NTT DATA

IDB | Invest

HOW NEW TECHNOLOGIES
ARE TRANSFORMING
TOURISM
IN LATIN AMERICA AND THE CARIBBEAN

Digital economy

Tourism

CONTEXT: THE DEVELOPMENT OF A STRATEGIC SECTOR IN THE REGION

Tourism is a cross-cutting industry that involves different sectors such as transport, hospitality, cuisine, culture, leisure, and entertainment. Moreover, it has the power to be one of the leading sectors in combating climate change and furthering environmental sustainability and biodiversity conservation in the region.

Latin America and the Caribbean is a region rich in nature and culture, with enormous potential to become a global tourist landmark. The socioeconomic impact caused by the pandemic, which affected all sectors, also brought new opportunities for LAC tourism, as current travelers are increasingly seeking authentic and meaningful experiences.

The new context that the industry is experiencing poses a unique opportunity to encourage sustainable and regenerative tourism that, beyond reducing the negative impact on the environment, supports the restoration of natural and cultural heritage, improving the general welfare of the population and serving as an advocate for socioeconomic and productive development in the region.

"IDB Invest aspires to be the benchmark for commercial banking, supporting sustainable and responsible tourism in the region"

CHALLENGES AND OPPORTUNITIES IN THE TOURISM INDUSTRY

Despite the post-pandemic recovery, there are several challenges in the coming years that, while they may be a barrier to the industry's development, also open up an important opportunity.

SOCIAL

The tourism industry, in the context of a new normal where telecommuting is on the rise, faces the challenge of adapting to evolving travel trends and changing consumer preferences. The industry should be more appealing and ensure working conditions that match those of other sectors, to attract qualified professionals again, and meet the growing expectations of customers.

FUNDING

Commercial banks have shown reluctance to finance tourism projects, so it is necessary to explore alternative financing options and encourage financial organizations to consider tourism as a viable and valuable industry, capable of generating economic growth and employment in the region.

INDUSTRY FRAGMENTATION

The diversity of players, from small local businesses to large international chains, limits collaboration between them and hinders technology adoption despite their potential to boost efficiency and sustainability.

TECHNOLOGY

The delay in the technology adoption can put the sector´s competitiveness at risk in an increasingly digitalized world, underlining the need for a more agile and effective adaptation to technological solutions. What is more, as technology becomes increasingly prevalent, the challenge of how to use it to improve the customer experience without completely replacing human interaction has to be overcome.

INDUSTRY TRENDS

New technologies are transforming the way the industry develops, facilitating greater comfort, security, and fewer contact points and causing companies in the industry to expand their offer of personalized and fluid experiences.

DYNAMIC PRICING AND PRODUCTS

With the help of Artificial Intelligence (AI), dynamic pricing engines have been created that allow prices to be automated to achieve the highest occupancy of hotels, airplanes, etc., setting optimal prices without incurring situations of unavailability or overbooking.

