



Università
Ca' Foscari
Venezia

**Department
of Management**

Working Paper Series

Erica Mingotto and Michele Tamma

**Covid-19 and recovery
strategies. Some insights
from an ongoing
exploratory study in the
Italian hospitality
industry: the case of the
historic city centre of
Venice**

**Working Paper n. 2/2021
March 2021**

ISSN: 2239-2734



This Working Paper is published under the auspices of the Department of Management at Università Ca' Foscari Venezia. Opinions expressed herein are those of the authors and not those of the Department or the University. The Working Paper series is designed to divulge preliminary or incomplete work, circulated to favour discussion and comments. Citation of this paper should consider its provisional nature.

Covid-19 and recovery strategies. Some insights from an ongoing exploratory study in the Italian hospitality industry: the case of the historic city centre of Venice

ERICA MINGOTTO

ericamin@unive.it

Department of Management

University of Venice

MICHELE TAMMA

tamma@unive.it

Department of Management

University of Venice

(February 2021)

Abstract: Covid-19 is disruptively impacting the tourism industry and the recovery will likely be slow and followed by important transformations for tourist companies. The paper wants to provide a contribution to the understanding of the immediate and future response mechanisms of tourism businesses for recovery. It is based on an ongoing explorative research started in June 2020 and based on interviews and focus groups among a small sample of hotel companies in the historic center of Venice - Italy. First insights show that recovery actions are still quite passive and defensive, due to the great uncertainty. Nevertheless, positive signals seem to come from the increase in direct sales and, surprisingly, in high-profile and high spender tourists. Businesses are dealing a situation that, however negative for their revenues, opens up the prospect of a new development for tourism in Venice different from mass tourism that was afflicting the city.

Keywords: hospitality industry, Covid-19, crisis, business response, recovery, qualitative research

Correspondence to:

Erica Mingotto

Dept. of Management, Università Ca' Foscari Venezia

San Giobbe, Cannaregio 873

30121 Venice, Italy

Phone:

[+39] 041-234-8709

Fax:

[+39] 041-234-8701

E-mail:

ericamin@unive.it

1 Introduction

The Covid-19 pandemic is not only a terrible health emergency but an increasingly evident economic crisis that is impacting any economic activity worldwide. Tourism is the worst affected industry and the recovery will likely take longer than in other sectors (Krishnan et al., 2020; OECD, 2020).

Tourism is not new to crisis of various kinds. An extensive body of studies in the academic and research literature documents the high vulnerability and fragility of tourism to different forms of shock and crisis events happened in the past, such as financial and economic crisis (Alegre and Sard, 2015; Alonso-Almeida and Bremser, 2013; Campiranon and Scott, 2014; Cellini and Cuccia, 2015; Okumus et al., 2005; Richtie et al., 2010; Smeral, 2010); geo-political instability, terrorism and wars (Ara a and Leon, 2008; Biggs et al., 2012; Buckley and Klemm, 1992; Liu and Pratt, 2017); pandemic (Chien and Law, 2003; Gu and Wall, 2007; Henderson, 2003; Henderson and Ng, 2004; Leung and Lam, 2004; Zeng et al., 2005); natural disasters (Aguirre, 2007; Biggs et al., 2012; Calgaro and Lloyd, 2008; Huang and Min, 2002; Prideaux et al., 2008).

However, the current Covid-19 emergency seems to be unprecedented and different from any other crisis occurred in the past (Sigala, 2020). Even with reference to other pandemic that impacted on economy and society, they didn't lead to such significant changes on a such general scale and their effects were limited to some countries or industries only (Hall et al., 2020). On the contrary, the spread of the Covid-19 virus, that does not seem to subside, the scale of travel restrictions, that are hindering all conditions underlying tourism, and the related social and economic impacts are affecting all countries and destinations in the world without distinction. The adverse effects of Covid-19 on tourism are expected to be long-lasting even after the pandemic is under control (Farmaki et al., 2020) and to bring deep and long-term structural transformations to all tourism ecosystems (Sigala, 2020).

Since the outbreak of the pandemic in early 2020, several researchers have already investigated the negative effects of Covid-19 on tourism (see, for example, Farmaki et al., 2020; Hall et al., 2020; Huang et al., 2020; Kaushal and Srivastava, 2020; Kock et al., 2020; Qiu et al., 2020; Sigala, 2020; Yeh, 2020; Yu et al., 2020). However, much attention seems to be paid to monitor the impacts of Covid-19 on tourists' perception, decision-making and behaviour and to measure the figures due to the pandemic, i.e. the extent of the decline in tourism flows and business revenues (Kock et al., 2020). Little consideration seems to be paid in relevant literature for the moment to the response mechanisms that tourism companies are implementing or are planning to implement in order to face the situation and to recover.

However, it is it is important to monitor and investigate how tourism companies are reacting and how responsive they are in relation to the evolution of the pandemic situation. Indeed, as pointed out by expert analysts, tourism recovery will be marked by structural shifts and it will require to reinvent and redesign travel experiences and even business models around new customer expectations (Dalrymple et al., 2020; Ehrlichmann et al., 2020). Those companies that, despite the current deep uncertainty, will be able to work with customers, employees and partners to co-create innovative solutions in a rapid and agile manner will recover better and sooner than the others (Dalrymple et al., 2020; Ehrlichmann et al., 2020).

The aim of the present paper is then to provide a contribution to the understanding on how tourism companies are reacting to this crisis still being within the crisis itself. In fact, the worsening of the worldwide pandemic in Winter 2020-2021 - at the time of

writing - confirms a crisis still long to overcome and a period of great uncertainty to deal with. The paper is based on an ongoing exploratory study, started in June 2020, on the hotel sector in the historic city centre of Venice – Italy, aimed at monitoring about the progress of the actions and strategies that hotel companies implement and/or think to implement for coping the crisis and relaunching their business, according to the evolution of the pandemic context and of booked room-nights.

