European Needs Analysis on Crisis Management for Tourism SMEs

Part 5: Analysis of Industry Interviews

Navigating Tourism
Crisis Recovery

CONTENTS

INTRODUCTION

The final report for Intellectual Output (IO) 1 contains six elements:

- Introduction and Methodology
- Online Research
- Good Practice Case Studies
- Literature Review
- Analysis of Industry Interviews
- Competence Framework and Conclusions

All of these resources are designed for either self-learning or to be used in a more formal educational structure. This document forms part five: Analysis of Industry Interviews. For the full suite of IO1 reports please visit https://www.tourismrecovery.eu/resources/.

INTERVIEW ANALYSIS

1. How effective are policymakers and/ or current legislation in terms of responding to crises in general?

The overriding opinion was that legislation and responses had been more reactive than proactive. Some felt that there possibly had been crisis planning but that the unprecedented events of COVID-19 had meant no planning could have been possible or that the pandemic had to override any previously formed ideas. Although whether responses, especially financial aid ones, had been effective differed many did agree that the length of time they took to implement had been too long. Again, this suggests that there were no planned responses in place.

> "Overall, I have the feeling that there are no long-term crisis plans and strategies" (Germany 1)
>
> "Reactive in a word" (Scotland 1)
>
> "It actually took a long time to implement this" (Iceland 4)
>
> "We understand that it is the health crisis that determines the actions of governments" (Spain 3)
>
> "Reactive action has been taken because we did not know how the SARS-CoV-2 coronavirus that causes the COVID-19 disease operated" (Spain 4)
>
> "In theory I think that there is a system that in theory should cut in when something like this happens but I think the reality [is] governments are feeling their way through the situation" (Scotland 2)

2. Can crises represent an 'opportunity' – to do something new or do something differently?

The majority of the responders felt that the opportunities came about through the changes to business models, or operating procedures, forced upon them by the crisis. Many even went as far as to say the Covid crisis would have a positive effect on business as the forced changes and adaptations have brought flexibility, innovation and creativity to business models, as well as providing time to "reorganise the business" (Iceland 5) or "get stuff done that we never got the chance to do before" (Ireland 2).

> "Sometimes you need crisis to affect change and not that it is an excuse to push through change, but sometimes some things need to break quite spectacularly for there to be that lightbulb moment, to think actually maybe we need to do this differently"
>
> (Scotland 1)

The move to digitalization was often mentioned as a key opportunity but also highlighted as an example of where one business' opportunity can be a weakness for another if they are not prepared or prepared to change (Spain 3).

> "Then you have a company like Hey Iceland that is fully engaged in digital travel and is taking advantage of the time now and their staff to transfer a very entrenched travel agency from being a very typical old fashion travel agency to the digital world in its entire process"
>
> (Iceland 2)

Another recurring opportunity was the potential for building more sustainable tourism both in terms of growth and in relation to the environment.

Despite the general agreement that there was opportunity some interviewees did not agree: "I don't see any real opportunity for our industry" (Germany 2), and others could see that there were opportunities but felt that outside help would be required to make that happen: "it's an incredibly beautiful idea to list how we want the tourism industry to be when it starts up again after Covid. But who is going to do it?" (Iceland 2). "It would have been good if the government provided us with the ways and supports to be able to take advantage of opportunities" (Ireland 5).

3. Could closer collaboration, for example with other businesses, help individual's crisis response and, if so, how?

Many recognised the need for and help from informal collaborations established during the crisis where the key collaboration was mutual support or information sharing.

> "Once they started talking about the problem it was helpful" (Scotland 1)
>
> "We update each other on who has information, what might be planned" (Germany 3)
>
> "Just to meet and chat and try to be creative together" (Iceland 3)
>
> "[It] would have been very useful, especially if we could talk and figure out what to do after news announcements" (Ireland 5)

A few interviewees felt that no direction came from these collaborations however it could be argued that this was down to lack of leadership or direction within the collaborators.

> "We had plenty of zoom calls and training but no direction on opportunities or how to respond appropriately" (Ireland 3)
>
> "We exchange ideas – but this does not actually help in the current situation. In the end everyone fights for themselves." (Germany 4)

A common theme throughout the successful collaborations seemed to be that they had formed organically, a coming together of organisations to support, chat and learn from each other.

