DATA AND DIGITAL PLATFORMS

Driving the Tourism Recovery in Colombia
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Opportunity to Accelerate the Recovery

Tourism Economics modeled two scenarios for the future of tourism in Colombia.

Baseline Outlook
Colombia’s visitor volumes and visitor spending are set to fully recover to 2019 levels by 2023, but international visits will take two years longer to recover within that.

Opportunity Outlook
An increase in the use of digital platforms to meet source market preferences and match competitors will increase destination competitiveness and market share. Tourism Economics has estimated the potential gains in addition to baseline growth as a result of digital advances.

Executive Summary
The tourism industry has suffered more than any other sector due to COVID-19 and the resulting global economic recession; the challenges to a full recovery in travel are formidable. Digital content and platforms have been proven to drive growth in travel. This study seeks to identify how data and these online platforms can be leveraged to influence the recovery in travel and the economy.

The Economic Impact of Tourism in Colombia
In 2019 domestic and international visitor spending in the Colombian economy directly contributed US$59 billion to Colombian GDP and supported a US$15.7 billion total impact including indirect and induced impacts. The Colombian travel and tourism industry represented 5% of total GDP in 2019. This economic activity supported 1.2 million jobs.

Baseline Outlook and Potential Additional Growth Attributable to Higher Online Presence

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Digital Content Drives Travel

79% of overnight stays in Colombia in 2019 were booked or researched via a digital platform, up from 65% in 2014

Incremental Visitor Nights in 2019

1.7M

Incremental Contribution to Colombian GDP in 2019

$965M USD

Incremental Jobs in 2019

73,000

Between 2014 and 2019, digital content drove a 7% net increase in the tourism economy

7%

Travel and Tourism Industry Impacts in Colombia in 2019

$15.7B USD

Economic Impact

1.2M

Total Jobs

5%

Total GDP

Potential Gains Attributable to Digital Advances

26,000 New Jobs by 2025 (Direct, Indirect, Induced Jobs)

600,000 Incremental Overnight Stays in Colombia in 2025

$800M USD Cumulative Increase in Tourism Spending Over the Five-Year period

Potential gains in addition to baseline growth as a result of digital advances.
E1 The Economic Impact of Tourism in Colombia

Tourism is a Growth Engine

The tourism travel sector experienced consistent growth between 2010 and 2019. Domestic overnight stays rose 39% over these 10 years, while international visitation expanded 196%.

Colombia’s share of global travel has increased, with notable gains in travel from European markets (from 0.3% of long-haul travel to 0.8%) as well as gains in South American intra-regional travel. The end of armed conflict and the final 2016 accord between the government and the main armed opposition group, the FARC, were key to strong growth in Colombia’s tourism industry.

In 2019, domestic and international visitor spending directly contributed US$5.9 billion to Colombian GDP and supported a US$15.7 billion total impact, including indirect and induced impacts. The Colombian travel and tourism industry represented 5% of total GDP in 2019. This economic activity supported 1.2 million jobs.

Tourism Has Experienced Massive Losses

Total visitor spend declined by over US$6 billion in 2020, representing a roughly 60% drop from 2019 levels. The international market has experienced the most acute losses, with inbound spending dropping about 70% in 2020.

The estimated US$6 billion reduction in visitor spending in 2020 jeopardized nearly 750,000 jobs within the travel and tourism sector and related industries.

E2 Digital Content Drives Travel Activity

Digital content and online platforms can elevate the ability of a destination to reach travelers across the globe throughout each stage of the travel planning process: Dreaming, Planning, Booking, Experiencing, and Sharing. Travelers are accessible across all five stages of travel planning through a robust digital presence that inspires travel, produces confidence in the product, reduces friction in booking, and enables shared experiences.

The majority (79%) of visitor nights in Colombia in 2019 were booked or researched via digital platforms, up from 63% of overnight stays in 2012. Economic modeling identified a causal relationship between increasing use of digital platforms and growth in the tourism economy. Increasing digital content use from 2014 to 2019 contributed an additional US$965 million to Colombian GDP in 2019 and supported 73,000 jobs. Over this relatively short period, digital content drove an 7% increase in the tourism economy, accounting for over one-quarter of the growth.

E3 The Benefits of Digital Platforms

When businesses adapt existing digital processes to best fit the environment and future of the tourism industry, they produce productivity gains that generate ripple effects across the economy. These digital investments encourage destinations to become more creative and competitive at attracting traveler demand, while simultaneously improving their own business practices.

Many of the benefits of digital platforms are grounded in data analytics, which have become increasingly important to the tourism industry in recent years and even more so during the pandemic. Ultimately, data and research—the majority of which derive from digital platforms—serve as the basis for a destination’s marketing decisions and product offering.

E4 Recommendations for Recovery

Destinations, governments and private sector businesses affiliated with the tourism industry in Colombia should take immediate actions to support a robust recovery. In 2020, the government took measures to alleviate fiscal pressures, such as a temporary reduction of sales and income tax rates, lower estimated payments, and flexible payment deadlines. These were good short-term policy adjustments for the industry and will need to be extended into 2021.

Destination marketing organizations (DMOs) are adding a destination management function to their mandate, leveraging new technologies, and engaging with community stakeholders—all while operating with reduced budgets. Although some of these new roles were starting to be implemented in recent years, the pandemic accelerated the transition, especially as it relates to leveraging new technologies and digital platforms. These important tools quickly allowed DMOs to shift their role and messaging from marketing the destination to promoting the health and safety protocols implemented throughout the destination, which helped to build consumer confidence and keep the destination attractive for future travelers.

Despite the current realities of reduced travel, Colombia must focus on recovery now, which will be largely driven using digital platforms, online content, and data analytics.

We recommend the following actions to support tourism recovery:

1. Ensure an effective and accommodative regulatory framework

   Short-term government responses to COVID-19 have been positive and should be extended. Longer-term, the government needs to ensure a balanced regulatory framework that seeks to formalize the sector without placing too great a burden on tourism businesses and the online and digital platforms they use.

2. Build a consistent brand message through digital collaboration

   PROCOLOMBIA and the private sector must align marketing messaging and tactics. This should include enhancing relationships between government entities, international digital platforms, and local businesses to develop a common vision and collective strategy for the destination.

   PROCOLOMBIA should lead this process by supporting the integration of travel partner audience segments and by developing a content strategy framework for messaging across all channels of communication.

   Digital tools can support this with common media platforms, branding, messaging, and an integrated strategy. This will allow for cooperative marketing and shared content to present a brand message that is consistent and powerful.
Driving the Tourism Recovery in Colombia

**3. Upgrade and expand digital capabilities**

The Vice-Ministry of Tourism, PROCOLOMBIA and regional and local authorities should allocate resources to educate local tourism businesses about digital best practices. If private sector businesses throughout the country enhanced their digital presence it would improve the entire destination’s digital ecosystem, making it more known to prospective travelers.

**Digital platforms have played a critical role in the growth of the tourism industry and will continue to do so. In fact, digital will play a far greater role this year, and in the coming years, as the tourism industry recovers from the pandemic.**

Enhancing the access tourism businesses have to digitally focused experts, industry leaders, training, and information will facilitate the integration of digital technologies and improve awareness of the benefits of digital transformation. One way to enable this is through encouraging partnerships and collaborations between traditional tourism small and medium-sized enterprises (SMEs) and education institutions and/or digital organizations.

**4. Secure funding for destination marketing and management**

National destination marketing in Colombia should be secured to maintain and expand recent gains in market share and brand over time. PROCOLOMBIA’s budget has trended down from 2014 to 2018, with a 2.4% per year average reduction in real terms over the period. Although funding will be difficult to secure during challenging economic times, it is a critical investment and priority that will help to accelerate the tourism industry recovery and support long-term growth.

**5. Utilize data analytics to support decision making**

The Vice-Ministry of Tourism, PROCOLOMBIA, regional and local authorities and tourism related businesses should take advantage of the wealth of data that digital platforms provide. Insights-based data from mobile devices, social media, online travel agencies, tech companies, local tourism businesses, and others will directly inform and refine marketing campaigns and strategic decisions.

Tech companies and consultants are positioned to support DMOS in creating a data ecosystem with the key stakeholders of a destination. The Vice-Ministry of Tourism and PROCOLOMBIA should explore whether this support would be helpful in further utilizing data analytics. Public bodies can play a leading role in encouraging the use of data analytics in tourism SMEs in Colombia through promoting a digital outlook which supports the development of targeted initiatives to increase the integration of these technologies. Initiatives can range from one-on-one mentoring programs and outreach events to the development of travel-tech incubators and accelerators to funding and incentive programs.

**6. Improve telecom infrastructure**

The private sector in Colombia should work alongside the government to advocate for further infrastructure development in rural areas. Research should also be conducted to assess how best to reduce the cost of access to digital devices and content. Improving broadband connectivity for businesses, residents, and visitors will make Colombia a more appealing destination to live and visit.

**7. Continue to tell stories with the extended reach of digital platforms**

Potential travelers are still dreaming and ready to travel when it is deemed safe. The Colombian tourism industry should focus marketing efforts towards domestic and regional travel while safety concerns and restrictions related to international travel are intact. Digital platforms are uniquely able to keep Colombia a preeminent destination, especially via social media which can connect with consumers in an authentic and cost-effective manner.

