

TRAVEL AND HOSPITALITY

Digitalization and sustainability will drive future of travel

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Travel companies are prioritizing investment in the customer journey over COVID-19. Image credit: Euromonitor International

By DIANNA DILWORTH

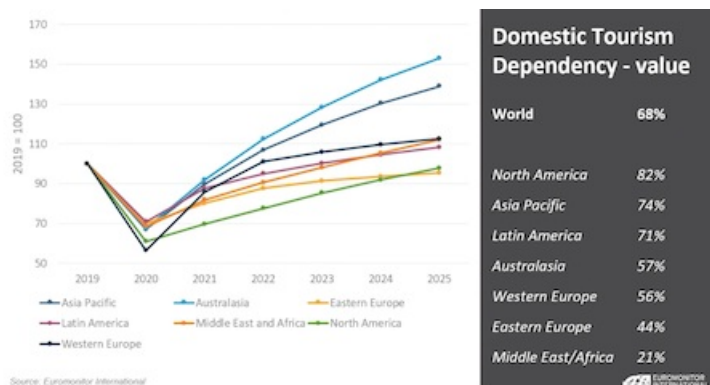
The COVID-19 coronavirus has had an unprecedented impact on the global travel, tourism and hospitality sectors.

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Luxury travel and hospitality brands should pivot to adapt to new travel trends to survive in the decades to come. And as brands adapt to a new normal, they should prioritize health and safety, sustainability and environmentally friendly initiatives, and brand purpose, while maintaining a focus on the customer journey, according to Euromonitor International.

"Moving to a digital green transformation is critical for businesses to survive and build resilience over the long term" said Caroline Bremner, head of travel and tourism research at Euromonitor International, Edinburgh, Scotland, in a virtual event. "And, of course, powered by data and science, this will help to keep track of our progress and ensure that we minimize our impacts.

"There is a real opportunity for travel brands and destinations that act with purpose, putting our shared values ahead of profit, and balancing the needs between social, environment and the economy, will be best placed to succeed," she said.



Domestic tourism is on the rise as international tourism is out this year. Image credit: Euromonitor International

COVID-19 impact

The coronavirus pandemic has hit the tourism industry hard, with international travel and cruises being some of the worst hit.

"Hotels are expected to fall by over 40 percent this year, the same for short-term rentals, but there is a very marginally lesser impact on short-term rentals," Ms. Bremner said.

"The same with airlines," she said. "There are differences in performance levels if you look at scheduled versus low-cost carriers, for example, where low-cost carriers may benefit from a slight trading-down effect of consumers who are being a little bit more cautious if they are happy to travel and feel confident in traveling."

Spas and attractions are experiencing declines, but not as severe as other categories.

Cruises will be one of the worst impacted this year, dropping up to 60 percent in terms of value sales, but the rebound is expected to come within three to four years, per the Euromonitor report.

Destinations are looking to kickstart their economies and start the slow road to recovery through domestic tourism.

Globally, domestic accounts for 68 percent of travel as opposed to international travel. Both North America and Asia Pacific are highly dependent on their domestic visitors and they will focus on this audience as they invest in marketing as they build back their economies.

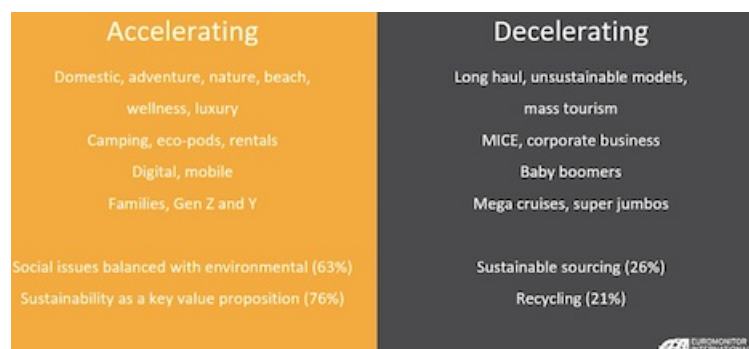
Asia Pacific is ahead of the curve, having gone through the pandemic earlier and having come out the other side.

The shift to digitalization continues to be important particularly, even though in the short-term sales will fall as consumers are not traveling much this year.

Online travel sales are expected to drop by 40 percent and mobile sales by 45 percent this year, but looking to the future, these areas will continue to be the drivers of value growth. Mobile will take almost 50 percent of all online sales by 2025, per [the report](#).

"Consumers are very reliant on search engines for getting the best deals, they also rely heavily on speaking to friends and family for recommendations," Ms. Bremner said. "Equally, the seamlessness of the user experience, such as easy site navigation along with digital wallet check, which again was a popular feature and consumers continue to enjoy a free upgrade.

"We are definitely seeing a pick-up in the short- to midterm from the domestic side, we are also seeing a greater interest in adventure, nature-based, beach tourism, wellness and luxury along with sustainable travel options such as camping, glamping, glamper vans, eco-pods and short-term rentals that offer consumers a little bit more space and privacy," she said.



International travel is on hold as outdoor adventures are growing. Image credit: Euromonitor International

Innovations to watch

Improving the customer journey is the top concern among global travel businesses, not COVID-19.

Adapting in this digitalization means focusing on user experience, customer service and technology.

Big Data and analytics have been a large area of investment for these companies, which helps drive personalization, tailored recommendations and delivering the improved user experiences.

Euromonitor also expects artificial intelligence to become more important in the coming years.

In the short term, there has been a shift toward augmented reality and virtual reality and that is expected to continue in the next few years.

For instance, Denmark's Faroe Islands created an immersive virtual experience, a.k.a. "remote tourism," in which consumers could remote-control a local tour guide in the islands to run and jump and explore the islands.

Additionally, Euromonitor expects travel brands to invest in voice-activated services such as the ability to book through Siri and Google.

Additionally, the travel industry will begin using biometrics with blockchain to improve and provide a more secure ID management system.

The environment will be a major driver for investment as well, with 53 percent of travel brands aiming to invest in

energy-efficient initiatives in the next five years, and 57 percent planning to invest in waste in the next five years.

"We need to act now to drive this big radical shift in behavioral change to help meet the 2030 global agenda and, of course, we can achieve this by embracing innovation, creativity, sustainability and digitization," Ms. Bremner said.

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