



**The response of tourism businesses
vis-à-vis the economic ramifications of SARS-CoV-2
Opening intellectual and real avenues for innovations**

Since many tourism and leisure activities can contribute significantly to the spread of SARS-CoV-2, it is not surprising that corresponding business activities have to endure a comprehensive and long lockdown. The response options of various industries to this lockdown are limited. However, as this short report shows, there are systematic, albeit limited, solutions to limit the economic impact to a certain extent by their own efforts.

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The following countries and territories are exemplary included in this assessment:
Australia, Australia, Austria, Bulgaria, Canada, Croatia, Bosnia, Serbia, Montenegro, Czech Republic, Finland, France, Germany, Greece, Italy, Japan, Malta, Netherlands, New Zealand, Poland, Serbia, Slovakia, Slovenia, Sweden, Switzerland, United Kingdom, Viet Nam

Introduction

Since many tourism and leisure activities rely on people from far away locations coming together in close contact, it is not surprising that such business activities were among the first to be closed down (mostly first big events, closure of borders, closure of attractions and restaurants) and have to endure a comprehensive and long lockdown. The response options of various industries to this lockdown are limited. However, as this short report shows, there are systematic, albeit limited, solutions to limit the economic impact to a certain extent by their own efforts.

We present these solutions structured along industries, starting with the one that is missing in all our lives even outside of tourism: provision of food and beverage and related types of businesses.

**Food and beverage (F&B):
separation of the place of preparation and the place of consumption.**

In the best case (especially in some Asian countries), restaurants are still open (although with shorter opening hours), but by securing that guests can keep social distance. For this purpose, some tables/ seats are not occupied, and reservations help to control the overall volume of people in the premises.

Against the background that not many people should be in one room, "Takeaway" is a widely used solution. In most countries, restaurants are responding to their forced closure by offering Takeaway F&B, where orders and payments are taken either online, by phone or for snacks and other things, even stationary, and delivery can be taken either outside the establishment (including drive-ins or drive throughs) or at home. For the latter, direct connectivity between kitchens and/or beverage outlets (which are the only entities still operating) and customers is often established.

Within the framework of the above described "standard process", one can observe a number of innovative variations. In some to many countries...

- ...different providers offer deliveries for home and online tastings (such as beer, wine, and spirits), sometimes under special titles (such as "save the...");
- ... restaurants provide the ingredients of a meal as well as a recipe so that the meal can be prepared at home. In some cases there are even videocasts of or cooking classes by chefs who explain the preparation in detail to the customers;
- ... Uber Eats delivers meals free of charge (in a strong attempt to gain market share...);
- ... there is now a voucher system (e.g. under the name "Save my..."), which brings forward turnover of future consumption to the present time of crisis;
- ... various chefs prepare first-class meals in a joint effort for health service workers, police officers, fire fighters, sometimes even for free;
- ... there are joint, time-limited virtual food or drink events (sometimes with fixed set prices) at which delivery costs can be saved due to higher (joint) delivery efficiency.

Overnight accommodation:

Exploitation of additional potential functionalities of infrastructure and services.

In the domain of accommodation, one can observe a rich variety of different actions. Most of them are (1) either delineated from their domains of potential functionality or (2) include special means of promotion or (3) focus just on core services.

To the first point: Generically speaking, "accommodation" consists of a combination of infrastructure and services operated for the purpose of accommodating guests. Accordingly, many providers in many countries are discovering that their businesses can also have additional functionalities, whereby their rooms and public premises become...

- ... temporary living quarters, e.g. for health workers and/ or the integrated rescue system or even to all public servants (in order to have them as close as possible to their places of operation but also against the background that exposed persons do not infect their families in case of infection);
- ... quarantine stations and services (from simple to very posh);
- ... "sick" stations (infirmary type) for people with infection but mild disease progression);
- ... hospital extensions for low risk patient outplacements (where possible);
- ... workplaces for remote work for people who can not sufficiently concentrate when working at home.

To the second point: In terms of promotion, in some to many countries...

- ... there is now a voucher system (e.g. under the name "Save my..."), which brings forward turnover of future consumption to the present time of crisis;

- ... cancellation fees are waived or compensated by means of vouchers (some voluntary);
- ... national tourism boards promote domestic holidays and give a way correspondingly framed vouchers (special prices).
- Finally, and worthwhile mentioning: In several countries, there are now learners at work in order to improve their job related proficiencies.

