

DATA AND DIGITAL PLATFORMS

# Driving the Tourism Recovery in Ethiopia



All rights reserved to Tourism Economics and Google. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of Tourism Economics or Google except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law.

# Contents

|   |           |
|---|-----------|
| <b>Executive Summary</b>  | <b>4</b>  |
| E1. The economic impact of tourism in Ethiopia                                  | 6         |
| E2. Digital content drives travel activity                                      | 6         |
| E3. The benefits of digital platforms   | 6         |
| E4. Recommendations for recovery  | 7         |
| E5. Opportunity to accelerate the recovery                                      | 9         |
| <b>1. Introduction</b>  | <b>11</b> |
| <b>2. The Impact of Travel in Ethiopia</b>                                      | <b>12</b> |
| 2.1 Visits  | 12        |
| 2.2 Spending  | 13        |
| 2.3 Economic impact   | 14        |
| <b>3. The Role of Digital Content and Online Platforms in Generating Travel</b> | <b>16</b> |
| 3.1 Digital as a catalyst for travel  | 16        |
| 3.2 Data drives performance   | 17        |
| 3.3 Digital impact on the tourism economy                                       | 18        |
| 3.4 Use of digital content and online platforms in Ethiopia                     | 18        |
| 3.5 Analysis on digital content's dynamic impact on tourism growth              | 19        |
| <b>4. How Digital Content Can Support the Recovery in Travel</b>                | <b>21</b> |
| 4.1 Current position of DMOs  | 21        |
| 4.2 How can data help DMOs and tourism-related businesses?                      | 25        |
| 4.3 Recommended actions   | 27        |
| 4.4 The future of digitization in the tourism sector                            | 32        |
| <b>5. Travel Outlook</b>  | <b>33</b> |
| 5.1 Baseline outlook  | 33        |
| 5.2 Opportunity outlook   | 34        |
| <b>6. Annex</b>   | <b>38</b> |
| <b>Endnotes</b>   | <b>40</b> |



# Executive Summary

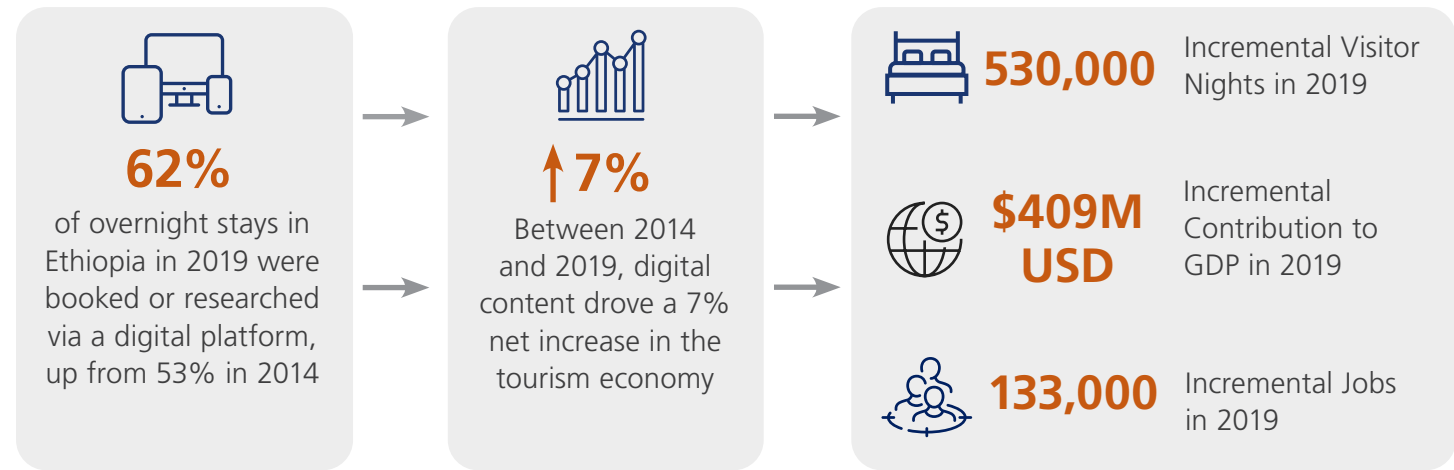
The tourism industry has suffered more than any other sector due to COVID-19 and the resulting global economic recession; the challenges to a full recovery in travel are formidable. Digital content and platforms have been proven to drive growth in travel. This study seeks to identify how data and these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

## The Economic Impact of Tourism in Ethiopia

Domestic and international visitor spending in the Ethiopian economy directly contributed US\$2.4 billion to Ethiopian GDP and supported a US\$6.1 billion total impact including indirect and induced impacts. The Ethiopian travel and tourism industry represented 7% of total GDP in 2019. This economic activity supported 2.0 million jobs.



## Digital Content Drives Travel



## Opportunity to Accelerate the Recovery

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

### Baseline Outlook

Ethiopia's visitor volumes are set to fully recover to 2019 levels by 2023, followed by spending one year later. Tourism Employment levels will remain below 2019 levels throughout the forecast period.

### 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.



## Baseline Outlook and Potential Additional Growth Attributable to Higher Online Presence

|                       |                     | 2021 | 2022  | 2023  | 2024  | 2025  |
|-----------------------|---------------------|------|-------|-------|-------|-------|
| Nights (millions)     | Baseline            | 8.1  | 9.9   | 11.1  | 11.8  | 12.4  |
|                       | Opportunity Outlook | 8.2  | 10.1  | 11.4  | 12.3  | 13.0  |
|                       | Potential Increase  | 0.1  | 0.2   | 0.3   | 0.5   | 0.6   |
| Spend (US\$ billions) | Baseline            | 1.8  | 2.1   | 2.3   | 2.6   | 2.8   |
|                       | Opportunity Outlook | 1.9  | 2.2   | 2.5   | 2.8   | 3.0   |
|                       | Potential Increase  | 0.0  | 0.1   | 0.1   | 0.2   | 0.3   |
| GDP (US\$ billions)   | Baseline            | 3.1  | 3.8   | 4.7   | 5.5   | 6.2   |
|                       | Opportunity Outlook | 3.1  | 3.9   | 4.8   | 5.7   | 6.5   |
|                       | Potential Increase  | 0.0  | 0.1   | 0.2   | 0.2   | 0.3   |
| Jobs (thousands)      | Baseline            | 932  | 1,073 | 1,250 | 1,412 | 1,541 |
|                       | Opportunity Outlook | 944  | 1,096 | 1,285 | 1,460 | 1,602 |
|                       | Potential Increase  | 12   | 23    | 35    | 48    | 61    |

## E1 The Economic Impact of Tourism in Ethiopia

### Travel and tourism makes a significant contribution to national income

From 2010 to 2019, total overnight visitation to Ethiopia grew 74%.<sup>1</sup> International overnight stays rose 93% over these 10 years, while domestic visits increased 65%.

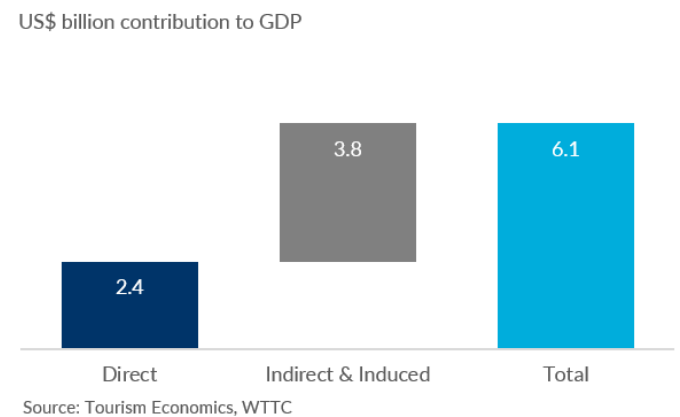
In 2019 domestic and international visitor spending directly contributed US\$2.4 billion to Turkish GDP and supported a US\$6.1 billion total impact including indirect and induced impacts. The Turkish travel and tourism industry represented 7% of total GDP in 2019, with this economic activity supporting nearly 2 million jobs (equal to more than one in every 20 jobs).

### Tourism Has Experienced Massive Losses

Total visitor spend is estimated to have declined by almost US\$1 billion in 2020, representing a near 40% drop from 2019 levels. The international market experienced the most acute losses, with inbound spending down about 60% in 2020.

The reduction in visitor spending in 2020 jeopardized more than 1.3 million jobs within the Ethiopian travel and tourism sector and related industries.

Figure E1: Travel and Tourism's GDP Contributions to the Ethiopian Economy, 2019



## E2 Digital Content Drives Travel Activity

Digital content and online platforms can elevate the ability of a destination to reach travelers across the globe. 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 (62%) of overnight stays in Ethiopia in 2019 were booked or researched via digital platforms, up from 51% 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\$409 million to Ethiopian GDP in 2019 and supported 133,000 jobs. Digital content increased tourism activity 7% over the past five years, representing a nearly 25% share of total 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.

More specifically, digital platforms provide the following benefits:

Figure E2: The Five Stages of Travel Planning



- **Scalability.** Easily share content and messaging to a large population at a relatively low cost.
- **Agility.** Quickly adapt content and messaging for the current environment.
- **Efficiency.** Target travelers based on active travel intenters and other psychographic considerations.
- **Geolocation.** Better understand how visitors travel throughout the destination and learn about consumer preferences, which can be leveraged to support investment decisions. 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).** Gauge the effectiveness or ROI of digital marketing campaigns, which can help refine and adjust future campaigns.
- **Brand Development.** Develop authentic brands that can be consistently used and easily adopted across the industry.

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 Ethiopia must take immediate actions to support a robust recovery through digital transformation. 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 due to COVID-19.

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 just marketing the destination to promoting the health and safety protocols implemented throughout the region, which helped to build consumer confidence and keep the

**More than 500,000 additional visitor nights directly resulting from the increased use of digital platforms and tools generated US\$409 million in Ethiopian GDP in 2019**

destination top of mind for future travelers.

Despite the current realities of reduced travel, Ethiopia 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. Improve telecom infrastructure

The private sector in Ethiopia should work alongside the government to ensure the digital economy continues to develop in line with the principles set out in the Communications Services Proclamation—legislation that supports a regulatory framework for an open telecom market. Improving broadband connectivity for businesses, residents, and visitors will make Ethiopia a more appealing destination to live and visit.

