



SOME FINDINGS TO SUPPORT
PARTICIPATORY EXERCISE

How has COVID-19 accelerated digitization and changed consumer preferences? Focus on the tourism sector

Innovate in Tourism: From Digital Transition to Smart Destination
EDP Workshop, Algarve | 30 September 2020

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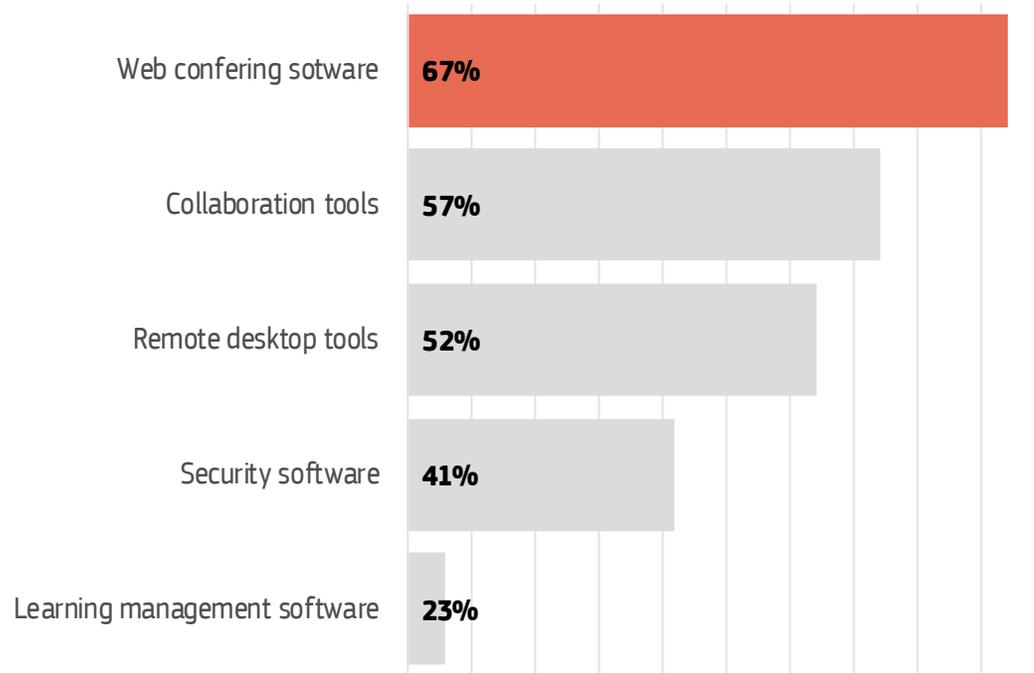
European Commission, Joint Research Centre, unit B3, Seville, Spain

COVID-19 and changes in consumer behaviour

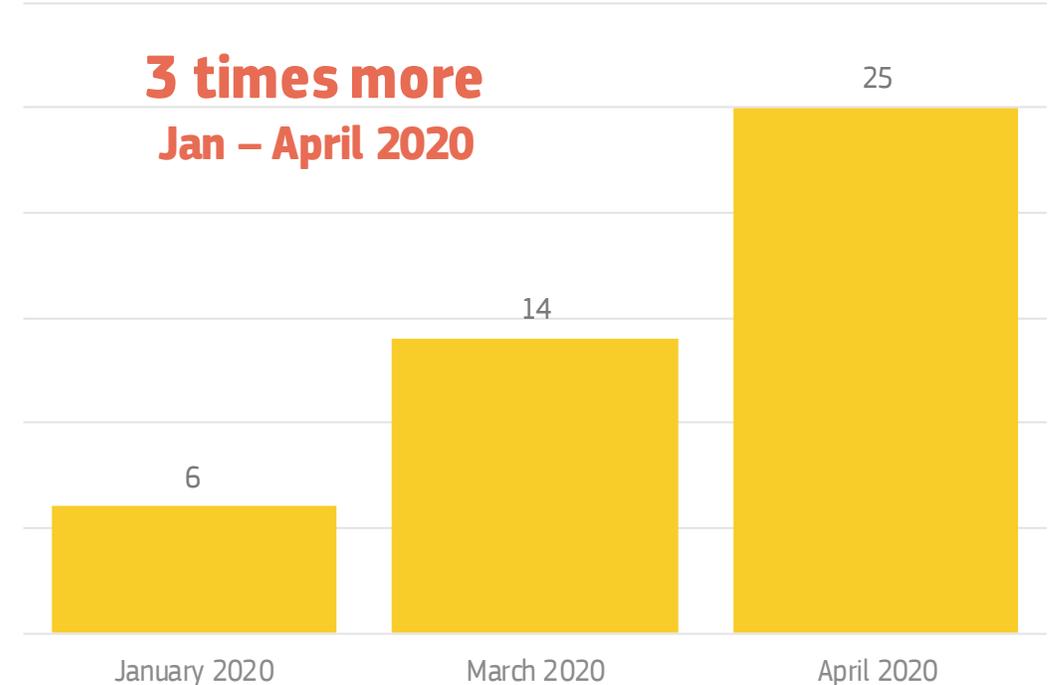
- During lock-down and confinement (and now) online-sales and on-line services increased significantly
- Effect on the willingness to travel and destination preferences (Summer 2020 and next months...)
- Destination attributes/preferences:
 - **National destinations**
 - **Low tourist overcrowding**
 - **Nature and outdoors activities**
- Households budget: likely to be lower for holidays purpose, however, price is not the main criterion in selecting a holiday destination
- Expectations regarding **international travel in the post-COVID-19 crisis are also likely to be lower**, in comparison with the pre-crisis

