Horwath HTL

Hotel, Tourism and Leisure Celebrating 100 years

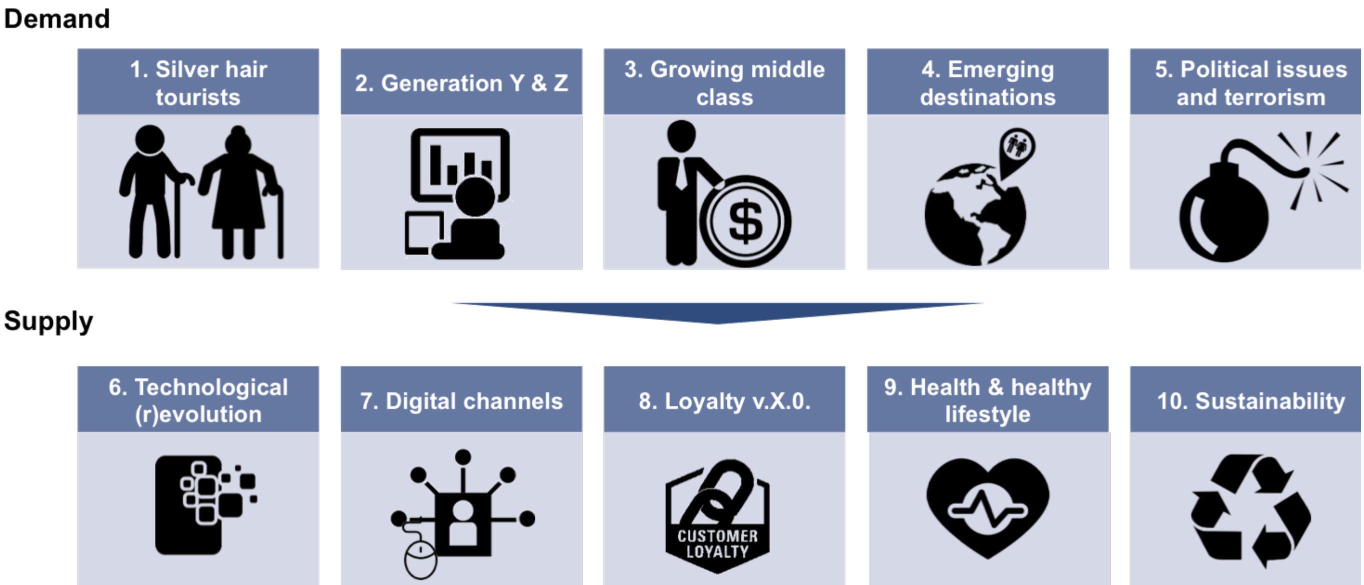
Tourism Megatrends

10 things you need to know about the future of Tourism

10 Mega trends in Tourism

Horwath HTL has identified 10 global trends which will influence mid- and long-term tourism development.

The first five trends will have a major influence on demand in the tourism sector but will also impact the second set of trends, which concerns changing supply. Together, they represent forces which will shape the future of tourism.



The global population is aging and as a result a significant tourist segment is emerging - **Silver hair tourists** - with specific desires and needs in terms of customization, service consumption, security and desired products.

In addition, **generation Y**, also known as Millennials, and **generation Z**, known as iGen, are likewise appearing as an influence. These are tech savvy, technology driven age groups, very different from one another, with specific needs for communication, consumption and tourist experience.

The increase in average income and the fall in levels of absolute poverty are resulting in a **growing middle class**. The middle-class population is expected to increase further, up to 4.9 billion by 2030, where most of the growth is expected from Asia. Their characteristics will have a growing importance and impact on the tourism sector.

There are also **new destinations emerging,** sought after by the above segments. The emerging markets will soon overtake developed markets in terms of international arrivals with 58% of the share. As it stands, in the top 20 global destinations by international overnight visitors (2015), 10 cities are from the Middle East and Asia, and half of them experienced double digit growth between 2009 and 2015.

Today, there is more need than ever to secure political, economic and social stability in order to prevent terrorism and ensure safety for all tourists. **Political tension, terrorism** and civil riots are unpredictatble and impose a threat to the future of tourism in any destination.

Technological (r)evolution in the hotel industry is a game changer, and is already dominating how the industry operates. Although this provides more possibilities to entice Millennials and iGen, the speed of change is hard to keep up with and the complexity is tough to manage.

Tourism is dominated by digital channels, but growth of SoMo (Social + Mobile) is bringing a real revolution, which is disrupting the entire sector on an ongoing basis. The digitalization of tourism has made it clear that new competitors can shake up a lot of long-term business plans.

Loyalty within the indutry as we know it will decline. There will be no more complicated sign-up forms in order to collect and redeem points, and no more risk of losing them over time. Physical loyalty cards are vanishing and loyalty programs now have to be integrated into the tourist experience. A dynamic digital environment allows for the development of new, innovative loyalty programs, which are based on precise insights through Big Data, and enhance each tourist's experience throughout their journey.

Health and healthy lifestyle will become increasingly important in tourists' decision making. Aging tourists, the lifestyle of Millennials and iGen, a growing middle class, and the technological and digital revolution, all contribute to boosting the importance of the health trend. Health and healthy lifestyle will become progressively more integrated into multiple dimensions of tourism offerings.

