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From:	Presidency
To:	Council
Subject:	Enhancing the digitalisation of the EU tourism sector: Work done under the Finnish Presidency <i>Information from the Presidency</i>

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Delegations will find attached a note from the Presidency to the Council on Enhancing the digitalisation of the EU tourism sector with a view to the meeting of the Competitiveness Council on 28 November 2019.

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# ENHANCING THE DIGITALISATION OF THE EU TOURISM SECTOR

## WORK DONE UNDER THE FINNISH PRESIDENCY

### *Information from the Presidency*

Tourism is one of the key sectors of the European economy, with an increasingly positive impact on economic growth, regional development and employment in the European Union. The EU tourism sector faces shared challenges that will influence its development for the next years. In the Council Conclusions on the competitiveness of the tourism sector as a driver for sustainable growth, jobs and social cohesion in the EU for the next decade<sup>1</sup>, adopted in May 2019, innovation and digitalisation was identified as one of the shared challenges, but also one of the key success factors for the future of the EU tourism sector. The main priority of the Finnish Presidency in the field of tourism policy was to follow up the Conclusions by focusing and providing input on enhancing the digitalisation of the tourism sector.

In addition to the Competitiveness and Growth Working Party (Tourism) meetings on 15 July and 24 October, the Presidency complemented the discussion with the deliberations at the European Tourism Forum organised together with the European Commission on 9-10 October in Helsinki. Moreover, the Finnish Presidency organised a meeting of EU Directors-General responsible for Tourism on 9 October in Helsinki. To steer the debate in the Working Party meetings, the Presidency prepared discussion papers<sup>2</sup> covering several aspects on how digitalisation can foster sustainable growth in the tourism sector.

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<sup>1</sup> Doc. 9707/19.

<sup>2</sup> Docs. WK 8152/2019 and WK 11446/2019.

Following the debate at the above-mentioned meetings and events, the Presidency delivered a Presidency Summary Note on the results of the debate. The Presidency Summary Note is annexed to this note. The key conclusion of the debate was the will to keep the digitalisation of the EU tourism sector as a high priority in the EU political agenda during the term of the next Commission. In relation to the sustainable growth and competitiveness of the EU, three particularly relevant themes to enhance the digitalisation were underlined: ensuring a data-driven tourism economy, enabling the digital innovation take-up in the tourism sector, and investing in reskilling and upskilling the tourism workforce for a digital Europe.

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**PRESIDENCY SUMMARY NOTE****ON ENHANCING THE DIGITALISATION OF THE EU TOURISM SECTOR****Introduction**

1. The aim of this Presidency Summary Note is to present ways of taking the European Union's tourism policy forward during the next decade. It is intended to serve as a basis for the new strategic priorities of the European Union for the tourism sector in the area of digitalisation and the work programme for the next European Commission.
2. During the Romanian Presidency, the Council Conclusions on the competitiveness of the tourism sector as a driver for sustainable growth, jobs and social cohesion in the EU for the next decade<sup>3</sup> were adopted on 27 May 2019. The main priority of the Finnish Presidency in the tourism policy was to follow up the Conclusions by focusing and providing input on enhancing the digitalisation of the tourism sector.
3. In addition to the Competitiveness and Growth Working Party (Tourism), the Presidency complemented the discussion with the deliberations at the European Tourism Forum organised together with the European Commission on 9-10 October in Helsinki. Moreover, the Finnish Presidency organised a meeting of EU Directors-General responsible for Tourism on 9 October in Helsinki.

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<sup>3</sup> Doc. 9707/19.

## **Digitalisation of tourism is essential for ensuring the global competitiveness of the European Union's tourism sector**

4. As stated in the Council Conclusions, tourism is one of the key sectors of the European economy, with an increasingly positive impact on economic growth, regional development and employment in the European Union. The EU tourism sector faces shared challenges that will influence its development for the next years. Innovation and digitalisation, including new business models, was identified as one of the shared challenges, but also one of the key success factors for the future of the tourism sector.
5. In the discussions facilitated by the Finnish Presidency, Member States agreed that digitalisation is a strategic area of collaboration to accelerate the EU's growth, prosperity and employment. Member States also agreed on the need to define the shared objectives and the modalities of implementation of the theme in tourism.
6. In relation to the sustainable growth and competitiveness of the EU, the Finnish Presidency identified the following policy areas as particularly relevant. They should be taken forward during the discussions:
  - enabling more effective data management in the tourism sector both at business and destination level;
  - enabling the digital innovation take-up in the tourism sector; and
  - enhancing the development of digital competences and skills in tourism businesses (especially SMEs) and destinations.

