

Federal Government Tourism Strategy

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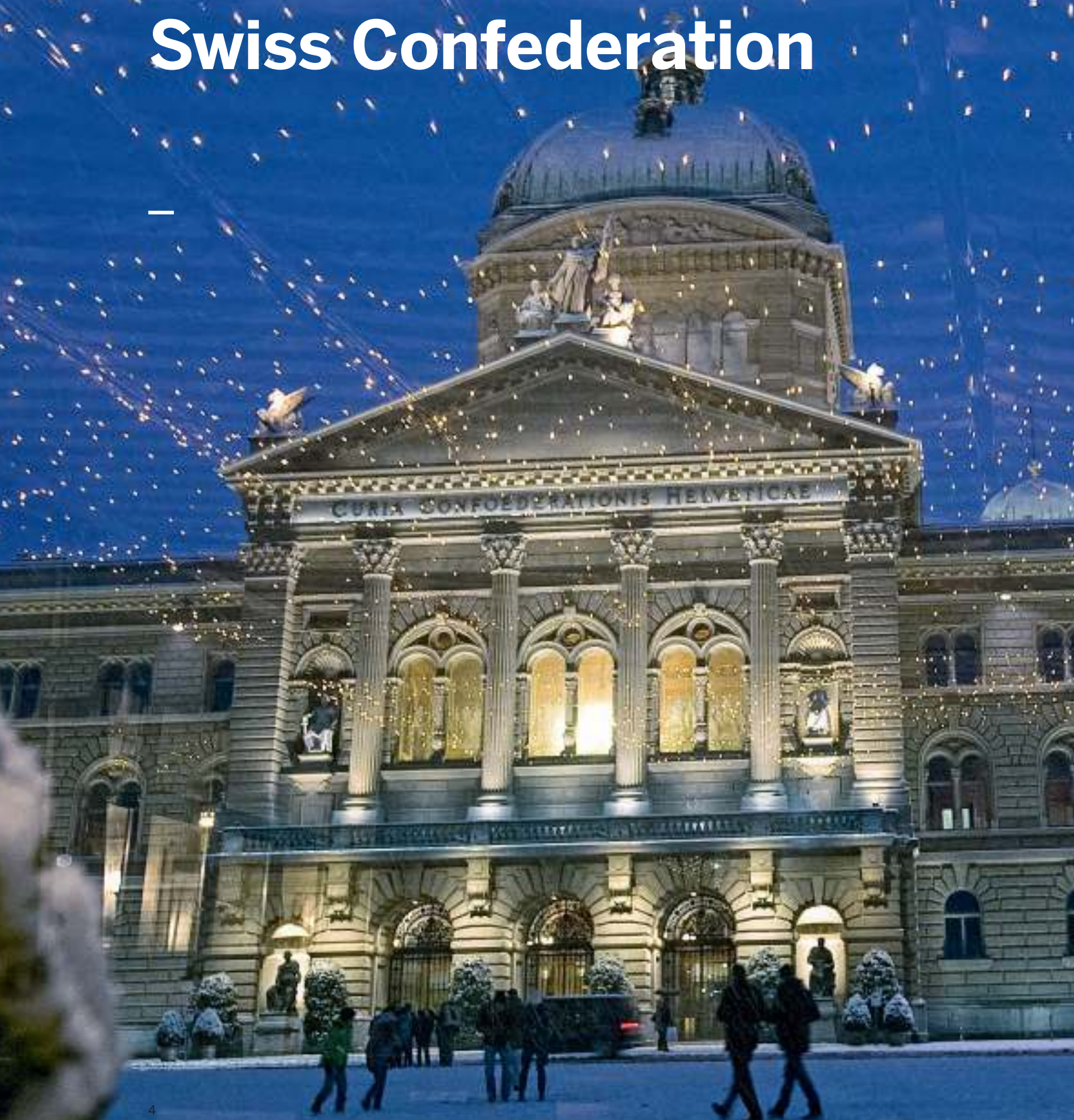
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Foreword from the President of the Swiss Confederation

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Switzerland is unique as a tourist destination. Our attractions are world-class, and our offerings and services meet very high standards. For me, holidays in Switzerland are always a treat, and I relish the relaxation they offer. My warmest thanks to everyone in our tourism industry for their terrific work.

Tourism is an important sector of the Swiss economy. It represents a substantial share of our economic output and creates valuable jobs in our Alpine and rural regions and our cities alike. As Minister of Economic Affairs, that is something I am particularly pleased about, of course.

