enhanced opportunities for the effective management of environmentally sensitive areas and the preservation of unique environments, particularly when these are major sources of attractions for visitors. In recent years however, the focus has shifted toward the part that tourism can play in reducing environmental pollution and demands on resource use. The main environmental trends include:

1. Climate change
- Climate change and global warming are exacerbated by the influence of rising concentrations of greenhouse gases being released into the atmosphere.
- Climate change is a global phenomenon and its impacts are transboundary, however the major effects will be felt on the local and regional scale.
- Impacts of climate change and warming trends include: sea-level rise, changes to ocean currents, glacial and polar ice melts, loss of snow cover, high heat index and high diurnal temperatures, and changes to precipitation patterns.
2. Natural resources
- Rising population and economic development are affecting the availability of natural resources—food production, water and energy.
- Fossil-fuel based energy sources will become more expensive.
- The new 'carbon economy' is set to increase the demand for energy efficiency and investment in renewable forms of energy.
- Water shortages will leave over half the world's population facing water-stress.
- Conflict over scarce water resources will increase into the future.
- Demands for higher food production will increase impacts of extensive and intensive forms of agriculture.
- Broad-scale land clearing will impact on arable land and diminish native bushland.
3. Biodiversity
- Habitat loss is the main threat to species loss and biodiversity.
4. Other environmental trends.
- Decreasing ozone will increase sun radiation.
- Increasing soil salinity impacts upon agriculture and hinders productive land use.

Technological trends

Technological developments create opportunities as well as threats for the tourism and travel industry. Tourism is highly dependent upon information and transport technology. The industry also needs innovations and scientific discoveries to renew and develop products and services. The main technological trends include:

- More quantum leaps in information and communication technology (ICT).
- ICT the foremost management tool in achieving results and competitiveness.
- Networking is the most important element of the ICT revolution.
- Key strategic question is how to deploy information technology.
- New internet technologies are agents of the consumer.
- The smartest e-destinations include all ICTs to assist visitors.
- E-communities direct trends and 'advertise' for the destination / operator.
- Internet capability advanced from online booking to artificial intelligence.
- Knowledge is essential to competitive advantage of any organisation.

The success of tourism enterprises will continue to hinge on their efforts to add value to products and services through the use of technology for competitive advantage. Successful tourism managers must be able to imagine, perceive and gauge the effects of oncoming science and technology upon demand, supply and distribution. The evolution and revolution in technology will continue to influence the suppliers of the various tourism industry sectors, the visitor and the industry business environment as a whole. We herein focus on two elements of the revolution in science and technology: information and communication technology and improvements in transport technology.

The 'technological revolution' is allowing the most innovative tourism organisations and enterprises to redefine both their own structure and their relationships with partner organisations. The new technologies with sophisticated database management systems provide businesses with the tools to respond to individual preferences and to stimulate tourism purchases. ICT can give operators a better understanding of consumer needs because of research interaction and data mining, thus allowing differentiation and customisation according to personal preferences. New technology enables an increasing proportion of tourism organisations to achieve the dual goals of reducing operating costs and increasing their ability to add value for their customers.

Implications

The report highlights the implications for new product development and also for two major stakeholders- destination managers and business operators.

Development of new products and services

For all established and emerging markets, the values and attitudes of the evolving tourist have implications for suppliers of tourism goods and services. To meet visitor needs the products developed under these headings must recognise the importance of the changing characteristics of tourists as set out above. These trends affect each type of tourism market differently. Some important considerations relevant to new product development are highlighted. Several emerging special interest markets are identified.

1. Destination management: These trends have implications for destination policy, planning and development; destination management organisation; destination marketing management; risk management; and tourism education.
2. Enterprise management: The global trends have particular implications for marketing by tourism operators. We herein discuss the implications for management capabilities of tourism firms, marketing management, information technology, networks and alliances and risk management.

Conclusions

Tourism cannot control the powerful forces driving tourism demand globally, nor those forces that have a more local focus. The tourism industry must control what it can and adapt to what it cannot. But tourism stakeholders have, to some extent, the opportunity to fashion the future to their needs rather than simply to regard future events as beyond their control. Tourism stakeholders can strategically act as 'future makers' rather than 'future takers'. This requires tourism stakeholders to ask, not 'what will the future be', but rather 'what *should* the future be'?

The types of changes taking place in the global industry present both challenges and opportunities to public and private sector organisations around the world to 'construct the future' to the greatest extent possible as they

seek to achieve a sustainable tourism industry. Failure to understand these forces can result in strategic drift for all tourism organisations and entire destinations, and failure to achieve competitive advantages over rivals.

The forces taking place globally have implications for the type of tourist of the future. They also have implications for destination management and for the management of tourism organisations, as well as for new product development. This report identifies, in particular, the likely effects of these trends on tourism flows to, from, and within Australia. The trends are discussed as they affect new product development and three important stakeholders—tourists, destination managers and tourism operators.

Chapter 1

INTRODUCTION

What forms will tourism take in the future? What changes are taking place globally that will influence the types of experiences that tourists seek in the future? The answers that destination managers and tourism operators give to these questions will influence the types of products and services that are developed today to match future industry needs. Since the future cannot be known with certainty, public and private sector tourism organisations must 'gamble' on the correctness of their decisions to allocate resources today to maintain/achieve competitive advantage for their organisations tomorrow.

Many commentators have prepared lists of top 10 or top 15 trends/critical issues in tourism (Pacific Area Travel Association (PATA) 1999; Yesawich 2000). Such lists contain the usual suspects—technology, globalisation, changing travel motivations, environmental awareness, and so on. These lists make interesting reading, but in most cases they lack coherence. The reader gains no sense of the wider economic, social, demographic technological, environmental, political or other forces underpinning the projected changes, their implications for different stakeholders (e.g. tourists, industry, community and government), or the relative impact of the different factors on other industries that have links with tourism.

A key element of a successful tourism industry is the ability to recognise and deal with change across a wide range of behavioural, environmental and technological factors and the way they interact. The coming decade and a half should see major shifts in the leisure and tourism environment, reflecting changing consumer values, political forces, environmental changes and the explosive growth of information technology. No aspect of the industry will remain untouched. The challenge for tourism stakeholders in both the private and public sectors is to account for these changes proactively to achieve and maintain competitive advantage for their organisations.

The United Nations World Tourism Organisation (UNWTO) (2002: 25) has listed the major determinants and influences affecting tourism to 2020 under 11 headings:

1. Economy
2. Technology
3. Facilitation
4. Safety
5. Demography
6. Globalisation
7. Localisation
8. Social-environmental awareness
9. Living and working environments
10. 'Experience' economy
11. Marketing

While the UNWTO discusses the relevance of each of these items to the forecasts, it seems fair to say that they form a disjointed group. In most cases the item has its basis in deeper global economic, political, environmental, technological, and social trends. We shall return to explore the relevance of these influences in the discussion below.

It is important to know how world events influence consumers and suppliers of goods and services and consequently how these shape tourism. The greater our knowledge of the trends underpinning tourism development, the greater the capacity of destination managers and tourism operators to formulate strategies to achieve competitive advantage for their organisations. There is increasing competition in the tourism and hospitality industries—between destinations worldwide (between established markets and from new markets), between destinations domestically, and between firms within a destination.

Achieving competitive advantage in times of rapid change requires tourism stakeholders to have a clear understanding of the directions of change and its implications for business or destination management.

Since tourism is essentially integrated with other sectors in the economy, tourism trends cannot be considered in isolation from key drivers that will shape the world of the future. Some trends operate at a global level and may be referred to as megatrends. A megatrend is defined here as "some consistent pattern in statistical outcomes and the adoption of new behaviour by large numbers of people". Some common types of trends include: the global economy and globalisation; political; social trends and demographics; natural resources and environment; and science and technology. The approach used in this report was to categorise different forces of change and trends on a general level, decomposing the macro environment into four segments—a political, economic, social, and technological one. Subsequently, an environmental segment was added which is commonly referred to as STEEP (Armstrong 2006). A STEEP analysis emphasises that the macro-environment is a system of interrelated parts that affect one another: what are the relevant sociocultural factors; what sort of technological advances will impact the way we live and work; what economic trends could these changes create; what are the environmental factors that will affect the way we live and work; and what is the political, legal and regulatory response? This analysis was useful in identifying and structuring some of the more important drivers of change and trends affecting tomorrow's tourism and travel. These changing realities make up the strategic

context within which long-term tourism industry policy, planning and development are made. All such trends comprise the external environment in which consumers make travel-related decisions, such as where to go, how to go, what to do and how much to spend.

Tourism stakeholders will seek to achieve competitive advantage for their organisations. Those destinations and individual operators that make decisions on the supply side that do not match changing customer needs will suffer *strategic drift* (Johnson & Scholes 1997), reduced tourism numbers and yield and a possible decline in their entire tourism industry. Figure 1 depicts the proposed framework in which these megatrends exert influence and impact upon the tourism industry. The trends should guide decision processes and resource allocation. Each of these trends has sub-components as well as occasional counter-trends. Only by understanding and acting upon reliable trend forecasts will the tourism industry be able to avoid the most common cause of bad decisions including misassumptions about the external social, economic, political, and technological and natural environments. The megatrends discussed in this report will have varying effects in different regions and countries. Some trends may be of more limited scope, affecting particular industries, market segments or even particular firms. The effects of the trends here are best analysed at the product-market level but this is beyond the scope of this paper. Figure 1 displays some of the causal links that are hypothesised to influence destination management, enterprise management and new product development in tourism.

Figure 1: Influence of megatrends on tourism

Both destination and enterprise management take place in a remote environment dominated by global trends. These factors are largely beyond the control of management but set the context for strategy development to achieve competitive advantage over rivals. New products may be developed by firms and destinations consistent with projected tourism flows and fitting with tourist values and needs. In other cases they are the work of entrepreneurs whose 'creative destruction' (Schumpeter 1942) changes the nature of competition or the value that customers place on various product types.

Project Aims

This report explores the way in which some key drivers could affect the tourism industry, both international and domestic, to the year 2020. An exploration of these trends allows important change agents, on both the supply side and the demand side of tourism, to be highlighted and discussed, strategies formulated by destination managers, and tourism operators to develop tourism in a sustainable way.

While the implications extend to all tourism destinations and operations, the focus is on Australia in particular. Australia must look to the future to be ready to receive future visitors with the services and products they will demand. Tourism stakeholders, public and private sector, need to ensure tourism policies and planning, product development, and marketing strategies are consistent with the trends and environmental factors that are shaping the behaviour of future tourists.

<div align="center">**Box 1: Project Aims**</div>

- Identify global tourism forecasts to the year 2020.
- Identify the major economic, political, social, environmental, and technological forces driving global change to 2020.
- Identify those megatrends at a global and national level in Australia, which have implications for Australian tourism destinations and the firms comprising them.
- Propose recommendations that destination managers and tourism operators in Australia might adopt to maintain competitive advantage in the context of these major trends.

The outcomes of the project have implications for decision-making by all tourism stakeholders in the private and public sectors. While the focus is Australia, much of the discussion is relevant to tourism stakeholders internationally, since the underlying trends have global significance.

Methodology

The first stage of the study undertook an examination of tourism forecasts to 2020, published by the United Nations World Tourism Organisation (UNWTO). These forecasts provided a basis for investigating in more detail the influences that wider trends have on tourism flows globally over the next 15 years. This was followed by a discussion of global trends proposed by futurists. Five key drivers were considered to underpin general trends:

1. Globalisation and long-term economic trends;
2. Social trends;
3. Political trends;
4. Environment, energy and natural resources trends; and
5. Changes in technology.

This enabled identification of those trends at a global level, which will have significant implications for Australian tourism at least to the year 2020. In examining these drivers, several points should be kept in mind:

- No single driver or trend will dominate the global future in 2020;
- Each driver will have varying impacts in different regions and countries; and
- The drivers can be mutually reinforcing and in some cases they will work at cross-purposes.

Taken together, these drivers and trends set the context in which the Australian tourism industry may be expected to develop to 2020. They provide a flexible framework to discuss and debate the future of tourism demand and supply in Australia. The study then sought to identify the likely effects of these trends on tourism flows to, from, and within Australia and in particular on new product development, and three important stakeholders—tourists, destination managers and tourism operators. At this stage industry was engaged to provide input into the report. Workshops were held in Brisbane, Melbourne and Sydney, with participants representing destination management organisations (DMOs), small to medium tourism enterprises (SMTEs) and education. At each workshop participants were asked to consider the following six questions that arise from the global trends:

1. What are the priority areas for action by Australian tourism managers?
2. What are the main barriers to success?
3. How can these barriers be overcome?
4. What are the implications for new product development?
5. Are there specific implications for domestic tourism?
6. What are the implications for regional tourism?

At each workshop participants were broken into three groups (DMOs, educators and SMTEs) in which the questions were discussed and their views captured on butchers paper by a facilitator. By this means, the project team obtained the views and perspectives from representatives of industry and government organisations as to the perceived impacts of the trends identified herein on inbound, outbound and domestic tourism flows; the emerging sectors in Australian tourism; and the implications for tourism planning, new product development and marketing. The workshops assisted the project team to understand the potential impact of megatrends from the bottom up rather than imparting feedback on megatrends from the top down. The results from the workshops have greatly helped the project team develop detailed recommendations as to stakeholder strategies to maintain, and ideally enhance, Australia's destination competitiveness in 2020 and beyond.

This chapter also develops an action agenda that tourism decision makers in both the private and public sectors in Australia can undertake as part of a proactive strategy to achieve competitive advantage internationally

over the next 15 years. The discussion in this chapter includes industry feedback from a series of workshops held in Brisbane, Melbourne and Sydney.

Report Structure

The report is structured as follows.

Chapter 2 highlights tourism forecasts to 2020 developed by the UNWTO. These forecasts provide a basis for investigating in more detail the influences that wider trends have on tourism flows globally over the next 15 years.

Chapter 3 presents a literature search of megatrends in the general (non-tourism) literature which can affect tourism, both in the demand and supply sides of the global tourism industry. These include economic (including globalisation), political, social, environmental and technological trends. This draws upon an extensive published literature and enables identification of those trends at a global level, which will have significant implications for Australian tourism at least to the year 2020.

Chapter 4 identifies the likely effects of these trends on tourism flows to, from, and within Australia. The trends are discussed as they affect new product development and three important stakeholders—tourists, destination managers and tourism operators. This chapter also acts as an action agenda that tourism decision makers in both the private and public sectors in Australia can undertake as part of a proactive strategy to achieve competitive advantage internationally over the next 15 years. The discussion in this chapter includes industry feedback from a series of workshops held in Brisbane, Melbourne and Sydney. The workshops enabled the project team to inform industry of progress to date and also provide the opportunity for industry input into the report.

Chapter 5 concludes the report, with a summary action agenda.

Chapter 2

UNWTO TOURISM FORECASTS TO 2020

The UNWTO forecasts for the world tourism market in 2020 are provided in Table 1. The UNWTO (2002) forecasts that the number of people travelling will continue to boom in the 21st century, with the number of international arrivals worldwide increasing to almost 1.6 billion in 2020. This is 2.5 times the volume recorded in the late 1990s. The figures indicate that tourism overall will continue to grow in the longer term, with changed travel patterns and projected lower growth in several established destinations.

Table 1: Forecast of inbound tourism, world by regions, international tourist arrivals by tourist receiving region (million)

	Base Year	Forecasts		Average Annual Growth Rate (%)	Market Share (%)	
	1995	2010	2020	1995-2020	1995	2020
Total	**565.4**	**1006**	**1,561**	**4.1**	**100.0**	**100.0**
Africa	20.2	47	77	5.5	3.6	5.0
Americas	108.9	190	282	3.9	19.3	18.1
East Asia & Pacific	81.4	195	397	6.5	14.4	25.4
Europe	338.4	527	717	3.0	59.8	45.9
Middle East	12.4	36	69	7.1	2.2	4.4
South Asia	4.2	11	19	6.2	0.7	1.2
Intraregional	464.1	791	1183	3.8	82.1	75.8
Long-Haul	101.3	216	378	5.4	17.9	24.2

Source: United Nations World Tourism Organisation (UNWTO) (2002)
(Actual data as in UNWTO database July 2000)

The anticipated growth rate for tourism volume measured in international tourist arrivals amounts to 4.1% a year—well above the maximum probable expansion of around 3% per year in the world's wealth (National Intelligence Council (NIC) 2004). By 2020 it is forecast that tourists will be taking more long-haul trips, given that the demand for long-haul travel is income elastic (Crouch 1994).

Box 2: World Tourism to 2020

- The number of international arrivals worldwide will increase to almost 1.6 billion in 2020. This is 2.5 times the volume recorded in the late 1990s.
- The anticipated growth rate for international tourist arrivals is 4.1% a year – well above the maximum probable expansion of around 3% per year in the world's wealth.
- Long-haul travel is forecast to grow at an average annual rate of 5.4%, while intraregional travel increases at a rate of only 3.8% a year.

Emerging Destinations

By region, forecast international tourism shows the following pattern:

- Europe will continue to be the most visited tourist destination in the world with a projected total of 717 million tourists for the year 2020. The anticipated growth rate of 3.1% per year, however, is one point below the world average, resulting in a decline in market share from 60% to 46%.
- Destinations of East Asia and the Pacific will continue the strong performance achieved during the 1980s and 1990s. East Asia and the Pacific, increasing at 6.5% per year, will pass the Americas (up 3.9% per year) as the second largest receiving region, holding a 25% market share in 2020, against 18% by the Americas.

- Growth prospects for the Americas are seen as relatively poor particularly for North America but less so for South and Latin America and the Caribbean.
- Africa and the Middle East are forecast to have good prospects, with growth rates above average. The respective shares will record some increase to 5.0% and 4.4% by 2020.
- With an expected growth rate of 7.1% a year, well above the world average, the Middle East is projected to be the fastest growing region.
- Although relatively small, the volume of international tourist arrivals in South Asia is expected to reach 19 million in 2020, almost five times higher than in 1995. As a result the market share will increase to 1.2% in 2020.

Some new destinations will provide the traveller with greater choice and lower cost alternatives to established destinations. Principal new international destinations include: China, Vietnam and Mekong River countries, the Middle East and North Africa, Eastern Europe and Latin America. New destinations also include new forms of development within established destinations.

The world's main tourism destinations projected for 2020 are highlighted in Table 2 (UNWTO 2002).

Table 2: World's Top Destinations, 2020

Country	Base Year (million)	Forecasts (million)	Average Annual Growth Rate (%)	Market share (%)	
	1995	2020	1995-2020	1995	2020
1. China	20.0	130.0	7.8	3.5	8.3
2. France	60.0	106.1	2.3	10.6	6.8
3. United States	43.3	102.4	3.5	7.7	6.6
4. Spain	38.8	73.9	2.6	6.9	4.7
5. Hong Kong (China)	10.2	56.6	7.1	1.8	3.6
6. Italy	31.1	52.5	2.1	5.5	3.4
7. United Kingdom	23.5	53.8	3.4	4.2	3.4
8. Mexico	20.2	48.9	3.6	3.6	3.1
9. Russian Federation	9.3	48.0	6.8	1.6	3.1
10. Czech Republic	16.5	44.0	4.0	2.9	2.8
Australia	**3.7**	**17.5**	**6.4**	**0.65**	**1.12**
Total (1-10)	273. 0	716.2	3.9	48.3	45.9

Source: UNWTO 2002
(actual data as in UNWTO database July 2000)

The UNWTO forecasts that the top ten tourist-receiving countries will see a major change, with China becoming the leading destination by 2020. Hong Kong (China), if treated as a separate entity, will also become one of the main destinations. Also entering the top ten will be the Russian Federation, while the fast growth Asian destinations of Thailand and Singapore, along with South Africa, will move rapidly up the list, although outside of the top ten.

Box 3: World's Top Destinations

Emerging destinations include:
- The new economic powerhouses of Asia (Korea, Taiwan, Hong Kong, Singapore and Malaysia);
- Vietnam and Mekong River countries and the Middle East; and
- The large population countries (India, China, Indonesia, Brazil, Argentina and Mexico).

Australia, which received just fewer than 5.5 million tourists in 2005, is projected to grow at an average annual rate of 6.4%, which is well above the world average. This is expected to result in inbound numbers of 17.5 million in 2020, giving Australia over 1% of international tourism arrivals by that year.

Australia is well-placed geographically to access the additional tourism flows that will result from the trends identified. While many destinations will compete with Australia for visitor numbers, opportunities exist to access greater shares of these growing markets. One factor that could work in Australia's favour is the suggestion that tourism will become a more independent activity for experienced travellers. The 'shrinking world' and growing number of experienced and well-travelled tourists will lead to more tourism to 'off the beaten track places'. Destinations will become a 'fashion accessory' with potential for rapid growth of new or interesting places (UNWTO 2002).

Emerging Origins

The main tourism generating areas in 2020 are set out in Table 3 (UNWTO 2002).

Table 3: UNWTO tourism 2020 vision: forecast of outbound tourism, world by region, international tourist arrivals from the world by tourist generating region (million)

	Base Year	Forecasts		Average Annual Growth Rate (%)	Market Share (%)	
	1995	2010	2020	1995-2020	1995	2020
Total	**565.4**	**1006**	**1561**	**4.1**	**100.0**	**100.0**
Africa	13.9	36	62	6.2	2.5	4.0
Americas	107.8	173	232	3.1	19.1	14.9
East Asia and the Pacific	84.3	193	405	6.5	14.9	25.9
Europe	312.6	520	729	3.4	55.3	46.7
Middle East	8.6	21	35	5.8	1.5	2.2
South Asia	4.3	10	17	5.6	0.8	1.1
Not specified	33.9	54	81	3.6	6.0	5.2
Intraregional (a)	464.1	791	1183	3.8	82.1	75.8
Long-Haul (b)	101.3	216	378	5.4	17.9	24.2

Source: UNWTO 2002
(actual data as in UNWTO database July 2000)

Outbound travel is forecast to grow annually by 4.1% to 2020. The UNWTO forecasts that Europe, despite its below average annual growth rate of 3.4%, will remain the world's largest generating region in 2020, sourcing almost one half of all tourist arrivals worldwide.

It is also forecast that the pent up demand for travel from East Asia and the Pacific will make that region the second largest for outbound travel (average growth of 6.5% per year over the period 1995-2020) relegating the Americas (3.1% per year) into third place. Africa, the Middle East and South Asia will each experience above average growth rates (all between 5.6 and 6.2% per year).

New travel patterns reflect changes in consumer behaviour, the economic strength of source markets, new destinations, and political realignments. Shifts to north-south tourist flows are occurring in Asia (towards ASEAN countries, Australia and the Pacific Islands), in North America (towards Mexico, Central and South America) and in Europe (towards the Middle East, North and South Africa).

There are also emerging markets, including the new economic powerhouses of Asia (Korea, Taiwan, Hong Kong, Singapore and Malaysia) and the increasing number of potential travellers from large population countries (India, China, Indonesia, Brazil, Argentina, Mexico, and, to some extent, the Eastern European countries). There is a new mass tourism 'wave' arising from developing Asian economies and less restrictive travel constraints in the region. To a lesser extent this type of pent up demand is also becoming evident in Eastern Europe.

The world's projected top 20 tourism origin markets in 2020 are shown in Table 4 (UNWTO 2002).

