The T &T Foresight Project

NIHERST

Sector Foresight Project:

TOURISM

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CONTENTS

1 EXECUTIVE SUMMARY

1.1 Introduction

This report is the NEXT contribution to Chapter 1 of a 5 Chapter sector project that has the aim of providing a briefing paper that enables policymakers, researchers, entrepreneurs and investors to understand the potential to commercialise and grow key areas of the tourism sector in Trinidad and Tobago.

Chapter 1 provides an overview of how the global tourism sector is evolving and what the key focuses might be some 10 – 20 years from now in order to provide a context for examining potential niche opportunities that TT might seek to pursue. Chapters 2 – 5 focus on the current and potential capabilities that T&T has, identifying specific niches in the future global economy that T&T could realistically aim towards based upon the capability base, and then developing the associated business cases necessary for commercialisation to ensue.

The global tourism sector is entering an era of change that will reshape future markets. There are going to be winners and losers as that re-shaping takes place. What needs to be done to be a future winner in the market can only be determined if we can develop a picture of how the future market might look and the associated opportunities and threats.

1.2 Definition of Tourism

These two definitions provide a traditional view of tourism as a sector:

'Tourism is a service- based industry comprising a number of tangible and intangible components. The tangible elements include transport, foods and beverages, tours, souvenirs and accommodation, while the intangible elements involve education, culture, adventure or simply escape and relaxation' (1).

'Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited"(2).

How these definitions apply to the future depends upon the expectations of those who participate in the sector – and these are changing quickly.

1.3 Trends Shaping the Future of the Tourism Sector

The key meta-drivers (4) shaping the future of tourism out to 2020 are:

- Consumer prosperity and confidence which is fuelling a demand for a diverse product offering as the 'experience' economy, takes hold.
- The creation of new dynamic traveller groups through changing population demographics, attitudes, and lifestyle choices.
- The increasing impact of 'responsible tourism'.
- Left field factors such as safety issues (terrorism, accidents, bird flu type epidemics), emerging markets, and congestion in the airways.
- A growing need for 'heart and soul' in tourism offers, not just a passive experience.

Other significant trends (3,4,5) include the following:

- A move towards more global travel and less local travel.
- Electronic technology is increasingly impacting on all areas of the tourism value chain, tourist expectations, and tourism experiences.
- Online bookings and virtual tourism, both for advance prospecting and to enhance the real experiences with virtual experiences before during and after, will dominate the future of the sector.
- There will be a trend to fast track travel – speedier booking and preparation, speedier movement, speedier processing at borders through the use of biometrics and rapid identification technologies.
- Customers become ‘king’ and ‘queen’ and expect individually customised tourism options and experiences.
- This individual customisation will become a major demand area and will be facilitated largely by ICT and online systems. Customers will drive personal customisation largely themselves (25).
- There will be wider extremes in tourism taste expectations.
- The world will shrink as electronic networks and travel options expand.
- Destination increasingly becomes a fashion accessory.
- Entertainment, excitement, experiences, and education become major market development focuses.
- The destination focus will increasingly be on image.
- There will greater focus on sustainability and fair trade in the sector.
- There will also be a conflict between increased consumer socio-environmental consciousness and the urge for travel consumption consciousness.
- There will be a marked change in the make up of traveller groups as the nuclear family continues decline in relative importance in society.
- The balance between the ‘eastern’ and ‘western’ worlds shifts and there will be a major shift in focus towards the Asian tourist.

The shape and form of holidays is also changing:

- There is a trend towards shorter stays for people going on holidays.
- There is a trend towards greater fragmentation of holidays due to a reduction in working hours and an increase in the number of paid days allocated for holidays.
- There is an increasing demand for customised holidays.
- There is a shift from active holidays to holidays that are a complete participative experience and which lead to new knowledge and the expression of authentic emotions (7).

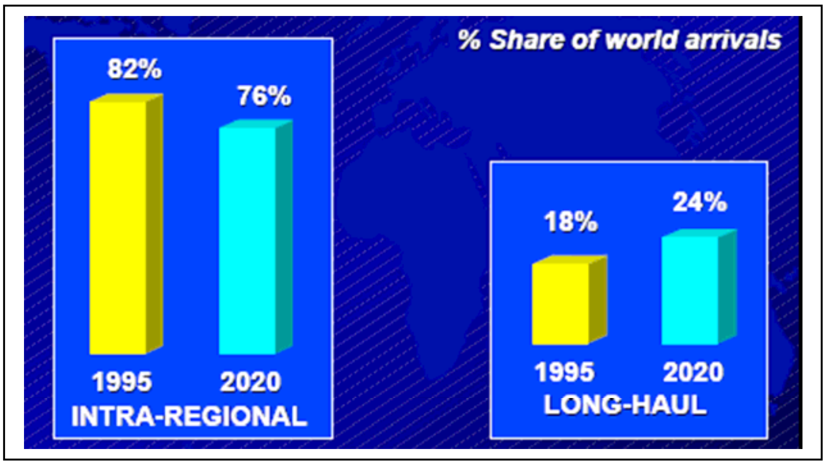
ICT will play a major role in the future shape of tourism (6) in the following ways:

- Increased popularity and capabilities of the Internet for a wide spectrum of applications for electronic services in tourism, making distribution channels less dependent on traditional airline and agency channels.
- Internet and supporting services by further new intermediaries will significantly transform, if not eliminate, the role of traditional travel intermediaries (travel agents working on commissions paid).
- Direct on-line bookings by customers will make up a significant market share by 2010 with access available to most of the population in mature economies.
- “Virtual tourists” will have an increasing demand for multi-media travel information and experiences.

- Interactive TV and mobile devices will increasingly be used for the distribution of tourism products and services.
- The majority of tourism organisations will also use Intranets.
- Various types of smart agents supporting both tourism suppliers and customers will emerge.
- Products and services will reach a much higher level of personalisation together with a corresponding demand.
- The strongly rising proportion of people over 50 years of age in mature economies will create a higher demand for e-services related to foreign travel, particularly to long haul destinations and travel for culture purposes as well as eco-tourism.
- Further growth of 'time poor' – 'money rich' people will entail a high demand for short time holidays while, on the other hand, all-inclusive holidays will be demanded by a large number of people with needs for complete, unburdened relaxation and release from job pressures.
- Particular uses of electronic technology will include smart cards for a variety of functions, including the management of destination loyalty schemes (discounts in exchange for customer data and loyalty), bonus schemes for environment-protective behaviour, etc.
- Internet video telephony will allow customers to take test-drives for a particular destination by pictures from cameras placed at various sites in the holiday locality and transmitted via Internet.
- Ticketing automation (satellite ticket printers) will be widespread and e-ticketing including mobile phone based forms will make up a major portion of air travel as well as railway travel during the next decade.
- Efforts to build up central databases of traveller information will be continued for use to get extensive insight into individual preferences and behavioural patterns so that the information can be used for active marketing.
- Mobile city guides will be widespread and electronic brochures will increasingly replace paper brochures.
- Tourism providers will more easily and more often form strategic partnerships, offering complementary products.
- Small and medium sized businesses will be forced to take a more strategic approach to doing business and new mediators in the market will assist in doing so.
- Tourism regions will increasingly have to employ 'smart' branding and marketing strategies.

More people are going to travel further in future as shown in Figure 1.

Figure 1: The changing balance between short and long haul travel out to 2020 (3)



More people will be holidaying more often, not the least the over 50 year olds. Many will be 'empty nesters' (the children have left home), the inheritors of wealth from the previous generation, and they will have more inclination to spend their wealth on themselves rather then preserving it for future generations. The trend is for this group to travel further and more frequently are drive a change as shown in Figure 2.

Figure 2: Trends in holiday frequencies (3)

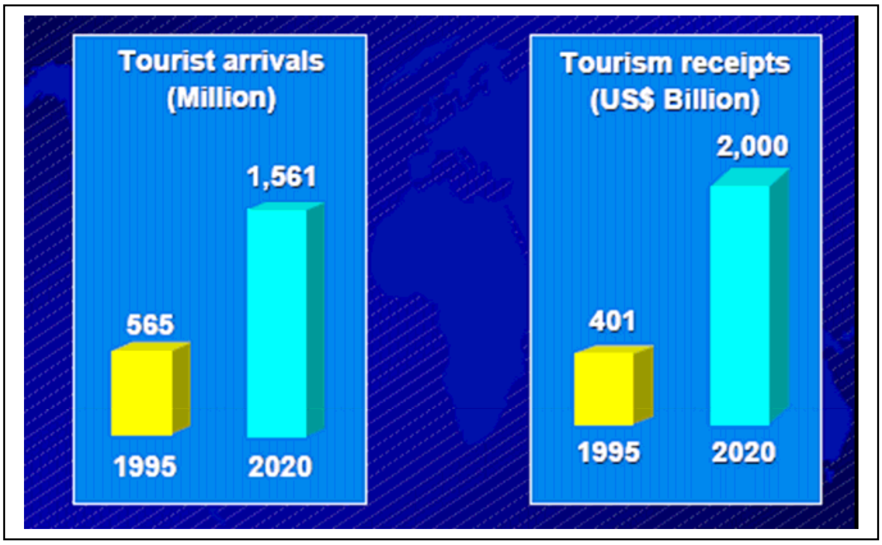
2 WHAT'S HAPPENING GLOBALLY

In this section we look at big picture trends in sector value growth and the major divergence between commodity and high value niche products as they relate to the tourism sector.

2.1 Big Picture View of Sector Value and Growth

According to the World Tourism Organisation (WTO), the value of the sector is growing rapidly (Figure 3).