However, I am also very much aware that times are tough for Swiss tourism. It is one of the sectors hardest hit by COVID-19. Unfortunately, the pandemic persists and is still challenging us all. I believe very strongly that we can overcome this challenge, and so can Switzerland's tourism industry. For me, the sector is emblematic of resilience and innovative capacity.

The federal government's tourism policy supports Swiss tourism, and this tourism strategy provides the basis for that policy. This report updates and revises the current strategy. It provides a starting point from which the federal government is able to adjust to the shifting operating framework for tourism in Switzerland, and effectively address the immediate, medium and long-term challenges facing the sector.

Our ability to implement this tourism strategy successfully relies on a concerted effort on the part of all relevant actors in the sector. Their teamwork is impressive, and I look forward to seeing what it can achieve in future in the interests of Swiss tourism.

I hope that you will find the strategy an interesting read!

Warm regards

A handwritten signature in blue ink, appearing to read 'Guy Parmelin'. The signature is fluid and somewhat stylized, with a large loop at the end.

Guy Parmelin



Executive summary



The federal government's tourism policy is based on the Tourism Strategy of the Swiss Confederation of 15 November 2017.¹ This report examines how it is being implemented in practice. On behalf of the Federal Council, it also presents the updated and revised Federal Government Tourism Strategy. This supersedes the 2017 Strategy as the strategic basis for Swiss tourism policy at the federal level.

The Swiss tourism industry was hit hard and fast by the COVID-19 pandemic. Demand in the sector collapsed from March 2020 onwards, especially from remote markets. This has particularly affected city and business tourism, as well as destinations geared to international guests. It is not possible to say at present when the impact of the COVID-19 pandemic will be fully overcome. Many general and tourism-specific support measures are nonetheless in place to help the sector manage its immediate effects. For example, on 1 September 2021 the Federal Council adopted a Recovery Programme for Swiss tourism for the 2022–2026 period.

The Federal Council believes in the enduring value of the previous Tourism Strategy of the Swiss Confederation, even in the face of COVID-19. Its objectives address the challenges and needs of the Swiss tourism sector, and determine priorities that permit the federal government's tourism policy to be targeted where it is needed most. The policy is focused on implementation, making it agile and capable of both action and reaction. In revising the Tourism Strategy, the Federal Council has therefore remained true to its original concept.

The objectives of the previous Tourism Strategy of the Swiss Confederation have been retained. These are to improve framework conditions, promote entrepreneurship, exploit the opportunities presented by digitalisation, and enhance the appeal of tourism offerings and Switzerland's market presence. A new objective – backing sustainable development – has been added to this updated Strategy, recognising the increasing importance of sustainable development to tourism, and the many opportunities that it presents. “Backing sustainable development” is very much an over-arching objective, because it ties in with the other objectives of the Tourism Strategy in a whole host of ways.

The new Federal Government Tourism Strategy is implemented by means of action items. Three action items are determined for each objective, leading to a total of 15. The four tourism strategy

funding instruments are key to implementation. These are Innotour (promoting innovation, cooperation and knowledge building in tourism), the Swiss Association for Hotel Credit (SGH), Switzerland Tourism (ST) and the New Regional Policy (NRP). The practical application of the new Tourism Strategy is also guided by four principles: prioritisation, implementation, subsidiarity and target group focus. The latter, in particular, will be given greater attention in the years ahead.

One future priority will be to further enhance the investment incentives offered by the federal government. The aim is to modernise and strengthen the schemes offered by the SGH and NRP. In the case of the SGH work has now begun on reforming the Federal Act on the Promotion of the Hotel Industry (SR 935.12). Where the NRP is concerned incentive policy, including investment incentives, will be reviewed and refined as part of the NRP's Multi-Annual Work Programme for the 2024–2031 period.

This work is supported by an Advisory Group consisting of tourism actors and business owners, as well as representatives of the political world, tourism associations, the cantons and the academic community. This ensures that the Tourism Strategy is put into effect in a way which serves its specific target groups and meets their needs.

The Federal Department of Economic Affairs, Education and Research (EAER) will report back to the Federal Council on the implementation of the Federal Government's Tourism Strategy in four years' time, at the end of 2025. The strategic foundations of the federal government's tourism policy will be reviewed as a part of this, and amended if necessary. •

1 Swiss Federal Council (2017).



Background

The Federal Department of Economic Affairs, Education and Research (EAER) is responsible for the federal government's policy on tourism. The State Secretariat for Economic Affairs (SECO) is responsible for implementing it.