Global tourism will continue to grow alongside world prosperity and well-being, therefore it is imperative to ensure its **sustainability**. Economic, social and environmental pillars have to be balanced in order to ensure the long-term sustainable development of tourism. Sustainable tourism development requires the participation of all relevant stakeholders as well as a strong political leadership.

Many tourist service providers have already changed their business model in order to meet the challenges arising from all the identified trends. Destinations, travel companies, hotel companies and other players along the value chain will have to be constantly on their toes, tracking future developments of these trends. It will continue to be a story of those who were prepared, those who were not, and those who managed to adopt the change quickly enough.

1. SILVER-HAIRED TOURISTS

In keeping with the socio-demographic trend, the aging population is considered one of the fastest growing segments in the tourism market.

The share of world's population over the age of 60 increased from 8% in 1950 to 12% in 2013. According to forecasts, this share will reach 21% by 2050.

The aging population will increase specifically in China, India and the US where each country is expected to have a population with over 100 million people aged 60 or above by 2050.

Share of global population over the age of 60

Life expectancy varies between developed and developing regions and people tend to live longer in developed countries. Although the aging population is now increasing in developing countries, the majority is still found in Europe, the Americas and Asia, which are also the world's major travel sources. Especially important sources are countries such as Germany, China and the US, and forecasts say that these countries will continue to be primary sources for outbound tourism.

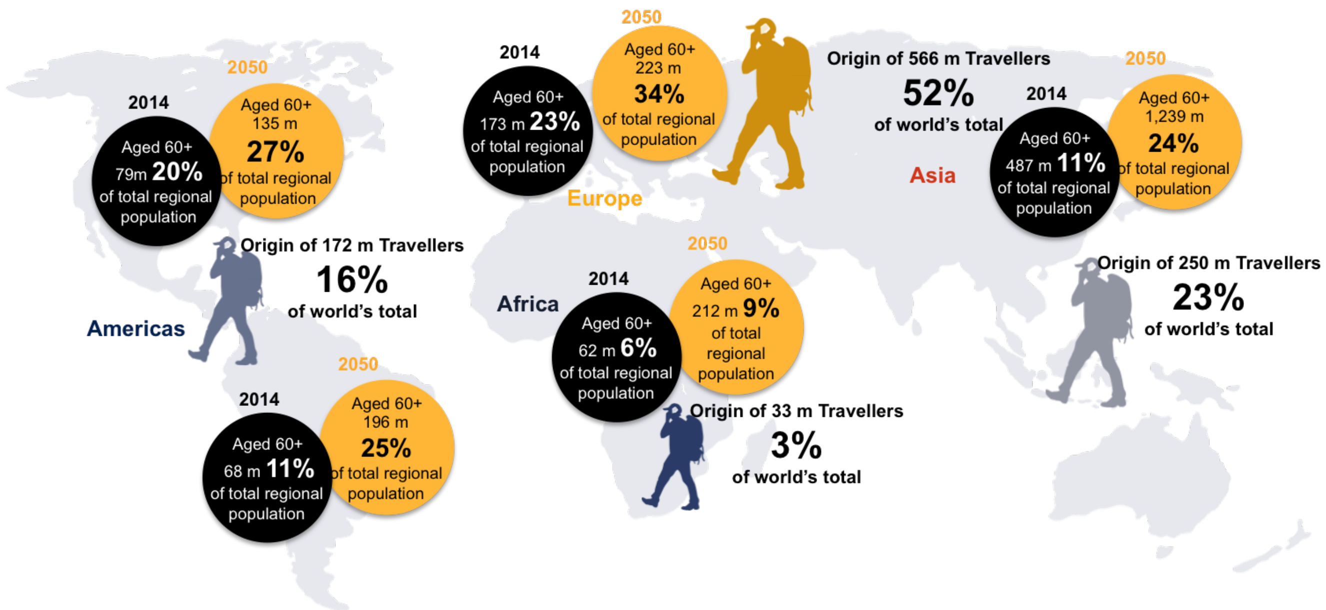
According to our market research, the aging population shows some common characteristics:

Senior population is ready to spend
Senior members of society can often be more financially secure, whether they are still working or have retired. This is generally true for developed countries where they have the purchasing power to indulge in travel. Those that still work, whether out of desire or necessity, can sometimes be in relatively high-paying jobs. Those seniors that enjoy the benefit of a generous pension may also have enjoyed growth in stock portfolio or seen significant gains in housing prices over the last few decades.

With a satisfactory disposable income, less home responsibilities, more time to travel and relatively good health, they are an important tourist segment and are expected to spend more than all other age groups on holiday travels.

They live well beyond the age of 65
With advances in science and medicine, the life expectancy of the world's population has, on average, been extended to 82 years for females and 79 years for males. The senior population will not only live longer, they will also be healthier and more active than previous generations, especially in advanced societies like Japan, New Zealand and Switzerland. Therefore, active senior travellers will be even older in 2020, between 50 and 75.

Global aging population, 2014 vs 2050



They are active travellers

Other than the availability of funds, time and health for travel, the older population has a greater desire to travel and to explore the world than previous generations. This is motivated by the widened availability of travel information on different media and social media channels.

