

BLUEPRINT
FOR NEW TOURISM

WORLD TRAVEL & TOURISM COUNCIL



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WTTC would like to thank
the sponsor of the Blueprint for New Tourism



INTRODUCTION

THE WORLD TRAVEL & TOURISM COUNCIL (WTTC) IS THE BUSINESS LEADERS' FORUM FOR TRAVEL & TOURISM, WORKING WITH GOVERNMENTS TO RAISE AWARENESS OF THE IMPORTANCE OF ONE OF THE WORLD'S LARGEST GENERATORS OF WEALTH AND JOBS.

With Chief Executives of some one hundred of the world's leading Travel & Tourism companies in membership, WTTC has a unique mandate and overview on all matters related to success in Travel & Tourism.

Over the past few years, the Travel & Tourism industry has had to contend with a series of unprecedented challenges. International events, such as terrorism and SARS, and economic turbulence have led to significant changes in Travel & Tourism demand.

At the same time, international events have acted as a catalyst, accelerating fundamental changes in market behaviour and travel patterns that have been slowly emerging over the past decade. While business plans have become increasingly short term, more and more governments are starting to realize that they cannot leave Travel & Tourism growth to chance. This emerging global consciousness represents a great opportunity for our industry.

At the conclusion of the third Global Travel & Tourism Summit held in May 2003, more than 500 of the world's most influential business and political leaders called on WTTC to create a new vision and strategy for Travel & Tourism. A vision that would involve a coherent partnership between all

stakeholders, public and private, to strengthen industry efforts and turn future challenges into opportunities. The *Blueprint for New Tourism* is WTTC's response to this historic call to action.

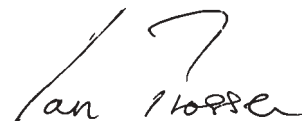
The full report, which will be published later this year, will contain detailed case studies highlighting best practice among the public and private sectors in responding to the vision of New Tourism.

Moving on from our Millennium Vision and Seven Strategic Priorities, the *Blueprint for New Tourism* provides a new strategic framework for ensuring that Travel & Tourism works for everyone in the future.

WTTC is firmly committed to realizing our industry's potential for growth and ensuring maximum and sustainable benefits for everyone involved. We invite all stakeholders to take up the Blueprint's call to action and to commit to building New Tourism, helping to bring new benefits to the wider world.



JEAN-CLAUDE BAUMGARTEN
President
World Travel & Tourism Council



SIR IAN PROSSER
Chairman, World Travel & Tourism Council
Chairman, InterContinental Hotels Group PLC

BLUEPRINT FOR NEW TOURISM

New Tourism dares to embrace a new dimension of Travel & Tourism. It is a mature response to a more complex world. Global consciousness of the importance of tourism has triggered a fresh look at the opportunities it represents. New Tourism is a new sense of coherent partnership between the private sector and public authorities. It is geared to delivering commercially successful products – but in a way that ensures benefits for everyone. New Tourism looks beyond short-term considerations. It focuses on benefits not only for people who travel, but also for people in the communities they visit, and for their respective natural, social and cultural environments.

TRAVEL & TOURISM MEANS JOBS. A WORLDWIDE COMMUNITY OF A QUARTER OF A BILLION PEOPLE WORKING IN THE TRAVEL & TOURISM SECTOR BY THE END OF THIS DECADE – WITH THE FIRM PROSPECT OF SUSTAINABLE GROWTH IN THE FUTURE.

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And more than jobs, Travel & Tourism means service to customers, a gateway to economic progress at national and local levels, and prospects for greater dignity and a better life for people across the world.

Recent international events have nonetheless dramatically

demonstrated that these wider benefits of Travel & Tourism can no longer be left to chance. And it has become increasingly evident that everyone has a stake in realizing this huge potential.

To translate this new consciousness of the sector's value into action and to ensure these wider benefits are achieved, we need a new vision:

Travel & Tourism as a partnership, delivering consistent results that match the needs of economies, local and regional authorities and local communities with those of business, based on:

- 1 Governments recognizing Travel & Tourism as a top priority**
- 2 Business balancing economics with people, culture and environment**
- 3 A shared pursuit of long-term growth and prosperity**

This *Blueprint for New Tourism* sets out the vision – and issues a call to action, for business and for the world beyond business.