Increased access to high-quality and affordable broadband alongside other digital infrastructure is vital if tourism businesses operating in rural areas of Ethiopia are to receive the full benefits of engaging with digital platforms and utilizing data analytics. Good mobile coverage for tourists visiting rural areas is also key, especially for the experiencing and sharing stages of the traveler journey.

#### 2. Secure DMO funding

The Ethiopian Tourism Organization (ETO), which is supervised by the Ethiopian Ministry of Culture and Tourism (MoCT), is responsible for developing and promoting tourism at the national level. The ETO should secure funding from multiple sources in the public and private sectors. Where possible, governments should protect the budgets of DMOs over the coming years. Although funding will be difficult to secure during the pandemic, governments should recognize it is a critical investment and priority that will help to accelerate tourism recovery.

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.

3. Upgrade and expand digital capabilities and skills

If private sector businesses throughout the country enhanced their digital presence, it would enhance the entire destination’s digital ecosystem, making the destination more visible to prospective travelers.

The ETO and MoCT should allocate resources to educate local businesses about digital best practices and collaborate with universities and digital companies to develop a more robust digital skills education platform.

Enhancing the access tourism businesses have to digital experts, industry leaders, training, and information will facilitate the integration of digital technologies and improve awareness of the benefits of digital transformation. Another 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.<sup>2</sup>

4. Build a consistent brand message through digital collaboration

The ETO 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.

The MoCT and ETO could lead this process by supporting the integration of travel partner audience segments (e.g. Travelstart, Wakanow, Ethiopian Airlines, Limalimo Lodge, Sapphire Addis, Gheralta Lodge, Bale Mountain Lodge, Kuriftu Resort and Spa, etc.) 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.

5. Utilize data analytics to support decision making

The ETO 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 (OTAs), 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 MoCT and ETO should explore whether this support could help with other ways to apply data analytics.

Public bodies can play a leading role in encouraging the use of data analytics in tourism SMEs in Ethiopia through the development of targeted initiatives to

Key Recommended Actions



improve telecom infrastructure



Secure DMO Funding



Upgrade and expand digital capabilities and skills



Build a consistent brand message through digital collaboration



Utilize data analytics to support decision making



Continue to tell stories with the extended reach of digital platforms



Adapt to new consumer sensitivities

Baseline Outlook and Potential Growth Attributable to Higher Online Presence for Ethiopia

|                       |                     | 2021 | 2022  | 2023  | 2024  | 2025  |
|-----------------------|---------------------|------|-------|-------|-------|-------|
| Nights (millions)     | Baseline            | 8.1  | 9.9   | 11.1  | 11.8  | 12.4  |
|                       | Opportunity Outlook | 8.2  | 10.1  | 11.4  | 12.3  | 13.0  |
|                       | Potential Increase  | 0.1  | 0.2   | 0.3   | 0.5   | 0.6   |
| Spend (US\$ billions) | Baseline            | 1.8  | 2.1   | 2.3   | 2.6   | 2.8   |
|                       | Opportunity Outlook | 1.9  | 2.2   | 2.5   | 2.8   | 3.0   |
|                       | Potential Increase  | 0.0  | 0.1   | 0.1   | 0.2   | 0.3   |
| GDP (US\$ billions)   | Baseline            | 3.1  | 3.8   | 4.7   | 5.5   | 6.2   |
|                       | Opportunity Outlook | 3.1  | 3.9   | 4.8   | 5.7   | 6.5   |
|                       | Potential Increase  | 0.0  | 0.1   | 0.2   | 0.2   | 0.3   |
| Jobs (thousands)      | Baseline            | 932  | 1,073 | 1,250 | 1,412 | 1,541 |
|                       | Opportunity Outlook | 944  | 1,096 | 1,285 | 1,460 | 1,602 |
|                       | Potential Increase  | 12   | 23    | 35    | 48    | 61    |

Improving internet availability and speeds will be critical to meeting the demands of inbound tourists after the recovery

support the integration of these technologies and promote a digital outlook. 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.

For the Ethiopian government to do this effectively, they must continue to develop their understanding of the needs of domestic tourism businesses that are trying to engage in digital transformation and what barriers more traditional tourism businesses face to adopt digital technologies—beyond just developing necessary skills.<sup>3</sup>

6. Continue to tell stories with the extended reach of digital platforms, including social media

Travelers are still dreaming and ready to travel when it is safe. The Ethiopian tourism industry should focus marketing efforts toward domestic and regional (Sub-Saharan Africa) travel while safety concerns and restrictions related to international travel are in place. Digital platforms are uniquely able to keep Ethiopia a preeminent destination.

The ETO and MoCT should educate local tourism businesses how to effectively use social media for

storytelling, a highly effective and low-cost effort that resonates with the vast number of consumers that frequently use social media platforms in source markets.

7. Adapt to new consumer sensitivities

The travel and tourism industry must consider new consumer travel behaviors resulting from the pandemic when developing future marketing campaigns. Messaging should be designed to build trust and communicate health and safety protocols.

E5 Opportunity to Accelerate the Recovery

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

Baseline Outlook

Although Ethiopia’s visitor volumes are set to fully recover to 2019 levels by 2023, total visitor spending will take one year longer to recover. This outlook is consistent with past market share and expectations for source market demand. Moreover, total

employment contributions from travel and tourism to Ethiopia will remain depressed.

Opportunity Outlook

Ethiopia 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 digital platforms and content will be facilitated by the above recommendations. This will increase reach, greater effectiveness, and significant economic gains.

The current crisis presents an opportunity for Ethiopia 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 gains by 2025:

- 61,000 new jobs supported (direct, indirect, induced)
- 600,000 more overnights in Ethiopia
- US\$750 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.



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 travel and tourism to the economy of Ethiopia**—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.

# 2 The Impact of Travel in Ethiopia

The travel and tourism industry of Ethiopia represented 7% of total GDP in 2019. Total employment generated by tourism totaled 2 million jobs. The shock to travel brought on by the coronavirus pandemic could lead to long-lasting effects on the Ethiopian economy as tourism revenues fall. The estimated reduction in visitor spending in 2020 of over US\$1 billion will put nearly 1.3 million jobs at risk within the travel and tourism economy.

This chapter covers the state of travel across Ethiopia from 2010 to 2020 by measuring visits and visitor spending, as well as the economic impact across tourism-related GDP and employment.<sup>4</sup> 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

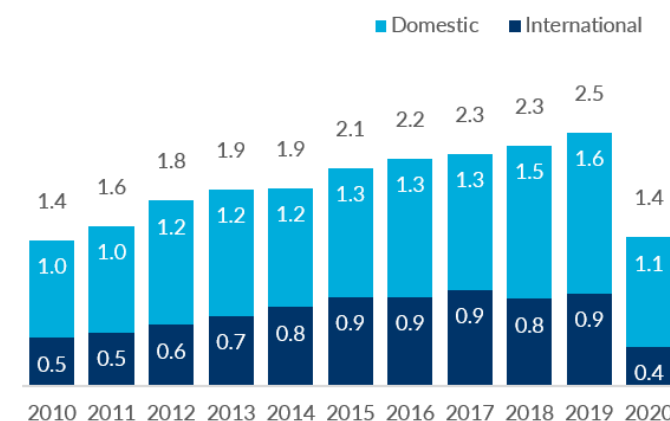
From 2010 to 2019, overall tourism growth in Ethiopia—in terms of visitation—experienced steady growth.

In 2019, total visits peaked at 2.5 million, 75% larger than the 1.4 million visits in 2010.<sup>5</sup>

Domestic overnight stays grew 65% over the course of ten years, while international visitation rose 93% during the same time, reaching 900,000 overnight visits in 2019. This expansion was supported by the establishment of the Ethiopian Tourism Transformation Council in 2014, which collaborated with foreign and domestic investors to expand infrastructure and build a stronger tourism

Figure 1: Ethiopia Overnight Visit Levels

Millions of visitors each year



Source: Tourism Economics, Ministry of Culture and Tourism, UNWTO

\*Domestic visits relate to hotel guests and does not include overnight stays in other types of accommodations.

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. This database was used to calculate the sub-national impacts for Ethiopia.

## Travel demand in Ethiopia fell more than 40% in 2020

workforce.<sup>6</sup> Growing visitation levels also contributed to Ethiopia Airlines reaching their Vision 2025 goals seven years early. Further targets have now been realigned to 2035 in anticipation of continued tourism growth throughout the recovery, including the construction of an airport capable of handling 100 million passengers a year.<sup>7</sup>

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

The first case of the coronavirus in Ethiopia was announced on March 13, 2020.<sup>8</sup> The Ethiopian government immediately imposed a lockdown that halted most public gatherings and closed international borders on March 23.<sup>9</sup> In addition to the official restrictions imposed on travel between and within countries and regions, the coronavirus pandemic depressed traveler sentiment while households were hit with increased unemployment and wage loss—Oxford Economics currently forecasts real private consumption in Ethiopia fell over 4% in 2020, while unemployment increased 4%.<sup>10</sup> These factors, along with additional supply-side reactions such as event cancellations, contributed to a significant reduction in domestic and international visitor numbers in 2020.



## We estimate that travel demand in Ethiopia fell over 40% in 2020, equivalent to nearly 1 million fewer overnight visits.

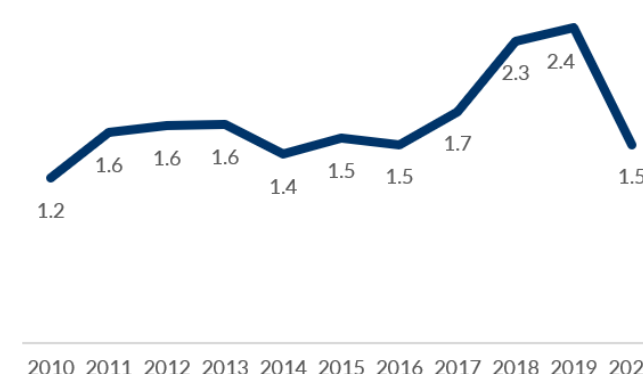
The majority of Ethiopia's international borders officially began to reopen in late September 2020.<sup>11</sup> Although some areas are safer to cross than others, due to ongoing conflicts at shared borders with countries such as Somalia, international flights were active. International overnight visits are estimated to have dropped from 900,000 to 400,000 total overnight stays, almost 60% less than in 2019. Domestic travel has also experienced a significant decline—we estimate overnight visits fell over 30% to 1.1 million in 2020.

