3 Destinations During and After the Lockdown

Evidence from Venice, Italy

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1 Introduction

Sustainable tourism development has become an essential ingredient of virtually all destination management strategies, whether they are dealing with nature- or with urban-based tourism. The overtourism debate has clearly contributed hugely to this shift in the focus of destination management: from tourism as means to boost economic development to tourism as a key instrument to enhance the wellbeing of the local population and local entrepreneurs.

Surprisingly, the COVID-19 pandemic has not fundamentally changed the overtourism debate and the consequences it has for destination management. In fact, it seems that the question of how to use public tourism spaces and public facilities of destinations more intelligently, a use that adequately caters to the needs of locals, of local firms and of visitors, has probably become more pressing than ever before.

This chapter aims to investigate the relationship between sustainable tourism development and the way a destination management strategy ought to be designed, using the iconic case of Venice, Italy, as a continuous point of reference. Attention will be paid to the consequences of the lockdown, particularly severe in Italy, for the local economy and society, and to the impact this lockdown had (or not) on the strategy of Venice to finally make a start with dealing with the unsustainability of tourism development.

At the moment of writing, the world has almost entirely shed the COVID-19 pandemic. Almost all restrictions have been alleviated; this is especially true for travel restrictions. Tourism has globally returned to business as usual and the first figures that are emerging are fuelling the expectation that 2023 will abundantly surpass the record year 2019.

Tourism has been hurt more than any other economic and social activities by the pandemic. The United Nations World Tourism Organization (UNWTO, 2021) estimated a total decline of about 60 to 80 per cent in international tourist arrivals in 2020, with strong knock-on effects on global tourism-generated gross domestic product and jobs. This is true for the global tourism industry but is even more true for a country like Italy and a destination like Venice, which possess economies that are particularly dependant on tourism. In fact, when Italy and Venice went into a very strict lockdown on March 12, 2020, visitors to Venice abruptly disappeared, and with the visitors vaporised much of tourism's impact.

DOI: 10.4324/9781003365815-4

Many academics, I among them, very much hoped that this disruption would have created a unique moment of reflection that convinced tourists, the tourism industry and policy makers to embrace a greener and more sustainable tourism business model. Questions concerning how visitors should use public tourism spaces and public facilities in an intelligent way, also because of rules on social distancing enacted during the pandemic, continued to be pertinent, notwithstanding the dramatic fall in tourism consumption in 2020 and 2021. Indeed, the idea that the pandemic would leave some permanent marks on the behaviour of tourists and travellers appears to have vanished altogether.

To answer the question as to what extent public space and facilities can be used by tourism and under what conditions, a thorough analysis of the impacts (i.e. the collective benefits and costs) of tourism for the various sectors and for the different stakeholders that together form the destination is propaedeutic. As Van der Borg (2022a) has argued, only when all these sectors and all these stakeholders involved in the sector benefit from tourism development can the use of the tourism assets and the facilities the destination offers become (Pareto) optimal. In practice, since the tourism system is effectively full of trade-offs, given its implicit complexity, and per definition very dynamic nature, striving for sustainable tourism development becomes a balancing act to optimise the use of public space and public facilities in the long term (see for instance Stoffelen and Ioannides, 2022).

In the next section, I will use some ideas relating to Raworth's (2017) innovative way to describe the global economy as a doughnut to gain a grasp of the trade-offs and dynamism that tend to shape tourism destinations. I will concentrate mainly on the economic dimension of sustainable tourism. My first aim is to explain what can be seen as sustainable tourism development and what not, what role the different impacts related to tourism development play in all this, and whether the concept of the Tourist Carrying Capacity (TCC) is indeed useful to design policies that can make and, even more urgently, keep tourism development sustainable (Bertocchi et al., 2020). This analysis allows me to revisit the case of the North Italian city of Venice, which I have been writing about since the end of the 80s, in the third section.

2 Unsustainable Tourism Development: The Economic Dimension of Under- and Overtourism

2.1 The Persistent Unsustainability of Tourism

As Van der Borg (2022b) argued, it was only after World War II that tourism as an economic and societal activity grew and transformed both continuously and rapidly. In many places, especially in industrialised countries, the average income per person, the number of paid vacation days, and private car ownership increased dramatically, and tourism changed from an activity that was exclusive to small numbers of very wealthy people into a mundane phenomenon for the masses. With the growth of mass tourism, a corresponding business model emerged. This model was based on the mere replication of formulas that seemed to

work elsewhere and by searching for economies of scale and price-based competitiveness, thus focusing on quantity rather than on quality. It is this mass-tourism-oriented business model that continues to dominate to this day.

The first criticisms aimed at this model appeared already a few decades ago (see for example Young, 1973; Krippendorf, 1986), especially with respect to tourism's effects on places such as coastal communities. By the 1990s, several authors had argued that additional types of destinations, including cities (see for example Van der Borg, 1992 or Costa, Gotti and Van der Borg, 1996), suffered to varying degrees from an excessive touristic pressure which was related to the mass touristic business model they had been embracing. Today, many destinations like Venice (see for instance Visentin and Bertocchi, 2019), the case that will be treated in this chapter, and Barcelona (see for example Russo and Scarnato, 2017) are plagued by what has been frequently called "overtourism". Indeed, overtourism has now become a trendy research topic for many academics (Koens, Postma and Papp, 2018). However, despite admonitions concerning the dangers of overtourism and the need to better regulate the industry (see for example Fletcher et al., 2019; Hall et al., 2020; Higgins-Desbiolles, 2021), the different stakeholders that have traditionally been involved in tourism's development processes, especially policy makers and tourism entrepreneurs, still very much foster the traditional business model, stressing economic objectives rather than the other facets of life in destinations.