**8. Adapt to new consumer sensitivities**

The travel industry must account for new consumer travel behaviors resulting from the pandemic when developing future marketing campaigns. Messaging across all digital media and platforms should be designed to build trust and communicate health and safety protocols.

**6.5 Opportunity to Accelerate the Recovery**

Tourism Economics modeled two scenarios for the future of Colombian tourism. The first (baseline outlook) assumes no change in strategy or adoption of digital content and platforms. The second (opportunity outlook) assumes that Colombia advances its digital strategy as outlined in our recommendations.

**Baseline Outlook**

Although Colombia’s visitor volumes are set to fully recover to 2019 levels by 2023, total visitor spending will recover a year later according to Tourism Economics’ latest forecasts. This outlook is consistent with past market share and expectations for source market demand. Moreover, total employment contributions from travel and tourism to Colombia will remain depressed.

**Opportunity Outlook**

Colombia can accelerate its recovery by aggressively leveraging digital tools in marketing, research, and destination management. A clear opportunity exists to reach a larger audience of both domestic and international tourists and influence their travel decisions. More widespread use of both domestic and international tourists and influence their travel decisions. More widespread use

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**Key Recommended Actions**

- **Build a consistent brand message through digital collaboration**
- **Upgrade and expand digital capabilities**
- **Utilize data analytics to support decision making**
- **Improve telecom infrastructure**
- **Support travel dreams**
- **Adapt to new consumer sensitivities**

**Higher Online Presence for Colombia**

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of digital platforms and content will be facilitated by the above recommendations. This will produce increased reach, greater effectiveness, and significant economic lift.

The current crisis presents an opportunity for Colombia to embrace digital technologies and realize their benefits. Extending the econometric model identifying the relationship between digital adoption and travel growth (outlined in E2), Tourism Economics considered the scope for increased use of digital platforms for travel planning as a result of new investment and other adoption of best practices described above. An increase in the use of digital platforms to meet source market preferences and match competitors will increase traveler confidence, destination competitiveness, and market share. Tourism Economics has estimated the potential gains in addition to baseline growth as a result of digital advances.

This includes the following improvements by 2025:

- 26,000 new jobs supported (direct, indirect, induced)
- 600,000 more overnights in Colombia
- US$800 million cumulative increase in tourism spending over the five-year period.

### Potential Gains Attributable to Digital Advances

An increase in the use of digital platforms to meet source market preferences and match competitors will increase destination competitiveness and market share. Tourism Economics has estimated the potential gains in addition to baseline growth as a result of digital advances.

**26,000**
New Jobs Supported (Direct, Indirect, Induced Jobs)

**600,000**
Incremental Overnight Stays in Colombia in 2025

**$800M USD**
Cumulative Increase in Tourism Spending Over the Five-Year Period

### 1 Introduction

The travel industry has suffered more than any other sector due to COVID-19 and the resulting global economic recession. Within this context, it is imperative that policymakers implement strategies that will accelerate the travel recovery. Digital content and platforms have been proven to drive growth in this sector.

This study seeks to identify how data and online platforms can be leveraged to encourage the recovery in travel and the wider economy. This includes identifying public policies and government-led business strategies or campaigns that will utilize digital transformation and online platforms to recover the tourism industry. This report was commissioned by Google.

There are four strands of analysis considered in this study:

1. **The economic importance of tourism to the economy of Colombia**—assessing the economic value of travel activity and its contribution to the wider economy over the past decade as well as the estimated losses in 2020.

2. **The role of digital content and online platforms in generating travel activity**—identifying the extent to which data and online platforms influence and change behavior, drive additional flows of people, and contribute to economic growth.

3. **How digital content and online platforms can support the recovery in travel**—including recommendations for how destinations and businesses can leverage digital content to accelerate recovery.

4. **A scenario analysis that quantifies how online platforms can accelerate the recovery**—analyzing the historic relationship between travel growth and digital platform engagement to provide a basis for assessing the role that digital content can play in the recovery.
Driving the Tourism Recovery in Colombia

2 The Impact of Travel in Colombia

The travel and tourism industry of Colombia represented 5% of total GDP in 2019. Total employment generated by tourism totaled 1.2 million jobs. The shock to travel brought on by the coronavirus pandemic could lead to long-lasting effects on the Colombian economy. The estimated US$6 billion reduction in visitor spending in 2020 will put nearly 750,000 jobs at risk within the travel and tourism economy.

This chapter covers the state of travel across Colombia from 2010 to 2020 by measuring visits and visitor spending, as well as the economic impact across tourism-related GDP and employment. This analysis was carried out using Tourism Economics’ existing forecast models—Global Tourism Service (GTS) model and Global City Travel (GCT) service.

2.1 Visits

From 2010 to 2019, tourism in Colombia steadily increased in terms of total visitation.

Total overnight visits to Colombia in 2019 reached 13.9 million, 65% larger than the 8.4 million visits hosted in 2010. Gains in visitation through 2019 were influenced mostly by international overnight stays which expanded 196% over the course of nine years, whereas domestic overnight stays rose 39%. Overnight visitation increased each year between 2010 and 2019.

Travel demand in Colombia fell by roughly 50% in 2020

Tourism in Colombia was boosted by the receding armed conflict between the government and opposition groups.

The spread of the coronavirus in 2020 has severely impacted travel and tourism across the globe.

The first case of the coronavirus in Colombia was confirmed on March 6, 2020. By March 17th, the government of Colombia declared a state of emergency and began restrictions on non-essential activities, such as travel between and within countries and regions which lasted until September. In 2020, the coronavirus pandemic depressed traveler sentiment while households were hit with increases in unemployment and wage losses—Oxford Economics currently forecasts that real GDP in Colombia fell 7% in 2020, while unemployment in key source markets such as the U.S. increased.

We estimate that travel demand in Colombia fell roughly 50% in 2020, equivalent to almost 73 million fewer overnight visits.

Colombia welcomed international visitors back into the country in September 2020, contingent upon presenting a negative COVID-19 test result, following almost six months of banning international travel. The spread of the coronavirus in 2020 has severely impacted travel and tourism across the globe.

The GTS model includes historic data and forecasts for economic growth and travel demand for all source markets and destinations worldwide, including country-to-country flows. The GTS model allows the production of a range of forecasts from alternative assumptions. The GCT service tracks and forecasts travel for 310 cities worldwide.

The growth in tourism in Colombia was influenced by the completed peace deal ended five decades of internal conflict and created opportunities to return focus on developing the tourism industry and attracting international visitors. In the two years after the peace deal, international visitation grew nearly 10% in each year.

2.2 Spending

In 2019, total visitor spending—which includes day visit spend as well as overnight spend—equaled US$10.6 billion, a 19% increase since 2010.

Domestic tourism represented 47% of total tourism spend in 2019. From 2010 to 2019, domestic spend fell US$1.1 billion, representing an 18% decline from 2010. In contrast, international spend doubled from US$2.8 billion in 2010 to US$5.6 billion in 2019.

In 2020, we estimate that total visitor spend declined by over US$6 billion.

Domestic travel spend is estimated to have fallen approximately 45% while international spend plummeted over 70%.

Bogotá visitor spend from day and overnight trips measured US$5 billion in 2019, representing 48% of total Colombian tourism spend. In 2020, visitor spend to Bogotá is estimated to have decreased 55%, to US$2.3 billion. International spend, representing 34% of 2019 total spending in Bogotá, declined over 70% in 2020 while domestic spend is estimated to have fallen just over 45%. Cartagena (US$2.2 billion) and Medellín (US$1.4 billion) are also estimated to have experienced significant losses in 2020, with declines of over 50% in each city.

Figures 1 and 2: Overnight Visit Levels and Visitor Spending in Colombia

Figure 1: Colombia Overnight Visit Levels

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Source: Tourism Economics. Servicio Nacional de Turismo - TURANATUR

Figure 2: Total Visitor Spending in Colombia

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8.9 | 9.5 | 9.9 | 9.7 | 9.4 | 8.4 | 8.9 | 9.7 | 10.6 | 10.4 | 4.3

Source: Tourism Economics. International Monetary Fund

*Domestic visits relate to hotel guests and does not include overnight stays in other types of accommodations.
The weakening of the domestic travel segment and the potential for internal conflict to flare up makes the return of international tourism the key to a long-term recovery in travel to Colombia.

In the near-term, the international share of visitor spend is estimated to have dropped to 37% in 2020. Although domestic tourism is expected to be relatively more stable, a recovery to 2019 total visitor spend is not expected until after international visitor spend surpasses its 2020 share of total visitor spend. By 2028, visitor spend is projected to reach US$14.9 billion, over 40% greater than its 2019 level, largely attributable to an expected strong return of international tourism.

### 2.3 Economic Impact

The economic impact of tourism in this analysis is expressed in terms of its annual contribution to GDP and the total number of jobs it supports. This assessment begins with the impact of spending by tourists, but also considers the downstream effects of this injection of spending into the Colombian economy. This activity can be grouped into three core channels of activity: direct, indirect, and induced. The sum of these three channels creates the total economic impact.

