

GETTING EUROPEAN TOURISM BACK ON TRACK

Gina (Lefter) Dobrota,
Catrinel Dridea*

Abstract

Starting from the idea that Europe was in 2019 one of the most visited regions in the world, according to www.eubusiness.com and from the fact that tourism was severely affected in 2020 by the Covid-19 pandemic, due to severe restrictions on imposed on citizens around the world, it was necessary to conduct an analysis of the impact of Covid-19 on the European tourism area and the measures required to restore tourism activity and traffic in the member states of the European Union.

This study aims to x-ray the state of affairs of the main sectors of tourism (hotels, restaurants, transport companies and travel agencies), activities undertaken, proposals and recommendations for recovery and future joint actions (EU, member states, employers' associations).

Keywords: *tourism, Covid-19 impact, recovery, partnerships, sustainable tourism*

1. General Presentation of Europe Tourism Sectors

As a global phenomenon, tourism represents one of the most dynamic industry generating important benefits in terms of economic, social, cultural, political and other aspects. Nowadays tourism has undergone major changes as destinations have become more and more attractive, based on the permanent efforts of tourism organizations, for the development of the industry.

In regard to the tourism activity, Europe is ranked first, according to the international tourist arrivals and international receipts statistics.

Table 1: *International tourist arrivals – million*

	2017	2018	2019
Europe	676.6	715.8	743.7
Asia and the Pacific	324.1	347.7	360.1
Americas	210.8	215.9	219.5
Africa	63.3	68.7	71.9
Middle East	57.6	60.1	65.1

Source: <https://www.e-unwto.org/doi/epdf/10.18111/wtobarometereng.2020.18.1.6>

* Gina (Lefter) Dobrota is Lecturer at the Romanian American University. E-mail: dobrota.gina@profesor.rau.ro

Catrinel Dridea is Lecturer at the Romanian American University. E-mail: dridea.catrinel.raluca@profesor.rau.ro

In the European Union, the tourism sector, as a traditional travel and tourism service provider, includes 2.3 million companies, especially SMEs that generates job for approximately 12.3 million employees¹.

According to a European study², on 22 countries, for a period of 12 years, the *hotels* number, from the European chains and hotel market, has reached 146,616, with over six million bedrooms. In terms of hotel chains, the data shows 18,575 hotels, with a total of 2,289,879 million bedrooms, concluding that chain hotels represent 13% of the overall hotel market and 38% of the room market.

Analysis of the *food and beverage* industry showcases the importance of this sector for the development of European tourism. The challenges of this segment is to ensure that Europe continues to have highest quality and safest food, taken into consideration the fact that food and drink represent one of our society's greatest traditions and moreover, the large variety of it, as an important part of European social, cultural and economic background³.

The FB industry represents the European Union biggest manufacturing sector in regard to the number of jobs and value added, as the exports of food and drinks have double in the last 10 years, reaching over 90 billion Euros, with a contribution to a positive balance of almost 30 billion Euros⁴.

Other studies have underlined the major role of this sector, for example a study conducted by FoodDrinkEurope's latest Data & Trends⁵, November 2020 shows that EU consumers spend 20.7% of their budget on food and drinks, in shops or out-of-home facilities such as restaurants and cafes, out-of-home consumption being represented as one-third of consumer spending on food and drink products.

In term of *aviation*, this industry has gain a global importance, being one of the most advances market at international level and especially in Europe. Due to the increase of the air traffic over the years and the strong competition of airport groups for a larger market share, the European aviation industry strives to adapt its offer to innovation.

In 2019, commercial airlines in Europe have generated approx. 6.5 billion U.S. dollars in net profit, and the freight load factor of commercial airlines has reached over 74%, over the same period of time⁶. Air passengers traffic has slowly declined in 2018 (7.5% from 9.1% in 2017) and 4.3% in 2019, with a deceleration of 56.4% in 2020 in regard to the 2019 statistics⁷.

