


Chapter 9


Tourism in the Low Touch Economy: Challenges and Opportunities

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ABSTRACT

This chapter analyzes the situation of the tourism industry during the COVID-19 pandemic. The health crisis's main effects are explained, as well as how the sector is learning to function under strict sanitary and hygiene measures, relying more on technology than before. The opportunities and challenges in a low contact economy are described. Post-pandemic fear, crowded conditions, mass tourism, travel guilt and shaming, extensive job losses, fixed costs, and employee morale are the challenges identified. The opportunities include variants of slow tourism, products and services for the remote worker, and the digitalization of the sector.

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INTRODUCTION

The tourism industry has been severely affected in different moments and has had to adapt to the emerging demands. (López-Palacios, 2020). Between 2000 and 2015, major disruptive events included the 9/11 terrorist attacks, the Severe Acute Respiratory Syndrome (SARS) outbreak, the economic crisis in 2008/2009, and the Middle East Respiratory Syndrome (Gossling, Scott & Hall, 2020). In 2001, after the terrorist attacks of 9/11, the whole industry changed its focus towards security; the experience of flying changed completely. Passengers needed to arrive at least two hours earlier to go through the added securities and be able to board on time, carry-on luggage became limited, especially in terms of its contents, travel restrictions were enforced, and visa issuing procedures became stricter (López-Palacios, 2020).

Tourism is one of the most critical industries in several countries. The sector is worth around 9 trillion USD, which is three times larger than agriculture (Constantin, Saxon & Yu, 2020). According to the World Tourism Organization (UNWTO), in 2019, there were 1.4 billion tourists traveling throughout the globe, which contributed 1.7 trillion USD to the global GDP.

In the last decade, tourism had an annual growth of 2.4% (Nexotur, 2021). In 2018, this industry's contribution to the global GDP amounted to 10.4%, the equivalent to 8.8 billion dollars, and generated jobs for 319 million people in the world (WTTC, 2019). During 2019, the travel and tourism sector was responsible for one in ten jobs (330 million in total), generated one in four new jobs, and was responsible for 10.3% of the world's GDP. In this sense, tourism has a great social impact, as it contributes decisively to the development of communities and is also a very inclusive industry in terms of gender; in 2019, more than 50% of the workforce in global tourism were women (WTTC, 2020).

Nevertheless, in 2020 things started to change. To face the health crisis generated by the COVID-19 pandemic, the World Health Organization (WHO) urged governments around the world to address the issue with a set of drastic measures, which included national and international travel restrictions, closure of workplaces and schools, social distancing, quarantines, and confinement, among others (WHO, 2020).

International, regional, and local travel restrictions immediately affected national economies, which include the tourism and hospitality systems comprised of segments such as air transport, cruises, public transport, accommodation, cafes and restaurants, conventions, festivals, meetings, and sporting events, among others (Gossling et al., 2020). The tourism industry is currently experiencing unprecedented health, social, and economic crises where around 121 million jobs have been lost worldwide, and the figure may rise to 197 million if international travel restrictions continue (WTTC, 2020).

In the first ten months of 2020, the pandemic cost the travel industry 935 billion USD in revenue worldwide (Madden, 2021). The ten countries whose tourism was most affected are presented in Table 1.

The world went from over-tourism to no tourism at all, from certain locations and transportation modes being overcrowded to completely empty. In this context, tourism is among the sectors most affected, considering the reduction in flights, hotels being closed or limited, and travel restrictions being in place in practically 100% of the world's destinations. According to data from the UNWTO Barometer (2021), during 2020, this industry suffered a 74% drop in international arrivals, which represented a loss of 1.3 billion dollars in revenue. Asia and the Pacific saw an 84% decline in international arrivals in 2020, 300 million less than the previous year. The Middle East and Africa recorded a 75% drop, in Europe arrivals decreased by 70%, representing more than 500 million fewer international tourists, while America experienced a reduction of 60%.

The problem does not end in the airline or hotel industry; within countries, the virus affected almost all parts of the value chain. Because the hospitality sector is highly fragmented, sub-sectors such as

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