In order to illustrate this trend and its significance, 97% of the population over 50 in the US is planning at least one domestic trip in 2015, 45% is planning at least one international trip and 47% plan to travel more than they did in 2014.

Highly Personalized Services

Considering the unique characteristics of travel products demanded by senior travellers, they require tailor-made services and prefer to build trust through face-to-face interaction with providers. They have different preferences and interests, expectations and needs, and their focus is often based on special interest. This 'silver-hair' segment presents an invaluable opportunity for travel agents, especially when they are gradually losing their competitive advantages to online agents in the increasingly digitalized travel industry. Their travel agency must offer flexibility and understanding in order to meet their needs.

Soft Adventure for 'feeling young'

The aging population is relatively fitter and healthier than previously, and they do not consider themselves too old to travel. They demand travel products that are more 'experience-driven'. They no longer seek material goods, but rather life experiences. There are already tour operators developing niche products specifically for this 'young at heart' segment. Their holidays range from short breaks to cruising itineraries for up to 19 days, but all the specifics are tailor-made for small groups aged 60 and over.

Despite comfort remaining their top priority, pursuing luxury may no longer be an exclusive priority for senior travellers, and instead they may prefer adopting the local lifestyle just to have a unique experience.

Health and Wellness Products

Health and wellness travel, especially among senior travellers, is already very popular. They will continue to travel for health reasons, from purely medical reasons to the general purposes of promoting health and well-being through physical, psychological or spiritual activities. Due to its importance, we have covered health and healthy lifestyle as one of the major trends that will shape tourism.

New playground for everyone

Travel products demanded by senior travellers are highly diverse and enable tourist suppliers to find their own niche segment among this growing market. For example, it is not surprising that senior travellers purchase travel insurance at a higher rate than their younger counterparts. It is also expected that in the future they might require 24/7 emergency support and travel consultation services, not only during, but also before or even after their travel.

Products demaded by senior citizens

2. GENERATION Y AND Z

In addition to the aforementioned aging population, the importance of generation Y has been recognised by key industry players as an important market segment, and not only for its size.

This rapidly growing segment, the Millennials, as they are known, are expected to represent 50% of all travellers by 2025. Their focus is on exploration, interaction, and emotional experience and many brands in the hotel industry have realized that they need to rethink the service they provide to accomodate these dimensions. Millennials expect a greater link between tourism services and their everyday life and as a result many new hotel brands are arising which try to provide precisely this experience (e.g. Radisson RED, Moxy by Marriot, Tommie, AC Hotels, Hyatt Centric, Hilton's Canopy, etc.).

The entire value chain is being adjusted to meet their lifestyle requirements and will continue to do so while becoming more transparent and tech savvy, with a strong focus on empathy and customer connection. The trend is expected to be further boosted by the accelerated implementation of digitalization, as technology is essential for this demographic.

On the other hand, the impact of generation Z on tourism, is yet to become apparent. This generation, also called iGen, Click 'n go children or Screenagers, range in age from 6 to 20 (although age limit is not yet precisely defined) and in the US already a quarter of the whole population belongs to generation Z (USA, Census 2010).

A prediction of their lifestyle and living environment presents a more radical shift from generation Y, than was the shift from generation X to generation Y. Generation Z is believed to be totally different from generation Y in so much as they already have higher access to information, a more dynamic lifestyle, and a higher level of education, an accelerated adoption of change and faster spending.

As well as strategic planning, in order to win them over companies will have to become more agile and better understand their personalities.

This generation is developing its skills and personality in a socio-economic environment marked by uncertainty, recession, chaos and complexity. They are witnessing the struggle of Millennials, and consequently want to see change in the world. They are more collaborative and adaptable to changes; they seek knowledge and education, and frequently use social media as a search tool.

Generation Z Profile

- **85% of generation Z in the US own a smartphone**
- **They spend parents' money faster**
- **High level of involvement in digital trends - digital integrators**
- **17 jobs in a lifetime**
- **15 places of residence in a lifetime**
- **Language change (international terms and abbreviations)**
- **1/2 members of Generation Z are university educated**

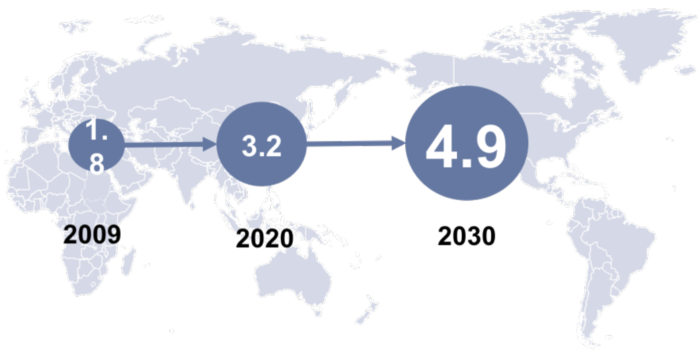
According to research, generation Z, which is fully integrated into the digital world, will demand a significant adaption within the tourism sector e.g. Hotel companies will have to review their long-term strategies and question whether the services they provide also satisfy the needs and wishes of this generation. Could such needs and wishes be satisfied using the same approach that has worked effectively for hotels so far?