This research is in line with other studies which investigated tourism companies' preparedness, reactions and possible response in relation to the different stages of past crisis and to the varying degree of uncertainty (Campiranon and Scott, 2014; Chien and Law, 2003; Henderson & Ng, 2004; Okumus et al. 2003; Zeng et al. 2005). However, few of these studies seem to have been carried out when the crisis was still ongoing (Chien and Law, 2003; Henderson and Ng, 2004) but rather immediately after it ended. The study, started immediately after the end of the first lockdown in Italy in June 2020, is expected to continue for several months through a repeated survey with a small sample of tourism managers, some focus groups, and interviews. Specifically, this paper presents the results collected from June to November 2020 and provides some insights about how hotel companies answered to the emergency in the immediate post lockdown, also viewing the short-mid future that remains however very uncertain.

The city of Venice can represent an interesting case study. It is one of the most popular destinations in the world and one of the most affected by Covid-19, since its dependence on international demand, in particular long-haul markets, and due to the fact that its main tourist products are based on urban and sightseen cultural tourism which are the most penalized by this emergency. In addition, in light of the overtourism problems that have been afflicting the city for years, the present situation, although it has made the city dramatically empty, is considered as an opportunity for rethinking tourism development.

2 Literature Review

2.1 Shock and crisis events in tourism

Crisis in tourism are usually related to situations in which tourists face difficulties in travelling at a global scale or specifically towards some destinations and tourism companies are threatened in the normal operation and conduct of their business (Hall, 2010; Ritchie and Jiang, 2019). More in general the term is used with reference to the impacts brought by some specific events on a tourism destination, on a specific tourism sector, or on global scale (Hall, 2010; Ritchie and Jiang, 2019). In this sense, the term “shock event” may be more appropriate, since it is intended as a sudden and not very predictable event that brings considerable stress in the tourism industry. A shock event may not necessarily be totally negative, but be significant enough to lead to a certain transformative process of tourists' behavior and tourism business models (Bonn and Rundle-Thiele, 2007). These disruptive events can be due to some internal organizational failure or to external factors that cannot be controlled (Ritchie & Jiang, 2019).

However, regardless of the causes, crisis and shock events usually occur in a precise time and space and have a specific duration, although their impacts may be felt for a longer period (Ren, 2000). They differ from other occurrences that, even if they may seriously impact tourism, do not happen suddenly but rather manifest themselves over the years, by producing a gradual change. This is the case, for example, of climate

change that is not recognized as a crisis or a shock event, although it is generating increasing pressure in the tourism ecosystems (Hall, 2010).

Crisis and shock events in tourism have generally been investigated in the academic literature with respect to two perspectives: on the one hand, from the demand point of view, in terms for example of risk perception (connected to safety issues), destination image and the related effects on travel decisions and behavior. Tourism is usually vulnerable to crisis and shock events, since they can seriously compromise travelers' wellbeing, security and/or income. Indeed, concerns over health, security and personal safety represent one of the factors that influences the most travel decision choices (Santana-Gallego et al., 2020), together with price and disposable income (Hall, 2010). On the other hand, crisis in tourism have been investigated from the supply-side point of view at a destination and industry level, in terms of impacts on tourism businesses and ability to effectively manage the crisis. In this case, the most investigated topics are related to tourism crisis management, response and recovery strategy, tourism planning also for crisis prevention (Qiu et al., 2020).

Regarding the supply-side perspective, on which this paper is mainly based, previous research investigated the adverse impacts of crisis – including pandemics - on reservations, hotel occupancy and revenues; the ability of tourism companies to quickly adopt response mechanisms for overcome the emergency and relaunch their business; the way in which tourism managers approach strategic decision-making when dealing with shock events and the kinds of actions and strategies put in place. According to Bonn and Rundle-Thiele (2007), strategic decision-making following a crisis event tends to be based on a less analytical and consultative but more intuitive and simplified approach than decision-making adopted in normal and stable conditions.

Apart from some specific actions depending on the type of event (for example the adoption of safety protocols in case of infection diseases; or reconstruction in case of natural disasters, etc.), some categories of actions seem to mainly recur in the crisis management by tourism businesses: saving costs (in particular in the early phases); revising agreements and contracts with suppliers, vendors, etc.; lobbying for asking support measures to the Government; revising services and or developing new products; marketing strategies, including cooperation with other companies. Looking, for example, at the consequences of SARS on the hotel sector in Singapore and Hong Kong and to the related reactions of businesses, studies found out that in the early stages of the spread of the virus, managers were unaware and unprepared and acted instinctively (Henderson and Ng, 2004), by handling cancellations and trying to implement the new safety measures (Chien and Law, 2003). Only later they took the initiative, from reactive and defensive actions to proactive and offensive ones. In addition to disease and hygiene controls, the most common strategies were about cost savings (avoiding non-essential capital expenses), lobbying for official aid from the Government, marketing and product development, including cooperation with other companies both within and outside the tourism sector for implementing promotional campaign in order to restore destination image and stimulate tourism demand (Chien and Law, 2003; Henderson and Ng, 2004). In the case of natural disasters, such as hurricanes, earthquakes, bushfires, etc., while the stage immediately after the event usually focuses on repair, reconstruction and reopening, the following stages are based on strategic and collective marketing actions in order to rebuild destination image and tourists' confidence, by ensuring them that businesses are open and safe and that travelers can continue to experience the unique features of the destination (Prideaux et al., 2008). Marketing and product development are strategic also in response to financial and economic crisis. During for example the last world economic crisis started in 2007, tour operators working on the Balearic

Islands seemed to react to the drop in international tourists and in their spending, by using strategies other than price cutting. Rather they put efforts in product diversification and development, by selling a selection of packages that offer flexibility to consumers according to their different needs and available budget, and/or focusing on those market segments for which the price/quality factor remains particularly important even in times of crisis (Alegre and Sard, 2015). Recovery marketing segmentation, recovery promotion and service quality were considered as effective strategies for coping the 2007 economic crisis also in the cases of the hospitality sector in Madrid (Alonso-Almeida and Bremser, 2013) and of the hotel sector in Phuket (Campiranon and Scott, 2014). In the case of the economic crisis in Turkey in 2001 too, tourism businesses of Northern Cyprus originally adopted defensive measures (checking payments, debts, agreements and contracts with suppliers; cutting costs and staff), but later they improved their marketing and selling strategies; invested more in the quality of their services and in the development of more advanced management skills (Okumus et al., 2005).

