Distanced Dealings: The Case for Low-Contact Transactions in the Regional Tourism Industry



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The region of the Greater Caribbean can be identified as the geographical area defined by insular regions, continental countries as well as dependent territories[1], ranging from independent nations to overseas departments. It is argued that this region is one of the most tourism dependent, bringing in over US58.4 billion dollars to the regional GDP and contributing over 2 million jobs in 2019[2] as well as attracting 32 million international visitors in the same year according to the World Tourism and Travel Council.

However, with the COVID-19 pandemic, the tourism sector continues to be extraordinarily affected due to the myriad of restrictions that curtailed the basis of tourism: social contact. In fact, the GDP contribution from tourism activities was slashed by almost 60% and jobs were reduced by almost a quarter in 2020[3]. Now, almost two years onward, the tourism sector is faced with an uptick in activity, as countries begin to reopen their borders and concretise their sanitary policies for visitor arrivals. A new dynamic is beginning to take root within the sector, especially with the persistent importance of reducing human proximity: low-touch transactions. These transactions usually mean the reduction of touch points for the consumer while also increasing the speed of transactions all done through a digital platform - and given the context of the pandemic, they constitute vital measures for the containment of the virus. While generally foreign to a region with low rates of digital transactions and technologies, low-touch measures are becoming increasingly commonplace in other international markets, and have been relied heavily on by governments in their actions to combat the COVID-19 pandemic.

This article will seek to discuss this relatively new phenomenon against the backdrop of the Greater Caribbean region, with the aim of ascertaining the feasibility of its introduction into the tourism sector. Particular focus is placed on the different forms of transactions available presently, the case of the Greater Caribbean region and the propensity for these transactions to be adopted. Finally, the considerations of these potential low-touch measures are taken into account, through the lens of the ACS Secretariat and its mission to inform and guide its Membership on topics relevant and pertinent

to the reality of the region.

Given the impact of the COVID-19 pandemic, the pressing need to digitalize is at the forefront, as the world pivots to the measures of physical distance and low-touch transactions to combat the virus. Digitalization within the tourism industry is pivotal and provides for a wide range of tourism products and services that could be offered to visitors. The trending shift towards e-business models that allow for the convergence of several different business practices saves on time for the tourist as well as increasing competitiveness for the companies that use these technologies[4].

Technology within the tourism sector allows for the personalization of tourism products to visitors, whose tastes are shifting currently to having highly customized travel experiences.[5] Within certain sectors of the tourism industry, such as accommodations and transportation, the use of technology has contributed to the surge in digital implementations that directly impact the business activity of tourism service operators, such as online hotel bookings and mobile transportation applications. Mobile transactions themselves are a growing market and their usefulness for businesses in the tourism sector means the ability to provide a detailed, customized experience and a one stop shop for travelers, but especially for younger visitors who are tech-savvy[6]. In fact, according to a recent OECD study, 36% of Generation Z has booked a trip based on other user's social media posts[7]. The main drawback of these low-touch technologies is the question of privacy and data protection, which requires careful consideration to ensure the protection of visitors' sensitive information.

Looking specifically at the Greater Caribbean, the region is not technologically equipped as their international competitors. According to an ECLAC study detailing the region's Digital Ecosystem Development Index[8], the region has an index of 24.3 compared to the OECD region's index of 70.4, which demonstrates the lack of access and infrastructure generally across the Caribbean region, with even greater disparity amongst each country. Those who are further ahead, development-wise, tend to have higher rates of digital infrastructure and connectivity, and this disparity affects the readiness of the regional tourism industry to access these types of transactions.

However, regional governments' push to implement policies and pilot projects with regional coordination agencies means the formation of a more modern, digitalized industry. These steps thus require necessary capacity building initiatives, especially amongst MSME's who comprise as much as 96% of the tourism industry's stakeholder base in some territories of the Greater Caribbean[9]. Creating connections, by providing the tools and knowledge to adequately equip and prepare tourism service providers to match the new taste of the modern traveler, should be at the top of the priority list.

The tourism industry of the Greater Caribbean is in the process of yet another transformation. Digitalizing the industry by incorporating more digital payment platforms, developing low touch methods for accommodations, and equipping the tourism workforce to manage these technologies, would see the tourism industry continue to be competitive.

It is clear that the act of innovation through technology is the path forward for the region as the pandemic rages on, and especially in the tourism sector where radical, transformational shocks have forced us to rethink the image of the industry. Low touch transactions thus provides an extra layer of protection against these unexpected events while continuing to grow and bolster the regional tourism industry and the key players who participate in its activity, as well as organizations such as the ACS that seek to be at the forefront of guiding change within the region.

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[1]https://wwf.panda.org/discover/knowledge_hub/endangered_species/marine_turtles/lac_marine_turtle_programme/projects/hawksbill_caribbean_english/caribbean_sea/

[2]https://wttc.org/Research/Economic-Impact/moduleId/704/itemId/34/controller/DownloadRequest/action/QuickDownload

[3]https://wttc.org/Research/Economic-Impact/moduleId/704/itemId/34/controller/DownloadRequest/action/QuickDownload

[4]https://iopscience.iop.org/article/10.1088/1755-1315/666/6/062059/pdf

[5]https://www.competecaribbean.org/wp-content/uploads/2015/04/Improving-Competitiveness-in-the-Caribbean-Tourism-Sector-Through-ICT-Based-Innovations_September_v4_docx.pdf

[6]https://wttc.org/Portals/0/Documents/Reports/2019/Security_and_Travel_Facilitation_Seamless_Travel_Journey_Mobile_Payments_in_Travel_and_Tourism_Mar_2019.pdf?ver=2021-02-25-182803-757

[7]https://www.cepal.org/sites/default/files/publication/files/46502/S2000751_en.pdf

[8]https://www.oecd-ilibrary.org/sites/7f68ec7d-en/index.html?itemId=/content/component/7f68ec7d-en

[9]https://www.cepal.org/sites/default/files/publication/files/46502/S2000751_en.pdf