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WORLD ECONOMIC FORUM

Four Scenarios for the Future of Travel and Tourism

WHITE PAPER

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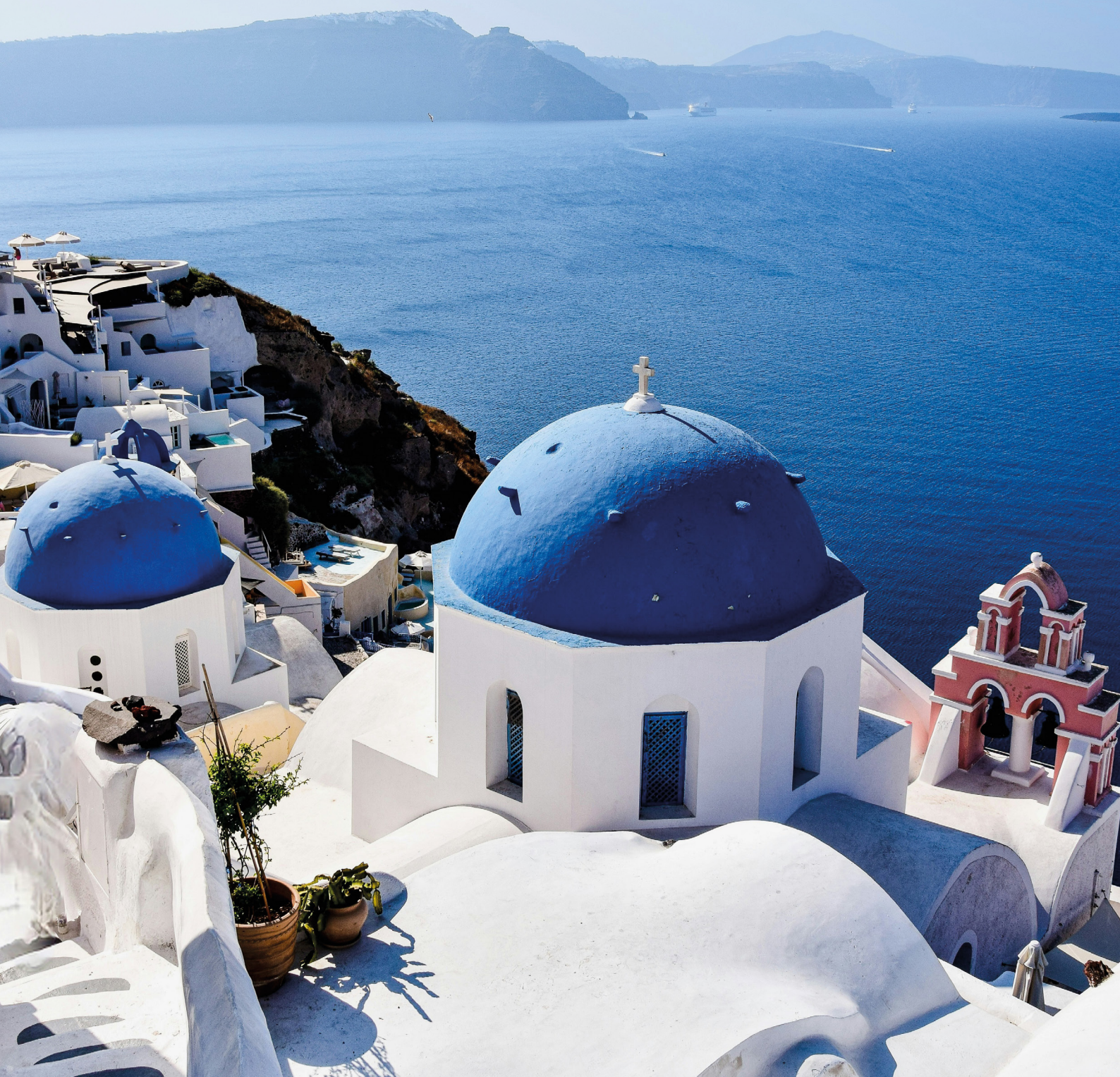

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The travel and tourism industry has staged one of the most dramatic recoveries in modern economic history, defying predictions.

After losing more than $4 trillion five years ago during the COVID-19 pandemic, the industry's remarkable resilience has led to a rebound, perhaps underscoring that foresight is more important than ever to proactively manage change in a world defined by complexity. Consider this: Japan surged to a record 36.9 million international visitors in 2024, surpassing pre-pandemic levels by more than 15% and cementing its position as a global tourism leader; and Venice introduced a €5 day-tripper fee to control an overwhelming flow of visitors. Around the globe, hotel occupancy rates in major destinations now exceed 2019 levels. Meanwhile, strategic partnerships between nations are reshaping travel corridors, with new bilateral agreements streamlining access while airlines forge deeper alliances to rebuild global connectivity.

These signs of the industry's strength and durability aren't isolated incidents. They're early signals of a profound transformation reshaping how, where and why we travel.

What lies ahead?
This paper outlines possible futures to help investors, operators and policy-makers make sense of four forces that are rewriting the rules of travel and tourism – shifting geopolitics, climate urgency, technological disruption and evolving values – and be better prepared to navigate this dynamic change.

By 2030, these forces will converge, potentially creating four possible future scenarios:

- **A thousand islands world**. Fragmentation kills trust. Travel withers.
- **Harmonious horizons**. Stability breeds exploration. Overtourism threatens paradise.
- **Green ascent**. Environmental consciousness transforms travel. Equity gaps widen.
- **Tech turbulence**. AI personalizes everything. Humans adapt or get left behind.

The future isn't inevitable. But it's arriving fast.

From airline boardrooms to village guesthouses, everyone faces the same question: How do you thrive when the fundamentals of mobility, sustainability and economic exchange are being rewritten in real time?

The answer will determine whether travel and tourism become a global force for good – or something else entirely.

2030 is less than five years away. The transformation starts now.

→ **Caption:** Białowieża Forest, Poland

Executive summary

This paper focuses on the development of future scenarios for travel and tourism to guide community members in a time of volatility and uncertainty.

As 2030 approaches, the travel and tourism (T&T) sector stands on the threshold of a transformative era, as the ecosystem is navigating a complex interplay of technological advances, new consumer behaviour and global socioeconomic shifts. The future of T&T is inherently uncertain, yet it is also filled with promise. This dynamic landscape is giving rise to a multitude of potential future scenarios that will shape the industry's trajectory.

From geopolitical instability, economic fragmentation and technological innovations to changing consumer preferences, the scenarios presented in this paper will elucidate the complexities of the industry's future. Understanding these scenarios is crucial for businesses, policy-makers, travellers and host communities alike, as they seek to navigate the opportunities and challenges that lie ahead. The coming years will be marked by significant changes, and exploring these future scenarios will provide valuable insights into how the industry might evolve.

In this context, exploring the future of travel and tourism becomes a critical exercise. It makes it possible to imagine different potential futures and consider how they might unfold. Examining these scenarios allows a deeper understanding of the factors that will influence the industry's development and identify key areas for innovation and growth. This exploration will provide a framework for discussing the strategic implications of these scenarios and how they might affect economies, businesses, communities and travellers. Ultimately, this makes it possible to navigate the industry's complex future and chart a path forward that is informed by a comprehensive understanding of the potential that lies ahead.

↓ **Caption:** Park Güell, Barcelona

1 Using scenarios to shape the future of T&T

The key step in formulating future scenarios is to identify the most critical variables at play, showing the greatest sensitivity to change within the ecosystem.