A conclusive example of the leisure industry, *gambling* has always been an important spare time activity and it has remained undeniably popular throughout history⁸. The casino

¹ <https://www.europarl.europa.eu/factsheets/ro/sheet/126/turismul>

² <https://horwathhtl.com/publication/european-chains-hotels-report-2019/>

³ <https://www.fooddrinkeurope.eu/>

⁴ https://ec.europa.eu/growth/sectors/food_ro

⁵ <https://www.fooddrinkeurope.eu/news/press-release/fooddrinkeurope-press-release-the-numbers-behind-food-and-drink/>

⁶ <https://www.statista.com/topics/6657/air-transportation-industry-in-europe/>

⁷ <https://www.statista.com/statistics/658701/commercial-airlines-passenger-traffic-change-europe/>

⁸ <https://www.translationroyale.com/the-most-popular-gambling-activities-in-europe/>

industry it is estimated to more than 1,700 casinos, 120,000 gaming machines and 9,000 table games in Europe⁹.

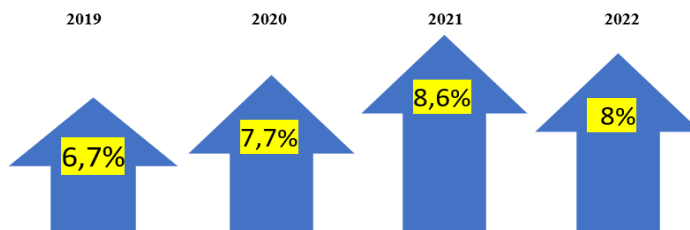
2. The Covid Pandemic Impact on Europe Tourist Destination

The Covid-19 crisis has generated a strong negative impact on all tourism sectors. In an attempt to contain the spread of coronavirus, tourism activities have considerably diminished, as authorities have chosen to limit tourist flows. As a result, many tourist organizations have undertaken measures to reduce the impact on business by reducing costs, rethinking the online approaches.

The UNWTO reports show that Europe has significant decreases of international arrivals, registering in April 2020, a 98% loss compared to the same month of the previous year, as international arrivals have declined with an average of 68% in regard to 2019¹⁰.

The pandemic has deeply affected the entire economy, as results are accentuating the increasing unemployment rate and the challenges arose from this context. Losing their jobs and the rising unemployment has generated high pressures on many European livelihoods. According to the forecasts, the euro zone unemployment rate will increase from 7.5% in 2019 to 8.3% in 2020 and 9.4% in 2021 followed by a reduction in 2022, to a value of 8.9%. Estimations present that unemployment rate in UE is growing from 6.7% in 2019 to 7.7% in 2020 and 8.6% in 2021, with chances of a small recovery in 2022, representing 8.0%¹¹.

Figure 1: UE unemployment rate 2019-2022



The revenues of European tourist accommodation units have declined with 43.5%¹² in 2020 in comparison with 2019 reaching only 51.179 million euros. The RevPar indicator has recorded a decrease in September 2020 in report to the same period of 2019, with a value of 54.6%¹³.

The statistical analysis of the first two semesters in terms of the capacity of the tourist accommodation units, based on the overnight stays at European Union level,

⁹ <https://www.worldcasinoindex.com/casinos/europe/#:~:text=Although%20the%20figure%20is%20practically,activities%20and%20facilities%20in%20Europe>

¹⁰ <https://www.unwto.org/international-tourism-and-covid-19>

¹¹ https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/jobs-and-economy-during-coronavirus-pandemic_ro

¹² <https://www.statista.com/outlook/267/102/hotels/europe?currency=eur>

¹³ <https://hospitality-on.com/en/statistics-trends/september-2020-european-hotel-industry-falls-back>

indicates a constant increase from 2015 to 2019, with a drastic decrease of more than 50% compared to 2019, in the first half of 2020.

The year 2020 has been a challenging year for commercial aviation. The Covid-19 pandemic has collapsed the industry over the initial estimates. A series of studies have shown that the commercial and passenger aviation have regressed to the statistics of 2000-2010, depending on the region. Even though airplanes haven't operated flights, the airline companies have registered large expenses every months generated by storage, maintenance and preservation during aircrafts downtime. For the first six months of 2020, governments worldwide have offered airline companies different forms of financial support, up to the amount of 160 billion US dollars. The revenues of airline companies have dropped to approximately 80% from the same period of 2019, with predictions of losses of over 60-70 billion US dollars in 2021 as well and low chances of recovery in 2022. Due to this context, 4.8 million jobs in aviation and 46 million jobs in related sectors are facing major difficulties¹⁴.