AUGMENTED EXPERIENCE AND MODELS WITH VR AND AR

New immersive technologies allow to improve the experience of travelers, with both Augmented Reality (AR) and Virtual Reality (VR) having the potential to completely transform tourist experience, minimizing friction points, and enhancing travelers' interaction with their environment.
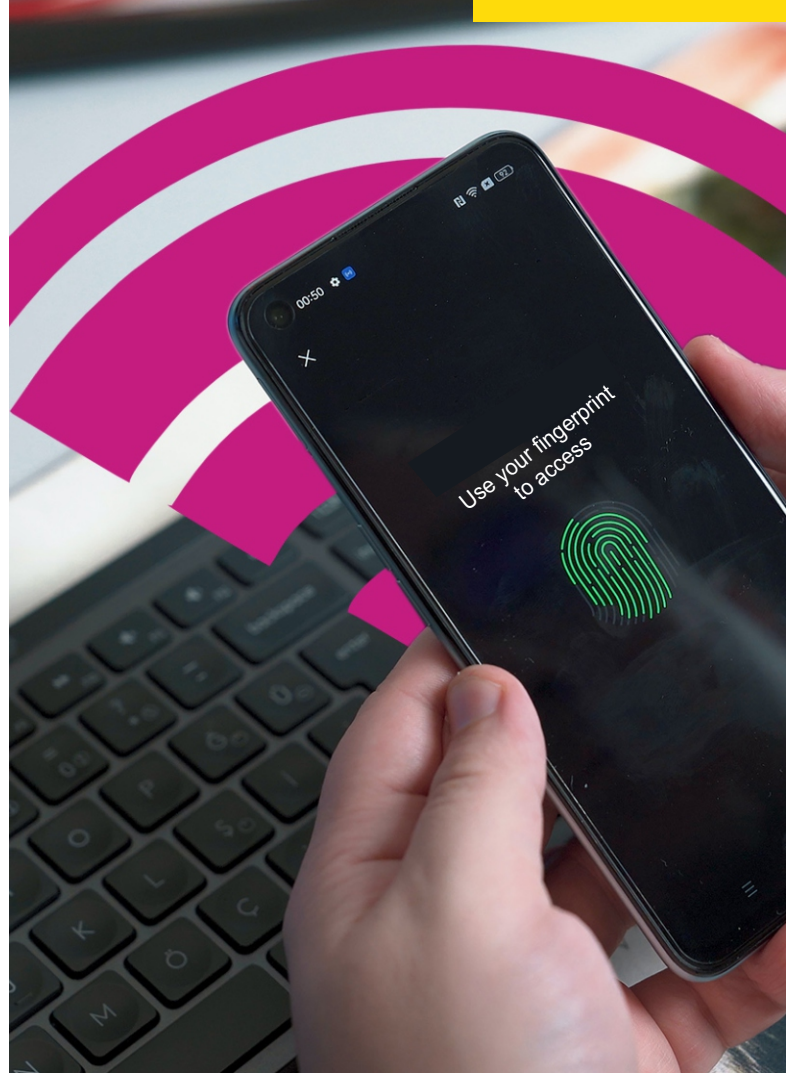
RECOGNITION TECHNOLOGIES AND SECURITY SYSTEMS

Biometric authentication technologies are used by the travel and tourism industry to significantly improve travelers' experience. These are used in airports and hotels, simplifying check-out and food purchases by turning them into Grab & Go.

HYPER-PERSONALIZATION OF TRAVEL

Currently, travelers are looking for unique experiences with lower price sensitivity, prioritizing personalized, tailor-made services. This is achieved by adopting technologies such as the Internet of Things (IoT), automation through voice and robotics, and Big Data.

NEW BUSINESS MODELS

The tourism sector is experiencing significant changes, influenced by new market demands and emerging technologies. These elements are driving forces in the industry, in its development and adjustment to the current scenario.

MARKETPLACE INTEGRATION

Through the use of APIs and new technologies, a phase of transition to multiple industry verticals has begun, with the aim of providing a wide range of services and products throughout the entire traveler lifecycle.

VIVa ●○●

"Point-to-point rates and efficient product offer"

23% growth in the number of passengers (105-2022)	+5.8 Million passengers in Q422	445 Million of revenue in $T 2022

TRAVEL AS A SERVICE (TaaS)

It enables efficient, scalable solutions with a lower cost, allowing access to the different services of the ecosystem by subscription, obtaining profitable growth, and ensuring the quality of customer experience.

☺ WINK

"A travel platform for everyone"

791 cities with inventory	+89 countries served	4 solution modules in the tourism ecosystem

NATURE-BASED TRAVEL

It proposes a more environmentally friendly solution, managing to preserve and better respect tourist places and their surrounding communities, keeping resource exploitation below the renewal limit.

EXPLORA

"Exploring remote territories as a journey to conservation"

4 countries included in their destinations	2 conservation reserves	+4 awards & recognitions

SUCCESS CASE: Selina

IDB Invest has provided USD 50 million in funding to assist Selina's growth plan in the Latin America and Caribbean region. This will be used for working capital, general institutional purposes, and possible short-term asset purchases.

Selina is a "lifestyle" hostel platform that offers a wide range of experiences and types of accommodation, from shared rooms to private suites. The company has managed to attract a diverse audience, including digital nomads, international travelers, and local residents, who enjoy co-working spaces, organic food and local products, and an environment that fosters integration between travelers and locals offering a differentiated experience for both tourism and work.

USD 50 Million
Funding

2020
Approval Date

Country

To inspire authentic and meaningful connections with people, places, and communities around the world, while breaking down barriers between individuals, places, and cultures.

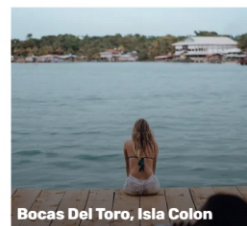## +110
destinations around the world

10.000
Freight forwarders

1.4 Million
Downloads from its app

If you want to know more about how technologies are impacting the tourism industry, favoring sustainable economic development in the region, click on the link to see the details of the report.

Follow link