Between 1995 and 2020 the list remains largely unchanged with respect to the major industrialised countries—Germany , Japan, the United States, the United Kingdom and France. However, there are two important newcomers. One is China entering at fourth place with a forecast of generating 100 million arrivals by

2020, predominantly to relatively proximate destinations. The other is the Russian Federation generating over 30 million visitors worldwide. Japan outbound tourism is forecast to grow strongly, second only to that of China.

Table 4: World's top outbound countries, 2020

Country	Base Year (million)	Forecasts (million)	Average Annual Growth Rate (%)	Market Share (%)	
	1995	**2020**	**1995-2020**	**1995**	**2020**
1. Germany [a]	75	153	2.9	13.3	9.8
2. Japan [a]	23	142	7.5	4.1	9.1
3. United States [a]	63	123	2.7	11.1	7.9
4. China [b]	5	100	12.8	0.9	6.4
5. United Kingdom [b]	42	95	3.3	7.4	6.1
6. France [a]	21	55	3.9	3.7	3.5
7. Netherlands [a]	22	46	3.0	3.8	2.9
8. Italy [a]	16	35	3.1	2.9	2.3
9. Canada [b]	19	31	2.0	3.4	2.0
10. Russian Federation [b]	12	31	4.0	2.1	2.0
Total (1-10)	298	809	4.1	52.7	51.8

Source: UNWTO 2002

a – Base year 1995 data

b – Absolute numbers for 1995 are estimates based on inbound tourism data from destinations

Box 4: World's Top Origin Markets

- Major origin markets in 2020 will include Germany, Japan, the United States, the United Kingdom and France.
- Two important newcomers are China, which is the projected major origin country, and the Russian Federation.

Intraregional Travel

Intraregional travel is projected to increases at a rate of only 3.8% a year. Intraregional tourism will subsequently decrease from 82% to 76% of total tourist arrivals over the same period (UNWTO, 2002). Along with the growth in north-south travel is the growth in the relative importance of travel within the Asia-Pacific region. The large volumes of first- time Asian travellers (most of whom will choose close-by destinations) will result in a rise in the intraregional share in East Asia and the Pacific (from 79% in 1995 to 81% in 2020). The same pattern is forecast for Africa with the intraregional share of arrivals rising from 57% in 1995 to 65% in 2020.

Open Sky agreements and low cost airlines on tourist travel patterns have generally encouraged more intra-regional air travel in Europe and East/South-East Asia. Low-cost carriers should continue to generate travel flows and destinations will continue to benefit from easy access that is affordable, in particular for short breaks which are becoming more and more popular. When direct links by train or plane are made available the demand for international short breaks in cities and city regions is expected to be stimulated (Nordin 2005).

Long-haul Travel

Of worldwide arrivals in 2020, 378 million are forecast to be long-haul travellers and 1,183 million intraregional. Long-haul travel is forecast to grow at an average annual rate of 5.4%. The share of long-haul travel in international tourism is projected to rise from 17.9% in 1995 to 24.2% in 2020. However, traffic is expected to grow at significantly different rates in different markets. Long-haul will increase its share in Europe (from 12 to 15% between 1995 and 2020), the Americas (from 23 to 38%), the Middle East (from 58 to 63%) and South Asia (from 75 to 85%). As a long-haul destination, Australia has the opportunity to be strategic to capitalise on this growth.

Domestic Tourism

While the UNWTO's *Tourism 2020 Vision* focuses exclusively on international tourism, domestic tourism remains much more important globally, both in activity and financial terms. Over the forecast period it is projected that most industrialised countries will come close to their ceiling for domestic tourism in respect to the proportion of the participating population and the incidence of their participation. UNWTO forecasts that the main growth in domestic tourism will be in the developing countries of Asia, Latin America, the Middle East and Africa where the proportion of the population actively participating in domestic tourism will increase strongly (UNWTO 2002).

Tourism Forecasts for Australia

The Tourism Forecasting Committee (TFC) of Tourism Research Australia produces forecasts for inbound, outbound, and domestic travel, and economic value using an iterative process (Tourism Australia 2006a). The first iteration involves estimating activity and expenditure using econometric models. These models provide forecasts based on price, income and seasonality, as well as significant events affecting source markets. The second iteration involves a sub-committee (the TFC Technical Committee) made up of senior researchers and economists (usually from TFC-member organisations) as well as independent advisors, reviewing the model-based forecasts and applying qualitative adjustments. Any adjustments are made by consensus. The third and final iteration involves industry and government experts (the TFC) reviewing the forecasts. Again, any adjustments are made by consensus.

Inbound tourism

The TFC forecasts an average annual increase in inbound tourism numbers to Australia of 5.6% between 2006 and 2015, which is higher than the UNWTO projected average increase in world tourism flows (4.1%). The projected number of international tourism numbers to Australia in 2015 is 9.2 million. Australia's share of global visitor arrivals is expected to remain relatively constant at around 0.7% over the forecast period (Tourism Australia 2006b).

Visitor arrivals by country of origin

The largest inbound growth market is expected to be China with annual average growth of 15.7%. This is followed by other Asia (7.2%) and the USA (5.4%) (Tourism Australia 2006a).

Visitor arrivals by region

Tourism Australia (2006b) has forecasted the projected growth path of inbound tourism to 2015. China and India will provide most of the impetus for changes in regional shares over the forecast period. In 2005, China and India's shares of total visitor arrivals were 5.2% and 1.2%, respectively. These are forecast to increase to 12.8% and 3.2%, respectively, in 2015. In terms of economic value, China and India's shares are forecast to increase from 8.0% and 1.1%, respectively, in 2005 to 19.9% and 2.4%, respectively, in 2015.

Economic value by origin

The TFC has developed the concept of Tourism Industry Economic Value (TIEV) to indicate the economic contribution from inbound tourism (Tourism Australia 2006b). TIEV calculates the actual value of international tourism by adjusting IVS expenditure data and therefore allowing for the understatement of one expenditure measure and the overstatement of the other measure to estimate the true value to the Australian economy. TIEV is calculated by applying three general and transparent leakages to the value of pre-payments (such as packages and airfares) as well as commissions and other deductions and discounts which will not flow through to the

Australian economy. Over the medium term, the economic contribution of inbound tourism to Australia is forecast to grow strongly, particularly with regard to the emerging market of China, and traditional markets, UK and USA (Tourism Australia 2006b).

TIEV is forecast to grow in real terms at an average annual rate of 7.1% between 2006 and 2015, to reach $35.6 billion. This is higher than the forecast average growth in visitor arrivals of 5.5% a year over the forecast period, reflecting continued gains in spending per visitor that are partly associated with an assumed depreciation of the Australian dollar against most other currencies. Looking further out, growth in inbound arrivals is expected, with increases in air capacity combining with a lower Australian dollar and lower oil prices to support the competitiveness of Australia as a travel destination.

Box 5: Australia Inbound

- The UNWTO projects Australian inbound tourism to grow at an average annual rate of 6.4%, which is well above the world average.
- The TFC forecasts an average annual increase in inbound tourism numbers to Australia of 5.6% between 2006 and 2015, which is higher than the UNWTO projected average increase in world tourism flows (4.1%).
- Over the medium term, the economic contribution of inbound tourism to Australia is forecast to grow strongly, particularly with regard to the emerging market of China, and traditional markets, UK and USA.
- Forecast grow in TIEV in real terms is at an average annual rate of 7.1% between 2006 and 2015, which is higher than the forecast average growth in visitor arrivals of 5.5% a year over the forecast period.

Outbound tourism

Outbound departures are forecast to grow relatively strongly over the coming decade, in line with increasing overseas travel aspirations (Tourism Australia 2006a). Departures are forecast to rise 6% to 5 million in 2006 and to grow at an average annual rate of 2.8% to reach 6.5 million over the ten years to 2015 (Tourism Australia 2006a).

Tourism Australia had assumed that a lower Australian dollar will increase the cost of outbound travel by Australians and thus lower growth in departures while supporting growth in domestic travel. Over the period to 2015, outbound departures are forecast to increase at an average annual rate of 2.8%, to reach 6.5 million (Tourism Australia 2006a). More recently, the value of the dollar has appreciated but is unlikely to retain its high level into the longer term.

The greatest growth in output is expected to be in the holiday market segment. By destination country, the largest outbound growth will be to Asia, particularly China and Thailand. On average, Australia's population is fairly young compared with other developed countries and younger people may be more willing to travel internationally. Australian Bureau of Statistics demographic forecasts are predicting that the 65+ age group will increase significantly over the next 10-20 years (Australian Bureau of Statistics 2005). This shift may also benefit outbound travel at the expense of domestic travel as older people generally have more time and more disposable wealth available for travel. It is also likely that the 'baby-boom' generation will have a higher propensity to travel internationally after retirement than did previous retiree generations.

However, a risk to future growth may be recent trends seen in allocating discretionary expenditure where tourism consumption in general has become softer as competition from other goods and services, in particular household goods, clothing and electronics, become increasingly more price competitive and/or more convenient.

According to the TRA National Visitor Survey, Australian's propensity to undertake outbound travel has increased from around 0.20 trips per person to 0.24 over the period 1998 to 2005 (representing average annual growth of 3.8%). Over the forecast period, average annual growth in outbound travel of 2.8% is forecast to remain higher than average annual population growth, implying further increases in the propensity of the Australian population to travel overseas.

Box 6: Australian Outbound

- Although it has risen recently, the Australian dollar is assumed to depreciate against most major currencies over the medium term. A lower Australian dollar will increase the cost of outbound travel by Australians and thus lower growth in departures while supporting growth in domestic travel.
- Over the period to 2015, outbound departures are forecast to increase at an average annual rate of 2.8%, to reach 6.5 million.
- The greatest growth in output is expected to be in the holiday market segment. By destination country the largest outbound growth will be to Asia, particularly China and Thailand.

Domestic tourism

Domestic visitor nights are forecast to increase by 0.5% on average annually to 2015. This rate is lower than the ABS forecast for population growth, implying further declines in the average propensity to travel (Tourism Australia 2006a).

Domestic visitor nights in commercial accommodation are forecast to rise at a faster pace than total visitor nights; increasing at an average annual rate of 1.3% between 2006 and 2015, to reach 85.6 million. This implies an increase in the share of domestic visitor nights in commercial accommodation from 28.2% in 2005 to 30% in 2015 (Tourism Australia 2006a).

Tourism Australia also notes that domestic tourism is facing intensifying competitive pressure from other goods and services, including overseas travel. Competitive pressures are expected to remain firm over the outlook period. As a result, the TFC projects domestic visitor nights to grow only marginally over the medium term, reaching 291 million nights in 2015. This figure will represent an average annual growth of only 0.5% a year between 2005 and 2015. The overall number of domestic visitors travelling in Australia has been growing only very slowly over recent decades. There is little likelihood of the domestic market in Australia increasing substantially. Instead, growth is likely to occur from the increase in outbound travel from countries such as India and China and later countries in South America.

A trend toward shorter, but higher yielding, trips is expected to continue over the medium term with average annual growth of 0.7% over that period leading to Total Domestic Economic Value of $59 billion (in real terms) in 2015 (Figure 2). This implies that the domestic sector will generate 62% of total (domestic plus inbound) tourism in 2020.

Figure 2: Economic value of domestic visitor nights

Source: Tourism Australia 2006b

The TFC forecasts (Tourism Australia 2006b) represent the most likely outcome given past trends, current information, and the impact of policy and industry changes. Thus, it is important to note that the TFC produces 'forecasts' as distinct from 'targets', where the latter are developed for business planning purposes as levels to aspire to in terms of planning and performance management.

Box 7: Domestic Tourism

- Australian domestic tourism is facing intensifying competitive pressure from other goods and services, including overseas travel. Competitive pressures are expected to remain firm at least until 2015.
- A trend toward shorter, but higher yielding, trips is expected to continue over the medium term with average annual growth of 0.7% over that period leading to Total Domestic Economic Value (TDEV) of $59 billion (in real terms) in 2015.

Chapter 3

GLOBAL TRENDS AFFECTING TOURISM

Various scenarios of world futures are being advanced (Hammond 1998; Goldblatt, Perraton, Held, McGrew & Anthony 2006; Glenn & Gordon 2000). The National Intelligence Council (NIC) 2004), in close collaboration with US Government specialists and a wide range of experts outside the government, has worked to identify global drivers and trends that will shape the world of 2020. It is this literature that has informed the UNWTO travel forecasts.

We highlight five key drivers considered to underpin the general trends:

1. Globalisation and long-term economic trends
2. Social trends
3. Political trends
4. Environment, energy and natural resources trends
5. Changes in technology

In examining these drivers, several points should be kept in mind:

- No single driver or trend will dominate the global future in 2020.
- Each driver will have varying impacts in different regions and countries.
- The drivers can be mutually reinforcing and in some cases, they will work at cross-purposes.

Taken together, these drivers and trends set the context in which the Australian tourism industry may be expected to develop to 2020. They provide a flexible framework to discuss and debate the future of tourism demand and supply in Australia.

Box 8: Key Drivers that Underpin the General Trends

- Globalisation and long-term economic trends.
- Social trends.
- Political trends.
- Environment, energy and natural resources trends.
- Changes in technology.

Globalisation and Long-term Economic Trends

A growing world economy

For the long term, continued moderate-to-good rates of global economic growth are anticipated by major global financial and economic institutions. Most projections indicate the world economy is likely to continue growing impressively at least over the next decade and a half. The World Bank forecast is that annual output growth in the developing world will be a mid-to-high of 4% with that of industrialised countries around 2.5% or better (World Bank 2001). By 2020, the world economy is projected to be about 80% larger than it was in 2000, and average per capita income will be roughly 50% higher. Most countries around the world, both developed and developing, will benefit from gains in the world economy. Provided Asia's rapid economic growth continues, with the fastest-growing consumer markets, more firms becoming world-class multinationals, and greater diffusion of science and technology, Asia looks set to displace Western countries as the focus for international economic dynamism (NIC 2004).

Box 9: World Economic Dynamism

- Projections indicate that the world economy is likely to continue growing impressively at least to 2020.
- Industrial countries are projected to grow at around 2.5% on average while other countries will increase at around 4.5% on average.
- Large parts of the globe will enjoy unprecedented prosperity.
- Economic dynamism is expected to be broadly based worldwide but should be strongest among so-called 'emerging markets'—especially in the two Asian giants, China and India.

Globalisation

Globalisation, the growing interconnectedness reflected in the expanded flows of information, technology, capital, goods, services, and people throughout the world, is seen by many as an overarching megatrend, a force so ubiquitous that it will substantially shape all the other major trends in the world of 2020.

Globalisation is a product of the revolutions in telecommunications and computing, the growth of free trade, the decline of communism and the democratisation of financial markets. Increased international connectivity will continue to change the shape of modern life, further diminishing the constraints of physical boundaries and extending the geographical scope of social networks.

Globalisation is a powerful force shaping national and regional economies, which are linked and interdependent as never before. Services, including tourism, are the fastest-growing sector of the global economy.

There are six main factors that will combine to promote widespread economic dynamism and growth and continue to drive globalisation (NIC 1999).

1. **Political pressures for higher living standards.** The growing global middle class—now 2 billion strong—is creating a cycle of rising aspirations, with increased information flows and the spread of democracy giving political clout to formerly disenfranchised citizens. If successful, many countries will enjoy unprecedented prosperity.
2. **Improved macroeconomic policies.** Widespread improvements in recent years in economic policy and management are setting the stage for future dynamism. Inflation rates have been dramatically lowered across a wide range of economies and are expected to remain at low levels. The abandonment of unsustainable fixed exchange rate regimes in Asia and the creation of the European Monetary Union are contributing to economic growth.
3. **Deregulation/liberalisation.** Liberalisation of air transport and open skies policy is increasingly recognised to enhance trade and tourism growth. Artificial barriers to travel will continue to come down with the deregulation of international air travel and the decline in usefulness of bilateral agreements. Political realignments in the EC and North America free trade zone will encourage travel within each region. Efforts to remove barriers to international travel by means of the ongoing liberalisation of transport and other forms of deregulation are expected to continue.
4. **Rising trade and investment.** International trade and investment flows will grow, spurring increases in world GDP. Opposition to further trade liberalisation from special interest groups and some governments will not erode the basic trend toward expansion of trade. International capital flows, which have risen dramatically in the past decade, will remain plentiful, especially for emerging market countries that reflect good governance and economic management.
5. **Diffusion of information technology.** The pervasive incorporation of information technologies will continue to produce significant efficiency gains in the developed economies. The growing two-way flow of high-tech brain power between the developing world and the West, the increasing size of the information computer-literate workforce in some developing countries, and efforts by global corporations to diversify their high-tech operations will foster the spread of new technologies. The greatest benefits of globalisation will accrue to countries and groups that can access and adopt new technologies. Indeed, a nation's level of technological achievement generally will be defined in terms of its investment in integrating and applying the new, globally available technologies.
6. **Increasingly dynamic private sectors.** Rapid expansion of the private sector in many emerging market countries—along with deregulation and privatisation in Europe and Japan—will spur economic growth by generating competitive pressures to use resources more efficiently. The impact of improved efficiencies will be multiplied as the information revolution enhances the ability of firms around the world to learn 'best practices' from the most successful enterprises.

This dynamism is expected to be broadly based worldwide but should be strongest among so-called 'emerging market'—especially in the two Asian giants, China and India. However, all countries are integrally

locked into the global economy; and no aspiring market leader in any industry can succeed without operating (or establishing networks in) all major industrialised and emerging markets.

More firms will become global, and those operating in the global arena will be more diverse, both in size and origin, more Asian and less Western in orientation. Such corporations, encompassing the current, large multinationals, will be increasingly outside the control of any one state and will be key agents of change in dispersing technology widely, further integrating the world economy, and promoting economic progress in the developing world.

The gradual integration of China, India, and other emerging countries into the global economy will result in hundreds of millions of working-age adults becoming available for employment in what is evolving into a more integrated and interrelated world labour market. Labour mobility will increase as the internet provides greater opportunities to gain jobs internationally. Implications of this include an increase in mobility and a subsequent demand for people with language skills and demand by people for language training and training that provides people with the skills to work in different cultural environments (UNWTO 2002).

Box 10: Globalisation

- Political pressures for higher living standards as democracy spreads globally.
- Improved macroeconomic policies. The widespread improvement in recent years in economic policy and management sets the stage for future dynamism.
- Deregulation/liberalisation. Efforts to remove barriers to international travel by means of the ongoing liberalisation of transport and other forms of deregulation are expected to continue.
- Rising trade and investment. International trade and investment flows will grow, spurring increases in world GDP.
- Diffusion of information technology. The pervasive incorporation of information technologies will continue to produce significant efficiency gains in the developed economies. The greatest benefits of globalisation will accrue to countries and groups that can access and adopt new technologies.
- Increasingly dynamic private sectors. Rapid expansion of the private sector in many emerging market countries—along with deregulation and privatisation in Europe and Japan—will spur economic growth by generating competitive pressures to use resources more efficiently.

Possible brakes to growth

Economic liberalisation and globalisation entail risks and, inevitably, there will be problems, some of them potentially highly disruptive. These brakes to growth can include downturns in key economies with attendant spill over implications for other economies, disputes over international economic rules, and situations of unequal growth prospects and distribution.

The countries and regions most at risk of falling behind economically are those with endemic internal and/or regional conflicts and those that fail to diversify their economies. The information revolution will make the persistence of poverty more visible, and regional differences will remain large. Within countries, the gap in the standard of living also will increase. Even in rapidly growing countries, large regions will experience low growth relative to others (NIC 1999).

Box 11: Brakes to Growth

- Downturns in key economies with attendant spill over implications for other economies.
- Disputes over international economic rules.
- Situations of unequal growth prospects and distribution.
- The countries and regions most at risk of falling behind economically are those with endemic internal and/or regional conflicts and those that fail to diversify their economies.

Relevance for tourism

Globalisation results in easier access across borders, which for the tourism industry may mean more foreign tourists as well as increased global competition from international tourist destinations. More specifically, globalisation will influence tourism in a number of ways.

Tourism flows

The projected dynamic world economy is forecast to provide the basis for increased international and domestic tourism. Studies indicate that rising income is the most powerful generator of tourism flows (Crouch 1994; Lim 1999).

Economic growth and greater spending power, combined with greater available leisure time, will allow greater numbers of people with the opportunity to travel. Rapidly rising incomes for a growing middle class in Asia will combine to mean a huge consumption explosion (NIC 2004) resulting in increasing discretionary spending, including that on travel and tourism. Even when population declines in developed countries, economic growth is expected to continue, with higher productivity allowing per capita incomes and consumption to rise. Therefore it is expected that people in these markets will have more disposable income for higher-value products, including tourism (UNWTO 2002).

The continued growth of national economies will generate increased outbound tourism and, to a lesser extent, domestic tourism. The expanding economies of Asia, particularly China and India, will generate large numbers of tourists, as will rapidly developing countries including Indonesia, Brazil, the Russian Federation and those in Eastern Europe. Where tourists will actually go, and what experiences they will seek, will depend on other factors which will be discussed below.

The diffusion of ICT

The diffusion of ICT drives globalisation and can enhance the competitive advantage of destinations comprised of tourism businesses that operate strategically to gain visitors and their associated expenditure. Those which do not adopt ICT will lag in maintaining a competitive advantage.

Tourism networks

The impact of globalisation on tourism is that more power will be obtained by the relatively small number of large global travel and tourism networks. These networks are achieving global reach not only through vertical and horizontal integration but through diagonal integration, economies of both scale and scope, and their huge investment in electronic databases and marketing. The spread of the multinational and transnational corporation in travel and tourism will continue through their economies of scale and scope. Large travel and tourism operators will continue to cater for a larger volume of tourist movements, accommodation, mainstream and mass tourism.

At the other end of the scale, niche operators will offer specialised products, services, and experiences to individuals and collections of tourists with eclectic tastes. As tourism is a high-profile industry, the response from local communities could well be unpredictable, especially in places where such images are not popular (PATA 1999).

Choice of destination region

Economic factors will thus remain positive for tourism. Individual country demand for international tourism over the longer term will continue to be determined by exchange rates and economic growth rates. The choice of destination region will be determined by economic factors, the availability of time and perceived desirability.

Growth in business travel

Global firms will require a global workforce which will increase movements of people to developed economies and a growing number of expatriate workers (NIC 1999). The increase in mobility of business will lead to high rates of growth in business travel.

Chinese and Indian industrialisation

This is a mixed blessing for most other countries and particularly for Australian tourism. This might help to contain inflation by keeping manufactured products cheap relative to services, but also help keep oil demand and prices high. That is, strong growth may be associated with switching patterns. Strong economic growth in China and India should boost tourism demand, including in Australia, but a strong $A due to strong resource demands from China would erode Australia's tourism share (Carmody 2005).

Box 12: Relevance for Tourism

- The projected dynamic world economy is forecast to provide the basis for increased international and domestic tourism.
- Increased global competition from international tourist destinations.
- Economic growth and greater spending power, combined with greater available leisure time, will allow greater numbers of people with the opportunity to travel.
- The expanding economies of Asia, particularly China and India, will generate large numbers of tourists, as will rapidly developing countries including Indonesia, Brazil, the Russian Federation and those in Eastern Europe.
- Diffusion of technology will drive globalisation and enhance the competitive advantage of destinations comprised of tourism businesses that operate strategically to gain visitors and their associated expenditure.
- Global travel and tourism networks are achieving globalisation through vertical, horizontal and diagonal, economies of both scale and scope, and huge investment in electronic databases and marketing.
- Niche operators will further offer special products, services, and experiences to individuals and collections of tourists with eclectic tastes.
- Global firms will require a global workforce which will increase movements of people to developed economies and a growing number of expatriate workers. The increased mobility of business will lead to high rates of growth in business travel.
- Chinese and Indian industrialisation is a mixed blessing for Australian tourism. This might help to contain inflation by keeping manufactured products cheap relative to services, but also help keep oil demand and prices high, thus eroding Australia's destination competitiveness.