Generation Z is expecting real time information, short, yet powerful messages mostly sent via pictures, videos and channels that allow them to interact, co-create and share information. They speak in emoticons and stickers which are replacing traditional text. Many service providers in tourism will have to learn their specific language so that they can interact and communicate with them. In order to market services to generation Z, companies will need to tell their story across multiple platforms, present their values and create meaningful brands, be socially responsible, tease them, talk their language, treat them as adults, respect their opinion and allow them to interact and co-create. The need for customization and personalization of service is greater than ever.

3. GROWING MIDDLE CLASS

Travel has always been a luxury of the well-situated, urban population mostly from Western countries. The increase in average incomes and the fall in levels of absolute poverty are resulting in the growing size of the so-called middle class; the world's population that is neither rich nor poor by each national standard. The middle class is set to increase from 1.8 billion in 2009 to 3.2 billion by 2020 and 4.9 billion by 2030. This rise in the middle class will alter the profile of the international traveller.

Middle class population, in billion, by years



Source: OECD Yearbook

The majority of global middle-class growth will come from the Asia-Pacific region, where growth is substantial. By 2030, the Asia-Pacific region will already represent two-thirds of the total global middle-class population and will contribute to 59% of all middle-class consumption by 2030.

Conversely, the middle-class population in Europe and North America will stagnate, resulting in a decrease of their share by more than double by 2030.

Middle class population, in %, by years

	Europe	Asia - Pacific	North America
2009	**36%**	**28%**	**18%**
2020	**22%**	**54%**	**10%**
2030	**14%**	**66%**	**7%**
+/- (in p.p., 2009-2030)	-22%	**+38%**	-11%

Source: IEMS, Kharas and Gertz, OECD observatory

Growth in the middle-class market within the Asia-Pacific region will be driven mostly by growth in China and India. Forecasts for 2020 say that Chinese GDP per capita will increase 1.5 times compared to the GDP per capita in 2014, while India's will grow around 1.8 times.

The middle class is placing importance on value for money

The middle-class market is using part of their increasingly disposable income for education and learning English is particularly influencing travel choice. With improved English language skills, middle-class travellers can gain independence from guided tour groups, which will lead to an increase in autonomous travelling.

Both increase in disposable income, as well as increase in education, makes the Internet more accessible. Having easier access to transparent and comparable information online, results in: 1. a further increase of competition between online tourist giants; 2. growing importance of digital presence; 3. improvement of a tourist's digital experience.

While planning their travel (choosing a destination, accommodation, transportation etc.) middle-class tourists are looking for value for money. In order to reach their destination, they are more likely to choose budget transportation (low-cost airlines, trains, boats) or to invest their time in finding deals for discounted tickets. Having a slice of the the middle-class pie means businesses will require innovation in offering value for money whilst still targeting specific needs.

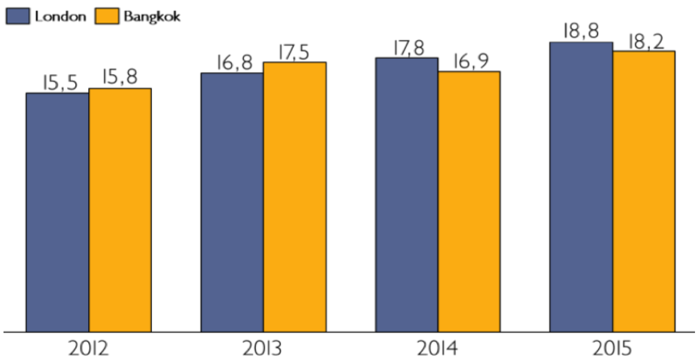
Another challenge that should be taken into consideration, is adapting to specifc requirements once the tourist is at the destination. For example, for Indian tourists, due to religious and cultural norms, vegetarian and Halaal food in hotels should always be available.

4. EMERGING DESTINATIONS

With the growing middle class and their search for value for money and different travel interests, many destinations in the emerging and developing regions (Asia, South America, Eastern Mediterranean, Middle and East Europe, Middle East and Africa) have managed to develop and exploit their tourism potential to attract and retain visitors. These countries will soon have more international arrivals than developed markets (North America, Western Europe, developed areas of Asia and the Pacific). In 1950, while almost all of international arrivals (97 percent) were concentrated in only 15 destination countries, this share had fallen to 56 percent by 2009. Currently there are close to 100 countries receiving over 1 million arrivals a year.

Asia's growth was illustrated back in 2012 when Bangkok was the number one global destination in terms of international overnight visitors, accoring to MasterCard's Global Destinations Cities Index. London overtook Bangkok as the front runner in 2014 due to the Thai political situation. Bangkok's potential should allow for a quick comeback if it is not impacted by further negative influences like terrorism and political issues.

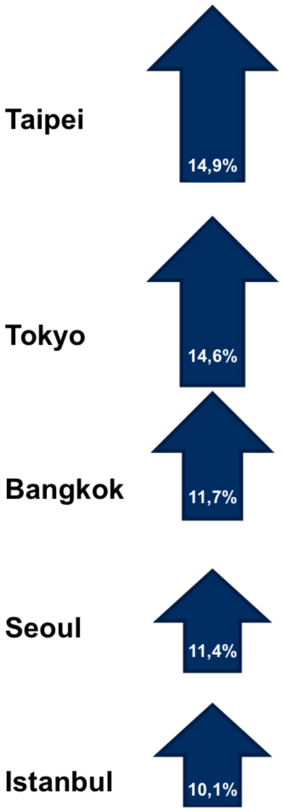
London vs. Bangkok, no. of international visitors, in millions



Source: MasterCard Global Destinations Cities Index
*2015 – expected

Among the top 20 global destination cities by international overnights visitors in 2015 there are 10 cities from Middle East and Asia, half of which experienced double digit growth.

