

**BUSINESS
FINLAND**

TRENDS AND SIGNALS OF THE FUTURE OF INTERNATIONAL TRAVEL IN FINLAND

**Results of Visit Finland
workshops 2020**

INTRODUCTION

The purpose of Visit Finland's foresight work in this first phase was to create a forward-looking view of global phenomena in the field of tourism, to support Finnish travel companies in succeeding in their business efforts internationally, especially in the long term. Our foresight work offers Finnish companies prospects for the future, so that they can proactively develop their own offering and ways of working. Ideally, it helps them detect and innovate new types of business opportunities, keeping an eye on the future consumer and changes in the operating environment. In the midst of the current pandemic, where tourism industry is forced to find new ways to survive and develop new approaches to coping with the crisis in the new normal, one might also see many opportunities to develop practices and services, and look at things more broadly, from new perspectives.

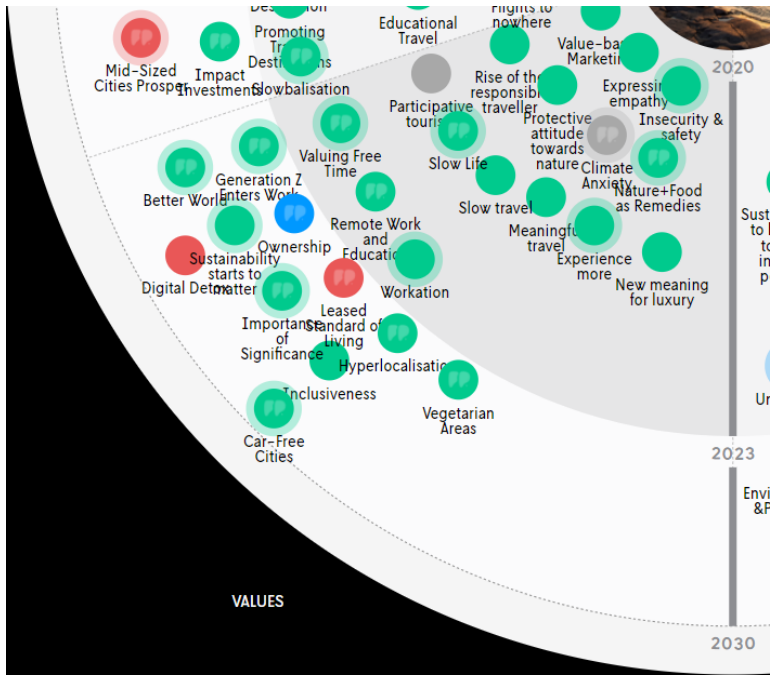
Visit Finland organized several workshops during 2020 for representatives working in its global network and in Finland. Using Futures Platform tool, five sectors were chosen in the workshops as the framework in which tourism phenomena and possible developments were observed over a ten-year period. The sectors are: Values, Economy and Tourism, Technology, Geopolitics, and Society and Politics. Discovered phenomena can be more established trends or weak signals of change. They can be strengthening or weakening, for instance phenomena arising from the consumer field or various social phenomena that are affecting tourism. This report summarizes the results of Visit Finland's workshops on a general level, sector by sector.

Visit Finland will continue foresight work by arranging workshops for Finnish partners and customers as well as involving its own travel experts more broadly. Our aim is to build a systematic way to produce rich and innovative, forward-looking views on where global travel industry is and could be headed, and what kind of international business opportunities that would offer for Finnish travel trade. The work is done as part of established Business Finland foresight work.