The impact on the food industry is not to be ignored, as the pandemic crisis has generated a negative wave on all segments of food supply chains, including farm production, food processing, transport and logistics, and final demand, with notable differences on sectors of activity or products¹⁵.

Regarding the casino industry, the effects are similar to other sector of tourism. Casino gaming represents the largest sector of the global gambling market, but forecast shows it stands to lose up to a quarter of its revenues in 2020, with possibility of small recovery in 2021, but will return to the pre-crisis situation in 2023¹⁶.

3. European Union Measures for the Recovery of European Tourism

The pandemic crisis has generated a real and immediate concern for taken the necessary measures to economy recover, and especially tourism, as one of the major affected sector of it. Member States have developed strategies in order to considerably diminish the negative impact and to generate a revival of tourism industry. Major initiatives are as follows¹⁷:

- Providing liquidity for tourism companies, especially for the small ones; the flexibility of the aid state regulations allows Member States to use aid schemes to support small business;
- Saving jobs, by financial assistance up to 100 billion Euros through SURE instrument; SURE program helps Member States cover the costs of national technical unemployment schemes, and similar actions allow companies to maintain jobs;

¹⁴ <https://airlinestravel.ro/iata-avertizeaza-companiile-aeriene-vor-pierde-13-miliarde-de-dolari-in-fiecare-luna-pana-la-finalul-anului-2020.html>

¹⁵ <http://www.oecd.org/coronavirus/policy-responses/food-supply-chains-and-covid-19-impacts-and-policy-lessons-71b57aea/>

¹⁶ <https://www.casino-review.co/global-gambling-report-gbgc-lorien-pilling/>

¹⁷ https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/jobs-and-economy-during-coronavirus-pandemic_ro

- Popularization of local offers and promoting European tourism as a safe destination; collaboration of EU Commission with the Member States for sustainable tourism, according to the European Green Pact and promoting the digitalization of tourism services;
- Publishing the EU guide for the gradually revival of tourism services and for the sanitary protocols for the tourist accommodation units;
- Tour operators recommendations regarding issuing vouchers as opposed to reimbursing canceled tourism packages and transport services;
- State aid actions (rules implementation regarding the state aid flexibility, allowing Member States to provide direct support to severely affected businesses and direct grants for the small ones, guaranties for bank loans, public loans etc.)

Taking into account the labor force structure that activates in the tourism industry, as a sector with more women representative worldwide (54%) and most of them in low-skilled or informal work, the economic shock to tourism generated by Covid-19 has a major effect. The recovery of tourism sector presents itself as great opportunity to continue the actions undertaken such as¹⁸: **reducing barriers to entry, elevating female employees' recovery efforts, increasing protections and reporting how the effects of the pandemic are affecting men and women in tourism differently.** The immediate responses and recovery consists in initiatives like¹⁹: **support** for informal workers, gender balance at the top tables of crisis management, access to healthcare in terms of affordability, quality and equitability, **Equal access to information; Recovery: Protection against gender-based violence, Flexible working condition, Boost entrepreneurship and career progression, Sex-disaggregated data.**

Other important sector of tourism that requires more attention is represented by the food industry. The European Commission main concerns regarding the food industry, issues that need closely monitoring in this pandemic context, are related to²⁰: combat unfair commercial practices, monitoring the prices of European foods for increase transparency, develop policy measures to support the competitiveness of the European Food and Drink Industry and the efficiency of the food supply chain, provides opportunity for dialogue and exchange of best practices among EU countries and stakeholders, publishes studies to establish the competitive position of the food and drink industry and so on.

In terms of casino activities, the EU Member States initiatives are focused on regulators that are permitting casinos to extend their opening hours on their reopening and increase the number of gaming tables. These being the case, gambling taxes are likely to rise in order to pay for government spending and the risk of increasing illegal gambling in some jurisdictions must be taken into consideration; Changes could be made by governments related to the regulation of gambling activities as a result of the recession and need for tax revenues²¹.