1.1 Four variables driving future scenarios

The global T&T sector and industry trajectory hinges on the interplay of structural variables that define its operational, economic and socioecological context. These variables – ranging from geopolitical stability to technological innovation – serve as foundational pillars for scenario forecasting. Drawing on insights from the World Economic Forum's *Travel & Tourism Development Index (TTDI) 2024* (a World Economic Forum proprietary index and benchmarking tool aiming to measure the enabling factors and policies for sustainable and resilient growth in the travel and tourism sector, reflecting its broader economic and social contributions to a given country) and *Global Risks Report 2025*, this section identifies and analyses four critical variables shaping the sector's future, linking them to the TTDI 2024's diagnostic pillars[1] and global megatrends.[2]

Geopolitical cooperation vs. fragmentation

This variable considers the degree to which international cooperation or conflict defines cross-border relations, trade policies and security frameworks:

- **Safety and security:** Stability directly affects tourist confidence; for instance, Israel's tourism industry suffered an 81.5% decline in tourist arrivals in the fourth quarter of 2023 compared to the previous year, dropping from 930,000 to 180,000 visitors after the outbreak of the Gaza conflict.[3] Similarly, Ukraine experienced a 29% decrease in tourism tax revenues in the first quarter of 2023 versus the previous year, alongside a 34% drop in the number of tourism-related taxpayers, as ongoing conflict severely disrupted its travel sector.[4]
- **Openness to T&T**: Post-pandemic, 42 low- to middle-income economies relaxed visa requirements, boosting their Openness scores by 12% (2019–2024). However, geopolitical rivalries have increasingly led nations to impose stricter visa rules on adversarial countries, mirroring Cold War era-type restrictions.

The potential implications include:

- **Regionalization of travel:** In a receding globalization context, regional blocs such as the Association of Southeast Asian Nations (ASEAN) and the African Continental Free Trade Area (AfCFTA) dominate tourism flows. Intra-ASEAN travel now accounts for 68% of arrivals, up from 40% in 2019,[5] driven by harmonized visa policies and air agreements.
- **Supply-chain vulnerabilities:** Decoupling between major economies (e.g. US–China) could fragment aviation standards, disrupt airline alliances and raise operational costs. The World Trade Organization (WTO) reports a tripling of trade disputes since 2020, threatening cross-border tourism investments.[6]
- **Conflict zones and tourism:** Destinations such as Ukraine and Gaza have seen tourism gross domestic product (GDP)collapse by more than 80% since the start of the conflicts there, while neighbouring areas (e.g. Ukraine's western border regions) benefit from redirected domestic demand.[7]

Economic growth trajectory

This variable is concerned with global and regional GDP growth rates, income inequality dynamics and fiscal policies influencing disposable incomes and travel demand:

- **Infrastructure foundation:** Enabling adequate infrastructure is an indispensable cornerstone for sustainable growth within the travel and tourism sector, underpinning the efficient movement of

people and goods while enhancing destination accessibility and competitiveness. Without strategic investments in transportation networks, digital connectivity and supporting facilities, economies risk constraining their tourism potential and impeding broader economic development trajectories.

– **T&T socioeconomic impact:** In emerging markets, T&T generates 33% of high-wage jobs versus 19.5% in advanced economies, according to World Travel and Tourism Council (WTTC) data.[8] However, stagflationary pressures in tourism-dependent economies (e.g. the Maldives, the Seychelles) can hinder economic growth, leading to both higher inflation and economic vulnerabilities.[9] Indeed, these pressures are generally exacerbated by the limited economic diversification typical of small island tourism economies, making them highly sensitive to external shocks such as fluctuations in tourist arrivals or global commodity price; as a result, rising import costs and persistent current account deficits can quickly translate into higher consumer prices and increased debt burdens, further constraining fiscal space and heightening economic vulnerability.

– **Price competitiveness:** Global inflation (averaging 6.5% in 2023) has eroded TTDI 2024 scores by 8% since 2019,[10] with low-income economies (–14%) disproportionately affected. Crude oil prices have undergone high volatility, ranging from $58 to $123 per barrel,[11] due to global economic uncertainty, which had a direct impact on flights and other fuel-based transportation costs that typically represent a significant budget item for a trip.

The potential implications include:

– **Demand polarization:** High-income travellers drive luxury segments (e.g. luxury eco-lodges, space tourism), with India and China fuelling the need for premium offerings. Asia-Pacific's middle class, projected to reach 3.5 billion by 2030,[12] will reshape regional tourism, favouring destinations such as Indonesia and Viet Nam.

– **Debt and investment:** Debt-to-GDP ratios exceeding 60% in 78 countries limit public-sector tourism infrastructure spending. Jamaica's tourism-dependent economy, for instance, faces a $1.2 billion annual financing gap for climate-resilient hotels.[13] As an additional example, the Maldives' public debt-to-GDP ratio reached 110% in 2022 and is projected to remain above 120% in 2024, severely constraining the government's ability to fund new tourism infrastructure despite the sector's critical role in economic growth.[14]

– **Labour market pressures:** Hospitality wages lag 19% behind comparable sectors in Organisation of Economic Co-operation and Development (OECD) nations, exacerbating shortages. Digitalization could displace 18 million jobs by 2030, necessitating reskilling programmes such as the European Union's "Tourism Skills Passport".[15]

Sustainability transition speed

The variable here relates to the pace of decarbonization, circular-economy adoption and policies balancing tourism growth with ecological limits:

– **Environmental sustainability:** While renewable energy in global travel and tourism operations would be in the range of 4.5% to 10%, sustainable aviation fuel (SAF) use remains below 1% of global aviation fuel supply. Only 22% of nations align with Paris Agreement targets for tourism.[16]

– **T&T demand sustainability:** Overcrowding at United Nations Educational, Scientific and Cultural Organization (UNESCO) sites (e.g. Angkor Wat, Machu Picchu) has reduced by 4.7% since 2021. Dynamic pricing and visitor caps at Borobudur Temple, Indonesia, cut footfall by 29% in the same period while increasing per capita spend to 34%.[17]

The potential implications include:

– **Regulatory shifts:** Carbon border taxes (e.g. the EU's Carbon Border Adjustment Mechanism [CBAM]) may fund T&T decarbonization by as much as €9.1 billion annually by 2030.[18] Costa Rica's eco-lodges achieve 28% return on investment (ROI), incentivizing green investments.

– **Asset stranding:** Coastal resorts face $1.2 trillion in flood risks by 2035. The Caribbean's parametric insurance pools[19] now cover 60% of properties, mitigating losses.

– **Consumer behaviour:** Air mobility remains the highest source of carbon emissions, whereas cruise-ship emissions of nitrogen oxide compounds (NOx) rose by 18% between 2019 and 2022.[20] This trend signals that travellers and industry stakeholders must confront the growing environmental impact of their choices, as persistent high emissions from air and cruise travel are likely to draw increased regulatory scrutiny and public concern. If the sector does not proactively invest in cleaner technologies and transparent emissions reporting, it risks losing environmentally conscious customers, facing stricter regulations, and damaging its long-term reputation and growth prospects.

Technological adoption curve

The variable here relates to the diffusion of AI, blockchain and internet of things (IoT) solutions

across T&T operations, from personalized marketing to resource management:

- **ICT readiness:** TTDI 2024 scores have risen by 7.2% since 2019, yet 63% of least-developed countries lack 5G infrastructure. Africa's ICT score (2.88) trails Asia-Pacific (4.98), hindering smart destination management.

- **Non-leisure resources**: Hybrid work policies have boosted blended travel, a trend followed by about 80% of business travellers nowadays.[21] Digital nomad visas in 34 countries (e.g. Estonia and the United Arab Emirates) now attract 4.2 million remote workers annually.