Businesses' response to crisis seems to be more effective if they have a crisis management plan in place, including risk assessment (Johnson Tew et al., 2008). The uniqueness of certain situations, such as pandemics, makes considerably complex the advance identification and assessment of dynamics, risks, and related response strategies (Henderson and Ng, 2004). Nevertheless, even if some events are unpredictable in respect to timing, severity and geographical scale, it doesn't mean that they are totally inevitable (Prideaux et al., 2008). As a consequence, the risk that certain disruptive events recur over time (from economic and financial crisis, that are cyclical, to infection diseases and pandemics, from earthquakes to hurricanes, floods, bushfires etc. that are more and more frequent) makes it necessary to be prepared, through crisis management planning, also based on the lessons learned from similar crisis occurred in the past, in order to provide direction and limit any damage (Henderson & Ng, 2004). This is even more strategic nowadays, in which shock and crisis events, when happen, tend to be far-reaching and involve the international scale, since the substantial growth in tourists' mobility, the more general globalization processes and the growing complexity and interconnections of tourism eco-systems (Aliperti et al., 2019; Hall, 2010).

Despite the severity of many of such events, the tourism industry has shown in the past to be resilient, being able to recover relatively quickly (Farmaki et al, 2020), usually making structural adjustments (Zeng et al., 2005). However, if at a more general level, tourism quickly rebounds from the shock event, by returning and even surpassing the pre-crisis level, at a more local level the response times and the adverse effects may be different depending on the characteristics of the tourism industry and ecosystem. In the case of SARS in China, for example, the recovery was rapid, but non-urban peripheral areas and small businesses were found to be particularly vulnerable and weak, and, since the losses cannot be recouped, recovery strategies needed direct grants or subsidies (Zeng et al., 2005).

2.2 The present Covid-19 crisis

Coming to the present crisis due to Covid-19, one of the questions and concerns of the tourism community at large (researchers, businesses and organizations, institutions) is about the ability, timing and ways of tourism recovery. Since the outbreak of the pandemic in early 2020, several studies and research have already been published,

questioning about different but interrelated topics linked to the immediate, short- and medium-term effects and implications on tourism.

Some contributions focused on the demand-side perspective, such as tourists' risk perception, changes on travelers' decision and behavior. According to Kock et al. (2020), for example, the consequences of Covid-19 tourists' psyche can lead to a paradigm shift in their behavior and negatively impact some significant phenomenon linked to tourism, such as xenophobia and crowding perception (Kock et al., 2020). However, destination loyalty and travel insurance (Kock et al. 2020), service quality and efficiency in crisis management and in the response mechanisms to tourists by tourism companies (Yu et al., 2020) can be of great importance in providing the tourists with a feeling of more security for travelling.

Other researchers investigated the supply-side. Focusing in particular on business recovery, some factors seems to emerge as more relevant, also confirming findings from studies about previous crisis: open and transparent communications (Huang et al., 2020; Yeh et al., 2020); aid from the government, for example for facing liquidity issues and employment issues (Farmaki et al., 2020; Huang et al., 2020; Yeh et al., 2020); support and greater cooperation from distribution platforms, such as booking.com, Airbnb, ecc. (Farmaki et al.); hygiene and sanitation (Farmaki et al., Kaushal & Srivastava, 2020); crisis management preparedness; multiskilling and professional development of the employees; optimism toward revival of the industry linked to manpower development (Kaushal and Srivastava, 2020).

Some other contributions are about the future of tourism and of tourism research. If, as it seems, it will not be possible to recover the pre-covid normality and tourism will be transformed, there is the need to question about how tourism ecosystems will face this challenge and what kind of future they wish for: they can simply continue or even expand present growth orientations or rather focus on more sustainable forms of tourism (Hall et al., 2020). Indeed, Covid-19 should not be considered as an exogenous shock but as a result of the socio-economic structures and of the processes of urbanization, globalization, environmental change, contemporary capitalism, to which also tourism contributes with its evolution and growth paradigms. As a consequence, the challenge for tourism stakeholders and research is about how reimagine and reset tourism (Sigala, 2020).

3 Methodology

3.1 An investigation of the case of Venice, Italy

The present paper aims at investigating path and ways to recovery of the tourism hospitality industry in the short and mid-term, by choosing as study focus the city of Venice and, in particular, the medium and medium-high hotel companies of its historic center, where the Covid-19 impacts seem to be even greater than the other areas of the municipality. The city of Venice - in particular the historic town - is one of the most popular cultural destinations in the world, but, with a local economy highly dependent on tourism and on long-haul international markets, it is facing dramatic impacts on its entire tourism and economic ecosystem due the Covid-19 emergency.

Although Covid-19 has impacted on all tourism businesses and destinations and it has caused a -72% drop in international tourist arrivals in January-October 2020 (UNWTO, 2020b), some parts of the sector are more affected than others (OECD, 2020) and the recovery will vary across segments (Krishnan et al. 2020). In particular, those tourism

businesses and destinations that, like Venice, are heavily dependent on the international market (particularly long-haul) and on urban cultural tourism are likely to be the most damaged (Krishnan et al. 2020). The return to 2019 levels in terms of international arrivals would take two and a half to four years (UNWTO, 2020b), and although domestic travel demand will recovery faster (UNWTO, 2020a), it is unlikely that it could compensate for the decline in international flows (OECD, 2020).