- **Direct impacts** occur through spending within a specific group of sectors (e.g., recreation, transportation). This supports a relative proportion of jobs and GDP within each sector.
- **Indirect impacts** stem from supply chain spending, where each directly affected sector also purchases goods and services as inputs (e.g., food wholesalers, utilities) into production.
- **Induced impacts** are generated when employees whose wages are generated, either directly or indirectly, by travel and tourism spend those wages in the local economy.

Travel and tourism directly contributed US$5.9 billion to Colombian GDP in 2019, and US$15.7 billion total impact including indirect and induced impacts. The Colombia travel and tourism industry represented 5% of total GDP in 2019.

Employment in Colombia directly supported by the travel and tourism industry reached almost 500,000 jobs in 2019. Total employment as a result of tourism measured 1.2 million jobs in 2019. Total employment supported by tourism increased 31% between 2010 and 2019, an annualized rate of 3.1%.

Without intervention, the shock to international travel brought on by the coronavirus pandemic could lead to lasting effects on the Colombian economy. A nearly US$10 billion loss to Colombian GDP in 2020 alone will put nearly 750,000 tourism-related jobs at risk. Our current estimates indicate that the number of tourism-supported jobs has fallen slightly over 60% from 2019 levels.

### 2.4 Market Share

The rapid expansion of Colombia’s tourism industry since 2010 has enabled the country to gain market share. In 2010, Colombia captured 0.1% of global outbound travel, this share had increased to 0.3% by 2019. Europe was a key source of growth, with visitation expanding by 15% per year on average over the period. This increase in visits meant that Colombia was able to capture a much greater share of travel from this region. By 2019, Colombia received 0.8% of all long-haul travel from European markets, up from just 0.3% in 2010, and accounted for a larger proportion of European travel to South America.

Arrivals from other South American markets rose 6.9%, and the country accounted for a larger share of intra-regional travel. While the U.S. market share declined slightly. In near terms, Colombia attracted 50% more U.S. visitors in 2019 compared with 2010.
3 The Role of Digital Content and Online Platforms in Generating Travel

Our research examines the relationship between increasing investment in digital platforms and the outward effect this expansion has on the tourism economy. Increasing strategic digital content use contributed an additional US$965 million to Colombian GDP in 2019 and supported 73,000 jobs.

Digital content and online platforms support a range of benefits to travelers, tourism businesses, and the broader economy. This chapter presents the impact of digital content, tools, and platforms on the travel economy.

3.1 Digital as a Catalyst for Travel

Digital content and online platforms can elevate the ability of a destination to reach travelers across the globe throughout each stage of the travel planning process: Dreaming, Planning, Booking, Experiencing, and Sharing.6 Travelers utilize diverse online resources to efficiently tailor an itinerary to their preferences. These stages of planning represent unique points at which curated digital content and online platforms can be used to influence the decision-making process.

1. **Dreaming** is the first stage of the travel planning process, where travelers think creatively on destinations they would like to visit. Digital content uniquely fuels these dreams through online searches that match potential travelers with stories, images, descriptions, and virtual experiences that explore specific destinations, cultures, cuisines, and more.

2. **Planning** travel is the next stage for people who have decided on a general destination or multiple locations. In this stage, travelers analyze available transportation, accommodations, and experiences related to each destination. Online searches can help travelers find the best option that aligns with their preferences through reviews, online and social media presence, and online booking connections.

3. **Booking** is the third stage of planning which includes the first purchases made toward the travel experience. Travelers often begin this step by searching for easy-to-use digital platforms that offer quick and transparent transactions. Digital platforms provide the dual benefits of reduced friction (ease) and pricing transparency in the booking process.

4. **Experiencing** a destination is when a tourist is at their most impressionable state—when the accuracy and quality of digital content is examined in person. Though travelers spend time and money across online platforms dreaming, planning, and booking, the experience of travel itself can also be enhanced through digital means. Destination-specific digital platforms can provide access to important information such as attraction hours and accessibility, health and safety protocols, emergency services, currency information, and local customs. Digital content can improve the quality of a visitor’s experience and increase their spending in the destination.

5. **Sharing** can be the most influential factor in defining a destination’s digital presence. The impressions given to a traveler across all stages of travel planning can be expressed by their own recommendations and endorsements through reviews on each digital platform used in the process or across social media channels. Social media reaches a wide array of audiences and can serve as unpaid marketing for a destination to reach individuals who have never dreamed of visiting the destination before. The ways in which a destination interacts with travelers sharing their experiences on social media not only improves the relationship between destinations and travelers but encourages others to begin the travel planning process as well.

Travelers are accessible across all five stages of travel planning through a robust digital presence that inspires travel, produces confidence in the product, reduces friction in booking, and enables shared experiences.

3.2 Data Drives Performance

Data provide the foundation for insights. Digital platforms provide insights about aggregated online search records, traveler preferences, advertising effectiveness, visitor satisfaction, and tourist mobility tracking. Digital interactions generate data that can be used by businesses and DMOs to improve products and services for travelers and drive future growth.

**Developing messages from data** involves analyzing the travel data for trends, which will help destinations develop focused messages to travelers. Data analytics interprets existing data into new and productive business models based on real-time consumer behavior that can be tracked over time. Online search records can offer a real-time perspective on the popularity of various destination features. Traveler sentiment polling can help predict where relevant opinions may lie and help inspire destinations to develop solutions to address those concerns. Through mobility tracking destinations can measure which businesses are seeing shifts in traffic as visitation numbers climb.

**Planning action from data** brings strategic digital outreach and development to the forefront, where destinations act on knowledge gained about travelers to improve performance. This may translate into the development of additional marketing efforts for new target markets or changing the tone of existing messaging to match current sentiment and travel conditions. Encouraging additional digital engagement brings traveler perspectives to the forefront by aggregating what travelers share online and how they encourage others to visit the destination. Marketing strategies can also be adjusted based on digital key performance indicators (KPIs) for owned media (websites), social media, and paid media. Impressions, page views, click throughs, and bookings can all be tracked. This can allow businesses and DMOs to adjust messaging, customer targeting, and platforms in real time to maximize returns on investment.

Digital platforms generate a range of benefits for consumers and businesses.
Digital Impact on the Tourism Economy

Digital platforms generate benefits for both travelers and businesses. Tourism Economics has modelled the incremental impact of increased use and improvements to digital content and platforms on total overnight stays in Colombia since 2014. This analysis primarily focuses on the impact changes in traveler behavior as they use online platforms. It largely does not capture the positive effect on productivity that digitalization can have within tourism-related business and DMOs.

The methodology can be summarised as follows:

- The first step was to determine the number of overnight stays in Colombia over time (“baseline scenario”)—including both domestic and international travel.
- Next, we calculated the share of travel researched or booked via digital platforms within the historical time frame.
- We then developed an econometric model to calculate the extent to which increased use of digital platforms and online content impacted the number of overnight stays since 2014 (i.e. how much of the tourism growth was attributable to digital platforms).
- The econometric model results estimated what would have happened to the number of overnight stays if visitors were not able to increase their use of digital platforms and online content to book or research travel (“counterfactual scenario”).
- The difference between the baseline and counterfactual scenario is the additional impact supported by increased and improved use of digital platforms and tools.

### 3.3 Digital Impact on the Tourism Economy

This analysis was based on a combination of IPK survey data that identifies the search and booking patterns of travelers and Comscore tracking data for travel-related websites, along with data from Tourism Economics’ Global Travel Service (GTS) database.

### 3.4 Use of Digital Content and Online Platforms in Colombia

The first and second step of the analysis (presented above) indicated that 79% of overnight stays in Colombia in 2019 were booked or researched via digital platforms, up from 63% of overnight stays in 2012 (Figure 7). Therefore, we can say that 79% of tourism spend, GDP and employment in Colombia was linked to online research and booking—i.e. most of the tourism activity in 2019. The intensity of tourism research online varies by region, as demonstrated in Figure 8, which measures the compared use of various online sites for travel research purposes. Travelers to Colombia in 2019 relied on the internet to research travel more than most other competitive Latin American destinations but slightly less than Mexico. This slight disadvantage in the use of online travel research compared to Mexico illustrates the opportunity to connect with more potential visitors by enhancing online interactions.

By measuring search and booking patterns of travelers we identified internet platforms where inbound travel to Colombia was commonly researched or routed from. Overall, 83% of inbound travelers to Colombia used online platforms to research tips in 2019—2% greater than internet use for travel among source market regions. Colombia remains competitive with other Latin American countries across several key platforms and is slightly behind through the use of internet platforms for researching and booking accommodations (Figure 9). Use of social media (including YouTube) to support inbound travel in Colombia, however, remains on par with the rest of Latin America. Increasing social media interactions between Colombian destinations and travelers will enable tourism businesses to reach potential travelers throughout all stages of the planning process, remain competitive with source markets, and create a unique advantage compared to other destinations in Latin America.

### 3.5 Analysis on Digital Content’s Dynamic Impact on Tourism Growth

Next, we used econometric modelling techniques to determine the extent that increased and improved use of digital platforms had on the number of overnight stays. This analysis confirmed that increasing the use of digital platforms and tools has significantly influenced both domestic and international travel.