Some relevant illustrative features include the following:

- **Cybersecurity threats:** Sector losses from breaches may hit $450 billion annually by 2030, which is considered in the high range vs. other sectors, although financial services and healthcare would typically experience higher absolute losses due to larger transaction volumes and more valuable data. ISO 27018-TT certification mandates encryption for platforms handling more than 1 million user records; travel and tourism businesses should therefore urgently invest in robust data protection and compliance frameworks to avoid regulatory penalties and operational disruptions. Failure to act will leave organizations – especially the 80% of SMEs that make up the sector – exposed to increasingly sophisticated cyberattacks, undermining business continuity, customer experience and the global competitiveness of destinations.

- **Virtual tourism disruption:** The global virtual tourism market is valued at $14.2 billion in 2025 and is projected to reach $29.1 billion by 2035 (CAGR 7.4%) as immersive digital experiences become more mainstream in travel, education and corporate sectors,[22] increasing the total attendance number over existing physical travel. The Coachella Valley Music and Arts Festival launched the Coachellaverse, a digital platform enabling global audiences who cannot attend in person to participate in the festival experience, blending entertainment, social interaction and digital collectibles.[23]

In conclusion, the T&T sector's future will be shaped by the intensity and interaction of these four variables. Stakeholders must adopt a systems-thinking approach, recognizing that advances in sustainability or technology alone cannot offset geopolitical or economic shocks. By aligning investments with new strategies – from ICT infrastructure to labour inclusivity – the sector can navigate uncertainty and emerge as a catalyst for growth. An ecosystem approach with all industries is critical for the sustainability of the sector and to ensure it unlocks full positive potential equally for economies and businesses, and residents and travellers.

Approach and methodology used to identify the key scenarios for T&T

In today's complex and dynamic volatile environment, a comprehensive methodology has been developed to identify and prioritize scenarios that possess the greatest likelihood of materializing, thereby empowering stakeholders to navigate uncertainty with new insights and strategic direction. The selected timeframe, 2025–2030, could be reassessed later on, as key variables may change.

Most of the dataset for scenario determination is from international organizations, with the remaining data coming from surveys and interviews conducted with members of the World Economic Forum in March–April 2025 to enrich the paper with field-based insights.

In addition, standardized key metrics supporting the four major variables described in Section 1.1 are considered across all scenarios for clarity and compatibility (e.g. GDP contribution, number of visitors, employment impact, percentage of total greenhouse gas [GHG] emissions, TTDI 2024 scores) and compared to a base case (current state/"*if nothing happens*") to help highlight the relative differences across the scenarios. The overall achieved score obtained for each scenario is computed through successive aggregations of scores obtained for each measured variable. Final scores are first normalized and rated on a common scale of 1 to 10, with 1 being the least probable and 10 the most probable outcome.

The T&T sector is at a critical inflection point, shaped by the interplay of macroeconomic volatility, geopolitical realignments, environmental pressures and technological disruptions. This white paper synthesizes data from the World Economic Forum's *Travel & Tourism Development Index (TTDI) 2024* and from the *Global Risks Report 2025* in consultation with the T&T community and sector experts to construct four plausible scenarios for the sector's evolution over the next decade. By examining key metrics and their combinatorial effects, the analysis identifies strategic implications and mitigation strategies for stakeholders.

2 Scenarios for the future of T&T

Based on growth areas and tension points, potential scenarios could serve as a guiding path for the global T&T community.

The purpose of the scenarios presented in this paper is to examine global megatrends and plot unpredictable events, highlighting their potential ripple effects on the T&T sector. The aim is to emphasize the criticality and potential impact of certain factors for T&T stakeholders and industry players to consider, discuss and incorporate into their strategic plans. Rather than trying to predict future events precisely, these scenarios acknowledge the possibility of unforeseen events in the coming years.

Each of the scenarios featured is outlined as follows: first by elaborating on its respective structural foundations, demand–supply dynamics and economic multipliers, and finally by elaborating on its respective risk matrix (highlighting key related risks) as well as on the sustainability trade-offs. The contents are derived based on available forecasts of travel and tourism public data.

2.1 Major scenarios identified

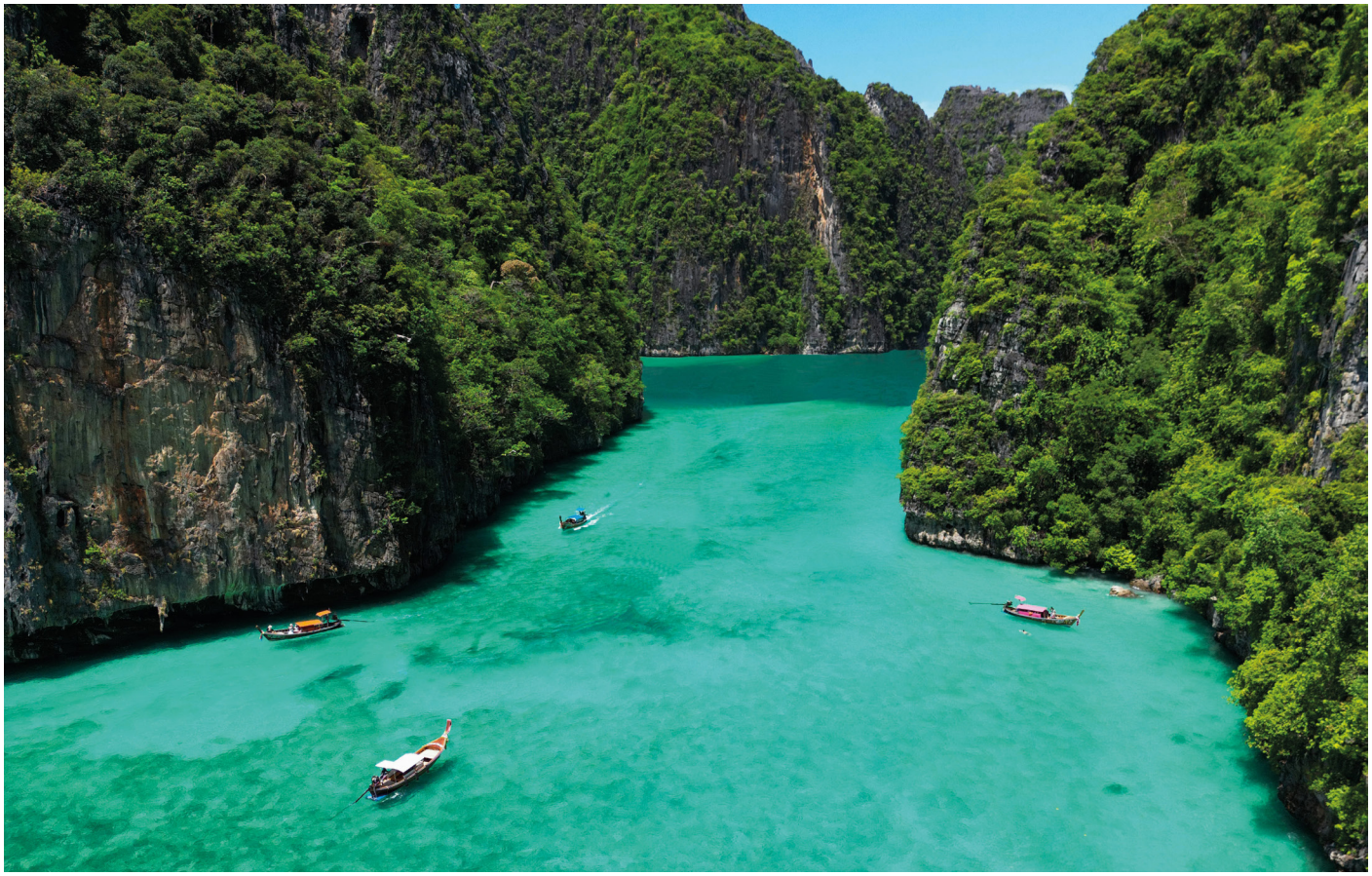
FIGURE 1 **Overview of the four major scenarios**

Scenario 1	Scenario 2	Scenario 3	Scenario 4
A thousand islands world	**Harmonious horizons**	**Green ascent**	**Tech turbulence**
			
Characterized by high geopolitical fragmentation and global economic stagnation	Characterized by high geopolitical stability and strong economic growth	Characterized by a rapid sustainability transition and moderate growth	Characterized by accelerated tech disruption and uneven growth

Source: World Economic Forum

Scenario 1: A thousand islands world

This first scenario is characterized by high geopolitical fragmentation and global economic stagnation and has the following characteristics.