Regarding in particular the city of Venice, according to the Veneto Region Statistics Office (the city of Venice is located in the Veneto Region, the first touristic region in Italy, known for its popular destinations, such as its beaches, the Dolomites Mountains, the Garda Lake and cities of art, including Verona, Padua, Vicenza), tourist arrivals in Venice declined -74% in January-October 2020 over the same period last year. In particular, the international market recorded a -79% decrease in tourist arrivals, while the domestic market limited the loss to -39%. The decline is much more negative than that recorded at the regional level: -59% in tourist arrivals, -30% for the domestic market and -72% for the international one. From the tourism supply side, according to the Venetian Hotels Association, despite the major lifting of restrictions since June 2020, about 30% of hotels have remained closed during the summer season and for the others the room occupancy stops at 15% with a -22% decline in room prices. In addition, the new restrictions on people movements and to the opening hours of many food&beverage and leisure activities (such as restaurants, bars, theatre, cinema, events, etc.) introduced by the Government starting from the last week of October 2020 for stemming the second wave of infections are hindering the recovery attempt made by tourism companies in the past recent months.

In addition, the city of Venice – a UNESCO heritage - is well known for the debate about its progressive drift toward a "tourism mono-culture" linked to mass tourism and about the problem of overtourism, magnified even more by the fragility of the entire system (its particular and delicate conformation and ecosystem linked to the Lagoon; the depopulation, etc.). Paradoxically, during the last months the city has been experienced a completely opposite situation, with social and economic life running - or not running - without the usual presence of tourists. Thus also the problem of sustainability has shown its own other face. Alongside the magic of streets, bridges and canals without crowd, very inspiring for imagining a better quality of life and visiting experiences, at the same time it has been experienced the profound negative impact on the social and economic life of a city too empty. It has to be noted that the city was already suffering before the outbreak of the pandemic, since November 2019, when the exceptional high water discouraged tourists from coming on vacation causing many cancellations and missed bookings. The city recovery from the Covid-19 crisis is seen by public opinion and the community at large as an opportunity to rethink tourism development in Venice towards a more sustainable path.

3.2 Research design

The overall research design is aimed at conducting an exploratory study - of which this paper represents a first result – that the authors have planned to continue for several months through a repeated survey with a small sample of hotel managers, some focus groups and interviews. Starting from the literature on the impact of the previous crisis on tourism and in particular on business response mechanism and recovery strategies in the hospitality sector, the study is driven by three main research questions:

- What are the main actions/strategies that hotel companies are adopting for recovery since the end of the first lockdown in June 2020?

- Do these actions/strategies change over the months according to the situation evolution?
- Are these actions/strategies different from those adopted in the past during similar crisis?

The study tries to investigate these aspects by capturing the impressions, feelings and thoughts of hotel managers and to understand their decisions also on the basis of how they and their companies are living and feeling this exceptional moment. Therefore, the study is based on a qualitative approach, that, given the purpose of the research and the unique circumstances of the moment, is considered more appropriate, as stated also by other academicians who are investigating the effects of Covid-19 on tourism (Farmaki, 2020; Kaushal and Srivastava, 2020). Indeed, qualitative research has the merit to provide a deeper description of people's thought and then a better understanding of complex phenomenon (Ezzy, 2002). This is even more true when the problem is new and still in strong and continuous evolution, for which qualitative methods can provide more critical insights (Strauss and Corbin, 1998). The study is not investigating the topics under consideration with reference to a period that has already ended but it is taking place while the situation is ongoing and continues to unfold. It has started in June 2020 at the end of the first lockdown in Italy and it will continue in the next months and, if possible, until the end of the crisis in order to record and investigate its dynamics. The research design is based on mixed method, in particular in the form of a survey to a small sample of respondents together with the focus group technique. In the light of the research purpose, these two methods are used as complementary: the survey questionnaire and the discussion guidelines were jointly designed before the results of either component were known. The aim of this triangulation design is the mutual enhancements for the analysis and comprehension of each component by the other in order to reach a broader understanding (Wolff et al., 1993, 120-21; van der Plas et al., 2014; Caillaud and Flick, 2017).

Prior to the design of the survey and of the focus group guidelines, three interviews were conducted with representatives of the local hotel association - who the respondents belong - and a hotel manager (working in Venice but not included among the respondents) in order to point out main topics and then to refine each question items. It has been considered of great importance "give voice" to informants in the early stages of the research and do not impose prior constructs or theories (Gioia et al., 2013).

The study involves a sample of 11 hotel companies - in the person of their hotel manager or front-office manager - of the Venice city center, belonging to the medium and medium-high category, who decided to take part in the research after a public invitation made by the authors with the support of the Venetian Hotel Association. In the historic center there are 189 medium and medium-high range hotels, which accounts for 69% of all hotels here located and 46% of all hotels in the entire city of Venice. Therefore, businesses involved in the survey represent the 6% of all hotels of this category in the specific area. It should be noted that the study excluded luxury hotels, as they almost all belong to large international companies that develop their strategic responses following a broader logic than the local level. So these hotels are less autonomous in their strategic choices.

Regarding the survey, it has conceived as a periodic monitoring, administered and submitted through the online platform Qualtrics: respondents are asked to monthly fill in the same questionnaire in order to record changes in their responses over the time. An agile questionnaire was developed, starting both from previous studies in the literature and from the preliminary contribution of the experts, as explained above, and also from other surveys launched at national and local level by institutions and trade

organizations during the same period. The questionnaire is based on 7 closed questions focused on the following main topics: evolution of booked room nights in the period under consideration; main sales/booking channels and markets (domestic or foreign one); main actions/strategies implemented; main support measures from government that companies need.