## 2.2 Spending

In 2019, total visitor spending—which includes day visit spend as well as overnight spend within Ethiopia

Figure 2: Total Visitor Spending in Ethiopia

US\$ billion of spending each year



Source: Tourism Economics, International Monetary Fund

excluding inbound air fares—totaled US\$2.4 billion, a 91% increase since 2010.<sup>12</sup>

Domestic tourism represented 65% of total tourism spend in 2019. From 2010 to 2019, domestic spend grew US\$800 million, representing a 113% gain from 2010. The strongest period of domestic spend growth continued from 2015 to 2019—years which saw an expanding Ethiopian middle class as real GDP grew 8.5% per year on average. From 2010 to 2019, international spend increased 62%.

## In 2020, we estimate that total visitor spend declined by nearly US\$1 billion.

Domestic travel spend is estimated to have fallen around 25% while international spend plummeted over 60%.

Addis Ababa received more than 50% of all visitor spend from day and overnight trips in Ethiopia in 2019, at US\$1.3 billion. However, the city receives a higher share of inbound spending as international travelers accounted for 40% of spend. The largest cities in Ethiopia tend to be more reliant on inbound travel and will therefore have experienced some greater loss from the pandemic. In 2020, visitor spend to Addis Ababa (US\$1.3 billion in 2019) is estimated to have fallen nearly 40%.

## Tourism Spending's Link to Tourism Direct GDP

**Total tourism expenditure** comprises all tourism expenditure of visitors, both resident and non-resident, within the economy of reference. It is the sum of domestic tourism expenditure and inbound tourism expenditure. It includes acquisition of goods and services imported into the country of reference and sold to visitors.

**Tourism direct GDP** is the sum of the part of gross value added generated by all industries, net of purchases, in response to tourism expenditure plus the amount of net taxes on products and imports included within the value of this expenditure.

The **gross value-added contribution** of an industry is defined as the value of its output minus its purchases from other firms of goods and services used in the production process.

Tourism direct GDP measures the total economic output of the tourism activity within a country and can be used to judge the rate of growth of the tourism industry within an economy.

Tourism GDP figures used in this research are consistent with the annual economic impact research published by WTTC (and produced in collaboration with Oxford Economics). Analysis is consistent with the UN-statistics division approved recommended methodological framework (TSA:RMF 2008) and benchmarked to detailed country accounts.

For further information on key tourism definitions see the UNWTO glossary of tourism terms web page.

**With high-risk countries maintaining travel restrictions and surging cases in other countries causing renewed lockdowns, domestic tourism will be paramount to the recovery.**

Domestic travel spending has been relatively more resilient and is expected to rebound faster than international markets.

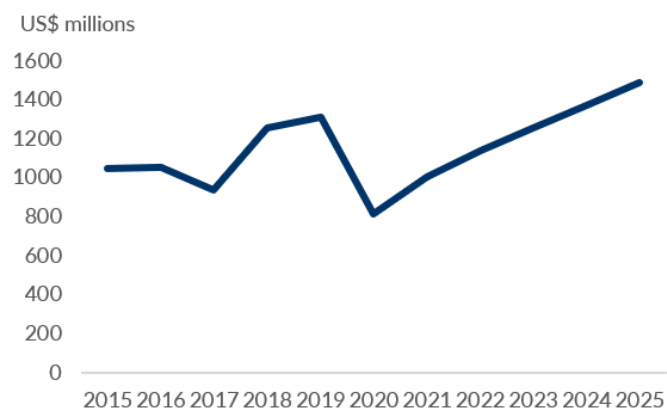
## 2.3 Economic Impact

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.<sup>13</sup>

This assessment begins with the impact of spending by tourists, but also considers the downstream effects of this injection of spending into the Ethiopian 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.

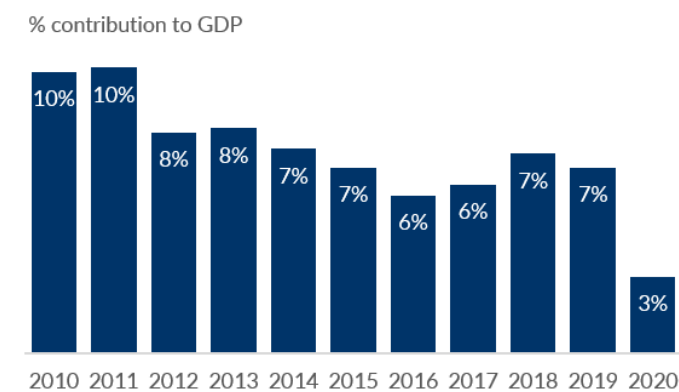
- **Direct impacts** occur through spending within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs and GDP within each sector.
- **Indirect impacts** stem from supply chain spending, where each directly affected sector also purchases goods and 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.

**Figure 3: Total Visitor Spending in Addis Ababa, Ethiopia**



Source: Tourism Economics, International Monetary Fund

**Figure 4: Travel and Tourism's GDP Contributions to the Ethiopian Economy, 2010 to 2020**



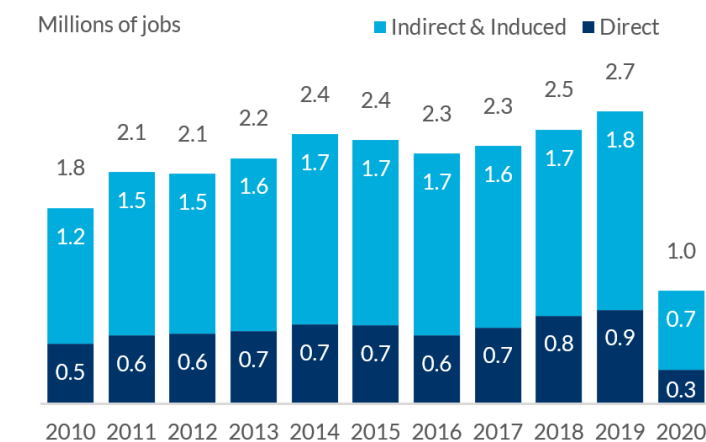
Source: Tourism Economics, WTTC

Travel and tourism directly contributed US\$2.4 billion to Ethiopian GDP in 2019, and US\$6.1 billion total impact including indirect and induced impacts. The Ethiopia travel and tourism industry represented 7% of total GDP in 2019.

Employment in Ethiopia directly supported by the travel and tourism industry reached more than 700,000 jobs in 2019. Total employment as a result of tourism measured 2 million jobs in 2019. Total employment supported by tourism decreased most years through 2016, before returning to over 2 million jobs by 2018.

Without intervention, the shock to international travel brought on by the coronavirus pandemic could lead to lasting effects on the Ethiopian economy. A loss in Ethiopian GDP of over US\$3.7 billion 2020 is estimated, and this alone will have put almost 1.3 million tourism-related jobs at risk. Our current estimates indicate that the number of tourism-supported jobs has fallen over 60% from 2019 levels.

**Figure 5: Travel and Tourism's Total Employment Contribution to the Ethiopian Economy, 2010 to 2020**



Source: Tourism Economics, WTTC

# 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\$409 million to Ethiopian GDP in 2019 and supported 133,000 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.<sup>14</sup> 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** 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

Digital content and online platforms provide crucial data that informs business and destination strategy

- 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

Figure 6: The Five Stages of Travel Planning



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 polling can help predict where relevant opinions may lie and helps 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

3.3 Digital Impact on the Tourism Economy

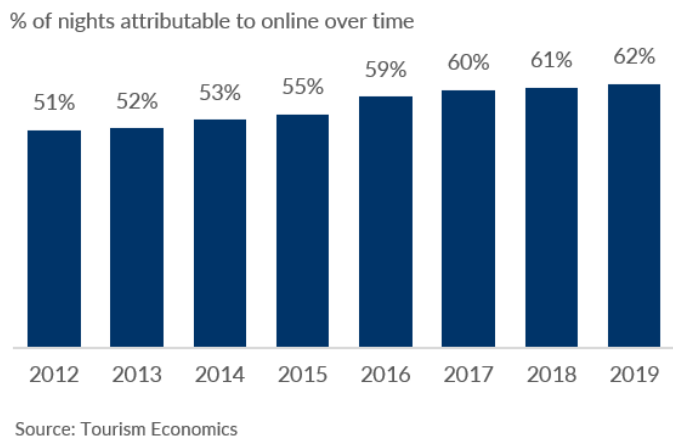
Digital platforms generate benefits for both travelers and businesses. Tourism Economics has modelled the incremental impact of increased use and improvements to digital content and platforms on total overnight stays in Ethiopia since 2014.

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 Ethiopia 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.

Figure 7: Digital Travel Footprint



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.<sup>15</sup>

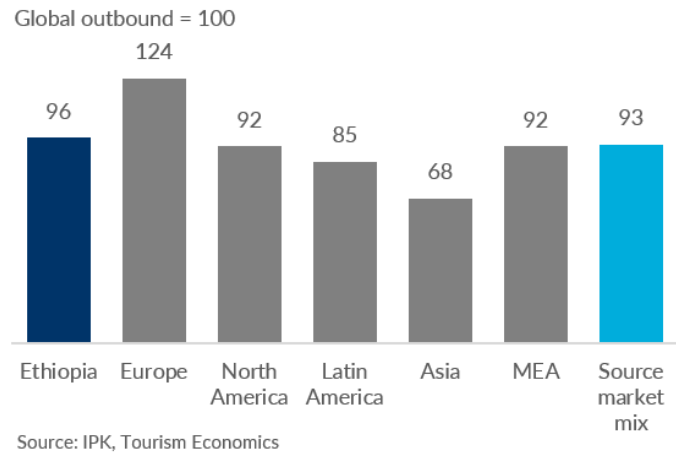
3.4 Use of Digital Content and Online Platforms in Ethiopia

The first and second step of the analysis (presented above) indicated that 62% of overnights stays in Ethiopia in 2019 were booked or researched via a digital platform, up from 51% of overnight stays in 2012 (Figure 7). Therefore, we can say that 62% of tourism spend, GDP and employment in Ethiopia was linked to online research and booking—i.e. most 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.<sup>16</sup> Ethiopia, when compared to source market regions in 2019, supported a greater intensity of online research than Latin America and Asia, North America, the Middle East and Africa. Europe held a strong lead with the greatest online tourism research intensity for travelers.