Social Trends

The social factors likely to influence tourism and travel in the coming years can be divided into three sub-categories: social values of society, lifestyles and demographics. Social factors are closely interconnected with cultural ones, since individuals are part of larger social groups that influence their behavior, which in turn are part of and affected by the surrounding culture. The term culture can be defined as a "set of beliefs, values, attitudes, habits and forms of behavior that are shared by a society and transmitted from generation to generation" (Bennett & Kassasjin 1982 cited in Mill & Morrison 2002: 244).

Unprecedented social and demographic shifts are having profound effects on virtually every social institution. These variables include:
- Population and ageing
- Urbanisation
- Changing social structures
- Health
- Aspirations and expectations
- Values and lifestyles
- Changing work patterns
- Gender
- Education

Population and ageing

- World population in 2015 will be 7.2 billion, up from 6.1 billion in the year 2000. World population is currently growing by about 80 million people per year. The rate will slow to 50 million per year by 2015, as birth rates decline worldwide.
- More than 95% of the increase in world population will occur in developing countries, nearly all in rapidly expanding urban areas.
- While there will be a further massive increase in world population overall, declining birth rates will cause a marked fall in population in developed countries. On current trends, between now and the year 2050 the population of developed nations will decline by almost 100 million people.
- In the advanced and emerging market economies, increased life expectancy and falling fertility rates result in an ageing population. At present, one out of every 10 people in the world is aged 60 and over. Major medical

advances will enable people to live longer, healthier lives as science discovers new treatments and pushes back the frontier of ageing. By 2020, one out of every eight people will be 60 years old or over.

- In developed countries and advanced developing countries, the declining ratio of working people to retirees will strain social services, pensions, and health systems. Governments will seek to mitigate the problem through such measures as delaying retirement and encouraging greater participation in the workforce (NIC 1999)
- 'Senior citizens' will be regarded as 'older' rather than 'old'. Many older people will stay in the workforce longer, often part-time or in consulting capacities. The distinction between working life and retirement may become blurred and in developed countries the average age of effective retirement may increase to 75 years. If the age of effective retirement increases, the length of 'life-long education' may also increase. Not only will there be more old people but they will be more active, enjoy better health and be more affluent (UNWTO 2002).
- In some developing countries, these same trends will combine to expand the size of the working population and reduce the youth bulge—increasing the potential for economic growth. However, a high proportion of young people will be destabilising, particularly when combined with high unemployment or communal tension.
- Age complexity is occurring. Children are growing up faster but more adults want to be teenagers. The aspirational age of 12-year-olds is 17. Products for children will need to have cool teen attributes. Adults are behaving more like teenagers in dress sense, eating habits, interests and pastimes.

Box 13: Population and Ageing Trends

- Growing world population.
- Majority of world population growth will be in rapidly expanding urban areas.
- Population in developed countries will fall due to declining birth rates.
- An ageing population.
- Governments will seek to delay older people's retirement and encourage greater participation in the workforce.
- 'Senior citizens' will be regarded as 'older' rather than 'old'.
- In developed countries there will be a blurring of working life and retirement.
- Life-long education will increase and older people will be more active, enjoy better health and be more affluent.
- Age complexity is occurring.
- A growing youth bulge may be a destabilising factor in many societies.

Urbanisation

- There is a worldwide trend towards urbanisation. More than 95% of the increase in world population will be found in developing countries, nearly all in rapidly expanding urban areas. By 2020, more than 60% of people will live in cities.
- The number of very large cities, megalopolises of more than 10 million people, will double to about 30. Managing huge cities will be a significant new problem.
- A number of factors are contributing to the increasing rate of urbanisation including: rural poverty, drought and famine, competition for land use, environmental pressures, and legislation governing land use, especially in marginal and ecologically significant areas, diminishing viability of many small-scale and traditional farms, an ageing population seeking the amenities of city life, and the rise of services at the expense of other sectors of economies (NIC 1999).

Box 14: Urbanisation

- Worldwide trend towards urbanisation
- Managing megalopolises (huge cities) will be a significant new problem.

Changing social structures in developed economies

- Household types are diversifying away from the traditional 'nuclear' family in contemporary western society. In developed countries, family households are getting smaller and sole-parent and single-person households

are becoming more common, in part due to lower fertility rates and higher divorce rates. A new definition of family is evolving to include any combination of two or more people living in a domestic household comprising a minimum of two adults, or one adult and one child.

- Major generational groups are:
  o Baby Boomers, born around 1943-1960;
  o Generation X (or Baby Busters), born around 1960-1980;
  o Generation Y (or the Millennial Generation, the Net Generation and the Digital Generation) born around 1980-1995;
  o Generation Y is the biggest bulge since the baby boomers. While boomers are still mastering Microsoft Windows 98, Generation Y are using computers in nursery school (Business Week Online 2007).

- Generalisations abound concerning the attributes and attitudes of Generation Y. A US study (McCrindle 2001) considers that Generation Y want community: to be understood, accepted, respected, and included. Therefore they are looking for more than just continuing the consumerism experiment. When deciding to accept a job, salary ranks in order of importance after training, management style, work flexibility, staff activities, and non-financial rewards. The young people of this generation do not live to work, rather they work to live. A job merely provides the income to do what they want to do. They are on a search for fun, quality friendships, a fulfilling purpose, and spiritual meaning (one in three claims to regularly take part in a religious service of some sort). Communicating to this generation requires openness, vulnerability, and genuine interest in those we are trying to teach, and above all else, understanding. The more relaxed the environment, and the more socially conducive to discussions, the better will be the quality of the learning. (McCrindle 2001)

- Generation Y have grown up in a media-saturated, brand-conscious world. Subsequently they respond to ads differently, and prefer to encounter those ads in different places. They do not form a homogeneous market due to their racial and ethnic diversity. Generation Y's respond to humour, irony, and the (apparently) unvarnished truth. The internet is their medium of choice.

- Generation Y will readily switch their brand loyalty and are deeply involved in family purchases.

Box 15: Changing Social Structures

- A family will include any combination of two or more people living in a domestic household comprising a minimum of two adults, or one adult and one child.
- Generation Y is the largest demographic bulge and the most diverse.
- Generation Y want community, to be understood, accepted, respected, and included.
- For Generation Y a job merely provides the income to do what they want to do.
- Communicating to Generation Y requires openness, vulnerability, understanding, and genuine interest.
- Generation Y responds to humour, irony, and the unvarnished truth. The internet is their medium of choice.
- Generation Y will readily switch their brand loyalty and are deeply involved in family purchases.

Health

- High standards of public health in developed countries have contributed to increased longevity.
- Although older people are more likely to have disabilities than younger people (Australian Institute of Health and Welfare 2000), most who are in their 60s and early 70s appear to be in good health and to lead productive lives (McDonald & Kippen 1999). Thus for several years, the baby boomers who will begin to turn 65 in 2011 will represent a large group of 'older' people taking up travel opportunities. Baby boomers don't think of themselves as old and their 'can do' attitude will flow over into recreational choices. Coupled with better health they will demand products and services that cater to their ageing needs.
- There is a growing recognition that physical and mental well-being matter. People are increasingly becoming more concerned about their health and well-being. Greater value is being placed on de-stressing and self-medicating.
- An ageing population of cashed up baby boomers will increase the need for healthcare combined with recovery in attractive locations. Although travel for health reasons is not new, the form that travel products take in the future will become more sophisticated.

Box 16: Health

- Increasing longevity.
- Baby boomers will demand products and services that cater to their ageing needs.
- Greater value is being placed on de-stressing and self-medicating.
- Increased demand for combination health and travel products.

Aspirations and expectations

The growing complexity of 21st century life is driving a need for greater clarity and a quest for a deeper personal sense of meaning, not only in private, spiritual arenas but in all aspects of people's lives, including those of work and consumption. We now talk about the 'experience economy', mirroring these changes in society. Some argue that we have entered a new era where experiences are the economic offerings that are in highest demand and generate the highest value returns (Pine & Gilmore 1999).

Values and lifestyles

In the developing countries, several emerging values can be said to characterise populations. It is expected that economic development will continue to cause shifts in the values of people in developing nations.

1. *Money rich / time poor.* An increasing proportion of the population of the developing countries is in a 'time poor / money rich' situation. This implies that people increasingly value the time spent in their various endeavours, and do not waste time in unproductive activities.

2. *Individualism.* Consumer behaviour is being driven by a desire to self-differentiate. The urge to define one's self by the products and services consumed provides the backdrop for lifestyle choice, consumer behaviour, political behaviour, education choices and expectations (Education Commission of the United States 1999). Consumers are increasingly demanding the opportunity to customise or personalise the products, services and experiences they buy to meet their specific wants and needs, thus driving an expectation for almost universal customisation.

3. *Seeking a variety of experiences.* The industrialised world is in transition from the service to the experience economy. The focus is switching to delivering unique experiences that personally engage the consumer. The UNWTO (2002) refers to the polarisation of tourist taste's with comfort-based demands at one extreme, and the adventure or education oriented at the other. Overall, the adult population has more time and more money to spend on leisure pursuits and activities, and consumers are more and more looking for new and interesting experiences through an ever-broadening array of activities. There will be a growing search for the more 'authentic' in an ever-changing world with a focus on nostalgia, roots, other cultures and identity, and an increasing interest in spiritual and intellectual activity. In the experience economy, businesses not only provide services but also stage memorable experiences for customers that are entertaining and/or educational in nature.

4. *Self improvement.* Despite the tendency for travellers to take short breaks, there is a counter-trend toward high value-added and extended vacations that are purpose-driven by education, wellness, or other forms of programmed self-improvement (UNWTO 2002). As more and more material needs are satisfied for more and more people, consumers require something more, as they seek newer/richer/deeper experiences. As people look for new meanings from their consumption of goods and services in a way consistent with Maslow's self-actualisation concept, their desire for self-actualisation becomes a search for wider meaning and a sense of worth beyond material possessions.

5. *Seeking value for money.* Because consumers will increasingly have access to and information about pricing and customer satisfaction through the internet, the consumer marketing battle is likely to see a shift from competitive pricing towards service improvement. The internet has lead to more knowledgeable consumers who seek exceptional value for money and time (Buhalis 2000a).

6. *Experimental.* In the developed countries in particular, people are extremely experimental, willing to try new products, foods and attractions, but too impatient to give a second chance to a product or service that fails to satisfy initially. They are increasingly sceptical of marketers and much of the advertising associated with goods and services.

7. *Safety conscious.* Safety issues, including occupational health and safety, have been recognised as important for some time, but are becoming increasingly important for all aspects of life. Increasingly, consumers are demanding assurances of safe products and services prior to purchase.

8. *Social and environmental concern.* Affluent consumers are turning to ethical consumption (Yeoman 2005). This refers to the motivation to purchase that which lies beyond the stimulus of price, quality and opportunity and which invokes environmental and social concerns. The public awareness of socio-cultural and environmental issues will continue in the coming years. Awareness will be further increased by media

reporting on major problems such as threat to rainforests, pollution, global warming, coral reef bleaching and issues like dwindling water supplies worldwide and via direct experience of global warming impacts. As knowledge and understanding of ecosystems and human impacts on the environment improve, calls for environmental protection will increase (Costello 2002).

9. *Conflicting values: consumerism vs. ethical consumption.* There is an emerging conflict between consumerism and a wider concern for the community and societal impacts of business operations. There is an increasing and conflicting concern for the environment, increasing conservatism and an emphasis on hedonism.

Box 17: Values and Lifestyles

- Increasing number of people will be money rich / time poor.
- Increasing demand for customised or personalised products.
- In a search for wider meaning consumers will seek newer/richer/deeper experiences.
- A shift from competitive pricing towards service improvement.
- People will be more experimental, but won't give a second chance to a product or service that fails to satisfy.
- Safety issues will be increasingly important for all aspects of life.
- Increasing ethical consumption.
- Increasing concern for the environment will be conflicted by increasing conservatism and an emphasis on hedonism.

Changing work patterns

People are demanding to work flexibly, and they are not willing to sacrifice their personal and family-related goals for their careers. Generation X and Y employees want to control where and when they work. Home and office will mesh as workers demand more flexibility. Work patterns and practices will undergo significant change, with less routine attendance at a central place of work and more working from a fully equipped electronic home office. This will result in a blurring of the distinction between work and leisure (Gerkovich 2005). In Australia, the new industrial relations legislation allows the trading of holidays for cash. This has obvious implications for the domestic tourism industry as workers switch holidays for work time.

Mobility will increase as internet websites allow people to find work in different parts of the world. This means that businesses will need to integrate, as opposed to assimilate, a more culturally diverse workforce that has divergent values, work ethics, norms of behaviour, and expectations.

Demographic trends will compel businesses to change their practice of forcing older, higher paid workers out of the ranks. Indeed, the skills and knowledge of older workers will assume more value. In particular, businesses will need to develop ways for older people to stay in the workforce longer, such as flexible scheduling, skill-upgrading and elder care. Generations X and Y are increasingly entrepreneurial and are starting up new businesses at an unprecedented rate. They prefer to own a business as opposed to being a top executive. They have little or no loyalty to their employers, their bosses, established political parties or even branded products.

Box 18: Changing Work Patterns

- Home and office will mesh as workers demand more flexibility.
- Distinction between work and leisure will blur.
- Businesses will need to integrate, a more culturally diverse workforce.
- Businesses will need to develop ways for older people to stay in the workforce longer.
- Generations X and Y are increasingly entrepreneurial and have little or no loyalty to branded products.

Gender

- Society will become more feminised. The traditional distinction between the roles of men and women is becoming more blurred. More women will have university degrees, marry later in life or stay single, and enjoy increased earning power.
- Men are becoming more feminised, take a more active role in parenting, are more fashion-orientated, and develop beauty regimes including plastic surgery.

- The urban-professional woman in a developed society is 25-50 years old and is generally educated, intelligent, well-informed, busy, multi-tasking, discerning in their choices, self-directed, open to new ideas and concepts, computer savvy, and a tech-optimist (urbanboheme.com.au in Tourism Futures 2006).
- Businesses will need to recognise that women with diverse family structures and responsibilities are an important part of the workforce. They will need to continue to reform workplaces to enable women to participate more fully and for men and women alike to have the time and resources needed to invest in heir children (James 1997).
- Women are having a far greater say than they used to in purchase decisions, whether for products not traditionally associated with women (e.g. DIY) or for leisure activities and holidays. Women are having more and more influence on all the key decisions that used to be made by men and this needs to be taken into account in the nature of service delivery.
- Spending time on the internet is fast becoming the leading media choice among women. Women will share information online like they do in the real world—through transfer of knowledge through emails, newsletters, reviews, forums and blogs. Already in Australia, women make up nearly 60% of community site users, outnumber men online and book more leisure trips (urbanboheme.com.au in Tourism Futures 2006).

Box 19: Gender

- Society will become more feminised.
- Increasing rise of the urban-professional women.
- Workplaces will need to become more women friendly.
- Women will have increasing influence on all the key decisions in purchasing goods and services including travel choice.
- Already in Australia, women make up nearly 60% of community site users, outnumber men online and book more leisure trips.

Education

The globalising economy and technological change inevitably require a more highly skilled labour force. The internet will continue to expand global employment opportunities, resulting in increased demand for different language speakers and greater cultural understanding.

Increasingly, an educated population and workforce will be a determinative of success for destinations and businesses.

We are entering a new knowledge age characterised by educated, self-motivated, networked individuals. This includes innovative businesses that are well-attuned to their customers needs and staffed with highly educated workers valued as 'human capital' and organisations with external knowledge focusing on organisational culture that enshrines lifelong learning. It also includes social infrastructure that maximises opportunities for individuals and businesses to be innovative, and to learn and develop skills and to access knowledge.

Good management is replacing marketing as the key issue to successful business. Therefore, new skills are required to manage media relations, product development, security concerns, cultural degradation, globalisation etc. (de Jong 2005). Historically, there has been a huge imbalance between investment in technology, distribution systems, equipment and investment in human resources. But this is changing, given the recognised need to attract good professionals and innovators (Bergsma 2000).

Greater investment in technology, distribution systems, equipment and investment in human resources will be required.

Box 20: Education

- Global employment opportunities will expand, especially for those with a second language and cultural understanding.
- Education will be a determinative of success for destinations and businesses.
- Social infrastructure will need to maximise opportunities for individuals and businesses to be innovative, learn and develop knowledge, skills and access knowledge services.
- Good management will replace marketing as the key factor for business success.
- Greater investment in technology, distribution systems, equipment and investment in human resources will be required

Relevance for tourism

The increasing expectations of people will generate more demand for discretionary expenditure on travel and tourism. This demand, in conjunction with other social changes, will affect tourist characteristics and tourism flows.

1. *Tourism flows:* The above social demographic changes have substantial implications for tourism flows over the next 15 years.

- An increasing world population, with improved health for older persons, will imply more potential travellers, especially given the expected increased economic growth in the majority of countries. The growing urban congestion in both the industrialised and developing worlds leads to the increasingly felt need to engage in discretionary tourism to escape and/or to indulge.
- The greater pressure on time and rising stress levels leads to growing emphasis on the means of escape through holidays. Ageing of populations has implications for the type of tourism experiences that will be demanded by visitors and the types of products and services that tourism businesses need to develop.

2. *Evolving tourists*

- Characteristics of the evolving tourist include seeking 'experiences'; being money rich / time poor; having greater flexibility in the taking of leisure time; and being hedonistic, discerning, quality conscious, individualistic and desiring self improvement. Tourists typically are becoming more critical and less loyal, and seeking value for money, not necessarily low prices.
- Individuals, particularly those in the developed countries, have an increased social and environmental consciousness, seeking 'authentic' tourism experiences. They wish to be involved as participators not spectators and seek a variety of optional experiences as a tourist.
- One result of the experience economy and tourism has been a fragmentation of the tourist market into sub-sets of unique experiences. The evolving tourist is also referred to as the 'experiential' traveller (ATS Group 2001).
- The family holiday remains, but the greater growth will occur in holidays for the retired and for single people.
- Parallel to changes in demography are changes in tastes. Holidays are becoming more specialised, and increasingly carry with them some kind of educational or cultural experience. Travel and tourism experiences will be increasingly factored in to the values and lifestyles of the growing middle class worldwide. Tourists are increasingly interested in discovering, experiencing, participating in, learning about and more intimately being included in the everyday life of the destinations they visit.
- At the same time, individuals are becoming more interested in self improvement as part of the tourism experience with an emphasis on health, well-being, education, skill development and cultural appreciation.
- Changing work patterns allow for more flexibility of travel plans.
- Cashed up baby boomers are revisiting their past and there will be an emergence of rich-packers (wealthy urban professionals that return to the countries they once visited as penniless back-packers).

Box 21: Characteristics of the Evolving Tourist

- Seek 'experiences'.
- Money rich-time poor.
- Greater flexibility in the taking of leisure time.
- Hedonistic.
- Discerning.
- Quality conscious.
- Individualistic.
- Desiring self improvement.

- More critical.
- Less loyal.
- Seek value for money, not necessarily low prices.
- Increased social and environmental consciousness.
- Seeking 'authentic' tourism experiences.
- Participators not spectators.
- Want optional experiences.

Relevance for Tourism

- Travel and tourism will increasingly be factored in to lifestyles.
- Growth will be in holidays for the retired, and for single people.
- Holidays will be more specialised.
- More flexibility of travel plans.

Political Trends

Existing and emerging global players

Some generalisations may be made regarding individual countries and regions.

1. *USA.* The role of the United States will be an important factor in influencing the path that states and non-state actors choose to follow. Although the USA is very likely to remain the most important single country across all the dimensions of power in 2020, the USA will see its relative power position eroded. Globalisation will take on an increasingly non-Western character. By 2020, globalisation is likely to be equated in the popular mind with a rising Asia, replacing its current association with Americanisation.

2. *Europe.* By most measures—market size, single currency, highly skilled workforce, stable democratic governments, and unified trade bloc—an enlarged Europe will be able to increase its weight on the international scene. Europe's strength could be in providing a model of global and regional governance to the rising powers. But ageing populations and shrinking workforces in most European countries will have an important impact on the continent. Either European countries adapt their workforces, reform their social welfare, education and tax systems, and accommodate growing immigrant populations (chiefly from Muslim countries), or they face a period of protracted economic stasis.

3. *Japan.* Japan faces a similar ageing crisis that could crimp its longer run economic recovery, but it also will be challenged to evaluate its regional status and role.

4. *China and India.* The likely emergence of China and India as new major global players will transform the geopolitical landscape. A combination of sustained high economic growth, expanding military capabilities, and large populations will be at the root of the expected rapid rise in economic and political power of China and India. Because of the sheer size of China and India's populations—projected by the US Census Bureau to be 1.4 billion and almost 1.3 billion respectively by 2020—their standard of living need not approach Western levels for these countries to become important economic powers. China and India are well positioned to become technology leaders. Yet how they exercise their growing power and whether they relate cooperatively or competitively to other powers in the international system are key uncertainties.

   The 'arriviste' powers—China, India, and perhaps others such as Brazil and Indonesia, both of which could surpass all but the largest European countries by 2020—have the potential to render obsolete the old categories of East and West, North and South, aligned and non-aligned, developed and developing. Traditional geographic groupings will increasingly change in international relations.

5. *Russia.* Russia has the potential to enhance its international role due to its position as a major oil and gas exporter. However, Russia faces a severe demographic crisis resulting from low birth rates, poor medical care, and a potentially explosive AIDS situation. To the south, it borders an unstable region in the Caucasus and Central Asia, the effects of which—Muslim extremism, terrorism, and endemic conflict—are likely to continue spilling over into Russia. While these social and political factors limit the extent to which Russia can be a major global player, Moscow is likely to be an important partner both for the established powers, the United States and Europe, and for the rising powers of China and India.

Box 22: Existing and Emerging Global Players

- The USA likely to remain an important influence but with its relative power position eroded.
- Enlarged Europe will increase its weight on internationally.
- Japan faces an ageing crisis which could challenge its regional status.
- China and India will emerge as new major global players and transform the geopolitical landscape.
- Russia has international potential due to its gas and oil, but will be limited by social and political challenges.

Terrorism

In terms of political trends, perhaps the greatest will be effects, issues and fallout from heightened security and terror which are likely to continue. One of the biggest threats to tourism development is the threat of terrorism. Terrorism and internal conflicts can interrupt the process of globalisation by significantly increasing security costs associated with international commerce, encouraging restrictive border control policies, and adversely affecting trade patterns and financial markets.

The key factors that spawned international terrorism show no signs of abating over the next 15 years, and the threat of terrorism is likely to become more decentralised, due to internet use (NIC 2004). Today, the world faces

the challenge of confronting networked terrorism (Gunaratna & Jones 2004). Advances in technology and weaponry will continue to support military and terrorist activity. Information on weapons—including weapons of mass destruction—targets, tactics, and resources necessary for a terrorist operation are readily available on the internet (Browne 2005). The war on terrorism is already regarded as 'a long war'.