> "The travel cluster emerges from the grassroots, the companies wanted to work together on solutions" ((Iceland 2)
>
> "They've come together, they've learnt from each other" (Scotland 4)

4. What experiences or examples from elsewhere are you aware of that may help tourism business respond to crisis?

Answers varied from specific examples of individual companies to generic ideas or responses.

The individual responses included:

- Owners using facilities for completely different businesses
- Individuals working on different projects
- Using spare time for community projects
- Food industries diversifying into takeaways, deliveries or new clients

More generic responses talked about included:

- Changing the methods for how to engage with customers
- Using ecommerce
- Digitalisation
- Expanding the geographical reach of the company through online facilities
- Creative adaptation of products

> "An awful lot of organisations have become much more active and much more creative in the way they engage with their membership"
>
> (Scotland 2)
>
> "It's a lot of fun because in general tourism people are extremely creative. They do not stop being creative despite these difficulties"
>
> (Iceland 3)

Some answers focused on the perceived success or failings of government responses:

> "The tourism industry is better supported in other countries . For example, in Ireland or England, aid money arrives and is given more unbureaucratically." (Germany 3)
>
> "They've got a crisis plan" (Scotland 1)
>
> "It would already be helped if the things that were decided or announced were also implemented. We applied for support a long time ago- but it has still not been paid out." (Germany 4)
>
> "At the end of the SARS pandemic in 2003, these Asian countries initiated important marketing and communication strategies to build trust and rebuild the image of these tourist destinations" (Spain 4)

The need to "train and learn from other experiences" (Spain 1) was also mentioned to "give businesses that are not able to operate [the] tools [and] ideas [for] how they can improve right now" (Scotland 4).

5. How prepared is the tourism sector to navigate its way through crisis?

There was almost a dichotomous split between positive and negative responses from the interviewees, with many stating outright that preparation was "terrible" (Ireland 1), "not nearly looked at enough" (Scotland 3) or "not at all" (Germany 4). Yet others saw evidence of resilience and previous track records: "the tourism industry has faced health crises before [and] the data shows that tourism has not only survived but

recovered" (Spain 4).

Among the positive responses the varied nature of businesses, seasonality of demand, the relatively quick reaction to demand and the general desire of people to travel were highlighted.

> "But people are incredibly prepared for a crisis, because of this flexibility. I think it is because of seasonality. Because you have this flexibility in operation of the companies and the investments are not risk-averse due to seasonal fluctuation."
>
> (Iceland 3)

In contrast, some negative responses cited certain business accounting methods which did not support resilience.

> "Now that countless customers are cancelling their trips [deposits] have to be paid back. Many colleagues are not in a position to do that. They have no reserves and have already spent the money" (Germany 4)
>
> "Labour costs have become far too high, as the cost of running a business, it was simply heading for some nonsense" (Iceland 1)

One area which did bring consensus was that the tourism industry cannot be looked at as a whole due the huge differences in operational sizes and the individual capacities of the owners.

6. Were a major crisis, such as Covid-19, to recur, are tourism businesses now better placed to respond than they were pre-pandemic?

The general overview of the interviewees was that no they weren't better placed to respond but that maybe the simple experience of having been through the Covid-19 crisis had created some "self-learning" (Scotland 2).

> "Basically, you should always try to learn from crises and prepare yourself accordingly. But it's hard to prepare for the unpredictable"
>
> (Germany 1)

There was concern that, at present, the industry is so financially challenged that it is actually more vulnerable than before.

> "They are so financially challenged and there's a lot who are almost ready to go under already and trying to keep afloat is the main challenge at the moment. So, if saving lots of extra funds or trying to think up extra resources was required, there just isn't the headspace or the resiliency to do that at the moment."
>
> (Scotland 3)

7. Thinking beyond COVID-19, what other types of crises can substantially affect tourism businesses?

Responses were grouped into five areas:

- Climatic
    - Climate change
    - Natural disasters
- Transportation
    - Regulations, travel bans or restrictions
    - Border controls, Brexit
    - Costs
- Man made
    - Financial crisis
    - World war
    - Terrorism
    - Political fall out
- Zoonotic diseases/ drug resistant bacteria
- Rapid unsustainable tourism growth

> "The whole travel world and mechanisms from which people move from a to b is going to and has already been shaken up quite significantly by this."
>
> (Scotland 2)

> "Our crisis in Iceland is, of course, far too much because of the rapid development of the tourism industry."
>
> (Iceland 4)

8. What are the specific issues that a crisis can create in the tourism sector? Do these disproportionately affect one sub-sector, i.e. accommodation, hospitality, experience providers?