THE BACKGROUND

IMPORTANCE OF THE NEW TOURISM VISION

WHAT TRAVEL & TOURISM DOES

*It gives vigour
to economies*

*It stimulates
development*

*It offers people
jobs and career
prospects*

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WTTC TSA ESTIMATES & FORECASTS

| | 2004 | 2004 | |
|---------------------------|-----------|------------|-----------|
| World | US\$ Bn | % of Total | % Growth* |
| Personal Travel & Tourism | 2,294.6 | 10.1 | 3.7 |
| Business Travel | 524.8 | --- | 3.7 |
| Government Expenditures | 236.5 | 3.9 | 3.0 |
| Capital Investment | 730.9 | 9.6 | 4.3 |
| Visitor Exports | 605.1 | 6.0 | 7.1 |
| Other Exports | 535.2 | 5.3 | 7.2 |
| Travel & Tourism Demand | 4,926.8 | --- | 4.6 |
| T&T Industry GDP | 1,374.8 | 3.7 | 3.6 |
| T&T Economy GDP | 3,787.2 | 10.3 | 3.9 |
| T&T Industry Employment | 69,737.8 | 2.7 | 2.2 |
| T&T Economy Employment | 200,967.0 | 7.7 | 2.4 |

*2004-2013 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs.

Data in all charts shown are correct at time of print. For most up to date figures, please visit WTTC website at www.wttc.org

WHAT HOLDS TRAVEL & TOURISM BACK

Local conditions inhibit growth – everything from incoherence in planning to discouragement through taxation, and from obstacles to business to a lack of training support.

External factors damage confidence – everything from legal uncertainties over ownership or inadequate utilities and infrastructure, to risks of terrorism, crime or disease.

A NEW CONSCIOUSNESS IS NEEDED

Solutions exist to external disruption and local neglect. Travel & Tourism can continue to deliver its current benefits, and can extend them even more widely, all the time ensuring that it remains sensitive to its potential negative impacts. But instead of just being a ‘nice-to-have’ in national strategies, it needs instead to become a ‘need-to-have’.

New Tourism depends on a new seriousness not only about the sector's potential, but also about the responsibilities that everyone must accept if it is to make its full contribution to general well-being.

WHAT NEW TOURISM CAN DO

It can provide:

- New hope for people and economies. New Tourism is a force capable of dramatically improving economic and social well-being right across the globe, and it is just waiting to be unleashed.
- Coherent policy driving higher-value Travel & Tourism traffic and better yields.
- Enhanced national revenues bringing improved economic conditions, while assuring the widest spread of benefits, and winning engagement of all partners.
- Dependable prospects generating increased business, investment and jobs, at national and regional levels, and in economies at all stages of development.



THE BOTTOM-LINE

SHARING A VISION OF NEW TOURISM

1 GOVERNMENTS RECOGNIZING TRAVEL & TOURISM AS A TOP PRIORITY

Governments have it within their power to unlock the industry's potential to create jobs and generate prosperity.

New Tourism depends on governments recognizing Travel & Tourism's valuable flow-through effects for all sectors of the economy and population – and having the sense of leadership to act on that recognition.

Leadership should factor Travel & Tourism into all policies and decision-making; leadership at the highest levels of government should coordinate strategy impacting on Travel & Tourism, and should reorganize structures and funding so as to ensure effective planning and management.

Sudden shocks to Travel & Tourism have sharply awakened government leaders around the world to its value to their economies. Coherent strategies can mitigate the negative impacts on the industry and national economies, minimize the risks of further disruption, and ensure long-term sustainable benefits.

Each government can make the choice to encourage investment, facilitate innovation and job opportunities, and guarantee respect for local

environments, cultures and social well-being. This approach to Travel & Tourism will deliver its benefits consistently across the country and throughout the year.

A top-level perspective of the current scale and future potential of New Tourism can direct policy responses that support Travel & Tourism's contribution to the economy and promote its planned growth.

The public sector has a special responsibility to ensure the sustainability of key tourism assets, such as the natural and cultural resources that preserve the attractiveness of tourism destinations and the competitiveness of tourism companies.