We then combined our estimates for the proportion of nights influenced by digital platforms and tools with the results of our econometric analysis to estimate how much lower the total number of overnight stays in Colombia would have been if the use of digital platforms and tools had not increased and improved since 2014. The confirmation of the positive influence of increased use of digital platforms and tools is visible in Figure 10. The counterfactual measure of nights holds the growth in the actual number of nights booked in Colombia. However, the baseline nights are linked to online research and booking—i.e. most of the tourism activity in 2019. The econometric techniques with a high degree of confidence. The proportion of the previously unexplained growth attributable to online platforms has been isolated. This analysis proves that use of online platforms has had a notable impact on growth in demand by source market and on destination market share.

### 3.6 Historic Additional Impact

The difference between the baseline and counterfactual scenario is the additional impact measured by the econometric model. The counterfactual measure of nights increasingly slips away from the count of baseline nights. This confirms that the increased use of digital platforms and tools when booking or researching trips contributed to growth in the actual number of nights booked in Colombia.
Driving the Tourism Recovery in Colombia

In the previous chapter, we demonstrated the impact of increasing digital platform engagement on travel growth in Colombia. In this chapter, we explore the opportunity to accelerate a recovery in travel with digital transformation and a wider embrace of online platforms. These services can aid the recovery by extending the marketing reach of destinations, providing clear messaging to a global audience to support a transparent and safe return to travel, and informing businesses about the current position and nature of the recovery in travel.

We focus on specific tools and provide an overview of the various content, platforms, and services that DMOs and tourism-related businesses can utilize to accelerate the recovery and conclude with related recommendations.

4.1 Current Position of DMOs

Tourism Economics works with more than 200 destination marketing organizations around the world each year as well as many of the largest global travel corporations. Our clients in every region are now developing strategic plans to produce a sustainable recovery in travel.

The global spread of the coronavirus pandemic has produced a historically challenging environment for DMOs, which often rely on visitors to fund essential operations (i.e. lodging taxes and tourism improvement district generated taxes). With the gradual reopening of cities, regions, and countries, DMOs are now looking to tap into pent-up travel demand through better use of digital platforms and online content. Assuring travelers that destinations are open for business and promoting pandemic safety measures have become the focus of destination marketing.

In August 2020, we partnered with NEXTFactor to conduct a survey of nearly 400 DMOs to learn how they are responding to the current crisis. Below are some of the key findings:

- Destination budgets have been severely impacted. Only 11% of respondents believe that next year’s budgets will be the same or increase from pre-COVID-19 budgets, while 20% of DMOs expect budgets to decrease more than 50% (Figure 12).
- DMOs are adding a destination management function to their mandate, leveraging new technologies, and engaging with community stakeholders—all while managing reduced budgets.
- DMOs are now looking to tap into pent-up travel demand through better use of digital platforms and online content. Assuring travelers that destinations are open for business and promoting pandemic safety measures have become the focus of destination marketing.

DMO survey insights

4 How Digital Content Can Support the Recovery in Travel

Destinations, governments, and businesses affiliated with the tourism industry in Colombia, and globally, are taking immediate actions to respond to the pandemic and the ensuing challenges. Many DMOs are adding a destination management function to their mandate, leveraging new technologies, and engaging with community stakeholders—all while managing reduced budgets. Despite the current realities of tourism, destinations are focused on tourism recovery, which will be driven by using digital platforms, online content, and data and analytics.

In the previous chapter, we demonstrated the impact of increasing digital platform engagement on travel growth in Colombia. In this chapter, we explore the opportunity to accelerate a recovery in travel with digital transformation and a wider embrace of online platforms. These services can aid the recovery by extending the marketing reach of destinations, providing clear messaging to a global audience to support a transparent and safe return to travel, and informing businesses about the current position and nature of the recovery in travel.

We then calculated the impact these additional nights had on GDP and employment (Figure 11) based on historic relationships. The additional overnight stays resulting from the increased use of digital platforms and tools supported US$965 million in additional GDP, as well as 73,000 jobs. If the digital footprint of travelers did not increase from 2014 to 2019, the additional impacts would remain at zero.

Figure 11: Net Additional Impact of Digital Platforms in Colombia, 2019

*The additional impact represents the net impact of increased use of digital platforms since 2014.

Figure 11: Net Additional Impact of Digital Platforms in Colombia, 2019

<table>
<thead>
<tr>
<th>$US millions</th>
<th>GDP</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$601</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>$364</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>$965</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**Source**: Tourism Economics

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DMO survey insights

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- When asked about the importance of different
Driving the Tourism Recovery in Colombia

customer engagement strategies, digital marketing, monitoring data, and digital platform engagement were considered “extremely important” by 80%, 65%, and 60% of respondents, respectively (Figure 13).

- When asked about the importance of community collaboration in the use of online platforms and content to reach visitors, 78% of DMOs indicated that community-involved digital strategies are important (Figure 14).

Stakeholder interview insights: global best practices

In addition to conducting industry surveys, we hosted one-on-one discussions with destinations, marketing agencies, and other tourism stakeholders to learn about digital best practices and how destinations and consumers are responding to the pandemic. Findings from the discussion can be summarized into three key themes: DMOs evolving role, adoption of digital platforms, and better use of data analytics.

Figure 12: How Does Your Organization’s Budget Next Year Compare to Your Pre-COVID-19 Budget?

<table>
<thead>
<tr>
<th>% of respondents surveyed</th>
<th>Increase</th>
<th>Stay the same</th>
<th>1-25% decline</th>
<th>26-50% decline</th>
<th>&gt;50% decline</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Nexfaktor</td>
<td>1%</td>
<td>10%</td>
<td>26%</td>
<td>43%</td>
<td>20%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Figure 13: How Important are the Following Customer Engagement Strategies?

<table>
<thead>
<tr>
<th>Source: Nexfaktor</th>
<th>Digital marketing</th>
<th>Monitoring data</th>
<th>Digital platform engagement</th>
<th>70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of responses rated as “extremely important”</td>
<td>80%</td>
<td>65%</td>
<td>60%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Figure 14: How Important is Community Collaboration in the Use of Digital Platforms to Reach Potential Visitors?

<table>
<thead>
<tr>
<th>Source: Nexfaktor</th>
<th>Important</th>
<th>Indifferent</th>
<th>Not Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of responses</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

1. DMOs evolving role

The role of a DMO is shifting from destination marketing to destination marketing and management (“DMMO”)—a transition that started prior to the COVID-19 pandemic but has since accelerated given the current state of the tourism industry.

To accomplish its enhanced role, DMOs are engaging more frequently with community stakeholders—private businesses, government entities, and residents—to further develop relationships and collaborate on initiatives that will uplift the entire destination. More specifically, DMOs are working with the broader community on the following efforts:

- Economic development—creating local assets and opportunities that will foster community growth in terms of developing new jobs and attracting new businesses and residents to the area
- Destination branding—developing an authentic brand that portrays the lifestyle and culture of the community
- Enhancing the digital ecosystem—educating and assisting local businesses to enhance their digital presence and develop online content that aligns with the destination branding and messaging

In addition to highlighting the importance of community engagement, the pandemic accelerated the need for DMOs to focus on the consumer buying decision process. Specifically, it helped DMOs acknowledge that consumers leverage a variety of digital platforms when selecting a destination to visit. Consumers rely less on DMO recommendations (i.e. listings on the DMO website) and more on consumer recommendations (i.e. reviews on Google, TripAdvisor, Yelp, etc.) when making travel decisions. This concept enticed DMOs to work with private sector businesses to enhance the digital ecosystem for the destination.

2. Adoption of Digital Platforms

The pandemic accelerated the adoption of digital platforms and online content. Traditionally, DMOs primarily promoted their destination by exhibiting at trade shows and advertising on TV, billboards, radio, and in magazines. Although effective when used in conjunction with digital marketing, the pandemic highlighted some of the issues associated with traditional marketing platforms (refer to the “Stakeholder interview insights: digital platform benefits” detailed later in this chapter for further insights) and fast-tracked the shift of marketing funding from traditional media to digital platforms. Although many destinations previously experimented with emerging digital platforms and online content—such as creating video and audio content (i.e. podcasts) or advertising on audio streams and Connected TV—there is increased adoption and a greater comfort level surrounding these technologies, as well as others.

DMOs are also leveraging more crowdsourced content, which appeals to both locals and outside visitors and helps the destination with storytelling. This user-generated content is generally posted on social media and provides consumers an opportunity to learn about the culture and lifestyle of the destination—one of the key roles for a DMO.

Though many DMOs reduced marketing efforts during the pandemic, an opportunity was provided for destinations to assess and enhance their digital ecosystem. DMOs are hosting webinars and one-on-one virtual sessions with local businesses to audit their digital presence and provide guidance on how to enhance their digital platforms and online content. These sessions will educate and digitally upskill the local workforce and ultimately develop the digital presence of the destination.

Digital platforms themselves also made updates due to the pandemic. For example, Google My Business, Yelp, and TripAdvisor all added new fields that allows businesses to provide information on safety measures, travel in the short term, which might not always align with the DMO Board of Director’s priorities. The goals must consider the entire destination, including those stakeholders outside of the tourism industry.