Figure 3: Trends in tourist arrival numbers and revenues 1995 – 2020 (3)



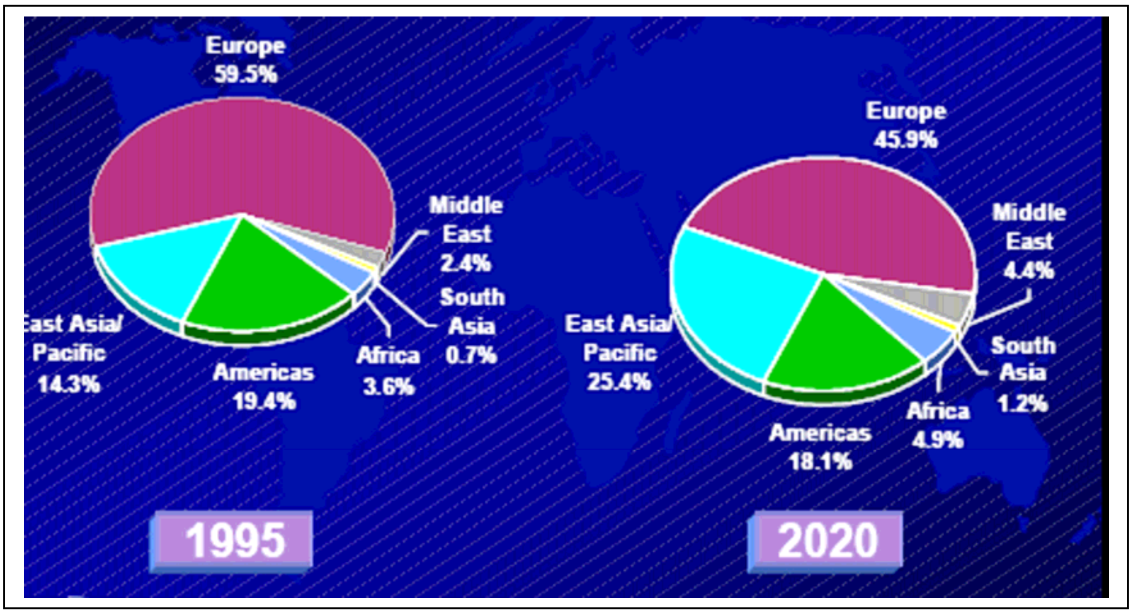
The growth in regional arrivals is projected to develop along the lines shown in Table 1.

Table 1: Regional tourist arrivals in millions and growth rates 1995 – 2020 (3)

Region	1995	2000	2010	2020	Av. % growth rate p.a. 1995-2020
Europe	336	393	527	717	3.1
East Asia / Pacific	81	93	195	397	6.5
Americas	110	130	190	282	3.8
Africa	20	27	47	77	5.5
Middle East	14	18	36	69	6.7
South Asia	4	6	11	19	6.2

The likely change in regional shares between 1995 and 2020 is very significant and illustrates a shift in focus from 'west' to 'east' (Figure 4).

Figure 4: Share of international tourist arrivals by region 1995 – 2020 (3)



These projections show that countries with the world's most rapidly ageing populations dominate the top ten outbound countries in 2020 (Table 2). The Chinese and US populations are ageing, but are still somewhat behind the other eight countries listed.

Table 2: Projections of the top ten outbound tourism countries in 2020 (3)

	Source Country	Total arrivals generated worldwide (millions)	Market share (%)
1	Germany	152.9	9.8
2	Japan	141.5	9.1
3	United States	123.3	7.9
4	China	100.0	6.4
5	United Kingdom	94.5	6.1
6	France	54.6	3.5
7	Netherlands	45.6	2.9
8	Italy	35.2	2.3
9	Canada	31.3	2.0
10	Russian Federation	30.5	2.0

These projections correlate well with the trend towards increasingly wealthy ageing populations that have a desire to actively enjoy travelling and wealth expenditure over the next 15 – 20 years. Not surprisingly, China tops the list of top ten destinations projected for 2020 (Table 3).

Table 3: Projections of the top ten destination countries in 2020 (3)

	Destination Country	Total arrivals (millions)	Market share (%)	% Growth rate 1995-2020
1	China	130.0	8.3	7.8
2	France	106.1	6.8	2.3
3	United States	102.4	6.6	3.5
4	Spain	73.9	4.7	2.6
5	China, HK-SAR	56.6	3.6	7.1
6	United Kingdom	53.8	3.4	3.4
7	Italy	52.5	3.4	2.1
8	Mexico	48.9	3.1	3.6
9	Russian Federation	48.0	3.1	8.5
10	Czech Republic	44.0	2.7	4.0

Snapshots of global value and growth related tourism trends include the following:

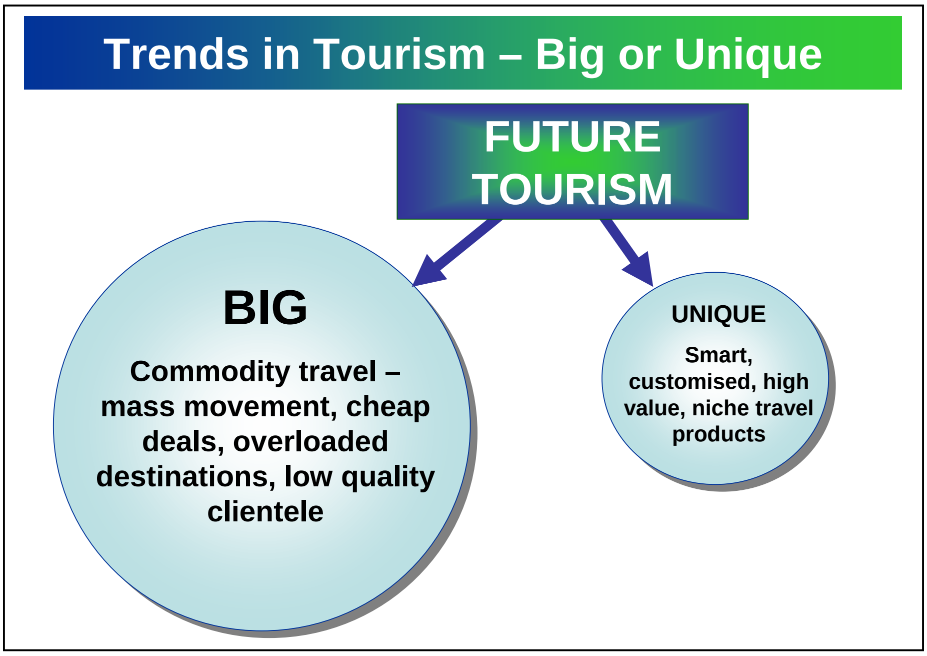
- Tourism is the world's largest industry and generates annual revenue of over US$ 500 billion. It is growing fast with airline passenger arrivals expected to double by 2010.
- Leisure is estimated to account for 75 % of all international travel.
- **For 83% of countries in the world, tourism is one of the top five sources of foreign exchange.**
- Caribbean countries derive half their GDP from tourism.
- The USA recorded the largest number of arrivals in recent years followed by France, Italy and Spain (8).
- In relative terms Austria and Greece are small countries but have a high number of arrivals. Japan and Mexico are large countries but have a low number.
- East Asia, the Pacific / South Asia, the Middle East and Africa are forecast to record the fastest growth rates in arrivals to 2020 – rates of 5% per year compared to the world average of 4.1 % (3).
- The more mature tourism regions, Europe and the Americas, are expected to show lower than average growth rates. Europe will maintain the highest share

of world arrivals, although there is likely to be a decline from 60% of the total in 1995 to 46 % in 2020.

2.2 Views of Profitability Expectations

As in all sectors of commerce, the tourism sector is demonstrating a distinct split between commodity mass tourism markets built around high volumes, low margins, and minimal experience levels (which is increasingly being characterised by less desirable visitors who take little interest in or care for the environment at the destination), and unique niche focus sectors (Figure 5).

Figure 5: The growing split between big and unique in the tourism sector



Increasing consumer individualism is driving growth in higher niche value tourism markets (9). The following are examples of growth niches:

- ***Adventure tourism***: Tourism involving travel in rugged regions or adventurous sports such as mountaineering and tramping.
- ***Agritourism***: Farm based tourism.
- ***Armchair tourism*** and ***virtual tourism***: not travelling physically, but exploring the world through the Internet, books, TV, etc.
- ***Cultural tourism***: Includes urban tourism - visiting historical or interesting cities and experiencing their cultural heritage. In 2005 growth in this sector in Europe was a staggering 20% (10).
- ***Disaster tourism***: travelling to a disaster scene to assist or just to see what happened.
- ***Ecotourism***: Sustainable tourism that has minimal impact on the environment e.g. safaris (Kenya) and rainforest trips (Belize).
- ***Educational tourism***: Travelling to an educational institution, a retreat, or some other specialist destination in order to take personal-interest classes, such as cooking classes with a famous chef, or crafts classes.
- ***Gambling tourism***, e.g. to Atlantic City, Las Vegas, Macau or Monte Carlo.
- ***Gay tourism***: Tourism marketed specifically to gays and lesbians for travel to gay-friendly destinations. Gay tourists are big spenders.