As I have often written (see for example Van der Borg, 2022a, and Van der Borg, 2022b), unsustainability is, unfortunately, very much the inevitable consequence of the very nature of the core of the tourism product. First, a destination's primary tourism assets (or its attractions) are uniquely linked to a specific geographic context, which means that they are not reproducible and, hence, from an economist's perspective, extremely scarce. Moreover, most of them are public or common goods, which means that leaving their use simply to the market forces generally does not lead to an optimal use of these assets. The combination of extreme scarcity and the impossibility of being able to count on the market as far as the optimal allocation of tourism assets is concerned lies at the heart of the persistent unsustainability of tourism development. I will explain this further in the next section.

2.2 Theoretical Foundations of the Issue of Overtourism

In this section, I focus on the theoretical foundations of the process that tends almost inevitably to push successful destinations towards overtourism, which is the most frequent and recognisable outcome of their non-optimal use. I should stress, first of all, that the structure of the (macro) tourism product is incredibly complex and of a composite nature. A vacation or a day trip is, in fact, a composition of an infinite number of micro touristic products. These products range from cultural and natural attractions to accommodation facilities; from catering services to entertainment; from intermediation to transportation. In turn, various types of organisations and businesses produce or manage them. Some of these organisations are public entities, while many are private. Some are huge, multinational firms, while others are very small family firms. This fragmentation of the sector complicates

decision-making and meeting the interests of all involved stakeholders (Hartman, in Stoffelen and Ioannidis, 2022).

A distinction that is frequently made to simplify this complexity is that which exists between primary and secondary tourism products (Van den Berg et al., 1995). While the first category encompasses all the goods and services that attract people to a place, the secondary tourism product is made up of all the goods and services that allow visitors to enjoy the primary tourism product. Secondary tourism products are an essential ingredient of the macro tourism product. However, it is the primary tourism products that, because of their uniqueness and close relationship to the places within which they are located, are the heart and soul of any tourism system. This is especially true for heritage cities, a particular type of tourism system that offers a package of unique cultural assets to those who decide to visit them. Moreover, since the primary tourism product is per se a central ingredient of the reputation or the brand of a destination, the decision to travel to a place is often based on the perception people have of the attractions that they expect to visit once they have arrived at their destination.

Not only are many primary tourism products extremely unique but they also belong to a category of goods that economists call public or common goods. These resources are non-exclusive and non-excludable. Obviously, this holds true for many natural resources (such as beaches, forests, lakes, wildlife and so on), but also, perhaps more frequently, for many cultural-historic resources (such as churches, palaces, gardens and town squares). Some cities of art, including Venice – the subject of this case study – are monuments in their totality. Examples of secondary products are accommodation, catering services, and shopping. Secondary tourism products are reproducible (in fact, the barriers to entry are often rather low for tourism firms) and are subject to market forces.

This gives rise to the intrinsic risk that destinations fall victim to what Hardin called the "tragedy of the commons" (Hardin, 1968). In Hardin's article in *Science*, he describes a pasture that is "open to all" (Hardin, 1968, p. 1244). He asks us to imagine the grazing of animals on a common ground. Individuals who aim to increase their wealth are pushed to add to their flocks. Yet, every animal added to the total helps to degrade the commons marginally but significantly. Although the degradation for each additional animal is small relative to the gain in wealth for the owner, if all owners follow this pattern, the commons will ultimately be destroyed (De Young, 1999). If all actors have an implicit drive to pursue their individual interests, each owner continues to add animals to their flock:

> Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit – in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own interest in a society that believes in the freedom of the commons.
>
> (Hardin, 1968, p. 1243)

Hardin's insight was far from new, but it was he who fleshed out that the concept of the tragedy of the commons applies in principle to environmental problems at

large. In many such cases the problem relates to the fact that perfectly rational individual behaviour causes long-term damage to the *common good*, to *others* and, eventually, to *oneself*.

In the case of tourist destinations, the problems tend to be even more complicated. Not only are local inhabitants, local tourism firms and individual visitors competing for the unlimited use of the destination's amenities, but also (non-local) tourism firms are directly or indirectly using these resources without paying a fee that expresses the intrinsic value these amenities possess. Effectively, while heritage, due to its uniqueness and lack of reproducibility, is a scarce good in an absolute way, the fee – especially what the tourism industry is paying for using the heritage – often equals zero or is, at any rate, not in line with its use-value or with the costs linked to produce and conserve it. The absence of a market (or pricing) mechanism as an implicit and automatic instrument of regulating the use of heritage means that tourism development eventually tends to become unsustainable: visitors are not paying (enough) for using the cultural-historic assets to compensate for the collective costs they are generating.

Indeed, as clearly is the case for Venice, neither the tourism industry nor the visitors will ever perceive the scarcity of these assets and, consequently, the demand for them tends to be infinitely large. Once total effective tourism demand has reached the destination's capacity to absorb these visitors, negative externalities, such as wear-and-tear, congestion, pollution and neighbourhood gentrification, will rapidly emerge, rendering the destination unattractive for inhabitants, commuters and, eventually, even for visitors themselves (Van der Borg, 2017).

Overtourism is, of course, not the only form of non-optimal allocation of tourism assets. Underutilisation, which reflects the opposite direction towards which the market inefficiency described earlier might move, is socially and economically undesirable, especially in places where tourism features as a key economic revitalisation strategy and where alternative development trajectories have not been explored or are hard to implement.

What also seems to be counterproductive is not to recognise the fact that mismanagement is the principal cause of unsustainable destination development. Destinations and academics continue to look for culprits. Tourists are ignorant, uninformed, not mindful enough or of the "wrong type". Or they simply blame the low-cost airlines, the cruise industry, online travel agencies such as Airbnb or Booking, for just being greedy, for free riding on tourism assets and for exploiting their personnel. And a simplistic, incorrect diagnosis will probably lead to tourism policies that fail to address the true causes of unsustainability.