The focus group involves the same participants of the survey and it is planned to be repeated on several times, deepening in particular some aspects of the topic under investigation, even different from time to time, depending on the research needs. Due to health protocols in place that discourage face-to-face meetings, focus groups have been carried out online, through the Zoom platform. The authors are aware that this may be an obstacle for agile interaction and discussion among participants, but many examples of virtual focus groups have already been documented in the literature (Murgado-Armenteros et al., 2012). The focus group is conducted following a guideline with the specific topics/questions with which to guide the discussion. Data analysis is based on data coding and content analysis, in order to find repeated patterns of meaning from participants' responses (Liamputtong, 2011; Nyumba et al., 2017).

At the time three rounds of the survey – in the period September-November 2020 - and one online focus group - with four participants - were administered. The focus group, in particular, stimulated participants' discussion around 4 questions (changes in sales/booking channels and target markets; the role of digitalization in the recovery stage; the importance and ability to invest now; an idea for the future of tourism in Venice). First insights of both investigations are presented in the next section.

4 Results

A comparison between monthly rounds of the survey seems to be premature. Significant analysis is expected to be available after the collection of several rounds during the next months. The results of the first focus group appear instead more noteworthy. Nevertheless, some tendency can be underlined also observing some answers from the survey round of the mid of November (note that the survey round and the focus group were administered few days after the new Covid Italian restrictions adopted for facing the second Covid wave).

The great uncertainty about the future is one of the first results coming from the focus group. The past logic of planning according to short, medium and long time seems to be little applicable, since the situation is so changeable and unknown to be able to plan about the future and to make scenarios. Several variables come into play: the spread of the virus, tourists' propensity, the airlines' ability to quickly resume flying regularly after the end of pandemic, the extension and kind of national restrictions adopted in each country. This last answer has to be understood in relation to the specific moment in which the focus group took place, i.e. a few days after the news of a possible second lockdown in France and Germany and the entry into force of the new decree of the Italian government (the second one within a week) that imposed new restrictions on business activities (for example early closing of restaurants and bars, suspension of activity in theatres, gyms, etc.) following the second wave of the virus and the increase in infections.

P2: "It is difficult to think and plan about the future. We depend on governmental decrees".

P3: "We depend not only on the Italian governmental decrees but also on the restrictions taken by the other countries... American tourists can't wait to travel back to Europe and Italy but they can't".

P4: "It is difficult to say now what are short and medium terms. We are far from seeing the end of the crisis... It also depends on when flights will resume regularly."

In the same way, the answers to a question included in the survey about the actions taken to address the crisis show a kind of limited responsiveness of Venetian hotels. In fact, the average and modal score of the six-point scale (from 0 - min to 5 - max) adopted to measure the efforts of companies in different types of actions is about 2.50 with a low dispersion (standard deviation of 0.9). According to the focus group, although hotel managers are aware that it is just in times of crisis that investments can make a difference, they want to be cautious. Indeed, they are facing an urgent lack of liquidity; they are forced to dismiss or put in lay off or in furlough part of their staff, and above all they do not know how long the health and economic crisis will last. In such a situation, even the best capitalized companies don't want to take risks since they don't know how long they will be able to count on the available resources. For the moment hotel companies seem to put efforts in actions that don't require some many resources, such as revising and adapting their services for product repackaging, improving the customer care and taking advantage of the moment for training their employees (those who are still in force).

P2: "It is right to invest, but liquidity is lacking. Thinking of allocating resources to investments when you have to put our employees in layoffs... We collide with reality."

P4: "How will we be at the end? Will all tourism businesses in Venice still be there?"

P1: "We must be careful because the critical situation is still long and we do not know exactly. However, it can be an opportunity to invest in the product, since we have more time to dedicate and on the employees' training also to keep their attention alive".

P3: "Training, improvement of the customer care, some new proposals (for example ad-hoc tourist packages... These are the only things that we can do now. Things that are cost 0; that do not require financial resources but only intellectual ones".

The low propensity to dedicate resources seems to regard also digitalisation. According to the survey results, it is one of the actions with the lowest average score on the six-point scale (about 1,7 on average). Participants in the focus group recognize that digital applications, in particular platforms for meeting online (zoom, gmeet, etc.) and social media have been very effective for staying connected with employees, partners, intermediaries, tourists and clients who could not move from home during the lockdown. However, beyond the use of digital applications for communication/booking (that were already used before Covid-19), they seem to see no further. With the exception of the only hotel part of a large international hotel group, they seem not to consider digitalization for other internal and organizational processes (internal communication, human resource management, front-office processes, i.e. web check-in and chat with clients, etc.).

P3: "Zoom for keeping in touch with partners; social media for keeping in touch with clients. For my hotel, web check-in is not needed, maybe in large hotels... Smart working is not a solution: Hospitality cannot be done at a distance!"

P1: "The company is implementing web check-in, chat applications, and other digital tools for managing front-office daily operations. The entire chain was already investing in these tools in the pre-Covid".

Despite the dramatic situation, some transformations in the market may be an opportunity, also for thinking about what future we want for tourism in the city of Venice. First of all, in the summer months following the lockdown, there has been an impressive increase of reservations through direct channels, i.e. personal website and booking engine of the hotel, via e-mail or by phone. The findings from the survey seem to confirm that most bookings done in the after-Covid period come from direct channels (website of the hotel, e-mail and phone) and very few from OTAs (Online Travel Agencies). In the question about the channels from which current reservations are

coming, respondents gave to direct channels on average a score of 4,3 on a scale from 1 (minum) to 5 (maximum), while to booking.com a score of 3,7 and to other OTAs a score less than 2. Considering the great and undisputed power of the OTAs (online travel agencies), such as Booking.com and Expedia in the pre-Covid, this new trend may turn into an opportunity for hotel companies for disintermediating their demand, as pointed out during the focus group.

P2: "Direct sales have increased."

P3: "It is very positive that direct sales have increased".