The most effective policy responses are those that focus on key government tasks, such as coordinating infrastructure development and fostering competitiveness, rather than focusing on short-term protectionism or micro-intervention in market mechanisms.

The benefits are there to be won by every economy that opts for measures that will help deliver on the promise:

- Long-term tourism planning at national and regional/local levels.
- Creating a competitive business environment that avoids inflationary taxation, guarantees transparency, and offers more attractive corporate ownership rules.
- Ensuring that quality statistics and information feed into policy and decision-making processes.
- Bringing new professionalism, funding and coordination into promotion and marketing, employment and training needs, infrastructure and regional/local policy.
- Developing the human capital required for Travel & Tourism growth. Governments should lead investment in human resources - through education and by bridging the gap between authorities and the industry - to help plan ahead for

future needs. An online and easily accessible market-monitoring network could link reliable tourism market information with data on employment.

- Liberalizing trade, transport and communications and easing barriers to travel and to investment.
- Confidence building for customers and investors on safety and security.
- Promoting product diversification that spreads demand.
- Planning sustainable tourism expansion in keeping with cultures and character.
- Investing in technological advances to facilitate safe and efficient Travel & Tourism development, such as satellite navigation systems.

This is the agenda that makes it possible to explore and support the opportunities in the broadest spectrum of Travel & Tourism businesses, so as to develop product range and quality, but also to ensure that the patterns of flow respect the natural and built heritage, as well as local interests.



2 BUSINESS BALANCING ECONOMICS WITH ENVIRONMENT, PEOPLE AND CULTURES

New Tourism requires the Travel & Tourism industry to get the balance right between business imperatives and the wider quality of life needs of local communities. Private sector growth can be deployed as a driver of sustainable development and as a contributor to the dignity of the people and cultures it touches.

Internally, the sector must adjust business planning, product and service quality, and adopt policies that respect the interests of the people for and with whom it works.

Externally, it must systematically embrace opportunities to spread its benefits – from helping jump-start developing economies to conserving the environment, and from transferring skills to promoting the dignity of people in local communities.

Deepening the sector's commitment to people and their communities and environments can harness this power. And not just for the benefit of those who work in the sector, or use its services, or spend the tax revenues it generates. The benefits can flow through to people at the receiving end of

Travel & Tourism too – local citizens in destinations, entire populations for whom Travel & Tourism can radically improve prospects of growth and prosperity.

In response to new pressures on the international environment that conditions Travel & Tourism, the industry needs to strengthen its own operations with a longer-term focus – from quarterly financial objectives to building shareholder value, and to ensuring long-term sustainability and security by respecting the communities in which it operates.

There is also a business logic to such an approach. Cultivation and respect of local identities and cultures benefit not only the host country and its people, but also correspond to the customers' desire for authenticity.

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Many of New Tourism's key tasks for the private sector are very concrete:

- Expanding markets while promoting and protecting natural resources and local heritage and lifestyles.
- Developing careers, education, employee relations, promoting smaller firms, raising environmental awareness, and helping in its own way to narrow the gap between the 'haves' and 'have-nots'.
- Sensitive provision of traditional tourism products and imaginative product diversification that reduce seasonality and increase yields.
- Improving the quality of tourism products and services, and adding value for money while increasing consumer choice.
- Agreeing and implementing quality standards at all levels and in all areas, including staff training.
- Transfer of industry skills and best practice that spreads the benefits widely and efficiently.
- Increasingly sophisticated and more precise measurement of the sector's own activity, to feed into strategic business decisions.
- Communicating more effectively with the world in which it operates – including energetic input from Travel & Tourism umbrella organizations to government, at strategic and local levels.

The cumulative effect will be a shift towards Travel & Tourism that continues to serve the private sector's own needs, while embracing the wider interests of the countries and communities in which it operates.

