Session C2

Assessing the Impact of Urban Riots on Tourism in France - Sauveur Giannoni, Sylvain Petit and Nicolas Peypoch

In the wake of the tragic death of a young adolescent at the hands of law enforcement, France experienced a surge of urban riots from June 27 to July 3, 2023. These disturbances, initially concentrated in the suburbs of Paris, gradually spread to encompass nearly the entirety of the nation. These events received extensive media coverage, both nationally and internationally. Moreover, tourism professionals were particularly worried about the repercussions of these events on their industry, precisely during the peak tourist season in France, encompassing the months of July and August.

This article seeks to explore the existence of a measurable impact of these riots on the tourism sector in France during the summer of 2023. More specifically, we aim to test two hypotheses:

H1: There is a quantifiable impact of the riots on the level of tourism activity in France.

H2: This effect diminishes rapidly over the course of the days and weeks following the riots.

To assess these hypotheses, we employ the recently introduced Synthetic Difference-in-Differences method proposed by Arkhangelsky et al. (2021). This method enables the estimation of a causal effect of the riots on tourism activity, even in cases where the assumption of parallel trends is not met, while also accounting for the fact that the riots did not initiate simultaneously across all regions.

We utilize daily data pertaining to a set of tourism performance indicators for major European markets in France, Italy, Spain, Belgium, Portugal and Germany. This data is employed to measure any potential performance discrepancy between French markets and the control group after the riots.

Furthermore, we propose to narrow the analysis to French markets in which the impact of the riots received the most media attention. To ensure the robustness of our findings, we conduct a series of event studies experiments.

It is essential to note that this work is currently in progress, and detailed results cannot be presented at this time. Nonetheless, preliminary results suggest that only some markets such as Paris show a clear negative effect of the riots on the performance of the hospitality sector.

Are Stimulus Checks Budgeted for Tourism Amid A Pandemic? A Mental Accounting Perspective - Linlin Nie

Being highly susceptible to external shocks, tourism consumption often decreases during crises when tourists are hindered by financial constraints or safety concerns. In response to such declines and similar downturns in other sectors, governments have subsidized individuals and households, aiming to stimulate spending by increasing their disposable income temporarily. These measures are particularly important for the tourism industry since it fundamentally relies on the large-scale return of tourists and their consumption for full recovery.

However, the impact of fiscal stimulus on tourism spending remains under-explored. Existing studies on the income elasticity of tourism demand do not fully capture the response of tourists to temporary income gains provided by fiscal stimulus programs. Meanwhile, current research often overlooks the competition and trade-offs between tourism expenditures and other spending options. This study addresses these gaps by employing the behavioral paradigm of mental accounting to explore the decision-making process of tourism consumption in response to stimulus checks.

Mental accounting is a theoretical framework where individuals create 'sub-accounts' for different types of expenses based on their subjective value and purpose. This study examines the influence of external factors, such as the size and source of stimulus payments, and internal factors, including tourism's contribution to quality of life and health risk perception, on the allocation of funds to tourism products under the extraordinary conditions of a pandemic. Furthermore, this study investigates how the perceived importance and ambiguity of tourism expenses affect its interaction with other categories. Recent findings indicate that accounts deemed more important tend to be more resistant to encroachment, whereas those with less clearly defined expenses are more likely to overflow into other accounts.

To explore the underlying behavioral mechanisms, two experiments were conducted: one to test the allocation patterns of stimulus payments to tourism, and another to assess the malleability of tourism accounts. The results indicate that larger-sized and rebate-framing stimulus checks lead to a higher share of tourism spending. Specifically in a pandemic setting, tourism's contribution to quality of life is positively correlated with higher tourism consumption, while perceived health risks do not significantly impact tourism spending. The study also reveals that as the perceived importance of tourism grows, the likelihood of maintaining tourism spending also goes up, with tourism accounts being less susceptible to invasion by other needs. As the ambiguity of expenses rises, tourism consumption is more prone to borrowing from other accounts. The findings demonstrate that both the importance and ambiguity of tourism expenditures contribute to greater tourism consumption from stimulus payments.