¹⁸ <https://www.unwto.org/covid-19-inclusive-response-vulnerable-groups>

¹⁹ <https://www.unwto.org/covid-19-inclusive-response-vulnerable-groups>

²⁰ https://ec.europa.eu/growth/sectors/food_ro

²¹ <https://www.casino-review.co/global-gambling-report-gbgc-lorien-pilling/>

An important step for the post Covid-19 strategy represents defining a guide for the revival of tourism activity. Hence, in September 2020, the European Travel Commission has created a Handbook on covid-19 recovery strategies for National Tourism Organizations (NTO), for supporting destinations to rebuild the European tourism sector. The Handbook explores mitigation and recovery strategies of NTOs across Europe during the pandemic, with an emphasis on sustainable tourism practices.

Analysis of current situation of tourism activities shows substantial shifts and trends of consumer travel behavior for 2020, including aspects such as²²:

- ✓ higher concern for personal wellbeing, air quality and humans' impact on the environment;
- ✓ an increase preference for travel domestically;
- ✓ major appeal of private accommodation and spending time in open spaces, in oppose to high density accommodation and activities;
- ✓ active holidays, characterized by sports activities etc.

Future actions²³ are centered on the recovery of tourism, a strategy known as Recovery and Resilience Facility, aiming to provide large-scale financial support for reforms and investments by Member States, to reduce the economic and social impact of the pandemic, generating more sustainability and resilience to the EU's economies. For this funding opportunity, Member States are to submit to the Commission (until April 2021) their draft recovery and resilience plans underlining the national investment and reform agendas in correspondence with digitalization and sustainability, as major objectives. This recovery plan addresses economy sectors in general and especially tourism, as this sector the sector needs continued support to recover and revive. The sustainability of tourism is consisting in its added value, as tourism is represented mainly by micro/SMEs, aspects that reflects on Europe's distinctiveness and appeal as a destination.

Adjusting to new context, the restaurant industry is facing many challenges, this being translated to²⁴: *innovative channel strategies, menu offerings, and business model* to build resilience in the long term.

A *new business model* is emerging, based on major changes imposed by the pandemic effect., focusing on aspects such as: *dine-in footprint* – many restaurants are considering reviewing their rental agreements or relocation to more residential neighborhoods rather than operation in locations close to Optimizing their activity, restaurants will need to react quickly to adapt their operating model to the new environment workplaces; reconfiguration of dine-in space, by developing drive thru or delivery lanes are to be considered; *delivery only model* – investing into funding “dark” or delivery-only kitchens represents an important alternative for enhancing their growth based on a different operating model for restaurants; *innovate partnership* - restaurants are seeking innovative partnership, on a wider range. For instance, in terms of delivery, restaurants are open to

²² http://www.toposophy.com/files/1/2020/ETC_NTO_RECOVERY_STRATEGIES_2020FINAL.pdf

²³ https://www.etoa.org/wp-content/uploads/2020/10/Tourism-Manifesto-14.10_national-recovery-and-resilience-plans.pdf

²⁴ <https://www.mckinsey.com/industries/retail/our-insights/reimagining-european-restaurants-for-the-next-normal#>

partnerships with delivery platforms or even car rental companies; other initiatives are considering partnerships with multiple food brands in sharing dark kitchens and partnering with grocery retailers. This new approach is more and more attractive as restaurants have been under severe economic pressure due to the pandemic.

In July 2020, the European Commission has launched a request for expressing the interest for establishing transnational partnerships of regional authorities and other interested parties as well, such as universities, SMEs, research centers, clusters for innovation and attracting investment in sustainable and digital tourism.²⁵

In September 2020 World Tourism Organization defines the goals towards a sustainable recovery of tourism²⁶. One important issue consists in strengthening the international coordination and cooperation on travel procedures for a safe travel; Other concerns are regarding the enhancing of vertical coordination and cooperation between tourism and other sectors, including health, transport, foreign affairs, trade, culture and others, representing an integral authority approach; Actions must be taken to sustain the public-private partnerships and the involvement of the communities as a whole for the recovery; The prioritization of tourism, in regard to the social and economic recovery plans represent another major objective, for its power to create jobs and generate a multiplier effect on other sectors of the economy; All efforts towards an effective reopening and recovery must focus on people, with partnerships and coordination enabling a safe restart of tourism and generating economic recovery etc.