- ***Heritage tourism***: Visiting historical or industrial sites such as old buildings canals, railways, battlegrounds, etc.
- ***Health and wellness tourism***: Escape from cities or relieve stress, become revitalised at health spas or wellness retreats.
- ***Hobby tourism***: Tourism as an individual or with small groups to meet others with similar interests or to experience something pertinent to the hobby.
- ***Medical tourism*****:** For treatments and procedures:
    - That may be illegal in one's home country, e.g. euthanasia for non-citizens provided by Dignitas in Switzerland.
    - For advanced care that is not available in one's own country.
    - For procedures where there are long waiting lists in one's own country.
    - For dental treatments at competitive rates.
    - For cosmetic surgery combined with a holiday at competitive rates, e.g. ‘Gorgeous Getaways’ (12).
- ***Perpetual tourism***: Wealthy individuals who are always on holiday, in some cases to avoid being resident in any country for tax reasons.
- ***Regional tourism***: Tourism built around a few countries within a region using one of those countries as the transit point, e.g. Singapore is a base for tourism in South East Asia due to its strategic location and good transport infrastructure.
- ***Sex tourism***: Mostly men from First World countries visiting Third World countries for purpose of engaging in sexual acts, usually with inexpensive local prostitutes. A sad reflection on society today but an unfortunate reality as more men and women live as singles.
- ***Sport tourism***: Skiing, golf, big game fishing, and scuba diving and watching major team sport events are examples.
- ***Space tourism***: Sometime in the very near future, e.g. Richard Branson’s Virgin Galactic space trips (11).
- ***‘Do good’ tourism*****:** Volunteering holidays to help on projects in poor parts of the world – but as a ‘pay to participate’ immersion tourism experience.

3 WHAT APPROACH ARE SECTOR PLAYERS TAKING?

3.1 The Big Players

Tourism tends to be regional, even in large destination markets. Here are several snapshots of the approach being taken from regional tourism groups in the Canadian and UK markets:

3.1.1 <u>British Columbia (13)</u>

- The Canadian State of British Columbia is focussing on understanding what the tourism market in 2020 might look like by using four scenarios that range from highly positive through to negative.
- The positive scenarios focus on diversifying the offer to tourists to cater for increasing individualism and enhancing the skills resource required to service that diversity.
- This includes ways of developing electronic and other technology-based support systems to leverage an increasingly scarce pool of skilled staff as the population ages.

3.1.2 Southwest of the UK (17)

The Southwest of the UK is one of the country's wealthiest regions and has a strong tourism industry which is expected to grow 20% by 2015. The culture and creative economy in the region is expected to be the main driver behind the growth and this is being focussed on from two perspectives:

- The physical tourist visit and the cultural and creative niches including heritage tourists, arts tourists, creative tourists, urban cultural tourists, rural cultural tourists (including eco and agro-tourists), indigenous cultural tourist (ethnic focuses), and 'popular' cultural tourists (with modern and future focuses) – all which need new stories, images and content to keep them fresh and appealing to meet the ever-changing fascination needs of tourists
- The virtual tourist connected to the region through high-speed broadband networks to local cultural and creative networks, individuals, venues and collaborative projects. This interface is likely to move from largely text-based to highly interactive video interface based before 2020.

3.2 Small & Emerging Country Examples

The following are good examples of small and emerging countries that have unique strategies to grow the future of their tourism sector.

3.2.1 Singapore

- It has adopted a multi-faceted approach to developing the future of its tourism sector. It already has a strong base built upon it's multi-cultural society and the associated cultural and ethnic focuses and festivals, the built environment (the 'Asian Switzerland'), it's business and science and technology environment (conferences and specialist events), retail therapy, and a hub to connecting with a large part of Asia.
- It also promotes a safe environment that is tourist friendly. The country is now aiming to attract greater numbers of tourists in growth niche areas – such as medical tourism.
- Singapore has a strongly 'foresightful' future strategy for tourism – to offer a range of options that extend from yesterday's worlds and cultures through to tomorrow's future world and creative and technology driven cultures.

3.2.2 Dubai

Dubai is a fascinating small city-state with a population of 1.3 million that has huge ambitions. In 1990 the country had just 633, 000 tourists. In 1999 the numbers had risen to over 3 million and in 2005 to a staggering 6.2 million (15). The city-state expects to have 15 million visitors by 2010 and is investing heavily in infrastructure (airports, hotels, transport systems, attractions) and unique experiential concepts to reach that target (14).

3.2.3 New Zealand

New Zealand is small island nation in the South Pacific which has a strong tourism development strategy. In 2000 the tourism industry had a total value of US$ 5.7 billion and represented 9.5% of GDP. By 2010 the target is to reach US$17.2 billion. The industry has developed a strong global brand '100% Pure', one of the world's most highly regarded tourism brands, and is implementing a growth strategy to reach the sector's targets (19). In summary, the country's three major focuses for the future are:

- To welcome visitors and make them feel great while they are in the country.
- To protect the country's environment
- To *'celebrate our culture'.*

3.3 Where Are Players Positioning Themselves?

The following are examples of countries pursuing quite specific niche tourism growth opportunities.

3.3.1 <u>Medical Tourism</u>

- Medical tourism is a good example of how smaller and emerging players are positioning themselves to take advantage of a rapid growth niche. With increasingly ageing populations, soaring healthcare costs, and struggling health delivery systems in many mature economies, and a desire for greater numbers of younger and older people to look 'beautiful' by re-sculpturing their bodies, medical tourism is growing fast, particularly in Asia.

The fastest growth markets in this niche area are Singapore, Thailand, Malaysia and India. India now has over 150 000 medical tourists per year, Thailand up to a million. Singapore is targeting one million foreign patients by 2012. Malaysian clinics are also generating strong growth.

- Forecasts indicate India could earn US$2.2 billion from medical tourism by 2012 and Singapore is aiming for S$ 3billion in the same year.
- India, Sri Lanka, and other South East Asian countries are also targeting the 'wellness' tourism market with a major focus on Europe, North America, Japan, Australia and New Zealand because:
    - Their populations are wealthy and ageing rapidly and they are looking for quality, convenience, security, ease of access and luxury.
    - The health and wellness consciousness of their populations is increasing as they age.
    - The demand for wellness products is increasing.
- They are also looking at potential growth from the emerging wealthy classes in India, the Middle East, and China (3).
- The future offer will also include greater diversity in spa and wellness offers – from traditional natural 'organic' through to high tech 'built' options. They will also focus on growing issues such as giving up smoking, recovery from grief, spiritual awareness, sexual health, and detoxification, as well as growth opportunities associated with the male market.

3.3.2 <u>The 'Singapore of Arabia'</u>

- Dubai has the aim of being the 'Singapore of Arabia' – a safe place where 'east meets west' and visitors can not only immerse themselves in the Arabian experience but also in a future world that embraces a highly creative built environment with a high-tech future (14, 15).
- The city-state is building whole new cities with themes such as Internet City, Media City, Healthcare City, the Knowledge Village. It is also building high quality accommodation complexes and has several of the world's most luxurious 7 Star hotels.

- Dubai is also expanding world-class experiential opportunities in sport, eco-tourism, theme-base attractions, and heritage areas. A further aim is to be the key transit hub between Arabia and the rest of the world.

3.3.3 Denmark

Denmark is a small traditional market which has been reviewing it's future positioning (7). It sees it's strengths as being:

    - Safe to visit,
    - Easily accessible by road
    - It has good health standards
    - It has well developed infrastructure
    - It has a clean environment
    - It has a high level of public service

- Its offer has been built around four key focuses – city visits, seaside tourism, active holidays and business tourism. The future requires a rebalancing of options – especially in the active holidays area. Tourists are moving away from purely active holidays to ones that include an experiential and educational element.

3.3.4 African Americans Rediscovering Their Roots

- Another highly unique tourism positioning focus is the African-American market and an offer to 'tap into their roots' (16). This group already spends over US$ 5 billion annually on leisure travel.
- The positioning takes place through specialist agencies such as 'Soul Planet Travel' and can include destinations in Africa, the Caribbean, the USA, and even Europe where expatriate black people have made a mark in history.
- The offers are becoming highly customised and sophisticated to cater for growing numbers of people who are looking for something more than just sitting on a beach or looking at scenery and old buildings. It is more of a 'heart and soul' experience.

3.4 Science & Technology Research & Development Investment

From our review of the tourism sector, the focus of investments into S&T research and development can be summarised as follows:

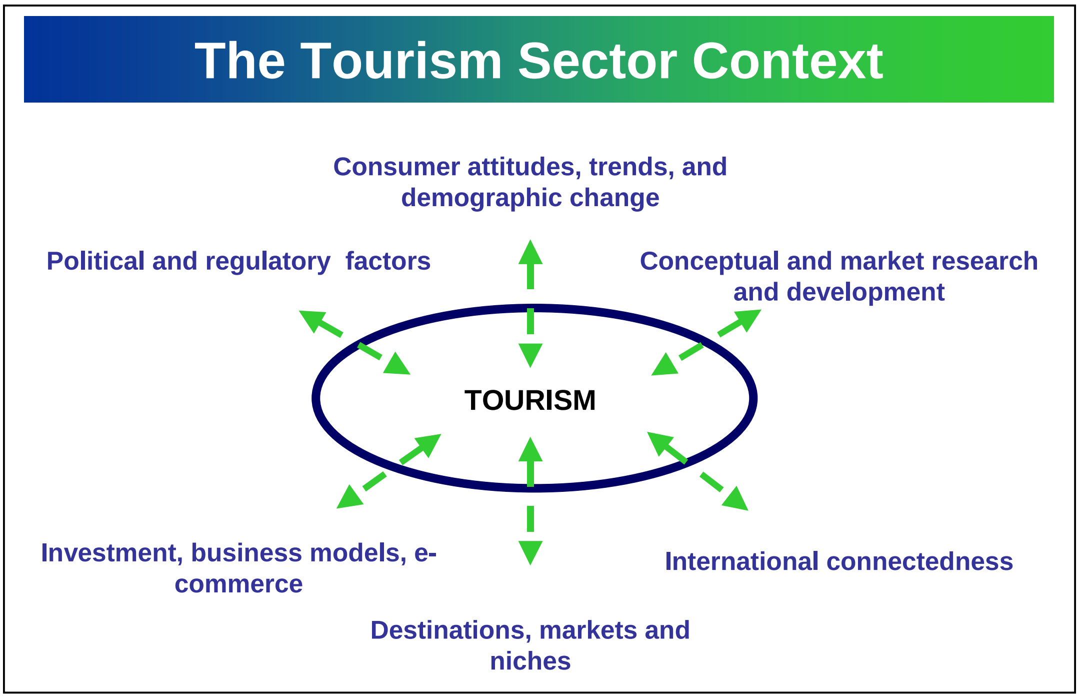
- Researching evolving consumer demographics, lifestyles, demands and trends.
- Researching trends in niche markets and fashions that are going to be at the leading edge of tourism over the coming decades.
- Research into how to connect most effectively directly with key high value focus groups. This is increasingly taking place over the Internet and will grow further in future as global electronic connectivity becomes faster, more sophisticated, more visual, and more interactive.
- Research and development of ICT global connectivity.
- Research and development of high value environmentally and society-friendly tourism options that provide a balance between public good and economic benefit.
- Research and development of technology-driven and future-focussed experiential options that offer uniqueness.
- Research and development of unique cultural and creative heritage as a means of not only growing tourism but also increasing self-esteem, social pride, and societal cohesiveness (as Singapore has done).