TRAVEL & TOURISM ECONOMY EMPLOYMENT

2004–2013 (*000 of Jobs Created)

Top Ten Countries

| | | | |
|----|---------------|--------|--|
| 1 | China | 11,493 | |
| 2 | Indonesia | 4,192 | |
| 3 | Mexico | 3,914 | |
| 4 | India | 3,845 | |
| 5 | CIS* | 2,221 | |
| 6 | Brazil | 1,854 | |
| 7 | United States | 1,559 | |
| 8 | Bangladesh | 1,104 | |
| 9 | Spain | 971 | |
| 10 | Pakistan | 968 | |

*Former Soviet Union

TRAVEL & TOURISM DEMAND

2004–2013 (% Annualized Real Growth)

Top Ten Countries

| | | | |
|----|-----------|-----|--|
| 1 | Angola | 9.5 | |
| 2 | Mexico | 9.5 | |
| 3 | Turkey | 9.2 | |
| 4 | China | 8.9 | |
| 5 | India | 8.8 | |
| 6 | Botswana | 8.5 | |
| 7 | Laos | 8.4 | |
| 8 | Malaysia | 8.2 | |
| 9 | Hong Kong | 8.1 | |
| 10 | Vanuatu | 7.8 | |

3 A SHARED PURSUIT OF LONG-TERM GROWTH AND PROSPERITY

The Travel & Tourism sector is ready to play its part in New Tourism. But the private sector cannot do it alone.

New Tourism needs new joint strategies, using new mechanisms springing from new partnerships with public authorities. Industry's recognition of its broader responsibilities has to be matched by government, and all sides must be prepared to adopt a new form of long-term thinking, and a new degree of openness and cooperation, to develop contingency planning as well as development strategies.

With the public and private sectors working together at all levels, growth can be strategically planned to be sustainable and sensitive, not only to develop the sector's potential, but also to defend it against severe disruption due to external events beyond its direct control.

Long-term objectives for national tourism policy can be set as a vision of how government and the country's citizens wish to develop Travel & Tourism in conjunction with the private sector. A widely agreed plan will help spread the benefits equitably across the country to all stakeholders, stimulating support and commitment from all sectors.

New Tourism means accepting the responsibility to provide a secure and predictable future, where planning relates to the extended time frames into which the private sector has to project its own investment.

Specific tasks that can be successfully undertaken by the widest cooperation include:

- Allying best practice in tourism development with policies on regional affairs, transport, human resources, environment, infrastructure and rural development.
- Public-private sector partnership in the joint preparation of sustainable master-plans for developing entire destinations or holiday regions – too demanding a task for a single company or state authority on its own.
- Creating locally driven processes for continuous stakeholder consultation, involvement and benefit.
- Restructuring national tourism boards as public-private sector partnerships.
- Averting the dangers of excessive, unplanned development, and setting environmental policy goals that can be met.
- Human resources development and the effective deployment of skills, through planning and through legislation that avoids limits based on residence or other requirements.
- Collaboration on information requirements for public sector analysis and policy formation.
- Joint work on security, with private sector mechanisms complemented by action from the authorities.
- Developing confidence on all sides that efforts are mutually reinforcing.

New Tourism offers the prize of economic activity that enhances quality of life and offers new opportunities for self-sufficiency and local prosperity. The prize can be won by all countries that rise to the challenge of integrating the needs of the Travel & Tourism industry with national policies.

CONCLUSION

A CALL TO ACTION FOR NEW TOURISM

GOVERNMENTS SHOULD:

- Show leadership by defining coherent and streamlined management structures that can efficiently drive New Tourism.
- Elevate Travel & Tourism to strategic national level with senior level policy-making.
- Factor Travel & Tourism into all policies and decision-making, to promote growth that respects both business needs and the well-being of citizens.

INDUSTRY SHOULD:

- Adapt strategic thinking so as to develop tourism with benefits for everyone.
- Extend and diversify product offerings to improve yields and social value.
- Spearhead innovative management and help spread best practice through corporate social responsibility.

ALL STAKEHOLDERS SHOULD:

- Cooperate in identifying opportunities for growth.
- Focus on building Travel & Tourism that opens up prospects for people – from employment to development.
- Work together to remove impediments to growth - from infrastructure shortcomings to pollution, and from outdated legislation to unmet health and security concerns.

The Travel & Tourism sector declares its readiness to do its part. Now it wants an absolute commitment from its partners that they too understand what is at stake and are ready to join in building New Tourism to bring new benefits to the wider world.

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