↑ **Caption:** Phi Phi Islands, Thailand

Structural foundations: This scenario arises from escalating geopolitical tensions, trade decoupling and a retreat from multilateralism. The fragmentation of global governance systems – evidenced by the collapse of WTO dispute resolution mechanisms and the proliferation of regional trade blocs – drives a 45% reduction in cross-border tourism investment by 2030. Geopolitical flashpoints, such as territorial disputes in Gaza and Ukraine, reduce Safety and Security pillar TTDI scores by 11% in affected regions, while visa restrictions in countries such as the US and in the European Union[24] are becoming significantly stricter and more complex, reflecting a policy shift towards tighter immigration controls and heightened security screening.[25] The TTDI 2024's Openness to T&T pillar reveals that 63% of economies now impose stricter visa requirements for travellers from geopolitical rivals, mirroring Cold War-era travel barriers.

Economic stagnation exacerbates these trends, with global GDP growth stalled at 1.1% annually. Advanced economies face prolonged inflationary pressures, while emerging markets grapple with debt crises triggered by rising interest rates. The International Monetary Fund (IMF) projects a 22% decline in per capita tourism spending in low-income economies by 2030, as currency devaluations and fiscal austerity reduce disposable incomes.

Demand–supply dynamics: A significant decrease in long-haul aviation networks reshapes tourism flows, with regional blocs dominating travel patterns. ASEAN intraregional tourism surges to 68% of total arrivals (vs. 40% in 2024), supported by the bloc's single aviation market and harmonized visa policies. Similarly, the AfCFTA could boost intra-African tourism to 55% of arrivals by 2030, up from 48% in 2024.[26] However, airfare volatility increases by 300% on remaining international routes due to fuel price shocks and protectionist aviation policies (i.e. government measures designed to shield a nation's domestic aviation industry from foreign competition).

Supply chains localize as geopolitical tensions disrupt global logistics. European hotel chains reshore 32% of procurement activities, increasing construction costs by 18% due to reduced economies of scale.[27] Labour shortages persist, with TTDI data showing a 14% decline in hospitality workforce participation rates across OECD nations since 2020, driven by ageing demographics and restrictive migration policies. Automation accelerates, with 38% of airport check-in and baggage-handling tasks replaced by AI systems – though this fails to fully offset productivity losses from fragmented regulatory environments.

Economic multipliers – the scenario yields mitigated socioeconomic benefits:

- **Employment shifts:** Direct T&T employment contracts by 22 million jobs globally, concentrated in aviation and cross-border tourism services. However, regional rail networks create 8.5 million new jobs, exemplified by the EU's Trans-Europe Express 2.0 programme linking secondary cities.[28]
- **Asset stranding:** $1.2 trillion in aviation infrastructure becomes obsolete, including 47 major hub airports reliant on now-defunct long-haul routes.[29] Conversely, border-region economies such as Mexico's Baja California and Poland's eastern territories see 12% GDP growth from cross-border shopping tourism.
- **Security premiums:** Travel insurance costs triple due to conflict risks, while "safe zone" certification programmes emerge for destinations meeting ISO 31030 risk management standards.

Risk matrix:

- **Aviation collapse:** The grounding of 60% of wide-body fleets reduces aviation emissions considerably but also eliminate a significant number of related jobs. As a suggested mitigation solution, the International Civil Aviation Organization (ICAO)'s Regional Air Mobility Fund subsidizes short-haul electric aircraft routes, preserving connectivity for 78 secondary hubs.
- **Surveillance tourism:** Biometric entry–exit systems in 34 countries enable real-time traveller tracking, deterring 75 million privacy-conscious tourists annually.[30] A mitigation example would be to leverage the EU's General Data Protection Regulation (GDPR)++ framework that mandates algorithmic transparency and data minimization for T&T operators.
- **Resource nationalism:** Export bans on lithium and rare-earth metals disrupt EV battery production, stalling green mobility investments. As a mitigation example, the WTTC's Circular Tourism Initiative achieves 92% recycling rates for retired aircraft batteries through public–private partnerships.[31]

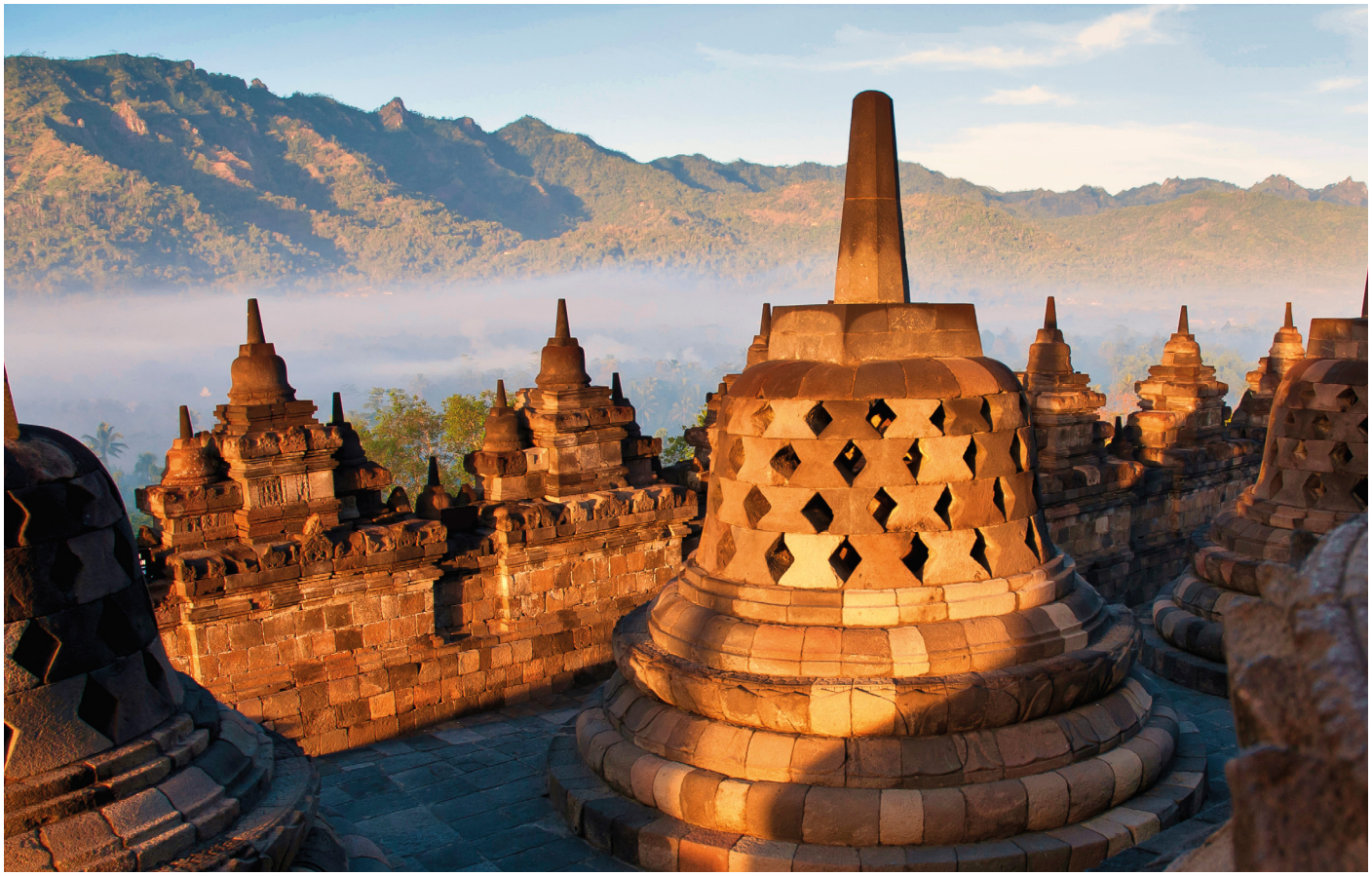
Sustainability trade-offs: While reduced aviation activity lowers sector emissions, rail and road transport emissions rise by 14% as tourists shift to land-based travel. Overtourism pressures intensify in border regions: in 2023, the Canary Islands – a border region between Europe and Africa with a resident population of about 2 million – experienced overtourism pressures as nearly 14 million visitors arrived, leading to severe overcrowding, housing shortages and widespread local protests against the strain on resources and quality of life.[32] As an illustration on the impact on biodiversity, visitor numbers at Poland's Białowieża Forest exceed carrying capacity by 37%, triggering a 29% decline in lynx populations.[33] TTDI Demand Sustainability scores plummet to 2.89 (vs. 3.53 in 2024), reflecting extreme seasonality and overcrowding at remaining "safe" destinations.