7. In addition to these, some of the Member States brought up the need to invest in e-governance and in digitalisation for facilitating administrative processes, both at national and EU level. Some Member States reminded that it is necessary to ensure that less developed regions and SMEs that are only at the very first steps of their digitalisation could benefit from these activities. The importance of effective destination management has been increasingly underlined in global strategies to promote sustainable tourism. This calls for the support for digitalisation on the ground where experiences are created.
8. Moreover, together with Member States, the Finnish Presidency acknowledges the importance of platforms and the collaborative economy for the tourism sector. However, as the discussion about platforms and the collaborative economy is not limited only to tourism but is more general, the Presidency decided not to discuss this theme in the Tourism Working Party.
9. Several Member States highlighted that, while enhancing the digitalisation of the EU tourism sector, additional administrative burden especially for SMEs has to be avoided.
10. Member States noted that the digitalisation of tourism can benefit significantly from various horizontal and sector-oriented actions and measures of various EU policies and legislation: the Digital Single Market strategy and its implementation as well as EU funding programmes (such as Digital Europe, Horizon Europe, Single Market Programme, InvestEU, structural funds, etc.) will be of a great importance. Several Member States stressed that the digitalisation of the tourism sector requires an adequate variety of funding availabilities (private, public, EU) for different purposes at national and EU level. In addition, governments should ensure that technologies are affordable and available to all companies.

## Ensuring a data-driven tourism economy

11. Member States argued that the data-driven tourism economy is a cornerstone for both tourism businesses and destinations to be successful in the global tourism markets in the future. In addition, a data-driven tourism economy will enable creating new businesses from the data. Member States underlined the need to obtain real-time, timely and high-quality statistical and qualitative data to support efficient and effective decision-making processes and tourism management at policy, business and destination levels. Tourism businesses and destinations need support in developing more effective data collection and analysing methods, but most of all utilising data in a comprehensible and easily accessible form in the strategic and daily management processes.
12. According to Member States, a combination of traditional (e.g. overnights) and non-traditional (e.g. Copernicus Climate Change Service) data sources multiplies the value of insight. However, it is important to reflect on what data is collected for which purpose. Moreover, Member States called for defining and implementing a set of standards at the EU level for more effective data collection, for instance a common definition for the accommodation units.
13. Member States considered that the collaboration between the public and the private sector needs to be strengthened. According to Member States, exploring new data sources requires the establishment of data alliances. Some of the Member States highlighted the increased need to enhance the use of open data at the EU level among private and public organisations in the tourism sector. It was suggested to consider if Member States could reach agreements at the EU-level with the private sector and get the same conditions when acquiring data for tourism management and decision-making from big players like financial institutions or mobile operators.

14. Public tourist authorities should better use prospective statistical models to have data from tourists beforehand, during their trips and afterwards. This would be extremely useful to design tourist experiences adapted to each destination, season and traveller profile. Some Member States brought up also the need for presenting tourism services (e.g. accommodation, restaurants, activities, transportation) for potential travellers at the EU level, not only at the national level.
15. At the EU level, the work of EUROSTAT in tourism statistics was seen useful and important. Among Member States, there is a will to engage in the development of the work of EUROSTAT in relation to the quality and amount of statistical information about tourism development. For instance, in addition to already existing Tourism Satellite Account workshops, it was suggested to organise workshops of different Member States and their bodies involved through the Tourism Advisory Committee in order to promote cooperation among Member States and with EUROSTAT. EUROSTAT was also seen as a potential coordinative stakeholder to contribute to the design of data prospective models and to get better access to data.
16. Member States reminded that success in data management depends on the motivation of all stakeholders to give input in the development of data. It is necessary to involve stakeholders from the local level that will collect data, from the national level for data processing and data control, and at the end from the international level for the processing of the data received from the national level and for enhancing stakeholders' networking.



17. Member States considered digital data management (collecting, analysing and sharing) pivotal in strengthening the sustainable growth of the tourism sector in the EU, contributing to reaching the EU climate goals and to the UN 2030 Agenda for Sustainable Development and its SDGs<sup>4</sup>. Data management also enables a more balanced management of the growing tourism flows to European destinations. One way to increase the data management in the tourism sector is related to the ecological side of business management. Digital tools can, for example, be used to measure, monitor and address the enterprise's fluxes and consumption patterns. Digitalisation provides possibilities to generate less food waste, develop a better use and recycling of water resources, and smarter transport.

### **Enabling the digital innovation uptake in the tourism sector**

18. During the discussions, it became clear that there is a need to increase the shared understanding of digital innovation and innovation culture, including start-up culture, in the tourism sector at the EU level. More discussion between tourism policy and innovation policy should be facilitated both at national and EU level in order to enhance tourism to be recognised in innovation programmes and to create a stronger connection between innovation policy and tourism policy.
19. According to Member States, there should be more opportunities and encouragement for tourism businesses, especially for SMEs, to enhance cross-sectoral collaboration (e.g. creative industries, agriculture, food, health care). Tourism should be better integrated into innovation ecosystems, such as clusters or public-private partnerships, and the tourism sector and other industries (e.g. education and technology) need more networking and collaboration to enhance innovation. Special focus is needed for bringing together tourism and tech experts and technology providers (enterprises and R&D etc.) to stimulate the possibility for innovations.

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<sup>4</sup> The UNFCCC 10 Paris Agreement within the United Nations Framework Convention on Climate Change in accordance with the 2030 Agenda for Sustainable Development Goals adopted by the United Nations General Assembly.