Both real and perceived risks associated with international tourism place serious constraints on tourist behaviour, making tourism vulnerable to terrorist behaviour. Governments need tighter security measures to ensure freedom of personal travel while still protecting people from those who would seek to harm them.

Cyber terrorism

There is an expected increase in 'cyber terrorism' to damage computer systems and disrupt critical information networks. The key cyber battlefield of the future will be the information on computer systems themselves, which is far more valuable and vulnerable than physical systems (NIC 2004). The face of 'crime' in the 21st century is more likely to surface in the form of 'white-collar' crimes (costing billions for investors and retirees), infotech and biotech crimes, and terrorism – on an information highway without borders, ownership, or jurisdiction (Stephens 2003).

Border control

A 'border-free' vision was one of the first casualties of the devastating terrorist attacks on 11 September 2001 in the USA (9/11) (Andreas 2003). Since then, political debate and policy practice has seen a re-emergence of stricter border controls in places like the US-Mexico and US-Canada borders post 9/11 (Goodrich 2002) and traditional border issues such as trade and migration are now evaluated through a security lens. Not surprisingly, politicians from across the political spectrum have been rushing to demonstrate their commitment to securing borders (also see Department of the Prime Minister and Cabinet 2004). Thus terrorism and internal conflicts could interrupt the process of globalisation by significantly increasing security costs, encouraging restrictive border control policies and to some extent creating barriers and deterrents to tourism.

Globalisation is considered to be about 'breaking down barriers and borders'; however in the current security environment, passports and visas no longer facilitate movement between countries but rather are instruments of exclusion. The passport is a political tool because it allows discrimination in terms of who can and cannot travel, even occasionally high profile individuals. As nations struggle to facilitate detailed processing of arrivals in the new security environment, they will adopt new technologies to assist in speed and efficiency. Some regard new technologies of surveillance and mobility regimes as turning individuals into data by digitizing body parts (Browne 2005), for example thumb prints. However, this is already widely adopted in nations such as the UK and the USA and is likely to continue to spread to other nations.

Potential conflict and arc of instability

On future conflict—war among developed countries is likely to be rare, but regional conflicts are likely. Asian rivals, especially China and Taiwan, and India and Pakistan, will have high conflict potential, as will adversaries in the Middle East. A nuclear Iran poses a substantial threat to Israel and the West. Internal conflicts, especially within weak nations, could trigger large-scale clashes among states attempting to assert their interests (Johnson 2001).

Regional response

A characteristic of the post 9/11 environment is that terrorists groups are networked across countries and regions. Regionally based institutions will be particularly challenged to meet complex transnational threats posed by economic upheavals, terrorism, organised crime, and weapons of mass destruction proliferation (NIC 2004). The 21st century will require a genuine comprehensive security outlook that needs to be formulated into ASEAN's regional resilience doctrine (Luhulima 2000).

Box 23: Power of 'Non-State' Actors

- Issues and fallout from heightened security and terror will continue.
- Increased security costs for international commerce.
- Restrictive border control.
- Threat of terrorism will be more decentralised, due to internet.
- Real and perceived risks constrain tourist behaviour.
- Governments will freedom of personal travel and protect people by tight security.
- Expected increase in cyber terrorism.
- Stricter border controls creating barriers or deterrents to tourism.
- Regional conflicts likely amongst LDC.

Health risks and security

The steady increase in international travel is a driving force in the global emergence and spread of infectious diseases (Perz, Allen & Schaffner 2001). Growth in international travel and tourism will bring with it, amongst other things, the unprecedented risk of infectious disease and other health-related crises. However, economic pressures to promote tourism mean that even the most dangerous, infected, and poverty-stricken countries are still vying for tourists. Such nations are often reluctant to report or are incapable of monitoring infectious outbreaks (Ritcher 2003). Political consideration can be more important than epidemiological data in public health decision-making. Governments and the media have been slow to strike the right balance between timely and frequent risk communication and placing risk in the proper context (Wilder-Smith 2005). These factors will demand origin countries take increasing responsibility for their citizens abroad through the monitoring and communicating of potential health related crises.

Quarantine, customs and biosecurity
Biosecurity is a major issue for agricultural economies such as Australia and New Zealand (Hall 2005). Tourism is an important and increasing part of the growth in population mobility. Therefore, tourism is regarded as a major area of biosecurity risk and is a focal point of border control activities, particularly in agriculturally based economies and regions.

Political pressure for assuring tourist safety
In urban areas, city officials are responding by adding technology surveillance, for example, CCTV (public space TV cameras used to monitor and/or prevent crime). The 'official' rationale is that it is a cost-effective way to combat public crime and disorder. But less tangible factors such as a general decline in feelings of safety in public in the late-modern era, the tendency for security to be commodified, and competition between and within urban venues to attract and retain customers are critical in fuelling demands for 'something to be done' (Sutton & Wilson 2004). So the tourist may feel 'safer' in a city with CCTV, but also may feel his/her privacy is impinged.
    A summary of the key political trends identified by the NIC are set out in Table 5.

Box 24: Health risks and security

> - Emergence and spread of infectious diseases driven by increased international travel.
> - Most dangerous, infected, and poverty-stricken countries vying for tourists urban tourists may feel 'safer' with CCTV, but also has impinged privacy.

Haves vs. have nots

As the discussion of globalisation indicated, the gap between the 'haves' and 'have-nots' will widen unless the 'have-not' countries pursue policies that support application of new technologies—such as good governance, universal education, and market reforms. The absorption of IT and its benefits will not be automatic because many countries will fail to meet the conditions needed for effective IT utilisation—high educational levels, adequate infrastructure, and appropriate regulatory policies.
    Those countries that pursue policies that support new technologies could leapfrog stages of development, skipping over phases that other high-tech leaders such as the United States and Europe had to traverse in order to advance. Rising powers may see the exploitation of the opportunities afforded by the emerging global marketplace as the best way to assert their great power status on the world stage. The expansion of China, India, and others such as Brazil and Indonesia is evidence of a closing gap, even though the present powers are likely to remain global leaders out to 2020.

Governance

Regarding national and international governance, established governments are likely to lose some control over their borders as migrants, technology, disease, weapons, financial transactions, and information of all kinds move about the world. Corporations and non-profit organisations will exert more influence on state affairs. Winners and losers in globalisation will emerge: effective governments in 2020 are expected to profit from opportunistic new partnerships, while incompetent governments are more likely to struggle (Johnson 2001).

Political Islam

Islam has emerged as the focus of global dissent, fulfilling a role vacated by earlier ideologies of the Cold War years. This has confounded 'end of history' theses which predicted global cultural and political homogenisation, and foresaw the marginalisation of non-western cultures. The rise of radical Islam coincides with a period of turmoil inside Muslim countries which are struggling to find just social systems. A nuclear Iran, with Islamic fundamentalist government, poses a substantial threat to world peace.

Box 25: Haves vs. Have Nots

- Gap between the 'haves' and 'have-nots' will widen without support policies.
- Countries pursuing new technologies will leapfrog stages of development.
- Islam will continue as focus of global dissent.

Impact of climate change

There are fears that the possibility of a total breakdown in society as climate change takes hold. That is, it is feared that there will be a cascading failure of states caused by climate change. They emphasise the security threat posed by global warming. The scope of the security considerations flowing from global warming is enormous. Questions that arise; will North America be in short reach of the Russian fleet if the melting polar ice caps open summer sea lanes in the Arctic? Which nations are most likely to fight over resources? What is the capacity of the international institutions such as the UN to act to avert humanitarian crises?

Climate change can lead to a rise in violent conflict and state failure. Homer-Dixon (1999) believes that 'major volatility' in nation states and in international order is an inevitable outcome of climate change.

Some nations will find their resources overwhelmed as they struggle to cope with massive internal movements of people displaced as fertile land becomes unproductive and water shortages emerge. Highly stressed states are already more violent, in all types of ways. From crime to insurgencies, ethnic clashes, and terrorism.

The impacts of climate change will vary from state to state and region to region. States suffering from famine, disease, and shortfalls of water and energy will strike out with offensive aggression in order to reclaim balance. These uncertainties are represented in Table 5.

Table 5: The 2020 global landscape

Relative certainties	Key uncertainties
Globalisation largely irreversible, likely to become less Westernised	Whether globalisation will pull in lagging economies; degrees to which Asian countries set new 'rules of the game'
World economy substantially larger	Extent of gaps between 'haves' and 'have nots'; backsliding by fragile democracies; managing or containing financial crises
Increasing number of global firms facilitate spread of new technologies	Extent to which connectivity challenges governments
Rise of Asia and advent of possible new economic middle-weights	Whether rise of China/India occurs smoothly
Ageing population in established powers	Ability of EU and Japan to adapt workforces, welfare systems, and integrate migrant populations; whether EU becomes a superpower
Energy supplies 'in the ground' sufficient to meet global demand	Political instability in producer countries causing supply disruptions
Growing power of non-state actors	Willingness and ability of states and international institutions to accommodate these actors
Political Islam remains a potent force	Impact of religion on unity of states and potential for conflict; growth of jihadist ideology
Improved weapons of mass destruction capabilities of some states.	More or fewer nuclear powers; ability of terrorists to acquire biological, chemical, radiological, or nuclear weapons

Arc of instability spanning Middle East, Asia, Africa	Precipitating events leading to overthrow of regimes
Great power conflict escalating into total war unlikely	Ability to manage flashpoints and competition for resources
Environmental and ethical issues even more to the fore	Extent to which new technologies create or resolve ethical dilemmas
US will remain single most powerful actor economically, technologically, militarily	Whether other countries will more openly challenge Washington; whether US loses science and technology threat

Source: NIC 2004

Relevance of political trends for tourism

The political trends identified above will affect tourism flows globally in the following ways:

- Destinations that are perceived to be less safe and secure will be avoided by tourists. Peace, safety, security, and political stability are fundamental requirements for sustainable tourism development. Any threat to the safety of tourists causes the decrease or total absence of activity in an affected destination, which in turn may negatively influence inbound tourism to neighbouring destinations as well (Cavlek 2002). Political stability will be an important precondition for the prosperity of tourism.

- Destinations that do not advance economically because of political constraints to growth will generate fewer outbound and domestic tourist numbers. Conflicts between countries will constrain tourism flows overall but can also benefit destinations perceived to be 'safe'.

- Conflicts in and around the Middle East have capacity to substantially increase fuel costs of travel. This impacts on both the demand for travel but also places increased pressures on suppliers many of which already operate on low margins.

- The destination as a whole as well as the individual operators who deliver the tourism product must play a role in sustaining the safety and security of their visitors and collectively the destination. It has been suggested that the increased volume of global tourism activity has combined with the attractiveness of high-risk exotic destinations to expose tourists to greater levels of risk. Tourism's vulnerability raises the need to have and effectively be able to implement disaster management strategies, particularly at the destination level (Faulkner 2001; Mistilis & Sheldon 2005, 2006).

- The events of 9/11 marked a 'turning point' with respect to policies, practices and attitudes towards security and border controls, with many negative implications for the tourism industry both in the US and abroad as the tourism environment has been perceived to have changed considerably. In practice, increased and 'sustained' enforcement crackdown at borders may do more to inhibit legitimate travel and trade than terrorists (Andreas 2003). Increased and cumbersome border controls may have implications for border tourism destinations (Cothran & Cothran 1998).

- Enclave tourism strategies need to be re-examined in the context of world terrorism and trends in security and risk management strategies that arise from this new terrorism environment. To concentrate international tourists in self-contained isolated cities makes them safer most of the time but also more vulnerable to major terrorism (Cothran & Cothran 1998). Enclave developments may face less daily crime but a greater risk of a major terrorist attack on an inviting target (e.g. Bali bombings), while non-enclave tourism faces a greater danger of day-to-day crime (Cothran & Cothran 1998). With higher levels of vulnerability the investment cost in security rises (Goodrich 2002) with diminishing returns (Elhefnawy 2004). Large-scale and locally centered violence will present continuing challenges to a number of destinations and tourism sectors

- There is a growing need for enterprise and government cyber security and biosecurity, investor and insurance drivers to decrease perceived risk.

- Image based on safety may become increasingly important as the number of economies tied to tourism increases, as the current trends seem to indicate. However, realistically, controlling risk perception may be difficult when competing against mass media bent on sensationalising particularly negative occurrences and tragedies (Lepp & Gibson 2003).

- Marketers of destinations affected by real or imagined risk factors may need to target tourists with a higher tolerance for risk. However, as populations age, the likely tourist profile of the future would be one that would be less tolerable to risks and less prone to risk-taking. International attitude, risk perception level and income were found to directly influence international vacation destination choice, whilst touristic experience and education were indirect influences (Sonmez & Graefe 1998).

- Populations are responding to the globalisation of economies, markets, systems and cultures by exploring their own identities. This is likely to lead to the increasing questioning by residents of the form and scale of tourism development and type of destination marketing in those societies. On the other hand, there seems likely to be substantial opportunity for the development of tourism experiences related to the cultural and

natural resources of these subsets of society. Such experiences would have particular appeal to tourists who are highly educated, mature, affluent, well-travelled, environmentally aware and sensitive to the social and cultural traditions, systems and mores of the destinations they visit. It is these tourists who are responding to the demands of local groups to be heard, recognised and valued.

Box 26: Relevance of Political Trends for Tourism

- Destinations perceived as less safe and secure will be avoided.
- Middle East conflicts will substantially increase fuel costs of travel.
- The whole destination and individual operators must sustain safety and security.
- Enclave tourism strategies need to be re-examined.
- Need for enterprise and government cyber security and biosecurity.
- Need for investor and insurance drivers to decrease perceived risk.
- Destination image based on safety is increasingly important.
- Marketers of risk destination can target tourists with a higher tolerance for risk.
- Populations are exploring their own identities creates opportunity to develop cultural and natural tourism experiences.

Environmental Trends

Contemporary environmental problems will persist and in many instances grow over the foreseeable future. All countries are likely to face intensified environmental problems as a result of population growth, economic development, greenhouse gas emissions and rapid urbanisation. The major environmental trends addressed here are generally based on the United Nations Environment Program's (UNEP's) identification of the main environmental issues and indicators of concern, addressed in its Global Environment Outlook reports (UNEP 2002).

These main environmental trends include:

- Climate change
- Natural resources depletion (energy, water and land-use)
- Loss of biodiversity
- Other environmental trends of particular relevance to Australia, including ozone depletion and land salinity

Unlike the other trends discussed in this report which assume a 15 year time horizon, forecast changes in environmental variables may extend to the end of this century and beyond.

Climate change

Climate change has become, and will continue to be, one of the most concerning and controversial environmental challenges of our time. Over recent years, there has been an increase in the awareness and better understanding of the scientific evidence that supports trends in climatic changes seen today as well as better refined modelling and scenarios that forecast likely impacts for the future.

Although a detailed scientific overview of climate change and greenhouse gases are beyond the scope of this report, climate change generally refers to significant changes in long-term average weather patterns, which in turn shifts the climatic characteristic of a region over time to new conditions. These significant changes can manifest themselves as shifts in atmospheric and ocean water temperatures, thus creating new conditions for air temperatures as well as rates of precipitation and evaporation, and other weather variables such as wind and storm patterns. Many of these shifts are influenced by conditions created over many years and decades; thus the impacts are often not immediately apparent but rather lag over a period of time into the future. This level of uncertainty presents one of the biggest challenges to mitigating and adapting to climate change.

According to the United Nation's International Panel for Climate Change, a great majority of climate models predict a near-surface warming trend under the influence of rising concentrations of greenhouse gases in the atmosphere. In Australia alone, it is estimated that a rise of up to 22% in greenhouse gas emissions are likely by the year 2020 (Australian Greenhouse Office (AGO) 2005), thus contributing to this warming trend into the future.

It is important to point out that greenhouse gases and climate change are not unprecedented phenomena, since climatic variation has been part of the Earth's system throughout geological time scales. However, one of the major factors in the current climate change trend is the contribution from continued reliance on and consumption of fossil-fuel based energy sources. What is unprecedented are the rates at which these greenhouse

gases are being and will continue to be released into the atmosphere as a result of combustion of fossil-fuel based energy sources, which drive the development and growth seen for the vast majority of economies on Earth.

Fortunately there is a growing awareness that continuing the path of growth under 'business-as-usual' conditions is not sustainable for the environment, or for future economic development. Changes are needed today to mitigate and in many instances adapt to the new conditions being created today for the future. A recent independent report commissioned to assess the evidence and understanding of the economics of climate change, titled the *Stern Review on the Economics of Climate Change*, states that the benefits of strong, early action to invest in reducing emissions, mitigation, and adaptation capacity will considerably outweigh the costs incurred today (Stern 2006).

The general warming trend across the globe, which is currently observed as climate change, has many direct and indirect environmental consequences which are transboundary, i.e. across one or many political and geographical borders, and likely to vary greatly between regions, continents, and climate zones. Some of the direct consequences of temperature changes include sea-level rise, changes to ocean currents, accelerated rates of glacial melt in the polar regions, and loss of snow cover and permafrost. Other consequences include alteration of precipitation patterns such as rainfall events, and likelihood of increased frequency and/or intensity of extreme weather events such as storms and drought conditions. For Australia, 2005 was the hottest year since records commenced in 1910, with around 97% of the continent experiencing above-average mean temperatures with an increase of 1.09°C on the average recorded between 1961-1990, and this warming trend is likely to continue for the decades ahead (Bureau of Meteorology 2006). This is said to represent a 1°C increase in mean temperatures, or equivalent to many southern Australian towns shifting northward by about 100km.

Box 27: Climate Change

- Climate change and global warming are exacerbated by the influence of rising concentrations of greenhouse gases being released into the atmosphere.
- Climate change is a global phenomenon and its impacts are transboundary; however the major effects will be felt at the local and regional scale.
- Impacts of climate change and warming trends include sea-level rise, changes to ocean currents, glacial and polar ice melts, loss of snow cover, high heat index and high diurnal temperatures, and changes to precipitation patterns.

Depletion of natural resources

Due primarily to population growth and economic development, the biological and physical resources of the Earth are being degraded and/or exhausted. Affected resources include agriculture and food resources, energy, water, and land use. These are discussed below.

Agriculture and food resources

World population is growing rapidly, resulting in increasing pressure on food resources. About 98% of the population growth will be in developing countries, which are already having trouble feeding their people. Burgeoning populations put increased pressure on the Earth's land, water, food, timber and energy resources. Food, land and water security will become even more critical issues.

Energy

One of the major economic issues in the world is the inevitable rise in the price of oil and the consequent impact this will have on economies, given the current dependence on fossil-fuel based energy sources. With substantial investment in new capacity, overall energy supplies will be sufficient to meet global demands over the next few decades. Many of these areas, such as the Caspian Sea, Venezuela, and West Africa, are being counted on to provide for the increased projected output, however there is substantial political and/or economic risk attached to these sources.

Traditional suppliers in the Middle East are also increasingly unstable. Thus, sharper demand-driven competition for resources, perhaps accompanied by a major disruption of oil supplies, is among the key uncertainties. To date, production has kept increasing. But new discoveries appear already to be declining. The global economy should continue to become more energy efficient through to 2020 (NIC 1999). Traditional industries are increasingly efficient in their energy use but it is likely that oil prices will continue to rise, with adverse impacts on the costs of all industry including travel and transport. The 'big rollover' in production—when production starts declining—currently is forecast to occur any time between now and 2030 to 2050. But one thing seems certain: extracting more oil is very likely to require higher and higher prices (Carmody 2005)

Water

World consumption of water is increasing at twice the rate of population growth. Over the next 30 years, the number of countries facing water shortages will double. Conflict and even wars could result from disputes over water. Pressure on water resources over the next 30 years will be concentrated in countries in arid areas, such as Africa and the Middle East.

By 2020, nearly half the world's population—more than 3 billion people—will live in countries that are 'water-stressed'. The impacts of this stress are expected to be stronger in the developing world—mostly in Africa, the Middle East, South Asia, and northern China (NIC 2004). This is likely to constrain tourism developments in these destinations, but also in Australia where water shortages are becoming increasingly apparent.

In other parts of the world, e.g. where water supply is currently dominated by melting snow or ice, an increase in surface temperatures is expected to produce less winter precipitation as snow and the melting of winter snow would occur earlier in spring. With more than one-sixth of the Earth's population relying on glacier and seasonal snow packs for their water supply, the consequences of these hydrological shifts are likely to be severe (Barnett, Adam and Lettenmaier 2005).

Conflict could occur where countries share water resources, such as within the catchment areas of the River Nile or River Jordan. The drying out of rivers could also affect the environment (and tourism) in areas where swamplands and deltas have been designated areas of outstanding natural beauty (UNWTO 2002).

Land-use

With increasing extensive and intensive land use for agricultural purposes, significant degradation of arable land will continue, as will the loss of tropical forests.

One of the main threats facing native bushland globally is broad-scale clearing. Land clearing destroys plants, entire habitats and local ecosystems and removes the food and habitat on which other native species rely. Clearing also allows weeds and invasive animals to spread, increases greenhouse gas emissions and can lead to soil degradation, such as erosion and salinity, which in turn can harm water quality (Department of the Environment and Heritage 2005 a, b).

Box 28: Natural Resources

- Rising population and economic development are affecting the availability of natural resources—food production, water and energy.
- Fossil-fuel based energy sources will become more expensive.
- The new 'carbon economy' is set to increase the demand for energy efficiency and investment in renewable forms of energy.
- Water shortages will leave over half the world's population facing water-stress.
- Conflict over scarce water resources will increase into the future.
- Demands for higher food production will increase impacts of extensive and intensive forms of agriculture.
- Broad-scale land clearing will impact on arable land and diminish native bushland.

Loss of biodiversity

Species loss is increasing due to population pressure and loss of habitat, pollution and over-hunting, which in many cases includes illegal poaching of threatened species.

Since many native species need specific environmental conditions to survive, loss of habitat is the main cause for some endemic species being lost from local areas. If this happens in several regions, it can end up causing extinctions (Department of Environment and Heritage (DEH) 2005a, b).

The Wet Tropics of the Far North of Australia are not expected to keep pace with rapid changes in temperature and rainfall; as much as 66% of all endemic vertebrates could be lost in 50 to 100 years depending on the rate and timing of climate variations (AGO 2002).

Box 29: Biodiversity

- Habitat loss is main threat to species loss and biodiversity.

Other environmental trends

In addition to the previously discussed environmental trends, there are also other environmental trends which have particular relevance and concerning outcomes for Australia. These include ozone depletion and land salinity.

The depletion of the ozone layer, more commonly referred to as the 'ozone hole', has been attributed to the release of chlorofluorocarbons (CFCs) into the atmosphere, thus accelerating the depletion of ozone in the Earth's stratosphere. The ozone layer is what protects the surface of the Earth from ultraviolet radiation, which impacts on living organisms on Earth including humans. It is most commonly sourced from industrial processes, refrigerants and aerosol sprays. During the 1980s and 1990s, global efforts in reducing and ultimately eliminating these sources of CFCs have helped to stall any further accelerated depletion of the ozone layer, however, the risk of depletion will continue to be felt particularly in Australia until at least the 2050s. In addition, global warming may drastically amplify the capacity for ozone-destroying chemicals to linger in the stratosphere for decades (Viner & Nicholls 2005).