Many responders commented on the loss of, or the worry about losing, staff to other sectors. This is perceived as going to create issues with quality control or the ability to be able to find employees on reopening. Alongside this many worried about the loss of markets and the ability to be able to reconnect with them. It was felt that businesses, or countries, which relied more heavily on foreign tourists would experience market loss the greatest.

> "As Spain depends so much on international tourism, this has affected a lot."
>
> (Spain 1)

Financially it was generally felt that smaller, possibly more rural, accommodation companies had fared better due to lower overheads, the ability to adapt and being able to operate closer to 100% capacity when restrictions briefly lifted.

> "Hotels in the capital area in particular. Their challenges are much greater than perhaps smaller hotels in the countryside." (Iceland 2)
>
> "A smaller organization is more nimble – we can just take bookings as and when because out initial outlay isn't as much." (Scotland 5)
>
> "The much larger types of accommodation, they did really badly out of it because they weren't able to open properly." (Scotland 4)

Specific sub-sectors which were felt to have been disproportionately affected included:

- Travel agencies
- Marine travel
- Residential sectors
- Business travel companies
- Recreation based tourism

9. At which particular points in a crisis are tourism enterprises particularly vulnerable?

It was felt that tourism enterprises are vulnerable during both the booking periods and when visitors actually come: "tied in with the lead in time when you look at how, at what point did people book and then travel" (Scotland 2). This dependance on "external factors combined with seasonality" (Germany 1) meant it is not easy for tourism enterprises to plan and if one point is affected by a crisis it has a knock-on effect, creating vulnerability. The Covid crisis has created a particular vulnerability in the "deterioration of customer confidence" (Spain 2) and the "confidence in the safety of the services [on] offer" (Spain 3).

10. How can the crisis resilience of tourism enterprises be sustainably improved at an individual business level?

Although many of the respondents felt that the tourism industry already had high levels of resilience the need for "economic sustainability" (Spain 1) and ensuring the business had financial reserves was essential:

> "Tourism companies could improve their resistance to the current crisis and future crises in a sustainable manner if they have the knowledge enabling them to create a minimal adaptive capacity to ensure the organisation's bare survival for the duration of the crisis."
>
> (Spain 4)

"reserves are the be-all and end-all" (Germany 2). Tied in to this financial resilience was the need for careful business planning with sustainable growth, gaining a thorough understanding of the market, their own business and "generally [acquiring] a better understanding of the businesses and how they operate" (Scotland 4).

> "That we need to set some specific goals for the expansion or increase of staff, or expansion of spaces or more rooms or something like that" (Iceland 2)
>
> "I think that business decisions around borrowing and business decisions about risk management- the levels of risk that businesses are willing to take will be different" (Scotland 2)
>
> "I think the important thing is to get out of this short-sighted vision. It would be much more successful for us to build up more slowly and the resilience would follow" (Iceland 4)
>
> "Establish networks and market channels and work together better" (Ireland 2)

11. What regional peculiarities exist, if any, especially, for example, the differences between urban and rural areas?

When comparing the urban and the rural it was generally assumed that the defining difference was that rural businesses tended to be smaller and urban larger. With regards to the impact of COVID-19 there was no consensus as to whether the urban or rural had been impacted harder. Rural areas, where there is greater seasonal fluctuations in tourism, were seen as able to adapt better to full lock down and then adapt to servicing new domestic markets when restrictions lifted. However the lower population densities mean difficulties with finding staff and less footfall for local markets. It was also felt that communication issues with generally poorer internet or transport connections were a disadvantage to rural areas.

