

European Alliance Against Coronavirus

Wednesday 10th June 2020 at 8:30

Analysis of Disruptions in the Tourism Ecosystem

Working format is based on “Gilles Rules”:

1. conceptual framework
2. needs and disruptions
3. solutions

Speakers:

- Kristian Sievers, [Lapin Liitto](#), (FI)

[Link to session's recording](#)

1. CONCEPTUAL FRAMEWORK

About Lapin Liitto

Lapin Liitto is the Regional Council of Lapland, steered by a regional, politically joint municipal board. Their values are **sustainability and competitiveness in tourism**. They **encourage the use of data** and **business intelligence** in order to make decision and **implement digitisation processes** and the access to new technologies.

Tourism of Tomorrow Lab

Lapin Liitto is developing a European Project for public security in tourism with the help of data and digital means. The project is named “**Tourism of Tomorrow Lab**”, a **new tool for cooperation** to provide easy access to data (even for SMEs), promote the digital transformation of tourism in SMEs, develop capacity building and empowerment, and reduce the lack of capacity in using data.

The project is at the development stage; the structure of “Tourism of tomorrow lab” is built on cooperation with different stakeholders in order to build bridges and **stimulate the dialogue between users and producers**.

This is a practical example of cooperation in the field of tourism: **funding is needed** to make the project sustainable, because sustainability in long term is the principal aim of tourism: combining data and indicators in consulting and work give results.

Pursuit of trust in tourism

Tourism is balanced between **fear and trust**: one of the most important question to be answered is how to rebuild trust in after Covid-19 emergency period. Tourists need to be sure that they are hosted in a safe place and the medical system is ready to response quickly and efficiently in emergency situations.

2. IDENTIFICATION OF DISRUPTIONS

First disruption: collapse of Tourism Industry

Source: Kristian Sievers, Lapin Liitto (FI), Teodora Jilkova (BG), Corinne Cerveau (FR)

Evidence: The global lockdown due to the COVID crisis has forced national and international governments to impose several restrictive policies to reduce people movements, close and avoid meeting and aggregation places, accommodation, vacation places and cross-regional travels. As a result, all the tourism sectors suffered a sudden stop and an inevitable decline, generating the decrease of the income for all the industry. Of course, the cash flows liquidity reduction creates difficulties in the management of short- and medium-term financial flows. Among these, there is first of all the staff management, which combined with the reduction of jobs due to the lack of work. This led to cuts in staff and the repositioning of several job positions.

Geographical impact: Global

Stage of value chain: tourism services exploitation by end users

Character of the disruption: demand and income annulment; human resources management issues

Time frame: short term

EU actions needed:

- **Coordination and Regulation:** more clarity on national and international restrictive policies
- **Funding:**
 - financing and grants to face the lost income of the past months and avoid the closure of activities or staff cuts
 - financing for new projects and services development

Recommendation:

- Tourism sector is highly fragmented and is characterized by a high number of micro and small enterprises. The crisis had a major impact on them and many of them struggle to survive.
- After 3 months of total closure, the sector is slowly rising and now the priority is to facilitate the recovery. The short-term goal is to survive, having awareness of the current and future limitations due to the pandemic situation. Companies, especially SMEs, are continuously waiting updated information regarding restriction policies from institutional actors, since it is very difficult for them to foresee the future in a period of total uncertainty (e.g. when and how to open vacation structures).
- Each sector stakeholder is facing different challenges and the recovery will also depend on external factors (e.g. the family tourism sector business will depend from the schools reopening, workers travel by corporate decisions, big events organization by government restrictive policies, etc).

Second disruption: data analysis and sharing availability

Source: Kristian Sievers, Lapin Liitto (FI), Esteban Pelayo, Sonsoles Jimenez Perez (ES), Teodora Jilkova (BG)

Evidence: The correct exploitation of data analysis processes involves three fundamental steps: (i) collection, (ii) analysis and (iii) sharing. Data analysis is a key factor in the entire tourism industry, even more in times of crisis. It is an essential technology to build information networks and decision-making processes and it helps in driving the digital transformation and overall innovation of the tourism sector.

Each activity of the tourism sector has its own fundamental data to guide decision-making processes. However, it is not always easy to find the right data to analyse and - even more important - to define their ownership. Availability gaps in data gathering regards mainly SMEs, which not always have the possibility and resources to take advantage from data potentialities and benefits. For this reason, it is difficult to share data between tourism SMEs. The crisis the industry is undergoing has further highlighted the importance of data analysis.

Geographical impact: EU

Stage of value chain: decision-making process and information exploitation

Character of the disruption: lack of data and inability to exploit data analytics potentialities by several SMEs

Time frame: mid and long-term

EU actions needed:

- **Funding:** funding for digital transformation and technology access for tourism companies

Recommendation:

- Data sharing for collaboration is fundamental for the future of tourism ecosystem. In this period of data and information scarcity, cooperation between the different players of the tourism sector is fundamental for data sharing and decision-making processes. This cooperation can be mainly of three types:
 - (a) cross-regional cooperation, in order to share useful information and practices among different tourism zones;
 - (b) intra-sectoral cooperation between trade association (e.g. hotels, restaurants, resorts, etc) to foster regional coordination;
 - (c) inter-sectoral cooperation among tourism industry and different but complementary industries (e.g. travels sector).
- The forecast of the tourism sector evolution in the coming months is highly complicated because there is no clarity on future guidelines and restriction policies.

Third disruption: long-term sustainability of Tourism sector

Source: Kristian Sievers, Lapin Liitto (FI), Esteban Pelayo (ES), Jaime Quesado (ES), Aurora Baptista (PT)

Evidence: Despite COVID crisis, one of the most important objectives and success factors for the European Tourism Industry in the long run is sustainability. Due to its intrinsic characteristics, the tourism sector has a strong impact on sustainability. For this reason and because of governmental policies, the tourism sector has more and more integrated sustainability policies into own business strategy in recent year. In this sense, data analytics techniques and information networks can boost sustainability strategies for tourism companies and businesses.

Geographical impact: EU

Stage of value chain: strategy definition

Character of the disruption: importance of sustainability strategies for tourism sector

Time frame: mid and long-term

EU actions needed:

- **Funding:** financing for sustainability projects; grant for the most proactive activities towards sustainability

Fourth disruption: lack of tourists' trust

Source: Kristian Sievers, Lapin Liitto (FI), Veronica Bocci (IT), Jaime Quesado (PT)

Evidence: The health crisis generated by the spread of COVID-19 has inevitably generated fears and concerns in people's willingness to move and travel. This means that the tourism sector will face a period of re-growth characterised by trust and fear. Trust is a complicated and very delicate aspect and is one of the key variables of the tourism business management.

Geographical impact: EU

Stage of value chain: exploitation of tourism services by customers

Character of the disruption: lack of trust

Time frame: short term

EU actions needed:

- **Funding:** measure for trust recovery, for example, promotions for tourism structure that have readily adapted to safety constraints and sanitation policies

Recommendation:

- A key factor to boost customer trust is the promotion of safe and clean places. Maintaining high safety standards implies a delicate balance between what needs to be done and the cost of doing it (e.g. material for sanitizing, social distancing, reservation reductions)
- Data analytics and information network (see *second disruption*) are significant to analyse customer behaviour and trust