Increasing soil salinity is one of the most significant environmental problems facing countries such as Australia. While salt is naturally present in the soil, European farming practices associated with rising groundwater levels have caused a marked increase in salinity in Australian land and water resources (DEH 2005a), thus rendering the affected land as lacking the necessary conditions for agriculture and other productive land-uses.

Box 30: Other environmental trends

- Decreasing ozone will increase sun radiation.
- Increasing soil salinity impacts upon agriculture and hinders productive land use.

Relevance for tourism

Tourism is closely linked to the environment. The natural environment and climate conditions are very important in determining the viability and attractiveness of a region as a tourist destination. Tourist developments tend to be based near attractive or unique features of the environment, enabling visitors to gain easier access to interesting natural or man-made environments. Typically the concern of tourism stakeholders, including researchers, has focussed on how tourism development may provide enhanced opportunities for the effective management of environmentally sensitive areas and the preservation of unique environments particularly when these are major sources of attractions for visitors. In recent years, however, the focus has shifted toward the part that tourism can play in reducing environmental pollution and demands on resource use.

Climate change will influence which destinations tourists will prefer and which ones will cease to be as attractive. Table 6 presents an example of some of the major environmental implications of climate change that will impact on tourism destinations in the future.

Table 6: Potential climate changes and their anticipated impacts over the next 50-1000 years

Projected climate change	Environmental implications	Potential impacts on tourism activity	Likely affected regions
Much warmer, wetter winters. Warmer, drier summers. More 'reliable' summers.	Potential stress on ecosystems sensitive to warming, such as tundra and alpine regions. Damage to some ecosystems as a result of increased tourism activity.	Improvement in summer conditions could trigger more domestic holidays. Warmer more reliable summers also provide increased incentive for those in hotter regions to travel to destinations with more favourable summer conditions. Detrimental effects on the ski industry—a decline in the number of days of reliable snow cover in winter, especially for low-lying resorts, creating capacity pressures for higher altitude ski resorts.	Northern Europe North America
Warmer, wetter winters. Much warmer, drier summers. Increased heat index—more days above 40°C. More arid landscape.	Greater risk of drought and bushfire hazard. Rise in water shortages. Greater personal heat stress. Vulnerability to tropical disease (e.g. malaria). Reduced air quality in cities.	Reduction in tourist numbers in traditional mid-summer destinations due to excessive heat, however an increase in numbers may be apparent in current shoulder seasons. Increased incentive for outbound tourists to head to more temperate and milder summer destinations rather than holiday 'at home'. Potential for substantial damage to tourist facilities and disruption of services during or following bushfires or other extreme weather events. Adverse effects on sport tourism and sports event tourism in midsummer.	Mediterranean Southern Europe Australia Australian south-east coast and major capital cities
Warmer winters. Warmer summers. Rise in heat index. Slight rainfall increases. Increased frequency and/or intensity of tropical storms.	Greater risk of storms and beach erosion. Rise in sea level and potential infrastructure damages from tidal surges / flooding risks. Risk of rise in tropical diseases. Coral bleaching. Salinisation of aquifers.	Some coastal tropical and sub-tropical destinations may become too hot to visit in summer, but general, sightseeing travel unlikely to be greatly affected. Potential for substantial damage to tourist facilities and disruption of services during or following significant weather events such as storms and flooding. Decreased aesthetic value of coral reefs as tourist destinations, due to coral bleaching. Loss of confidence in destination due to increasing health risks.	North American Florida coast and Gulf region Caribbean Australia Coastal areas of Queensland, Northern Territory and northern Western Australia
Little change in rainfall. Relatively little change in temperatures.	No dramatic climatic changes foreseen. Islands and coastal areas vulnerable to sea level rise. Coral bleaching.	Limited influence on travel patterns, though decline in dive and beach markets possible.	South East Asia

| Increased incidence of drought conditions in hinterland and inland regions. Higher heat index. | Arid rural landscape. Greater risk of drought and bushfire hazard. Rise in water shortages. | Reduction in summer tourist numbers to rural and inland destinations, such as wineries and alpine regions, due to excessive heat. However an increase in numbers may be apparent in current shoulder seasons. Potential for substantial damage to tourist facilities and disruption of services during or following bushfires or other extreme weather events. Disruptions in nature-based tourism, such as visits to national parks. | Southern Europe Australia Alpine regions of Australia Rural Australia |

Source: Adapted from Viner & Nicholls 2005

As environmental changes take place, development of 'artificial' (indoor) environments for tourism may be expected to increase. Diminishing supplies of energy will impact on fuel costs, affecting transport costs and hence tourism flows.

In addition to affecting natural tourist attractions, climate change could impact on the profitability of the industry through increasing temperatures and energy use. Roughly 50% of all energy consumption in hotels is attributable to air-conditioning; rising temperatures may therefore impact on the 'bottom line' of operators in many areas of tourism operations including in Australia.

Tourism is a transport-intensive business. Possibilities for substitution to other fuels, on the basis of proven technologies, are limited. Tourism is heavily exposed to higher oil prices. In the face of declining stocks of oil, if it comes to a conflict between basic transport needs (e.g. for economic development and commuting to work) and discretionary transport needs such as recreational tourism then tourism is likely to suffer the most. Ongoing high oil prices would be particularly bad for tourism in Australia given that it is a long-haul destination. Also, since high oil prices feed into higher inflation and interest rates, any resulting economic recessions will impact adversely on the tourism industry (Carmody 2005).

There is increasing support for the view that the tourism industry should make a fair contribution in efforts to reduce greenhouse gas emissions and other pollutants. Australia, as a long-haul destination, may become much less price competitive if carbon taxes are imposed on aviation to and from the country. In particular, the rapid growth in aviation emissions contrasts with the success of many other sectors of the economy in reducing emissions. Without action, such as the imposition of carbon taxes, costs to economies from the growth in emissions will grow much faster than loss of benefits to tourism industry stakeholders. While emissions from domestic flights are covered by the Kyoto Protocol targets, international aviation is not. Moreover, jet fuel for international flights has historically been exempted from taxation. Bilateral air agreements between EU Member States and third countries are being changed to allow this possibility, but this will take time to implement.

At this point in time, the question is not whether we should change our industrial operations and lifestyles to accommodate the environment but how radically we must change current practices in conserving the environment, adapt to new environmental conditions, how quickly we must act, and how much it will cost us. This will not be an easy transition. As some nations continue to resist changes that could affect their economies and developing countries assert their right to the same energy-consuming and polluting luxuries the West has long enjoyed, the controversy over environmental issues can only grow in the years to come.

Box 31: Environmental Trends—Relevance for Australian Tourism

- Rising sea levels and increasing tropical storms intensity and frequency threaten coastal tourism destinations and infrastructure.
- Lack of snow cover threatens the viability of the winter ski industry.
- Increasing drought conditions will create many water-stressed regions across Australia.
- Increased risk of summer bushfires will impact upon rural and hinterland tourism to national parks.
- Rising temperatures and UV radiation will increase heat stress and impact upon summer visitation and visitors' willingness to spend time in the sun.
- Habitat, biodiversity and species loss will impact visitation to ecotourism hotspots such as tropical rainforests and the Great Barrier Reef.
- Increasing need to respond to climate change through effective short-term mitigation and long-term adaptation strategies.

Technology Trends

Knowledge is increasingly recognised to be essential to competitive advantage of any organisation. In the future, knowledge will become an even more important asset in economies and businesses. Those countries, businesses and people that manage it cleverly will do better than those who do not.

Fifteen years ago, few predicted the profound impact of the revolution in information technology. Looking ahead another 15 years, the world will encounter more quantum leaps in information and communication technology (ICT) and in other areas of science and technology.

Technology is by far the foremost management tool in achieving results and competitiveness in this business operating environment. The new ICT enables segments to be identified and products and services developed and marketed to publics that share characteristics, attitudes, behaviours and interests. The benefits of e-commerce (commerce conducted over the internet) include:

- Easier access to new domestic and foreign markets and customers with global networks of people, businesses, governments and other organisations crossing linguistic and geographic boundaries.
- Speedier business transactions.
- Lower costs—e-commerce will greatly reduce traditional business transactions costs, the length of the value chain.
- E-commerce is more likely to work on the basis of real demand; new methods of doing business – many customers will still want a social experience, they still want to touch and smell products. They'll want or need help from real people, rather than virtual people. Business to business e-commerce (B2B) will grow much faster than business to consumer e-commerce.
- Business organisations are increasingly appreciating that networking is the most important element of the ICT revolution because synergies between departments and organisations reduce labour costs, increase efficiency and enable flexible and differentiated product development. They reduce duplication and enhance transparency of information (Buhalis 2000b).
- ICT enables firms to reduce operational and communication costs and enhance flexible pricing thorough specials and last minute deals.
- ICT gives operators a better understanding of consumer needs because of research interaction and data mining, thus allowing differentiation and customisation according to personal preferences. ICT is increasing the efficiency, productivity and competitiveness of firms globally (Buhalis 2000b).

Competitive strategy and information and communication technology

In the current business era, strategy is more important than ever before (Porter 2001). The key strategic question is *how* to deploy information technology for strategic advantage. Whilst the internet provides better opportunities to develop distinctive strategic positioning, it must be used to build on 'proven principles of effective strategy'. The internet and technology are *not* substitutes for sound business. Technology must complement traditional ways of competing, for the internet rarely nullifies the most important sources of competitive advantage in any industry (Mistilis & Daniele 2004). New internet technologies are agents of the consumer. Web2.0 is currently most common—the term used to describe phenomenon of convergence of societal trends (e.g. internet penetration) and technology (ajax, blogs, wiki) making applications run more like desktop applications. With the Web2.0 boom, websites with user-generated content exploded, increasing collaborations between fellow online consumers.

ICT content convergent trends have one outcome—print to digital. The trends have enhanced the growth of e- tourist communities—the global tourist e-village. They are theme-based and self-publishing on blogs, trip diaries, videos—digital first often then to hard copy. They include more user-generated content, richer media such as images, videos and pod casts are easier to create and share and use new collaborative methods—for consumers (e.g. blogs) as well as suppliers.

Generation Y's online world includes sites with video clips, opinions, chat rooms, groups and blogs. It is fundamentally where this age group 'lives'. Therefore, destinations and operators need to integrate these online communities and product creating excitement to better reach their consumers: YouTube, Flickr, mySpace (61 million registered users) and Second Life.

The smartest e-destinations include photos, blogs, hotel, attraction, transport and other information, maps, videos, travel guides, user reviews and trip planners. For example, drive trip planners may have themed drives for specific interest groups—half- to multi-day drives, integrated with accommodation and attractions.

E-communities may direct trends and 'advertise' for the destination /operator, so suppliers need to understand new media and marketing opportunities (not just traditional advertising) and analyse and respond to reviews of their products and services. However, information quality and trust still underpin the value of these for the consumer and commentary of consumer groups needs structure—groups of unrelated stories do not in themselves constitute information. So it is questionable how influential these are for the tourist's choice of product or destination.

Web 3.0 or the 'semantic web' will introduce intelligence systems (AI) to the internet which act as personal advisors—the business model now adopted by leading travel agents. This will close the gap between on- and offline travel services as it has the capacity to provide tailored information to the potential tourist, which travel agents do now.

Thus, internet capability is advancing from simple online travel booking to advanced content and collaboration to AI. Unfortunately, many Australian destinations and suppliers have not yet adopted fully the first capability stage of a fully integrated online booking system, but instead have information-only sites. Destinations and operators must market and sell online with user-friendly sites targeting their specific markets and fully integrated reservations systems. These sites must result from and be an integral part of the organisation's business plans.

Box 32: Technology Trends

- Knowledge is essential to competitive advantage of any organisation
- More quantum leaps in information and communication technology (ICT)
- ICT the foremost management tool in achieving results and competitiveness
- Networking is the most important element of the ICT revolution
- key strategic question is how to deploy information technology
- New internet technologies are agents of the consumer.
- The smartest e-destinations include all ICTs to assist visitors
- E-communities direct trends and 'advertise' for the destination /operator
- Internet capability advanced from online booking to AI

Technology relevance for tourism

Technological developments create opportunities as well as pose threats to the tourism and travel industry. Tourism is highly dependent upon information and transport technology. The industry also needs innovations and scientific discoveries to renew and develop its products and services (Nordin 2005). In the view of many, the entertainment industry is now the driving force for new technology, replacing defence.

The success of tourism enterprises will continue to hinge on their efforts to add value to products and services using technology producing competitive advantage. Successful tourism managers must be able to imagine, perceive, and gauge the effects of oncoming science and technology upon demand, supply, and distribution. The evolution and revolution in technology will continue to influence the suppliers of the various tourism industry sectors, the visitor and the industry business environment as a whole. We herein focus on two elements of the revolution in science and technology: information and communication technology and improvements in transport technology.

Information and communication technology

- The 'technological revolution' is allowing the most innovative tourism organisations and enterprises to redefine both their own structure and their relationships with their partner organisations.
- The new technologies with sophisticated database management systems provide businesses with the tools to respond to individual preferences and stimulate tourism purchases.
- ICT can give operators a better understanding of consumer needs because of research interaction and data mining, thus allowing differentiation and customisation according to personal preferences.
- New technology enables an increasing proportion of tourism organisations to achieve the dual goals of reducing operating costs and increasing their ability to add value for their customers (European Commission 2002).
- Interactive access to product offering via the internet gives tourists unprecedented control over how they spend their time and money. Destinations and tourism organisations that do not embrace the internet and make the associated investments in information technology, expert systems and computer programs will lose competitiveness.
- New technologies globally compete with tourism by delivering new forms of entertainment in or near the consumer's home. Tourism/hospitality firms must meet the challenges and opportunities offered by technological advances if they are to achieve and maintain competitive advantage.
- The facilitation of booking travel and tourism through electronic technology is leading more suppliers to seek to increase their direct sales, bypassing the travel agent or other intermediary. With online travel agency services such as Expedia and Travelocity becoming freely available, travel agents will still have a role to play but may well have to redefine that role for them to remain relevant. Opportunities exist for travel agents to become information editors and suppliers of product at the destination.

- Intelligent agent computer programs which are a combination of pre-entered information (e.g. likes and dislikes in respect of holidays) and observed behaviours in use of online booking patterns are able to make suggestions on possible options for the user, thus saving time in 'surfing' the internet.
- CD ROMs are likely to be increasingly used as electronic brochures, saving time in the inspection of paper brochures. These are likely to be sponsored by both tour operators and destinations.
- The gradual development of ambient technologies and 3G mobile devices providing 'the mobile internet' will further empower visitors/consumers by providing location- and time-dependent information, offers and services.

Transport technology

- Faster and more comfortable transport is increasing the accessibility of destinations worldwide.
- New technology is improving the speed and reducing the real cost of travel. More fuel-efficient aircraft will progressively reduce real costs of international travel.
- As airline and airspace capacity become increasingly limited, high speed, high capacity passenger vessels will play an increasingly important role in tourist travel.
- Next generation aircraft will generate even greater economies of scale, and higher efficiency particularly on long-haul flights, with potential to further reduce the real costs of travel, and also provide faster point-to-point transport from regional airports where time slots are available.
- Improvements in efficiency, safety and range of travel are ongoing. Larger aircraft for non-stop long flights will likely be increasingly needed for long-haul travel as well as demanded by customers valuing comfort.
- Future developments will involve ever larger capacity aircraft and better 'matching' of aircraft types according to demand. The implication is yet cheaper air travel. While this will tend to lower the costs of travel the uncertain factor is future rises in fuel costs. Airlines will also face the challenge of reducing social and environmental costs associated with travel (e.g. pollution, congestion and safety)
- The development of low-cost carriers has increased the demand for air travel but with an emphasis on price rather than comfort. Air transport liberalisation has stimulated this development, generating increased competition globally.
- With the environmental advantages and the developments of high-speed train networks it is also likely that travel by train will increase, which will raise demand for improved rail services and rail-based tourism products. High-speed trains have started to increasingly replace the airline for shorter journeys.
- Most tourism journeys are, however, made by car, and the number of cars in the world will keep rising. In industrialised countries car travel now accounts for 70-75%, air travel for 15-20% and other means of transport for 5-10% of the total distances travelled (European Travel Commission 2004). This means that further developments of the highway network, improved car technology to make driving environmentally acceptable and more comfortable as well as improved fuel efficiency will be necessary.

Box 33: Science and Technology Relevance for Tourism

- Technological changes are predictable and manageable.
- Success of tourism enterprises hinges on their adding value through ICT.
- Interactive access to product gives tourists unprecedented control.
- New technologies of home entertainment compete with tourism.
- Intelligent agent computer programs save time in 'surfing' the internet.
- 'The mobile internet' will further empower visitors.

Virtually all aspects of tourism and hospitality organisations in all sectors are being changed significantly by new technology. Historically, the tourism industry tended not to take an active role in developing or adapting new technology. Despite the proliferation of new technology, the industry is sometimes reluctant to adopt new methods and tools. Tourism and hospitality firms must meet the challenges and opportunities offered by technological advances if they are to achieve and maintain competitive advantage.

We do not know to what extent technology will benefit, or further disadvantage, disaffected national populations, alienated ethnic and religious groups, or the less developed countries; factors which are all capable of destabilising the tourism industry globally.

The global trends discussed above are just some of the forces that tourism stakeholders must acknowledge and understand if tourism is to develop in a sustainable way. They call up various implications for tourism management and new areas of research.

Chapter 4

IMPLICATIONS FOR TOURISM MANAGEMENT TO 2020

To best appreciate the implications of the above trends for tourism in 2020 it seems useful to highlight the implications for new product development and for two major stakeholders—destination managers and business operators.

Development of New Products and Services

For all established and emerging markets, the values and attitudes of the evolving tourist have implications for suppliers of tourism goods and services. To meet visitor needs, the products developed under these headings must recognise the importance of the changing characteristics of tourists as set out above. These trends affect each type of tourism market differently. Some important considerations relevant to new product development may be highlighted.

It is particularly useful to consider how these trends might affect a particular product, or more specifically a product market. As tourism is best considered a series of distinct product markets which are affected differently by these trends, using a product market focus allows a destination manager or business operator to consider the impact of these trends in a more useful manner. A summary of the 'new' consumer values which could drive new product development appears in Box 34 below.

Box 34: Characteristics of the Evolving Tourist

- Seeks 'experiences'.
- Money rich-time poor.
- Greater flexibility in the taking of leisure time.
- Hedonistic.
- Discerning.
- Quality conscious.
- Individualistic.
- Desires self-improvement.
- More critical.
- Less loyal to brands.
- Seek value for money, not necessarily low prices.
- Increased social and environmental consciousness.
- Seeking 'authentic' tourism experiences.
- Participator not spectator.
- Wants optional experiences.

The main challenge for the tourism industry is to develop products and services that meet the changing needs of the consumer. Some important considerations can be highlighted.

Money rich / time poor

In developed countries, further growth of time poor / money rich people will entail a high demand for short time holidays. Greater flexibility in working hours can provide benefits to employees in terms of greater freedom to choose when to go on holiday. This is important for tourism opportunities. Time-pressured business people will increasingly add leisure time in their business travel.

Operators must increasingly consider how tourism products and marketing systems interact with the time value needs of their customers. Tourism operators must develop information response systems and transportation links that save customers time.

The emphasis of travellers will be on multiple holiday taking, including domestic short breaks, rather than a long main holiday, leading to a much higher frequency of travel each year by the most active participants. Operators should increase the availability of short break packages targeted to regional markets and provide convenient packages that link overnight city stays with excursions to special interest attractions. In the developed countries, the demand for 'weekend getaways' will grow rapidly. Multiple, shorter vacations spread throughout the year will continue to replace the traditional two week vacation due to time constraints and job insecurities.

All-inclusive holidays will be demanded by a large number of people with needs for complete, unburdened relaxation and release from job pressures.

On the other hand, time poor / money rich customers provide travel service providers with the opportunity to offer seamless, stress-free packages, reversing somewhat the trend to independent travel (Wilmott & Graham 2001: 35). The greater pressure on time and rising stress levels leads to growing emphasis on the means of "escape" through holidays.

Individualism

Tourists are increasingly attempting to tailor holidays to meet their particular requirements. An increasingly 'travelled' tourist is seeking the unusual and the authentic experience rather than the shared, off-the-shelf holiday package. Tourists will be increasingly interested in discovering, experiencing, participating in, learning about and more intimately being included in the everyday life of the destinations they visit. To cater for the trend toward increased individualism, tour operators will need to structure their itineraries around optional programs and increasing schedule flexibility.

As products are now consumer-driven, industry must respond to changing markets or lose competitive advantage. The evolving tourist is less loyal and more demanding, savvy and experienced. Thus, demand rather than supply driven products indicate that proactive responses are required.

Product development will also need to respond to an environment of greater individual choice. Consumers will increasingly demand more choice, more interactivity and more personalised products from which to choose. Products will increasingly continue to be consumer rather than product driven, making it imperative for enterprises to be quick in response to consumer demands (Buhalis 2003; Mistilis & D'Ambra 2004).

Information technology empowers consumers to seek their own information and to undertake bookings and bundle their own packages (Buhalis 2000b). The internet provides the visitor with powerful online comparison shopping and buying tools. This trend will be fuelled by large firms who continue to take advantage of the internet and reward online bookings.

Tourists increasingly display the need to be treated as individuals and feel a positive interaction with their physical and social environment. As travellers become more experienced, they are no longer satisfied to be processed through an impersonal, non-interactive system of 'mass tourism'. Moreover, a larger number of tourists would like to see themselves as 'individuals' even though they are engaging in 'mass practices' such as inclusive tours. They will seek out products that acknowledge this individuality.

Seeking a variety of experiences

Tourists increasingly expect a broad range of activities to be available at the destination (Elliot & Johns 1993). The experience economy is generally based on customised holidays and personalised services allowing travellers to participate more actively in the experiences (Nordin 2005).

Due to increasing environmental and social concern by tourists, new leisure products cannot be overly reliant on environmentally and culturally sensitive environments because of undesirable impacts and carrying capacity constraints. Operators should provide high quality interpretation of environmental and cultural/ethnic attractions.

Opportunities exist for suppliers to promote and develop products that offer travellers the maximum thrills in the minimum time. Theme parks, including activity centres (such as Centerparcs) are increasing in popularity, as are cruise holidays where the consumer experiences a large number of destinations and attractions in a short period of time.

The tourism industry will need to serve not only a more demanding and knowledgeable consumer, but also one that is more able and adventurous. Operators should attempt to become 'experience providers', developing personal encounters and authentic experiences designed to create long-lasting memories, engaging travel, and increased customer loyalty. This strategy can attract new customers as well as generate repeat visits.

Self improvement

Despite the tendency for travellers to take short breaks, there is a counter-trend toward high value-added and extended vacations that are purpose-driven by education, wellness, or other forms of programmed self-improvement (UNWTO 2002).

The new tourist wants to be involved—to learn new experiences, interact with the community, and learn about and appreciate the destination at more than a superficial level.

Tourists are becoming more interested in self-improvement as part of the tourism experience with an emphasis on health, well-being, education, skill development and cultural appreciation.

People are going on holiday to learn something. For increasing numbers of tourists some people, a holiday, instead of being a form of consumption, is becoming an investment—investment in themselves. Consequently, the barrier between leisure and education will blur to such an extent that it will virtually disappear.

Operators will need to recognise the value of self-improvement programs to attract visitors and enhance visitor experiences (e.g. short course culture, archaeology, history, literature, and ecology programs, health and wellness programs, sports training programs, etc.). The development of products that cater for the growing demand for 'doing' or activity-based holidays such as sport and hobbies will be competitive in the market place.