2.3 Undertourism and Overtourism in the Doughnut Destination

It is easy to see that the misallocation of tourism assets, either in the form of overtourism or undertourism, is compatible with Raworth's (2017) vision of the economy, which she depicts as a doughnut, with an inner and upper boundary. I contend that the economy of a tourism system can also be represented in the same manner.

The tourism doughnut has two boundaries: an inner one and an outer one. The inner boundary of the metaphorical doughnut is the social boundary, which designates the threshold that should be crossed if people are to collectively experience (existential) benefits from tourism. The outer boundary seems to correspond to the "critical range of elements of capacity" that Butler introduced decades ago in the context of his Tourism Area Life Cycle (or TALC) model (Butler, 1980), which are defined as the limits that a tourism destination can endure before impacts become unsustainable. Or, following O'Neill et al. (2018), pursuing a doughnut-type development for a tourism destination means using tourism for "meeting the people's basic needs" (e.g. satisfying the social, inner boundary mentioned earlier), but not so intensively as to "transgress planetary boundaries" (e.g. satisfying the ecological, outer boundary, that contains various thresholds that are linked to the UN sustainability goals).

In this doughnut model of the destination, the level and type of development of the economy that remains stuck below the social boundary is unable to satisfy the basic needs of the people. Raworth (2017) calls this a "shortfall", a situation that resembles the one prevailing in Butler's initial stages of tourism development, where tourism assets are (still) underutilised. Some authors have labelled this phase in the destination's development undertourism (Barač Miftarević, 2023), and state that, in comparison to the attention that is paid to overtourism, undertourism is not yet studied enough. Overshooting the ecological boundary has similarities with that of overshooting the TCC, a concept that I will explicitly refer to in the next section. In fact, exceeding the carrying capacity involves the emergence of environmental, economic and societal costs that are incompatible with the destination's sustainability. Overtourism is, therefore, reconcilable with Raworth's overshooting of the outer boundary of the destination doughnut. Obviously, as argued already in Van der Borg (1991), unsustainability of tourism development is not just matter of numbers. In fact, initially, most visitors will be day tourists and their socioeconomic footprint will be modest. And when a destination accelerates towards Butler's "critical range of elements of capacity", slow tourism will often be replaced by superfast tourism, which contributes less to the destination than the number of negative externalities it tends to generate.

Therefore, representing a tourism system using the doughnut metaphor clearly helps to better understand the two dilemmas of tourism development and to place them in an omni comprehensive framework of sustainability. Namely, the dilemmas are the need to develop tourism to such a level and quality that: (1) the needs of the stakeholders are served; and (2) that both the impoverishing quality of the visitors and the overshooting of the TCC are avoided so that the different negative impacts do not get out of hand. Considering the concept's intuitive metaphorical usage not to mention its alignment with influential concepts for discussing tourism impacts like the TALC and TCC, several cities that are also looking for a sustainable tourism development path, like Amsterdam (see for example Van den Bosch, 2020), have embraced doughnut thinking to completely revise their urban development strategy, including their tourism policy.

In the next section, I provide an analysis of a concrete example of the "overtourism" family of misallocating tourism assets by investigating Venice. I will illustrate this famous Italian destination's struggle with tourism development and will try to see whether understanding the underlying mechanisms may help us to find ways to escape the mass touristic business model that has always been based on growth and on the sheer number of visitors. It will become evident that the pandemic has done nothing to catapult Venice to a more sustainable trajectory of tourism development. On the contrary, it might even seem that Venice has never been further away from embracing a business model that is compatible with the needs of the Venetians.

3 Understanding Venice Helps Us Understand Unsustainable Tourism Development

3.1 Tourism in Venice Before the Pandemic: An Increasingly Difficult Relationship

Venice is an urban tourism destination *par excellence* that has been presented as an iconic example of overtourism since the early 80s (see for example CoSES, 1979; Van der Borg, 1991). It is a UNESCO world heritage site and boasts numerous monuments and museums. Images of the city can be found on the cover of promotional materials of virtually every major tour operator (Van der Borg, 1994) and in numerous commercial websites that deal with city tourism. Moreover, many international movies are filmed in the the city, and a series of popular crime books use Venice as their stage. Even before the legendary Pink Floyd concert in 1989, the San Marco square had hosted important musical events. Some of its most iconic buildings have been reconstructed in full scale to add to the flavour of casinos, exhibition areas and theme parks in places like Macau and Las Vegas. Venice's uniqueness, the incredibly strong brand it possesses, and its continuous media exposure have turned it into a magnet for visitors from all over the world.

Consequently, the numbers of visitors the city received annually before the COVID-19 pandemic struck were truly incredible, especially when compared to heritage cities of a similar size: unofficial, unpublished estimates for 2019 spoke of approximately 30 million visitors, of which only 4.3 million arrivals were overnight tourists, who stayed in Venice for slightly more than two nights on average, generating almost 10 million bed nights in official tourism accommodation. However, of the two mega segments that form the Venetian tourism market, day tourism has grown much faster than that of overnight tourism. This was mainly because the local government decided to curb the number of hotels in the 1990s by virtually blocking the possibility to change the designation of real estate from residential into touristic. Even back in the 1990s, the continued expansion of the number of visitors raised the awareness among inhabitants, academics and some policy makers that the number of people who visited Venice was already incompatible with the city's economic and social needs.

Although there have been ups and downs in recent decades, the trend was decisively headed in an upward direction in the period ending with the pandemic in

March 2020. Most of the changes in Venice's tourism market were triggered by global societal and economic transformations; only a few of them were induced by changing local circumstances, let alone changes in tourism policy.

