

UNWTO Commission for Europe

Sixty-third meeting
Prague, Czech Republic
Provisional agenda item 8

CEU/63/8
Madrid, April 2018
Original: English

Item 8 of the provisional agenda

Presentation and strategic discussion:

“Fostering Innovation Ecosystems and Digital Transformation in Tourism”

Note by the Secretary-General

In this document, the Secretary-General presents to the Members of the UNWTO Commission for Europe background information for the strategic discussion on *Fostering Innovation Ecosystems and Digital Transformation in Tourism*.

Presentation and strategic discussion

Fostering Innovation Ecosystems and Digital Transformation in Tourism

Background information

1. Tourism is one of the best positioned sectors to drive inclusive growth, create jobs, reduce poverty, and foster sustainable development and peace. Accounting for 10% of the world GDP, tourism has a significant impact on exports, job creation, investment, development of infrastructure, and the promotion of social inclusion. In Europe, international receipts reached about 450 billion US\$ in 2016 and the region recorded 671 million international tourist arrivals in 2017 -just over half of the world's total- which represents an annual increase of 8%.
2. Moreover, given its cross-sectorial nature, tourism's wide reach also stimulates entrepreneurship and growth of micro, small and medium-sized enterprises (MSMEs), which along with start-ups, are an important driver of innovation and jobs creation.
3. Nevertheless, tourism faces a number of challenges ranging from the accountability of social and environmental impacts of tourism to the effective management of increasingly digitalized strategies in order to meet the demands of the modern traveller and the need to increase competitiveness. Alongside tourism's continued growth in recent years we have also witnessed a shift in business models and consumer behaviour, such as the emergence of C2C digital platforms (often referred to as the sharing economy), big data and geo-localization, mainly in response to the global economic crisis and advances in technology.
4. The development of information and communications technology (ICT) has probably been the biggest driver of change. Without any doubt, the technological revolution is already transforming the tourism value chain, changing the market, the demand for skills and the characteristics of tourism jobs.
5. According to the World Economic Forum, "over the next decade (2016 to 2025), digitalization in aviation, travel and tourism is expected to create up to \$305 billion of value for the industry, migrate \$100 billion of value from traditional players to new competitors, and generate benefits valued at \$700 billion for customers and the wider society through reduced environmental footprint, improved safety and security, and cost and time savings for consumers.
6. In addition, there will be a net displacement of current jobs in the industry, partially offset by the creation of next-generation skilled jobs inside and outside the travel ecosystem."¹
7. Against this context, the future of tourism and its ability to foster development, growth and job creation will depend on its capability to recognize and adapt to the key trends and changes that will affect the sector in the short, medium and long term.

¹ World Economic Forum: "The Travel & Tourism Competitiveness Report, 2017" (<https://www.eforum.org/reports/the-travel-tourism-competitiveness-report-2017>)

8. Outdated legislation and regulation, fear of failure, lack of awareness, lack of cooperation and communication among relevant stakeholders, lack of technological savviness and lack of funding are only a few of the challenges that tourism faces in the adaptation to the technological revolution. However, with the right policies, training and management in place, innovation and technology have the potential to foster new and better jobs and business opportunities in tourism, improve the overall wellbeing and prosperity of our societies and contribute to a more sustainable future.

9. In order to anticipate, address and overcome the new challenges and trends of the tourism sector, the World Tourism Organization is currently focusing on its Innovation and Digital Transformation strategy aimed at positioning UNWTO as the global leading agency of the Fourth Industrial Revolution in Tourism.

10. In general terms, with this strategy, UNWTO aims to drive the digitalization of tourism and to create an Innovation and Entrepreneurship Ecosystem that will maximize the potential of the sector in terms of economic growth, job creation and sustainable development.

11. In order to achieve the above-mentioned objectives, UNWTO will focus on two main lines of action and six strategic projects, as follows:

Fostering Innovation Ecosystems

- (a) **The UNWTO Innovation Hubs Network** will unify the leading innovation hubs worldwide into one Network dedicated to connecting and scaling up the innovation and entrepreneurship ecosystems of UNWTO Member States by bringing together the leading tourism stakeholders, including governments, academia, corporations, SMEs and start-ups, investors (business and super business angels, venture capital, etc.) and supporting business partners (accelerators, incubators, etc.) in order to boost innovation and entrepreneurship. This Network would facilitate collaboration, inspiration, and capacity building on how to scale and go global. Member States will actively be involved by launching national tourism innovation challenges.
- (b) **UNWTO Tourism Tech (Ad)ventures**: Innovation forums dedicated to tourism that bring together all the actors of the ecosystem to boost innovation, entrepreneurship and especially, investment in tourism. These forums will include activities such as startup bootcamps, one-on-one networking sessions between startups, corporations and investors, hackathons and startup competitions. The winner will be awarded a “Shuttle to Ventures Programme”. Furthermore, seminars on relevant topics will be provided for Tourism Ministers. These events can be adapted to global, regional, local and even vertical levels, like sport tourism.
- (c) **Digital Network Platform** of leading corporations, start-ups, investors and academia.
- (d) **Tourism Innovation Leaders Programme**: Community of innovative, enterprising, socially minded leaders working for the sustainable development of tourism. As world class leaders, they will guide and inspire all the actors of the ecosystem by sharing knowledge and providing mentorship.

- (e) **Innovation Trends and Guidelines** that will help UNWTO Member States to develop strategic and innovative tourism products by providing understanding of current social trends and customer needs.

Digital Transformation

Smart Destinations and capacity building, with a focus on improving the sustainability, accessibility, governance and quality of destinations through the use of new technologies and innovations.

Objectives

12. On the occasion of the 63rd Meeting of the UNWTO Commission for Europe, the thematic debate aims:

- (a) To present in-depth and discuss UNWTO priorities in the area of innovation and digital transformation;
- (b) To provide a platform to share priorities, trends, challenges and opportunities brought about by the innovation and digitalization processes in the European tourism (e.g. digital skills gap and Jobs of the Future, access to financing for SMEs, new business models and use of Big Data);
- (c) To discuss the necessary changes in tourism policy to facilitate the digitalization of the sector as well as to develop a Global Tourism Innovation Ecosystem to boost innovation, entrepreneurship and investments in Europe; and
- (d) To explore regional and cross-border collaboration.

Guidelines for discussion

13. For the purpose of a fruitful and lively participation in the discussion, the Secretariat invites delegations to particularly focus on the following areas:

- (a) Exchange information on existing challenges arising from digital transformation in tourism;
- (b) Share best practices on the use of technology;
- (c) Share best practices on fostering innovation and investments;
- (d) Discuss areas of action for the Secretariat as well for increased cooperation between UNWTO Members on this issue;
- (e) Explore the possibility of organizing a regional UNWTO Tourism Tech (Ad)Venture, within the framework of the UNWTO Regional Commission Meeting for Europe in 2019.

To ensure a fluid, dynamic discussion, delegates are encouraged not to exceed 3 minutes per contribution.