To the third point: There are still hotels and other types of accommodation that still provide overnight service for the few must-travellers. They focus on the core of providing room and bed without any additional services (not even breakfast not to mention health services

**Transportation:
Reduce services and costs.**

Whenever economic activities are reduced, this is most evident in the transport sector, which is particularly affected by cycles. The mitigation of effects in this sector is more or less the same everywhere. It should be noted that a 100 percent shutdown is not possible due to the public interest and therefore operations were reduced to a necessary minimum:

- With the aim of saving costs, public transport timetables have been drastically thinned out and minimum seat spacing has been introduced in some countries.
- With regard to private transport, rental and sharing companies have improved their range of services for long-term rental and use (as those who are or have to travel prefer individual transport). Campervans, for instance, are also used as quarantine stations.
- The slump in air traffic has prompted some airlines to reduce their fleets also in the long term (wide body jets such as the A380 are particularly affected). Some airports have closed down runways and taxiways; overall, only minimal capacity is now available everywhere. In some cases, multi-story car parks are being given new functions, for example as corona test drive-through centres.
- In the case of companies operating in the tourism sector (e.g. mountain railways), maintenance work is being brought forward and preparations made for the resumption of operations (e.g. hygiene measures).

**Activity (e.g. sports and non-sports) related business activity:
online offers new experiential and experimental opportunities.**

Numerous infrastructures for activities are and remain completely closed. However, and depending on the type of activity, different mitigation approaches can be observed (across all countries):

- Where possible, capacities are used in such a way that minimum distances between people can be maintained (but this is rarely the case);
- Controlled and instructed practice for gym activities are now offered online;
- Acts of performative art (theatre, concerts, etc.) are in many cases performed without audience and then streamed; increasingly, an online cultural program based on previous recordings/ podcasts is also being produced. Such programs are often also free of charge;
- Cinemas stream their movies;
- Museums offer virtual tours and/ or prepare future exhibitions.

**Intermediation (travel agencies, tour operators):
no or little tourist services mean no intermediated sales at all.**

These types of business are the probably most affected ones by the overall decline in tourism activities, apart from airlines, as they are mostly active in international tourism. Their measures are therefore essentially limited to protecting liquidity while at the same time ensuring customer friendliness, e.g., by issuing vouchers for future services or granting generous rebooking allowances. In some cases, customers are even temporarily denied their cash refund rights by government decree.

Miscellaneous

In addition to sector-specific measures, a number of cross-industry or not clearly attributable measures can be observed in many countries. The following are some examples:

- Exhibition and trade fair halls are temporarily converted into Covid-19 hospitals;
- Trade fair and PCOs provide support in the organisation of online events (especially conferences);
- Companies from various sectors lend their employees to companies and organisations with a shortage of staff; in some cases, the state has converted existing institutions or set up new placement institutions for this purpose.

At the end: What is it all about?

The various examples of dealing with the very limited business opportunities reveal some common vectors or intellectual frames of possible innovations.

- (1) Many tourism services include an infrastructure and service provision component. Both can be considered generically, as they can - theoretically - be adapted and applied to different contexts and settings. A good example is the business of "accommodation", where a completely different functionality and customer value can be created by adapting the services (e.g. quarantine station, hospital outplacement, etc.).
- (2) It is helpful to intellectually and intellectually deconstruct and unbundle the central processes around a "given" business activity; this opens up spaces for solutions, to redesign such processes in a new way, also including the scarce spatial possibilities. A good example is provided by the F&B sector, where the differentiation according to the processes (1) "order – pay" and (2) "stay and consume" opens up new, quasi extraterritorial possibilities (e.g. takeaway or finalise a dish at home).
- (3) Specifically, thinking of deconstructing "production", "distribution channel and point of delivery", and "point of consumption" opens new ways for designing services under the present conditions (where jointly usable space is scarce). Take performative arts or visual/ audio content in cinemas, for instance: analogue content is no longer delivered in stationary analogue form, but digitally and virtually over distance. Or take a restaurant visit: food is not cooked and eaten stationary in a third place such as a restaurant, but cooked (with the help of video instructions) and eaten at home, thus creating a total new type of experience, potentially jointly with others.
- (4) Different ideas for money flows might open up new ways for future cash (flow) management, whereby the value of controlling resources such as financial means might take a whole new meaning.

(5) Already now, and with the first countries starting a (careful) reopening process, operators are required to maintain high hygiene standards. Moreover, the role of space becomes crucial. To maintain social distancing capacities of given infrastructure will need to be reduced. The new optimization formula for business will become *max revenue per square meter per minute*. Restaurants for example will have to allocate their reduced space by an optimal set up for a best possible number of guests, select the guests with the highest willingness to pay, maximize occupation rate and minimize staying time. All services delivered in a physical infrastructure (besides restaurants also museums, cable cars, etc.) will have to apply adequate reservation tools.

(6) Altogether the trends are

- making innovative use of scarce existing physical infrastructure,
- move to digital for e – services, delivery services etc., and
- prepare for reopening under strict hygiene regulation and therefore capacity restrictions.

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