In fact, as early as 2015, Van der Borg described the changes that have characterised the development of tourism in Venice before the pandemic in detail. The following seem to stand out:

- The emergence and the subsequent boom of *low-cost airlines* that have allowed much more people to engage in city trips. This has not only positively influenced the number of people visiting urban destinations and the City of Venice but has also made shorter stays in short haul destinations much cheaper with respect to the total costs of the trip. Moreover, in the case of Venice, it has allowed people to come from further away, thus rapidly eroding the dominance of the neighbouring Austrian, Swiss and German markets that was so characteristic of the mostly car-based tourism of the 1980s.
- The increasing diversification of the *supply of accommodation* was driven by the law that was implemented to facilitate the organisation of the *Grande Giubileo 2000* by legalising Bed and Breakfast establishments (B&Bs) to cheaply provide accommodations to the pilgrims attracted by this religious mega event. This boosted the number of B&Bs, a situation that has now been accentuated through the appearance of dedicated portals such as Airbnb and Couchsurfing that allow entire homes or parts of them to be rented out to visitors. The emergence of cheaper forms of accommodation has, in turn, slowed down the growth of the number of day tourists, freeing up capacity for an expansion of overnight stays, but it has also created substantial additional tensions in the Venetian housing market. The City of Venice had already timidly started to discuss ways of curbing short rentals before the pandemic, looking, however, very much to the national government to introduce laws and regulations at the national level.
- The widespread diffusion of *the internet* and of *smart phones and tablets* as indispensable instruments for tourists to inform themselves, reserve tourism products and share their experience with others allows policy makers to intercept tourists using new information and communication technologies, for example when implementing visitor management strategies. Venice has recently invested millions of euros in smart information and telecommunication technologies to dress up what is now known as the "Smart Control Room", which will be discussed in detail below.
- A pre-pandemic increase in the purchasing power of households in Asia, Africa, Central Europe and South America has made tourism in Venice even more global and has boosted the number of arrivals in the city. In fact, tourists from these parts of the world have gained much importance in the total number of visitors to Venice, and their contribution to total tourist expenditures had grown considerably in the decade leading up to the pandemic. With the pandemic, especially the long-haul visits disappeared quickly, and tourists from America and Asia are gradually returning only now. Last but not least, due to the war in Ukraine, the Russian market has lost most of its pre-pandemic importance.

- The increasing popularity of *cruise tourism*. Many operators have found Venice an attractive port of call, and cruise ships have been growing bigger and bigger. This increasing popularity has led to a situation where the industry's impact on Venice's relationship with tourism at large has truly become disturbing. Since cruise tourism was one of the most important and probably emblematic reasons prompting UNESCO to consider putting Venice on the endangered heritage list (Petric et al., 2020), the City of Venice has urged the Port Authorities to consider an alternative location for the cruise terminal. This new terminal is located a few kilometres outside the perimeters of the historical centre and compels the gigantic cruise ships to avoid the canal in front of St. Mark's square and take the "petrol tankers" canal instead.

These structural changes in holidaying have boosted the number of visitors to Venice and have undoubtedly changed the profile of the visitor to Venice. Consequently, since different types of visitors possess varying economic and logistical patterns of behaviour, it seems plausible to presume that the visitor mix has also influenced the overall impact tourism has on Venice. Additionally, this means that the identification of adequate and differentiated tourism policies that account for the impact of various visitor segments is of the utmost importance. Most importantly, the case of Venice shows us that a distinction must be made between overnight tourism and day visitors when attempting to understand the causes of overtourism and developing policies to target it.

In effect, according to a survey performed by the University of Venice on behalf of the City of Venice in 2012 (Van der Borg, 2017), day tourists spent much less than overnight tourists. In fact, day tourists were spending 124 euros per visit, for the entire travel company (e.g. the "leader" of the travel company was interviewed and for simplicity asked to answer for everybody under his or hers responsibility). This translated into an average expenditure of 40 euros per person per day, only a quarter of the amount that is daily spent by a visitor staying overnight. Apart from the qualitative differences in the profiles between overnight and day tourists described earlier, this figure alone illustrates that the economic footprint of the former type of visitors is four times that of the latter type. As I will show below, however, a positive economic impact alone is not the only input needed to design an innovative tourism development strategy.

3.2 How Much Is Too Much in Venice?

The terms undertourism and overtourism are both intrinsically subjective concepts, that is, they always relate to some ideal situation. This was made clear in the previous section when the relationship between the concepts and Raworth's inner and outer boundaries was described. Violating the outer boundary gives rise to important tensions between the different stakeholders in the destination that are sometimes even pursuing opposite goals. In cities like Amsterdam, Barcelona, Berlin, Dubrovnik and Venice, tourism has conquered a top position on the political agendas.

A clear confirmation of the tensions that continue to exist between Venice's tourism development process and the necessities of the city's inhabitants and non-touristic economic activities has been given through the tourist carrying capacity model that Costa and van der Borg proposed back in 1988 and that has been implemented in more sophisticated forms and updated by various others (Canestrelli and Costa, 1991; Bertocchi et al., 2020).

One may argue that understanding urban tourism impacts from a sustainability lens using the concept of TCC is both *controversial* and *intuitive*.