DMOs are more heavily leveraging crowdsourced content, which appeals to both locals and visitors from outside...
cleaning protocols, and updated hours, in addition to others.

3. Better Use of Data Analytics
Data and analytics continue to become increasingly important to the tourism industry, like many other industries. Data and research serve as the basis for a destination’s marketing decisions and helps to answer key questions such as:

- How should destinations allocate their marketing budget?
- What digital platforms should be used?
- What images and content should be incorporated in the marketing campaigns?
- What markets and demographics should the destination target?

It is even more critical to conduct research and data analysis during the pandemic due to limited funding available for marketing and the fact that many consumers are unwilling to travel at this time. Destinations now need to understand the consumers’ propensity to travel and account for other active travel prospects. Additionally, it is in the best interest of the destination to target travelers that are following the growth of the tourism industry and will continue to do so. In fact, digital will play a far greater role this year, and in the coming years.

Cost via digital platforms. Although there will always be a cost to produce content, the cost to distribute content has significantly reduced as destinations continue to shift marketing dollars to digital platforms.

Agility: Digital platforms allow destinations to quickly adapt content and messaging for the current environment. For instance, destinations quickly shifted messaging during the pandemic from promoting the destinations to focusing on their approach to safety.

Efficiency: Data and analytics used with digital platforms allows destinations to efficiently target travelers based on active travel prospects and other psychographic considerations. For example, digital marketing concepts, such as paid search, allows destinations to target consumers planning to travel in the near term.

Geolocation: Smart phone technology enables destinations to better understand how visitors travel throughout the destination, which provides numerous benefits. Through geolocation, destinations can learn about visitor characteristics and preferences, which can be leveraged to support investment decisions.

Geolocation also allows DMOs to target travelers from nearby markets during times when long-haul travel is suppressed and to engage visitors while in market—this can be used to complement traditional media by understanding where to purchase billboards or other placed ads.

The use of this technology should follow data privacy regulations. Technology platforms with geolocation capabilities should always ensure the user is aware of this use and that they can decline sharing their data.

Marketing return on investment (ROI): Digital platforms allow destinations to track the effectiveness or ROI of digital marketing campaigns, as well as other key performance indicators and market intelligence, which is especially important during the pandemic due to limited budgets and the need to more accurately target consumers ready to travel. Tracking effectiveness also allows destinations to refine and adjust future campaigns based on the performance of past campaigns.

DMOs and tourism-related businesses can use data to help identify movement trends, traveler sentiment, and online queries to aid in marketing their destinations to the ideal audiences.

Brand development: Digital platforms allow destinations to quickly develop authentic brands that can be consistently used across the industry. For example, a country can develop a country-wide brand and marketing campaign that, through digital, can easily and quickly be adopted by regions and local destinations throughout the country. In the past, it took years, even decades, for destinations to organically develop brands since it took longer for locations throughout the country to adopt the brand and messaging.

4.2 How Can Data Help DMOs and Tourism-Related Businesses?
For many destinations, questions remain on the best timing, approach, and new markets for reopening businesses. As highlighted in our consultation findings, DMOs and tourism-related businesses can use data to help identify movement trends, traveler preferences, and online searches that can help them market destinations to the ideal audiences. The demand for travel to return is growing, and so are the expectations that destination businesses follow appropriate health and safety measures. Using additional digital content and online platforms to observe the best strategies for destination reopening can foster further levels of trust between destinations and travelers, yielding a stronger and faster recovery.

In this section, we set out some practical examples of how data can help DMOs and tourism-related business navigate the recovery.

As a result of the coronavirus pandemic, consumer behavior adjusted in ways that immediately influence what destination marketing strategies are necessary.

Understanding what the new normal looks like
Travelers and destinations alike are learning to adapt to travel conditions that are evolving on a day-to-day basis. As a result of the coronavirus pandemic, consumer behavior adjusted in ways that immediately influenced what destination marketing strategies were necessary. These adjustments ranged from temporary to long-term effects and can be identified through better and more efficient use of data content and platforms.

Tracking consumer behavior changes is one way to gauge traveler preferences regarding post-pandemic travel. Demand for additional health and safety measures, no-contact services, and other risk management plans are naturally higher following the arrival of a global pandemic.

According to a Bloom Consulting survey conducted in April 2020, almost half of respondents who planned to travel for leisure said they may change destinations from what they had planned prior to the COVID-19 pandemic. When asked the factors contributing to the change in preferences, the most common responses were effective public governance and good health infrastructure (53%), followed by less crowds and extensive hygiene (39%).

The nature of trips is also shifting, with a consumer preference of shorter haul trips that often remain domestic.

The strategic use of data content and platforms can help understand changes in consumer behavior at the destination level. Observing online flight searches can support the explanation that current travel conditions were influenced by what destination marketing strategies were necessary.

As a result of the coronavirus pandemic, consumer behavior adjusted in ways that immediately influence what destination marketing strategies are necessary.
As travel behavior adjusts to new patterns, measuring how temporary or permanent these developments become can be achieved through monitoring the potential use of various modes of transport, such as flights.

Data from the Google travel insights dashboard can assist in predicting the recovery in a multitude of ways. Figure 15 demonstrates a rolling average of 28 days of searches for flights and accommodations to Colombia, compared to the same period one year ago. Domestic flight searches from within Colombia appear down by an average of 70% from last year from April through September, reflecting the air travel restrictions imposed by the government. Demand from international source markets such as Europe and the United States also fell sharply during this period, reflecting the closure of international tourism.

In September, the Colombian government began relaxing restrictions on movement and allowing the return of international commercial flights, with COVID-19 testing mandatory and other protocols in place. These positive signals coincided with an uptick in Google search activity. From September, international flights to Colombia along with non-resident accommodation bookings have begun to show signs of recovery. Domestic flights and accommodation bookings have also shown signs of recovery in the final quarter of the year, though it slowed down in December. Although initially lagging domestic searches in terms of its levels relative to last year, by the end of December, international and domestic travel demand had recovered to being down 46% and 56%, respectively. Google travel data can also show how destination use has developed from a city-level perspective, by examining searches for flights to Colombian cities, and also how the nature of accommodation demand has changed by segmenting accommodation searches by type.

Figure 15: Travel Interest in Colombia: Flights and accommodation searches in 2020

Consistent branding and messaging, communicated via digital collaboration, is essential to remaining competitive relative to other regional destinations.

4.3 Recommended Actions

Recommendation 1: Ensure an effective and accommodative regulatory framework

The government response to COVID-19 has been positive in the short-term. Measures have included a temporary reduction in sales and income taxes, lower estimated payments, and flexibility with tax payment deadlines for small and medium-sized businesses. These measures have provided much needed relief for the tourism industry, even if only temporary, and they will need to be extended into 2021 to further support recovery.

Long-term, the government needs to ensure a balanced regulatory framework that seeks to formalize and govern the sector without placing too great a burden on tourism businesses and those businesses that indirectly support the sector—including international digital platforms and tech companies.

Governments around the world, including in Colombia, are facing the challenge of crafting appropriate regulations for new and rapidly changing digital technologies. These challenges include: the “pacing problem,” in which digital technologies and their uses evolve faster than the regulations that govern them; a “fit-for-purpose” challenge, in which digitalization blurs the lines between markets and sectors, and consumers and producers; enforcement challenges, where content liability is often unclear; and transversal challenges, generated as digitalization crosses boundaries established by traditional institutions and regulations.

In December 2020, the existing regulation in the General Tourism Law was modified to establish several provisions. The main objectives of these provisions are to promote sustainability; implement mechanisms for the conservation, protection and use of different tourist attractions; increase competitiveness and promote the recovery of Colombian tourism through the creation of different incentives.

The new legislation intends to bring unregistered tourism service providers into the formal sector. Such a change could support minimum quality standards and ensure tax compliance of what is now a large informal sector.

Government should ensure the new legislation does not become an obstacle for digital innovation, and that the development and adoption of digital technologies are still incentivized. These priorities need to be balanced against the need for regulation to ensure quality.

Consultations with stakeholders from Google highlighted some concerns with how the new legislation has been drafted, and how the role of digital platforms has been defined within the sector. Stakeholders suggested that the following priorities should be considered “good practice” when developing legislation of this nature:

- Definition and allocation of liabilities and responsibilities: While introducing quality regulations into the government’s policies is important, there should also be a focus on defining clear boundaries between actors within the sector so there is a clear allocation of liabilities.
There is an opportunity to further diversify the travel offer and attract more independent travelers and responsibilities. Stakeholders indicated that the role of digital platforms in the marketing, sale, promotion, advertisement, offer, publicity, or intermediation for the provision of tourism services is different than providing direct tourism services. And while digital platforms can support the government’s effort to formalize unofficial and informal tourism service providers, the way the current legislation is drafted risks placing a significant burden on online and digital platforms by holding them responsible for the compliance of businesses that operate on their platforms.

- Neutrality and cooperation: The role of digital content intermediaries should remain neutral toward the contents of third parties (tourism service providers). However, digital platforms and government agencies should collaborate to make official information and guidance readily and easily available.