4 HOW THE TOURISM SECTOR IS EVOLVING

4.1 The Tourism Sector Context

Figure 6 provides an overview of the factors shaping the future of tourism and which, in turn, tourism is shaping.

Figure 6: The key parameters shaping tourism



4.2 Key Sector Roadmap Issues

How the tourism sector evolves depends on being able to monitor and adapt to the following:
Intersections –'forks in the road': Where one path becomes favoured over another e.g. mass-market package tourism versus individual niche tourism.
Interdependencies – synergy or clash? Where an opportunity, e.g. virtual realty tourism - is dependent upon a technological advance, e.g. interactive video interfaces, and the possible conflict with existing tourism delivery channels.
Regulatory readiness – are we future-proofed? Does the country's legislative system help or hinder emerging tourism opportunities?
The emergence of a possibility space: Where a convergence of technologies emerging from different market sectors can enable totally novel solutions e.g. virtual reality tourism.
Uncertainties – the need for flexibility: Certainty is only one side of the equation. There are areas of uncertainty that can change the playing field – such as a global health scare - can make to the tourism playing field. The sector needs to use foresight to be aware of potential uncertainties, develop processes so it can manage risk, be flexible so it can adapt, and take advantage of opportunities that arise out of uncertainty.

4.2.1 Sector Convergences

The tourism sector is being affected by technology convergence from almost every direction – biotechnology, materials technology, nanotechnology, ICT, sustainability, energy, and environmental technologies.

4.3 Key Tourism Growth Niches

4.3.1 Overview

The growth of individualism and egoism in the mature economies and the expanding wealthy section of developing economies, especially in Asia, are giving rise to some interesting niche sector opportunities that offer potentially high value adding and societal improvement opportunities. A summary of these is shown in Figure 7.

Figure 7: An overview of key future niche tourism sub-sectors

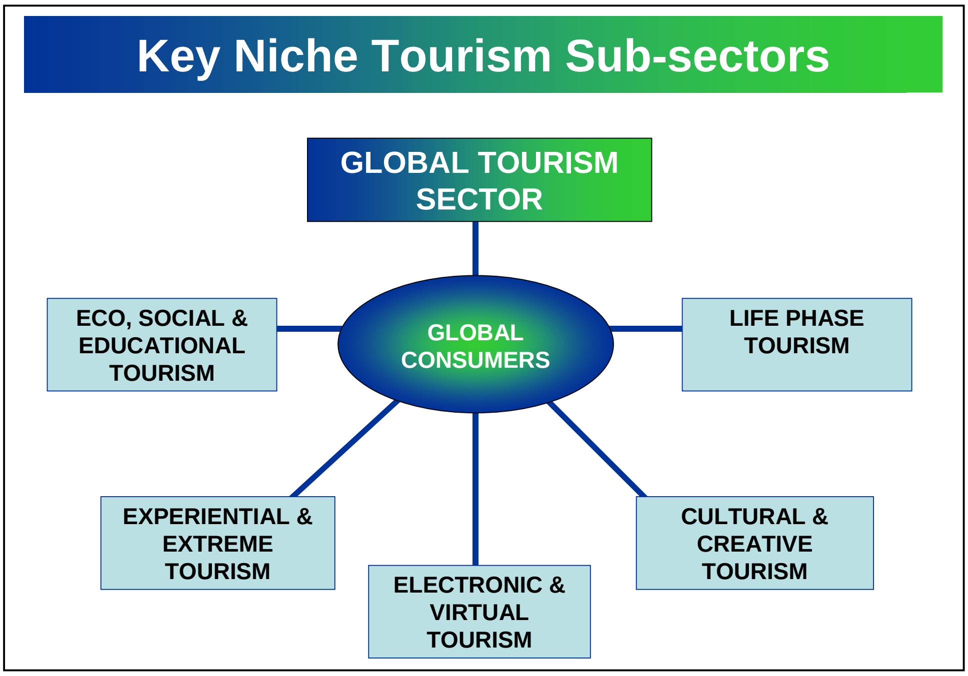
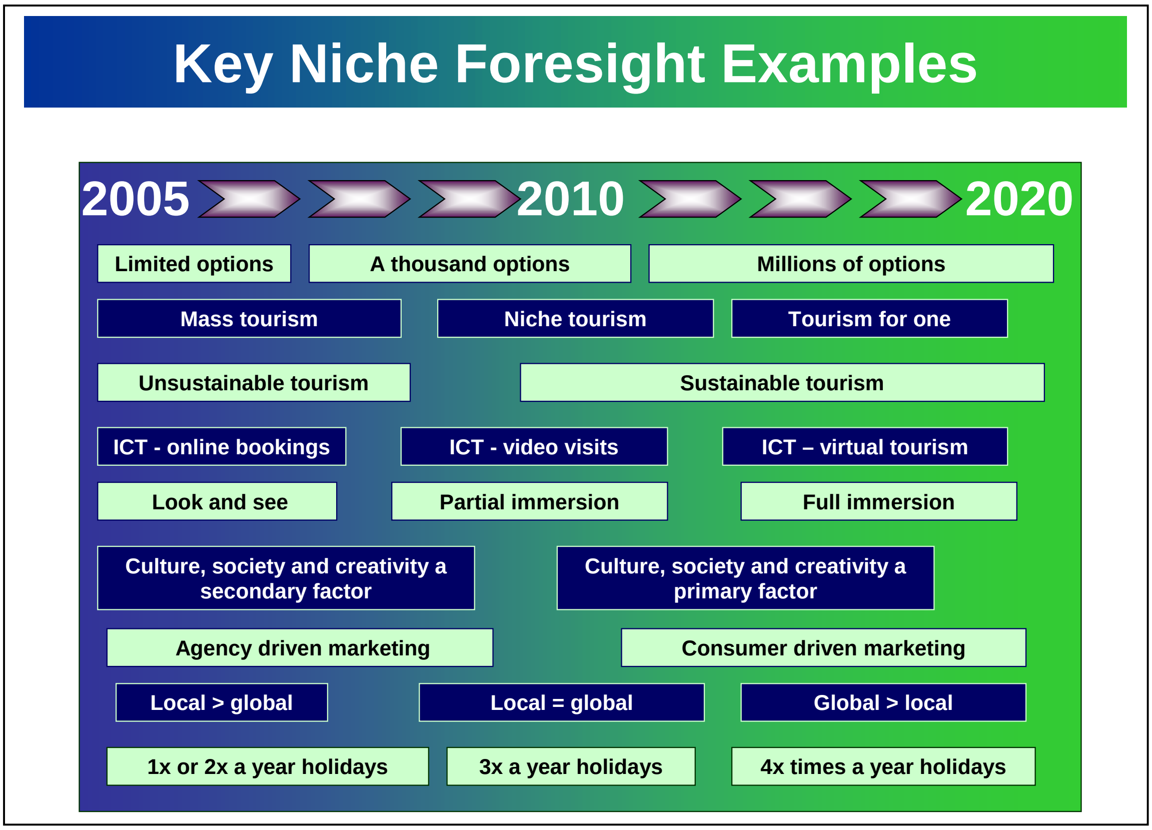


Figure 8 illustrates a number of foresight-based examples of trends that are likely to occur as these niches evolve.

Figure 8: Foresight-based trends emerging in the tourism sector



In the following sections, we look at the key overarching drivers, technology trends, as they relate to each of the tourism niches shown in Figure 7.

4.3.2 Eco-, Social, and Educational Tourism

Growth in this niche sector is being driven by ageing populations who want to learn more and also give something back before they die. It is also being driven by younger people who are searching for ‘the meaning of life’, or who have a genuine concern for the future of the planet.

Examples of emerging opportunities in this niche include eco- village help and nature tourism in India (20), community based eco-friendly tourism in the Caribbean (21), and various evolving forms of adventure tourism (22). There are also learning trips being offered and taken up to study a whole range of diverse themes.

Table 4: The key overarching drivers, technology trends, paradigm shifts and uncertainties associated with the future of eco-, social, and educational tourism

Parameter	Eco-, social, and educational niche
Overarching drivers of growth	• Globalisation • Environment • Social conscience • The divergence between big and unique • Fragmentation of markets
Technology trends	• ICT technologies and global connectedness • Health and wellness • Transportation
Consumer trends	• Ageing populations – the legacy they leave • Quality of life • Individualism and egoism • Genuine concern about the future of the planet
Paradigm shifts	• From 'look and see' to 'immersion'
Uncertainties	• Safety – terrorism, crime, disease • Consumer preferences and fashions • Positive and negative balances

4.3.3 Experiential and extreme tourism

This niche includes a wide range of areas including traditional and extreme sports (high growth), high technology driven fantasy attractions and events, wining and dining, taking risks, visiting unusual (and sometimes even dangerous) places, doing things individuals have never done before.