By measuring search and booking patterns of travelers we identified internet platforms where inbound travel to Ethiopia was commonly researched or routed from. Overall, 81% of inbound travelers to Ethiopia used online platforms to research trips in 2019—nearly equal with the 82% internet use for travel among source market regions. Ethiopia remains ahead of source markets across online use for tour operators, OTAs and reviews (Figure 9). Accommodation website use supporting inbound travel, however, holds the largest negative difference between Ethiopia and

Figure 8: Online Research Intensity Index Against Source Markets, 2019



source market regions, followed by other platforms such as price comparisons and social media. Use of social media (including YouTube) to support between Ethiopian destinations and travelers will enable tourism businesses to reach potential travelers throughout all stages of the planning process, including accommodations and price comparison, and remain competitive with source markets.

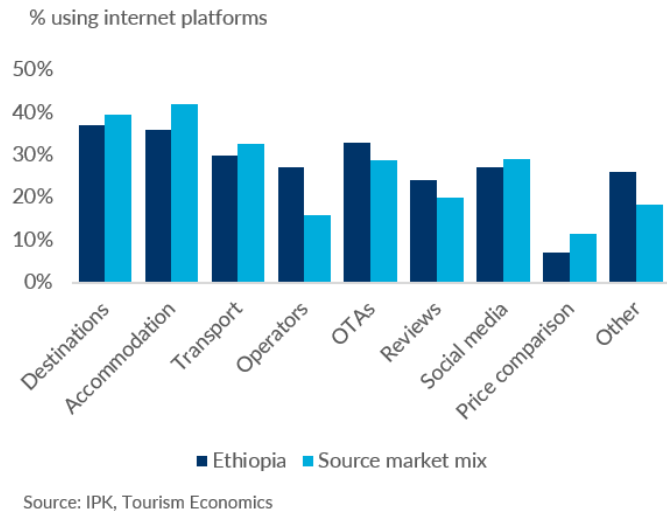
3.5 Analysis on Digital Content's Dynamic Impact on Tourism Growth

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 Ethiopia 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 2014 share of nights attributable to online activity equal through to 2019, whereas the baseline model depicts actual digital travel footprint increase during this time (see Figure 7). As time continues, the counterfactual

Figure 9: Use of Online Sites for Travel, 2019



\*Top source markets for Ethiopia in 2019 included countries such as: The United States (155,000), China (51,000), the United Kingdom (48,000), Nigeria (37,000), and Germany (37,000).

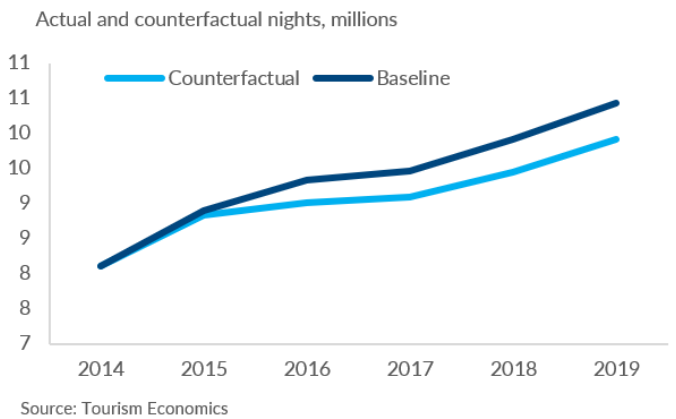
Econometric Modelling Approach

Tourism Economics’ existing global model tracks historic travel flows and produces forecasts based upon fundamental economic drivers of demand. Tourism activity is modelled first by source market and then by destination taking changes in destination market share into account due to competitiveness factors. However, economic drivers do not fully explain all the observed growth over recent years and some trend factors are also included within modelling to cover a range of additional growth factors. This includes the contribution of online platforms to total demand by source market as well as to destination market share.

By including indicators of online tourism activity in estimation of existing equations, the contribution to growth has been identified while accounting for all other growth factors. A series of elasticities was identified which can be applied to measures of online activity; robust coefficients were estimated using 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.

measure of nights increasingly slips away from the count of baseline nights. This difference between the baseline and counterfactual scenario is the additional impact of digital platforms and tools over the period. In 2019, 530,000 additional overnight stays in Ethiopia were generated as a result of the increase in digital platforms and tools, representing a near 7% advantage in 2019 for the baseline model. This

Figure 10: Number of Overnight Stays in Ethiopia

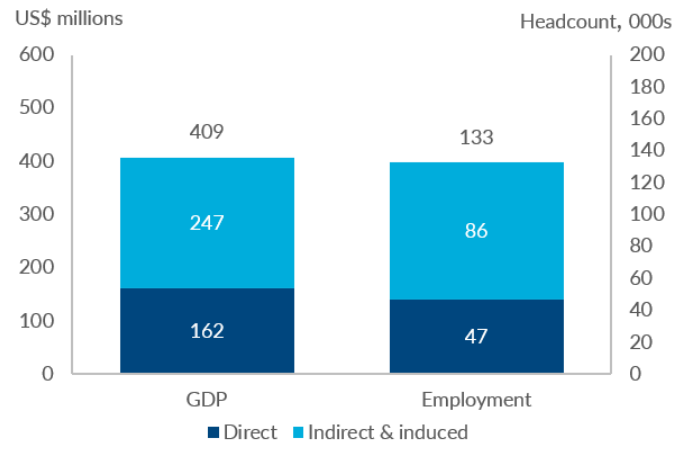


\*The counterfactual represents the number of overnight stays in Ethiopia if use of digital platforms and tools had not increased and improved since 2014.

confirms that the increased use of digital platforms and tools when booking or researching trips supported the increase in the actual number of nights booked in Ethiopia.

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\$409 million in additional GDP, as well as 133,000 jobs. If the digital footprint of travelers did not increase from 2014 to 2019, the additional impacts would remain at zero. Despite the current realities of tourism, destinations are focused on tourism recovery, which will be driven by the use of digital platforms, online content, and data and analytics.

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



Source: Tourism Economics

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



# 4 How Digital Content Can Support the Recovery in Travel

**Destinations, governments, and businesses affiliated with the tourism industry in Ethiopia, 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 Ethiopia. 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

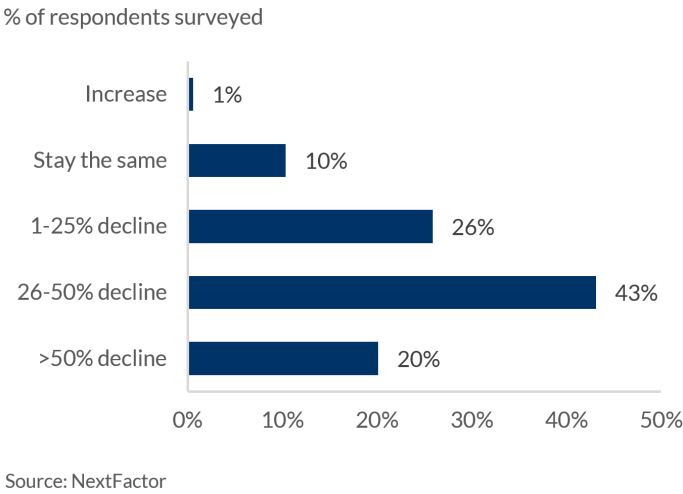
Tourism Economics works with more than 200 destination marketing organizations around the world each year as well as many of the largest global travel corporations. Our clients in every region are now developing strategic plans to produce a sustainable recovery in travel. The global spread of the coronavirus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

### DMO survey insights

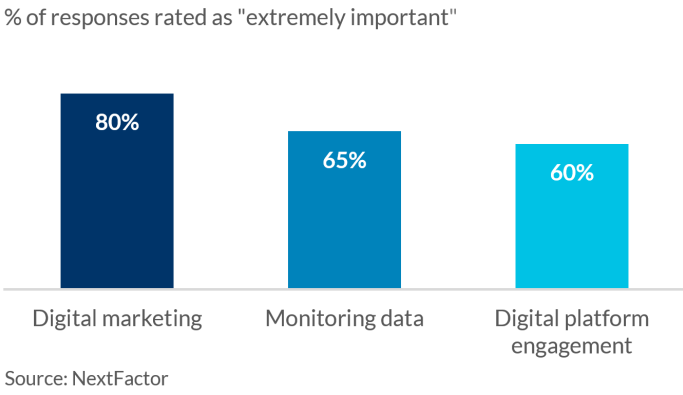
In August 2020, we partnered with NEXTFactor to conduct a survey of nearly 400 DMOs to learn how they are responding to the current crisis. Below are some of the key findings:

- 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).
- When asked about the importance of different 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).

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



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



**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.

### 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.

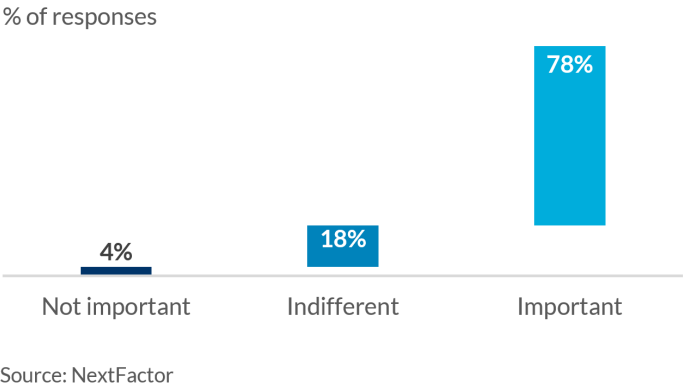
Previously, DMOs were tasked with marketing the destination to prospective travelers. They developed traditional and digital media campaigns to attract new visitors to the destination, increase visitor spending, and generate additional tax revenue for the destination.

More recently, a DMOs role was expanded beyond marketing to also include destination management, which encompasses broader economic, product development, and strategic initiatives.