Controversial, because the discussion as to whether TCC is a useful concept for tourism management has not reached a moment of convergence. Bertocchi et al. (2020) wrote that there is a certain "difficulty of determining a maximum visitor number, given the fact that destinations respond to various thresholds of the capacity exist, each linked with a different dimension of sustainability". Seidl and Tisdell (1999) and Saarinen (2006) argue similarly, by reflecting that "the weakness of the concept stays in the use of values and perceptions on which it is based" (Bertocchi et al., 2020, p. 3). Conversely, Watson and Kopachevsky (1996) correctly state that the lack of practical tools to implement TCC does not justify dismissing the TCC concept altogether. Papageorgiou and Brotherton (1999) claim that in any case TCC continues to be a useful concept for environmental management issues since it fosters the deepening of relationships between the environment and human activities. Moreover, Mexa and Coccossis (2004) also stress the importance of TCC as a valuable concept for the planning and management of sustainable tourism. In short, the last word has not yet been said about the utility of the TCC concept for evaluating tourism impacts.

Intuitive, because it is undeniable that any economic and social activity that makes an intensive use of (public or private) space, (public or private) natural or cultural assets, or (public or private) facilities and infrastructures is necessarily bound to the capacity of this space, these natural or cultural assets or facilities and infrastructures. Tourism does not constitute an exception to this issue. The COVID-19 pandemic has made it crystal clear that the optimal allocation of tourism assets is of the utmost importance for the sustainable development of tourism. Therefore, it seems obvious that there is some kind of threshold in destinations that recalls the "critical range of elements of capacity" of Butler (1980) or the "outer boundary of the doughnut" of Raworth (2017).

My research has shown that the second characteristic of the TCC concept is often the dominating one. In fact, in 1988, when the TCC model was applied for the first time, the overall TCC of the historical centre of Venice was supposed to be around 10 million visitors per year, of which 45% were overnight tourists and 55% were day tourists. In 2018, the TCC rose to 17 million visitors a year, equally distributed among overnight tourists and day tourists. This updated TCC using data from 2018 has been obtained by implementing the same model, but by accounting for several novel factors: the investments made in local public transport; the improvements in the management system of solid waste; and, evidently, the expansion of the number of beds in tourist accommodation, including B&Bs. In other words, through these investments the outer boundary of the destination's "doughnut" has widened somewhat (Bertocchi et al., 2020).

Notwithstanding that the capacity to absorb visitors has increased substantially in Venice over time, the optimal number of 17 million visitors is still well below the 30 million visitors who arrived in Venice in 2019. Moreover, Bertocchi et al. (2020) confirmed once more that the problem was not only of a quantitative but also of a qualitative character; in fact, the *de facto* composition of the visitor flow (20% overnight tourists versus 80% day tourists) is very distant from the optimal one (50% overnight tourists versus 50% day tourists) the model had calculated.

After two years of pandemic, it not only seems that already in 2022 the number of visitors to Venice was close to the 30 million visitors of the record year 2019, but also that in 2023 a new record will be established.

3.3 Impacts of Tourism, the Tourist Carrying Capacity and Sustainable Destination Management in Venice

The quantitative and qualitative mismatch between tourism demand and supply in Venice, as Bertocchi et al. (2020) have illustrated by using the carrying capacity model, and the excessive pressure that the host community perceives in their daily lives, as expressed by the ratio of overnight stays (9 million) to the total number of inhabitants (less than 50,000), are the reason to assume that overall costs that tourism generates are decisively greater than its collective benefits. Moreover, and perhaps even more importantly, those who do pick up the bill are in many cases not at all, or only very indirectly, benefitting from tourism.

Obviously, this is not surprising for those who have been studying Venice since the first signs of excessive tourism pressure had already appeared in the late 1970s (CoSES, 1979). Nevertheless, the idea that not only nature-based destinations, but also urban destinations might be subject to excessive tourism pressure is still less widespread than expected (see Van der Borg 2022a for an overview of urban tourism research and the role sustainability has been playing in its development). However, with a growing number of cities in Europe that share exactly these same symptoms of overtourism, the impression that they are turning into Venice look-alikes is strong. And given the radical changes that have characterised urban tourism since the 1990s that were discussed before, the iconic case of Venice continues to show how strongly an analysis of the impact of tourism is intertwined with the TCC and, hence, with sustainable destination management.

The Venetian overtourism problems appeared to have vanished almost instantly in 2020. Italy was one of the first countries of the world to take draconian measures to stop the pandemic from killing people. Consequently, the COVID-19 crisis almost fatally hit the Venetian tourism industry. From being one of the most important sectors of the economy during the first days of March 2020, tourism went abruptly to an almost total state of inactivity. The crisis thus caused Venice to shed almost 90% of its visitors and experience a massive decline in income turnover and jobs. Only a small part of this loss was briefly reversed during the relaxation of travel restrictions in Europe during the summer of 2020.

Against this backdrop, it has been perfectly understandable that the travellers and tourism industry everywhere, but in places like Venice in particular, have been

pestering governments as well as regional and local administrations with pressing demands to return to normal as soon as possible. However, instead of simply picking up where the destinations and the tourism industry were in January 2020, the disruptive moment without precedents should have been used to design a more conscious, sustainable and safer form of tourism (Benjamin et al., 2020; Cheer, 2020; Ioannides & Gyimóthy, 2020; Nepal, 2020).

Now that the pandemic seems to have definitively left the world, and Italy and Venice and the tourism market seem to be on the development course that the UNWTO formulated in 2015 (a doubling of the number of international travellers before 2030), this will probably prove to be an incredible lost opportunity. In fact, in April 2023, the total number of inhabitants of the historical centre of Venice dropped to its all-time low of 49,365, while the total number of beds in all forms of tourism accommodation has reached 48,596. Soon, on an average night in the high season there will be more tourists sleeping in Venice than Venetians, notwithstanding the symbolic measures that have been taken before and during the pandemic and that were mentioned above.

This gentrification process, a clear illustration that the tensions between tourism and the local population and non-touristic activities have become unbearable, has induced the local administration to redesign its tourism development policy more vigorously. Two new visitor management instruments are supposed to make tourism smarter and more sustainable.