Table 5: The key overarching drivers, technology trends, paradigm shifts and uncertainties associated with the future of experiential and extreme tourism

Parameter	Experiential and extreme niche
Overarching drivers of growth	• Science & technology • Creativity and innovation • The divergence between big and unique • Fragmentation of markets • Convergence
Technology trends	• ICT • Material science • Human enhancement • Experiential concepts
Consumer trends	• The need for more frequent and intensive fascination experiences • Egoism and individualism • Growing extremes in lifestyles and societies • Escape from the every-day routine
Paradigm shifts	• From safety in numbers to risk for one
Uncertainties	• Consumer preferences and fashions • Longevity – how long something remains 'in' • The impact of wildcards such as terrorism and disease epidemics

4.3.4 Electronic and Virtual Tourism

This niche is only now beginning to emerge as a significant opportunity. Currently the main focus is on e-booking systems and e-information. But it is also becoming increasingly important in physical locations for tourists to connect with friends and relatives around the world at any time – especially the young generations.

Internet cafes, Blackberries, and video cell-phones are just the start. In future 3D interactive virtual video interfaces will add a new dimension to the idea of holidays – consumers may be able to participate in a country's culture or environment without actually being there – and that raises a number of questions about how to leverage that as a benefit to a country's economy.

Virtual tourism does potentially offer a partial answer with regard to the future sustainability of tourism in places which are suffering from excessive numbers of physical visitors.

Table 6: The key overarching drivers, technology trends, paradigm shifts and uncertainties associated with the future of electronic and virtual tourism

Parameter	Electronic and virtual niche
Overarching drivers of growth	• Science and technology • Economic – competitive advantage • Environment – sustainability • Flexibility and adaptability • Creativity and innovation • Convergence • Fragmentation of markets
Technology trends	• ICT and virtual reality technologies • Material science • Experiential technologies – holographs, virtual 3D, video interfaces • Design • Knowledge
Consumer trends	• Individualism – markets of one • A gift of time • The need for more frequent and intensive fascination experiences • The blurring of boundaries between real and virtual worlds
Paradigm shifts	• From real world to virtual world – and various combinations in between
Uncertainties	• System readiness • The impacts of new, as yet non-commercial, technologies • Consumer preferences and fashions

4.3.5 Cultural and Creative Tourism

As societies become more individualistic, the search for more unique and meaningful experiences is growing and is being reflected by the growing interest in specific ethnic cultures and associated creative focuses. This includes growing interest festivals such as Carnival in Trinidad, Taipusan and Chinese New Year in Singapore, traditional drum festivals in Japan, traditional and fusion music, fashion, and other related cultural and creative activities.

This growth niche also includes growing opportunities for groups displaced way back in history to re-discover their roots, and for expatriates to reconnect with their home countries.

Table 7: The key overarching drivers, technology trends, paradigm shifts and uncertainties associated with the future of cultural and creative tourism

Parameter	Cultural and creative niche
Overarching drivers of growth	• The divergence between big and unique • Globalisation • Fragmentation of markets • Environment and sustainability • Growing ethnic pride and self esteem
Technology trends	• ICT technologies • Transportation • Material science • Enhancement
Consumer trends	• Changing demographics • Changing lifestyles • Growing interest in ethnic and cultural focuses • Increasing demands for fascination and unique experiences • Individualism – the egoistic society
Paradigm shifts	• From mass markets to markets of one
Uncertainties	• Consumer preferences and trends • Safety issues • Competitive factors

4.3.6 Life Phase Tourism

Different cohorts within populations are changing as the decades pass. Older generations are becoming far more active than their predecessors at the same age. The Baby Boomers are carrying a set of attitudes and a degree of rebelliousness with them as the oldest begin entering their 60s. They are becoming increasingly ‘age defiant’. Generation X is searching for the meaning of life. Generations Y and D are tech savvy, impatient, used to a world of rapid change, and are prepared to try anything new.

Life phase tourism offers a whole range of new niches including:
- High value customised timeout and relaxation options
- Tourism for the over 50s, over 60s and over 70s
- Gen X, Gen Y and Gen D focussed niche options
- Health and medical tourism – including body and mind ‘re-sculpturing’
- Spiritual and wellness tourism

Table 8: The key overarching drivers, technology trends, paradigm shifts and uncertainties associated with the future of life phase tourism

Parameter	Life phase niche
Overarching drivers of growth	• Demographic change • Creativity and innovation • Fragmentation of markets • Global movements of people
Technology trends	• ICT technologies • Health and wellness technologies • Connectivity – broadband and what comes next
Consumer trends	• Ageing populations • Changing attitudes and activities of different age population cohorts • Demands for fascination and experiences • Individualism – the egoistic society • Health and wellness • Time out • The shift in who has the wealth and what they are doing with it
Paradigm shifts	• From mass market to markets of one • From the 'old' old to the 'new' old – more active older generations • For the young inherit to the old inherit
Uncertainties	• Consumer preferences and trends • New technologies that change the playing field • Competition from other global players – big and small

5 CONSUMER FORESIGHT

The future of any sector depends upon customers – whether they are in the health and wellness sphere, purchasers of products and services, or enjoy a personal benefit – experiential, lifestyle compatible, or enhancement orientated. Understanding tomorrow's consumers and the things they are likely to want and demand is key to mapping the future of any sector.

5.1 The Global Consumer Market

The world's population is ageing – rapidly. Latest estimates indicate it may peak as early as 2050. There are still likely to be an extra 2 billion+ people in the world by the time that peak is reached. However, the make-up of the population in most countries is likely to vary significantly – particularly in wealthy countries.

For example, the average age of the German population is expected to be 45 years within a decade. The Germans are predicted to be the world's largest group of travellers in 2020. In Japan, close to 50% of the population will be 50 years of age or older – and the Japanese are expected to be the second biggest group of international travellers in 2020. In India almost 25% of the population will be over 50 years of age by 2025. China is also greying rapidly with 35.6% of the population expected to be 50 years+ by 2025 – and they are expected to be the fourth largest group of international tourists in 2020.

This is a major shift, something never seen before in the history of mankind. This will impact on markets in every country in a multitude of ways.

5.2 Key Consumer Groups

In tomorrow's world we believe the following consumer groups will be of growing in importance and shape future markets:

- **Cultural Creatives** – people with knowledge and skills who contribute strongly to the new economy and who also have strong personal values – especially regarding personal health and wellness, ethics, society and culture, the environment and the preservation of diversity.
- **Ethnic entrepreneurs** – in both mature and emerging economies. Self-assured, successful and ready to take risks.
- **The 60s generation in their 60s** – more independent and healthier than previous generations – many wish to leave a positive legacy before they die. They are travelling more often regionally and globally and are 'age defiant'.
- **The 'empty-nesters'** – generally Baby Boomers in their 50s and older whose kids have left home, they have time, they are inheriting the vast majority of wealth from previous generations as people live longer, they are adventurous, they are looking for new experiences and they are 'age defiant'.
- **The Baby Boomers** – a self-indulgent generation, always a bit rebellious, determined to fight ageing for as long as possible and prepared to spend on it. The oldest are now reaching 60 years of age.
- **New age women** – self-confident, independent, delaying or not having children, increasingly suffering from 'male' as well as 'female' problems – coping with life balancing and stress.
- **Singles** – an increasing trend in mature economies. In large cities such as Berlin and San Francisco, 45%+ of dwellings only have one resident and the trend is growing.
- **Generations Y & D** – the under 28 year olds. Live 50% in a 'real' and 50% in an 'unreal' (virtual) world. The boundaries between the two are blurring. They face some real personal health and wellness challenges, need constant fascination – including mind-altering substances, reshape their bodies and minds without a thought, have grown up with high-tech solutions that they don't question, and are into global culture.
- **Gays & lesbians** – overcoming the historical stigma associated with their lifestyle choice in many mature economies. Love to travel, party, and experience new things. Tend to be big spenders.
- **Global nomads** – high net worth individuals who move from country to country and contract to contract and have a highly mobile lifestyle.
- **Cyber tribes** – who interact through interfaces such as the Internet. They spread 'fact' and 'fiction' rapidly around the world through their networks and can be a wonderful conduit for connecting people with places and unique experiences – tomorrow's main marketing channel!