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

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



### Ethiopian Tourism Organization Structure

The Ethiopian Ministry of Culture and Tourism (MoCT) is responsible for the research, promotion, development, and preservation of cultural and tourist attractions in Ethiopia, for both domestic and international visitors.

The Ethiopian Tourism Organization (ETO), also known as Tourism Ethiopia, is under the supervision of the MoCT. The ETO promotes Ethiopian tourism and fosters destination and product development, acting as the DMO for Ethiopia. In 2016, the ETO launched the "Land of Origins" brand to promote Ethiopia as the origin of many things, including humankind, the wild coffee plant, and the Blue Nile.

The National Tourism Board (NTB), which is an oversight committee for the ETO, reviews and approves the ETO budget and programs and evaluates its performance. The NTB is composed of both private and public sector tourism stakeholders.

Private associations, such as the Ethiopian Tour Operators Association and the Society of Tour Operators of Addis Ababa, also play a key role to ensure there is a high standard of professionalism within the industry.

- 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.

DMO marketing priorities also shifted in response to the pandemic. Instead of just promoting the destination, DMOs are now providing information about safety measures and protocols. There is a greater emphasis placed on educating the consumers and gaining their trust and confidence. The target

markets are also temporarily shifting from domestic and international travelers to local and regional travelers.

It is important for DMOs to focus on mid and long-term goals, despite the obvious need to generate 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.

### 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 visitors from outside the destination 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, it provided an opportunity 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 digital platforms and online content. These

**DMOs are leveraging more crowdsourced content, which appeals to both locals and visitors from outside**

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, 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 given the reduced 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 COVID-19 safety precautions, which requires an understanding of the current state of COVID-19 in feeder markets.

The current state of the tourism industry places greater scrutiny on budgets, especially as it relates to marketing. Developing a baseline understanding about the visitors’ impact on the local community—in terms of taxes, visitor spending, jobs, room nights, or other metrics—is essential. It will help destinations calculate the return generated by marketing campaigns and adjust future campaigns.

Stakeholder interview insights: digital platform benefits

In addition to providing insights about global best practices for destinations, the stakeholder interviews also helped to identify the benefits of digital platforms.

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.

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

**Scalability:** Destinations can easily share content and messaging to a large population at a relatively low 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. Traditional media, on the other hand, requires a longer lead time and does not offer this flexibility.

**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.

**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 identify movement trends, traveler preferences, and online searches to help market destinations to the ideal audiences. The demand for travel to return is growing, and so are 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

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

out some practical examples of how data can help DMOs and tourism-related business navigate the recovery.

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 influence what destination marketing strategies are necessary. These adjustments range 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 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

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


Key Recommended Actions




improve telecom infrastructure




Secure DMO Funding




Upgrade and expand digital capabilities and skills




Build a consistent brand message through digital collaboration



Utilize data analytics to support decision making



Continue to tell stories with the extended reach of digital platforms



Adapt to new consumer sensitivities

change in preferences, the most common responses were effective public governance and good health infrastructure (53%), followed by less crowds and extensive hygiene (39%).<sup>17</sup> 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 remain slanted heavily toward domestic and short-haul trips. Consumer interests can also be mapped through analysis of aggregated online searches, for example using Google Trends, to break down how often people look for various modes of travel or trip types, such as “road trips,” “remote destinations,” and “staycations.” Destination-specific health and safety information can be made available to travelers online and resulting web traffic can then be monitored to determine traveler interest and outreach effectiveness.

While the length of these behavioral changes is largely dependent on the state of the global coronavirus pandemic, it can be noted that the desire to travel after restrictions is particularly high. Destinations can inform travelers about the safety and preparedness of local businesses to meet consumer expectations. Inspiring travel through curated digital content and messaging will increase the performance of a destination and improve its travel recovery.<sup>18</sup>

**The strategic use of data content and platforms can easily aid in the diagnosis of changes in consumer behavior at the destination level**

**Analyzing travel behavior shifts**

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. For example, Google travel data can predict which markets the recovery in Ethiopia will come from by demonstrating destination interest through online searches.

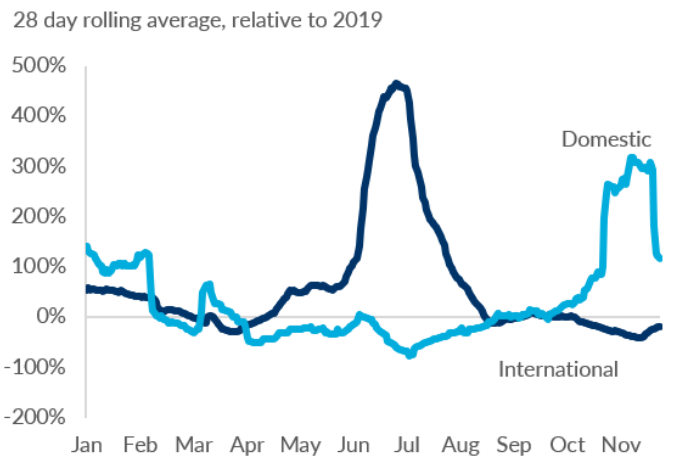
Data from the Google travel insights dashboard can assist in predicting the recovery in a multitude of ways.<sup>19</sup> Figure 15 presents a rolling average of 28 days of searches for flights and accommodation in

**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**

Ethiopia compared to the same period one year ago. In early 2020, prior to the pandemic, domestic flight and accommodation searches from Ethiopia were up over the same period one year ago. However, domestic flight and accommodation searches were down by an average of 24% from last year between March 30—which is when Ethiopian regional states imposed a travel ban—through September 23 when Ethiopia reopened its borders to travelers.<sup>20 21</sup> Since that time, domestic flight and accommodation searches from in Ethiopia were up by an average of 118% over the same period one year ago.

International flight and accommodation searches fared relatively well despite border closures and quarantine requirements. Travelers from Lebanon predominately drove the demand surge in international flight and accommodation searches around July, likely due to Lebanon’s economic and migrant domestic worker issues.

**Figure 15: Travel Interest in Ethiopia: Flights and Accommodation Queries in 2020**



Source: Google travel analytics center



**4.3 Recommended Actions**

**Recommendation 1: Improve telecom infrastructure**

Ethiopia’s telecom infrastructure—in terms of internet coverage and connection speed—is below average when compared to other countries in Sub-Saharan Africa (Figures 16 and 17).<sup>22</sup> Furthermore, the telecom infrastructure in Ethiopia is less developed than many of its source markets in Europe, Asia, the Middle East, and the United States. Like other Sub-Saharan African countries, connection issues still exist in rural parts of the country and broadband costs remain relatively high.

Although the current telecom infrastructure is subpar, there are reasons to be optimistic about the future. In 2019, Ethiopia signed the Communications Services Proclamation into law, introducing a new regulatory framework for telecom that allows “for the development of an open telecom market, while protecting national ICT (information and communications technology) assets like infrastructure, and reinforcing consumer rights.”<sup>23</sup>

Previously, the state-owned operator, Ethio Telecom, had a monopoly over telecom services which stifled innovation, restricted network expansion, limited the scope of services offered, and led to high prices and low penetration rates for telecom services.<sup>24</sup> Now, the Ethiopian Communication Authority—an independent regulatory body—will oversee the telecom sector as well as the technical elements of broadcasting, and will also grant licenses to new operators. “Having this legal framework in place will help foster healthy competition, promote investment, and make sure all Ethiopians can have access to modern digital services.”<sup>25</sup>

Rural broadband access is also an issue that needs to be addressed. Although Ethiopia achieved 95% coverage for 2G mobile services, there are currently almost 40 million Ethiopians that live in areas that are unserved by 3G and above, which effectively leaves them unable to access the internet. Connecting this unserved population will be a key challenge to achieving an inclusive digital economy and will require investment from the private sector in addition to government support.<sup>26</sup>

Limited broadband coverage in rural areas is not unique to Ethiopia as it remains an issue for many countries in Africa and around the world. There are examples, however, of countries that are addressing the problem, which Ethiopia should consider. For example, the postal authority in Senegal recently entered into an agreement with a satellite communication service provider to improve the broadband access across rural areas in Senegal. Refer to the Annex for additional information.

Despite the recent efforts, the private sector should continue to work alongside the government to ensure that the digital economy continues to expand as a result of the Communications Services Proclamation.

**Recommendation 2: Secure DMO funding**

The Ethiopian Ministry of Culture and Tourism (MoCT) is responsible for the research, promotion, development, and preservation of cultural and tourist attractions in Ethiopia, for both domestic and international visitors. The Ethiopian Tourism Organization (ETO), which is under the supervision of the MoCT, promotes Ethiopian tourism and fosters destination and product development.

As the general role of a DMO shifts from destination marketing to destination marketing and management, it becomes increasingly important for the ETO to establish secure funding—a difficult task that will only be exacerbated by the pandemic.

Moving forward, 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.

The ETO should work with the Ethiopian government and private sector to ensure current funding is secured and to discuss additional funding options. The ETO will need to articulate how the responsibilities of DMOs have expanded from engaging with 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.

The ETO should explore all potential funding options that can be generated by either the public or private sector. Funding options may include tourism specific taxes (i.e. lodging taxes, amusement taxes, car rental taxes), general taxes (i.e. sales tax, general fund), private sector support (i.e. membership fees, sponsorships, co-ops), and other innovative solutions, such as tourism improvement districts.

Securing multiple funding sources—some of which are fixed amounts and others that vary based on tourism performance—will ensure that the funding does not fall below a certain level in the down years, while allowing the destination to benefit from increased income in the good years.

The ETO 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 funded 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.