Seeking value for money

People are prepared to pay good money for a quality experience and this might benefit the up-market end of the holiday market, involving perhaps exotic locations. Emphasis will increasingly be placed on 'value for money', as opposed to the cheapest package deal.

Many internet users are experienced travellers, who have seen what package tours can offer, and will now be demanding tailored holidays, or choices from 'modules' which can be combined to meet their overall requirements.

Experimental

In the developed countries in particular, people are extremely experimental, willing to try new products, foods and attractions, but too impatient to give a second chance to a product or service that fails to satisfy initially. Tourism operators must fully understand the consequences of this for the level of service quality that they offer

Safety conscious

Increasingly, tourists are demanding assurances of safe products and services prior to purchase. Since tourist behaviour is as constrained by perceived risk as it is by actual risk, operators need to address perceptions of risks as well as the risks themselves. Operators must recognise that tourists need to be assured that concern for their safety is paramount and that all appropriate measures are being taken in this respect.

Box 35: Key Comments on New Product Development

- Consumers should be educated to want new adventure products which match environmental constraints (for example low energy use products).
- Niche products should be developed for local communities based on the strengths of local assets.
- Experiences of the 'real Australia' should be developed more widely.
- Industry needs to educate the population that the domestic and regional product can be exciting and different to overseas.
- Industry should better attempt to capitalise on the domestic short stay, time-poor market.
- Industry needs to better appreciate the benefits of cooperative product and new service development.
- Enterprises should better link into new transport opportunities from increased air travel, e.g. increased development of local destination tours, both group and self drive/hire.
- It is important for the survival of business to ensure that its products do not become old or tired but are continually refreshed.
- Australia lacks a 'service culture'.
- Explore ambient technologies to interface with the visitor at multiple levels in the destination.
- Enterprises should seek to interface ICT with new products to value-add the product.
- Enterprises should consider the development of products that become lifetime purchases.
- It will be important for destination managers to create differential experiences in their destinations to set themselves apart from competitor destinations.

Source: Industry workshops March/April 2007

Emerging Special Interest Markets

Several emerging special interest markets may be identified:

- Rural tourism
- Seniors tourism
- Nature-based tourism
- Cultural and heritage tourism
- Health and wellness tourism

- Cruise tourism
- Space tourism
- Business events tourism
- Religious tourism
- Event tourism

- Urban tourism
- Adventure tourism
- Gap travel
- Local niche markets

Rural tourism

Rural tourism involves tourist activities which take part in country areas. Rural tourism is closely related to the traditional and romantic idea of 'the good old days' pure and simple lifestyle, experiencing what is perceived as a 'healthy' lifestyle, with fresh air, wholesome food and exercise, getting away from a stressful and fast-paced city environment to the peace and tranquility of the bush; enjoying the friendly warmth and hospitality of country people. Thus, nostalgia of the origins, the need for recuperation of the lost link with nature, and the 'basics' of life, in an increasingly complex, highly organised, anonymous, congested, stressful urban and 'inhuman' surrounding constitute the principal attraction of rural areas.

There is a growing recognition by most countries of the economic vulnerability of the rural sector due to its single industry base. This creates an ongoing incentive for destination managers to oversee the development of additional sources of income and jobs in rural areas.

Some destinations including Australia have developed rural or farm tourism strategies at a national level.

The seniors market

Declining population growth rates in the industrialised countries have two important implications for tourism: first, the population of developing countries will comprise a growing proportion of the world total; and, second, the numbers of older persons in industrialised countries will constitute a higher percentage of the total population in such countries. The direct consequence of this ageing pattern will be that seniors will be responsible for a bigger share of all holiday spending. It will also have a notable impact on the type of holidays taken and destinations chosen.

Many older people want to enjoy the same activities and entertainment that they enjoyed in their youth, and they have more disposable income to spend on them. Coupled with better health they will demand products and services that cater to their ageing needs. Interest in sea cruising (Smith & Jenner 1997) and nomad travel (car/campervan) will continue to attract this market. There are opportunities to develop product and services that support this type of travel. Mature travellers also may well be more interested in cultural and heritage tourism and self education. There will be a growing emergence of rich-packers (wealthy urban professionals that return to the countries they once visited as penniless backpackers).

Nature-based tourism

Nature-based tourism will continue to be one of the fastest growing areas of the tourism industry. The increasing dominance of technology in our daily lives also promotes this trend. Rainforests, wilderness areas, the ocean and other unpolluted regions provide a unique and necessary chance to escape from stressful work environments. As the world's supply of pristine natural environments dwindles, however, and the demand for them increases, their price will increase compared to mass tourism experiences.

Many destinations are developing 'ecotourism' (responsible travel that conserves natural environments and sustains the well-being of local people) to satisfy a growing demand for nature-based tourism and also to help preserve the stock of 'natural capital' so important to a sustainable tourism industry. The demand for ecotourism and nature-based holidays is expected to double and even triple in the next 20 years. Ecotourism trips can cover a wide range of features with different levels of intensity of involvement, while the nature component provides the opportunity for it to be a tool for preservation, conservation, appreciation and learning.

Potential will only be realised if natural resources are managed appropriately. Destinations and enterprises will need to better manage their natural and cultural attractions in order to conserve these resources for environmentally conscious markets and as drawcards for all types of visitation.

To help meet the need for nature-based tourism, developers are using new technology to create artificial environments close to origin markets. An implication of climate change, however, is that destinations and products will seek to become both weather independent (through artificial environments) and attractive to markets that are less weather dependent (conventions; specialty markets—ecotourism, culture/heritage, education and training).

Cultural and heritage tourism

Cultural tourism has many forms and levels of intensity. Small volumes are motivated by an educational, academic perspective, while at the other end of the spectrum large volumes of resort or general interest tourists want a cultural component such as a day trip to a Roman or Hellenic site. Tourists seeking 'authenticity' in their experiences will provide additional pressure for the preservation of historic (heritage) monuments, ethnic culture and pristine nature.

Health and wellness tourism

Health and fitness is becoming an increasingly important aspect of people's lives and as such also an important aspect of travel. Increasing stress in people's lives will generate more demand for (comfortable) reclusive and escapist products in natural and peaceful environments. Health and wellness tourism is destined to become a huge niche market by 2020. People will combine treatments and travel. Holidays, once purely recreational, are moving into the realm of physical, mental and even spiritual rejuvenation. There is increased interest in alternative medicine and activities such as yoga and meditation, fitness and exercise programs, aromatherapy, weight loss and spa treatments, in the expectation of delivering better balance between humans and nature (Pollock & Williams 2000).

Spa tourism is already well-established, particularly in Europe. Additionally, all-inclusive resort holidays can appeal to those who wish release from their job pressures with complete relaxation without the need to make any decision or engage in exacting activity. Also, the cruise industry has opportunities to meet this need through the development of ocean-going hospital/health resorts.

There are substantial opportunities for operators to develop health tourism products and services. These can include promoting core health themes for body, mind and soul programs for different niche markets; nature-based, indigenous and environment-friendly products; low frill health tourism; and work with health care professionals (Pollock & Williams 2000).

Cruising

The cruise sector is expected to grow strongly, appealing in particular to those over 50 years of age. Cruising, whether on a large ocean liner on the high seas or a more modest size cruise boat on the Danube, no longer is perceived just as luxurious and grand, but also as adventurous, healthful and theme-oriented (Nordin 2005). Cruise lines have expanded and diversified their fleets and consciously attempted to appeal to a broader variety of customers (Cruise Lines International Association 2002).

Factors likely to influence this strong growth in the future include: rapid expansion of the product base in terms of new ships and their carrying capacity; constant development of new cruise areas; growth in the over 45 age group—baby boomers to double-income-no-kids to comfortable retirees. These are the markets most attracted to the cruise experience.

Space tourism

Whilst it is generally accepted that the advent of space tourism is just around the corner, the challenge to operators is to offer a product that will be affordable to the mass market (UNWTO 2002: 37). Whilst it is not currently possible to offer scheduled fare paying passenger services into space, there are a number of companies advertising the future of space travel, and bookings can already be made with a number of them. The use of space stations for hotels is something that is likely to develop later, but could still feasibly be built within the next 20 years.

Business events tourism

One of the world's fastest growing tourism markets is that of business events tourism (BET). The BET sector comprising corporate meetings, incentives, conventions and exhibitions is typically one of the highest yielding inbound tourism segments because of the high per-delegate spend.

Worldwide, there is competition among destinations for such business and, with substantial government support for marketing activity and infrastructure development, this trend is expected to continue. There are substantial opportunities for operators to associate themselves with BET tourism by way of suppliers of accommodation, food and beverage, catering, tour operations, professional conference organising etc. The growth in the BET sector will create stronger competition. Destinations will need to differentiate themselves on factors other than price, since location is an important element in venue choice.

In particular there is a growing movement of clients in Europe to compare the suppliers' consideration of environmental issues in their choice of venue and management of BET. In other words, BET organisers and venues need to address and apply environmental sustainability in their management policies and practices. 'Green' tourism will affect BET also.

There are opportunities for developing regional destinations to attract meeting and incentive business either as an add-on or actual meeting location through the promotion of 'off-the-beaten-track' and unique locations, and the provision of high-quality services and cost-effective options to meet the specific needs of this market. However this will need to done collectively as a region or area.

Business tourism, comprising corporate meetings, incentives, conventions and exhibitions, is expected to provide increased opportunities for the Australian tourism industry over the next 10 years, with strong appeal across all key markets. Products that focus on ease of accessibility to the destination, sound infrastructure that

supports the product, quality facilities and services, food and beverages that meet visitor dietary needs, safety, and creative experiences will be attractive in the business market.

Religious tourism

Religious tourism involves 'travelling to visit a place, building or shrine deemed sacred or holy' (McKelvie 2005: 1). Increasingly, there is a desire for more authentic experiences such as immersing oneself in spiritual and cultural traditions (McKelvie 2005). There are four main types: pilgrimages; religious tourism per se (visiting a site because it is sacred); travelling to a religious event; and church tourism. Religious tourism is growing strongly worldwide.

Urban tourism

We are increasingly seeing the emergence of secondary cities, both as origins and destinations. So far, most of the world's tourists have originated in the major cities and headed for the major cities, usually as an initial stopping off point en route to somewhere else. However, worldwide, there are hundreds of state and provincial capitals with sizeable populations, all seeking to access the tourist dollar. Increasingly, low cost airline and transportation links will improve access to secondary cities who will also seek to participate in tourism (PATA 1999). As awareness of these cities increases, stronger airline and transportation links will help them become inbound/outbound markets in their own right.

Urban destinations will increasingly undertake regeneration strategies in order for leisure, enjoyment, spectacle and pleasure to be produced, packaged, marketed and consumed. Ideally these features should come together in a way that acknowledges the uniqueness of the destination. However, frequently precincts exhibit replication and sameness such that it is difficult in the eyes of the visitor to differentiate one urban precinct space from another.

Event tourism

Destinations worldwide are developing special events. Special events have the capacity to create income and jobs in the short-term and increased visitation and related investment in the longer term. Special events can also result in associated social and cultural benefits to a destination; e.g. they can enhance the exchange of ideas, foster business contacts, provide forums for continuing education and training, and facilitate technology transfer. While some regard the economic impacts of events to be often exaggerated due to use of input-out modelling with its high multipliers (Dwyer, Forsyth & Spurr 2005), and can be associated with negative social and environmental effects, there is little doubt that event tourism will continue to develop as a major tourism sector in the coming years.

Adventure travel

Technological advances in equipment and vehicles may create opportunities for participation in equipment-based adventure activities. Rapid developments in virtual reality may also open up new opportunities for travellers to experience an area without actually visiting it (Nordin 2005). This constitutes an important substitute for tourism, which the industry needs to be aware of.

Gap travel

Gap travel is being facilitated by more positive attitudes to a gap year, competitive airfares and increasing cost of education. Opportunities exist for three broad market segments:

- 'Pre-university gappers' are the most common and are students who take time out after completing secondary school and before commencing tertiary education.
- 'Career gappers' are people who take time out between career moves usually in the 25-35 age group.
- 'Pre-retirement gappers' are 55-70-year-olds who have ended their formal careers, and want to broaden their perspectives on the opportunities available in the next stages of their life.

Major activities undertaken during gap include work placement (counsellors, boarding schools, teaching placements, outdoor, and environmental projects), volunteering, learning languages, cooking and teaching English as a foreign language. These activities present opportunities for add-on travel products and services.

Dark tourism

Deaths, disasters and atrocities in touristic form are becoming an increasingly pervasive feature within the contemporary tourism landscape. Dark tourism involves visits purposefully or as part of a broader recreational

itinerary, the diverse range of sites, attractions and exhibitions which offer a (re)presentation of death, suffering and the macabre.

Consequently, dark tourism raises questions about appropriate political and managerial responses to the range of experiences perceived by visitors, local residents, victims and their relatives.

Localised niche markets

Individual countries and regions have particular assets that provide the basis for both established and emerging special 'niche' tourism markets. While the aforementioned markets apply 'globally' to tourism, this doesn't preclude specific destinations developing new products and services for special interest markets.

Destination Management

The trends have implications for destination policy, planning and development; destination management organisation; destination marketing management; risk management and tourism education. Only a brief discussion is possible herein.

Destination policy, planning and development

The tourism host community is becoming increasingly sophisticated, demanding and sceptical in respect of leisure development.

- Developers are increasingly being required to demonstrate a range of economic, social, and environmental benefits. Developing tools for measuring these aspects will be important to planning strategies.
- There is increasing recognition that community interest and tourism must work together for any chance of long-term success (UNWTO 2002).
- Destinations will increasingly measure leisure and tourism success not by number of visitors but by 'yield' per visitor, defined narrowly as an economic measure or more broadly as incorporating economic, social and environmental dimensions. Researchers have attempted to quantify the notion of 'sustainable yield' which incorporates these three dimensions (Dwyer, Forsyth, Fredline, Jago, Deery & Lundy 2006).
- A sustainable yield focus, rather than a growth focus, could be a winning strategy for Australian tourism. Higher economic yields and less growth would put less pressure on carrying capacity (e.g. water, pollution, etc) and providing environmental and social benefits. Higher economic yields would increase value-added per capita from tourism business activity, increasing the ratio of economic returns to resources used. This would be good for the destination economy as well as firms' bottom lines (Carmody 2005).
- Globally, destinations are acknowledging and orientating their policy development and marketing process and strategies towards the principles of sustainable tourism development. There has been a gradual shift from short-term to longer-term thinking and planning in tourism as well as a greater ecological awareness in society on the whole. This requires the development of formal long-term 'visions' for tourism industry development. The destination vision should reflect resident and tourism industry stakeholder values.
- Related to the above point is that the tourism industry should attempt to consolidate, and invest in better quality rather than in additional capacity. However, as Carmody (2005) has argued, historically tourism has failed to keep supply in line with demand. The industry must become more disciplined on capacity or be even more prone to business failure.
- A sustainability focus requires destination managers to foster a 'spaceship culture' within the industry rather than a 'cowboy culture'. The former involves awareness of the importance of developing a tourism that delivers economic, environmental and social goals which are net beneficial, as opposed to adoption of a growth ethic unconcerned with long-term sustainability.
- Tourism development is increasingly being integrated into overall industrial development. Tourism stakeholders need to be aware that industry balance is an important consideration in government policy-making.
- The desire for greater community control is associated with a trend towards integrated management of tourism across government and industry.
- Destinations are encouraging tourism development programs that include benefits for and utilisation by community residents, including small business opportunities as well as jobs.
- Destinations are also increasingly including environmental enhancement and heritage conservation in tourism development programs. Reports in the media are likely to lead to increased scrutiny on the part of the public in destination decision-making. For new tourism development the requirement to be sustainable will be more than ever decisive.
- Destination management policies are likely to continually improve through more coherent and consistent planning. Governments are likely to continue to impose new laws and restrictions to show their concern with

the environment and, since this is a global problem, collaborate internationally in the field of natural and cultural environment protection. One result of the increased measures to protect the environment is the increased creation of protected areas such as national parks. It is very likely that there will be an even greater emphasis on minimisation of waste and an associated concern with re-use, recycling and producer.

- Tourism is a major driver of climate change. Destination managers who are serious about developing tourism in a sustainable way will agree that the tourism industry should make a fair contribution to our efforts to reduce greenhouse gas emissions and other pollutants. In particular, the rapid growth in aviation emissions contrasts with the success of many other sectors of the economy in reducing emissions. Without action, such as the imposition of carbon taxes, costs to economies from the growth in emissions will grow much faster than loss of benefits to tourism industry stakeholders. The benefits to the economy from timely action by the tourism industry to invest in reducing emissions, mitigation, and adaptation capacity will far outweigh the costs involved. Trade-offs are inevitable, however, and enhanced environments may well come at the expense of higher priced tourism transportation and accommodation with consequent impacts on visitor numbers.

- There will be a growing impact of consumer-led campaigns for sustainable tourism development and for trade in tourism to be 'fair' in its distribution of the rewards of tourism to destinations, particularly in the developing country destinations which provide the services for tourism.

- Alternative energy sources will become more significant as well, both for transportation and power generation. Destinations showing that they care about these issues and who are innovative in this respect may have a lot to gain by way of attracting tourist flows.

Box 36: Implications for Destination Policy, Planning, Development

- Developers are increasingly being required to demonstrate a range of economic, social, and environmental benefits. Developing tools for measuring these aspects will be important to planning strategies.
- Destinations will increasingly measure leisure and tourism success not by number of visitors but by 'yield' per visitor, defined narrowly as an economic measure or more broadly as incorporating economic, social and environmental dimensions.
- A sustainable yield focus, rather than a growth focus, could be a winning strategy for Australian tourism. Higher economic yields and less growth would put less pressure on carrying capacity (e.g. water, pollution, etc), providing environmental and social benefits. The destination vision should reflect resident and tourism industry stakeholder values.
- The tourism industry should attempt to consolidate and invest in better quality rather than in additional capacity.
- A sustainability focus requires destination managers to foster a 'spaceship culture' within the industry rather than a 'cowboy culture'.
- Tourism development is increasingly being integrated into overall industrial development. Tourism stakeholders need to be aware that industry balance is an important consideration in government policy making.
- Destinations are increasingly including environmental enhancement and heritage conservation in tourism development programs.
- The tourism industry will need to make a fair contribution to our efforts to reduce greenhouse gas emissions and other pollutants.
- Without action, such as the imposition of carbon taxes, costs to economies from the growth in emissions will grow much faster than loss of benefits to tourism industry stakeholders.
- Trade-offs are inevitable, however, and enhanced environments may well come at the expense of higher priced tourism transportation and accommodation with consequent impacts on visitor numbers.
- Tourists' perception of safety and security in the destination will continue to constitute an important competitive advantage.

- Tourists' perception of safety and security in the destination will continue to constitute an important competitive advantage. Destination policy, planning and development must be carefully created and balanced so that tourists are comfortable with the level of both their security and their privacy.

- In the 1970s, when strong demand for Australia's resource and energy endowments produced a very strong $A, the price and exchange rate effects of this increased demand 'crowded out' other industries within Australia as capital and labour were re-directed towards the resources sector. Less competitive and more labour-intensive industries experienced weaker growth as a result of this 'crowding out' process. We may experience a similar 'crowding out' of tourism, both in Australia and globally, as a result of Chinese (and Indian) industrialisation with the associated strong demand for energy which accompanies that process,

together with the relative price effects of industrialisation on manufactured product prices relative to service industry prices, especially transport-intensive service industries (Carmody 2005).

Destination management organisation

National tourism organisations (NTOs) will need to expand their roles as coordinating bodies for private and public sector tourism organisations, and should attempt to more effectively represent the views of all tourism stakeholders in tourism development.

NTOs will need to place greater emphasis in liaising effectively with private sector organisations in tourism policy, planning and development and providing statistical information as input to tourism policy, planning and development.

There will be more joint promotions and alliances between NTOs and the private sector, in the attempt to create a stronger collective tourism product that will increase arrivals and enhance tourism growth (PATA 1999).

Box 37: Implication for the destination management organisation

- NTOs will need to liaising more effectively with private sector organisations in tourism policy, planning and development.
- Increased importance for DMOs to provide statistical information as input to tourism policy, planning and development.
- NTOs will need to increase joint promotions and alliances with the private sector to create a stronger collective tourism product.

Destination marketing management

Timely research into tourist markets will continue to be important for firms to gain a competitive edge. Destination managers should provide quality and timely information that encourages the successful deployment and application of new technology throughout the industry. They should also work to increase the productivity and competitive advantage that will accrue to those in the industry that use new information technology to improve their plans, decisions, and processes.

- Australia is too dependant on a few large markets and segments and we need to broaden the range of visitors to the country. An important aim of destination marketing should thus be to increase the dispersion of tourism spend as well as volume, length of stay and total spend.
- Today's tourists are well-travelled, sophisticated and demand quality and value. Understanding shifts in tastes is the prerequisite to designing effective marketing communication.
- NTOs need to manage knowledge effectively to reach their customers.
- Product and marketing development will be increasingly targeted and increasingly theme-based. Broadly oriented to one or a combination of three e-words: entertainment, excitement and education (UNWTO 2002).
- Future marketing efforts must emphasise the diverse and individualised attractions of the destination as providing a valued set of experiences.
- To ensure consistency in the marketing message, operators need to collaborate on the 'fit' between destination products and visitor preferences.
- Destinations must market and sell online with user-friendly sites targeting their specific markets and fully integrated reservations systems.
- The smartest e-destinations will also adopt richer media in their websites, targeting their specific markets.
- However destination managers must still aim to deploy ICT for strategic advantage only as the internet and new technologies are *not* substitutes for sound business.
- E-communities may direct trends and 'advertise' for the destination / operator, so suppliers need to understand new media and marketing opportunities (not just traditional advertising) and analyse and respond to reviews of their products and services.
- Destinations and operators must market and sell online with user-friendly sites targeting their specific markets and fully integrated reservations systems. These sites must result from and be an integral part of the organisation's business plans.
- 'Sustainability' and in particular 'sustainable yield' can be used as catchcries for industry and as an element in the marketing mix for Australia as a tourism destination. Involvement of all major groups of stakeholders would help to ensure the development of appropriate strategies to achieve this.

Box 38: Implications for Destination Marketing Management

- Destination managers should provide quality and timely information that encourages the successful deployment and application of new technology throughout the industry.
- Australia is too dependant on a few large markets and segments and we need to broaden the range of visitors to the country.
- An important aim of destination marketing should thus be to increase the dispersion of tourism spend as well as volume, length of stay and total spend.
- Understanding shifts in tastes is the prerequisite to designing effective marketing communication.
- NTOs need to manage knowledge effectively to reach their customers.
- Product and marketing development will be increasingly targeted and increasingly theme-based.
- To ensure consistency in the marketing message, operators need to collaborate on the 'fit' between destination products and visitor preferences.
- 'Sustainability' and in particular 'sustainable yield' can be used as catchcries for industry and as an element in the marketing mix for Australia as a tourism destination.
- Destinations must market and sell online with user-friendly sites targeting their specific markets and fully integrated reservations systems.

Destination risk management

Communicating a destination's risk management strategies will be important to maintaining visitor attractiveness.