5.3 Key Consumer Trends

We have identified a number of significant trends associated with the emerging consumer groups that are likely to impact significantly on markets over the next decade or two:

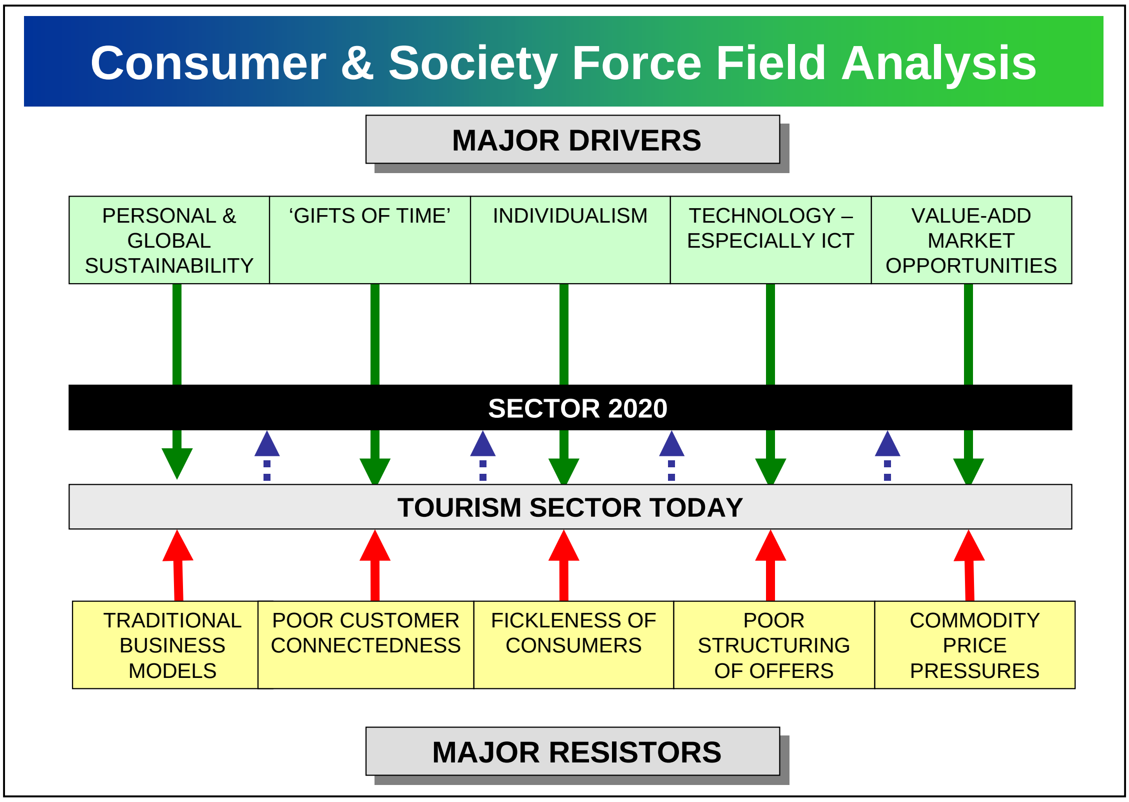
- Pursuit of pleasure, quality of life, and happiness.
- Self-enhancement – mental as well as physical.
- Comparative material well-being.
- 'Give me a gift of time' – so I have more time to do the things I love.
- Longevity & 'Age Defiance' – people want to defy ageing and will pay for it – particularly amongst the over 45s but also increasingly a focus of the young.

- Individualism – markets of one - more singles, the egoistic society, an interest in things that are different, ethnic, cultural, niche options.
- Fascination – people are looking for '5 minute fascination' – instant gratification.
- Parents with decreased parenting skills – who need help to satisfy the increasing demands of their offspring.
- Global living – being able to move freely around the world with the minimum of hassles.
- Health and wellness – particularly as the over 45s begin to realize half their lives are behind them and looking after their health and wellness is essential is they want to maximize what they get out of life. They are increasingly looking for opportunities outside their home countries to help them raise their personal health and wellness.
- Being 'out' is 'in' – the death of the mass market – an aspect of growing individualism – 'I am unique'.
- Growing confidence in online systems to research destinations, make bookings, customize the experience.
- 'Technology for dummies' – make it simple please.
- Greater extremes – from no and low risk to extremely high risk e.g. Mt Everest climbing tours, Iraq war zone travel, extreme snow-boarding.

5.4 How Do These Relate to Future Sector Prospects?

How consumers are likely to influence the future of the tourism sector can be illustrated by separating impacts into drivers (characteristics that will favour the sector) and resistors (characteristics that will hold back progress) as shown in Figure 9.

Figure 9: Consumer and society force field analysis



Consumer drivers that favour the growth of tourism sector niches include:

- Personal and global sustainability – health and wellness of the individual and the environment within which they live and personal learning and fulfilment.
- Anything that gives consumers a 'gift of time'.
- Comfort with technology, especially online services.
- Individualism and a desire to be different.
- They will pay a premium for something they really want.

Resistors holding back tourism include:

- Traditional business models.
- A lack of connectedness with consumers.
- Fickle consumer demands – ever changing dynamics of the market.
- Lack of an attractive offer.
- They will pay the minimum they have to for package tourism.

6 SECTOR FORESIGHT – SHAPING TOURISM OVER THE NEXT 10 – 20 YEARS

How the tourism sector evolves over the next 10 – 20 years can be looked at using several different tools. These include PESTE (an analysis from the Political, Economic, Social, Technological, and Environmental perspectives), SWOT (strengths and weaknesses – as seen today; opportunities and threats – in the future), and global scenarios.

6.1 Sector PESTE

A PESTE perspective of the major future influences on tourism is shown in Table 9.

Table 9: Major future influences on the tourism sector from a PESTE perspective

Parameter	Influences
Political	• Legislation impacts – positive and negative • Funding initiatives through state channels • Incentives to the private sector • Security and safety– cross border and internal
Economic	• Returns on investment – how the sector performs relative to other sectors • Attractiveness of offers • Balancing public good with economic returns
Social	• Changing consumer demands and needs • Changing demographics • Fashion trends • Health, wellness and self-fulfilment needs
Technological	• Developing ways of dealing with complexity • New breakthroughs • Convergence of technologies
Environmental	• Sustainability • Built and natural environments

6.2 Sector SWOT

The SWOT tool provides a simple matrix analysis of key areas that are fundamental to scenario development. Table 10 lists some of the more important areas.

Table 10: Tourism sector SWOT analysis

Strengths	Weaknesses
• A wealth of experience • Global transport systems • A diversity of markets • Established value chains • Multiple channels for delivering to consumers • Increasing wealth of consumers • Increasing desire to travel • Strong forward growth projections on a global scale	• Price pressures in commodity areas • Lack of flexibility and adaptability • Traditional focuses • The wrong offer • Lack of connectedness with niche consumers – which can't be achieved through traditional channels • Competition from other markets and offers • Old business and value chain models • Foresight capabilities
Opportunities	**Threats**
• Growing niche opportunities such as health and wellness, eco, experiential, ethnic and cultural • Sustainable and renewable tourism • Virtual tourism • Individual customisation • Global connectivity direct with customers • Creativity and design value-add • Convergence with other sectors offers new product options e.g. medical tourism • The built environment (and components such as experiential venues and events) as an attraction – not just the natural environmental setting • Using unique cultural and creative tourism focuses as a tool to increase self-esteem, social pride, and societal connectedness in host countries	• Changing global dynamics - where it is fashionable to travel to • Failing to adopt new business models • Being blindsided by technological and consumer changes • Unable to manage complexity • What's in today is out tomorrow • Safety and security problems • Lack of the right type of offers • Lack of integration of tourism with host country societies and environments

6.3 Global Scenarios

How the tourism sector evolves is very dependent upon how the world evolves over the coming decades. Using scenarios can be useful for developing a picture of alternative futures and developing an understanding of how to develop a flexible approach to future markets and opportunities. The following two sets of scenarios provide an overview of alternative futures for tourism viewed from two different perspectives – a mature European perspective and a developing South African perspective.

6.3.1 The European Perspective (24)

These brief scenario headings give an indication of the options that might play out for Europe in future:

- ***Scenario 1:*** Price competition results in a crisis for the tourism industry.
- ***Scenario 2:*** Price sensitivity leads to a new business model and a revival of packaged holidays.
- ***Scenario 3:*** Tourism as a growth market satisfies the need for regeneration in the stress-society.
- **Scenario 4:** Tourism as a growth market benefits from the adventuresome leisure society.
- ***Scenario 5:*** Powerful customers require quality at low prices and push the tourism industry in front of themselves.

6.3.2 The South African Perspective (23)

We present this fascinating set of scenarios in its entirety because of the wider context within which tourism is viewed and its application to smaller and emerging countries. These were developed as part of a major Foresight Project in South Africa.

Scenario 1: Innovation Hub 2020

Summary of the scenario

South Africa's comparatively good development infrastructure creates opportunities for strategic regional investment. Building on our skills base and knowledge generates possibilities for comparative advantage and a competitive edge regionally and globally. The ***Innovation Hub*** explores building of collective regional strategic investment and indigenous technology capacity; excellence in scientific research, human resource development and policy instruments geared towards the socio-economic problems of the region.

Detail of the scenario

As the innovation hub of the region, South Africa benefited immensely from exporting finished goods and services. The country achieved this largely through improved and strengthened marketing and development strategies in support of the economy and the tourism industry. A lot of innovation is happening. Top of the range is the communications technology to brand South Africa as *the* African Renaissance destination. At the same time, government is harnessing the support of the private sector to maximise the resources in a focused growth approach. The partnership subscribes to the notion reflected in the Tourism White Paper policy document, which advocates that tourism should be 'driven by science, technology, information and innovation'.

Technological innovation and rapid shifts in the economy impact directly on the country's global competitiveness. While 'knowledge is power,' the ability to compete is subject to the country's ability to innovate. In the technology field the required pace of innovation will be relatively fast in order to maintain the country's capacity to be an innovation hub. This is supported by significant levels of investment in ongoing research into ways of maintaining technological 'know how'.

The market bases its propensity to continuously absorb new technological devices on the production line, giving direction to the level and scope of South Africa as an innovation hub. This justifies the Cape to Cairo journey by road to assess technological needs across Africa. The development of the innovation hub gives impetus to the African Renaissance in terms of intra-regional trade, with South Africa contributing most of the information hi-tech requirements. The returns are enormous, as this will also present a window of opportunity to market our products and services, including tourism, so as to give the country a global competitive edge.

South Africa is hailed far and wide as a beautiful country that is also friendly towards tourists. Largely through the information available on the Internet, tourists are choosing South Africa as their holiday destination. The use of the Internet and websites are crucial and effective channels by which to convey tourism information to tourists wanting to visit the country. There are also networks of the 'adventure' and 'culture' market segment, which entices the targeted markets to come. Communications technology is crucial for efforts to present the country as a top African tourist destination.