The first is the Smart Control Room mentioned previously. This Smart Control Room is a room that has principally been designed to address security and safety issues, by monitoring situations of crowding in specific locations in real time through a system of interconnected security and web cams and by monitoring the information that is provided by mostly public providers of local services, such as the company that manages local public transportation and parking lots, the museums, and so forth. The resulting dashboard should make interventions in cases of congestion and of accidents more effective. The data that are collected daily are being stored and should provide the local police with time series with which forecasts of future situations of crowding can be made. Moreover, the Smart Control Room is supposed to be a basic condition of a system that allows the City of Venice to make a reservation of the visit mandatory for all types of visitors.

The second is a new tourism tax that is not levied on bed nights but on arrivals in the historical centre. The idea is that it is not correct to tax only the 20% of visitors that already contribute most to Venice's economy, and to exempt the 80% of the visitors that contribute heavily to the collective costs that tourism generates but just a little to its collective benefits. Moreover, this tax might also become a disincentive for all those visitors that come to Venice without a clear motivation and whose user value is rather low.

After years of discussion and an infinite number of press communiqués announcing the introduction of an entrance fee for all those who are willing to visit Venice, the Smart Control Room still makes absolutely no difference, and the introduction of the "landing fee" has been postponed numerous times. Both new measures, although in theory at least going in the right direction, suffer from the same

lack of vision about Venice and tourism the local government seems to possess. In fact, without a clear idea what indicators you should be using before intervening, what the critical values of these indicators are, and what interventions should be taken when one or more of these critical values have been reached, the "Smart" Control Room remains a "Dumb" one. The same is true for the landing fee. It is not clear what the central objective of the fee is: simply raising money, curbing free riding or discouraging day tourists to come to Venice from their homes or their holiday destination? Moreover, and these issues are clearly related to the previous one, it is not clear which visitors should be paying what, and who is going to be excluded from paying the tax (people living in the Veneto Region or those coming from Italy)? Without developing a clear vision about what future lies ahead for Venice and what tourism's position should be in such a vision, the implementation of theoretically valid policies is useless.

Obviously, and as has been suggested already numerous times here, the two years of the pandemic were an ideal opportunity to formulate such a vision, translate this vision into a few concrete pilot projects, and make sure the policies based on these pilot projects were well in place before the tourism tsunami started to hit Venice once more. Not having done so in a timely fashion makes it increasingly difficult to implement a coherent destination management strategy that brings the interest of using Venice as a destination and that of Venice as a place to live, study and work closer together.

4 Closing Remarks

The intention in this paper has been to investigate sustainable tourism development in theory and practice and its implications for destination management. The city of Venice, an iconic example of overtourism, has been used to illustrate the various dimensions of these concepts, both before and after the pandemic. Central in this investigation is the declination of Raworth's idea of a doughnut economy, which has been called the doughnut destination, to cover both forms of unsustainable tourism – that is, under- and overtourism – and to look into the second form more closely by studying Venice.

To synthesise, I have argued that understanding urban tourism impacts from a sustainability lens using the concept of TCC is both controversial and intuitive. This dominant, second consideration suggests that it might be an effective tool to design and to fine-tune destination management strategies.

Given that overtourism occurs and is most noticeable when the number of arrivals exceeds the threshold above which tourism's impacts cannot be absorbed, we can argue that the TCC describes one type of unsustainability of tourism: the *overutilisation* of space, of assets and of facilities. In particular, the phenomenon of overtourism equates to the appearance of all sorts of negative externalities that determine that the community suffers from tourism rather than benefitting from it. These externalities include, among others, the rising costs of living; the loss of inhabitants and those firms that are not serving tourism demand, overcrowding, wear-and-tear, pollution, and the loss of local identity (Costa et al., 1996).

This article, which has drawn heavily on my own extensive past investigations into the role of tourism in the historical centre of Venice, has made some of the above-mentioned mechanisms and relations more concrete using this iconic case of excessive tourism development. In fact, evidence that the collective costs have surpassed the collective benefits has been collected by various authors (CoSES, 1979; Page, 1995; Russo, 2002; Quinn, 2007; Van der Borg, 1991) and has even been recognised by organisations that until recently embraced a boosterism approach to tourism development, like the United Nations World Tourism Organisation (UNWTO (2019) and the World Tourism and Travel Council (WTTC and McKinsey (2017) and WTTC (2020)).

Despite the widespread critique of Venice as one of the worst cases of overtourism around the globe, the city is in fact an exception in that its officials should have understood by now where the outer boundary lies and what the optimal visitor mix looks like, with respect to the capacity of its cultural assets and facilities. Bertocchi et al. (2020) have shown that in 2018 this optimum for Venice was approximately 17 million visitors as opposed to the 30 million people that actually visited the city that year. The optimal visitor mix consists of 50% of overnight tourists and 50% of day tourists, while day tourists dominate (80% of the total number of visitors). The year 2023 will probably confirm this structural analysis. The symptoms of Venice's violation of the carrying capacity have been well documented: a monocultural development that might turn a city into a theme park, massive overcrowding, an unstoppable process of gentrification that is enhanced by the unbearable cost of living and that results in a loss of authenticity and of identity. Moreover, the national and local administrations face the challenge of identifying funding sources to pay almost double the amount of money needed to keep the city clean, safe and relatively well conserved, compared to what would be expected for the city without visitors.

Obviously, the COVID-19 pandemic has only temporally dampened the urgency to identify ways of overcoming the overtourism problem in Venice. In fact, given the virtual annihilation of global tourism during the pandemic, cities like Venice, which have witnessed a huge downturn in arrivals and in economic benefits, appear to have downgraded their attempts to strengthen their sustainability agendas by heavily focusing on measures to overcome the massive problems resulting from the pandemic. National governments embraced a relaunch strategy based on financial support, often without any strings attached.

