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Travel 2040

Climate Emergency to Force a Revolution in the Industry

CAROLINE BREMNER



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CAROLINE BREMNER
Head of Travel Research

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Introduction

As a result of Coronavirus (COVID-19), almost 60% of consumers said that they will reduce their international travel in the short to mid-term. The good news for the travel industry, but less so for the planet, is that consumers will eventually return to international travel over the long term, according to a Euromonitor International Voice of the Industry Survey from April 2020. The need to reduce carbon emissions whilst kickstarting aviation and tourism is at the heart of the global pandemic recovery effort, a dichotomy which is trying to balance economic, social and environmental concerns.

As the deadline for the United Nation's Sustainable Development Goals approaches 2030 and the need to reach net zero carbon emissions intensifies, the travel industry's focus will gradually shift away from health and safety protocols to the looming climate emergency. Younger generations, such as millennials and Generations Z and Alpha, are more engaged with the climate emergency than other age groups. They will help bring about the radical change in behaviour and attitudes as to how and why people travel.

The future travel experience will be personalised, delivering seamless and safe services that are high value, low touch and consumer-centric, thanks to an accelerated digital transformation post-pandemic. These new advances in technology will usher in a new era of automation, requiring upskilling for employees to provide greater levels of high-quality service. Tracking climate impact across consumers, brands and destinations will be critical for building resilience, agility and speed to combat future risks and accelerate the green transition.

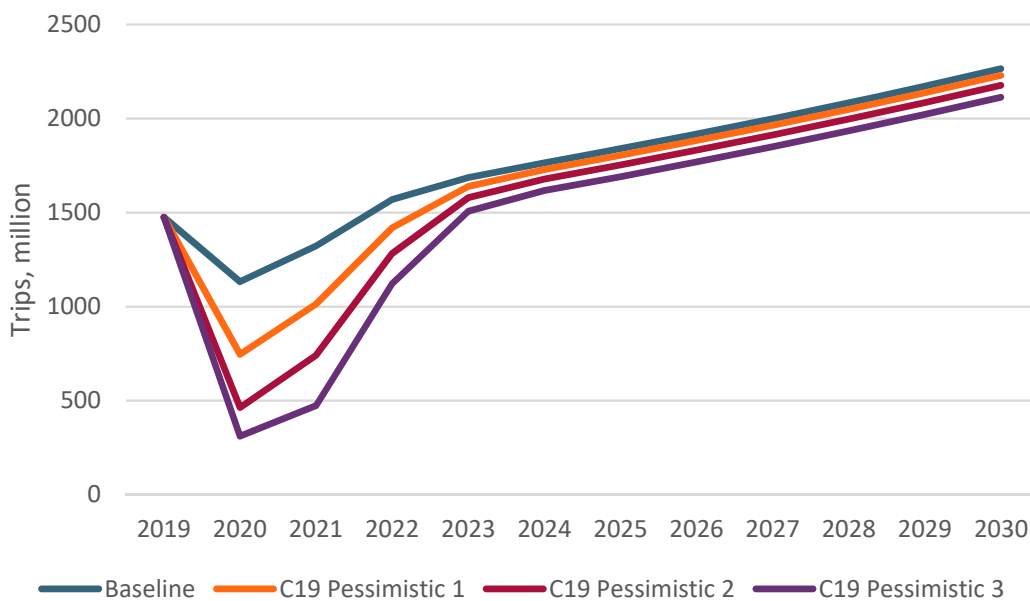
This white paper outlines a vision for how consumers will book and experience travel in 2040, exploring how technology and the need for sustainability could change the travel experience over the next 20 years. In particular, this analysis will focus on the future of travel — exploring what online travel agents, urban mobility, air travel and hotels will look like.

COVID-19 and Travel

The travel and tourism industry has been the most impacted by the COVID-19 pandemic. As a result, 100% of destinations around the world implemented travel bans or restrictions to prevent disease spread in 2020, according to the United Nations World Tourism Organisation. In Euromonitor International's worst-case COVID-19 scenario, C19 Pessimistic 3, global tourism demand could plummet by as much as 80% in 2020, with potential recovery to pre-crisis, within four years.