20. Besides the Commission's existing initiatives ('Smart Specialisation Platform for Industrial Modernisation and the Clusters', 'European Network of Incubators and accelerators', 'European Network of incubators for creativity-driven innovation' and 'The Digital Innovation Hubs Networks', for instance) there is a need to develop other national and European level initiatives to stimulate public-private collaboration in the tourism sector, collaboration between the tourism sector and travel tech providers, and access to technology-testing, for instance.
21. Member States considered also that there are several best practices in the digital innovation uptake to be shared, but the challenge is to scale up the successful practices at the national or European level. Member States considered that there is a need to find more efficient ways to create and share case studies and best practices of the ways the tourism sector has successfully increased digital innovation uptake. Following the footsteps of the European Capital of Smart Tourism, it is worth exploring the possibilities to reward best practices in the implementation of technologies in the tourism sector at national level. Member States also mentioned the need for sharing information and organising networking possibilities on how the tourism sector could engage in the EU level initiatives of Digital Innovation Hubs Networks and the Action Plan on Artificial Intelligence, for instance. The Digital Tourism Network facilitated by the Commission was mentioned as a flexible forum to exchange views and good practices.
22. Some of the Member States see the need for entrepreneurship initiatives, including travel and hospitality incubators and accelerators, to support the upskilling of tourism providers and the scaling up of their businesses. Some took up the need to create platforms that enable tourism stakeholders to actively find partnerships with technology providers and research communities. The promotion of financial innovation instruments in the area of tourism was identified as being crucial for enabling the digital innovation uptake in the tourism sector. There is an increased need to provide aggregate information on financing and capitalisation solutions for SMEs in relation to innovations.

23. In the increasing global competition that the European Union faces from third countries, the Member States and the Commission should enable tourism businesses to develop and provide sustainable, inclusive and high-quality tourism services. Digital innovations help to achieve the objective. The support of Member States and the Commission should focus on utilising the opportunities of the digital innovations to increase the purchase of tourism services, to provide customised experiences or gather consumer data, and to optimise business processes using new technologies such as block chain or artificial intelligence, for instance. According to Member States, standardised and automatised data collection enhances innovation as it helps to understand customers but also investors and investment data. It was also suggested to introduce the innovation partnership awarding procedure as a way to facilitate the development of innovative products or services.

### **Investing in reskilling and upskilling the tourism workforce for a digital Europe**

24. Member States considered it important that tourism SMEs and the tourism workforce acquire the appropriate digital skills and knowledge for a successful and ethically responsible digital transformation. Member States consider it important to strengthen the strategic work on the development of digital skills in education, training and work in the tourism sector. Member States called for active collaboration between the public and the private sector, knowledge institutions and civil society in order to strengthen the skills level of tourism businesses and destinations. Common European Union tools and funding to SMEs and destinations should build on the strategic work on sectoral skills development under the Blueprint for Sectoral Cooperation on Skills in tourism and ensure the roll-out at national and regional level.
25. Regardless of the size of tourism businesses, all businesses alike should have opportunities to engage in the capacity building activities. However, since the vast majority of enterprises in the tourism sector are SMEs and thus their resources often limited, the digital competences of SMEs need especially strong support initiatives in the Member States and at the European Union level. In many cases, this requires implementation at the destination level.

26. Future initiatives should support SMEs' and destinations' capacity to cope with digitalisation needs, as well as the sharing of best practices and enabling more education. As regards tourism education, some Member States indicated the need to establish more entrepreneurship programmes for students attending tourism and hospitality schools. In addition, curricula should be developed in closer collaboration through partnerships between governments, industry and education institutions. Tourism curricula should include more technology-related themes and collaboration with travel tech providers should be increased in teaching.
27. However, as technology develops quickly and the skills required to implement it change continuously, employees' educational backgrounds do not always give them adequately practical knowledge about the use of technologies. It is essential to provide opportunities for life-long learning in the tourism sector, especially in relation to implementing digitalisation. Using new technology may improve the efficiency of the workforce and businesses but most importantly the job quality and the quality of service to visitors.
28. Besides raising awareness of the necessity of digital transformation and the skills it requires, Member States considered it important to promote, support and offer a variety of practical trainings to enhance skills development in the tourism sector. During the discussions, Member States suggested to continue developing the Tourism Business Portal, providing webinars and seminars in order to support tourism businesses and destinations to proceed in digitalisation. Informing about new digital technology and sharing practices in their implementation, utilising VR and AR technologies in tourism promotion and tourism services, Business Intelligence and data analytic skills were mentioned as important topics in the area of reskilling and upskilling.
29. In addition to training, some of the suggested initiatives to ensure that tourism businesses and workforce obtain technical and digital skills at national level were business grants, building digital learning platforms for SMEs and destinations and building knowledge networks to inform the industry of the latest developments in technology. There should also be programmes for the public sector to understand the digitalisation and the needs related to it for the tourism sector.