In addition, even though the number of tourists has drastically reduced, foreign tourists have not completely disappeared, although they come from short-haul foreign markets (maximum 6/7 hours away by car). Again, according to the survey, 7 out 11 respondents answered that in the period under consideration the customers of their hotel were mostly foreigners rather than Italians. This is quite unexpected, since forecasts for Italian destinations in the early post lockdown period see a prevalence of the domestic market. Surprisingly, in addition, customers of Venetian hotels in the immediate post-Covid are characterized by being up-market and bigger spender. Therefore, they are very different from the mass and low profile tourists who usually travelled to Venice; they have taken advantage just of this moment when Venice is not overrun by ordinary tourists to visit the city. This trend may allow hotel companies to not lower room prices.

P3: "There are now tourists who we have not been seen in Venice for years. They are up-market. My average revenue per room has increased in recent months compared to last years.

Could this be the future?"

The participants of the focus group look at this trend as an opportunity for the city to rethink its tourism development, although they are afraid it may just be a dream, since, when travel regularly resumes, mass tourism may be necessary in the presence of such an abundant supply of bed places as that of Venice. In the opinion of the focus group participants, it is up to the governance (the politics of the city) to make a decision about the future of Venice, not realizing, however, that the governance is done by each of them.

P2: "Tourism in Venice will return to the way it was before, if the governance does not change. Any decision made will be at the expense of someone else, but a decision is needed if we want to avoid overtourism"

P4: "In previous years many new hotels have been opened and many short-term rentals authorized. Ideally we all would like elite tourism but in the end we will regret mass tourism.

P1: "So much must start from each of us".

5 Discussion and conclusions

As the months go by, we are increasingly realizing that Covid-19 is impacting tourism in a disruptive way. The recovery for this industry will not be easy and rapid and it will probably bring important transformations.

The paper contributes to the present debate about the effects of Covid-19 on tourism, by taking in particular the perspective of tourism businesses, with a focus on the hospitality industry in the specific case of the city of Venice and its historic centre. Starting from the preliminary findings of a qualitative research carried out by the authors on the hotel industry in the city of Venice – Italy, the paper has discussed how businesses are trying to respond and to recover from the crisis. Indeed, the research, started just after the lockdown in June 2020 and still ongoing, aims at observing how hotel managers' impressions and response mechanisms will change during the different stages of the crisis. By discussing the findings collected so far, from June to November

2020, the specific contribution of this paper is to provide an insight of hotels reaction (or non-reaction) and first tourism transformations in the preliminary stages of the post lockdown.

The first insights from the research clearly show the “block phase” in which Venetian hotels seems to be, linked to the feeling of huge uncertainty that clouds the ability to react with clarity. Indeed, the unstoppable spread of the virus and the continuous restriction measures taken by governments make it difficult to really take the situation in hand to restart. Hotel managers’ actions can be considered still passive and conservative. They are navigating on sight by taking decisions day to day at the mercy of the epidemic’s evolution, both because they have been caught completely unprepared and because the situation is extremely unknown and unpredictable (despite similar epidemics in the recent past). For the moment, there are not significant signals that hotel managers’ behaviour is becoming more proactive and offensive.

Regarding the first research question (main actions/strategies adopted for recovery) evidences underline that in the early post lockdown stage (June-November) the main intervention areas refer to: organisational measures for implementing the necessary safety protocols, saving costs, reorganising and downsizing staff (use of layoffs or furloughs, smart working if possible); actions at the level of the supply chain, in particular to review the payment conditions; marketing actions, in particular for revising and adapting communication to the present situation, keeping in touch and reassuring with clients. However, marketing campaigns don’t seem to be addressed to determinedly attract new target markets, since hotel managers still don’t have a clear strategy of rethinking target markets. The changes in target clients, represented now by domestic and short-haul markets, is above all a consequence of travel restrictions and of new tourists’ behaviour and not of a real marketing strategy adopted by hotel companies. Indeed, also the reappearance in Venice of high-profile tourists is seen as completely surprising and unexpected. Hotel managers haven’t thought to take advantage of the lack of mass tourism to promote Venice to those tourists who want to visit Venice without the usual crowd.

The difficulty in adopting a proactive response mechanism towards perturbations could be attributed to a weakness of the Venetian hotel industry, that for decades has been accustomed to sustained growth in tourism flows. Nevertheless, although both the academic literature and professional experts (Dalrymple et al., 2020) remind the importance to invest also during the crisis period, for businesses it’s hard to show such enthusiasm when facing liquidity issues and months of total inactivity. This is consistent with Henderson & Ng, 2004, who found out that, also in the early stages of the SARS crisis in Hong Kong, hotels’ response actions were instinctive and defensive and only later they became proactive and offensive. Then, this seems to answer to the third research questions (if the present response mechanisms are different from those adopted in the past during similar crisis).

Another significant insight coming from this first research step is about tourism operators’ perception of a city that suddenly emptied of almost all its tourists, while for decades it was invaded by mass tourists. This situation, however heart-breaking (if there are no tourists there is not even work), seems to be making the Venetian tourism community think about the future of the city and to give a new vision; a vision based on a different and more sustainable tourism, that in the past no one really had the courage to think. This reality could also concern other destinations in the world; destinations that in the pre-Covid were in the situation of having to reconvert their tourism towards a new perspective (not necessarily due to mass tourism but also for other factors) and that now have the opportunity to see that new perspective.

From the managerial point of view, in the paper the authors debate that some transformations that the Covid-19 crisis is bringing on tourist behaviour may be positive for the tourism industry. It appears to be strategic for hotel companies the ability to take advantage of these trends. This is, for example, the case of OTA's intermediation: now tourists seem to have experienced again the use of direct channels, even the phone contact. This trend, that can increase direct bookings and sales for hotels, is probably due to the fact that tourists want to contact directly the hotel in order to be assured that it is open; what security measures have really been adopted; what the policies are in case of cancellation; how the health situation is going in the destination. In other words, they need to feel reassured and the ways in which hotels respond to clients (for example increasing flexibility in cancellation and guarantying or even improving service quality) are strategic (Yu et al., 2020). Again, it is the case of those new tourists who usually didn't come to the destination and who have started visiting it in the post-Covid (because they can't go elsewhere, or because it is close to home, etc.). Not only these tourist targets are important in this moment but may also represent strategic targets also in the destination next normal for tourism diversification and innovation. As a consequence, tourism businesses should look to these tourists not just as a temporary "replacement" in the absence of the usual customers but as a possible opportunity for the future.