Double digit growth cities (Among top 20 destinations, CAGR 2009-2015)



5. POLITICAL ISSUES AND TERRORISM

As new destinations emerge at a time of global change, we are witnessing how ethnic, cultural and religious differences together with different political agendas across the globe can cause various tensions. As a result political unrest, terrorist attacks and civil riots are becoming more of a reality. All such things impose a threat to the future of tourism.

Governments around the world are facing numerous political issues that might influence tourism in destinations. For example, riots in Greece have been an influence on Greek tourism both in the short and long-term. Short-term problems occurred with the media warning tourists to avoid traveling to Greece. Long-term concerns might be losing investments and investors' confidence in the tourism sector due to financial instability. An example of a recent political issue is the EU's struggle with the flow of migrants and its own asylum policies. More than 800,000 refugees have already arrived this year in Europe and the European commission estimates up to three million refugees arriving in 2016. How to solve this problem remains a pressing question for the EU.

Terrorism threats or tragic events might cause a major setback for any destination, but in a tourist destination it is also likely to decrease the number of international visitors. The most recent tragic attacks in France are opening key questions on how to address this global threat. Other recent terrorist attacks that have occurred in Egypt, Tunisia and Thailand, had a direct negative impact on tourism. Crisis management is therefore becoming a necessity for destination managers.

Transportation insecurity is also a potential issue for travellers, often caused by terrorism attacks on airports and on trains. Europeans currently fear for the security of their rail system after the attempted terrorist attack which occurred in France in the summer of 2015. Furthermore, travellers are facing a problem of waiting longer at security check points before boarding and they might face further inconvenience by having difficulty in storing their baggage at the airport due to security reasons.

6. TECHNOLOGICAL (R)EVOLUTION

The preceding five trends have a major influence on the demand aspect of tourism and also influence the next five trends, which impact changes in supply, thus together they shape the future offering in tourism.

Tourism is strongly influenced by the progess of the technological revolution that is shaping and changing everyday life. Technology has become an integrated part of daily life with mobile internet, navigation systems and smartphones, thanks to which people are constantly connected to the digital world. The Internet has already changed the way tourists search, explore, book and experience travel. The whole industry has to adopt new technology trends, rethink their strategies and reshape the way they provide services.

Robots (maintenance, guest service, and room service), holograms with avatars (reception, staff), interactive displays, smartphones and gadgets are already becoming a reality for the hotel industry. Some parts of this technological future are expected to become an integrated part of the tourism sector; however the level of technology in each company will depend largely on its strategy and positioning.

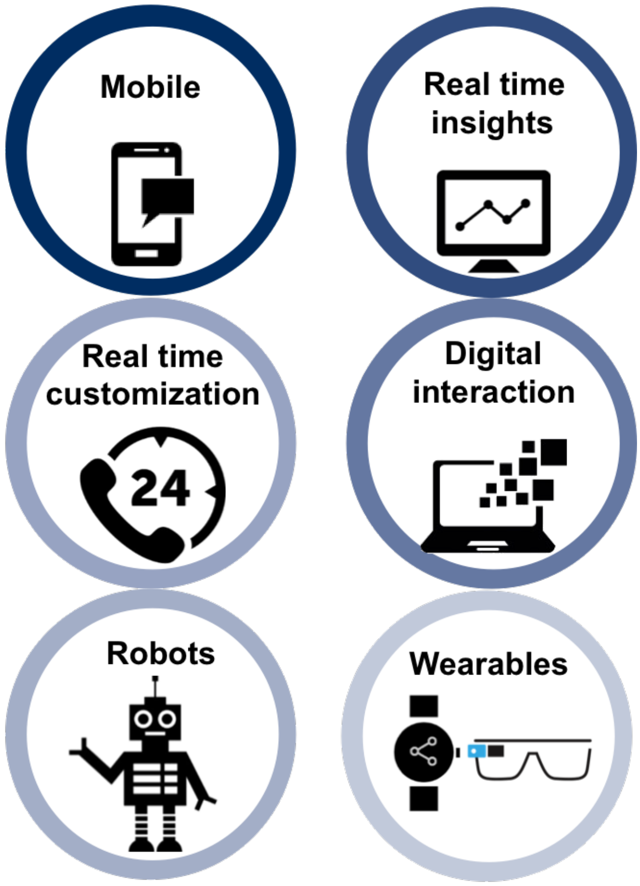
So what does the techonolgical future look like in hotels specifically?

Some hotels are already offering different solutions to accomodate guests, which might build a picture of a typical hotel in the future. The registration at reception is carried out immediately via smartphone; the receptionist can see in real-time guests' insights on a tablet screen, and all the preferences related to the room are adjusted in real-time so that when a guest enters the room the lighting is automatically adapted, the temperature is optimal, the guests' favourite music is playing and the TV programs are filtered.