- Enhancing public digital access: Policies focused on closing the technological gap between the urban and rural population should not only be aimed at consumers, but also tourism service providers. The government should create practical requirements that can be met by lower-income, unofficial tourism service providers. This does not mean that any service provider can, automatically, become an official service provider. What should be considered, however, is the segmentation of the providers’ market in order to determine the standards that can be practically imposed.

The Government of Colombia should review these principles alongside the general challenges set out at the start of this section to ensure that its new legislation does not discourage innovation and competitiveness, which would stifle future expansion and development within the industry.

Recommendation 2: Build a consistent brand message through digital collaboration

PROCOLOMBIA and the private sector must align marketing messaging and tactics. This should include enhancing relationships between government entities, international digital platforms, and local businesses to develop a common vision and collective strategy for the destination.

Use of online platforms is not just associated with the attraction of new tourists but also with increased length of stay. Carefully used, digital information combined with skillful marketing can help facilitate multiple destination stays.

PROCOLOMBIA should lead this process by supporting the integration of travel partner audience segments and by developing a content strategy framework for messaging across all channels of communication.

Digital tools can support this with common media platforms, branding, messaging, and integrated strategy. This will allow for cooperative marketing and shared content to present a brand message that is consistent and powerful.

Stakeholder engagement is even more vital during difficult times. In the current environment, it is important that all local stakeholders utilize consistent messaging to communicate the safety measures and protocols currently enforced within the destination.

In addition to building relationships with local tourism stakeholders, destinations need to develop strategic relationships, as appropriate, with tourism suppliers worldwide, such as marketing agencies, data companies, OTAs, and others. Colombia is seen by many global companies as the gateway to South and Central America—a priority market for global business development—and is therefore well positioned to develop new relationships and enhance existing ones.

Recommendation 3: Upgrade and expand digital capabilities

The Vice-Ministry of Tourism, PROCOLOMBIA and regional and local authorities should allocate time to educate local businesses about digital best practices and provide assistance where needed. DMOs that focused on improving the destination’s digital ecosystem found it effective to help private sector businesses fix specific digital problems—such as updating websites, ensuring Google search information is complete, uploading new pictures, enabling digital transactions, and responding to reviews.

Specifically, PROCOLOMBIA could consider creating roadshows, webinars, and other educational materials to help local businesses assess their digital presence across various platforms. This will allow businesses to identify ways to enhance their digital presence and prioritize the list so they can focus on quick fixes first. The Vice-Ministry of Tourism and regional and local authorities can also work with local universities, online travel agencies, and other global tourism companies to develop courses and training opportunities intended to digitally upskill employees within the local tourism sector. These entities can also develop a digital incubator where they can collaborate on creating and implementing digital initiatives throughout the destination.

More broadly, the central, regional, and state public bodies should consider whether current education and training systems are able to ensure that future generations have the right mix of digital skills to thrive in digitally transformed businesses, including within the tourism sector. Governments should also consider whether current labor market policy supports adequate reskilling of existing employees to enable them to work effectively with the latest digital technologies.

Enhancing the digital presence of private sector businesses will enhance the destination’s digital ecosystem and make it more attractive to prospective travelers. The government of Colombia has already taken a proactive approach in embracing technological innovation in tourism by hosting the World Tourism Organization’s Tourism Tech Adventures: Scaling Up in April of 2019. This event brought together Colombian entrepreneurs focused on tourism innovation and sustainability with relevant stakeholders and investors and opened dialogues with Colombia’s public officials on supporting the advancement of technology in the tourism sector.

The synergies of continued dedication to promoting the entrepreneurial spirit in Colombia and providing the needed education to take advantage of digital technologies creates the opportunity for Colombia to emerge as a premier tech-savvy sustainable tourism destination.

However, despite Colombia’s recent efforts to digitally enhance the tourism industry, there is still more that needs to be done. The Colombian tourism industry can look to other countries for examples of initiatives that can be implemented to further upgrade and expand the digital capabilities. In South Africa, for example, the Technology Innovation Agency partnered with the South African Government’s Department of Tourism to develop the Tourism Technology Grassroots Innovation Incubation Programme, which aims to stimulate entrepreneurship and new start-up enterprises in the tourism industry. Refer to the Annex for additional information.

Recommendation 4: Secure funding for destination marketing and management

National destination marketing in Colombia should be secured to maintain and expand recent gains in
Driving the Tourism Recovery in Colombia

The tourism industry has been significantly impacted by the COVID-19 pandemic, and governments and organizations are looking for ways to support recovery. PROCOLOMBIA has developed a Tourism Promotion Fund to allocate resources for international tourism promotion. This fund is responsible for promoting the U.S. to international travelers and has contributions from over 700 partners, including economic development organizations, local tourism businesses, and state sources.

Likewise, Brand USA is a public-private partnership responsible for promoting the U.S. to international travelers. They have funded projects to use artificial intelligence to help make decisions about where and when to lift work restrictions imposed due to COVID-19. Moreover, in 2018, BBVA Bancomer and the Secretariat of Tourism in Mexico (SECTUR) partnered on a project called “Big Data and Tourism” to develop data analytics to prioritize source markets and develop customized marketing strategies for various consumer segments. Anonymized audience and insights-driven content can also help tailor the marketing content for each stage of the travel journey within these markets.

Recommendation 5: Utilize data analytics to support decision making

Destinations around the world are increasingly understanding the importance of data and the benefits it provides when making strategic and marketing decisions. According to the OECD, “… the crisis has highlighted shortcomings in the availability of timely, comparable, and granular data in quickly evolving situations. Reliable and consistent indicators are needed to evaluate the effectiveness of programmes and initiatives, and monitor progress on tourism recovery and resilience." 14

In terms of strategic decisions, data analytics can help secure tourism funding by establishing a baseline understanding about the visitor’s impact on the local community. It can also help determine how to allocate the budget among competing priorities.

Data analytics plays a key role in marketing, especially as a larger portion of destination marketing shifts from traditional media to digital media. Aggregated and anonymized data on consumer preferences and demographics from digital platforms effectively helps destinations determine target consumer groups, and the appropriate message and content to best connect with various consumer segments.

Given the importance of data analytics and the impact it can have on tourism recovery, the Vice-Ministry of Tourism, PROCOLOMBIA and regional and local authorities should work with mobile operators, tech companies, and local tourism businesses to obtain aggregated data on key indicators (e.g. number of visits, flights availability, etc.) and insights (e.g. barriers to travel, misconceptions) for current and potential travel source markets for Colombia. These data can help prioritize source markets and develop customized marketing strategies for various consumer segments.

Recommendation 6: Enhance and improve access to telecom infrastructure

Infrastructure remains an issue in Colombia, despite significant improvements in the past decade in developing mobile infrastructure—especially in cities and urban areas—still, rural areas lag behind. With fewer fixed lines in rural areas, most connectivity is achieved through mobile devices. 15 The share of Colombians with internet access increased more than 75% between 2010 and 2019, however, one-third of Colombians remain without internet access. The shortfall in digital platform penetration puts Colombia at a slight disadvantage compared to its competitive markets (Figure 16). 16

Figure 16: Internet Penetration Rates: Colombia and Competitors

<table>
<thead>
<tr>
<th>% of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
</tr>
<tr>
<td>Colombia</td>
</tr>
<tr>
<td>69%</td>
</tr>
<tr>
<td>69%</td>
</tr>
</tbody>
</table>

Source: Hosted in, We Are Social

* Competitive market mix is a weighted regional average including Turkey, Saudi Arabia, UAE, and Qatar.

Figure 17: Average Internet Connection Speed

<table>
<thead>
<tr>
<th>MBPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
</tr>
<tr>
<td>18.71</td>
</tr>
<tr>
<td>Travel</td>
</tr>
<tr>
<td>58.58</td>
</tr>
</tbody>
</table>

Source: Hosted in, We Are Social

In conclusion, data analytics and research will play a crucial role in effectively communicating this message. PROCOLOMBIA can gain insights from the funding models of other destinations. The Panamanian Government, for instance, developed the Tourism Promotion Fund, which provides dedicated funding for international tourism promotion. The Tourism Promotion Fund is financed by an international passenger service fee at Tocumen Airport (the international airport of Panama City), private company contributions and donations, and government and state sources.

Moreover, as the role of DMOs shifts from destination marketing to destination management, it becomes increasingly important for PROCOLOMBIA to establish a data ecosystem for tourism recovery and resilience.14 DMOs will need to commit a significant amount of resources—both time and money—to accomplish the additional goals associated with destination management, including economic development, destination branding, and enhancing the digital ecosystem.

PROCOLOMBIA will need to articulate how their responsibilities have grown from engaging travelers to making the destination an attractive place to live, work, and visit. Data analytics and research will play a crucial role in effectively communicating this message.
Driving the Tourism Recovery in Colombia

Building trust and confidence in consumers is critical in the current environment

reasonably contained, domestic travel can help offset some of the decline in international visitation. During the pandemic, many destinations transitioned marketing efforts toward supporting travel dreams while travel restrictions remained in place. For example, at the start of the pandemic, Discover Puerto Rico created the "All in Good Time" marketing campaign, which included videos and Instagram Live sessions to keep Puerto Rico appealing to future travelers. This marketing approach was similar to many destinations around the world. What set Puerto Rico apart, however, was that it also launched live guided tours via Google Earth, the first destination to do so.