Global tourism demand could plummet by as much as 80% in 2020

World Arrivals Baseline and Pessimistic Scenarios 2019-2020



Source: Euromonitor International — Travel Forecast Model

For popular destinations and local communities, the shutdown has had a painful economic and social impact, especially in places where people are highly dependent on travel for livelihoods and employment. However, the pandemic offers a once in a lifetime opportunity to reset and put sustainability and community needs first.

In the long term, digitalisation will speed up, as brands aim to provide safe and secure customer interactions. Big data, analytics and artificial intelligence (AI) will remain top priorities for travel businesses. In a world where human to human interactions will be minimised, sales will increasingly shift online and transactions will become contactless as digital assistants and chatbots deliver personalised customer services. Robots will perform menial, repetitive tasks like luggage pick up and collection.

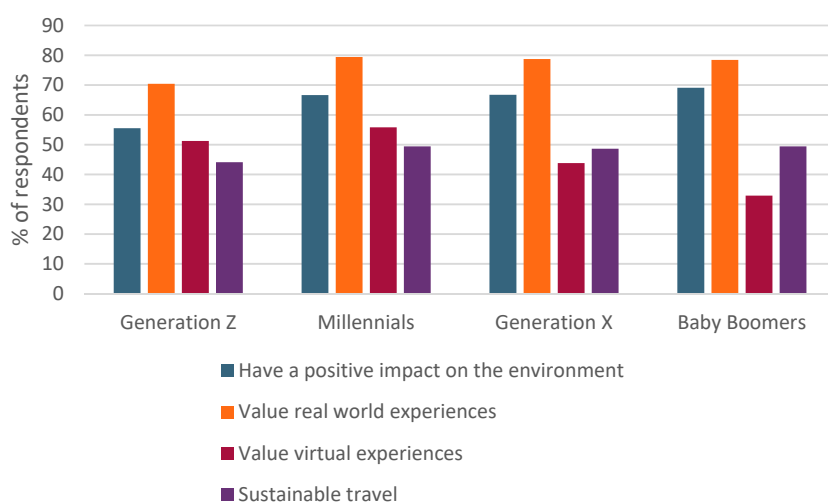
Climate emergency and health crisis collide to drive purpose

Pre-COVID-19, consumer awareness about climate change reached critical mass, with 65% of global consumers in 2020 saying that they were concerned. There was also a great surge of support for climate action, driven by Greta Thunberg and flight shaming.

65%
of global consumers were concerned about climate change in 2020

In the immediacy of the pandemic, health and safety concerns have taken precedence, but the need for sustainable, resilient businesses is even greater during the rebuild. Younger cohorts are more engaged with social and environmental causes, and a permanent shift towards interacting and buying from brands with purpose is already in motion, with 23.2% of global consumers buying from purpose-driven brands.

Values by Generation 2020



Source: Euromonitor International — Consumer Lifestyles Survey 2020

In terms of choosing sustainable travel options, millennials and baby boomers exhibit the strongest interest while higher prices are likely to decrease interest for Generation Z. Overall, consumers of all ages will increasingly seek out sustainable travel experiences.

Opportunity to Reset and Refocus

The pandemic has shone a light on the fragility of life. As people have been asked to stay home, there has been a major shift towards hyper-local commerce and a rediscovery of neighbourhood goods and services. However, major inequalities have been revealed by the gaining momentum of movements like Black Lives Matter, where Black communities have been disproportionately affected by COVID-19, leading to rising tensions.

After the global travel shutdown begins to ease, brands and destinations that are more likely to survive are the ones that showed creativity, collaboration and empathy during the crisis. Brands that reaffirmed their core values to care for their employees and customers will be remembered for valuing people over profit.

Post-pandemic, agile brands that adapt quickly to new measures and protocols, embrace new ways of working and accelerate digital transformation will be successful. Brands must offer a powerful proposition that converges digital with experience, sustainability and purpose.

Over the next two decades, great advancements are expected to be made in new technologies such as AI, automation and robotics. Once 5G is globally accessible, this will lead to greater speed and more efficient delivery of travel services across the customer journey.