During the vacation, the guest gets real-time information on programs and activities in accordance with documented preferences and gets proposals for new possibilities on the selected devices (via smartphones, wearables etc.). All of this contributes to a complete experience for the guest leading to their greater contentment, increased level of consumption and ultimately it will increase their loyalty.

Nevertheless, there will be challenges like selecting the appropriate technology for the guest, avoiding the pitfalls of using technology just for the sake of it, and optimizing such technology for the benefit of the guest and to improve their experience.

Key technology influences in tourism



7. DIGITAL CHANNELS

Conduting our lives online is swiftly becoming the norm rather than a novelty. Mobility (smartphones, smart gadgets, wearables) and social networks - so-called SoMo (Social + Mobile) - are channels which still have room for further growth.

Generally speaking, the process of a vacation begins and ends with the Internet. It starts with research and collection of ideas, through to an intent to travel, then fine tuning the trip details and ultimately sharing their experiences after the trip. After returning from a vacation, guests are now providing feedback about their experience via the same social networks (Facebook, Twitter, Instagram) and distribution channels by which they gathered information for their trip in the first place (Tripadvisor, Booking, Airbnb).

On average, almost every person in the world owns a cell phone, and soon the ratio will be greater than 1:1, meaning that most tourists will be able to explore, plan and make decisions wherever and whenever they want. Currently 65% of searches begin on mobile phones and continue on computers. In 2013 time spent on smartphones exceeded time spent on a PC. In 2014 time spent using mobile devices exceeded time spent watching TV. In Q3 2013, on average people spent 34 minutes on a mobile search versus 27 minutes spent on PC search. In Q3 2014, the daily average for time spent on mobile devices was 177 minutes versus 168 minutes spent watching TV.

60% of time spent on the Internet is dedicated to social networks. Since social networking exceeded gaming activities, it became the first activity on mobile apps. 28% of the global population is using social networks and 77% of them access social networks via mobile devices. Facebook has become a serious player in the world search; the daily number of searches on Google is 3.5 billion compared to searches on Facebook with already 1 billion.

The importance of social networks in tourism is increasing. Some examples are the interaction with the guest; targeted communication; location services; the confidence in friends' recommendations; and creating and sharing content by guests. For instance, 48% of business travellers and 40% leisure travellers in the United States enjoy sharing travel experiences online.

Key digital travel trends

One cell phone per person

65% of searches begin on mobile phones and continue on computers

Time spent using mobile devices exceeded time spent on watching TV

By 2017, mobile devices will account for 30% of online travel value

60% of time on the Internet is spent on social networks, with 28% of people using them

Social networking became the first activity on mobile apps

Meta-search engines are gaining increasing importance and entering the booking game

The internet and smartphones have allowed us to share resources that are expensive

Tourists tend to spend a lot of their time online. The global market of wearable devices ('wearables') will nearly triple by 2019 with a predicted average CAGR of 35%. Some wearable devices used nowadays include earpieces, digital glasses and smart watches. An example would be the wireless ear piece headphones, "The Dash" which enables users to listen to music, track body performance or even communicate via an ear bone microphone.

Sales by global on-line travel intermediaries grew 8% CAGR over the period between 2008 to 2013, and now stand at 25% of the total travel sales (Euromonitor).

Further digital changes might be summarized as following:

- Asia Pacific will drive future growth, doubling online travel sales between 2013 and 2017 (Euromonitor);
- Some markets are reaching maturity (USA around 43% of total travel sales – PhoCusWright);
- Meta-search engines are gaining increasing importance and entering the booking game;
- Increased consolidation of OTAs (Priceline = Priceline, Agoda, Booking.com, Kayak;vs. Expedia = Expedia, Trivago, Hotels.com, Carrentals.com);
- By 2017, 30% of online travel by value will be made on mobile devices (Euromonitor);
- OTAs spent more than $4 billion in 2014 on digital advertising (eMarketer);
- The rise of "sharing economy" which is disrupting the

tourism ecosystem (Airbnb, Uber etc.);
- Semantic search: progression towards search based on natural queries, past behaviours and multiple data points.

Companies will have various platforms and channels that will be able to reach tourists and accomplish interactive communication. Given the amount of information and the variety of channels, it represents a whole new environment with significantly higher complexity. Companies are facing the challenge of managing this complexity, which will ultimately result in "Digital Champions". Those will be companies which have mastered digital channels and the digital tourist better than their competitors.

This environment is a perfect one for start-ups, which will further disrupt traditional models along the value chain.

New challenges for traditional tourism companies:

- How to stand out from the crowd in such a complex environment?
- Do I have the competence to gain an advntage in this new environment?
- How to shape our Human Resources strategy?
- Who is a social media strategist? How old are they? How many years of experience do they have and how do I find or develop such an expert? How much do I pay them?
- Who is a data scientist? What are their roles and responsibilities within the organization?