Moreover, the Portuguese National Tourist Board, Turismo de Portugal, launched the "It’s time to stop" marketing campaign that signaled the importance of taking time to pause and “change our little world and calibrate the path of mankind.” Refer to the Annex for additional information.

4.4 The Future of Digitization in the Tourism Sector

When businesses adapt existing digital processes to best fit the environment of the recovery and future of the tourism industry, they bring additional productivity into their work that sees ripple effects across the economy. These digital investments encourage destinations to become more creative and competitive at attracting traveler demand, while simultaneously improving their own business practices.

Careful inclusion of digital best practices can position a destination to pursue strategies enabled by the increased use of digital content and platforms. Providing an up-to-date business model can stabilize the working environment while encouraging a smarter, more innovative approach to tourism. For example, the internal use of cloud computing creates a transferrable environment for destinations that can then be managed from anywhere with reliable internet access. The external implementation of technologies such as artificial intelligence (AI) can assist travelers exploring or booking from destination websites through the use of chatbots. This expansion can provide a valuable source of data to destinations to measure how individuals interact with their website.

In addition, collecting user-generated content from social media platforms can create a record of the image a destination has built among its travelers. All of these practices can contribute to the development of effective campaigns using insights gained from expanding the collection of traveler data content. As destinations understand their travelers more, through efficient data collection and monitoring, the relationship between tourism businesses and consumers can flourish.
Driving the Tourism Recovery in Colombia

5 Travel Outlook

This chapter examines the outlook for tourism in Colombia under two scenarios. This includes a baseline outlook as well as an alternative “opportunity outlook” that incorporates the benefits of the combined recommendations highlighted above.

5.1 Baseline Outlook

Recovery at the global level will largely hinge on widespread control of the coronavirus pandemic, which continues to permeate and resurface in many countries. Supporting domestic and short-haul travel remains critical for near-term recovery, this includes ensuring that remote destinations are prepared to host visitor segments less interested in cities. Tourism is additionally being revitalized through the renewed movement of international travelers between countries where pandemic spread has become less intense.

Overnight visits to Colombia are set to exceed 2019 levels by 2023, reaching a total of 14.5 million. This recovery will be largely supported by the revival of domestic tourism, while international tourism regains its footing. Near-term shifts to domestic and short-haul travel will contribute to the domestic share of total overnight visits to Colombia remaining above its 2019 share throughout the forecast period. By 2028, the domestic share of overnight visits will be 74%, still 4% higher than in 2019. Growth in domestic visits will support a return to 2019 levels by 2023, while international visits will not exceed 2019 levels until 2025.

The recovery in travel and tourism’s total contribution to GDP will accelerate into 2021 but remain below pre-coronavirus levels until 2025. Travel and tourism’s GDP contribution is expected to grow 59% in 2021, reaching a total of US$9.3 billion. This value added for 2021 will remain at only 59% of 2019 levels. GDP contributions of travel and tourism to the Colombian economy will reach US$16.2 billion by 2024.

Total employment contributions as a result of travel and tourism to Colombia will remain below 2019 levels throughout the forecast period, supporting a total of 1.1 million jobs in 2028. Most employment gains will occur during 2021 and 2022, following the rebound in visits, nights and spending. A slower pace of growth is then likely in each year up to 2028, closer to longer-run trends. Our assumption that productivity in the travel and tourism industry and the wider economy increases in future years contributes to the slower pace of the employment recovery compared to spend or GDP. The number of jobs created per additional US$1 million of total travel and tourism GDP declines 32% in 2028 relative to 2019.

5.2 Opportunity Outlook

The recovery profile of both inbound and domestic visitors varies significantly under alternative scenarios. Uncertainties surrounding these forecasts in part involve the degree at which the coronavirus pandemic continues to impact global travel.

For example, wide vaccine distribution in 2021 and effective immunity against infection and transmission would allow current restrictions to be eased faster, facilitating a rapid recovery and limiting permanent damage on the global economy. This would drive a quicker return to 2019 peaks. However, if infections continue to rise and the distribution of vaccines are delayed (and/or effectiveness is less than anticipated), downside risks will become more likely. With the resurgence of travel restrictions in areas where infection rates began to spike again, forecasts for recovery can become increasingly volatile.

The recovery also depends on what actions governments, businesses, and individuals take in response to the crisis.

Increasing control of the coronavirus pandemic will aid the travel and tourism industry’s recovery and support a quicker return to previous levels of visitation. However, depressed traveler sentiment and slower economic growth can create drags on the sector’s recovery even after travel restrictions have been lifted. Additionally, there may also be potential supply constraints, reflected in the closure of many providers as a result of the crisis.

DMOs, tourism-related businesses and other travel industry stakeholders and policymakers can all play a role in mitigating these problems and supporting new growth.

Proactive steps include investment in travel infrastructure such as airports and local transportation; a review of tax policies and investment incentives to facilitate private sector investment in travel and tourism enterprises; and action to mitigating traveler risk aversion.

Better use of data and digital content and platforms will also be key in supporting the tourism recovery.
Investment in extended use of digital platforms and other actions recommended above will drive an increased use of platforms. Modelling of the contribution of digital content to travel growth in sections 3.5 and 3.6 has been extended for the forecast period. A baseline outlook considers a constant use of digital platforms for travel planning over the next five years. An opportunity outlook considers an increased use of digital tools by travelers for planning. This is facilitated by tourism service providers investing to meet any historic shortfall and match the increased demand for information and digital services. The associated boost in activity implied by historic trends and increased user and provider interactions has been calculated.

The proportion of travel to Colombia organized online has increased significantly in recent years, and we estimate it slightly leads preferences in major source markets. There remains some opportunity to catch up with preferences among travelers. For example, IPK data show that the proportion of travelers to Colombia relying on internet platforms to research or book accommodations trails that of Latin America overall. There is a further opportunity to embrace best practice and drive additional travel activity.

Under an alternative “opportunity outlook” that incorporates the benefits of the combined recommendations for Colombia, we anticipate an even greater increase in the adoption and use of digital platforms. Under this scenario, the use of digital platforms would increase to match source market preferences and any higher use for benchmark competitor destinations. Based on the historic estimated relationship between digital use and travel activity, a higher opportunity outlook has been quantified. Growth would exceed the baseline projections with a cumulative increase in tourism spending of US$800 million over the next five years. This would create an additional 26,000 new jobs by 2025. However, as noted in chapter 3, these estimates do not fully capture the positive effect on productivity by committing to better adoption of the suggested digital strategies.

The table below (Figure 24) summarizes the baseline outlook and the potential opportunity scenario for the travel and tourism industry in Colombia. Our baseline outlook depicts the expected recovery from the coronavirus pandemic, including some continued online interactions based on the past level of digital activity. The upside scenario illustrates the potential opportunity from the combined recommendations highlighted in chapter 4. By increasing digital interactions, Colombia will realize a competitive edge compared to other Latin American destinations. An increase in competitiveness will occur if all destination organizations and tourism businesses in Colombia improve online interactions with potential travelers throughout all stages of the planning process. Gains were estimated based on the historic estimated relationship between digital interactions and tourism sector performance, taking all other drivers of destination and source market demand into account.

A clear opportunity exists to invest in the expansion of digital efforts that bring destinations closer to travelers and reach a larger audience of both domestic and international tourists. Key actions to meet increasing traveler use of digital tools and maximize the opportunity outlook include:

- Ensuring an effective and accommodative regulatory framework
- Building a consistent brand with key tourism stakeholders through digital collaboration
- Upgrading and expanding digital capabilities and skills among tourism SMEs
- Securing funding for destination marketing and management
- Utilizing data analytics to support decision making by PROCOLOMBIA and tourism businesses
- Improving internet infrastructure and speeds across Colombia
- Supporting travel dreaming with digital storytelling in key source markets
- Adapting Colombia’s tourism offer to new consumer preference and sensitivities

These actions will support a strong tourism recovery in Colombia and the long-term health of the industry, by establishing a tourism market that is larger, more diverse, and faster growing.