Regarding the limits of the overall research design, the study focuses on a specific and unique case, i.e. the city of Venice, and its findings could be considered not very applicable at a more general level. Nevertheless, the paper can be useful for other similar destinations, for example based on urban and cultural tourism, or dependent on the international long-haul market or affected by overtourism. In addition, it may serve as a means of comparison with other destinations in order to understand how the ways and times for recovery from Covid-19 differ depending on the context and if there are some issues and challenges that are common despite everything.

Regarding this paper, it is in addition affected by the fact that the study, as it was designed, is ongoing. Therefore, the results are not yet clear and exhaustive. This is the case, for example, of the understanding on business ability to react and on the factors contributing to it, that need further investigation. In the same way, at present it is not possible to investigate about the evolution of the recovery strategies (the second research question). For this reason, it is the authors' intention to continue the research and data collection for several months, in order to observe and monitor the evolution in tourism recovery and obtain more robust results. After all, academic research on the legacy of Covid-19 on tourism is just beginning.

References

- [1] Aguirre J.A. (2007). "Tourism, volcanic eruptions and information: Lessons for crisis management in national parks, Coasta Rica, 2006". PASOS. Revista de Turismo y Patrimonio Cultural, 5, pp. 175–192.
- [2] Alegre J. and Sard M. (2015). "When demand drops and prices rise. Tourist packages in the Balearic Islands during the economic crisis". *Tourism Management*, 46, pp. 375-385.
- [3] Aliperti G., Sandholz S., Hagenlocher M., Rizzi F., Freya M., Garschagen, M. (2019). "Tourism, crisis, disaster: an interdisciplinary approach". *Annals of Tourism Research*, (79)102808.
- [4] Alonso-Almeida M.D.M. and Bremser K. (2013). "Strategic responses of the Spanish hospitality sector to the financial crisis". *International Journal of Hospitality Management*, 32, pp. 141–148.
- [5] Ara a J.O. and Leòn C.G. (2008). "The impact of terrorism on tourism demand". *Annals of Tourism Research*, (35) 2, pp. 299–315.
- [6] Biggs D., Hall C.M., Stoeckl N. (2012). "The resilience of formal and informal tourism enterprises to disasters: reef tourism in Phuket, Thailand". *Journal of Sustainable Tourism*, (20)5, pp. 645-665.
- [7] Bonn I. and Rundle-Thiele S. (2007). "Do or die—Strategic decision-making following a shock event". *Tourism Management*, (28)2, pp. 615-620.
- [8] Buckley P.J. and Klemm M. (1993). "The decline of tourism in Northern Ireland: The causes". *Tourism Management*, (14)3, pp. 184-194.
- [9] Caillaud S. and Flick U. (2017). "Focus Groups in Triangulation Contexts". In R. Barbour & D. Morgan (Eds) *Advances in Focus Groups Research* (pp. 155-177). Hampshire (UK), Palgrave Macmillan.
- [10] Calgaro E. and Lloyd K. (2008). "Sun, sea, sand and tsunamis: Examining disaster vulnerability in the tourism community of Khao Lak, Thailand". *Singapore Journal of Tropical Geography*, 29, pp. 288–306.
- [11] Campiranon K. and Scott N. (2014). "Critical Success Factors for Crisis Recovery Management: A Case Study of Phuket Hotels". *Journal of Travel & Tourism Marketing*, (31)3, pp. 313-326.
- [12] Cellini R. and Cuccia T. (2015). "The economic resilience of tourism industry in Italy: What the 'great recession' data show". *Tourism Management Perspectives*, 16, pp. 346-356.
- [13] Chien G.C.L. and Law R. (2003). "The impact of the Severe Acute Respiratory Syndrome on hotels: a case study of Hong Kong". *Hospitality Management*, 22, pp. 327–332.
- [14] Dalrymple M., Mann R., Peters M., Seitzman N. (2020). "Make it better, not just safer: The opportunity to reinvent travel". McKinsey, Article, 15 June 2020.
- [15] Ehrlichmann L., Kochman E., Schröder J., Wittkamp N. (2020). "Ready for check-in? Lessons from the German travel recovery". McKinsey, Report, 24 July 2020.
- [16] Ezzy D. (2002). *Qualitative analysis: practice and innovation*. Routledge, London.

- [17] Farmaki A., Miguel C., Drotarova N.H., Aleksi A., eh asni A., Efthymiadou F. (2020). "Impacts of Covid-19 on peer-to-peer accommodation platforms: Host perceptions and responses". *International Journal Hospitality Management*, (91)102663.
- [18] Gioia D. A., Corley K. G., Hamilton A. L. (2013). "Seeking qualitative rigor in inductive research notes on the gioia methodology". *Organizational Research Methods*, 16, pp. 15–31.
- [19] Gu H. and Wall G. (2007). "SARS in China: Tourism impacts and market rejuvenation". *Tourism Analysis*, 11, pp. 367–379.
- [20] Hall C.M. (2010). "Crisis events in tourism: subjects of crisis in tourism". *Current Issues in Tourism*, 13(5), pp. 401-417.
- [21] Hall C.M., Scott D., Gössling S. (2020). "Pandemics, transformations and tourism: be careful what you wish for". *Tourism Geographies*, 22(3), pp. 577-598.
- [22] Henderson J.C. (2003). "Managing a health-related crisis: severe acute respiratory syndrome (SARS) in Singapore". *Journal of Vacation Marketing* 10(1), pp. 67–78.
- [23] Henderson J.C. and Ng A. (2004). "Responding to Crisis: Severe Acute Respiratory Syndrome (SARS) and Hotels in Singapore". *International Journal of Tourism Research*, 6, pp. 411–419.
- [24] Huang A., Makridis C., Bakera M., Medeiros M., Guo Z. (2020). "Understanding the impact of COVID-19 intervention policies on the hospitality labor market". *International Journal of Hospitality Management*, (91)102660.
- [25] Huang J. and Min C.H.J. (2002). "Earthquake devastation and recovery in tourism: The Taiwan case". *Tourism Management*, 23(2), pp. 145–154.
- [26] Johnson Tew P., Lu Z., Tolomiczenko G., Gellatly J. (2008). "SARS: lessons in strategic planning for hoteliers and destination marketers". *International Journal of Contemporary Hospitality Management*. 20(3), pp. 332–346.
- [27] Kaushal,V. and Srivastava S. (2021). "Hospitality and tourism industry amid COVID-19 pandemic: Perspectives on challenges and learnings from India". *International Journal of Hospitality Management*. (92)102707.
- [28] Kock F., Nørfelt A., Josiassen A., Assaf A. and Tsionas M.G. (2020). "Understanding the COVID-19 tourist psyche: The Evolutionary Tourism Paradigm". *Annals of Tourism Research*, (85)103053.
- [29] Krishnan V., Mann R., Seitzman N., Wittkamp N. (2020). "Hospitality and COVID-19: How long until 'no vacancy' for US hotels?". *McKinsey*, Article, 10 June 2020.
- [30] Leung P. and Lam T. (2004). "Crisis management during the SARS threat: A case study of the metropole hotel in Hong Kong". *Journal of Human Resources in Hospitality & Tourism*, 3(1), pp. 47–57.
- [31] Liamputtong P. (2011). *Focus Group Methodology: Principle and Practice*. London: Sage, 345 Publications.
- [32] Liu A. and Pratt S. (2017). "Tourism's vulnerability and resilience to terrorism". *Tourism Management*, 60, pp. 404-417.

- [33] Murgado-Armenteros E.M, Torres-Ruiz F.J., Vega-Zamora M. (2012). "Differences between Online and Face to Face Focus Groups, Viewed through Two Approaches". *Journal of Theoretical and Applied Electronic Commerce Research*, (7)2, pp. 73-86.
- [34] Nyumba,T.O., Wilson K., Derrick C., Mukherjee N. (2018). "The use of focus group discussion methodology: Insights from two decades of application in conservation". *Methods in Ecology and Evolution*, 9, pp. 18-32.
- [35] Okumus F., Altinay M., Arasli H. (2005). "The impact of Turkey's economic crisis of February 2001 on the tourism industry in Northern Cyprus". *Tourism Management* (26)1, pp. 95-104.
- [36] OECD (2020). *Tourism Policy Responses to the coronavirus (COVID-19)*.
- [37] Prideaux B., Coghlan A., Falco-Mammone F. (2008). "Post Crisis Recovery. The Case of After Cyclone Larry". *Journal of Travel & Tourism Marketing*, (23)2-4, pp. 163-174.
- [38] Qiu R.T.R., Park J., Li S., Song H. (2020). "Social costs of tourism during the COVID-19 pandemic". *Annals of Tourism Research*, (84)102994.
- [39] Ren C.H. (2000). "Understanding and managing the dynamics of linked crisis events. Disaster". *Prevention and Management*, 9, pp. 12–17.
- [40] Ritchie B.W. and Jiang Y. (2019). "A review of research on tourism risk, crisis and disaster management: Launching the annals of tourism research curated collection on tourism risk, crisis and disaster management". *Annals of Tourism Research*, (79)102812.
- [41] Ritchie J.R.B., Amaya Molinar C.M., Frechtling D.C. (2010). "Impacts of the world recession and economic crisis on tourism: North America". *Journal of Travel Research*, 49, pp. 5–15.
- [42] Santana-Gallego M., Fourie J., Rossello J. (2020). "The effect of safety and security issues on international tourism". *Annals of Tourism Research*, (80)102686.
- [43] Sigala M. (2020). "Tourism and COVID-19: Impacts and implications for advancing and resetting industry and research". *Journal of Business Research*, 117, pp. 312-321.
- [44] Smeral E. (2010). "Impacts of the world recession and economic crisis on tourism: Forecasts and potential risks. *Journal of Travel Research*", 49, pp. 31–38.
- [45] Strauss A. L. and Corbin J. M. (1998). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory*. Sage Publications, Inc.
- [46] UNWTO (2020a). *World Tourism Barometer*, 18(5), August/September 2020.
- [47] UNWTO (2020b). *World Tourism Barometer*, 18(7), December 2020.
- [48] van der Plas A.G., Hagens M., Pasma H.R.W., Schweitzer B., Duijsters M., Onwuteaka-Philipsen B.D. (2014). "PaTz groups for primary palliative care: reinventing cooperation between general practitioners and district nurses in palliative care: an evaluation study combining data from focus groups and a questionnaire". *BMC Family Practice*, 15, 14.
- [49] Wolff B., Knodel J., Sittitjai W. (1993). "Focus groups and surveys as complementary research methods: a case example". In Morgan, D. L. *SAGE Focus Editions: Successful focus groups: Advancing the state of the art* (pp. 118-136). Thousand Oaks, CA: SAGE.

- [50] Yeh S.S. (2020). "Tourism recovery strategy against COVID-19 pandemic". *Tourism Recreation Research*, DOI: 10.1080/02508281.2020.1805933.
- [51] Yu M., Li Z., Yu Z., He J., Zhou J. (2020). "Communication related health crisis on social media: a case of COVID-19 outbreak". *Current Issues in Tourism*, DOI: 10.1080/13683500.2020.1752632
- [52] Zeng B., Carter R.W., De Lacy T. (2005). "Short-term Perturbations and Tourism Effects: The Case of SARS in China". *Current Issues in Tourism*, (8)4, pp. 306-322.