COVID-19 and the rise of on-line events

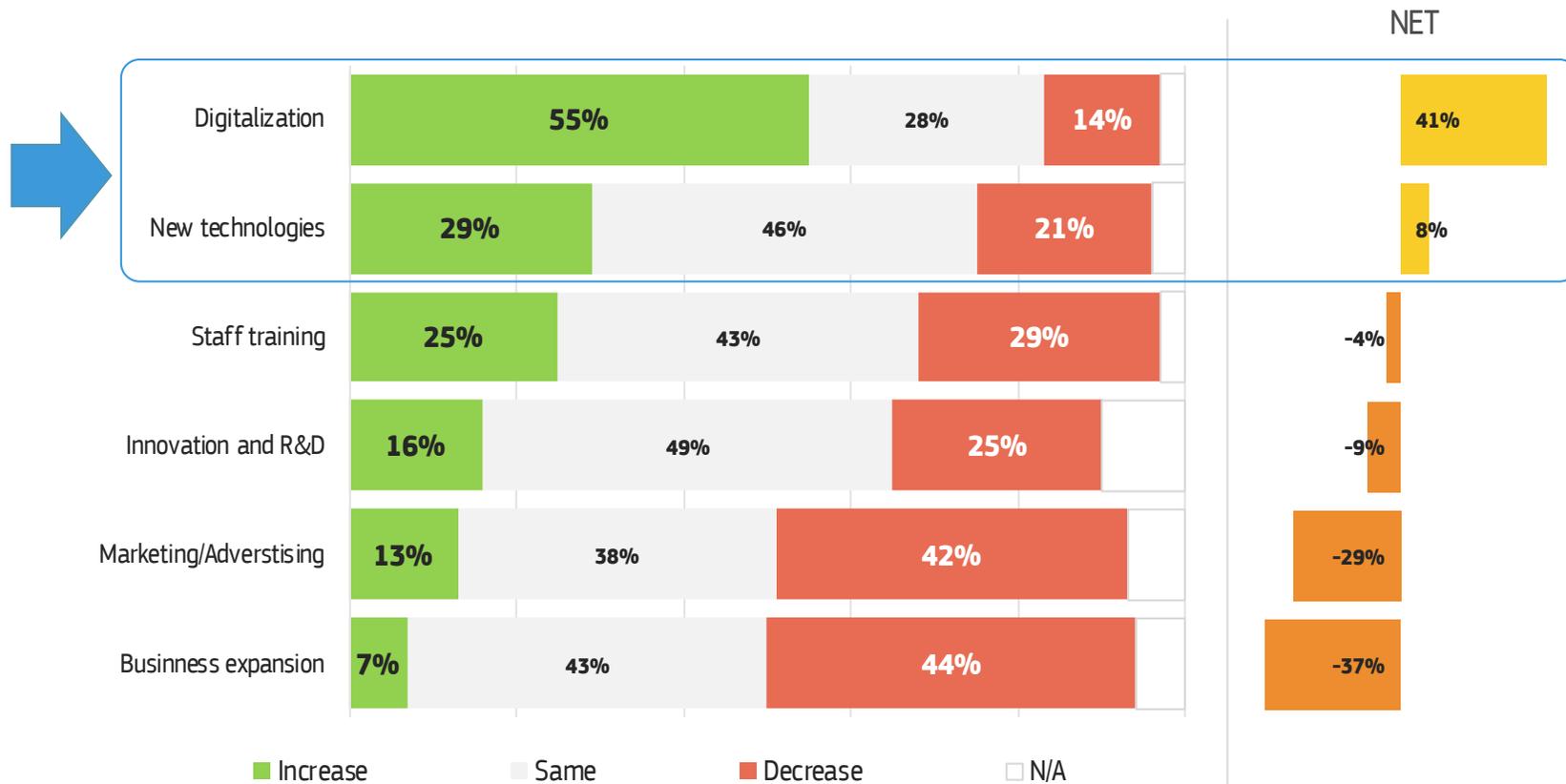
Business software spending increases amid COVID-19 worldwide, April 2020



Reported meetings minutes of Cisco Webex worldwide, Jan-April 2020 (billions)



COVID-19 expected effect on investment (2019/20)



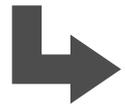
Despite the crisis investment in ICT and digitalization are expected to increase in 2020