- Peace, safety, security, and political stability are fundamental requirements for tourism development success at the destination level. Governments and tourism operators need to address specific concerns relating to tourist safety and security.
- Governments and tourism operators need to characterise their vulnerabilities to specific environmental management concerns, such as climate change, in their region of operation. By incorporating climate change as a potential impact within risk management systems, opportunities exist to design effective adaptation strategies and aim to maintain a level of viability into the future. Otherwise, Australia may become a net loser from climate change, as both tropical and inland attractions are affected by global warming and drought.
- In addition to the terrorist concern, the steady increase in international travel is a driving force in the global emergence and spread of infectious diseases (Perz, Allen & Schaffner 2001). This growth in tourism is bringing with it the unprecedented risk of infectious disease and other health-related crises, and destinations must develop coping strategies for such contingencies. Disaster management strategies will need to continue to be developed at both the local and the destination level (Faulkner 2001; Mistilis & Sheldon 2006).
- Enclave tourism strategies need to be re-examined in the context of world terrorism and trends in security and risk management strategies that arise from this new terrorism environment.

Box 39: Implications for Destination Risk Management

- Communicating destination risk management strategies will be important to maintaining visitor attractiveness.
- Peace, safety, security, and political stability are fundamental requirements for tourism development success at the destination level.
- By incorporating climate change as a potential impact within risk management systems, opportunities exist to design effective adaptation strategies and aim to maintain a level of viability into the future.
- Enclave tourism strategies need to be re-examined in the context of world terrorism and trends in security and risk management strategies that arise from this new terrorism environment.

Box 40: Key Comments by Destination Managers

- Destination managers should adopt sustainability principles to underpin tourism development.
- Industry should be encouraged to embrace 'clean green' tourism and Triple Bottom Line reporting.
- We need to maintain the perception that Australia is a safe destination.
- Destinations need to counter the perception of the better value of overseas tourism—destinations need to increase the 'brag-ability' of domestic destinations/holidays.
- The tourist image of Australia needs reshaping—the current sun, surf etc image is not appropriate—need an image more in keeping with changing tourist needs.
- It is important to maintain investment in tourism facilities and supporting infrastructure, including innovative attractions to meet/respond to emerging markets.
- Air transport to and from Australia should be opened to real competition to reduce airfares and increase tourism flows.
- The emphasis of destination marketing should be on tourism yield rather than numbers.
- Australia's free tourism resources should be appropriately priced to conserve scarce resources and generate revenues.
- Destination managers should explore what assets exist in their regions (including Australia as a whole) that cannot be replicated as a basis for tourism planning, policy and marketing.
- Destination managers must understand that mass tourism is not dead and that this market will remain important for the future.
- Long-haul destinations such as Australia increase the environmental implications of travel.
- Database marketing should be used to understand, communicate and build relationship with key target markets.
- Lack of language skills impedes growth of some inbound markets to Australia.
- Australia needs to develop comprehensive government and industry responses to issues of climate change.
- There is a need to re-create authentic rural experiences in urban environments to bring the 'Australian' experience to consumers.
- Australia's unique natural environment should be better employed as experiential tourist products with educative potential.

Source: Industry workshops March/April 2007

Education for tourism management

Education and training can foster a more innovative tourism workforce that is mindful of product differentiation rather than product homogenisation.

- Training will be required that provides people with the skills to work in different cultural environments and integrated workplaces.
- There needs to be an emphasis on human resource development by all tourism destinations aiming to achieve competitive advantage.
- Destinations should provide community education and training programs that support the tourism industry. In particular, education in volunteering will become increasingly important as different sectors, including tourism, seek to take advantage of an ageing population.
- The globalising economy and technological change inevitably place an increasing premium on a more highly skilled labour force.
- The content of tourism/hospitality marketing, planning and policy subjects needs to reflect awareness of these longer-term trends. The principles and practices of sustainable tourism should be placed firmly into tourism and hospitality course curricula. Tourism/hospitality education must prepare students to play a proactive, leadership role in an industry that is undergoing rapid changes on both the demand and supply sides.
- There are some researchers who argue for a change of paradigm from a traditional perspective to one based upon a recognition of the 'chaos' in which much of the industry development is taking place. In contexts of continuous change, however, it is important that students be instructed in decision-making tools that can aid 'best practice' management in different tourism and hospitality sectors. It is this type of knowledge that can provide a knowledge-based platform for innovation in tourism management, planning and policy.
- Education for future tourism managers requires the development of management and planning frameworks for ensuring that the industry adapts to, and takes advantage of, changing global conditions. It also requires the students' understanding of systems, models, tools, technologies, accreditation schemes etc. to improve the

competitiveness and sustainability of both tourism enterprises and the destination as a whole. It requires instructors to enhance students' problem-solving ability by emphasising the role of theory in helping to solve real world problems in dynamic contexts. It is the students' problem-solving ability that will help them as future managers to achieve competitive advantage for their organisations in industries experiencing continued rapid change, and educational curricula must recognise this.

- The new breed of managers emerging in the tourism and hospitality industries must have the knowledge content, but, more importantly, must have the adaptive capabilities to apply their knowledge in contexts of change.
- Since technology and communications are continually changing the way we live, lifelong learning is essential. Members of the generation now entering the labour force can expect to have several entirely separate careers before their working days are over (Cetron 2001:24). At each new turning, our old skills become obsolete and we are forced to learn anew. In the high-tech industries this is already a fact of life: we work at one job while preparing for the next, which may be wholly unrelated to our previous experience.
- Despite the increasing awareness in the industry of the importance of skilled personnel to deliver quality services to customers, only a small proportion of tourism businesses invest in tourism education and training for employees.
- Policies that provide for multiple jobs and career paths will be critical if an organisation wants to have any hope of retaining this labour for a longer term.
- Tourism education needs to understand the relationship between tourism and its external environment and how factors / events / changes in that environment impact on our sector. Adopting this process-based approach should allow students to identify today's 'hot topics' themselves and also recognise that what is hot today may fade in importance tomorrow.

Box 41: Implications for Education in Tourism Management

- There needs to be an emphasis on human resource development by all tourism destinations aiming to achieve competitive advantage.
- Education in volunteering will become increasingly important as different sectors, including tourism, seek to take advantage of an ageing population.
- It is the students' problem-solving ability that will help them as future managers to achieve competitive advantage for their organisations in industries experiencing continued rapid change, and educational curricula must recognise this.
- The new breed of managers emerging in the tourism and hospitality industries must have the knowledge content, but, more importantly, must have the adaptive capabilities to apply their knowledge in contexts of change.
- Since technology and communications are continually changing the way we live, life-long learning is essential.
- The principles and practices of sustainable tourism should be placed firmly into tourism and hospitality course curricula. Tourism/hospitality education must prepare students to play a proactive, leadership role in an industry that is undergoing rapid change on both the demand and supply sides.
- In contexts of continuous change, however, it is important that students be instructed in decision-making tools that can aid 'best practice' management in different tourism and hospitality sectors. It is this type of knowledge that can provide a knowledge-based platform for innovation in tourism management, planning and policy.
- Education for future tourism managers requires the development of management and planning frameworks for ensuring that the industry adapts to, and takes advantage of, changing global conditions.
- Tourism education needs to understand the relationship between tourism and its external environment and how factors / events / changes in that environment impact on our sector.

Box 42: Key Comments by Tourism Educators

- Best practice case studies can be used to educate destination and enterprise managers.
- Tourism and hospitality education in Australia is typically not providing the necessary wider skills base for students.
- Need to address cultural sensitivities, language skills and a perceived lack of student 'worldliness' as part of the education package.
- More computer-delivered education can help to overcome skills shortages, particularly in rural areas.
- There is a need for employees to have a broader understanding of the tourism industry and how it operates across all sectors.
- Need for general management skills with broader application, including e-business.
- Firms need to appreciate the importance of life-long learning and 'top-up' of skills through training
- Opportunity exist to capitalise on re-skilling an ageing population.
- Should be more opportunities for international exchange to promote knowledge transfer between students and instructors internationally.
- Education must be more responsive to industry needs if poor perception of graduates is to be overcome.
- Until tourism becomes a viable long-term career prospect, many capable students will not pursue a career in the industry.
- The poor take-up of technology through lack of support for a national system of high-speed broadband is a barrier for distance education.
- Course curricula should be de-structured to increase flexibility in teaching and learning.
- Industry needs to promote itself to the community (e.g. to schools) and emphasise its economic value to that community.
- Educate industry on the benefits of employing graduates.

Source: Industry workshops March/April 2007

Enterprise Management

The global trends have particular implications for marketing by tourism operators. We herein discuss the implications for management capabilities of tourism firms, marketing management, information technology, networks and alliances and risk management.

Management capabilities of tourism firms and organisations

Enterprises will need to be proactive in knowledge creation, product development and knowledge sharing to grow overall destination competitiveness.

- Knowledge management is increasingly embedded and embodied in the organisation in order to anticipate change, take informed action and develop new products, services and marketing approaches.
- In today's intensely competitive environment, sound financial management has become increasingly important. Across all sectors of tourism, managers must become more aware of the challenges posed by increasing competition for the tourist dollar. This challenge is particularly evident in aviation where full-service airlines are responding to the challenge of low cost carriers. Strategies might include: cost cutting, fleet upgrades, differentiation, alliance development, loyalty programs, express/shuttle services.

Box 43: Implications for Management Capabilities

- Enterprises will need to be proactive in knowledge creation, product development and knowledge sharing to grow overall destination competitiveness.

Marketing management

The big challenge in marketing will be to deal effectively with the ever-increasing and diversifying array of desires, interests and tastes on one hand, and the tourism products offered in response on the other hand. The implication for tourism is that there are more different types of households or household segments for the travel

and tourism industry to cater for with their own particular requirements from travel and tourism service suppliers.

- New internet technologies are agents of the consumer, greatly enhancing their power in the marketplace, so suppliers need to analyse consumer preferences and respond in their product development—within their business plan framework.
- Increasingly, travel and tourism will be a buyer's market. Tourism operators must inevitably shift from the promotion of the functional benefits of their products and services to the emotional benefits: reverie/escape, status-enhancement, stress-alleviation, reward and social-skill confirmation.
- Adding value is closely connected to high customer service which has grown in importance with increasing time pressures. It can also be seen as a counter-trend to the spreading do-it-yourself attitude. Certain customer groups are willing to pay extra for excellent service more than before.
- The use of electronic technology will enable firms to more readily and accurately identify market segments and niches and to communicate with them more effectively. This facilitates micro marketing.
- Most tourist market segments will increasingly demand full access to and availability of ICT as their preferred medium of information, reservation and booking, including whilst mobile through their hand-held devices. Savvy operators and destinations should strive to meet this demand or risk losing competitive advantage and market share.
- Operators will need to be proactive in approaching companies that are developing, expanding, or franchising new entertainment or tourism products that fit with their market segments. Operators need to develop special interest marketing strategies for consumers who can travel in the off-season and are less sensitive to weather conditions.
- Tourism operators must market and sell the destination and experience available in multi-channel environments. An online presence is essential, with user-friendly sites targeting their specific markets and fully integrated reservations systems.
- Through the generation of relevant and exciting content, firms can take advantage of online engaged communities such as YouTube, Flickr, mySpace and Second Life.
- For firms to reach the 'professional woman' market segment they will need to tailor a more personalised content that reinforces core values of the brand, engages with women users for their recommendations and feedback, and monitors and re-evaluates their content based on customer activity and feedback.

Box 44: Implications for Marketing Management

- The big challenge in marketing will be to deal effectively with the ever-increasing and diversifying array of desires, interests and tastes on one hand, and the tourism products offered in response on the other hand.
- New internet technologies are agents of the consumer, greatly enhancing their power in the marketplace
- Increasingly, travel and tourism will be a buyer's market. Tourism operators must inevitably shift from the promotion of the functional benefits of their products and services to the emotional benefits
- The use of electronic technology will enable firms to more readily and accurately identify market segments and niches and to communicate with them more effectively.
- Operators will need to be proactive in approaching companies that are developing, expanding, or franchising new entertainment or tourism products that fit with their market segments.

Sustainable operations

It is increasingly recognised today that the 'green' business can increase profits and that this equates to 'good' business. It will be imperative for firms to take a Triple Bottom Line (TBL) approach to sustainable development to ensure that firms integrate social, environmental and economic information into managerial decision-making. Firms must aim to achieve sustainability in their operations if the destination as a whole is to conform to sustainability principles.

Tourism businesses have a vested interest in protecting the (natural, social and cultural) environment that draws tourists, but many lack the long-term vision to adopt environmentally appropriate management strategies. Operators and organisations should adopt the philosophy of TBL reporting (Dwyer 2005), and attempt to maximise 'sustainable yield' (Dwyer et al. 2006).

Simultaneous achievement of relatively high economic and environmental goals is not always possible, and economic-environmental trade-offs may be necessary (Lundie, Dwyer & Forsyth 2007).

Box 45: Implications for Sustainable Operations

- It is increasingly recognised today that the 'green' business can increase profits and that this equates to 'good' business.
- It is imperative for firms to take a Triple Bottom Line (TBL) approach to sustainable development to ensure that firms integrate social, environmental and economic information into managerial decision-making.

Information technology

Future industry leaders need to have a sound knowledge of computer information systems, e-commerce and use of IT to achieve competitive advantage.

- Firms need to identify changes in technology that will affect the growth, quality, and marketing of tourism. In particular, they should monitor the extent to which new telework and video communication technologies affect routine forms of business and personal travel.
- Operators need to be proactive in orchestrating technology to their benefit rather than following the lead of others. They should attempt to develop working relationships with key technology providers and developers so they become knowledgeable about the needs and opportunities within the tourism industry.
- The internet makes it possible for small businesses throughout the world to connect directly to consumers and to compete for market share on an even footing with market leaders (Willmott & Graham 2001; 30). Smaller players can benefit from technology. Tourism providers need to form partnerships with internet providers and online intermediaries (Yeoman 2005).
- Travel agents will still have a role to play but will have to re-examine and redefine their role to remain relevant.
- Operators can apply multimedia technology to improve the interpretation of tourism attractions and the presentation of handicrafts and cultural programs.
- Given the new technologies, the firms that will do best in accessing special interest markets are those that:
  - o conduct market research programs to determine the product needs and market potential of specialty markets;
  - o identify those special interest groups most likely to be attracted to the goods and services provided by the tourism industry;
  - o take advantage of open innovation to create, publish, and then let their customers edit the concept for them;
  - o acquire (or develop) databases of travel intermediaries and distribution systems for key specialty markets and distribute these databases to the industry;
  - o use database marketing to reach travel intermediaries on a regular basis and develop relationships with individual customers;
  - o support education programs on the use and potential of database marketing to special interest groups and geographic markets; and
  - o identify tour operators to help them communicate their message via database marketing and information technology.

Box 46: Implications for Information Technology

- Firms need to identify changes in technology that will affect the growth, quality, and marketing of tourism.
- The internet makes it possible for small businesses throughout the world to connect directly to consumers and to compete for market share on an even footing with market leaders.
- Operators need to be proactive in orchestrating technology to their benefit rather than following the lead of others.
- Operators should attempt to develop working relationships with key technology providers and developers so they become knowledgeable about the needs and opportunities within the tourism industry.

Networks/alliances

The concentration of power within the sub-sectors that make up the travel and tourism sector continues to grow.

Firms are becoming increasingly aware of the benefits of forming strategic alliances for such purposes as destination marketing and product development. Tourism providers will more easily and more often form strategic partnerships, offering complementary products.

Public and private sector partnerships as well as mechanisms such as joint venture promotion to limit political risk in developing countries will be further developed as the tourism industry attempts to attract additional private sector capital. Firms that are not cognizant of 'competition' and strategic alliances will be at a competitive disadvantage.

One trend involves the rise of the financial sponsor, be it under the guise of private equity or hybrid investment banks. This trend is already affecting tourism industry structure. Cashed up funds are looking for investment in under-geared balance sheets, especially in firms with good brand names (e.g. Qantas). Acquisition buy-outs can be good or bad for tourism. Some may herald more focused management and better business returns and expansion because they are there for long-term. Others may cause concern as investment is short-term with view to a quick windfall sale. The danger is that as the firm is no longer listed as a public company, there is less scrutiny. Tourism companies should try to lessen the chances of these buyouts.

Existing airlines are currently experiencing a period of rationalisation and the future industry structure will involve fewer large players and a number of niche operators. The global power of the airline alliances will continue to manifest itself through code-sharing, joint purchasing, database marketing and more alliances with the smaller airlines of Asia. New low-cost carriers in India, Australia, the United States, Europe and South-East Asia have gained market share. This is changing the nature of the holiday with less multi-destination automobile travel and more mono-destination short breaks and regional fly-drive travel. Privatisation of both airports and airlines will continue.

The accommodation sub-sector is following the same trend with the consolidation of hotel groups. In addition to horizontal and vertical integration, many travel and tourism companies are utilising a diagonal integration strategy, whereby they establish operations to offer products and services which tourists commonly purchase but which are not directly part of the tourism product, e.g. insurance, currency, luggage and other travel goods. This trend for firms to grow larger as they attempt to access more of the value chain has implications for the structure of the tourism industry and the future of smaller players

There is likely to be an increasing focus on best practice through the value chain. Increasingly, business managers are looking beyond their enterprises and think and act in terms of 'value-chains'—from primary producers to final consumers. Value chain management is increasingly associated with the development of clusters and other co-operative arrangements. Networks or alliances of people along value chains may be expected to increase business efficiencies and improve communication up and down the chains. It is likely that tourism enterprises all along the value chain that implement best management will achieve better: economies of scale; market intelligence and market feedback; quality control; and cooperation along the value chain.

Box 47: Implications for Networks and Alliances

- Firms are becoming increasingly aware of the benefits of forming strategic alliances for such purposes as destination marketing and product development.
- Tourism providers will more easily and more often form strategic partnerships, offering complementary products.
- Public and private sector partnerships as well as mechanisms such as joint venture promotion to limit political risk in developing countries will be further developed as the tourism industry attempts to attract additional private sector capital. Firms that are not cognizant of 'competition' and strategic alliances will be at a competitive disadvantage.
- A major challenge for tourism firms is to implement risk management strategies, including staff education and training.
- The ability to deal with continuous but unpredictable change requires flexible and agile decision-makers, organisational improvisation, weak signal monitoring and the ability to undertake correct actions.
- The development of risk management strategies is crucial to sound business management in the face of uncertainties.

Risk management

A major challenge for tourism firms is to implement risk management strategies, including staff education and training, so they are prepared for any incident and can respond swiftly, confidently and appropriately—thus minimising business loss. These should be part of business management plans and driven by the highest level of management.

Many 'incidents' are preceded by clear signs of warning and risk management strategies. There are, however, certain incidents that leave little or no time for preparation. They simply occur out of the blue and they are nearly impossible to anticipate. These occurrences, whether natural or human caused, are called 'wild cards' (Nordin 2005). As Nordin notes, not all wild cards are unimaginable and by identifying wild card events that may possibly occur in the future in a proactive rather than reactive manner, these can sometimes be converted into anticipated, manageable events (Nordin 2005: 66). The ability to deal with continuous but unpredictable change requires flexible and agile decision-makers, organisational improvisation, weak signal monitoring and the ability to undertake correct actions. The development of risk management strategies is crucial to sound business management in the face of uncertainties.

Box 48: Key Comments by Enterprise Managers

- Tourism enterprises need to be more customer-focused to expand, return visits.
- Tourism managers need to be more proactive in developing strategies to address global trends.
- More attention must be given to risk management in business strategy formulation and implementation.
- The tourism industry should be more concerned about leakage of discretionary income to other entertainment forms including gambling.
- The growth of many tourism enterprises will depend on their ability to overcome skill shortages, including lack of language skills, customer service skills and cultural understanding.
- Australian firms need to be more innovative in new product and new service development.
- The industry must confront the problem that people do not want to enter the industry because of perceptions of poor conditions, poor career paths, poor conditions and low pay relative to other industries.
- Tourism enterprises will need to build career progression into flat organisational structures to retain employees.
- There is too much short-term emphasis in addressing current industry needs, without much long-term perspective.
- Industry leaders need to develop ICT skills throughout the industry, which are currently insufficient.
- The industry generally needs to better understand differences in generational attitudes among its different existing and potential visitor markets.
- Enterprise managers will need to improve networking capabilities with other enterprises, government agencies and industry associations.
- Industry needs to improve its knowledge and skill base in order to improve its innovative capabilities.
- Enterprises must improve their database and management systems to increase visitor flows.
- Enterprises will need to focus on Triple Bottom Line reporting to maintain business sustainability.
- Tourism enterprises are too short-term and in order for industry to meet future challenges they will need to engage in long-term planning.

Source: Industry workshops March/April 2007

Chapter 5

CONCLUSIONS

Tourism can't control the powerful forces driving tourism demand globally, nor those forces that have a more local focus. The tourism industry must control what it can and adapt to what it cannot. But tourism stakeholders have, to some extent, the opportunity to fashion the future to their needs rather than simply to regard future events as beyond their control. As Ellyard has argued, tourism stakeholders can strategically act as 'future makers' rather than 'future takers' (Ellyard 2006). This requires tourism stakeholders to ask, not 'what will the future be', but rather 'what *should* the future be'?

The tourism industry is expected to develop, on both the supply side and the demand side, consistently with wider economic, social, cultural, political, technological and environmental trends affecting all countries. In an increasingly turbulent and rapidly changing world, innovation and development driven by both internal and external circumstances will continue to take place. External events of various character over which destination managers and individual operators can exercise little control will arise. Destinations and firms not adjusting their strategies as their environments change will have difficulty maintaining competitive advantage.

The types of changes taking place in the global industry present both challenges and opportunities to public and private sector organisations around the world to 'construct the future' to the greatest extent possible as they seek to achieve a sustainable tourism industry. Failure to understand these forces can result in strategic drift for all tourism organisations and entire destinations, and failure to achieve competitive advantages over rivals.

The forces taking place globally have implications for the type of tourist of the future. They also have implications for destination management and for the management of tourism organisations. They also have implications for new product development. This report has identified, in particular, the likely effects of these trends on tourism flows to, from, and within Australia. The trends were discussed as they affect new product development, and three important stakeholders—tourists, destination managers and tourism operators. The previous chapter also developed an action agenda that tourism decision makers in both the private and public sectors in Australia can undertake as part of a proactive or mission centred strategy to achieve competitive advantage internationally over the next 15 years, rather than simply being reactive to problems—a management strategy doomed to fail.

A major challenge for tourism/hospitality education and training is to convey to students, and hence the future leaders of the tourism industry, the nature of these 'environmental influences' and their implications for sustainable tourism development.