This study enriches the knowledge of tourism consumption driven by stimulus checks as a unique income source, and provides insights into tailored stimulus policies and marketing efforts to revitalize the tourism industry. The findings recommend that stimulus initiatives consider the size and framing of funds provided to effectively boost tourism expenditure. Moreover, there is potential for tourism operators to better capture stimulus effects by engaging regular travelers and designing tourism products with a broader spectrum of purposes.

Monitoring the resilience of tourism destinations: does the Tourism Adaptive Capacity Index (TACI) correctly predicts the tourism recovery? - David Perrain, Philippe Jean-Pierre and Sauveur Giannoni

The Covid-19 crisis has highlighted the vulnerability of the tourism development model of numerous destinations. Notably those ignoring carrying capacities and environmental integrities.

In this context, the response capacity or the resilience of the destinations is also addressed. The resilience can be defined as the capacity of ecosystems to persist in the face of disturbance or change. Applied to tourism destinations, resilience is also the ability of a destination to recover to a stable dynamic process after a negative shock (Modica and Reggiani [2014]). Resilience is related to the way in which these destinations are capable to mitigate the effects of a shock whatever its origin.

According to Smit and Wandel (2006), « Resilience is clearly linked to the ability to respond to vulnerability ». More precisely, a tourism destination's responses to shocks are both reactive and proactive (Smit and Wandel, 2006; Smithers and Smit, 1997). On the one hand, destinations must be reactive in order to cope with environmental and health hazards. This reactive capacity refers to a short-term capacity, i.e. to get out of trouble. On the other hand, proactive or adaptive capacity is related to a destination's ability and willingness to adapt and even improve if the environment in which the system exists. It is part of a longer-term structural adaptation that moderates potential damage and takes advantage of opportunities.

Adaptability or adaptive capacity is then an attribute of the system, that is, it is both as a component of vulnerability and economic resilience (Simmie and Martin, 2010). The adaptive capacities of a destination are therefore the driving force behind its resilience, but also its competitiveness. The long-term success of a destination thus depends on the different tourism stakeholders to adapt to changes in competition, to cope with pressure and to seize opportunities (Christopherson, Michie and Tyler, 2010; Simmie and Martin, 2010).

To take advantage of a better understanding of the adaptive capacity, policy makers must install mechanisms to monitor and to evaluate progress and judge it against set goals. On the basis of these elements, this paper aims to monitoring tourism resilience of destination, first by measuring the adaptive capacity of destinations facing a negative shock and secondly by testing the ability of this tourism adaptative capacity index to predict the post-covid recovery of the studied destinations.

Resolving this problematic implies to proceed in two steps mobilizing successively a conceptual then empirical analysis of the adaptive capacity.

Firstly, the empirical analysis constructs a composite indicator to capture the adaptation capacity in tourism. a composite indicator. Composite indicators, which can be used to compare country performance, are increasingly recognised as a useful tool in policy analysis and public communication (Oecd, 2008). Indeed, it often seems easier for the general public to interpret composite indicators than to identify common trends across many separate indicators. Moreover, they have also proven useful in benchmarking country performance (Saltelli, 2007).

Our results, following the conceptual framework, mentioned six determinants of the adaptive capacity in tourism: governance, economic resources, financial resources, human and social capital, infrastructure and technological infrastructure. These 6 determinants are made up of 16 sub-determinants, declined in 22 indicators. These ones are used to construct the Tourism Adaptative Capacity Index (TACI).

Regarding the empirical analysis, our estimates of the TACI are based on 148 countries in 2019 and 2021.Their weights are based on a principal component analysis (PCA).

Secondly, building on Yang et al. (2021) and Tégui (2023), we compute for each of the 148 destinations a "COVID19tourism index", which recovery score and establish a ranking of recovery performances. This index provides important information related to the potential travel and tourism recovery at the global, regional, and country levels. Compared to a benchmark of "normal" levels (equal to 100 in this case), the COVID19tourism index offers insight into the tourism industry's recovery process along with the pandemic's impacts on numerous aspects of tourism.

Afterwards, comparing the ranking of the TACI and the ranking of the recovery index for each destination we evaluate the capacity of the TACI to predict the recovery i.e the resilience to Covid-19 of the 148 studied destinations.

We finally discuss future improvements to enhance the capacity of the TACI to predict resilience to an adverse external shock.