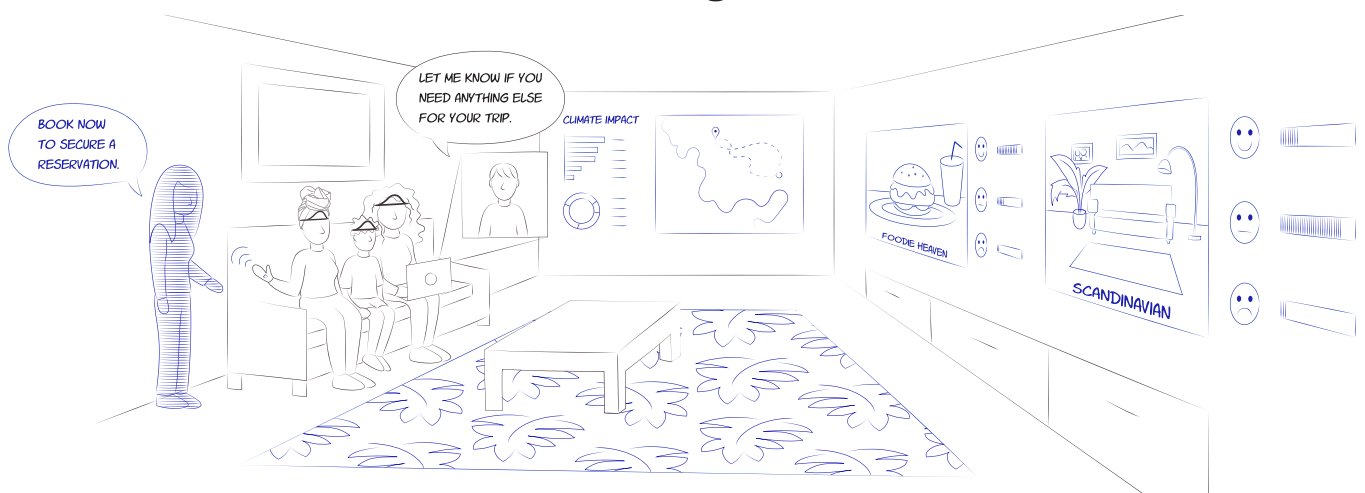
The Future of Four Travel Scenarios

Predicting the future of online travel agents, urban mobility, airlines and hotels rests on three main pillars — people, physical space and digitalisation. Simultaneously, the world will sharpen its focus on the 2030 sustainability agenda with innovative product offers, service delivery strategies and augmented consumer experiences.

Post-pandemic, the travel industry will look very different yet familiar, having adopted accelerated digital transformation to remove unnecessary human interaction. In 2040, the physical infrastructure of travel will not undergo a mass revolution, but a digital and sustainability-led transformation.

This next section explores how technology, combined with the drive for sustainability and purpose, will usher in a new era of personalised and seamless travel experiences. The blending of the physical and virtual worlds will fascinate travellers and equally ensure minimal impact on local communities and the environment.

The future online travel agent



Source: Euromonitor International

The future vacation begins in a smart home. A digital avatar will be the travel agent that uses emotion recognition software to match individual preferences with travel opportunities. Family members will utilise headsets that measure their emotional responses to images of different holiday settings. Members will virtually experience the vacation before committing to the cost.

Trips will be rated through a lens of sustainability. Users can compare climate impact, energy conservation, waste prevention and more. The digital avatar will use artificial intelligence to map emotion to destination. Users can search for destinations based on key quality attributes, aiming for a perfect match thanks to AI.

In the booking stage, family members will use voice technology to finalise reservations with the AI avatar. They may even use smart contact lenses or biometric chips in their hand for a seamless payment option.

The future of urban mobility

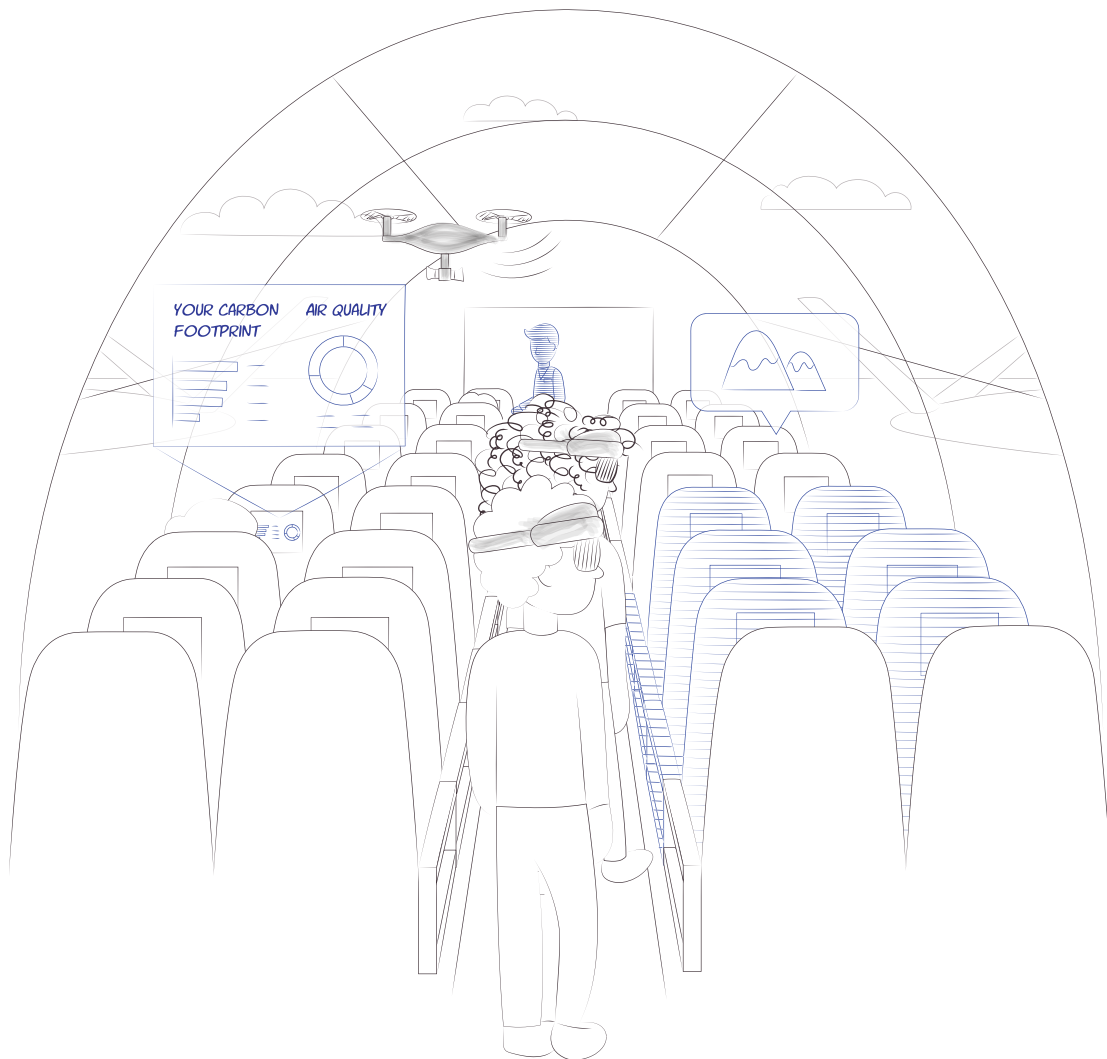


Source: Euromonitor International

The future of urban mobility is driverless and electric. The inside of a car will be a configuration of four seats pointing inwards around a connected screen that serves as a personal digital assistant. Passengers will have access to a multitude of services and intelligence on the go. Riders will be able to order food, search directions and book dinner reservations.

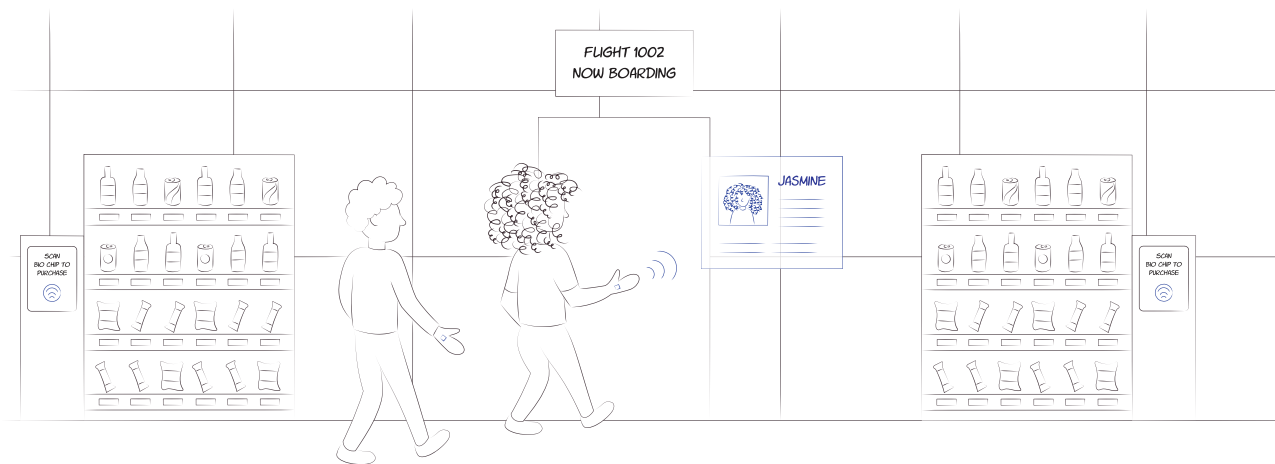
Vehicles will drive on smart roads that use the internet of things (IoT) and 5G, sending and receiving information between the vehicle and the road and other vehicles nearby. Car windows will display facts regarding the scenery along the route. Aircrafts will be shuttling between heliports and electronic drones will deliver packages to passengers.

The future of air travel



Source: Euromonitor International

The future of air travel is an electric aircraft much smaller than today's plane. Travelling shorter, point to point distances, these planes will hold a maximum of 100 passengers. Some will be flown pilot-free. Every passenger will have access to their own personal carbon calculator to measure the journey's impact on the environment. Windows will be large and connected, using augmented reality to share information on locations flown over.



Source: Euromonitor International

To board the aircraft, biometrics will be a key enabler for providing a seamless travel experience. Travellers will board the plane without scanning a ticket. Personal data will be available through CRM systems and each passenger will have a unique digital ID. Passengers will board in groups based on shared interests — book lovers with book lovers, techies with techies, adventure fans together and more. The line will no longer be categorised by seat location.

Upon boarding the aircraft, there will be a digital assistant powered by AI on a screen at each seat. Flight attendants will offer customised services, answer questions, provide flight information and update menu choices. Robots will be used to carry luggage and drones will deliver last-minute purchases to passengers in the aircraft.

On the plane, passengers will spend time in cafe zones ordering coffee, reading books and listening to relaxing music. There will be bars, quiet zones for professionals, entertainment catered to families with children and sleep zones with luxurious beds.

Air travel of the future will be seamless. Technology will be deployed behind the scenes to make every stage frictionless, safe and secure.

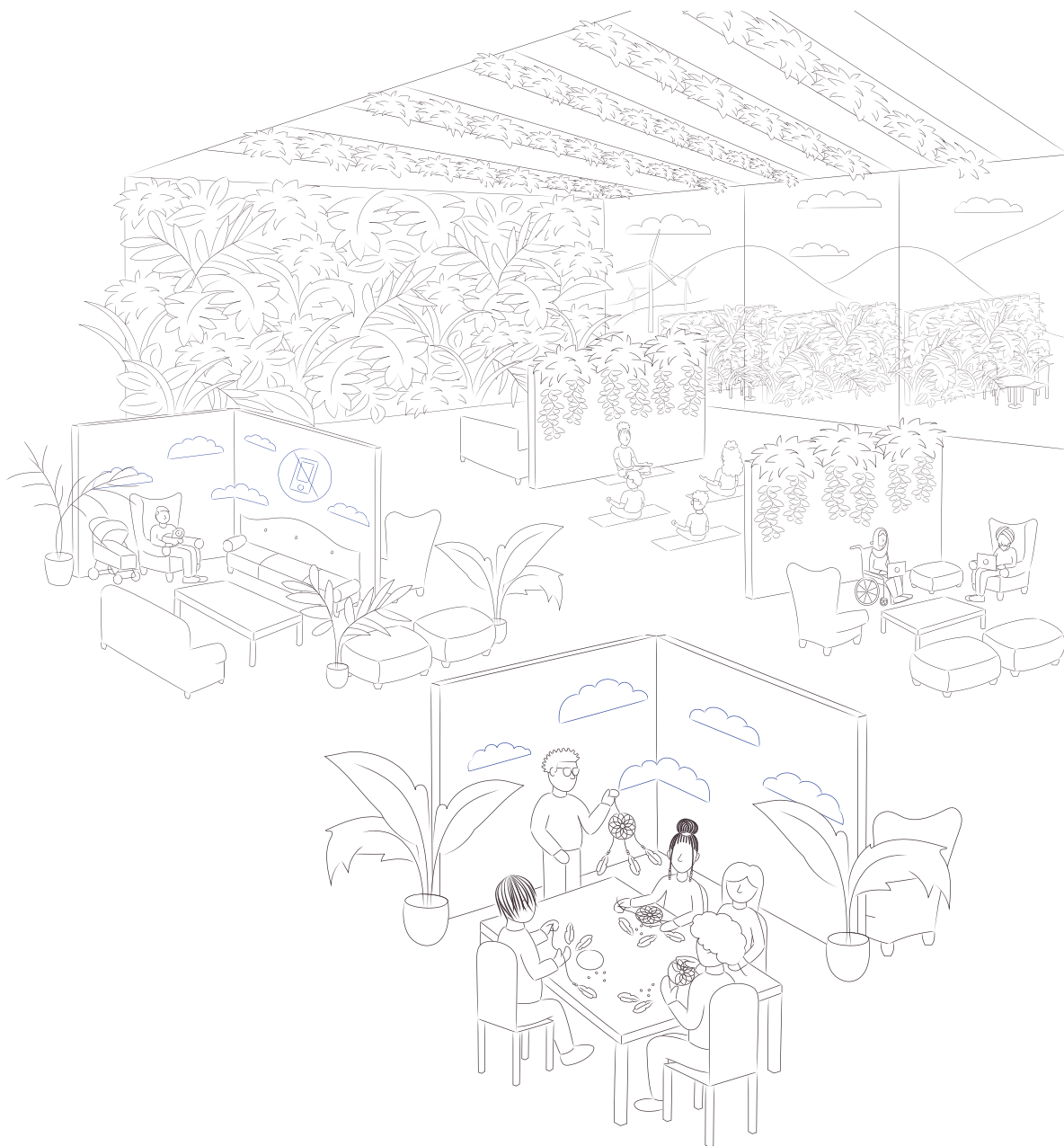
The hotel of the future



Source: Euromonitor International

Hotels of the future will promote diversity and inclusivity among all visitors and staff. Guests will consist of non-traditional families that are multigenerational, single parents or solo travellers. Staff members will be trained to deliver personalised services using mixed reality headsets. Homeless people or those in need will stay in rooms unoccupied by paying customers, extending hospitality to all.

Upon arrival, guests will be greeted by an AI avatar concierge. Customers may arrive without luggage as personal belongings will be delivered to their rooms in advance by robotic doormen. Others will substitute packing with renting clothes, shoes and toiletries from the hotel.



Source: Euromonitor International

There will be major brand activations, like pop-up cafes, that update regularly to offer multi-sensory experiences. In addition, activities, such as arts and crafts, will be facilitated to introduce local culture. Staff will act as travel guides while 5G autonomous vehicles transport guests to recommended local sites.

Hotels will provide total connectivity and digital-free zones. Tables, walls and mirrors will be connected to augmented reality. Curtains, paintings and furniture will be updated regularly to present a dynamic aesthetic. Surfaces will be customised to suit different times of the day and even display indoor sunshine despite outdoor rain. Technology will be woven seamlessly into customer services to make the stay truly personalised.

Conclusion

The COVID-19 pandemic has ushered in a state of zero travel, but within three to four years, tourism demand may return to pre-crisis levels. There is a once in a lifetime opportunity to rebuild a travel industry that is fit for purpose and ensure a radical change in how and why people travel.

Prioritising the 2030 sustainability agenda will help ensure long term resilience, but the industry must equally prioritise communities and the environment. Increasing consumer concerns about the environment and the value of people will help pivot travel to a more human-centric product experience and service delivery. With a digital transformation, travel brands and consumers will take greater accountability for their actions using big data, analytics and advances in AI.

An accelerated shift to a net carbon economy will be fundamental for travel brands and destinations to help ward off the looming climate emergency. Data and measurement will provide a more holistic understanding of the positive and negative impacts of travel across the supply chain to ensure that the right balance is struck.

The path to 2040 will be unpredictable. Post-pandemic, a new pragmatic mindset will be required that embraces sustainability, purpose and digitalisation to deliver the promises of the Sustainable Development Goals and leave no-one behind.



How Can Euromonitor International Help?

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