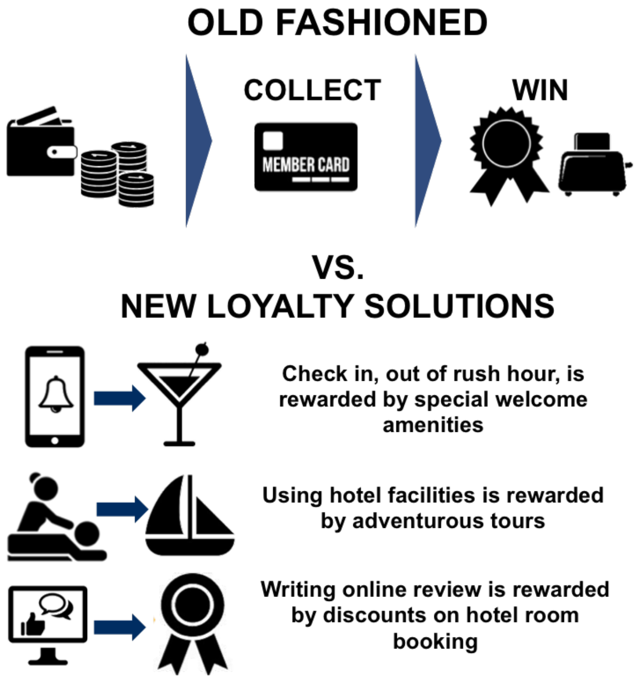
8. LOYALTY v.X.0.

Loyalty programs are integrated in the tourist experience and they should adequately respond to a dynamic digital environment.

Previously analysed trends (e.g. Generation Z, Technological (re)volution, Digital channels) require us to rethink current business models and routines. In a world that is constantly changing, it is crucial to respond to those changes in timely manner.

Likewise, change is needed with old fashioned loyalty programs, where collected bonus points are being exchanged for rewards. Disparity occurs when the benefits for targeted customers are questionable. In a world where everything strives for personalization, the real challenge is how to tailor each benefit to each customer's needs. Additional mismatch may occur by lack of ease in redeeming reward points. Sometimes, it is difficult for customers to understand what they can redeem for their points and what actions they have to do in order to turn those points into an actual benefit. Further discrepancy can be evident in inadequate metrics used for the loyalty program. Some of those metrics can be old-fashioned, inconsistent, or just difficult to understand for the customer.

To avoid confusion, changes in current loyalty programs should be introduced. One possibility is to integrate loyalty programs into the overall tourist journey thereby enhancing the overall experience. Loyalty can find its purpose in the whole process, starting from planning, accommodation, activities, experiences in a hotel and in a destination, all the way to aftermath of a travel experience. Integration is also needed between various stakeholders in the tourism sector (carriers, hoteliers, tourist boards etc.), where alignment of business processes and a higher level of collaboration between stakeholders is required.



In order achieve an identified form of integration more easily, this process needs to take place in the digital environment. The digital environment in loyalty programs requires new technology solutions and improvements. Best practice loyalty programs are already moving from physical loyalty cards only to a digital form (mobile apps, online portals etc.). A complete shift of loyalty programs in the tourism sector to the digital world is inevitable, enabling innovations in loyalty.

Using "Big Data" tools and techniques allows deeper and more relevant insights (e.g. what products and services a tourist needs at the particular time and place), which are opening a spectrum of new possibilities in optimizing the current offering as well as in innovation. "Big Data" also enables faster data collection. Analysis of a large amount of data that has been quickly collected allows the opportunity for a quick response on guests' needs such as adjustment of the hotel's program within a couple of days, or real time adjustments for a guest while in a hotel. Those benefits should be leveraged to increase tourists' experience, making them feel valuable and included.

9. HEALTH AND HEALTHY LIFESTYLE

Healthy lifestyle implies prevention, which is one of the key factors in health improvement. Taking care of personal health is getting more important. Wearable technology is growing rapidly, therefore spas and medical-focused destination spas will further embrace diagnostic medical technology for real time health monitoring and to facilitate a better connection between a doctor and a patient. In the first half of 2014, mobile health applications saw an increase of 62%. The mobile fitness & wellness market is the fastest growing category within the mobile health segment, with a CAGR of 37% by 2018.

Integrated cooperation between the health and tourism sector will open up new possibilities in health tourism.

Spectrum of healthy trends in tourism

Treatments, relaxation, exercise and healthy diet are some of the already well-known product segments. Within them, we have identified some of the products which are the forerunners for providing such increasingly important services:

- Destination spas - facilities built upon the concept of total wellbeing, in which the main goal is to promote the achievement of both physical and mental health goals
- Along with traditional sport and recreation (e.g. Walks, hiking, cycling, running, boating, swimming, meditation,

exercise programs, etc.) new fitness programs, highly focused on results, are arising.

- Room lighting following individual biorhythm in order to increase energy levels, air purification, exercise equipment, water enriched with vitamins, fresh organic food purchased from local producers etc.
- Spa that complements traditional areas with other lifestyle components.
- All-encompassing life coaching that embraces nutrition, physical exercise, stress management, goal setting and empowerment.

If a destination and a hotel want to meet these tourists' needs, the next key step is the integration of additional supply in the destination, in order to have a homogeneous offering. Additionally, a continuous improvement through innovations will be needed for a long-term success in health.

