

# **COVID-19 impact on hospitality services provision**

## **Emerging trends**

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## Structure of the Presentation

- 1. The pandemic crisis: effect on behaviours**
- 2. How behavioural changes affect supply**
- 3. Expected long-term supply shifts**
- 4. Key implications**

## 1. The main issue is going to be how COVID-19 will affect behaviours

**This is likely not going to be a transitory shock:**

- **Even when the effects of the pandemic will be over, it is reasonable to expect long-term changes in hospitality-related behaviours**

**A few emerging behavioural patterns are becoming clear:**

- **Mobility attitudes and habits will be permanently affected**
- **People will become more sensitive to context and modes of social contact**
- **Safety concerns will maintain high relevance**
- **A parallel shift toward take-out and home delivery is expected – investments in design, equipment, and communication that not all businesses can afford are needed**

## 2. Behavioural changes are going to impact the supply side

**The new habits will clearly affect business and organisational models:**

- **Hedging against uncertainty, investing in safety**
- **Exploring alternative revenue streams and preparing for a post-pandemic operational regime**

**Current trends:**

- **Over 50% of customers not willing to dine-in at restaurants immediately after the crisis is over**
- **Over 50% of customers not willing to travel to a destination or stay at a hotel any time soon**
- **30-40% of customers are willing to pay more for increased safety and protection > cream-skimming of the hospitality market?**
- **>60% of customers think that massive technology deployment will be necessary to ensure safety and minimise contact**

### 3. Expected long-term supply shifts (1)

- **What will make customers return, and in what time horizon?**
- **Are they likely to return soon enough to warrant the investment needed to cope with the ‘new normal’?**

#### **‘Robotization’ of the sector:**

- **Increasing use of service robots for health and safety and cost-containment reasons**
- **Human/robotic service supply mix will depend on the given type/size/context of business**

#### **From high touch to high tech**

- **Contactless payment**
- **QR-accessible digital menus**
- **Touchless elevators, entrance doors, etc.**
- **>> acceleration toward AI and contactless virtual reality environments**

### 3. Expected long-term supply shifts (2)

#### **Disruption of undeclared work:**

- **The hospitality sector largely relies upon undeclared work that is heavily affected by the pandemic and cannot receive support**
- **Businesses will have to adopt models that rely less and less upon undeclared work, which now poses issues of safety and economic viability**
- **This is not favourable for undeclared workers, as the new situation could accelerate robotization**
- **The alternative is to have public schemes favouring the disclosure of undeclared work and studying solutions to support human employment in the sector**

## Key implications

- **Once the strategic investments have been made, the transition toward high-tech touchless hospitality will continue even if the pandemic crisis is over**
- **The hospitality sector could now become a R&D frontier of cutting-edge social applications of AI & virtual reality**
- **This will change not only delivery of service, but also content: a massively high-tech environment will inevitably stimulate massive use of technology to enrich/redesign content models**
- **The new scenario could accelerate the push toward affordability and user-friendliness**
- **Investment support from COVID-related public recovery funds may be crucial to enable the transition and define strategic leadership in the sector**

**Thank you for your attention!**

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