By following an integrated tourism-development approach, the necessary linkages are created between the different clusters of the economy. This requires the product base to be sufficiently diversified through a progressive system of innovation. The advantage of an integrated approach is that it will contribute towards enabling the local people to have a stake in tourism ventures through properly structured partnerships. It will also ensure that leakages are minimised and that the bulk of the profits remains in the country.

As South Africa is an innovation hub, the challenge of globalisation and competitiveness presents endless opportunities because a globalised market means a bigger market base. Tackling the challenge means remaining innovative and being a step ahead and relevant in terms of global market trends. Another important issue is the need to strengthen capacity and expertise with appropriate technology in order to stay competitive. This position is maintained only through ongoing research programmes that facilitate innovation and are supported by government's 'innovation fund'. Vast opportunities are explored to increase exports, earn vital foreign exchange and create the job opportunities that come along with being the innovation hub.

Scenario 2: Global Home 2020

Summary of the scenario

The ***Global Home*** scenario recognises global trends and opportunities which government embraces and government facilitates private-sector empowerment to respond to global market forces. S&T strategies are focused on international trends with pockets of excellence.

Detail of the scenario

The globetrotter's home has changed. The world has become more complex, dynamic and knowledge-based. Globalisation, new technologies and new management paradigms created a brand-new economy, the most competitive market space in the world. South Africa towers in the global economy. Companies can source travel goods, information and technology from around the world with a click of a mouse-button.

Global competitiveness in the new knowledge economy has changed some basic business paradigms. The rules of competitiveness have been redefined by electronic trade routes. Information and communications technologies are stripping out time and distance from the value chain. Companies are tapping into global information infrastructures like the Internet everywhere. Travel management has moved beyond the management of alliances with multiple business partners to the creation of a business network that is embedded in a business 'nervous system'. Information and communications technologies are shrinking the globe, but at the same time turning local uniqueness into a competitive weapon.

In a global economy with high-speed communication and rapid transportation, world markets have become much more accessible. Surprisingly, the enduring competitive advantage of a global economy lies increasingly in local things, based on concentrations of specialised skills, knowledge and institutions!

Global integration and increasing openness are the key drivers in the creation of an environment conducive to tourism growth and wealth creation. Tourism is the growth catalyst in the competitive dynamics of the new global economy. Today's economic map is dominated by clusters: critical masses in a specific location of unusual competitive success in fields such as tourism. Clusters build on local sources of uniqueness.

Cities exemplify local places in a global village because they plug into global networks of capital flows and the transfer of technology and people while also serving as local nodes where global processes converge. One trend is clear: as the travel industry goes global, developed and developing countries alike are embracing the concept as an important generator of growth in the economy. Historically, travel and tourism had a national character. That model is increasingly irrelevant as globalisation takes hold.

South Africa's tourism policies and marketing branding message are moulded by the interplay of global and local forces and trends. The cyber landscape is shaped by local and global influences and has become a showcase to demonstrate the good sense of being sensitive to the uniqueness of location while framing development with a global awareness.

There's no shortage of work or opportunity in the global home — only a shortage of skills and ideas. The 'old' jobs are gone forever. There are some new rules of work and wealth challenging much of the conventional wisdom. Tourism clusters create the skills for the 21st century. Skills that fuel the new economy harness the power of the mind — thinking skills, fundamentally different knowledge and service skills. Escalating customer expectations have resulted in a competitiveness based on innovative customer service, flexibility and the provision of products tailored exactly to customer needs. The cyberspace is converging, providing unprecedented access to product information on the Internet.

It's an open world, where the real market power has moved from governments and large corporations to SMEs. This shrinking importance of 'bigness' created a proliferation of 'small is beautiful' businesses. As individuals and consumers we have never had such personal power to shape markets and economies. Now it is really OK to be self-employed, to work in a service industry like tourism, to be a web designer or programmer rather than a doctor or lawyer. These are the new professions. Entrepreneurial skills create economic sparks in the tourism industry. Getting wired — with widespread Internet access in schools, libraries and public places to facilitate and access travelling opportunities this depends on the establishment of a great telecommunications infrastructure for the knowledge economy.

Developments along multiple fronts are converging to create the context for electronic commerce and future financial services. Tourism and service and information work increase to more than 30% of GDP. Business based on services, intellectual capital and ideas (rather than trade in physical goods) is able to move royalties, revenues and profits seamlessly around the globe.

The best skills are attracted to the most exciting projects. South Africa is attracting global skills and creating an environment in which they will want to work. Apart from the relatively crime-free environment, the world's leading companies are investing here because of the favourable investment climate. Meaningful, quantum change creates an inspirational economic policy, one that every businessman can explain and understand. This captures the imagination of the world's investors. We are noticed as an exciting tourist destination. We've become the place to invest and work in. South Africa is now a 'favourite' in the new travel and tourism economy, boasting new skills and creating new jobs.

Scenario 3: Our Way Is The Way 2020

Summary of the scenario

The ***Our Way Is The Way*** scenario highlights a belief in the country's ability to challenge the conventional route to globalisation by rallying developing country support for the development of a significant South-South economic bloc. This results in isolation by the developed world. In terms of S&T, it means skills-base development, focused on self-development and self-sufficiency, a government focus on innovation investment and a lesser focus on the science base and the gathering of scientific information by all means.

Detail of the scenario

Remember when the only tourist we wanted to chase was the international one? Remember when the general perception was that the only people from the rest of Africa who travelled were those who came to shop for goods they couldn't buy at home, or even worse, illegal immigrants hoping to snatch a better life in South Africa? Remember when crime and violence were leading to declining tourism figures, when holidays were only for the rich, when many of the people of the country had never come into contact with a tourist, let alone gone on holiday themselves? Remember the days when we believed that everything that was 'best' had to come from 'overseas,' that we could never be world leaders ourselves? Ah yes, but that was before the dawn of the new millennium, before the advent of the *African century*!

What happiness to be the African citizen of 2020! It was a bright April morning and Jackson's face was beaming as he set off in his spanking new microbus to collect his newest group of passengers. How times had changed from the days when he had to evade the taxi wars that were so prevalent in Johannesburg. How proud he had been when he had managed to change his clapped-out kombi for a car in which he could transport the rich western tourists from the airport to their hotels in Sandton. How he had gazed in envy at the shining vehicles with their tour guides arriving to collect their passengers. Jackson had dreamt that he, too, would one day be a tour operator travelling with his own passengers. Only that day had seemed so far away!

But South Africa had changed much in the first two decades of the new millennium. Under President Mbeki the African Renaissance had flourished. All the citizens of this great land had become proud of their diversity of cultures and tolerant of each other's foibles. Eyes had turned to new markets north of our borders as brothers joined hands in forging a new future for this vast continent. At first, things had been tough. The western world, consumed with their passion for globalisation and accumulation of greater wealth, had scorned South Africa's desire to develop at her own pace, to process her own raw materials, to decry the ever greater accumulation of riches by the few in favour of a better life for all. And so, in time, the eyes of the world had turned back to Africa, with new respect and with a new desire to share and experience the vibrancy and diversity of this beautiful continent.

Jackson arrived and parked his vehicle at Africa's most vibrant airport. Aircraft from all corners of the globe were parked on the tarmac. Foot-tapping local music and colourfully clad ground hostesses welcomed the passengers as they disembarked. After a long flight, what a pleasure to be greeted by such friendly immigration and customs officials, and how efficiently documents were processed using locally developed technology as good as that found anywhere in the world. The speed with which luggage appeared on the carousels left everyone astounded. South African technology was visible here too — nowhere in the world could an aircraft be off-loaded or passengers cleared faster.

Jackson's smiling face greeted his tired visitors, whose own weary countenances brightened at his warmth and enthusiasm. What was truly amazing was the fluency with which he greeted them in their own language — being Japanese they were accustomed to language difficulties wherever they travelled. Jackson smiled when they commented on this. Little did they know that he spoke not one, but five foreign languages, all learnt with the aid of technology that made such knowledge so easily accessible. Calmly and comfortably he sped them to their beautifully appointed, yet traditionally styled, hotel in Soweto. Smiling faces and express check-ins soon had everyone relaxing in long hot tubs before they embarked on their exciting tour of this vibrant city.

Two weeks later, Jackson and his new-found friends were still smiling when he took them back to the airport for their long flight home. What an experience they had enjoyed, how they longed to spread the good news about this exciting country among their friends and colleagues. Everywhere they had stayed in traditionally styled hotels designed and built by local architects utilising local materials, decorated by local artists. Everywhere they had enjoyed cultural music and dance of the highest calibre. Their luggage was brimming with their purchases — artefacts and jewellery of the highest quality and the most exquisite craftsmanship. Gone were the days of exporting South African gold and gems to be processed elsewhere. South African designers were now recognised as the best in the world. And all around them, wherever they had journeyed, were the warmth, vibrancy and natural exuberance and enjoyment of travellers from the rest of Africa all sharing their diverse cultures and adding to the spirit of festivity that seemed the trademark of the country.

Yes, thought Jackson, as they shouted their last fond goodbyes, times had been hard, and sometimes it seemed that the end of the road was never in sight, but just look at us now, and the best of all was, we did it *our way*.

Scenario 4. Frozen Revolution 2020

Summary of the scenario

The ***Frozen Revolution*** scenario depicts a situation where the government is trying to address social and economic uplift through endless policy formulation processes. Policy paralysis, manifested in non-delivery and involvement in populist projects, leaves the masses dissatisfied.

Detail of the scenario

A village in the Eastern Cape began to engage with its population of one million in an attempt to counter growing apathy and the increasing inability of the community to work together. An initiative aimed at getting a better understanding of the backlogs helped to get the development of this village off the ground.