10. SUSTAINABILITY

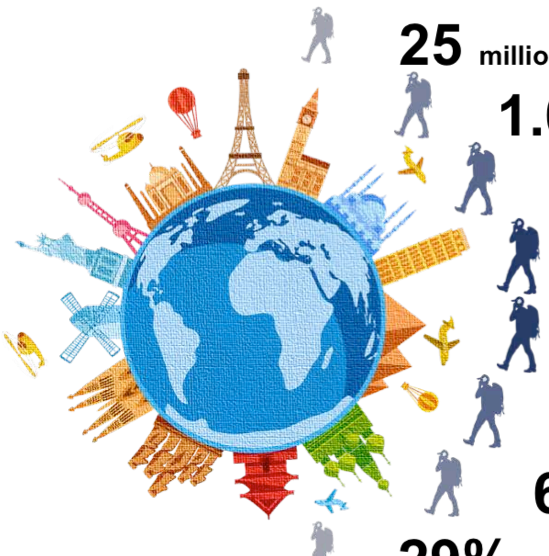
Tourism is growing at a phenomenal rate and is one of the key socio-economic drivers worldwide, therefore impacting world development, prosperity and well-being.
With over a billion travellers in 2013, tourism generates 9% of world's GDP and 1.4 trillion USD of export. Tourism induces extra job opportunities and more importantly helps improve the structure and balance of the economic activities in a society. In addition, it brings indirect effects from which almost every sector in an economy benefit, and acts as a catalyst in the development of a destination.

It is clear that tourism is affecting everyday life, therefore it is imperative to ensure its sustainability.

Sustainable tourism is defined as "tourism that respects both local people and the traveller, cultural heritage and the environment". Economic, social and environmental pillars have to be balanced in order to ensure the long-term sustainable development of tourism.

Economic sustainability

Sustainable tourism needs to ensure feasible, long-term economic operations. It has to provide socio-economic benefits to all stakeholders involved, implying fair distribution of income, stable employment and earning opportunities. Sustainable tourism serves as a social service to host communities, and contributes to poverty alleviation. An economy can be overly dependent on tourism (while the travel industry is highly susceptible to risks and uncertainties). Key factors of economic sustainability include the rise in living standard, increased leisure time, economic development and prosperity, and political stability.



25 million of international travelers in **1950**

1.087 billion of international travelers in **2013**

1.8 billion of international travelers in **2030**

9% of world's GDP, direct, indirect and induced impacts

1 in every **11** jobs

1.4 trillion USD in exports

6% of the world's exports

29% of the services exports

Socio-cultural sustainability

Socio-cultural sustainability refers to issues related to community wellbeing, cultural assets, community participation and tourist satisfaction. Tourism puts an economic value on traditional arts, crafts and cultural practices and encourages preservation of historical sites and heritage buildings. It respects the socio-cultural authenticity of host communities, conserves their established and living cultural heritage, and traditional values, and contributes to inter-cultural understanding and tolerance. Sustainable tourism has to allow community participation but requires global understanding and acceptance. It enhances income distribution within a society and poses a catalyst effect on infrastructure development. Tourism is often blamed for the commoditization of local culture. Tourism may potentially transform the local values, social and moral behaviors, consumption pattern and occupational structure of the society. That is why sustainable tourism should maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices among them. If not managed sustainably, overdevelopment may lead to antipathy and/or opposition of the local residents towards tourism.

Environmental sustainability

For many destinations, the natural environment is one of the primary attractions for leisure visitors. The whole destination offer may be based on a natural resource meaning that tourism activities often take place in environmentally sensitive areas, especially for nature-based tourism and eco-tourism. The development of tourism requires a careful balance between providing adequate visitor experiences and services, protecting the ecological and cultural values of the area and ensuring the long-term sustainability of the site. Cruising is one of the most polluting vacation models, which has one of the higher incidences of total CO_2 production in the tourism sector, and it is guilty of the destruction of marine systems. Cruise ships produce at least 17% of the total emissions of nitrogen oxides. Some of the waste streams generated by cruise ships include bilge water, sewage, greywater, ballast water, and solid waste. There is significant concern about the potential environmental impacts of these waste stream discharges. Moreover, ports are invaded by thousands of tourists that visit only for a few hours with organized tours. This is just one of the examples of how some vacation models affect the environment. Making optimal use of environmental resources, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity are key goals of sustainable tourism.

Sustainability, as a trend in tourism, is positive and has already become a reality. Its importance will further grow in the future, as it is imperative. The implications range from a macro level of a destination, to a micro level of each accommodation (hotels, camping sites).

As sustainability implies a holistic approach, ad hoc solutions are not a guarantee for a long-term success. Therefore it is necessary to look for the role models in thoroughly planned and comprehensive projects (e.g. Soneva Fushi). When designing a sustainable concept the key success factors which should be considered are:

1. Sustainable design
2. Environmental protection
3. Waste management
4. Sustainable procurement
5. "Green programs"
6. Renewable energy sources

From this perspective, technological advancements in the area of increasing energy efficiency may lead to better economic and environmental sustainability of the whole travel industry.

At a micro level, "green", "eco", and "organic" have already become everyday reality due to tourists' expectations. Furthermore, individual businesses already assess problems like carbon emission, pollution, overcrowding and littering. On an operational basis, modern technologies increase the efficiency of service delivery and facilitate the provision of enhanced consumer experiences.

Currently it is questionable whether the segment size that is willing to pay for "greener programs" is big enough to ensure profitability and viability of this kind of project. It is certainly part of the positioning of hotel brands. In the long run, this part of the offer will have to become the wider standard considering that generation Z perceives it as normal.

As a conclusion, it is clear that sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.

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