SUMMARY

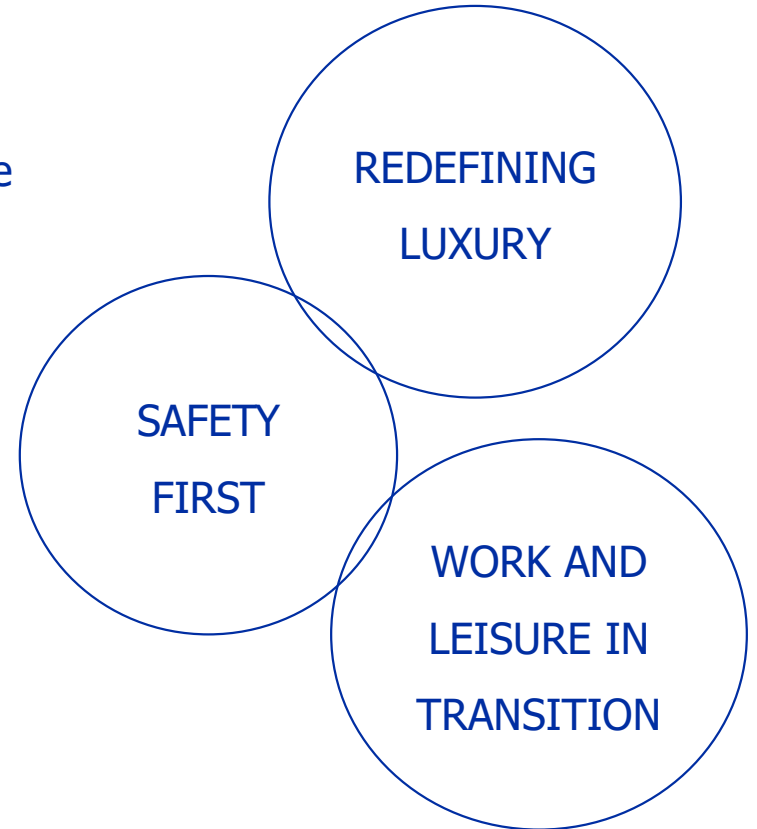
- + In general, some of the trends already visible pre-COVID in tourism are intensifying
- + Tourism available for fewer people due to the possibly prolonged slow economic growth, consumers become more considering when planning their trips
- + FIT tourism will continue to increase
- + Mono-destinations preferred, longer stays, travelling closer to home
- + The pursuit of experiences, importance of significance and well-being in tourism in addition to material success changes consumers perception of luxury
- + Combining work and holidays more flexibly with more leisure-driven decisions
- + Services that support health and well-being in demand
- + Nature and spaciousness as well as safe services competitive advantages for travel destinations
- + Emerging technology enables contactless, more agile, richer and more tailored travel services
- + On the other hand, some people especially long for humanity, hospitality and detachment from technology during their holidays
- + Concerns caused by uncertainty and ambiguity regarding various restrictions and guidelines for the organization of travel and tourism services
- + Many uncertainties affecting tourism on the international political field, like shifts in world political relations and the rise of nationalism and protectionism. The state of preparedness becomes the new normal.
- + Socially significant global trends also concentration of wealth and aging of population
- + Sustainability ever more important, both on the demand and supply side, with more focus on social aspects, such as the impact of tourism on the local economy or corporate responsibility towards employees and customers¹.

VALUES: SOFT VALUES CREATE NEW DEMAND



Phenomena:

- Rise of the responsible traveler
- Protective attitude towards nature
- Participative tourism
- Inclusiveness
- Striving for a better world
- New meaning of luxury
- Experience more
- Meaningful travel
- Nature and food as remedies
- Insecurity and safety
- Valuing free time
- Slow life
- Remote ways of working
- Workations



REDEFINING LUXURY

New Meaning of Luxury was identified as a strengthening phenomenon as such, meaning that luxury is, in addition to expected material qualities, more strongly about intangible experiences that are authentic, exclusive and tailored. Material wealth and possessions is less emphasized. This has to do with ***experience more*** phenomenon where consumers are prioritising experiences over things. They engage directly with a product or service and in return, they receive an enhanced and unique interaction with the brand. Consumers are seeking out authentic experiences that suit their individual tastes, preferences and lifestyles. Luxury also includes the idea of ***meaningful travel***: immersive, personalised experiences that enrich the life of the traveler and meet the needs of self-actualisation and learning. Luxury experiences are still to do with material things too: the travel products and services need to be materially and experientially consistent and coherent.

Nature and food as remedies was mentioned as strengthening phenomena in the workshops. In Visit Finland's segmentation study wellness for body and soul was found something a *comfort seeker* segment motivated to travel for Finnish luxury would value². Also already before the pandemic, Finland's competitive edge as luxury travel destination relied on authentic and unique experiences, so strengthening these strengths could cater to the needs of the demanding post-pandemic luxury traveler.

Sustainable values, investing in quality, making considered and conscious choices was seen in the workshops dominating the global travel markets in the future. Sustainability as such, though, was estimated not to bring a competitive edge for travel companies, but is more likely a prerequisite and must-have especially for the high-end segments.



SAFETY FIRST

In times of insecurity, safety is found number one issue in various travel sentiment surveys made during 2020. According to e.g. Euromonitor survey⁴, as much as 60 % of consumers would value a safe destination, and it was mentioned as the single most valued attribute for them. ***Insecurity and safety*** was found a strengthening phenomenon in Visit Finland workshops as well. Safety has been one of Finland's competitive edges as a destination already pre-pandemic³, and this asset could be strengthened further by promoting Finland's excellent ability to tackle the spreading of the corona disease, compared to many other destinations.