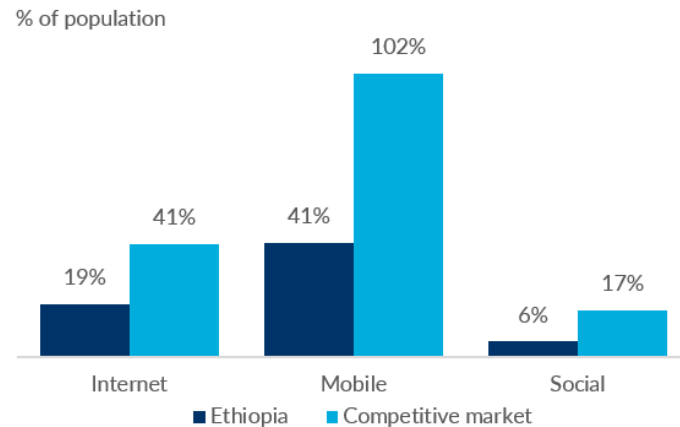
Other examples include Brand USA and the National Tourism Fund (FONTUR) in Colombia. Brand USA is a public-private partnership responsible for promoting the U.S. to international travelers and is funded by contributions from more than 700 partnering organizations that are matched by fees paid by international travelers that come to the U.S. under the Visa Waiver Program. FONTUR manages resources from parafiscal contributions for the promotion of tourism in Colombia. Contributions include transfers from central government funding, tourism-specific taxes, charges to tourist service providers, donations, funds from sponsorships and commercial activities and revenues from FONTUR-owned tourism assets. Refer to the Annex for additional information.

Although funding will be difficult to obtain during the pandemic, it is a critical investment and priority that will help to accelerate the tourism industry recovery.

### Recommendation 3: Upgrade and expand digital capabilities and skills

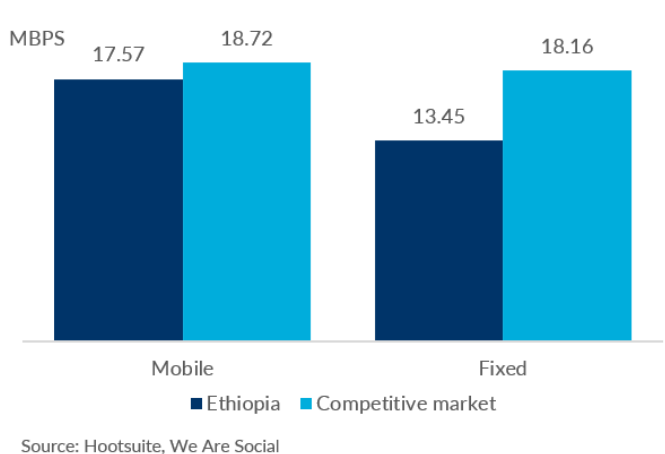
The ETO and MoCT should allocate time to educate local businesses about digital best practices and provide assistance where needed. Generally, DMOs that focused on improving the destination's digital ecosystem found it effective to help private sector businesses fix specific digital problems,

Figure 16: Digital Platforms Penetration Ratio



\*Competitive market includes Kenya, Nigeria, Rwanda, Senegal, South Africa, and Tanzania.

Figure 17: Average Internet Connection Speed



such as updating websites, ensuring Google search information is complete, uploading new pictures, enabling digital transactions, and responding to reviews.

To improve digital skills, the ETO and MoCT can create 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.

In addition to working with tourism businesses directly, the ETO and MoCT should work with local universities, global tourism companies, and digital organizations to develop courses and training opportunities to digitally upskill the employees and SMEs within the local tourism sector.

The ETO and MoCT can also promote existing courses that seek to improve the digital skills of residents and businesses, such as the Digital Skills for Africa program offered by Google. Nigeria is an example of a country that heavily utilized the program, with more than 450,000 residents and businesses participating in 2016 and 2017. Refer to the Annex for additional information.

It will also be critical to develop educational opportunities that help Ethiopian students develop digital skills. Ensuring that children learn about digital technologies throughout their education will prepare

them for a digital and globalized world when they enter the workforce, which will help the future tourism industry as well as all other industries.

In addition to developing educational platforms, the ETO, MoCT, global tourism companies, and digital organizations can also develop a digital incubator to collaborate on creating and implementing digital initiatives throughout the destination.

Enhancing the digital presence of private sector businesses, employees, and the Ethiopian youth will advance the destination's digital ecosystem and make it more attractive to prospective travelers.

### Recommendation 4: Build a consistent brand message through digital collaboration

The ETO, other public organizations, 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.

The MoCT and ETO could lead this process by supporting the integration of travel partner audience segments (e.g. Travelstart, Wakanow, Ethiopian Airlines, Limalimo Lodge, Sapphire Addis, Gheralta Lodge, Bale Mountain Lodge, Kuriftu Resort and Spa, etc.) and by developing a content strategy framework for messaging across all channels of communications.

Digital tools, especially social media, 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.

Establishing strong relationships throughout the travel and tourism industry is even more vital during difficult times. In the current environment, it is important for all local stakeholders to utilize consistent messaging about 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 (i.e. marketing agencies, data companies, OTAs, etc.) to help form and share the brand message.

**Recommendation 5: Utilize data analytics to support decision making**

The MoCT and destinations around the world are increasingly understanding the importance of data (especially during a pandemic) and the benefits it can provide when making strategic and marketing decisions.

According to the OECD, “... the crisis has highlighted shortcomings in the availability of timely, comparable, granular data in quickly evolving situations. Reliable and consistent indicators are needed to evaluate the effectiveness of programs and initiatives, and monitor progress on tourism recovery and resilience.”<sup>27</sup>

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 and 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 messages, platforms, 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 MoCT and ETO should work with mobile operators, tech companies, and local tourism businesses to obtain aggregated data on key indicators (e.g. number of visits, flight availability etc.) and insights (e.g. barriers

to travel, misconceptions) for current and potential travel source markets for Ethiopia. These data can help prioritize source markets and develop customized marketing strategies for various consumer segments. Anonymized audience and insights-driven content can also help further tailor the marketing content for each stage of the travel journey within these markets. Aggregated and anonymized data can also be used to develop and monitor KPIs, linking campaign and initiative objectives with business outcomes, and can include metrics like destination visits, hotel occupancy, revenue per tourist etc. These types of analysis can also be carried out on an incremental basis, which can be important for determining the scale of future marketing campaigns. Tech companies and consultants are positioned to support DMOs in creating a data ecosystem with the key stakeholders of a destination. The MoCT and ETO should explore whether this support could help with other ways to apply data analytics.

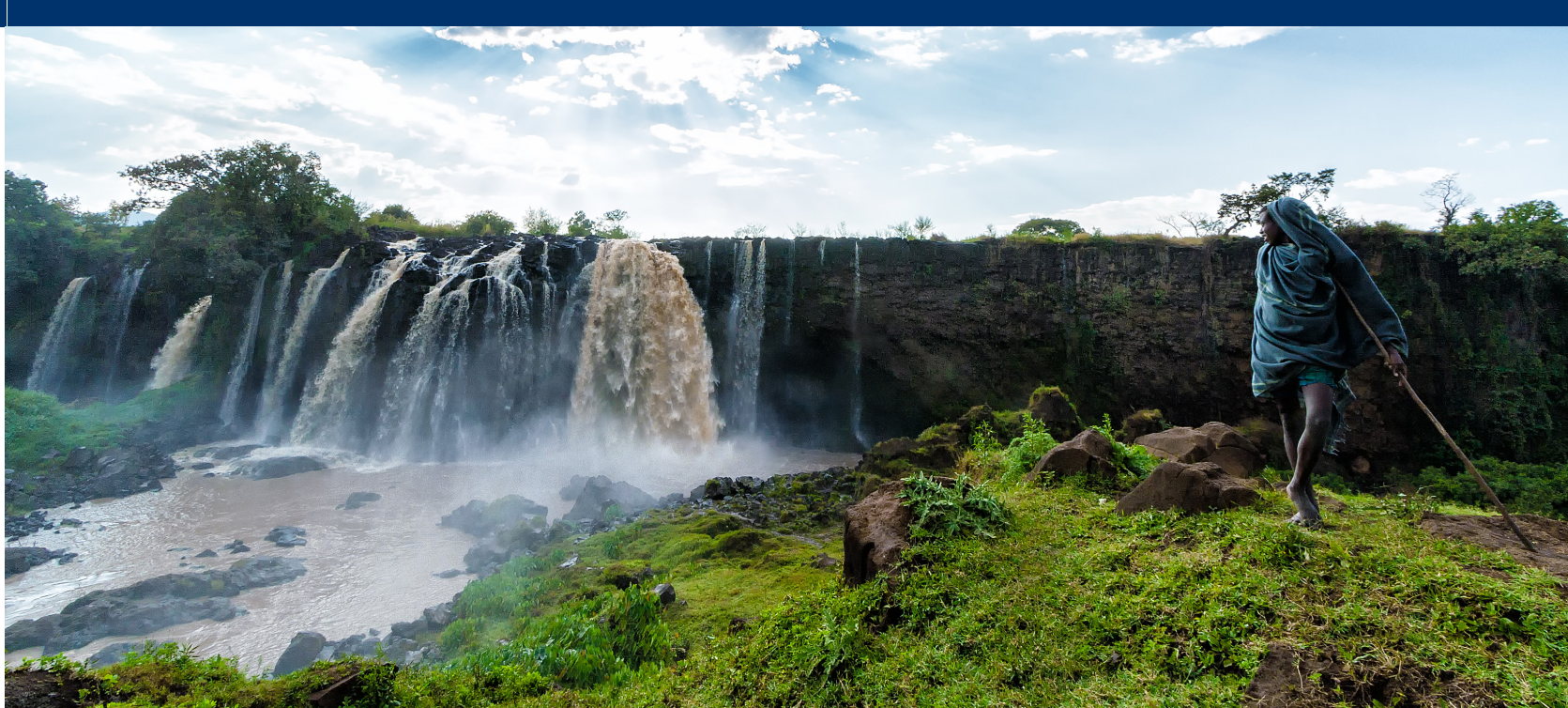
The MoCT and ETO should also consider how other destinations are using data analytics. For example, South African Tourism—the national organization tasked with promoting tourism to South Africa—developed a series of tourism dashboards that easily allow them and other tourism stakeholders to leverage data and insights to aid smarter decision making. Refer to the Annex for additional information.

Public bodies can play a leading role in encouraging the use of data analytics in tourism SMEs in Ethiopia through the development of targeted initiatives to support the integration of these technologies and promote a digital outlook. 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.

For the Ethiopian government to do this effectively, they must continue to develop their understanding of the needs of domestic tourism businesses that are trying to engage in digital transformation and what barriers more traditional tourism businesses face to adopt digital technologies—beyond developing necessary skills.<sup>28</sup>

**Recommendation 6: Continue to tell stories with the extended reach of digital platforms**

Travelers are still dreaming and ready to travel when it is safe. The ETO should focus marketing efforts toward domestic and regional (Sub-Saharan Africa) travel while safety concerns and restrictions related to international travel are in place. Digital platforms



are uniquely able to keep Ethiopia a preeminent destination, especially via social media which can connect with consumers in an authentic and cost-effective manner.