> "When you are talking about bigger companies, often there are more assets. Assets that are burning is a buffer before the affects start to have a more direct effect on the owners. But there are examples that owners have had to mortgage their home to be able to cover this fire. And when you are talking about the biggest companies, they have considerable assets that can counterweight. Bu the burn is in the same way greater, but not any personal impact on the owner."
>
> (Iceland 1)

> "I think there has been a really damaging effect on the cities and tourism in cities." (Scotland 4)
>
> "People who want to get away from the city into the big outdoors" (Ireland 5)

Larger, more urban, companies were often seen to have greater assets and better access to funding, but also more overheads. The differences in the direct impact of the crisis on people were also seen as to have an urban/rural divergence. With smaller rural companies generally being owner-run the financial effect of closure was more personal, as was the connection to, and impact on, the wider community. The lower population levels had generally meant lower levels of infection, but as businesses reopened, bringing more people to the rural areas, there was concern this would also raise infection levels. It was also noted that the crisis has created an interesting trend of distrust for more urban areas, with more people now seeking out rural or less densely populated destinations.

12. Are you aware of any existing training courses or materials on crisis response and have you used them? If so, were they useful? Why or why not?

Many of the respondents were not aware of any training materials and had generally just searched online. One interviewee, who was aware of training and help available, commented that social media platforms were "part of the problem. The discussion about help available in these forums is just terribly wrong" (Iceland 1).

Trainers or training courses mentioned included:

- The University Institute of Tourism and Sustainable Economic Development, belonging to the University of Las Palmas de Gran Canaria, has produced a publication that analyses the behaviour of world tourist destinations during the COVID-19 pandemic (Spain 4)
- BCN Safe City, BCN Safe Visit (Spain 2)
- Turisme de Barcelona: training modules on Health and Safety (Spain 2)
- Turismo de la Generalitat: online sessions on Change Management (Spain 3)
- Business Gateway: crisis management events (Scotland 1)
- Highlands and Islands Enterprise (Scotland 1)

- ABTA: workshops on staff mental health support (Scotland 2)
- PHAROS: Crisis training and crisis management webinars (Scotland 3)
- Wild Scotland/Visit Scotland: scenario planning (Scotland 3)
- Small Iceland: business consulting company (Iceland 1)
- The Icelandic Travel Industry Association (SAF) (Iceland 1)
- Ratsjáin (Iceland 2 & Iceland 3)

13. What subjects should be included in a course programme specialising in crisis management?

The following key themes emerged from the findings:

- Financial information
  - o Funding
  - o Government support measures
  - o Refinancing plans
  - o "Planning and liquidity management are elemental" (Germany 4)
- Communication
  - o "Marketing and communication plans" (Spain 4
  - o "How to communicate with your staff, your clients, with other businesses" (Scotland 5)
  - o "How to communicate with our visitors, templates for communication" (Ireland 4)
  - o "Team leadership, especially what is related to being able to manage teams during times of change" (Spain 1)
- Crisis and emotion management
  - o "Emotion management with the client and human resources; psychology and emotional recovery of tourism professionals" (Spain 4)
  - o "Keeping an eye on staff, your mental health and well-being" (Scotland 5)
- Disaster recovery plan
  - o "What is it, what should it have in it, who needs to be working on it and how often" (Scotland 1)
  - o "Planning for different scenarios in terms of operating" (Scotland 3)
  - o "Different scenarios relating to different types of crisis" (Scotland 4)
- Business plan/strategy
  - o "Find the purpose again and to find focus" (Iceland 2)
  - o "Analysis of the projected image and analysis of the perceived image" (Spain 4)
  - o "Isn't business just crisis management?" (Iceland 3)
  - o "There is a lack of basic business knowledge among many industry participants" (Germany 3)
- Digitalisation/online skills
  - o "Digital skills and know how to manage my website and make it better" (Ireland 2)
  - o "Appropriate use of technology through a crisis" (Scotland 1)
  - o Social media
- Market/product analysis
  - o "Customer and competition analysis, pricing and customer targeting" (Germany 4)

- o "Creative thinking and design process. How do we take advantage of getting new ideas and not boxing us too much into a particular idea of what we consider to be the best idea to run our business?" (Iceland 2)
- o "Marketing a quality product at the value it's actually worth" (Scotland 3)

14. What other feedback would you like to give us that may help us design effective training materials?

It was felt that it would be good to learn about, and from, how other countries and businesses have responded, perhaps creating, or suggesting how to create, business focus groups or specific communication channels: "One of the basic principles in any crisis management, do not try to do everything yourself" (Iceland 1). One example of best practice was to use "fast-paced meeting[s]" to connect businesses (Iceland 2).

Ensuring that any materials follow a step-by-step process was also mentioned and making sure that they come from, or are delivered, by people who are relevant to the industry.