The pandemic has raised numerous questions regarding the proper strategies to consider. Many of the initiatives are taken into consideration the interdependencies of tourism sectors and the economy as a whole and this could present itself as a great opportunity for mitigating the existing problems for the long term, and also to increase the authorities' capacity to identify efficient and rapid solutions.

Rebuilding future tourism requires coordinated actions, the main areas referring to²⁷:

- **Restoring traveller confidence and supporting tourism businesses to adapt and survive;**
- **Sustaining domestic tourism and support safe return of international tourism;**
- **Providing clear information and limiting uncertainty (to the extent possible);**
- **Evolving response measures to maintain capacity in sector and address gaps in supports;**
- **Already starting to build toward more resilient, sustainable tourism.**

4. Conclusions

As tourism industry is facing a difficult challenge to survive during the pandemic, all actions are directed towards long term sustainability, rebuilding confidence in travel, regaining its major role in people's choice for leisure time and so on. Getting European

²⁵ <https://www.haptic.ro/ro/call-for-innovative-response-and-recovery-partnerships-between-eu-regions/>

²⁶ <https://www.unwto.org/actions-for-a-sustainable-recovery-of-tourism>

²⁷ <http://www.oecd.org/coronavirus/policy-responses/rebuilding-tourism-for-the-future-covid-19-policy-responses-and-recovery-bced9859/>

tourism back on track requires coordinated strategies from authorities and stakeholders and collaboration between states. Even though the effects of the pandemic have severely affected all tourism activities, the revival accentuates its importance for all economy, hence the necessity for restoring tourism to its former glory.

5. References:

1. <http://www.oecd.org/coronavirus/policy-responses/food-supply-chains-and-covid-19-impacts-and-policy-lessons-71b57aea/>
2. <http://www.oecd.org/coronavirus/policy-responses/rebuilding-tourism-for-the-future-covid-19-policy-responses-and-recovery-bced9859/>
3. http://www.toposophy.com/files/1/2020/ETC_NTO_RECOVERY_STRATEGIES_2020_FINAL.pdf
4. <https://airlinestravel.ro/iata-avertizeaza-companiile-aeriene-vor-pierde-13-miliarde-de-dolari-in-fiecare-luna-pana-la-finalul-anului-2020.html>
5. https://ec.europa.eu/growth/sectors/food_ro
6. https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/jobs-and-economy-during-coronavirus-pandemic_ro
7. <https://horwathhtl.com/publication/european-chains-hotels-report-2019/>
8. <https://hospitality-on.com/en/statistics-trends/september-2020-european-hotel-industry-falls-back>
9. <https://www.casino-review.co/global-gambling-report-gbgc-lorien-pilling/>
10. https://www.etoa.org/wp-content/uploads/2020/10/Tourism-Manifesto-14.10_national-recovery-and-resilience-plans.pdf
11. <https://www.e-unwto.org/doi/epdf/10.18111/wtobarometereng.2020.18.1.6>
12. <https://www.europarl.europa.eu/factsheets/ro/sheet/126/turismul>
13. <https://www.fooddrinkeurope.eu/>
14. <https://www.fooddrinkeurope.eu/news/press-release/fooddrinkeurope-press-release-the-numbers-behind-food-and-drink/>
15. <https://www.haptic.ro/ro/call-for-innovative-response-and-recovery-partnerships-between-eu-regions/>
16. <https://www.mckinsey.com/industries/retail/our-insights/reimagining-european-restaurants-for-the-next-normal#>
17. <https://www.statista.com/outlook/267/102/hotels/europe?currency=eur>
18. <https://www.statista.com/statistics/658701/commercial-airlines-passenger-traffic-change-europe/>
19. <https://www.statista.com/topics/6657/air-transportation-industry-in-europe/>
20. <https://www.translationroyale.com/the-most-popular-gambling-activities-in-europe/>
21. <https://www.unwto.org/actions-for-a-sustainable-recovery-of-tourism>
22. <https://www.unwto.org/covid-19-inclusive-response-vulnerable-groups>
23. <https://www.unwto.org/international-tourism-and-covid-19>
24. <https://www.worldcasinoindex.com/casinos/europe/#:~:text=Although%20the%20figure%20is%20practically,activities%20and%20facilities%20in%20Europe>
25. www.eubusiness.com