However, all the suggestions that were formulated to fight overtourism prior to the pandemic should not have been abandoned. On the contrary, they should become a fundamental starting point for a profound discussion on how to "build tourism back better". This disruptive moment should have been used to question the pre-COVID mindset that was dominating the tourism sector that "more is always better than less"; that more income and jobs always justify the sacrifices that were being made to generate them. In other words, as soon as the global tourism sector sees its growth pick up again a new business model for the entire tourism sector is urgently needed.

A new, innovative business model must be found quickly to make a clean break with the obsolete mass tourism business model, and help make travellers more

conscious and mindful, tourism firms more responsible and environmentally and socially engaged, and, hence, tourism destinations more sustainable, safer and more resilient to future disruptions. This business model should clearly place quality over quantity, and the wellbeing of the local population and of local firms over the success of the global tourism industry. Various options that any destination that suffers from overtourism like Venice has to adopt policies to sustain such a strategy were discussed in this paper.

Whether you think a destination resembles a "doughnut" or not, it is obvious that tourism is not a means to an end, but in principle an important tool aimed primarily at fulfilling the needs of the local population and entrepreneurs. Therefore, tourism should not be demonised but managed carefully. And if destination management fails, under- or overtourism are likely to appear or persist.

Venice is teaching us that the momentum that the pandemic has offered the tourism industry has largely been wasted and that the pre-pandemic discourse about unsustainable tourism development and overtourism has not lost any of its usefulness.

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Excursus

Overtourism in Austria Using the Example of Hallstatt

Peter Zellmann

The romantic village of Hallstatt, situated on the shores of Lake Hallstatt in the Salzkammergut region, is extremely well suited for a case study on the subject of overtourism in Austria. Declared a World Heritage Site in 1997, it has become a major tourist attraction. However, this idyllic scene is deceptive. With an exponential increase in day visitors, the village of just under 800 inhabitants currently has to cope with up to 10,000 tourists a day from all over the world. Excluding the pandemic period, over one million guests visit Hallstatt every year. The narrow, romantic alleys soon become terribly crowded. Apart from taking photographs, the visitors also fly drones over the properties, make a corresponding amount of noise, and leave behind piles of waste.

The majority of these tourists come from Asia. They plan to travel through Europe within only a few days, including Hallstatt in the Salzkammergut as a fixed holiday destination. At the entrance to the village, you can rent traditional costumes for 22 euros (per hour!) in order to take home authentic souvenir photographs. Moreover, so-called "Hallstatt air" filled in containers can be purchased and taken home.

The "Citizens for Hallstatt" association states that in 2010 only 3,440 coaches came to Hallstatt (www.bfhallstatt.at). Since then, the number has increased by up to 30% per year. Of course, only those buses that have paid parking fees can be counted. In 2019, before the pandemic restrictions, there were over 21,000 buses whose passengers stormed the otherwise idyllic little village of Hallstatt. At the same time, 211,400 cars were counted in the public car parks. According to the association's website, "the noise level of the buses parked with their engines running is unmistakable and the exhaust emissions are enormous. The lakeside is filled with buses" (Lassner, 2022a).

The mayor of Hallstatt, Alexander Scheutz, outlines both sides of the coin. On the one hand, Hallstatt's attractiveness has become a curse. On the other hand, the increasing number of visitors provides added value and employment for the people of the region. Who would have thought it possible "that the operating turnover of sanitary facilities exceeds the municipal income from property tax by 1.5 times" (A. Scheutz, personal communication, June 19, 2023).

"Some tourists believe that Hallstatt is merely a scenery, a kind of Disneyland, and that those who work here live in tower blocks behind the mountains.

DOI: 10.4324/9781003365815-5

Sometimes they are genuinely surprised when we tell them that we are living right in the middle of it" (Kazim, 2018), as the newspaper *Spiegel* also quoted the mayor.

While the majority of day visitors come from Asia, there are also visitors from Germany, Austria and the rest of Europe. One of the main reasons for its popularity in Asia is the South Korean TV soap opera "Spring Waltz", which was partly filmed in Salzburg and Hallstatt (Lassner, 2022b). This led to a replica of Hallstatt in China, which further drives the numbers of Asian visitors who want to visit the original on their European trip.

It probably applies to all places confronted with overtourism that the residents are the ones who suffer most from this development. Hosts become victims insofar as people curse the tourist crowds at the regulars' table. A considerable number of locals leave their hometown despite possible financial benefits, because quality of life is more important to them than standard of living.

There are no patent remedies for mitigating tourist crowds in villages or towns. The residents as hosts have to decide, as the local conditions vary considerably. It is the task of local politicians to involve them in solution concepts by means of well-moderated decision-making processes. Approaches include restricting coach slots, parking space management and providing information for visitors, whose quality of experience is also at stake. The mayors concerned usually refuse to charge entrance fees in order to prevent their tourist attraction from becoming a museum.

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Excursus

From Graffiti to Regulations: Addressing Overtourism in Palma de Mallorca

Hans Müller

"Mr. Müller, where are your overbooked guests going to sleep tonight?" That was the question the editor of a major German tabloid abruptly asked me when he called me on a Saturday morning at the NUR TOURISTIC SERVICE office in Palma. It was high season, and the year was 1994. Mallorca was completely overcrowded. All tour operators were struggling with overbookings because hoteliers were overwhelmed by reservations and couldn't handle the situation anymore. Another major tour operator had even docked a cruise ship in the Bay of Palma de Mallorca to accommodate at least some of the guests rejected by hotels. Antalya was not an option as a holiday destination that year due to sporadic terrorist attacks, so everyone flocked to Spain, especially Mallorca.