Box 49: Summary Action Agenda for Tourism

Changing Needs of Tourists

- Value for money
- New, interesting and authentic experiences
- Greater flexibility
- Tailored holidays
- Self-planning—self-booking
- Personalised travel service
- Products that acknowledge this individuality

Self Improvement

- Products that will have market appeal include those that incorporate:
- Newer/richer/deeper experiences.
- Emphasise health, well-being, education, skill development and cultural appreciation
- Enable an investment in the self
- Leisure and education
- Community interaction

Environmental and Social Concern

- Develop products that do not have harmful social and environmental impacts

ICT

- Operators and destinations should strive to meet demand for full access to and availability of ICT

Networks/Alliances

- Formation of strategic alliances public and private sector partnerships
- Innovation in horizontal and vertical integration
- Focus on best practice in the value chain management
- Tourism companies should try to lessen the chances of these buy-outs
- Privatisation of both airports and airlines will continue

Destination Policy, Planning and Development

- Develop tools to measure and demonstrate economic, social and environmental benefits
- Work with the community for long-term success
- Measure success by 'yield' per visitor
- Integrated tourism management across government and industry
- Develop programs that utilise community residents
- Development long-term 'visions' for tourism industry development
- Equitable distribution of tourism rewards
- Destination policy, planning and development must ensure tourists are comfortable with the level of both their security and their privacy

Destination Management Organisation

- National Tourism Organisations (NTOs) should effectively represent the views of all tourism stakeholders in tourism development
- Greater emphasis in liaising effectively with private sector organisations in tourism policy, planning and development
- Undertake joint promotions and alliances between NTOs and the private sector
- Promote 'off-the-beaten-track' and unique locations
- Provide high-quality services and cost-effective options

Destination Marketing Management

- Understand shifts in tastes
- NTOs need to manage knowledge effectively to reach their customers
- Orientate product and marketing development to entertainment, excitement and education
- Emphasise the diverse and individualised attractions
- Operators need to collaborate on the 'fit' between destination products and visitor preferences
- Sell online
- Adopt richer media to target their specific markets
- Understand new media and marketing opportunities
- Quality and timely information
- Increase productivity and competitive advantage of the industry
- Suppliers need to understand new media and marketing opportunities
- Websites must result from and be an integral part of the organisation's business plan

Risk Management

- Communicating a destinations risk strategies

- Address the specific concerns relating to tourist safety and security
- Design effective adaptation strategies and aim to maintain a level of viability to deal with climate change
- Develop strategies to deal with infectious disease and other health-related crises
- Develop disaster management strategies at both the local and the destination level
- Re-examine enclave tourism strategies

Education for Tourism Management

- Greater investment in education is critical to future sustainability of tourism destinations
- Emphasis on human resource development
- Life long learning will become essential
- Provision of community education and training programs that support the tourism industry
- Education in volunteering
- Principles and practices of sustainable tourism should be placed firmly into course curricula
- Recognise 'chaos'
- Develop tools for 'best practice' management
- Teach problem-solving
- Foster adaptive capabilities to apply their knowledge in contexts of change
- Invest in tourism education and training for employees
- Provide policies for multiple jobs and career paths

Management Capabilities of Tourism Firms and Organisations

- Embed knowledge management in the organisation
- Sound financial management is required to meet challenges posed by increasing competition

Marketing

- Travel and tourism will be a buyer's market
- Maintain honesty in marketing
- Promote emotional benefits: reverie/escape, status-enhancement, stress-alleviation, reward and social-skill confirmation
- Undertake micro marketing
- Develop special interest marketing strategies
- Analyse consumer preferences and respond with appropriate product development
- Market and sell the destination and experience in multi-channel environments
- Engage women users for their recommendations and feedback
- Capture Generation Y's attention by being funny or disarmingly direct

Sustainability

- Practice a Triple Bottom Line approach to sustainable development
- Protect the natural, social, and cultural environment

Information Technology

- Sound knowledge of computer information systems and e-commerce
- Stay abreast of technological changes
- Develop working relationships with key technology providers
- Form partnerships with internet providers and online intermediaries
- Travel agents must re-examine and redefine their roles to remain relevant

- Use multimedia technology to improve interpretation
- Conduct a market research
- Identify special interest groups most likely to be attracted to the goods and services provided by the tourism industry
- Acquire (or develop) databases of travel intermediaries and distribution systems for key specialty markets
- Use database marketing to reach travel intermediaries
- Support education programs on the use and potential of database marketing
- Identify tour operators to help them communicate their message

Risk Management
- Develop risk management strategies

Development of Products and Services
- 'Experience providers'
- Optional programs and increasing schedule flexibility
- Short breaks, 'weekend getaways'
- Time saving products and services
- Maximum thrills in the minimum time
- Proactive responses to demand driven products are required
- Greater choice, more interaction
- Safety and assurance are paramount
- Health and wellness
- 'Doing' or 'activity-based' holidays
- Minimise reliance on environmentally and culturally sensitive environments
- High quality interpretation of environmental and cultural/ethnic attractions
- Business tourism

Gap Travel
- Innovative opportunities exist for add-on travel products for the gap travel market segment

Emerging Special Interest Markets
- Rural tourism
- Seniors tourism
- Nature Based tourism
- Cultural and heritage tourism
- Health and wellness tourism
- Cruise tourism
- Space tourism
- Business events tourism
- Religious tourism
- Event tourism
- Urban tourism
- Adventure tourism
- Dark tourism
- Special niche markets

The future is unknown and this report cannot reveal it. It can however stimulate thought with the proviso that "any useful idea about the future should appear to be ridiculous" (Dator 2007). This report has provided a review of the literature of tourism megatrends and some implications based on the comments by tourism managers and the authors of this report. The report considers tourism in Australia as a whole but tourism is an intensely local activity. At a regional or local level many of these trends interact and therefore the application of them is less certain. It is recommended that further research be undertaken to compare the effects of these trends on different types of tourism and different special interest markets.

REFERENCES

Andreas, P. (2003) *A Tale of Two Borders: the U.S.-Mexico and U.S.-Canada Lines After 9-11*, Center for U.S.-Mexican Studies.

Armstrong, M. (2006) *A handbook of Human Resource Management Practice*, 10th ed., Kogan Page, London.

ATS Group Pty Ltd (2001) *Emerging Trends in the Tourism Sector and their Impact on Regional Tourism Attractions*, ATS Group Pty Ltd.

Australian Bureau of Statistics (2005) *Australian Social Trends 2005*, Commonwealth of Australia, Canberra.

Australian Greenhouse Office (2002) *Living with Climate Change: An Overview of Potential Climate Change Impacts on Australia*, Australian Greenhouse Office, Commonwealth Government of Australia.

Australian Greenhouse Office (2005) *Tracking to the Kyoto Target 2005—Australia's Greenhouse Emissions Trends 1990 to 2008-2012 and 2020*, Australian Greenhouse Office, Department of the Environment and Heritage, Commonwealth of Australia.

Australian Institute of Health and Welfare (2006) *Australia's health 2006*, AIHW cat. no. AUS 73, Australian Institute of Health and Welfare, Canberra.

Barnett, T.P., Adam, J.C. & Lettenmaier, D.P. (2005) 'Potential impacts of a warming climate on water availability in snow-dominated regions', *Nature*, 438(1038): 303-309.

Bergsma, M. (2000) 'The future of tourism and hospitality', *Tourism and Hospitality Research*, 2(1): 76-79.

Browne, S. (2005). Getting carded: Border Control and the Politics of Canada's Permanent Resident Card. Citizenship Studies, 9, 423-438.

Buhalis, D. (2000a) 'Trends in information technology and tourism', in W.C. Gartner & D.W. Lime (eds), *Trends in Outdoor Recreation, Leisure and Tourism*, CABI Publishing, Cambridge, MA, pp. 47-61.

Buhalis, D. (2000b) 'Tourism in an era of information technology', in B. Faulkner, G. Moscardo & E. Laws (eds), *Tourism in the 21 century: lessons from experience*, Continuum, London, pp. 163-180.

Buhalis, D. (2003) *eTourism*, Prentice Hall, United Kingdom.

Bureau of Meteorology (2006) *Annual Australian Climate Summary 2005*, Bureau of Meteorology, Commonwealth Government of Australia.

Business Week Online (2007) 'Generation Y', accessed 4 February 2007 at http://www.businessweek.com/1999/99_07/b3616001.htm

Carmody, G. (2005) *Economic Outlook for Australia and New Zealand*, Tourism Futures Conference: 21st Century Responses to 21st Century Realities, Melbourne, December 4-7.

Cavlek, N. (2002) 'Tour Operators and Destination Safety', *Annals of Tourism Research*, 29: 478-496.

Cetron M. (2001) 'The World of Today and Tomorrow: The Global View', in A. Lockwood and S. Medlik (eds), *Tourism and Hospitality in the 21st Century*, Butterworth-Heinemann, Oxford.

Costello, P. (2002) *Part II: Australian's long-term demographic and economic prospects*, Commonwealth of Australia.

Cothran, D.A. & Cothran, C.C. (1998) 'Promise or Political Risk for Mexican Tourism', *Annals of Tourism Research*, 25: 477-497.

Crouch, G.I. (1994) 'The study of international tourism demand: a review of findings', *Journal of Travel Research*, 33: 12-23.

Cruise Lines International Association (2002) *The Cruise Industry—An Overview*, Marketing Edition, Spring, Cruise Lines International Association, New York.

Dator, J. (2007) *What futures studies is, and is not*, University of Hawaii, Hawaii Research Center for Futures Studies

de Jong, P. (2005) 'The future of Tourism in an insecure, unstable world', Travel Impact Newswire.

Department of the Environment and Heritage (2005a) 'Biodiversity home page', retrieved 23 November 2005, from http://www.environment.gov.au/biodiversity/index.html.

Department of the Environment and Heritage (2005b) 'Salinity in Australia', retrieved 23 November 2005, from http://www.deh.gov.au/land/pressures/salinity/index.html.

Department of the Prime Minister and Cabinet (2004) 'Protecting Australia Against Terrorism—Australia's National Counter-Terrorism Policy and Arrangements', Department of the Prime Minister and Cabinet, Commonwealth of Australia.

Dwyer, L. (2005) 'Relevance of Triple Bottom Line Reporting to Achievement of Sustainable Tourism: a Scoping Study', *Tourism Review International*, 9(1): 79-94.

Dwyer, L., Forsyth, P. & Spurr, R. (2005) 'Estimating the Impacts of Special Events on the Economy', *Journal of Travel Research*, 43: 351-359.

Dwyer, L., Forsyth, P., Fredline, L., Jago, L., Deery, M. & Lundie, S. (2006) *Concepts of Tourism Yield and their Measurement*, Sustainable Tourism Cooperative Research Centre, Gold Coast.

Education Commission of the United Sates (1999) 'Future Trends Affecting Education', retrieved 11 October from http://www.ecs.org/clearinghouse/13/27/1327.htm.

Elhefnawy, N. (2004)' Societal Complexity and Diminishing Returns in Security', *International Security*, 29: 152-174.

Elliot, J. & Johns, N. (1993) 'The influence of international tourism trends on the design', *International Journal of Contemporary Hospitality Management*, 5(2): 6.

Ellyard, P. (2006) 'Societal Changes—Impacts and Opportunities for Tourism', *Tourism Futures Conference: 21st Century Responses to 21st Century Realities*, Melbourne, December 4-7.

European Commission (2002) 'ICT & e-business in the tourism sector', *The European e-Business Market Watch Sector Report No.13/October 2002*, European Commission Enterprise Directorate General e-Business ICT and Services.

European Travel Commission (2004) *Tourism Trends for Europe*, European Travel Commission & European Travel and Tourism Action Group, Brussels.

Faulkner, B. (2001) 'Towards a framework for tourism disaster management', *Tourism Management*, 22: 135-147.

Gerkovich, P. (Cartographer) (2005) *Conversations with the Experts: Generation X and work-life/values*

Glenn J.C. & Gordon, T.J. (eds) (2000) *State of the Future at the Millennium*, American Council for the United Nations University.

Goldblatt, D., Perraton, J., Held, D., McGrew, A. & Anthony, A. (2007) *Global Transformations: Politics, Economics and Culture*, Polity Press, Cambridge.

Goodrich, J.N. (2002) 'September 11, 2001 attack on America: a record of the immediate impacts and reactions in the USA travel and tourism industry', *Tourism Management*, 23: 573-580.

Gunaratna, R. & Jones, S. (2004) *Political and Security Outlook: The Threat of Terrorism in 2004 - what to expect?*, Trends in Southeast Asia Series, 2.

Hall, C.M. (2005) 'Bioseciurity and wine tourism', *Tourism Management*, 26: 931-938.

Hammond A. (1998) *Which World? Scenarios for the 21st Century: Global Destinies, Regional Choices*, Island Press, New York.

Homer-Dixon, T.F. (1999) *Environment, Scarcity, and Violence*, Princeton University Press, Princeton.

James, R. (1997) 'HR Megatrends', *Human Resource Megatrends*, 36(4): 453-462.

Johnson, G. & Scholes, K. (1997) *Exploring Corporate Strategy*, 4th edition, Prentice Hall, London.

Johnson, D. (2001) 'The World in 2015', *The Futurist*, 35: 6-8.

Lepp, A. & Gibson, H. (2003) 'Tourist roles, perceived risk and international tourism', *Annals of Tourism Research*, 30: 606-624.

Lim, C. (1999) 'A meta-analytic review of international tourism demand', *Journal of Travel Research*, 37(3): 273-84.

Luhulima, C.P.F. (2000) *Scope of ASEAN's Security Framework for the 21st Century*, Institute of Southeast Asian Studies, Pasir Panjang, Singapore.

Lundie, S., Dwyer, L. & Forsyth, P. (2007) 'Environmental-Economic Measures of Tourism Yield', *Journal of Sustainable Tourism*, 15(5): 1-18.

McCrindle, M. (2001) 'From Builders and Boomers to Xers and Y's: A Social Report on Generations X & Y NSW: McCrindle Research', http://www.mccrindle.com.au/wp_pdf/BuildersBoomers_X_Y.pdf

McDonald, P. & Kippen, R. (1999) *Population Futures for Australia: The policy alternatives*, Research Paper No. 5, Department of the Parliamentary Library, Canberra.

McKelvie, J. (2005) *Religious Tourism*, Mintel, London.

Mill, R.C. & Morrison, A.M. (2002) *The Tourism System*, Kendall/Hunt Publishing Company, Dubuque, Iowa.

Millington, K. (2005) *Gap Year Travel—International*, Mintel, London.

Mistilis, N. & D'Ambra, J. (2004) *SMTEs web presence—a scoping study of the level of web based e commerce adoption of regional and urban SMTE*, Sustainable Tourism Cooperative Research Centre, Gold Coast.

Mistilis, N. & Daniele, R. (2004) 'Challenges for Competitive Strategy in Public and Private Sector Partnerships in Electronic National Tourist Destination Marketing Systems', *Journal of Travel & Tourism Marketing*, 17(4): 63-73

Mistilis, N. & Sheldon, P. (2005) 'Knowledge Management for Tourism Crises and Disasters', refereed paper presented at the *BEST Education Network Think Tank V—Managing Risk and Crisis for Sustainable Tourism: Research and Innovation*, University of West Indies in Kingston Jamaica, June 16-19.

Mistilis, N. & Sheldon, P. (2006) 'Knowledge Management for Tourism Crises and Disasters', *Tourism Review International*, forthcoming June 2006.

National Intelligence Council (NIC) (1999) 'Global Trends 2015: A Dialogue about the Future with Nongovernmental Experts, National Foreign Intelligence Board', ww.cia.gov/cia/publications/globaltrends2015/index.html

National Intelligence Council (NIC) (2004) *Mapping the Global Future*, National Intelligence Council, Washington.

Nordin, S. (2005) *Tourism of Tomorrow—Travel Trends & Forces of Change*, May ETOUR, European Tourism Research Institute.

Pacific Area Travel Association (PATA) (1999) *21 Issues & Trends That Will Shape Travel and Tourism in the 21st Century: Finding the right balance*, Pacific Area Travel Association, Bangkok.

Perz, J.E., Allen, C.S. & Schaffner, W. (2001) 'Mixed outbreak of Parainfluenza Type 1 and Influenza B associated with tourism and air travel', *International Journal of Infectious Diseases*, 5: 189-191.

Pine, B.J. & Gilmore, J.H. (1999) *The Experience Economy: Work is theatre and every business a stage*, Harvard Business School Press.

Pollock, A. & Williams, P. (2000) 'Health tourism trends: closing the gap between health care and tourism', in W.C. Gartner & D.W. Lime (eds), *Trends in Outdoor Recreation, Leisure and Tourism*, CABI Publishing, Wallingford, pp. 165-173.

Porter, M.E. (2001) 'Strategy and the internet', *Harvard Business Review*, March: 63-78

Ritcher, L.K. (2003) 'International Tourism and Its Global Public Health Consequences', *Journal of Travel Research*, 41: 340-347.

Schumpeter, J. (1942) *Capitalism, Socialism, and Democracy,* Harper, New York.

Smith, C. & Jenner, P. (1997) 'The seniors' travel market', *Travel & Tourism Analyst*, 5: 43-62.

Sonmez, S.F. & Graefe, A.R. (1998) 'Influence of terrorism risk on foreign tourism decisions', *Annals of Tourism Research*, 25: 112-144.

Stephens, G. (2003) 'Global Trends in Crime', *The Futurist*, 37: 41-46.

Stern, N. (2006) 'Stern Review on the Economics of Climate Change: An Independent Review for the Treasury, United Kingdom Government', accessed on 18 November, http://www.hm-treasury.gov.uk/

Sutton, A. & Wilson, D. (2004) 'Open-Street CCTV in Australia: The Politics of Resistance and Expansion', *Surveillance & Society*, 2: 310-322.

Tourism Australia (2006a) *Forecast: The Fourth release from the Tourism Forecasting Committee, April 2006*, Tourism Australia, Sydney.

Tourism Australia (2006b) *Forecast Summary: A Summary of the Fourth Release from the Tourism Forecasting Committee, April 2006*, Tourism Australia, Sydney.

United Nations Environment Program (2002) *Global Environment Outlook 3—Past, Present, and Future Perspectives*, United Nations Environment Program.

United Nations World Tourism Organisation (2002) *Tourism 2020 Volume 7, Vision Global Forecasts and Profiles of Market Segment*s, United Nations World Tourism Organisation, Madrid

Viner, D. & Nicholls, S. (2005) 'Climate change and its implications for international tourism', in *Tourism Management Dynamics: Trends, Management and Tools*, D. Buhalis & C. Costa (eds.), Elsevier Ltd.

Wilder-Smith, A. (2005) 'The Severe Acute Respiratory Syndrome: Impact on travel and tourism', *Travel Medicine and Infectious Disease*, 20: 1-8.

Willmott, M. & Graham, S. (2001) 'The world of today and tomorrow: the European picture', in A. Lockwood & S. Medlik (eds), *Tourism and Hospitality in the 21st century*, Butterworth-Heinemann, Oxford, pp. 29-38.

World Bank (2001) 'Untitled', http://www.twnside.org.sg/title/forecasts.htm

Yeoman, I (2005) 'Tomorrow's world—consumer and tourist', *VisitScotland*, 1(2): 1-31.

Yesawich, P. (2000) 'Ten Trends Shaping the Future of Leisure Travel', *Hotel and Motel Management*, 215(19): 26-27

AUTHORS

Professor Larry Dwyer

Larry Dwyer is Qantas Professor of Travel and Tourism Economics in the Australian School of Business at the University of New South Wales. He publishes widely in the areas of tourism economics, management and policy, and has been awarded numerous research grants to contribute to tourism knowledge. Larry maintains strong links with the tourism industry at international, national, state and local levels.
Email: l.dwyer@unsw.edu.au

Dr Deborah Edwards

Deborah Edwards is the STCRC Senior Research Fellow in Urban Tourism in the School of Leisure, Sport and Tourism at the University of Technology, Sydney. Deborah is on the steering committee of the Best Education Network, an international consortium of educators committed to furthering the development and dissemination of knowledge in the field of sustainable tourism. Deborah's interests are in sustainable tourism management, urban attractions, tourism planning, volunteers in tourism attractions and the social impacts of events.
Email: Deborah.Edwards-1@uts.edu.au

Dr Nina Mistilis

Nina Mistilis is senior lecturer in the Australian School of Business, University of New South Wales. She publishes widely and her current tourism research interests include policy and planning, and also ICT and management. She is a foundation board member and vice president of the Australasian chapter of the International Federation of Information Technology and Tourism. She has a Doctorate of Philosophy in Political Science from the Institute of Advanced Studies, Australian National University.
Email: n.mistilis@unsw.edu.au

Dr Noel Scott

Noel Scott is a senior lecturer at The University of Queensland, School of Tourism, where he lectures at undergraduate and postgraduate levels and publishes in the area of strategic destination management. He is also the Chair of the Teaching and Learning Committee for the School. He has extensive experience as a senior manager and consultant in tourism, marketing and strategy development and has held the position of Strategic Services Manager within Tourism Queensland.
Email: noel.scott@uq.edu.au

Carolina Roman

Carolina Roman is an Environmental Scientist and Physical Geographer, with more than seven years experience in the public and private sectors both in Australia and Europe. She has been involved in a European Union sponsored environmental and climate change education campaign, and in the private sector as an environmental science consultant. She is currently completing a PhD at the Regional Climate Group at Monash University, specifically looking at climate change impacts, vulnerabilities and adaptation strategies for the tourism industry in alpine regions.
Email: carolina.roman@arts.monash.edu.au

Professor Chris Cooper

Chris Cooper was Foundation Professor of Tourism Management in the School of Tourism and Leisure Management, Faculty of Business, Economics and Law, The University of Queensland, Australia. Before beginning an academic career he worked in market planning for the tourism and retail sectors in the UK. Chris has authored a number of leading textbooks in tourism and worked closely with the World Tourism Organisation in developing the status of tourism education on the international stage.
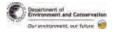Email: c.cooper@uq.edu.au

- Travel and tourism business
- Academic researchers
- Government regulators and policy makers

COMMUNICATION

COMMERCIALISE

RESEARCH AND DEVELOPMENT

COLLABORATION

INNOVATION

EDUCATION AND TRAINING

UTILISE

- New products, services and technologies
- Uptake of research findings by business, government and academe
- Improved business productivity
- Industry-ready post-graduate students
- Public good benefits for tourism destinations

INDUSTRY PARTNERS

UNIVERSITY PARTNERS

SPIN-OFF COMPANIES

CRC for Sustainable Tourism Pty Ltd
ABN 53 077 407 286
Gold Coast Campus
Griffith University Qld
Australia 4222

Telephone: +61 7 5552 8172
Facsimile: +61 7 5552 8171
Chairman: Stephen Gregg
Chief Executive: Ian Kean
Director of Research: Prof. David Simmons

Website: www.crctourism.com.au
Bookshop: www.crctourism.com.au/bookshop
Email: info@crctourism.com.au

SUSTAINABLE TOURISM
CRC

The Sustainable Tourism Cooperative Research Centre (STCRC) is established under the Australian Government's Cooperative Research Centres Program. STCRC is the world's leading scientific institution delivering research to support the sustainability of travel and tourism – one of the world's largest and fastest growing industries.

Introduction
The STCRC has grown to be the largest, dedicated tourism research organisation in the world, with $187 million invested in tourism research programs, commercialisation and education since 1997.

The STCRC was established in July 2003 under the Commonwealth Government's CRC program and is an extension of the previous Tourism CRC, which operated from 1997 to 2003.

Role and responsibilities
The Commonwealth CRC program aims to turn research outcomes into successful new products, services and technologies. This enables Australian industries to be more efficient, productive and competitive.

The program emphasises collaboration between businesses and researchers to maximise the benefits of research through utilisation, commercialisation and technology transfer.
An education component focuses on producing graduates with skills relevant to industry needs.

STCRC's objectives are to enhance:

- the contribution of long-term scientific and technological research and innovation to Australia's sustainable economic and social development;

- the transfer of research outputs into outcomes of economic, environmental or social benefit to Australia;

- the value of graduate researchers to Australia;

- collaboration among researchers, between researchers and industry or other users; and efficiency in the use of intellectual and other research outcomes.