"Step by step guides to help them adapt" (Scotland 4)

"Make sure it is step by step whatever you do not too much reading. Plenty of videos if you can" (Ireland 3)

"Those teaching have been people who have nothing to do with us, have no connection to us and our situation. We have not been receptive to them." (Iceland 4)

Additionally, how the information was to be presented and the time it took, or the frequency of any sessions, would be important.

For content of the materials it was suggested that "there is a need to divide crisis to three phases. When it starts. The middle. Afterwards. There should be a different emphasis in each of them. You need to have a plan for each segment of the crisis." (Iceland 5)

"Make sure it is easy to understand, that I can get it on my phone because I don't get to sit down in front of my computer much" (Ireland 4)

"It would be good to get someone out to do a show and tell instead of do a course online" (Ireland 3)

"Something we have found is that a series works well" (Scotland 1)

"I would say every month is okay for a session" (Scotland 1)

One respondent gave an example of what they were working on: "We have been working on a project to create a sustainability wheel where we would like to have a self-assessment test for business owners where they evaluate themselves and, depending on where they stand, they are sent educational material where they can read and strengthen themselves in aspects needed." (Iceland 2)

15. What are the key indicators for measuring well-being, potentiality, and recovery from a crisis within the tourism industry? What were these indicators like before Covid-19 and what are they like now?

The overwhelming response was for economic indicators.

> "Healthy bank balance" (Ireland 2)
>
> "Compare planned and actual figures, adjust our liquidity forecast and plan our medium-term expenditure and investment" (Germany 1)
>
> "Money. What you need to survive." (Iceland 5)

Within the basic economic indicators respondents also highlighted other criteria:

- Booking rates
- Changes in booking habits
    - more or less hotel nights or self-catering, experience holidays
    - Booking classes/budget
    - Travel duration
    - Domestic or international bookings
- Seasonal fluctuation changes
- Investment positions
- Changes in purchase habits

Health and wellbeing indicators, along with health safety issues, were mentioned as being more important post crisis.

> "Health safety and epidemiological indicators are beginning to be incorporated for the first time" (Spain 4)
>
> "A good sign of well-being would be healthy working hours and less screen time." (Scotland 3)

Sustainable tourism indicators are also rising in importance, with criteria being developed (Spain 1 &2).

16. What consultation documents or surveys are you aware of that aim to understand how the tourism sector has been affected overall by Covid-19?

The following documents, surveys or initiatives were mentioned:

- Scottish Tourism Emergency Response Group (Scotland 1 & 4)
- Visit Scotland (Scotland 1 & 5)
- Scottish Tourism Alliance (Scotland 1)
- Scottish Chamber of Commerce (Scotland 1)
- Association of Self Catering (Scotland 1)
- Motorhome Association (Scotland 1)
- Adventure Travel Trade Association (Scotland 4)

17. What qualities and characteristics must a business leader/administrator have in order to make appropriate decisions within the context of the Covid-19 crisis?

By far the most mentioned characteristic was good communication skills: "above all communication" (Iceland 1). Also ensuring that people have appropriate skills or education, are knowledgeable about their sector and that they create a "culture of continuous training" (Spain 1).

Despite the perceived requirement to be knowledgeable many also mentioned that "humility" (Iceland 2 & Spain 1) and "asking for help and advice" (Scotland 1) were also very important qualities. Leaders would also need to be forward thinking: "to have a long vision of things" (Iceland 5) to "draw up appropriate business plans and develop contingency plans" (Germany 3).

However, it is also important to "be willing to change" (Scotland 1), to "have a flexible business model" (Ireland 2), to have the vision and creativity to adapt, change and inspire.

> "Endurance, calmness – and planning skills"
>
> (Germany 2)

> "A great leader must inspire, be open to change, be conservative where necessary"
>
> (Spain 1)

> They need to have a creative mind and be open to new ideas but also incredibly humble towards acknowledging the problem and the powerlessness and making mistakes and calling for all sorts of reflections from other[s]"
>
> (Iceland 2)

18. What else has helped you in your own crisis response?

Again, communication was the most frequent answer with respondents saying that it was important to have both casual and work-related conversations regularly.

> "Networking and communicating on a regular basis with people I work with has got me through it" (Scotland 4)
>
> "Actually have honest, frank conversations when it's been pretty crap" (Scotland 1)