In short, this first scenario highlights a world split into a "thousand islands", operating in isolation from each other as well as underscoring T&T's vulnerability to systemic geopolitical and economic fractures. While regionalization offers limited growth avenues, stakeholders must balance security imperatives with inclusive development to prevent irreversible sectoral decline.

↓ **Caption:** Lauterbrunnen Valley, Switzerland

Scenario 2: Harmonious horizons

This second scenario is characterized by high geopolitical stability and a strong economic growth and has the following characteristics.



↑ **Caption:** Borobudur Temple, Java, Indonesia

Structural foundations: This scenario emerges from a global landscape defined by multilateral cooperation, trade liberalization and sustained GDP growth averaging 3.8% annually through 2030. The revival of multilateral frameworks such as the Doha Development Agenda facilitates cross-border regulatory harmonization, reducing non-tariff barriers in aviation, hospitality and digital services by 32% compared to 2024 levels.[34] Concurrently, the ICAO reports a significant expansion in seat capacity across Global South aviation corridors, driven by liberalized air service agreements and infrastructure investments in secondary hubs such as Jakarta-Soekarno-Hatta and Lagos-Murtala Muhammed.[35] These developments align with TTDI 2024 findings showing Asia-Pacific's Tourist Services and Infrastructure gap narrowing to 25% below European benchmarks (3.96 vs. 5.71), reflecting improved airport transit systems and hotel productivity.[36]

Demand–supply dynamics: The convergence of rising disposable incomes and visa liberalization triggers a 29% surge in international tourist arrivals by 2030, with Global South economies capturing 58% of incremental demand. Non-traditional source markets – notably India, Indonesia and Nigeria – contribute 43% of global outbound travel expenditure, driven by expanding middle-class cohorts.[37] Leisure travel dominates, but blended travel[38] segments grow at a 14% compound annual growth rate (CAGR) as hybrid work policies enable professionals to blend work with extended stays in destinations offering digital nomad visas, such as Estonia's e-Residency programme.

Supply-side responses remain uneven. While global hotel room inventory expands by 18%, labour shortages persist in high-contact service roles, with T&T wages lagging 19% behind comparable sectors in OECD economies.[39] This imbalance strains operational efficiency, evidenced by a 22% decline in hospitality labour productivity scores in the TTDI's Human Resources and Labour Market pillar since 2019.[40] Automated check-in systems and AI-driven revenue-management tools mitigate some pressures, but workforce retention challenges underscore the need for sectoral upskilling initiatives.

Economic multipliers – the scenario yields significant socioeconomic benefits:

- **Employment:** Direct T&T employment reaches 430 million by 2030 (+29% vs. 2022), with women occupying 54% of managerial roles in South-East Asia and sub-Saharan Africa due to targeted upskilling programmes.[41]

– **Niche market growth:** Space tourism achieves 38% CAGR, with ventures such as SpaceX's Lunar Gateway generating $12 billion in annual revenue by 2030.

– **Regional integration:** ASEAN's single aviation market boosts intraregional tourism to 68% of total arrivals, elevating connectivity scores in the TTDI's Air Transport Infrastructure pillar by 14%.[42]

Risk matrix:

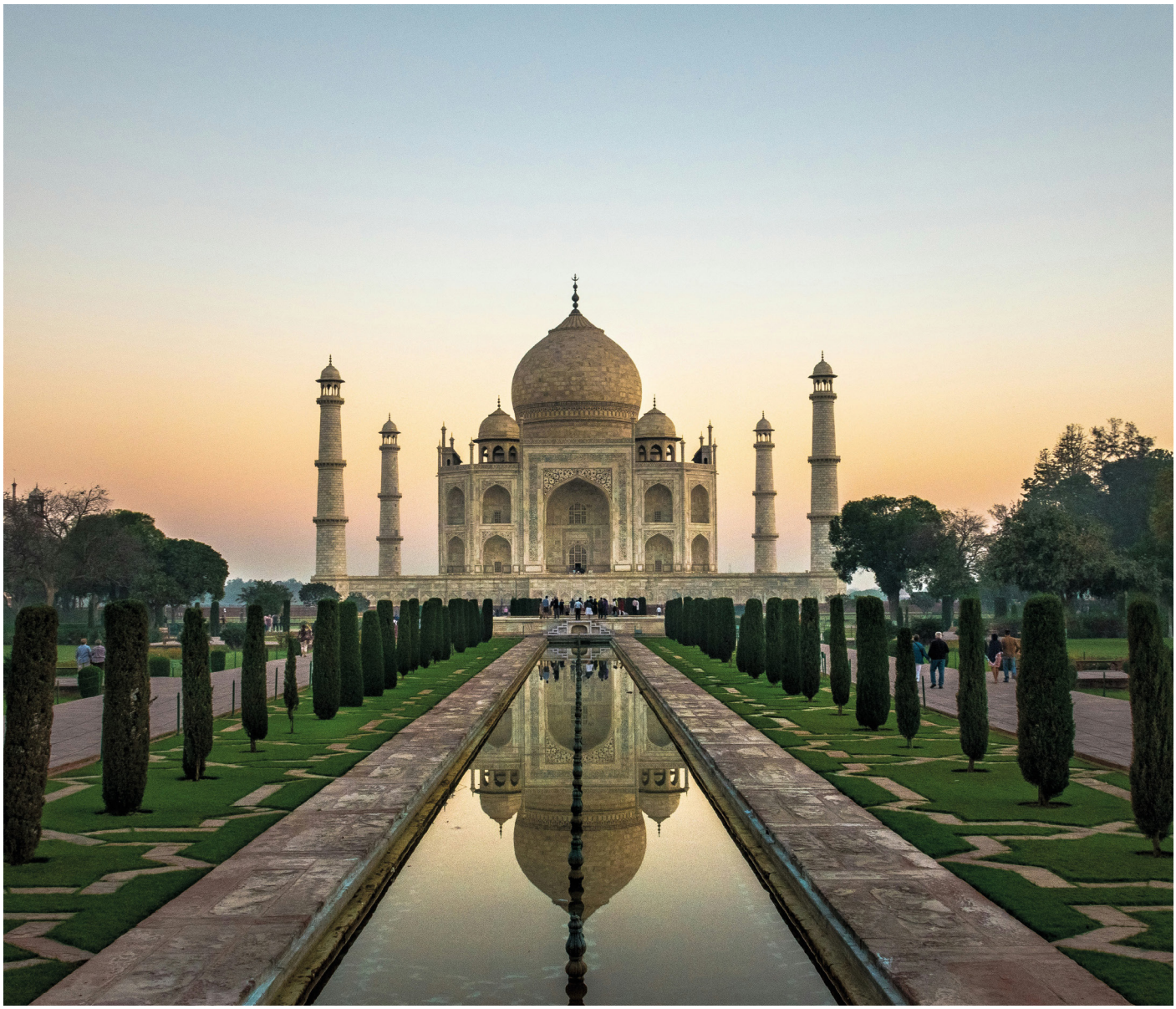
– **Overtourism:** UNESCO sites such as Angkor Wat and Dubrovnik Old Town face visitor density exceeding carrying capacity by 37%, triggering environmental degradation and community displacement.[43] An example of suggested mitigation to this risk is Indonesia's Borobudur Temple, which implements dynamic pricing (peak: $100; off-peak: $25) and hourly visitor caps, reducing footfall by 29% while increasing per capita expenditure.