This little anecdote describes the first intense experience I had with "overtourism" – even though this term didn't exist back then. It was simply high season, and the island was bursting at the seams.

In the past 30 years, I have experienced similar phases in other destinations as well, but I want to focus on Mallorca here. The term overtourism gained popularity in 2016 and 2017 when specific groups in the population wanted to draw attention to the situation using graffiti on facades of emblematic buildings in the old town of Palma. I remember slogans like "Tourists go home" and "Tourists no, refugees welcome".

Obviously, these circles wanted to show the guests that they were no longer welcome. It was never possible to determine who was specifically responsible for defacing the old town. I never believed that the residents of the city centre would deface their own walls. However, there have always been groups, including political ones, that opposed tourism and capitalism. It was a time when communist and separatist parties were forming and restructuring in Spain and the Balearic Islands.

German media, in particular, took up the issue intensively, as it guaranteed high ratings, clicks and circulation. Almost every television station sent film crews to publish original statements from supposedly affected individuals and corresponding images. These were easy to find because, unlike in the past phases of full occupancy, there were two additional factors that had significantly contributed to the island becoming even more crowded than in previous years.

Firstly, a new phenomenon had gained momentum: spending vacations not only in hotels but also in close proximity to the hosts. Airbnb had risen to power and

DOI: 10.4324/9781003365815-6

popularised this type of vacation, leading to the emergence of more platforms following suit. Every year, more property owners jumped on the bandwagon to participate in this boom. As a result, approximately 250,000 beds in these more or less legal vacation rentals were available on Mallorca. This roughly corresponds to the number of beds in all the legal hotels and aparthotels on the island.

This number also corresponded to the statistics of the airport company AENA, which determined the so-called "floating population". After all, AENA knows how many passengers arrive and depart. In those years, the peak of this floating population always occurred around 12 August. It amounted to approximately 510,000 guests being accommodated on the island simultaneously. This was about twice as many guests as traditionally stayed in legal hotel accommodations. The number of official hotel beds had only increased by a few percentage points since the 1980s. There were no spectacular new construction projects of hotel complexes on Mallorca. Thus, over the decades, the infrastructure had been able to adapt well to the "legal" guest numbers. However, it was not prepared for a doubling of the number of guests accommodated on the island due to the phenomenon of vacation rentals, which had established itself during the same period through the ongoing development of various booking platforms.

Previously, tourists stayed in the well-known tourist areas of Playa de Palma, Magaluf, Cala Ratjada or other famous or infamous areas. Now they populated former quiet neighbourhoods in Palma, Inca or idyllic villages nearby. This inevitably led to conflicts because guests, especially those geared towards partying, had different sleep patterns and noise levels than their local neighbours. Municipalities also struggled to handle the mountains of garbage. Tourists and locals shop differently, and tourists produce significantly more waste (whenever they stay in private apartments or houses instead of hotels). As a result, overflowing garbage containers became a common sight because the municipalities were unable to adjust their waste disposal cycle to the sudden population growth. The streets were also significantly busier because unlike package tourists traditionally transported to their hotels by transfer or shuttle buses, individual vacation rental tenants also booked rental cars. There were about 100,000 rental cars on the island, putting a strain on traffic flow and parking situations.

Secondly, another form of vacationing had become popular among the masses: vacationing on a cruise ship. While just a few years ago, cruise ships had a capacity of several hundred passengers, nowadays this genre is almost extinct. Today, we are talking about several thousand beds on modern cruise ships. Since Palma is one of the most beautiful cities in Europe, hardly any ship in the Mediterranean skips a stop here. In 2012, 985,000 cruise ship passengers visited Palma for a brief stopover. In 2019, this number had already more than doubled to over 2.2 million. During peak times, I have counted up to ten cruise ships in the harbour on some days. The result was that, in addition to hotel and vacation rental guests, thousands of people crowded through Jaime III Avenue or in front of the cathedral.

During the tourist standstill imposed due to COVID, everything came to a halt, and the opponents of tourism fell silent because they suddenly had other concerns. However, the numbers have now returned to pre-COVID levels, and the debate

on overtourism is gaining momentum once again. Cruise ship tourism is booming like never before, and people are booking even more individually, resulting in an intensification of vacation rentals. Another significant consequence of this is an unnatural increase in rental prices. Many property owners prefer to rent to tourists at significantly higher prices than a local long-term tenant would be willing to pay.

This also means that employees of traditional hotels, some of whom come from the mainland to Mallorca and need to rent an apartment for the season, can no longer find suitable accommodation at an affordable price. The exorbitant increase in vacation rentals, therefore, harms the existing system and society in multiple ways. Graffiti that I recently found on an old building sums it up: "AirBNB raises my rent – Tourists Go Home" it said in big black letters.

There have been some initial political decisions to regulate the influx somewhat. No licences are being issued for additional tourist beds, either for new hotels or for vacation rentals. In addition, hefty fines for illegal rentals have been announced. The relevant booking platforms must provide a licence number for each legal property, and if they fail to do so, they will be fined. The number of cruise ships allowed to dock simultaneously in the port of Palma has also been restricted. Now, it remains to be seen whether these measures, along with inspections to identify illegal vacation rental providers, will be sufficient to tackle the problem.

Regardless, an improvement in infrastructure, transportation routes, parking situations and public transportation networks would be desirable. Hopefully, the new government after the elections will handle logistics better than its predecessors, who exacerbated the problem by thinning out some traffic arteries and eliminating parking spaces in the city. The new mayor of Palma de Mallorca is an architect by profession and not a professional politician. He has the ability and the desire to restore Palma de Mallorca to a city with the highest quality of life. Therefore, at least regarding the situation in the city, I am very optimistic about the future.