The approach is based on the conviction that people organised in small groups can help themselves to become self-reliant. The premise is that if social and economic organisations in a community are strengthened, services and material conditions such as water purification plants, clinics and job training will improve and, perhaps most importantly, employment and income opportunities will be created. Residents were organised into groups of 20 to 40 families living in the same village. The rationale was that these families would generally know and trust each other.

They started with a programme. The research undertaken showed that if the cost of water purification was reduced to include only labour and materials, people generally could afford the service and infrastructure. The result was a stand-alone water system financed, managed and constructed by local residents. An NGO provided organisational skills and technical assistance for the community. Once the programme gained momentum, it gradually expanded into other community efforts. These included a basic health and family-planning programme, a credit programme for small family enterprises, a low-cost housing-upgrade programme, a programme to help with the upgrading of physical conditions at schools, a women's work-centre programme and a rural development programme.

Most of the households participated in the project and invested some in the infrastructure. It is estimated that if local government had provided the same infrastructure, it would most probably have cost in the order of five times more. During this same period, many local organisations were created. These organisations have changed the relationship between the people and local government.

When communities assume responsibility for services formerly considered the responsibility of government, things can happen. The community provided the service for itself with appropriate indigenous knowledge systems. Now they are ready to cater for the influx of tourists to the Wild Coast and the Sunshine Coast. The initial constructive relationship between local government and the community seems to be under strain, pointing to the difficulties experienced when governance stalls. It was anticipated that the successful execution of projects by the community would convince local government to accept the indigenous approach.

7 FINAL COMMENT

We have developed a global view of the tourism sector and key niches that provides a context for looking at potential niche areas in which T&T can choose as 'best bet' opportunities.

The challenge is to identify areas that are going to be of the greatest relevance in markets 10 – 20 years from now rather than in today's context as the whole sector is changing rapidly.

As the scenarios demonstrate, how the sector evolves will depend upon how the sector responds various scenarios. The global tourism sector is at a point where there is a need to use foresight and innovation to move into the future, especially in small and developing economies.

The key is being able to connect with tomorrow's global customers and have the range of offers that will appeal to them – both real and virtual.

8 APPENDIX 1: KEY REFERENCES

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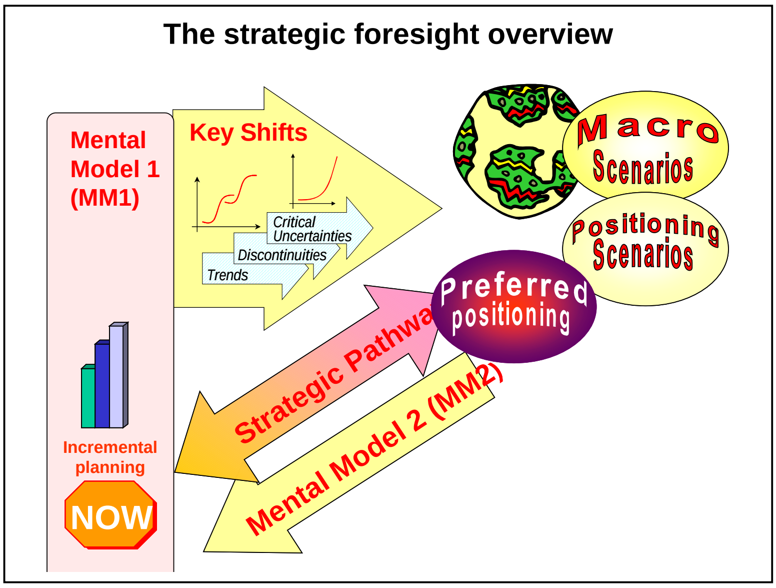
9 APPENDIX 2: GLOBAL FORESIGHT OVERVIEW

To develop a context for the tourism sector and the opportunities it may offer to T&T economically and socially, we first need to look at the global picture of the sector – the trends, players and positioning, then develop scenarios which relate to the T&T situation within that global picture, and then a way of determining the strategic positioning T&T might take to exploit opportunities the sector offers.

Figure 10; The overarching strategic foresight framework



A key part of developing an understanding of how the global picture is being shaped is knowing the meta-trends that are driving change. We call these the 7 Tsunamis of Change. These global drivers are shaping the future of our lives, of markets, of business, of the world we live in. The Tsunamis are changing the landscape within we will operate – destroying some things, changing other things, causing new things to be build in their aftermath.

Figure 11: Meta-trends – The 7 Tsunamis of Change

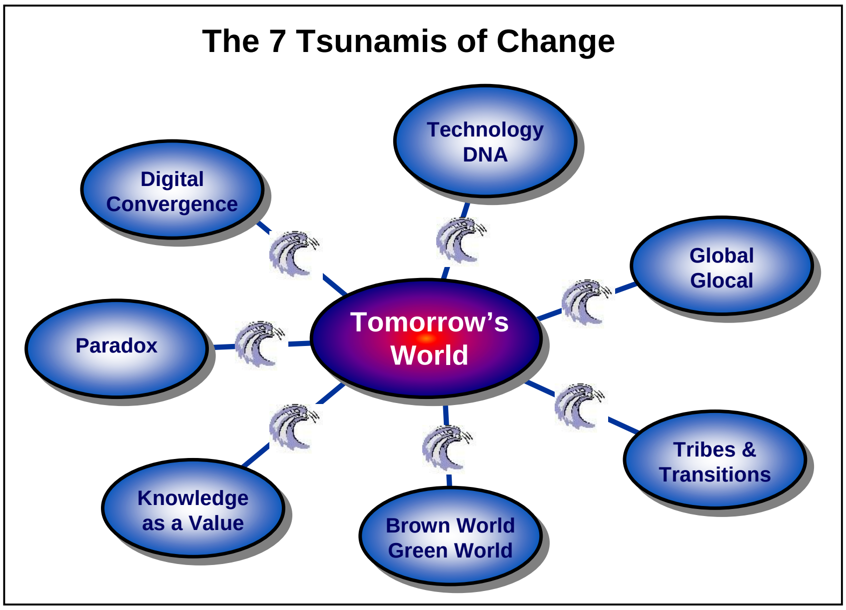


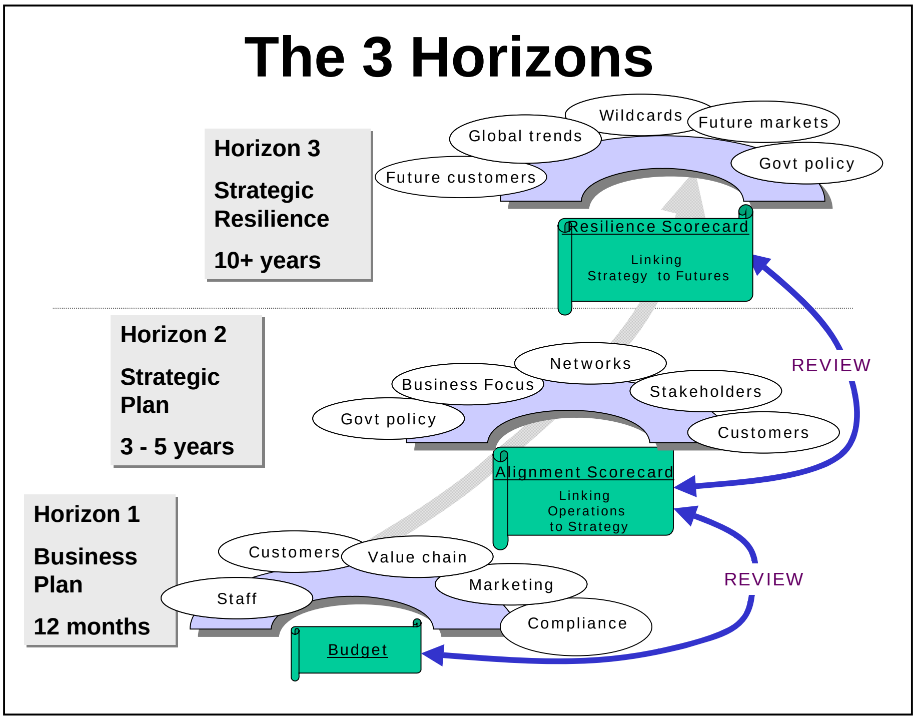
Table 10 provides a brief overview of the areas each Tsunami is driving.

Table 11: Areas where each Tsunami of Change is impacting

TSUNAMI	CHARACTERISTICS
Digital Convergence	• Chips in everything • Total interconnectivity • Virtuality
Technology DNA	• Biological/technological convergence • Cumulative innovations • Re-shaping of life itself
Global Glocal	• Global village • Cultural convergence • Biggest or most unique
Tribes & Tribulations	• The digital divide • Tribalism • Changing lifestyles / work styles
Brown World, Green World	• Climate change • Resource productivity • Water, air, energy
Knowledge as a Value	• Hierarchy of knowledge and value • Knowledge management • Consumer Power
Paradox	• Unexpected effects • Living with degrees of grey versus black and white • Solutions take opposites into consideration

The long-term views we develop through foresight help us develop a picture of how a business Horizon 3 may look 10 – 20 years from now – which is often quite different to how it looks today. This horizon helps us understand the future destination we wish to aim for – the desired scenario. By backcasting from Horizon 3 we can then develop a 3 – 5 year strategic plan (Horizon 2) and then a short- term business or implementation plan (Horizon 1) – see Figure 12. By taking this approach, commercialisation of opportunities discovered during the research and evaluation process is made within a long-term context.

Figure 12: The three business Horizons



There are a number of tools and processes that can be used to help shape Horizon 3. These include foresight research, the PESTE analysis, scenario development (for the global sector), developing a view of the long-term destination for the sector and country, and then local scenarios that provide a framework for decision making.

Figure 13: Tools and processes for developing a Horizon 3 perspective