During the pandemic, many destinations transitioned marketing efforts toward supporting travel dreams while travel restrictions remained in place. For example, the Kenya Tourism Board built upon its Magical Kenya campaign with #MagicAwaits to help keep Kenya attractive to future travelers during the pandemic. Refer to the Annex for additional information. Local conditions will dictate how much to encourage travel, or to encourage a stop and wait, but still dream, strategy.

**Recommendation 7: Adapt to new consumer sensitivities**

Consumer traveler behavior transformed due to the pandemic and will likely continue to do so even as a new normal is established. The ETO must consider these new behaviors in their marketing strategy, potentially targeting new markets and accounting for additional consumer demographics and psychographics.

Building consumer trust and confidence is critical in the current environment. Stakeholder interviews suggest that consumers have a greater tendency to trust marketing conducted by official organizations, which gives the ETO an advantage, but also increased responsibility to consistently develop (and fund) marketing campaigns and other messaging during both the up and down times. It also means that

**Building consumer trust and confidence is critical in the current environment**

the ETO needs to provide high-quality and accurate information on local conditions, and not just try to sell the destination.

The ETO must continue to inform prospective travelers about the health and safety protocols in Ethiopia, which helps to establish trust. As the ETO builds its reputation as a source of quality information, the trust and confidence on the part of potential visitors will generate travel demand once the conditions are appropriate.

The ETO and Ethiopian tourism businesses should follow best practices and adjust digital content in order to maintain engagement with travelers. Events that normally would be held in person can be transitioned to an online format, such as concerts, shows, competitions, and games. For example, many artists are now offering streaming performances instead of in-person concerts.

The travel downturn presents an opportunity to develop fun and engaging content that promotes the culture, history, and views of Ethiopia. Some destinations have developed classes on local cuisine, music, or dance, while others offered virtual yoga classes at a scenic location or in front of a famous attraction. In addition to video content, some destinations developed games, puzzles, and other activities to interact with consumers.<sup>29</sup>

#### 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 a 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 chat bots. 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.<sup>30 31</sup>

Careful inclusion of digital best practices can position a destination to pursue strategies enabled by the increased use of digital content and platforms



## 5 Travel Outlook

This chapter examines the outlook for tourism in Ethiopia 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 resurge 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 Ethiopia are set to exceed 2019 levels by 2023, reaching a total of 2.9 million visits by 2025.<sup>32</sup>**

This recovery will be supported by growth in domestic tourism, which should reach 2019 levels by 2022. Near-term shifts to domestic and short-haul travel mean that domestic visitors will comprise a larger share of total than in 2019 and account for 72% of total overnight visits to Ethiopia in 2021. By 2025, the domestic share of overnight visits will level out at 64%, still 1% higher than its share in 2019. International visits are also expected to grow from the depressed levels in 2020 but will not surpass 2019 levels until 2023.

**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 nearly 30% in 2021, reaching a total of US\$3.1 billion. This value added for 2021 will remain at only 50% of 2019 levels. GDP contributions of travel and tourism to the Ethiopian economy will reach US\$6.9 billion by 2026.

Figure 18: Overnight Visits Over the Forecast Period



Source: Tourism Economics

**Total employment contributions as a result of travel and tourism to Ethiopia will remain below 2019 levels throughout the forecast period, supporting nearly 1.8 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 to 2028, closer to longer-run trends.

Employment gains will lag growth in GDP over the years to 2028 due to expected productivity improvements. This will remain consistent with the trend of improved productivity in the travel and tourism industry and the wider economy over recent years. The number of jobs created per US\$1 million of travel and tourism GDP will be 32% lower in 2028 than in 2019, but the sector will remain important for job creation. Travel and tourism will support one in 20 jobs in the Ethiopian economy.

**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.

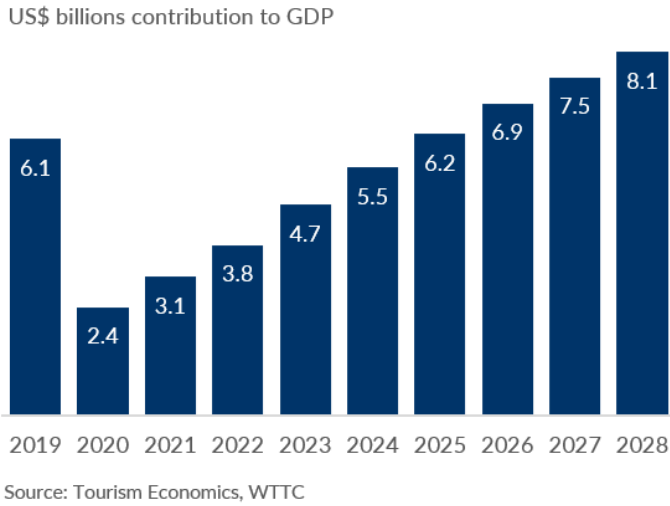
**The recovery also depends on what actions governments, businesses, and individuals take in response to the crisis.**

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. Marketing to domestic and regional (Sub-Saharan Africa) travel while restrictions are in place will aid in this. 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.

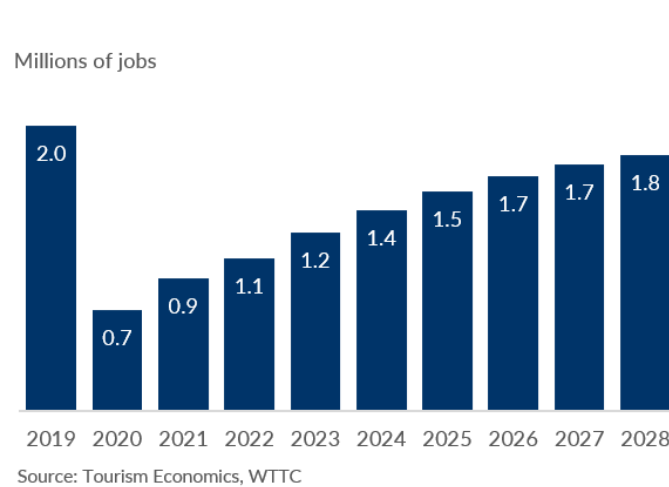
**DMOs, tourism-related businesses and other travel industry stakeholders and policymakers can all play a role in mitigating these problems and supporting new growth.**

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 mitigate traveler risk aversion.

*Figure 19: Contribution of Travel & Tourism to Ethiopia's Economy*



*Figure 20: Contribution of Travel & Tourism to Ethiopia's Employment*



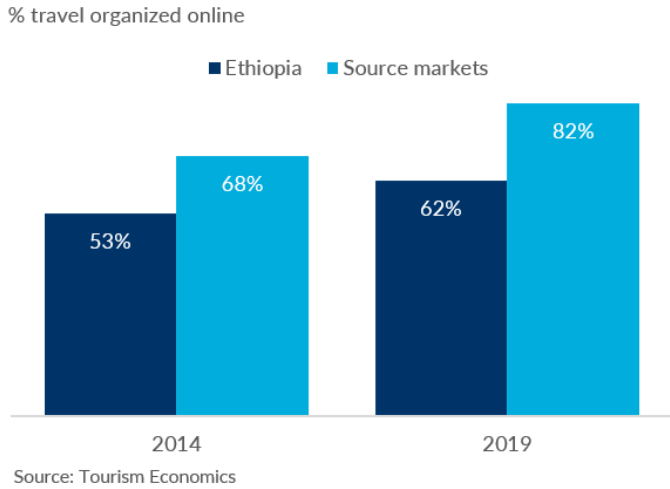
**Better use of data and digital content and platforms will also be key in supporting the tourism recovery.**

The private sector should continue to work alongside the government to ensure that the digital economy continues to expand as a result of the Communications Services Proclamation. This would in turn support growing comfort with digital platforms to residents and encourage businesses to increase their use of digital platforms. Enhancing the digital presence of private sector businesses will enhance the destination’s digital ecosystem and make it more attractive to prospective travelers. Research should also be undertaken to assess how best to reduce the cost of access to digital devices and content.

**Modelling the contribution of digital content to travel growth in section 3.5 has been extended to estimate an opportunity outlook of increased use of digital tools by travelers for planning—along with the associated boost in activity implied by historic trends**

Modelling of the contribution of digital content to travel growth in section 3.5 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

*Figure 21: Digital Travel Footprint*



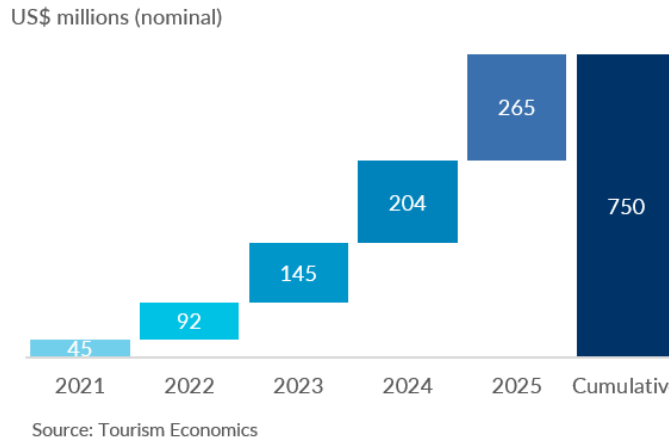
and digital services. The associated boost in activity implied by historic trends and increased user and provider interactions has been calculated.

The proportion of travel to Ethiopia organized online has increased in recent years, but we estimate that preferences in major source markets have risen faster. Travelers from major source markets are now, on average, 20% more likely to research or book travel online compared with those within Ethiopia. There remains some opportunity to move ahead with preferences among travelers. For example, IPK data show that the proportion of travelers to Ethiopia relying on OTAs exceeds the average for all Sub-Saharan Africa demand, while the proportion using accommodation websites and social media is lower. There is a further opportunity to embrace best practices and drive additional travel activity through digital transformation across destination organizations and tourism businesses. Allocating time to educate local businesses about digital best practices and providing opportunities to digitally upskill local tourism sector employees will enhance the digital ecosystem and increase the competitive edge of Ethiopia’s tourism economy.

