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Great new world of travelling?

Online booking portals and social media are revolutionising the tourism sector. Not just the young generation of travellers make use of digital channels. How can this transformation be organised? We talked with Michael Buller, chairman of the Association of Internet Travel Sales.

Fond of travelling, cosmopolitan, self-determined, and technophilic – this may be the most accurate description of the “millennials“, the generation of 18 to 35-year-olds. Travelling in all corners of the world, in search of what is special and authentic. As “digital tourists“ they share millions of travel photos every day on Instagram or Pinterest, get inspired by travel blogs and YouTube videos, post their experiences on Facebook and comment on accommodation or sights on review sites. For the “generation Facebook“, digital media have long become the most important source of information and have a major influence on their travel behaviour.

And this no longer applies to the group of “digital natives“ alone. Michael Buller, chairman of the German Association of Internet Travel Sales (VIR), knows: “By now, people obtain more than 90 percent of all travel information from the Internet“. The Internet has increased the transparency of products and customer reviews facilitate decision-making. “The barriers to travel are lower than ever“. It is an increasing trend to use digital information and communication technologies (ICT) in order to organise a holiday – as they provide consumers with a wide range of possibilities, not only with regard to gathering information and planning, but also when it comes to booking individual services. So-called Online Travel Agencies (OTA) make it possible to book flights, accommodation, rental cars, taxis, or tickets from home or via smartphone while travelling – with a few clicks, individually and spontaneously.

The change towards online booking portals has been observable for several years. According to the Reiseanalyse (travel analysis) 2018 by Forschungsgemeinschaft Urlaub und Reisen (FUR), 41 percent of the German tourists still make use of personal consultation and subsequent booking with a travel agent as the most important way of embarking on a longer holiday trip (of more than five days). However, in 2017 38 percent already booked such trips through online booking platforms. In comparison: Ten years earlier, in 2007, only 17 percent did so. According to the study it is to be expected that latest by 2020

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the majority of all holiday bookings will be made online. For short trips (of one to three days' duration) this is anyway already the case: 64 percent of the people interviewed book their short trips on online portals.

Digitalisation has reached all parts of the touristic value chain. "Consumers now have access to the final product themselves, replacing the classic division of tasks between travel agents, tour operators, sales, and incoming agencies", Buller notes. "This turns the tourism sector upside down". Innovations of the digital sharing economy such as couchsurfing, flat swaps, or accommodation portals such as Airbnb also contribute. It was not without reason that the United Nations World Tourism Organisation (UNWTO) this year focused on the digital transformation of the tourism sector. According to UNWTO estimates, market values of 100 billion US dollars will by 2025 shift from traditional to new digital business models and competitors.

Buller puts it in a nutshell: "Not a single sector will get around digitalisation". For the chairman of the Association of Internet Travel Sales, however, this is not a reason to worry about the future – as long as companies are open to change and integrate the digital transformation into their DNA. There are already many positive examples in which classic travel agents score with their convincing online marketing. Buller is certain: "If customers spend their time in digital channels and social media, then companies will need to go there". Many travel agents already use a range of digital options, also in their personal customer relations – and help with expert advice to focus the flood of information on behalf of their customers. "Digital technologies are not disruptive, displacing others, but have to be seen as part of a development process".

Nevertheless, digitalisation in the tourism sector raises many questions. Where artificial intelligence through self-learning algorithms increasingly takes over the business and controls the (travel) behaviour of consumers, there is a need to clarify what kind of social consequences this may have. When global online platforms offer increasingly comprehensive packages and develop new markets, will it be possible for small players to keep pace at all – and under what conditions? What about social and environmental standards? Questions arise with regard to equal opportunities and sustainability in digital competition, and with regard to who is responsible for touristic developments.

"A Controlled World of Tourism? The Power and Influence of Digital Platforms" is subject of a discussion among renowned tourism experts at this year's "Ammerlander Talks" on 18th October. The series of discussion rounds is organised by the Institute for Tourism and Development (Studienkreis für

Tourismus und Entwicklung e.V.).

What will be the role of travel agencies in the future? We will also address this topic in more detail in our news portal – in an interview with a representative of a travel agency.