– **Algorithmic collusion:** Machine-learning models used by airline alliances optimize pricing in ways that circumvent anti-trust regulations, inflating transatlantic fares significantly. One mitigation example would be to use the G20 Digital Markets Act, which mandates real-time pricing transparency and caps algorithm update frequencies to prevent tacit coordination.

Sustainability trade-offs: Despite renewable energy constituting 44% of T&T operations' power mix by 2030,[44] aviation emissions grow considerably due to traffic growth, outpacing the adoption of SAF. Carbon offset markets partially compensate, with major hotel chains investing in mangrove restoration projects yielding 3.2 tonnes CO_2 sequestration per $100 spent. However, TTDI 2024 data reveals stagnation in T&T Demand Sustainability scores (–4.7% since 2021) as seasonal concentration returns to pre-pandemic patterns.[45]

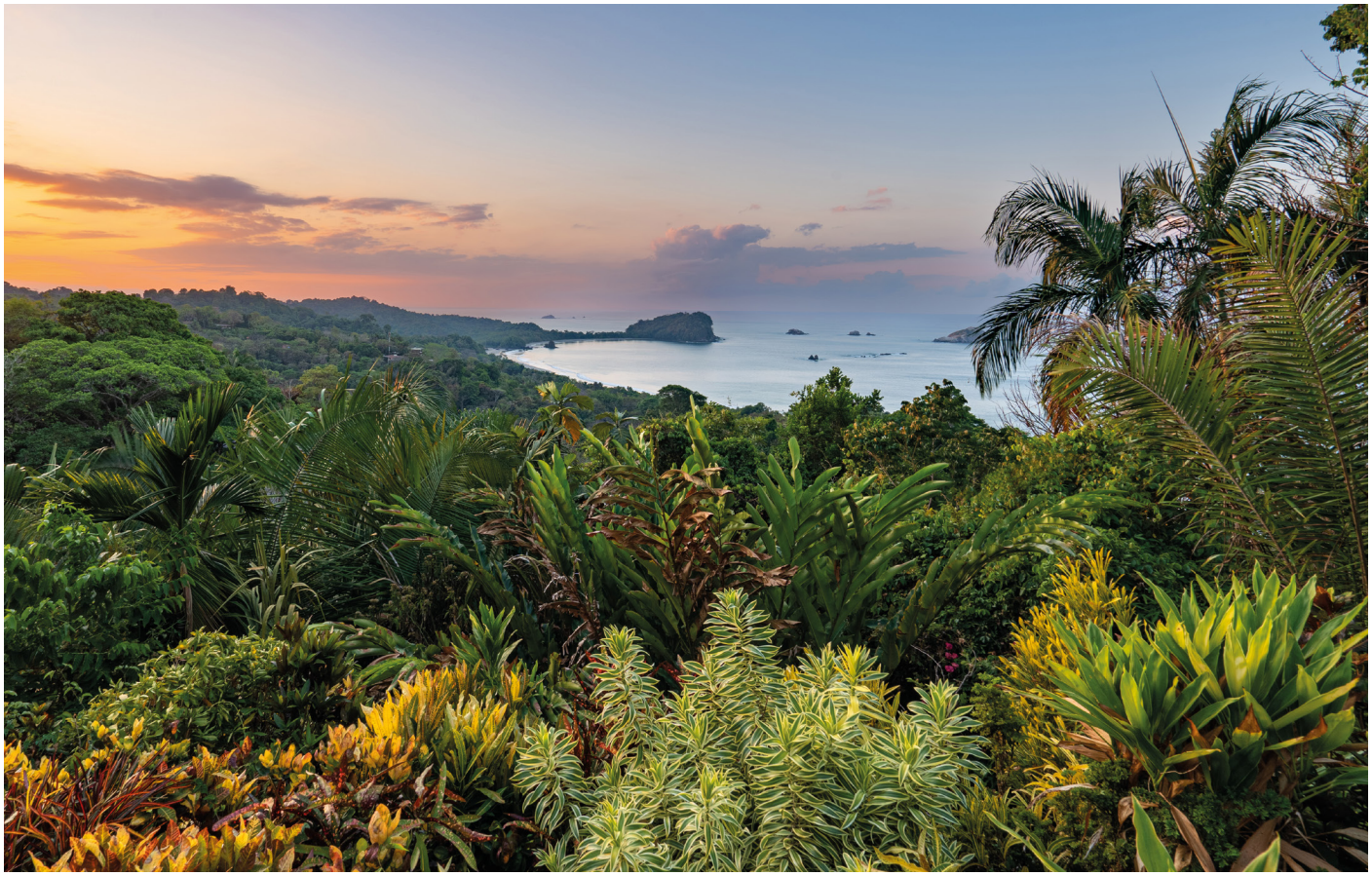
In summary, this second scenario demonstrates T&T's capacity to drive inclusive growth but necessitates vigilant governance to balance expansion with ecological and social safeguards and ensure the integration of local SMEs so that benefits of growth are being evenly distributed.

↓ **Caption:** Taj Mahal, Agra, India



Scenario 3: Green ascent

This third scenario is marked by a rapid sustainability transition and moderate growth and has the following characteristics.