![Figure 21: Digital Travel Footprint in Colombia](source)

<table>
<thead>
<tr>
<th>Year</th>
<th>Colombia</th>
<th>Source markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>65%</td>
<td>79%</td>
</tr>
<tr>
<td>2019</td>
<td>68%</td>
<td>81%</td>
</tr>
</tbody>
</table>

![Figure 22: Opportunity for Higher Tourism Spending in Colombia, 2021 to 2025](source)

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>Opportunity Outlook</th>
<th>Potential Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>0.10</td>
<td>0.17</td>
<td>0.24</td>
</tr>
<tr>
<td>2022</td>
<td>0.21</td>
<td>0.31</td>
<td>0.85</td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Figure 24: Baseline Outlook and Potential Growth Attributable to Higher Online Presence for Colombia](source)

<table>
<thead>
<tr>
<th>Year</th>
<th>Nights (millions)</th>
<th>Spend (US$ billions)</th>
<th>GDP (US$ billions)</th>
<th>Jobs (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>20.8</td>
<td>6.6</td>
<td>9.3</td>
<td>662</td>
</tr>
<tr>
<td>2022</td>
<td>26.1</td>
<td>8.7</td>
<td>12.5</td>
<td>842</td>
</tr>
<tr>
<td>2023</td>
<td>29.8</td>
<td>10.2</td>
<td>14.7</td>
<td>944</td>
</tr>
<tr>
<td>2024</td>
<td>32.2</td>
<td>11.2</td>
<td>16.2</td>
<td>996</td>
</tr>
<tr>
<td>2025</td>
<td>34.3</td>
<td>12.2</td>
<td>17.7</td>
<td>1,041</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Potential Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>0.1</td>
</tr>
<tr>
<td>2022</td>
<td>0.2</td>
</tr>
<tr>
<td>2023</td>
<td>0.3</td>
</tr>
<tr>
<td>2024</td>
<td>0.4</td>
</tr>
<tr>
<td>2025</td>
<td>0.6</td>
</tr>
</tbody>
</table>

![Figure 23: Opportunity for Higher Employment in Colombia, 2021 to 2025](source)
Driving the Tourism Recovery in Colombia

6 Annex

This annex includes case studies of the recommendations made in this report. Some of these are from competitor countries in the same region, while others are global examples.

6.1 Case Studies: Upgrade and Expand Digital Skills and Capabilities

Nigeria – Google launched the Digital Skills for Africa program in 2016 to help individuals and businesses in Africa enhance their digital skills and succeed online. The program provided free online courses, tools, and in-person digital training to educators, jobs seekers, and businesses.

Nigerian residents and businesses heavily utilized the program, with more than 450,000 Nigerians participating in 2016 and 2017 out of a total target of 1 million for the entire continent. Given its success, Google extended the program in 2017 for an additional five years and set an updated target of training 10 million people. Nigerians maintained their strong participation as the program expanded into additional locations, including Aba and other local communities in the Abia State in 2019.

South Africa – The Technology Innovation Agency partnered with the South African Government’s Department of Tourism in December 2020 to develop the Tourism Technology Grassroots Innovation Incubation Programme (TTGIIP). The two-year program “Aims to stimulate entrepreneurship and new start-up enterprises in the tourism industry, underpinned by technology, innovation and new business ideas that have potential to enhance services and experiences in tourism.” The program will focus on four key business development initiatives:

1. Business management skills for entrepreneurs through development and training
2. Enterprise idea and prototype design and development, business viability and market testing, regulatory compliance, business financial/risk structure and quality standards
3. Start-up funding and venture capital for business expansion
4. Market and trade associations for enterprise commercialization

The use of digital solutions is seen as a route to open new frontiers in tourism, raise the sector’s competitiveness, and improve resource management post-COVID. Through its Enterprise Development Network, the Department of Tourism is advocating to embed technology and innovation at the heart of the tourism sector.

6.2 Case Studies: Utilize Data Analytics to Support Decision Making

Argentina – Travel organizations in Argentina are participating in a government project to use artificial intelligence to help make decisions about where and when to lift the work and travel restrictions imposed due to COVID-19. The country is testing a predictive analytics engine built by Israeli startup, SparkBeyond, to identify which regions can relax restrictions early and which need to stay under lockdown. The project uses data from the local Ministry of Health as well as hundreds of external data sources, including travel organizations.

Mexico – In 2018, BBVA Bancomer and the Secretariat of Tourism in Mexico (SECTUR) partnered on a project called “Big Data and Tourism” to create new insights based on the spending patterns of national and international visitors to Mexico. The project collected data from 86 million national and foreign bank cardholders over a one-year period in more than 12 areas throughout Mexico. The data was anonymized, and the results were presented in aggregate. The analysis delved into the spending patterns of tourism and captured a vision of the areas and services of interest to visitors through statistical data. For example, the study revealed that Cancún mainly attracts visitors from the United States and Argentina, while in Cozumel, Mexicans mostly spend money on restaurants and travel.

6.3 Case Studies: Enhance and Improve Access to Telecom Infrastructure

Panama – The Panamanian Government believes that advancing internet and technological innovation will enable the country to experience strong growth in a service-based economy. Since 2003, when fixed line telecommunication was moved from a monopoly under Cable & Wireless Communications to an open and competitive market, the country became a technological innovation leader in Latin America and was the first Latin American economy to install 4G. The National Authority for Government Innovation (AIG - Autoridad Nacional para la Innovación Gubernamental) played a key role in the transformation. The country also experienced success by developing peripheral regions formerly disadvantaged in terms of digital connectivity, subsequently benefitting tourism in these regions.

Ukraine – Even though the telecom and broadband infrastructure in Ukraine is well developed, the country continues to implement policies to further enhance the connectivity, particularly in rural areas. In July 2020, the Ministry of Digital Transformation established a four-year target to provide the rural population with a minimum fiber broadband speed of 100 Mbps. It also intends to use public-private partnerships to increase the percentage of the country’s rural population that has access to broadband from 65% to 95%.

Over the next 2.5 years, Ukrtelecom, in partnership with Iskratel and SJD Banka, plans to roll out broadband to 2.6 million rural citizens. So far, the new network already connects over 200,000 people in 180 villages.

6.4 Case Studies: Securing Funding for Destination Marketing and Management

Panama – In 2017, the Panamanian Government created the Tourism Promotion Fund, which provides dedicated funding for international tourism promotion. PROMTUR, which also was developed in 2017 (commenced operations in 2019), is the public-private destination marketing organization responsible for promoting Panama internationally. The Tourism Promotion Fund is funded by an international passenger service fee at Tocumen Airport, private company contributions and donations, and government and state sources.

United States – The Travel Promotion Act of 2009 established Brand USA, which is a public-private partnership responsible for promoting the U.S. to international travelers. Brand USA is funded by contributions from over 700 partnering organizations that are matched by fees paid by international travelers that come to the U.S. under the Visa Waiver Program.

6.5 Case Studies: Support Travel Dreams with Digital Story Telling

Puerto Rico – At the start of the pandemic, Discover Puerto Rico created the “All in Good Time” marketing campaign, which included videos and Instagram Live sessions to keep Puerto Rico appealing to future travelers. This marketing approach was similar to many destinations around the world. What set Puerto Rico apart, however, was that it also launched live guided tours via Google Earth, the first destination to do so. The live tours, which lasted about 30 minutes and could be viewed by Facebook users, rendered a 3D representation of a location based primarily on satellite imagery.

Discover Puerto Rico has committed to offering travelers ways to take vacations virtually, using the opportunity to highlight the work of some key tourism businesses on the island.

Portugal – The Portuguese National Tourist Board, Turismo de Portugal, launched the “It’s time to stop” marketing campaign that meshed the importance of taking time to pause and “change our little world and calibrate the path of mankind.” The beaches, monuments, nature, and landscape will still be there waiting for visitors once the time comes.
The campaign consisted of videos that portrayed the landscape, nature, and beauty of Portugal. It also leveraged the hashtag #CantSkipHope, which built upon an earlier pre-pandemic campaign that utilized the hashtag #CantSkipPortugal.

6.5 Case Studies: Adapt to New Consumer Expectations

South Africa – The South African Tourism Strategy, Insights & Analytics team recently deployed an International Tourists Behavior Survey that examined how the COVID-19 pandemic changed consumer preferences and attitudes of visitors that traveled to South Africa in the past five years.

Survey results found that South Africa remained the top choice destination among potential travelers, followed by New Zealand, Canada, Costa Rica, and Namibia. Other trends from the survey included:

- A shift away from crowded, urban sites toward wide open spaces
- Safari emerging as the most popular reason for leisure visitation to the country
- Millennial travelers projected to be the first back to the market

These findings can help South African Tourism develop future marketing campaigns and help private sector businesses strategize moving forward.

Endnotes

1 Note: All historic GDP and employment impact figures cited from World Travel & Tourism Council. Data for historic visits, nights and spend are from Tourism Economics databases. All forecasts are produced by Tourism Economics.


3 CNN, Coronavirus: Which countries have travel bans?, March 20, 2020.

4 GDP and unemployment forecasts were sourced from Oxford Economics’ Global Economic Model. This is a globally integrated economic model, covering over 80 countries, which provides consistent country levels forecasts for a wide range of metrics. Where available, this model draws on data published by national statistics bodies. GTS and GCT travel and tourism forecasts are consistent with this model.

5 Total visitor spend estimates do not include spending on inbound transportation. However, revenues from inbound transportation are included in our assessment of direct travel and tourism GDP, presented below.

6 Definitions presented in the blue box located at the end of this section were sourced from UNWTO glossary of tourism terms web page.


8 IPK International conducts an annual survey monitoring global outbound travel demand. This survey provides select measures of travel online search behaviour and booking patterns, as well as demographic details.


11 Travel Insights with Google.


14 UNWTO, Colombia Hosts UNWTO Tourism Tech Adventure: Scaling Up, April 29, 2019.


17 The competitive market includes selection of comparable emerging markets from the same region as Colombia.

18 OECD, OECD Review of Telecommunication Policy and Regulation in Colombia, April 2014.