Note: Expected effect on investment as the result of COVID-19 crisis in 2020 in comparison with 2019, Spain (Nr. of companies - % Total)
 Source: Deloitte, *Barómetro de Empresas: Covid 19 Impacto económico*, Edición especial 3ª oleada, Deloitte, 4 al 13 de mayo de 2020

Possible long-term effect on business tourism

Acceleration of **digitalization** in business model

- › Intensification of remote digital working tools [1; 2]
- › Rethinking the need for travel or physical meetings [1]
- › Cut marketing/promotional expenses [2]



Potential **negative** effect on traditional business tourism



Eco-tourism and market trends: Before COVID-19 crisis

- › **Increased interest** in traveling sustainably and staying in an eco-accommodation
- › Motivation: enjoying nature sights, environmental concerns and well-being of local people
- › Traveling more sustainably **improves vacation experience** thanks to: buying/consuming local made products instead of mass-produced tourist goods; staying in a certified eco-accommodation over a traditional hotel, among others.



Eco-tourism and market trends: After COVID-19 crisis

Acceleration of **green transitions** and sustainable tourism concept

- › Consumers **more aware** about the effect of climate change on human health [1]
 - Climate change and emerging infectious diseases are strongly associated[2]
 - COVID-19 is the third recognized disease transmitted from animals to humans in only two decades (MERS - 2012; SARS – 2003)[3]
- › **More aware** about the impact of tourism on the environment ➡ more eco-friendly choices in their everyday life [4]
- › **More determined** to make sustainable choices when looking to travel in the future [4]
- › Considering **alternative modes of transport** for longer distances ➡ reduce carbon footprint [4]
- › Travelers will want to continue to choice **less-visited destinations** [4]
- › **More Smart Destination** (increase the quality of tourist experience and the quality of life of the resident population)

Source: [1] GlobalData (2020). *Coronavirus (COVID-19) Executive Briefing*, 28 May. Global Data (2020)

[2] Epstein, P.R. (2001). "Climate change and emerging infectious diseases", *Microbes and Infection*, 3(9):747-754

[3] Gorbalenya, A.E. et al. (2020). The species Severe acute respiratory syndrome related coronavirus: classifying 2019-nCoV and naming it SARS-CoV-2. *Nature Microbiology*, 5, 536–544

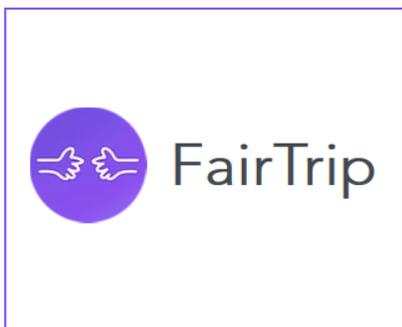
[4] Booking.com (2020). *Sustainable Travel Report*. Available at: <https://news.booking.com/bookingcom-reveals-key-findings-from-its-2020-sustainable-travel-report/> [Accessed on 19 September 2020]

Digital innovation to support sustainability: Some examples



- **Eco-responsible Mobility Planner** (<https://www.thetreeep.com/>)

Online reservation service that allows to compare and book round trips with different combinations of transport modes to get to the same destination. It displays the duration, cost and the carbon footprint of each option in order to choose the trip that has the least impact on the planet.



- **Fair travel guide** (<https://www.fairtrip.org/>)

Mobile app dedicated to fair and sustainable tourism. Free collaborative guide that helps travelers to find and share local and authentic places while having a positive social and economic impact on the visited place. More than 3.000 places worldwide.

Digitalization in Tourism: Challenges and Opportunities

Top 5 OPPORTUNITIES expected from digital technologies on SME operations	Top 5 DIFFICULTIES in implementing digital technologies	Top 5 MOTIVATIONS Why SMEs seek to digitalise	Top 5 OBSTACLES In further implementing digital technologies
Customer acquisition	Training on new digital technology	Improving online presence for competitiveness	Lack of finance
Improve online brand visibility	Cost and uncertain return on benefits	Improving growth	Current technology level is sufficient
Expand international reach	Insufficient knowledge to identify opportunities	Optimistic about future opportunities	High training costs
Improve service quality	Insufficient technical knowledge	Addressing seasonality	Rapid pace of technological change
Increase visitor satisfaction	Lack of suitable “off the shell” products within budget	Improving network	Cost of high speed broadband

Needs of tourism SMEs:

- › Skills (digital competencies)
- › Finance
- › Infrastructure
- › Mentoring support
- › Policy Support

Some Reflections

- **Greenhouse gas emission** from tourism sector = 8% of global emission [1]
 - Transport, shopping and food are significant contributors
 - High-income countries concentrate the majority of the footprint
 - Carbon emissions increased of 15% between 2009 and 2013
- COVID-19 pandemic has accelerated **digital adoption** and came to warn about **climate change** issues
 - Recovery will be more digital and with less business travels
 - Re-thinking the traditional tourism model ➡ building a **more Smart Destination**



GOOD WORK!

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