↑ **Caption:** Manuel Antonio National Park, Costa Rica

Structural foundations: This scenario emerges from accelerated global decarbonization efforts, stringent environmental regulations and consumer demand for low-impact travel. By 2030, the EU Emissions Trading System allocates auction revenues to decarbonization projects, including the Innovation Fund, which has a budget of €40 billion ($43.3 billion) up to 2030 for low-carbon technologies,[46] while SAF adoption reaches 28% of global aviation consumption (up from 0.1% in 2023).[47] The TTDI 2024 highlights a 15% improvement in T&T Socioeconomic Impact scores since 2019, driven by "just transition" programmes that reskill fossil fuel-dependent workers for renewable energy roles in tourism. Bhutan's "high-value, low-volume" tourism model is adopted by 45 small-island developing states (SIDS), reducing average visitor density by 37% while increasing per capita expenditure by 52%.[48]

Demand–supply dynamics: Regenerative tourism dominates market growth, with 68% of travellers prioritizing destinations certified by the Global Sustainable Tourism Council (GSTC). Digital platforms such as SustainChain (a United Nations-led blockchain registry) verify eco-certifications, reducing the incidence of greenwashing by 43%.[49] Demand shifts towards low-emission transport: high-speed rail networks expand by 29% in Europe and Asia-Pacific, while small-island destinations such as the Maldives and the Seychelles achieve 90% renewable energy reliance through floating solar farms and tidal generators.

Supply-side constraints emerge as aviation capacity stagnates (–12% growth vs. pre-2030 projections) due to SAF production bottlenecks. Luxury eco-lodges thrive (Costa Rica's Lapa Rios achieves 28% ROI), but mid-tier hotels struggle with retrofitting costs. The TTDI's Environmental Sustainability pillar reveals a 19-point gap between high-income economies (5.2 average) and SIDS (3.3 average), reflecting uneven access to green financing.[50]

Economic multipliers – the scenario yields significant socioeconomic benefits:

- **Employment:** Green T&T jobs surge to 18 million by 2035, with women occupying 61% of renewable energy roles in emerging markets.[51]
- **Value-chain localization:** Kenya's eco-safari operators source 78% of food/handicrafts from communities within a radius of 50 km, boosting rural GDP by 14%.[52] Another example is the Adjara Group in Georgia, which manages hotels and restaurants and has developed its own farming projects – such as a 2-hectare farm in

Udabno and a vertical "space farm" – to supply fresh produce, dairy and other ingredients directly to its hospitality operations. By sourcing from its own farms and collaborating with local farmers through the Georgian Farmers' Association, Adjara Group supports rural employment, reduces food miles and waste, preserves local culinary traditions and strengthens the regional economy, illustrating how local sourcing can deliver both environmental and social sustainability benefits.[53]

- **Carbon markets:** Global mangrove carbon markets could possibly yield up to $3.7 billion annually under optimistic pricing, yet Caribbean-specific revenues are likely far lower (closer to $100 million–$500 million/year) due to smaller mangrove areas and implementation challenges.[54]

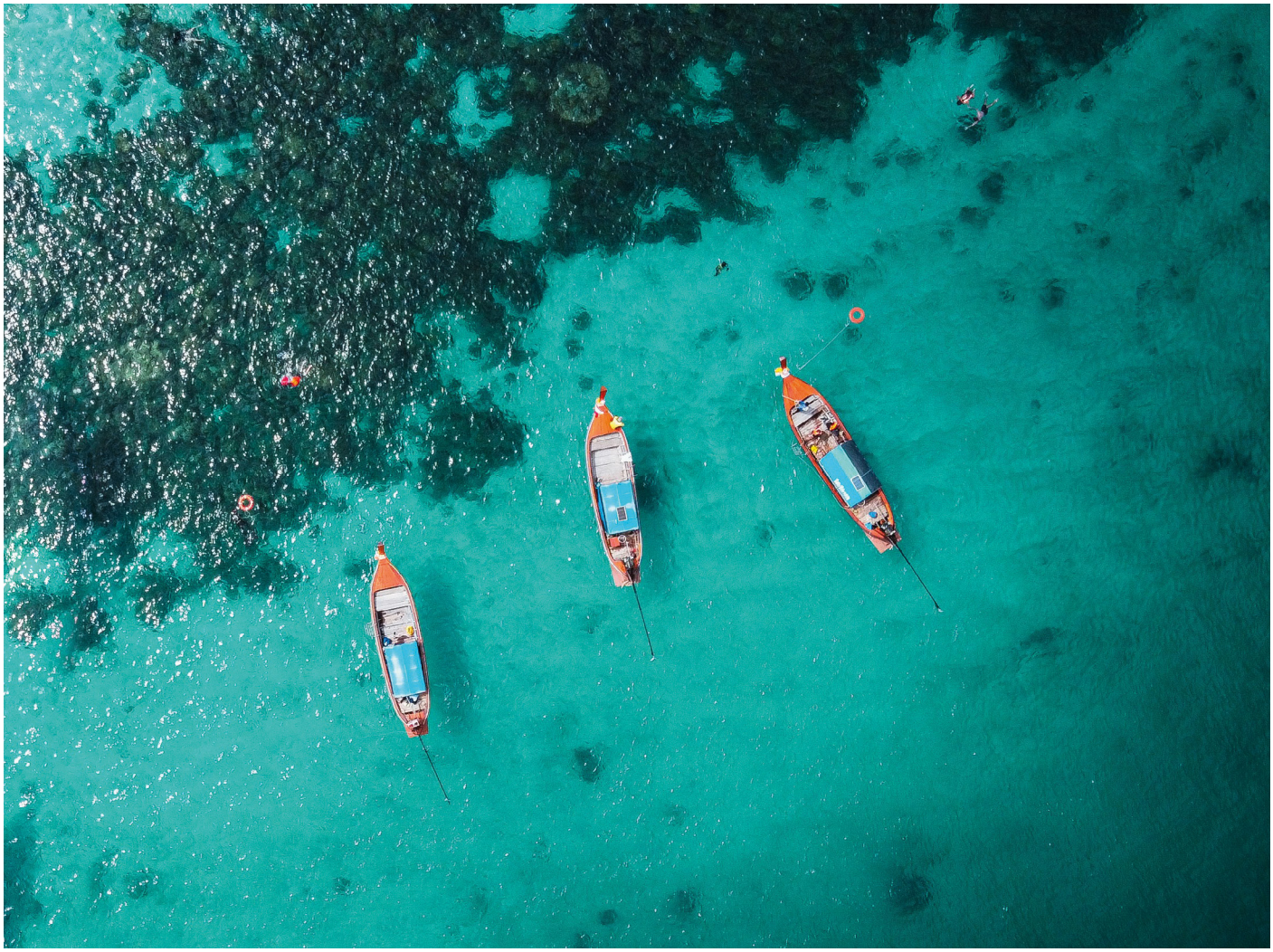
Risk matrix:

- **Greenwashing litigation:** Class actions against false sustainability claims cost the sector $7.2 billion annually by 2030. As suggested mitigation, conduct mandatory life cycle assessment (LCA) audits under ISO 14090 for all GSTC-certified properties.
- **Stranded coastal assets:** 1.2 million hotel rooms (6.8% of the total supply in 2025) are facing flood risks exceeding 1-in-30-year events. A possible mitigation would be to implement parametric insurance pools covering 60% of Caribbean properties via World Bank Climate Resilience Bonds.[55]
- **Biofuel land grabs:** Palm oil-derived SAF production could displace approximately 3.2 million hectares of tropical rainforest by 2030 if current aviation climate targets rely heavily on palm oil and soy-based biofuels.[56] A policy similar to the EU Carbon Border Adjustment Mechanism penalties implemented for non-compliant biofuels could be replicated here.