**Under an alternative “opportunity outlook” that incorporates some of the combined benefits of the recommendations for Ethiopia 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

*Figure 22: Opportunity for Tourism Spending in Ethiopia, 2021 to 2025*



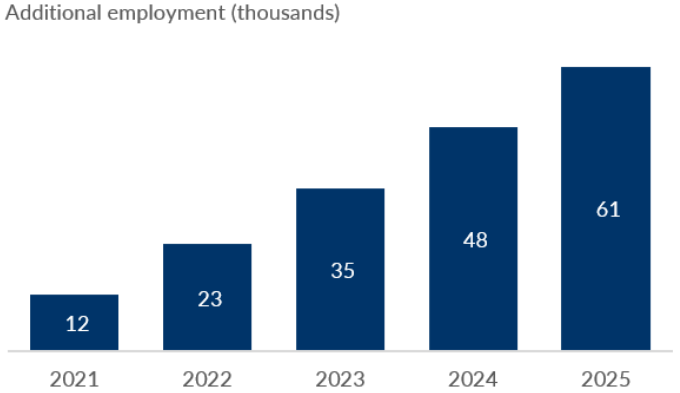
\*Above baseline additional spending attributable to improve online activity.

Figure 24: Baseline Outlook and Potential Growth Attributable to Higher Online Presence for Ethiopia

|                       |                     | 2021 | 2022  | 2023  | 2024  | 2025  |
|-----------------------|---------------------|------|-------|-------|-------|-------|
| Nights (millions)     | Baseline            | 8.1  | 9.9   | 11.1  | 11.8  | 12.4  |
|                       | Opportunity Outlook | 8.2  | 10.1  | 11.4  | 12.3  | 13.0  |
|                       | Potential Increase  | 0.1  | 0.2   | 0.3   | 0.5   | 0.6   |
| Spend (US\$ billions) | Baseline            | 1.8  | 2.1   | 2.3   | 2.6   | 2.8   |
|                       | Opportunity Outlook | 1.9  | 2.2   | 2.5   | 2.8   | 3.0   |
|                       | Potential Increase  | 0.0  | 0.1   | 0.1   | 0.2   | 0.3   |
| GDP (US\$ billions)   | Baseline            | 3.1  | 3.8   | 4.7   | 5.5   | 6.2   |
|                       | Opportunity Outlook | 3.1  | 3.9   | 4.8   | 5.7   | 6.5   |
|                       | Potential Increase  | 0.0  | 0.1   | 0.2   | 0.2   | 0.3   |
| Jobs (thousands)      | Baseline            | 932  | 1,073 | 1,250 | 1,412 | 1,541 |
|                       | Opportunity Outlook | 944  | 1,096 | 1,285 | 1,460 | 1,602 |
|                       | Potential Increase  | 12   | 23    | 35    | 48    | 61    |

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\$750 million over the next five years. This would create an additional 61,000 new jobs by 2025. However, as noted in chapter 3, these assessments may underestimate the full impacts when considering the additional benefits that can be realized through gains to productivity across the Ethiopian economy.

Figure 23: Opportunity for Higher Employment in Ethiopia, 2021 to 2025



Source: Tourism Economics

\*Potential additional employment above baseline attributable to improved online presence.

Figure 24 summarizes the baseline outlook and the potential opportunity scenario for the travel and tourism industry in Ethiopia. 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, Ethiopia will be able to fully catch up with traveler preferences from all major source markets. Increasing these interactions through mediums such as accommodation platforms and social media will allow Ethiopia to remain competitive with source market regions in online travel research and encourage future market share gains. Destination organizations and tourism business in Ethiopia can increase social media outreach to improve online interactions with potential travelers throughout all stages of the planning process. Gains were projected 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:

- Improving internet infrastructure and speeds across Ethiopia to meet the Communications Services Proclamation
- Securing DMO funding from multiple sources in the public and private sectors
- Upgrading and expanding digital capabilities and skills among tourism SMEs
- Building a consistent brand with key tourism stakeholders through digital collaboration
- Utilizing data analytics to support decision making in the Ethiopian Tourism Organization (ETO), Ethiopian Ministry of Culture and Tourism (MoCT), and tourism businesses
- Supporting travel dreaming with digital storytelling in key source markets
- Adapting Ethiopia’s tourism offer to new consumer preference and sensitives

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

# 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: Improve Telecom Infrastructure

**Senegal** – In February 2014, the Government of Senegal passed the Plan Senegal Emergent (PSE), a policy framework aimed at getting Senegal on the road to development by 2035. The PSE made the ICT sector a prominent priority, acting as a core enabler for the broader digital economy.

A few years after the PSE was developed, a long-term sectoral plan called the Digital Senegal 2025 Strategy was established “to breathe new life into the sector by providing stakeholders with new growth drivers and sources, by raising the contribution of digital technologies to GDP by 10 percent, and by creating 35,000 direct jobs by 2025.” Broadband coverage remains an issue across Senegal with a significant gap between the coverage provided in urban and rural areas. This is currently being addressed. In November 2020, Senegal’s postal authority signed an agreement with a satellite communication service provider called Spacecom to provide the postal authority “with over double its current capacity, which will not only serve its 200 remote post offices but will also give the country’s rural population access to internet services.”

## 6.2 Case Studies: Secure DMO Funding

**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.

**Colombia** – In 1996, the Colombian Government created the Tourism Promotion Fund to manage resources generated by parafiscal taxes for tourism promotion, which must follow the tourism policy guidelines set forth by the Ministry of Commerce, Industry and Tourism.

The fund taxed businesses that participated in the tourism industry, which included:

- Accommodation providers
- Travel agencies and companies devoted to tourist sporting activities
- Vehicle rental companies and specialist land transport providers
- Spas and wellness centers
- Theme parks
- Tourist bars and restaurants
- Passenger transport providers
- Timeshare projects
- Convention centers

In 2012, the Tourism Promotion Fund changed its name to the National Tourism Fund (FONTUR) and expanded its scope. In addition to providing funding for tourism promotion, it also managed and sold real estate, and entered into concession agreements, lease agreements, loan-for-use agreements, hotel management agreements, or any other contract used for tourism exploration purposes.

**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.

## 6.3 Case Studies: Upgrade and Expand Digital Capabilities and Skills

**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.

## 6.4 Case Studies: Utilize Data Analytics to Support Decision-Making

**South Africa** – South African Tourism—the national tourism organization tasked with promoting tourism to South Africa—leverages data and insights to aid smarter decision making in the tourism planning sector. In 2018, the Strategy, Insights & Analytics arm of South African Tourism created a series of dashboards that allow users to easily visualize key performance indicators and filter them on demand to gain insights into the organization’s business performance.

The dashboards include the following information, available for viewing by the public:

1. Arrivals
2. Key tourist measures
3. Domestic arrivals
4. Provincial tourist arrivals

## 6.5 Case Studies: Continue to Tell Stories with the Extended Reach of Digital Platforms

**Kenya** – The Kenya Tourism Board built upon its Magical Kenya campaign with #MagicAwaits to help keep Kenya appealing to future travelers during the pandemic. The campaign included a virtual Safari live stream that showcased the game safaris in some of the parks and reserves across the country. It also highlighted the various health and safety protocols adopted in the parks and facilities to ensure that visitors remain safe.

# 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.

2

OECD, Preparing tourism businesses for the digital future, 2019.

3

OECD, Preparing tourism businesses for the digital future, 2019.

4

Note: All historic GDP and employment impact figures cited from World Travel & Tourism Council. All forecasts produced by Tourism Economics.

5

Tourism Economics - Global Travel Service (GTS).

6

Addis News, Ethiopia Working Hard to Benefit from Tourism Industry, PM Hailemariam, July 18, 2014.

7

Simple Flying, COVID Hasn't Stopped Ethiopia's US\$5 Billion Mega-Hub, September 9, 2020.

8

World Health Organization, First case of COVID-19 confirmed in Ethiopia, March 13, 2020.

9

Bloomberg, Ethiopia closes land border deploys troops to combat virus, March 23, 2020.

10

Consumption 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.

11

Travel Off Path, Ethiopia has reopened for tourism: COVID-19 entry requirements, October 7, 2020.

12

Revenues from inbound air fares are included in our assessment of direct travel and tourism GDP, presented below.

13

Definitions presented in the blue box located at the end of section 2.3 were sourced from UNWTO glossary of tourism terms web page.

14

Tourism Economics, Data & Digital Platforms: Driving Tourism Growth in Asia Pacific, 2020.

15

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

16

The index measures the ratio of digital platforms for travel planning relative to all information sources used in planning. There is considerable overlap in sources used for travel planning as both offline and traditional offline sources can be used. This index captures the extent to which online platforms are exclusively used. For example, if online platforms are used to the same extent for travel to both country A and country B, but offline platforms are less frequently used for travel to country A then there will be a higher intensity index score.

17

Bloom Consulting, COVID-19: The Impact on Tourist Behaviours, June 17, 2020.

18

Boston Consulting Group & Google, Actions for Destination Marketers to Navigate in a COVID-19 World, 2020.

19

Travel Insights with Google.

20

Ezega News, Ethiopian Regional States Impose Travel Ban to Halt Spread of COVID-19, March 2020.

21

Travel Off Path, Ethiopia Has Reopened for Tourism: COVID-19 Entry Requirements, December 2020.

22

The competitive market includes a selection of comparable emerging markets from the same region as Ethiopia.

23

World Bank Group, In Ethiopia, digital development just took a major leap forward, June 2019.

24

World Bank Group, Project Information Document (PID), September 2019.

25

World Bank Group, In Ethiopia, digital development just took a major leap forward, June 2019.

26

World Bank Group, Project Information Document (PID), September 2019.

27

OECD, Rebuilding tourism for the future: COVID-19 policy responses and recovery, December 2020.

28

OECD, Preparing tourism businesses for the digital future, 2020.

29

Boston Consulting Group & Google, Actions for Destination Marketers to Navigate in a COVID-19 World, 2020.

30

OECD, Preparing tourism businesses for the digital future, 2019.

31

World Economic Forum, Digital Transformation Initiative: Aviation, Travel and Tourism Industry, 2017.

32

Forecasts from Tourism Economics.



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY