

Tourism Digital Transformation – A Way to Overcome the Covid-19 Pandemic

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Compare prices of hotels and flights, analyze the score of the most famous restaurants in the area, find information about the customs of the inhabitants of the place we are going to visit or locate the location of the hotel on a map. These are just some of the actions that any traveler performs today before leaving for their destination. Social networks, geolocation applications, information search engines, price comparison websites or online travel agencies have given way to a new tourism scenario, one of the sectors that has best known how to take advantage of the possibilities offered by the digital universe.

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JEL Classification: *M10, M12, M14, M38*

1. Introduction

The importance of the touristic sector in the economy of the world is indisputable, in fact, last year it contributed more than 7.2 trillion dollars to the GDP of the world economy and contributed more than 7 million new jobs, according to the organization The World Travel & Tourism Council (WTTC).

In the tourism sector, nowadays it is not enough to know the age, origin or sex of tourists, you have to know their tastes and interests to capture their attention and get them to repeat. How? Big Data - Open Data. Tourism companies must be aware of the importance of collecting and analyzing as much information as possible from their clients in order to get to know them better and thus be able to adapt to their tastes and personality. Not only the behavior of tourists and their buying process has radically changed in recent years, but also the concept of marketing. Where before product, price and place prevailed, now experiences and emotions are added. We must bet on placing the client at the center of any strategy to offer them comforts,

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unique and unrepeatable experiences that differentiate them from the rest without forgetting, of course, the importance of investing in maintaining a good online reputation in the profiles and websites of the sector.

Now it is not only important that customers return, but that they share their journey on social networks and, in this way, inspire other users to go or visit those places. Publishing experiences has become a fundamental part of tourism. Companies, from large companies to SMEs or startups, also use them as a communication and loyalty tool and even as a means of customer service. In a short time, the number of profiles oriented to travel recommendations in a much more personalized way has multiplied. The digitization process also has an effect on the various sites, which become intelligent destinations that are available to everyone and promote the connection and integration of the tourist with the community and the resident himself. One example is the willingness of more and more towns to have free WiFi networks. In recent years, a plethora of new applications have arisen, allowing travelers to focus solely on their passions and the time they have available, rather than worrying about what to pack or organizing the whole trip in detail.

Finally, active listening to customers. Through the response to comments on the website itself, external pages with millions of daily opinions and comments per month or through the different social profiles. Any channel is valid to establish feedback with travelers and solve doubts or problems that they may raise as soon as possible.

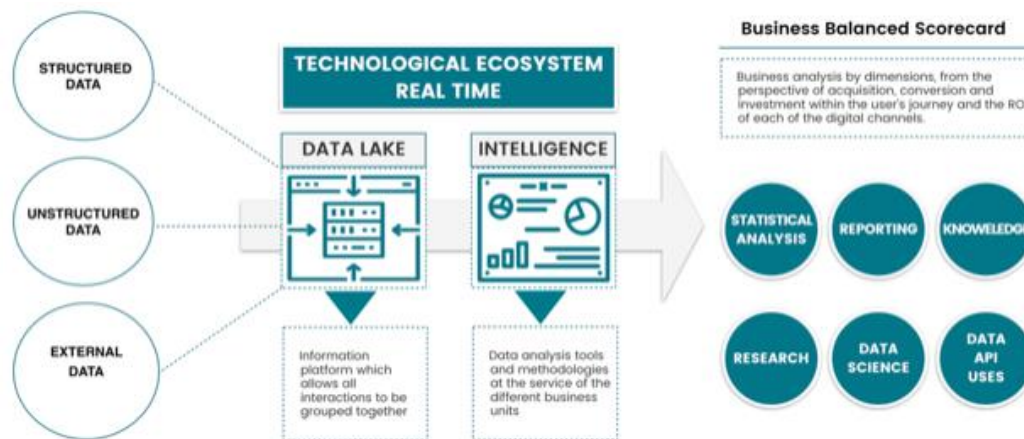


Figure 1. Digital Transformation Strategic Roadmap in Tourism
Source: Syndicast Digital Publications, March 2020

2. The Traveler Experience – A Connected Tourist

The tourist today is a digitally active person. He is a tech traveler who he moves permanently connected with the world through his mobile phone. Knowing him in depth and guessing his behavior is the biggest challenge facing the tourism sector today. It is key for the sector not only to capture all the information provided by the new digital environment -and that the data obtained in real time thanks to technology provide us-, but also to know how to process that information properly in order to reach and impact this new model of tourist and provide the right answers you need at the right time. An idea that becomes the starting point of the debate.

The tools provided by current technology represent a great advance that allows knowing more about the traveler, knowing their concerns in real time and thus optimizing the response messages. This great advantage is already an unquestionable reality: the tourism and hotel sector is beginning to take advantage of the amount of information and knowledge provided by the data. Technological advances related to the treatment of massive data (Big Data) allow the various actors involved in the tourism value chain to share information and can align themselves in the same direction in order to better satisfy the customer. The total connectivity demanded by the traveler requires a technological infrastructure at the service of tourism, which facilitates the interaction of travelers with the destination and improves their user experience, an infrastructure that can also be used by the entire population.

The new digital tourist intervenes and co-creates the destinations, because he participates in the value chain with valuable information at all times of the process of falling in love, buying and after sales: he is an active tourist. The trips are currently lived three times: before, during their election and preparation; during, with experience; and later, when counting it. The information provided during these three stages is essential to

better understand the customer. With the information obtained, it is possible to satisfy the demand more precisely, thanks to the digital environment and new technologies.

The 21st century tourist, when choosing a destination, first checks the ratings and scores published on the internet. Where do those scores come from? "Most of the time, it is information provided by the tourists themselves, generated by the user," respond those present in this forum. In other words, today's tourist is someone who acts, intervenes, builds, and creates destinations. He is no longer a taxable person like the traditional tourist was. And this is the great novelty that brings a new perspective to redefine the tourism sector in the digital environment.

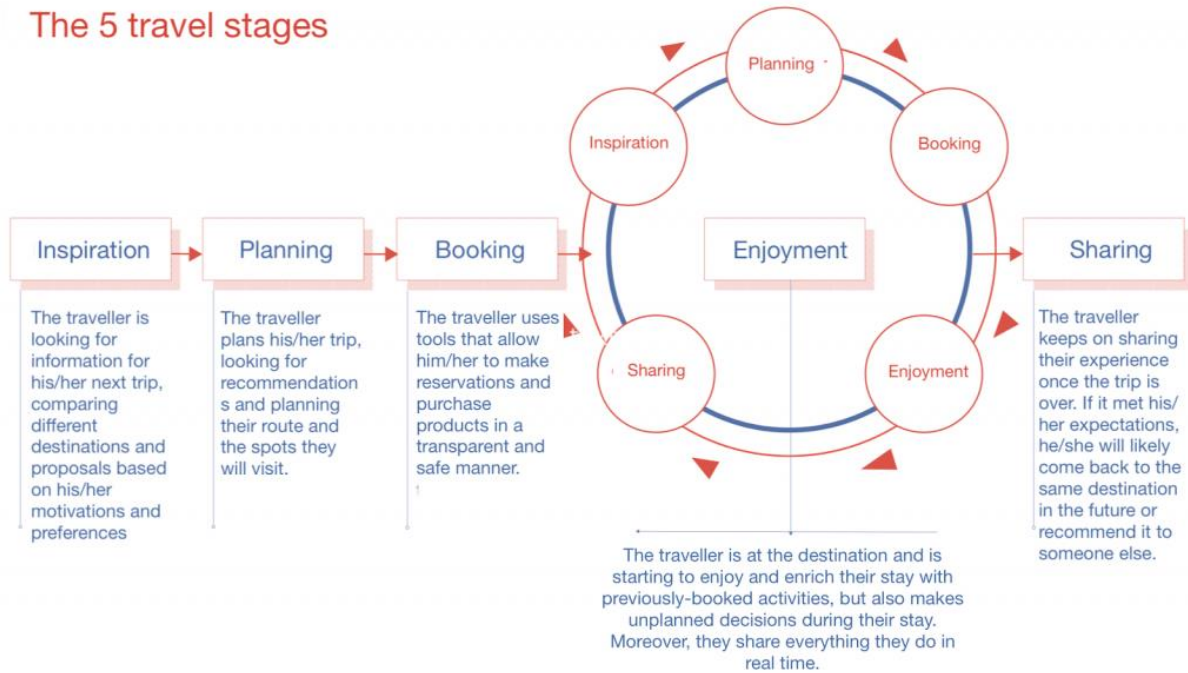


Figure 2. *The 5 Travel Stages in a digital tourism, 2021*
Source: Medium.com, January 2021

3. The Future of Tourism: Smart, Digital, and Sustainable

Tourism has experienced many crises throughout history, but none have become as severe as the current one, which is getting longer and more complicated. This has business experts and scientists wondering if tourism can be saved. Tourist activity will resume, but this will necessitate technical advancements in the industry. This sector has a strong potential for growth due to technical advances. Shift, on the other hand, has now become a must for both customers and businesses. At the moment, the client has a vast amount of knowledge that necessitates personalization of the services rendered.

Technological advancements have altered the way people travel. In addition, the importance of the travel experience has increased. As a result, it must be changed both at the destination and in the supply chain. That is, from gathering facts to having fun on your trip or exercise. As a result, tourism resorts and organizations of various scales recognize the significance of technology. In this context, digital transformation is critical to the organization's sustainability and development.

The most challenging challenge for the tourism industry is deciding how it can reform itself in order to adapt and develop. It is critical to incorporate tourism information and big data programs to assist organizations in properly understanding the situation. When these techniques are used, they include metrics that help in decision-making. These instruments allow for the calculation of the most successful behaviors as well as the support of continuous background analysis. Understanding the visitor and his wishes will be used to summarize tourist intelligence. Furthermore, it puts the customer at the forefront of operations to ensure a positive user experience. Another pattern is the advancement of digital transformation through the use of smart technology.

Tools such as live streaming eCommerce, or the use of live broadcasts over the internet through social networks to advertise or sell goods and services, may help tourism companies promote the electronic commerce of their products. The fact that conversation is two-way and collaborative is a major benefit of this breakthrough. New technology will expand the use of augmented reality and artificial intelligence (which will

be increased by the introduction of 5G). Simultaneously, the use of cameras, the internet of things, contactless communication, and biometrics is growing. These smart innovations have had a huge effect on corporate productivity. Around the same time, they have improved the visitor experience while increasing the value earned.

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Figure 3. The interconnected tourism as a post-pandemic solution, 2021
Source: Tourism 4.0, January 2021

For any industry that needs to sell a specific product or service, having the right contact with its consumers and potential consumers is essential. Now more than ever, the consumer of tourist services seeks inspiration in the digital world, especially in their social networks. Therefore, one of the ways to have a presence in 2021 is through the management of these platforms that we all use constantly. If the consumer is at home most of the time, the best way to access it is through digital tools that promote attractive brands, products and offers.

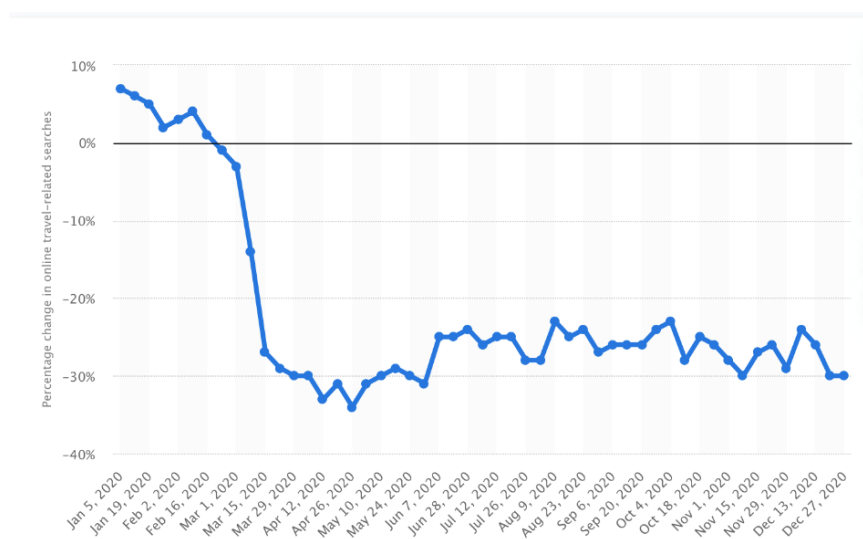


Figure 4. Weekly percentage change in online travel-related searches worldwide from Jan.5 to Dec.27, 2020
Source: Statista, March 2021

One of the most significant benefits of digitalization is the fact that all facets of marketing strategies have been personalized even better in order to target new markets. Travel planning is the most complex and

time-consuming aspect of a holiday. Since everybody has different tastes and experiences, it is difficult for many to choose between the hotel's convenience and the access to the most fascinating tourist sights. Consequently, market tourism expects constantly choices customized to its individual needs.

Tourism has historically been one of the industries that know how to implement the newest technology developments in line with their market needs more and more quickly. However, not all the companies were able to do so at the same pace and plenty were behind before AI and remote listening techniques were put into operation. This demonstrates that even part of the industry needs a profound digital revolution, on which consumer service is scientifically focused.

Differentiating connected and non-digital customers no longer makes sense in the post-pandemic world. All marketing strategies today are digital, and most customer journeys are going through digital micro moments. Companies must be all-rounded and centered on the journey of the buyer.

Tourism firms face a modern paradigm, where travelers need to get as much information as possible, because the consumer today pays much more than their merely transactional advantage, i.e., their ability to create brand reputation, to draw new consumers and enhance the values of the potential customer. The effect of a traveler on the brand is critical: up to 70% of the prestige of a value offer passes through the customers' voices and suggestions. Unless you're credible and released by the customer, the conversion costs are high and the percentages the company wants in this component would cost much more.

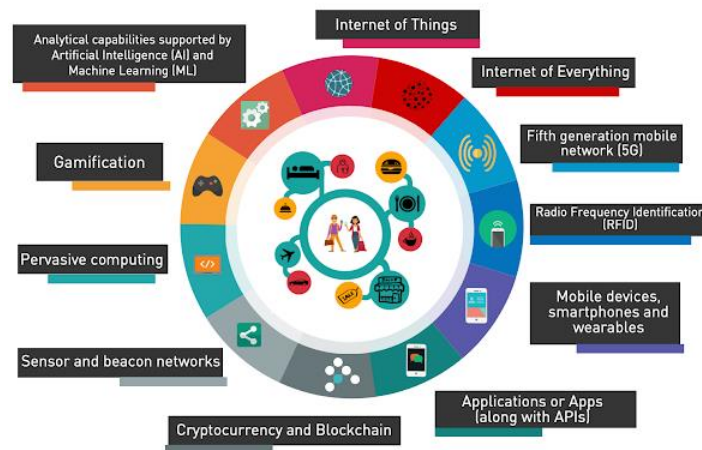


Figure 5. Elements of AI in the tourism sector, post-pandemic solutions
Source: Buhalis, 2019

Business intelligence requires the knowledge of the customer in each process. These phases start with inspiration in the tourism industry, followed by preparation, reservation, stay and post-stay activities. This is another major challenge: the conversion rates and related costs are higher if the buyer is connected at the creativity period. Naturally, knowledge alone is not sufficient.

One of the fields to be improved is the digital offer in the mobile market. The tourism strategy is structured to analyze and calculate all increasingly. The acquisition of metrics of each judgment and action is necessary in order to maximize market and gain competitive advantages. Today, technology allows you to track, track and upload all your data in real time. It is not only what is most evident, interaction with customers, but also the majority of the actors involved that worry us, for example training courses for employees. Another challenge for the industry is this last point, that refers to employees and talent.

Recent inventions can help to make the leap to new market models, cross-selling, contract assurance, expertise etc., not only throughout the holidays but also during the year, in addition to achieving greater operating performance, improving the supply chain and delivering real business intelligence. Tourism operators have always done very much to ensure that their employees offer the client excellent consideration, through customer support, preparation and supervision. However, one more aspect is now being incorporated: the contract, the loyalty of the employee to the business. The tourism industry has to support the whole process of digital transformation. Only then will the present low ratios be resolved, indicating that, according to Forrester reports, only 37 percent of businesses recognize the demands of consumers.

Digitalization offers unparalleled prospects for tourism SMEs to enter new markets, create new goods and services for tourism, introduce new business models and processes, improve their place in global value chains for tourist, and become integrated into digital ecosystems. Digitalization offers substantial possible advantages to small and medium-sized businesses – it will enable them to be more profitable, free time and

energy to concentrate their attention on strategic tasks or to build their ability to create new business model, reach new markets or internationalize. SMEs who do not invest in digitalization in the future, let alone flourish. It will not survive. These new technologies need to be completely adopted by destinations, companies and the general tourism industry in order to remain competitive and take advantage of opportunities for expansion, efficiencies, and value creation. Politicians play a key role in facilitating the digital revolution and in responding to tourism enterprises in all areas, including small and conventional enterprises.

Illustrative customer journey with ideas for mitigating risks

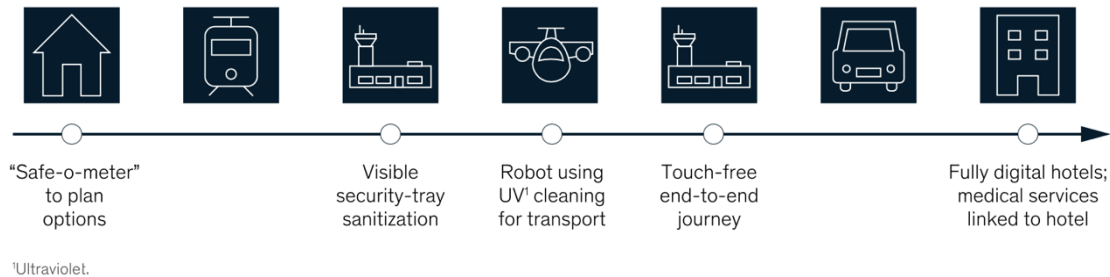


Figure 6. Customer Journey mapping touch points – health risks
Source: McKinsey, February 2021

4. Conclusion and Recommendations

With the evolution of digital technologies and all the added value that data provides, the tourism industry will have to be more and more accurate in the not-too-distant future, adapting to existing visitors and their wishes as buyers of experiences. In particular, public administrations must become more active in an important sector's digital transition in order to retain its global business leadership. The tourist is a digital traveler, permanently connected, in search of experiences and in contact with all the agents, who also wants to give personalized testimony of their experiences. The sector has to take advantage of the opportunities offered by the digital environment to get to know that new tourist better and offer them in real time the appropriate responses to their needs. In turn, this traveler provides a very valuable volume of data -before, during and after each trip-, which allows the tourist agent to predict behavior and satisfy the customer. Industry experts agree that this data is still not being well used in its field. Technology allows and facilitates knowing the user experience in all its phases, but it is not enough. A pooling of all the agents involved is also necessary to obtain a complete picture of the needs of today's tourists.

Digital business skills can become an important part of SME's tourism business plan. There is an established association between the ability of a corporation to draw investment in resources. This means that SMEs in tourism, who are supported by market models to be refined and innovative, are better able to collect money. Increasingly obsolete are traditional scientific approaches to management that see strategies and strategic plans as different for business activities. In order to succeed in the global tourism system, tourism companies must improve their business skills, new agility of operations and dynamic management. Governments will support creativity and mentoring programs with their corporate plan.

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