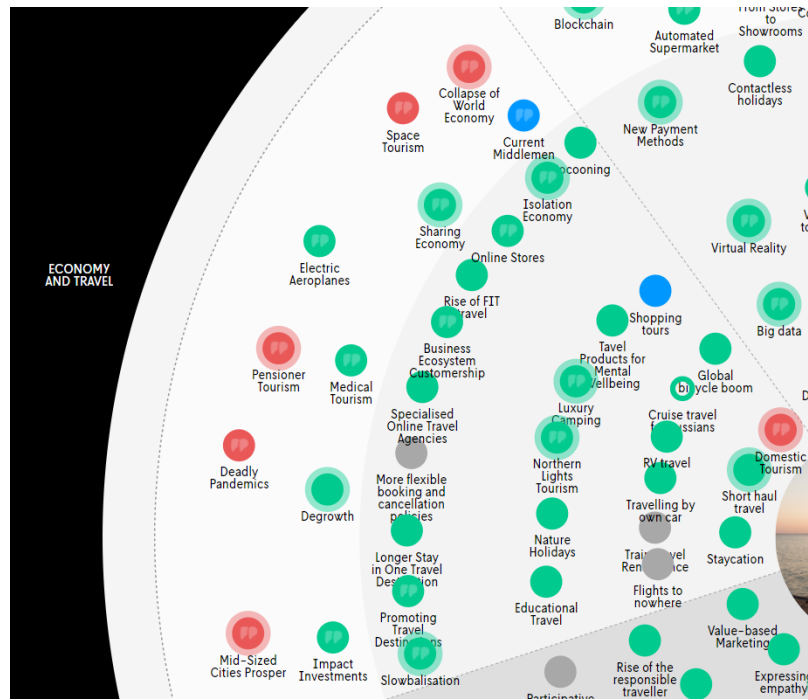
WORK AND LEISURE IN TRANSITION

The strengthening of phenomena like ***valuing free time*** and ***slow life*** along with the introduction of ***remote ways of working*** is expected to increase the amount of ***workations***, i.e. combining work with vacation by working remotely in a travel destination. This is made possible by remote work getting more common and is expected to lead to longer stays in a destination. Although not a global phenomenon, at least from Western point of view it is expected that boundaries between business and leisure travel will be blurred.

There will be a shift in work/ life balance: more and more people aim to improve their wellbeing and find new meaningful content to their lives through ideas and services that aim to wind down the speed of life. Similarly, many companies offer 100 % home office, and a shift in location critical working has started. People are more often combining work with holidays and decisions will be more leisure-driven. This is already a norm for next generation digital nomads.

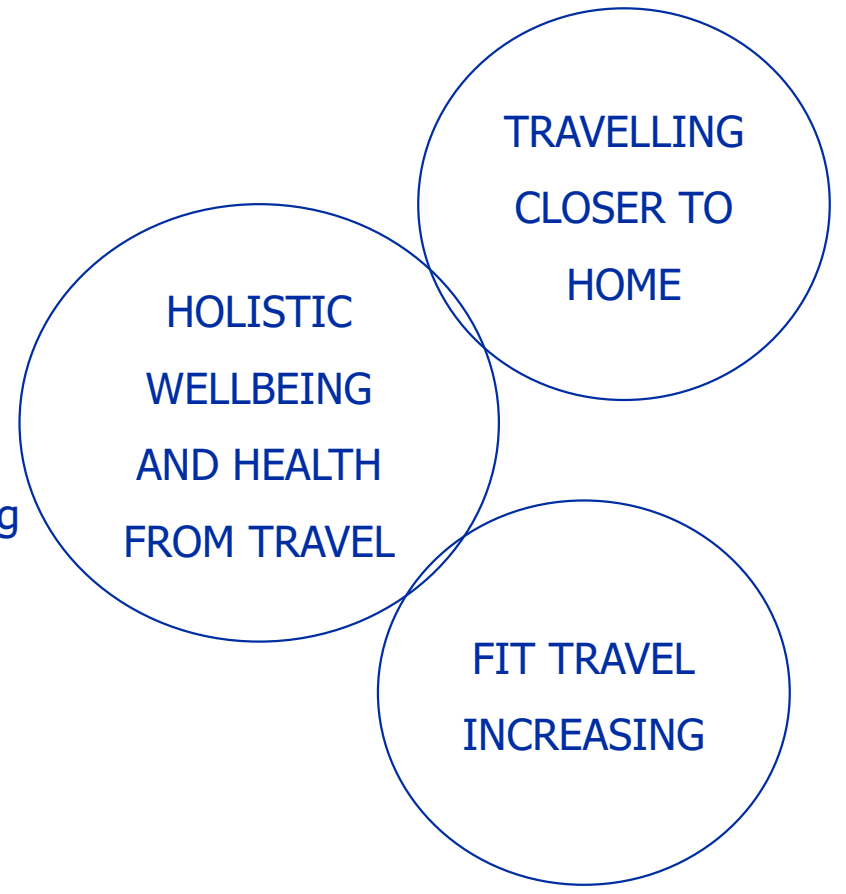


ECONOMY & TRAVEL: FIT BUSINESS FROM NATURE AND WELLBEING



Phenomena:

- Staycations
- Domestic travel
- Car travel
- Camper vans
- Short-haul travel
- Isolation economy
- Products for mental wellbeing
- Nature holidays
- Luxury camping
- Medical tourism
- FIT travel
- Specialised OTAs



TRAVELLING CLOSER TO HOME

Remaining international travel restrictions, lower cost of travel, uncertainty around transport availability as well as a heightened risk aversion is likely to increase consumer preference for travelling closer to home (***staycations, domestic travel***). For those eager to travel abroad, visiting nearby international destinations or travelling within intra-regional "travel bubbles" or "corridors" is dominating the travel market in the midst of the ongoing pandemic situation. Means of transport, especially ***cars and camper vans***, and destinations that are perceived to be safe is preferred. The recovery of international travel is expected to start from nearby countries within Europe that can be accessed by car or at least by land.

While **short-haul travel** could be seen as a strengthening phenomenon already before the pandemic, when were arguments especially related sustainability, now it is seen more as a manifestation of insecurity and **isolation economy**, where most things can be handled from home and using technology instead of face-to-face interaction. On the other hand, we can also see contradictory phenomena and a lot of suppressed demand: people are missing travelling, to the extent that they want to take a flight to nowhere. This offers destinations and travel companies marketing and product development opportunities to take advantage of when the time is right. Isolation economy in travel is also seen in people The isolation economy or cocooning is also seen in travel in people avoiding big cities and crowds and travelling to more remote places with closest family or friends.



HOLISTIC WELLBEING AND HEALTH FROM TRAVEL

In a post-pandemic world, there is more demand for travel products that support **wellbeing and health in multiple ways**: consumers are looking for products that support their physical, **mental** and spiritual wellbeing. As Finland is known for its **nature**^{5,6}, Finnish clean nature with fresh air and space to roam can offer a great framework for those. Products related to e.g. activities in the nature, sauna and food, that promote health benefits, along with **glamping**, are growing in demand.

Consumers as well as tour operators and travel agencies are looking for information about health and safety of travel and what measures are taking place, that should be clear and reliable. There is potential to benefit from Finland's image as a safe destination⁷ and further strengthen it, if we can walk the walk with the customers after they arrive in Finland.

In the future, opportunities for Finland can be seen in **medical tourism**, i.e. people travelling abroad to obtain medical treatment. Currently, business opportunities in health tourism focus mainly on the development of health technology and safety certification for tourism companies related to COVID-19. In the long term, developing products for ageing population and e.g. preparing for new deadly pandemics open business opportunities.



FIT TRAVEL INCREASING

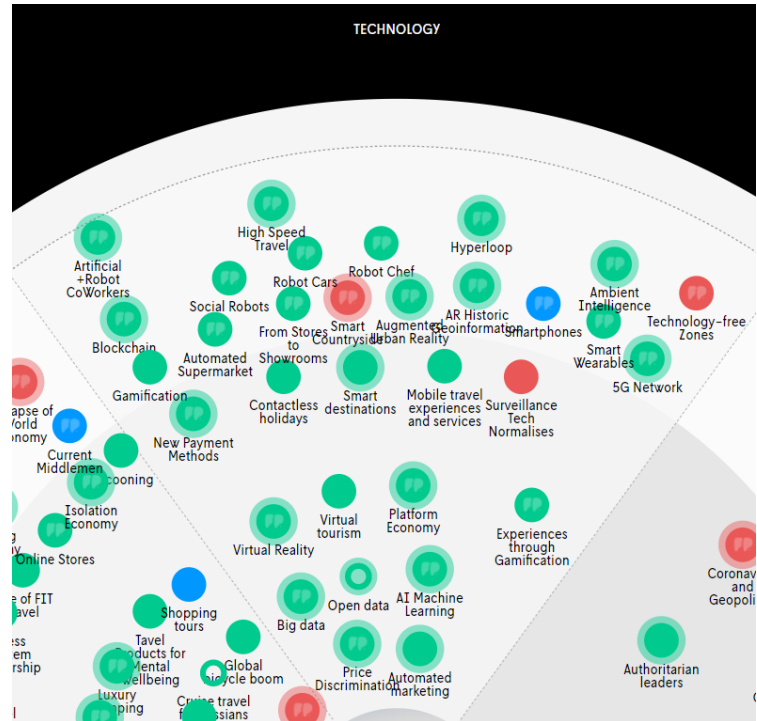
FIT travel (Free Independent Traveler) will continue to increase. There has been a clear shift from traditional group travel to travelling more independently for a few years already. This means a shift from ready-made holiday packages and travelling with bigger groups to making travel plans and bookings independently and travelling individually or in small groups of friends or family. The development is made possible by the rapid development of digitalisation and the rise of various **Online Travel Agencies (OTAs)**. FIT tourism has gotten an extra boost by the global COVID pandemic, when people like to avoid crowds also when travelling.

Current intermediaries in product and service chains are disappearing, getting more scarce or get replaced by new platform economy middlemen. It is assumed that **sharing economy** will still strengthen. **Specialized online travel agencies**, e.g. specialized in “secret getaways” holidays, discounted holidays, etc. is now on the rise and will be likely to increase. People go more online.

All in all, the possibly prolonged slow economic growth reduces consumers’ disposable income, which leaves global travel markets smaller in size and thus accelerates tough competition over potential visitors in the future.

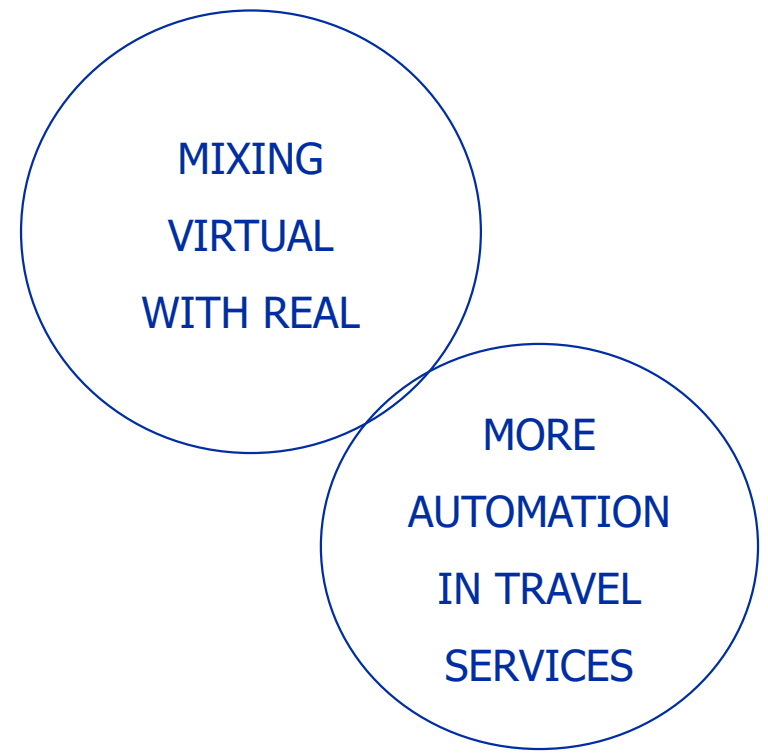


TECHNOLOGY: VIRTUAL TRAVEL AND AUTOMATION IN DEMAND



Phenomena:

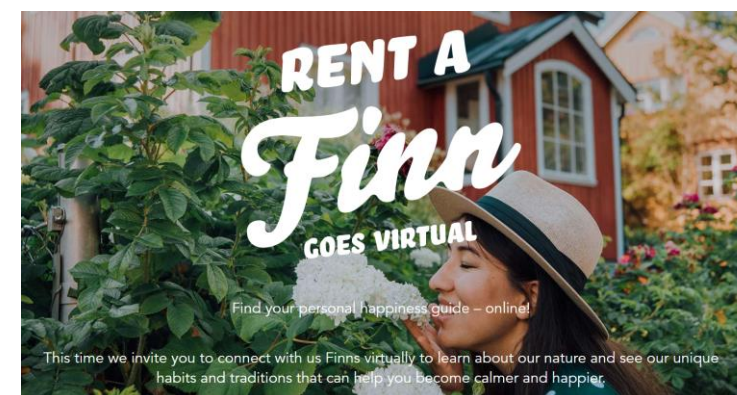
- Virtual reality
- Augmented reality
- Smart destinations
- Gamification
- Automated marketing
- Contactless holidays
- 5G Network
- Wearables
- Big data
- AI Machine learning
- Robotics
- Technology-free zones



VIRTUAL TRAVEL AND AUTOMATION IN DEMAND

In an ever more digitalized world, people are travelling not only physically but also **virtually** from one place to another, which brings new challenges and opportunities for technological solutions in the travel sector. The development towards increasing **ubiquitous society** is driven by explosive increase in the amount of information, smart data mining and analysis software capability and **augmented reality**, which enables the merging of digital and physical content.

Alongside increasing intelligence and interactivity, our built environment becomes more and more mediated: any surface whatsoever can become a media interface as technology is rapidly developing and prices dropping. The core of this megatrend is in the physical, virtual, social, mobile, and symbolic spaces merging to form a single experience of space for users.



MIXING VIRTUAL WITH REAL

Virtual Reality (VR) stands for environments produced with computer simulation. VR solutions might create opportunities for destinations to promote themselves especially in the times of the pandemic when people are not travelling so much. They can be based on the real world and used e.g. to promote travel destinations. At the moment, most of the VR applications are based on the use of VR glasses. It is predicted that the use of traditional photographs and video will decrease as virtual 3D visualisations become more and more common. The virtual reality environments become so real that users feel that they were actually physically present in a space.

Another digital development that can be used as part of a physical trip to a destination, is using **Augmented Reality (AR)** to enrichen the experience. Augmented reality solutions enable adding computer-generated elements to our built environment. The elements become parts of the real world as they are viewed through certain lenses or monitors. In the smart cities of the future, the possibilities provided by digital contents can be transformed to new kinds of services, for example by adding data to locations in the physical environment in the form of images, videos, texts, and sounds.

Along with more traditional audiovisual solutions and e.g. use of film and tv productions in destination marketing, also **gamification** is expected to bring future possibilities for the tourism industry to strengthen brands and promote services.

All this is made possible by developments in **5G technology, smart cities, mobile solutions** and **wearables**. Implementation of technical solutions in marketing and travel business in general of course require investments, and there is a need to look for new and innovative business logics to achieve a decent return on investment.



MORE AUTOMATION IN TRAVEL SERVICES

Demand for **contactless holidays** is on the rise. This means no contact check-ins and overall stay, to enable social distancing while travelling. Due to safety issues, less human contacts is encouraged in e.g. customer service. This has many implications on the tourism industry services, from maintaining proper safety distances to wearing masks and developing self service protocols. Different kinds of **robots** (chefs, cars etc.) are also expected to become part of travel services in the future. Also **surveillance tech** like smartphone apps tracing and warning people of positive for COVID-19 cases has been developed in different countries and might become the new normal.

With the aid of technology, user data can be used to further optimize and customise **marketing, pricing and customer service measures**.

With all the possibilities that technological development brings, there is also contradictory demand for example for people wanting to spend their leisure time and holidays in **technology free zones** or enjoying the hospitality of real people.



GEOPOLITICS: INSECURITY RULES THE WORLD



Phenomena:

- Tightening geopolitical competition
- Coronavirus and geopolitics
- Protectionism
- Deglobalisation

CHANGING
GEOPOLITICAL
BALANCE, NEW
BLOCKS AND
DEGLOBALISATION

INSECURITY RULES THE WORLD

Since World War II, barriers to world trade have been significantly lowered, enabling economic growth and maintaining political stability. However, since the 2008 financial crisis, nationalism and protectionism, ie the protection of domestic producers by restricting foreign competition, have increased. Britain's Brexit and the China-US trade war are examples of restrictive measures that destabilize globalization and threaten international trade.⁸

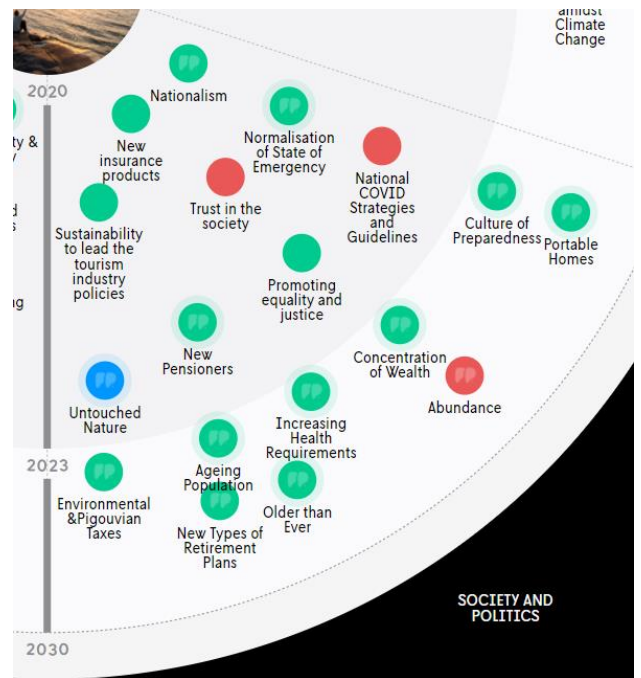
It is anticipated that the position of the United States as the global hegemon is about to come to an end. Rising China and Russia defending their power status, Europe aiming to create its own policies independent of the US, and other rising states are directing the development towards a multipolar world. This could lead to a new era of geopolitical competition.

Now the new **coronavirus will change the geopolitical balance of the world. China's position** as the other leading power in the world is likely to be cemented due to the pandemic, and the **role of the United States** will be weakened. In *Europe*, the **future of the European Union** may be at risk. The world is more and more likely to be divided into blocs. This has also implications to tourism development, e.g. regarding opening of borders, visa requirements, accessibility, not to mention travel sentiment in general.

Rise of nationalism globally and inside Europe as well pave the way for **deglobalisation** developments. This could pose a threat to international travel on the demand side, but there's also concerns over attitudes towards international visitors and whether they are welcomed in the destination. There is a risk that, for instance the amount of visitors from China might decrease due to fear of xenophobic attitudes and willingness to travel domestically. Promoting tourism can be seen as a way for enhancing globalization and increasing mutual understanding and cooperation between nations and cultures.

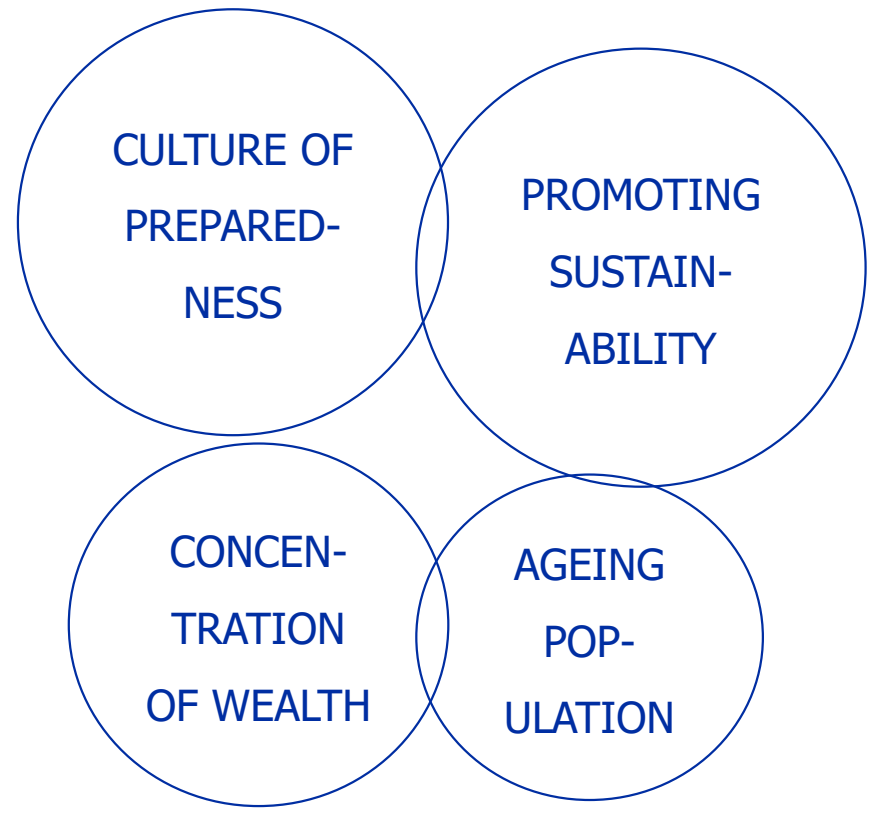


SOCIETY & POLITICS: CULTURE OF PREPAREDNESS AND PROMOTING SUSTAINABILITY



Phenomena:

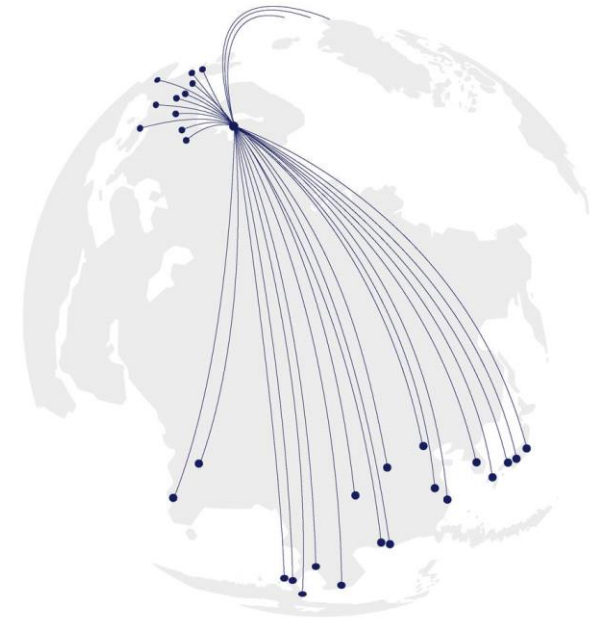
- Culture of preparedness
- Normalisation of state of emergency
- Sustainability as the leading principle of tourism development
- Untouched nature
- Environmental taxes
- Concentration of wealth
- Ageing population
- New pensioners
- New types of retirement plans