Sustainability trade-offs – ecotourism hotspots face new pressures: Costa Rica's Monteverde Cloud Forest experiences 23% biodiversity loss from unregulated "voluntourism" projects. The TTDI's T&T Demand Sustainability scores decline 7.4% (2024–2030) as certification fatigue triggers "green rebellion"[57] among budget travellers.[58]

This third scenario underscores T&T's potential to drive decarbonization but reveals tensions between growth and preservation. Stakeholders must, however, balance certification rigour with accessibility, while addressing equity gaps in green financing.

↓ **Caption:** Perhentian Islands, Malaysia



Scenario 4: Tech turbulence

This fourth scenario is marked by accelerated technology disruption and uneven growth and has the following characteristics.

Structural foundations: This scenario emerges from hyper-accelerated technological innovation intersecting with fragmented economic recovery patterns. Generative AI adoption in T&T operations reaches 78% penetration by 2030, while 5G/6G networks cover 92% of urban destinations but only 34% of rural areas.[59] The global digital divide exacerbates disparities: Africa's ICT Readiness pillar score stagnates at 2.88 (vs. Asia's 4.98), reflecting infrastructural underinvestment and regulatory lag. Metaverse tourism may capture part of the sector revenue, primarily cannibalizing budget travel segments as cost-conscious consumers opt for virtual experiences over physical travel. Algorithmic pricing volatility intensifies, with fare fluctuations increasing by 300% due to AI-driven demand forecasting models optimized for short-term profit maximization.

Demand–supply dynamics: Non-leisure travel rebounds to 130% of pre-pandemic levels, driven by hybrid work policies enabling blended travel extensions. Corporate travel platforms integrate augmented reality/virtual reality (AR/VR) for hybrid conferences, reducing per-employee travel costs by 22% but diminishing hotel occupancy in secondary business hubs. Leisure demand polarizes: luxury travellers adopt AI-curated "hyper-personalized" itineraries, while mid-market tourists face affordability crises due to dynamic pricing algorithms. Airbnb reports 45% of bookings now managed by AI agents, eroding traditional agency margins from acting as intermediaries.[60]

Supply chains face dual pressures: Robotic housekeeping adoption reaches 38% in high-income economies, but maintenance costs for IoT-enabled hotels outpace savings by 19%.[61] The TTDI's Tourist Services and Infrastructure pillar reveals a 14-point gap between automated (5.2 average) and manual (3.8 average) service providers. Meanwhile, blockchain-based loyalty programmes relying on energy-intensive consensus mechanisms (e.g. proof of work) reduce intermediary fees but increase energy consumption per transaction by 3.2 kWh, far exceeding traditional database systems and challenging sustainability targets.

Economic multipliers – the scenario yields unequal socioeconomic benefits:

- **Employment shifts:** By 2030, automation and new technologies are expected to automate or transform between 25 and 45% of tourism jobs, particularly routine and customer-facing roles: 29% of large enterprises today are already using AI. Routine and repetitive tasks (front

desk, call centres, agents) are most likely to be affected, whereas emerging roles will include data analytics, AI system management and digital experiences. The net effect will be a major reconfiguration of the tourism workforce, with both risks and opportunities hinging on the sector's ability to upskill and adapt.[62]

– **Investment patterns:** Venture capital floods metaverse tourism start-ups ($47 billion annual investment by 2030), while traditional hospitality suffers a 14% valuation decline.

Risk matrix:

– **Cybersecurity threats:** Sector losses from data breaches/phishing hit $450 billion annually by 2030, with 63% targeting small operators lacking encryption tools.[63] A mitigation suggestion would be to implement mandatory ISO 27018-TT certification for all platforms processing more than 1 million user records.

– **Deepfake reputation crises:** AI-generated fake resort reviews affect 34% of Tripadvisor's top 100 destinations by 2027.[64] One way to solve this challenge would be to use the UNESCO-led blockchain registry for verified traveller media (Digital Provenance Chain), a secure, traceable and often tamper-proof record that tracks the complete life cycle of a digital asset or physical product, from its origin through every modification, transfer or interaction, up to its current state.

– **Skill obsolescence:** 72% of current hospitality curricula lack artificial intelligence/virtual reality (AI/VR) modules, creating 2.3 million unfilled tech roles by 2035. The UNWTO's Draft Programme of Work for 2024–2025 estimates that 882,000 global tourism jobs annually will require vocational training until 2030.[65]

Sustainability trade-offs – while virtual tourism reduces physical travel emissions by 18%, the digital carbon footprint surges: metaverse platforms consume 2.4 trillion kWh globally by 2030 (equivalent to 1.2 billion tonnes of CO_2). Data centre cooling demands increase water usage in drought-prone regions by 14%, conflicting with TTDI Environmental Sustainability pillar requirements. Paradoxically, AI-optimized routing cuts aviation fuel consumption by 9%,[66] saving 48 million tonnes of CO_2 annually – a net gain offset by rebound effects in luxury travel segments.

This fourth and last scenario underscores T&T's vulnerability to uncontrolled tech disruption. While innovation unlocks efficiencies, unregulated adoption risks market concentration, workforce displacement and new environmental pressures. Stakeholders must balance competitive agility with ethical guardrails to ensure equitable access to tech's benefits.

↓ **Caption:** Gwangan Bridge, Busan, South Korea

3 The way forward

The T&T sector's post-pandemic recovery underscores its resilience, yet the TTDI 2024 reveals persistent disparities in development trajectories between high-income and emerging economies.

While advanced economies have robust infrastructure, digital readiness and policy frameworks that enable them to dominate global rankings, developing regions have made incremental progress in harnessing natural and cultural assets, albeit constrained by structural gaps in labour markets, ICT adoption and sustainable infrastructure. The T&T sector's future will be shaped by combinatorial risks requiring scenario-aware strategies: the interplay of geopolitical stability, economic growth, sustainability transitions and technological disruption define four plausible scenarios not necessarily excluding each other – A thousand islands world, Harmonious horizons, Green ascent and Tech turbulence – each demanding tailored strategies to mitigate risks such as overtourism, labour shortages and environmental degradation.

Cross-cutting imperatives emphasize adaptive governance, workforce upskilling and innovative financing to bridge the $100 billion–$200 billion annual T&T infrastructure gap through to 2040[67] in emerging markets. Stakeholders should consider prioritizing decarbonization, ethical AI integration and inclusive growth to align T&T with the UN Sustainable Development Goals (SDGs).[68] The TTDI serves as a critical benchmarking tool, enabling policy-makers to balance sectoral expansion with ecological and social safeguards. By fostering public–private collaboration, investing in critical infrastructure, fostering nature regeneration and leveraging digital transformation, T&T can transition from a vulnerability vector to a catalyst for global prosperity, resilience and cross-cultural connectivity. Future success hinges on strategic investments in destination stewardship, nature regeneration and equitable access to technology, ensuring the sector's role in addressing 21st-century challenges. By using the TTDI's diagnostic insights while preparing for discontinuous change, the sector can transition from vulnerability vector to sustainability pioneer.

The following questions will prove useful for organizations in the T&T sector planning their future:

1. What are the most significant trends and drivers shaping the future of T&T, and how can companies and governments position themselves to capitalize on these shifts?

2. What strategies can T&T stakeholders employ to manage risks associated with geopolitical uncertainties, economic fluctuations and global health and climate crises?

3. How can organizations in the T&T sector foster collaboration throughout the entire travel ecosystem to address common challenges and capitalize on opportunities for sustainable and inclusive growth?

The World Economic Forum provides a platform for all players in the travel and tourism space to shape a prosperous future and accelerate sustainable and inclusive growth in the sector. By leveraging this collaborative platform, the Forum empowers members to share best practices, drive innovation and co-create solutions that ensure travel and tourism benefits economies, host communities and the environment worldwide.

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Endnotes

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