CULTURE OF PREPAREDNESS

Culture of preparedness refers to a conscious and planned effort by the government to help various local communities to build up their resilience in the face of disasters. In post-corona world, various kinds of national restrictions and guidelines has become a norm. Tour operators and travelers are now looking for information how each destination is capable of handling an emergency and unusual situations. This has an impact on travelers decision to choose a destination.

Going one step further, the **states of emergency** that come into effect all over the world due to national crises such as epidemics or conflicts, may at least partially and at least in certain places remain in effect permanently. During the COVID-19 pandemic particularly, there have once again been conversations about the risks associated with declaring a state of emergency. Limiting the rights of the citizens and solutions like mobile phone-based surveillance of their movements have been feared to become a regular part of life even in democratic states. The political insecurities are also seen in lack of trust in the society and people arranging and taking part in protests against inequality or injustice like racism. In travel, consumers value stable democracies that can assure safety.



PROMOTING SUSTAINABILITY

Sustainability is especially crucial for the tourism industry, the vitality and competitiveness of which relies on the available natural and cultural resources, in their most unspoilt and authentic form, while at the same time being an economically significant business sector. The tourism industry and people travelling have become increasingly aware of the impact of their actions in the environment.

As international tourism has been growing fast in the last years, it is also seen as an industry able to contribute to the preservation of sustainable values. International organisations and institutions like European Commission and European Tourism Commission are persistently working towards promoting sustainable policies and measures globally. This kind of approach emphasizing **sustainability as the leading principle of tourism development** has become ever more popular among nations and regions as well. Actions that damage the environment and climate will probably be taxed more in the future. In the future we may see raised tax rates for industries or areas such as aviation, meat consumption, products made of plastic and other goods or services that are damaging for the nature, yet inessential for personal well-being.



CONCENTRATION OF WEALTH

Many scientists, politicians and organisations, such as World Economic Forum, have stated their concerns over increasing **economic inequality** that is due to growing differences in income and highly unbalanced wealth distribution. If the current trend continues, in 2030 the wealthiest 1% will control up to two-thirds of all global wealth. Governments are strongly urged to ensure fairer taxation. Otherwise, a further widening of the gap between rich and poor will not be prevented, which may lead to serious consequences for the society and the capitalist economic model.



AGEING POPULATION

Populations are ageing due to trends in both declining birth rates and increasing life expectancy. According to the UN, one in six people will be over the age of 65 by 2050, and ageing at the fastest pace in East and Southeast Asia. At the global level, ageing may be most clearly reflected in slowing economic growth. Resources are needed to care for the elderly, which takes up workforce and capital. The widespread aging of societies is also likely to affect the development of various services and products: as older people become an increasingly important group of customers, their wishes need to be listened to more and more closely. **New pensioners** from the baby-boomer generation are by far the healthiest, wealthiest, and most educated generation of retirees. According to some estimates, up to a third of them might live beyond 100 years. The great number of new pensioners and their attitudes towards consumption increase their importance as a consumer group, and more and more products and services directly targeted to the elderly are brought to the market.



A critical take on the subject would suggest, however, that the economy will face several unpredictable factors in the future and therefore an ever-increasing pension pot is not a certainty, and today's young generations in countries with a state **pension system** are forced to pay both mandatory and continuously increasing pension insurance contributions as well as additional, voluntary pension payments in order to guarantee at least some kind of rudimentary pension for themselves.



SOURCES

¹ *Euromonitor International: Voice of Industry Sustainability Survey, July 2020*

² [*Nepa: Motive-based segmentation to optimize marketing activities survey 2017*](#)

³ [*Red Note: Finnish Luxury study 2019 \(in Finnish\)*](#)

⁴ *Euromonitor: Voice of Industry Survey –Travel and Tourism, April 2020*

⁵ [Visit Finland Brand Tracking Study 2019](#)

⁶ [Global Wildlife Travel Index, 2019](#)

⁷ [The Travel & Tourism Competitiveness Report 2017](#)

⁸ <https://www.aka.fi/fi/tietysti/kulttuuri-ja-yhteiskunta/nyt-pinnalla1/rajoitteet-uhkaavat-kansainvalista-kauppaa/#30d08fff>

Pictures: [Business Finland Media Bank](#)