The federal government's tourism policy is based on the Tourism Strategy of the Swiss Confederation of 15 November 2017.² In approving the Strategy, the Federal Council mandated the EAER to report by the end of 2021 on progress with its implementation. This report by the EAER fulfils this mandate.

The Tourism Strategy of the Swiss Confederation has proven itself in practice. It constitutes an appropriate starting point from which to put the federal government's tourism policy into action. The Strategy sets objectives, and thus clear priorities. It is also designed to be practicable and to address the needs of its target groups, which makes it agile and capable of both action and reaction.

It is one of the sectors hardest hit by COVID-19. Since the pandemic persists, it is too soon to determine its ultimate impact on the industry in Switzerland. What is clear, however, is that the situation of tourism in Switzerland has changed since the existing Tourism Strategy was adopted by the Federal Council in 2017, before COVID-19

emerged, and then markedly since the outbreak of the pandemic in 2020. The Strategy has now been updated and revised to recognise these changes.

This is the background to the new Tourism Strategy presented by the Federal Council in this report. It ensures a consistent strategic foundation for the federal government's tourism policy now and in the future. In effect, the new Tourism Strategy supersedes the 2017 Strategy as the strategic basis of Swiss tourism policy at the federal level.

This report also fulfils the Roduit postulate 18.4405, which aims to help young people take over tourist accommodation and catering businesses.

² Swiss Federal Council (2017).



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Situation analysis

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for the Swiss tourism industry**

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**Summary and action areas
for the Federal Government's Tourism Strategy**





The Swiss tourism sector



The Swiss tourism industry was hit hard and fast by the COVID-19 pandemic. It resulted in an historic collapse in demand in 2020, and will also impact severely on the sector in 2021. Businesses have had to deal with travel restrictions, hygiene measures and safety plans, and even enforced closures. To some extent they still do.

After stagnating for several periods, demand in the Swiss tourism sector surged between the 2016 and 2019 tourism years³ (see Figure 1), reaching an all-time high during the 2019 accounting period. The arrival of COVID-19 put an abrupt stop to this growth, with overnight stays in Swiss hotels dropping by 33 per cent year on year in 2020. The figure for international guests plummeted by 56.2 per cent, while that for Swiss guests was down by 5 per cent.⁴ Even compared with other sectors, the collapse in demand was extraordinary.

Figure 1 also shows that the impact of the pandemic differed between tourism areas. The effect in Switzerland's cities was particularly dramatic. Guests from remote markets stayed away and meetings, incentives, conventions and events (making up the MICE sector) were cancelled, causing business tourism to slump. Overnight hotel stays in urban areas plunged by around 51 per cent in (tourism year) 2020. In Alpine holiday regions, tourism

Demand in the Swiss tourism sector surged between 2016 and 2019.

benefited from strong domestic demand. This helped to cushion the fall compared with 2019, although overnight stays still declined by 24.1 per cent. There were significant differences between holiday regions, however. While overnight stays in the canton of Graubünden slipped by 6.5 per cent, the sectors in the cantons of Ticino and Valais had to absorb 14.4 and 19.9 per cent reductions respectively. Demand trends also varied at the destination level. Those geared heavily to international guests, such as Engelberg and Interlaken, suffered more than most from the effects of the pandemic.

³ In tourism, the business year runs from November of the previous year to October of the current year.

⁴ Federal Statistical Office (FSO), tourist accommodation statistics (HESTA); <https://www.bfs.admin.ch/bfs/en/home/statistics/tourism/surveys/hesta.html>.

General and tourism-specific support measures

Tourism is one of the principal beneficiaries of federal government schemes to cushion the impact of the COVID-19 pandemic. These are concentrated on providing payments for short-time work, compensation for COVID-related loss of income, loans, assistance in cases of hardship, and insurance schemes for major cultural and sporting events. These benefits are aimed at offsetting lost revenues and meeting fixed costs which are not otherwise met. The hotel and catering sectors have taken up around CHF 3.1 billion in short-time working payments (March 2020 to July 2021), approximately CHF 1.9 billion in hardship assistance (as at 5 October 2021), and COVID loans of some CHF 1.6 billion. As at the beginning of October 2021, CHF 88 million in benefits had been assured under the scheme covering audience/spectator events.

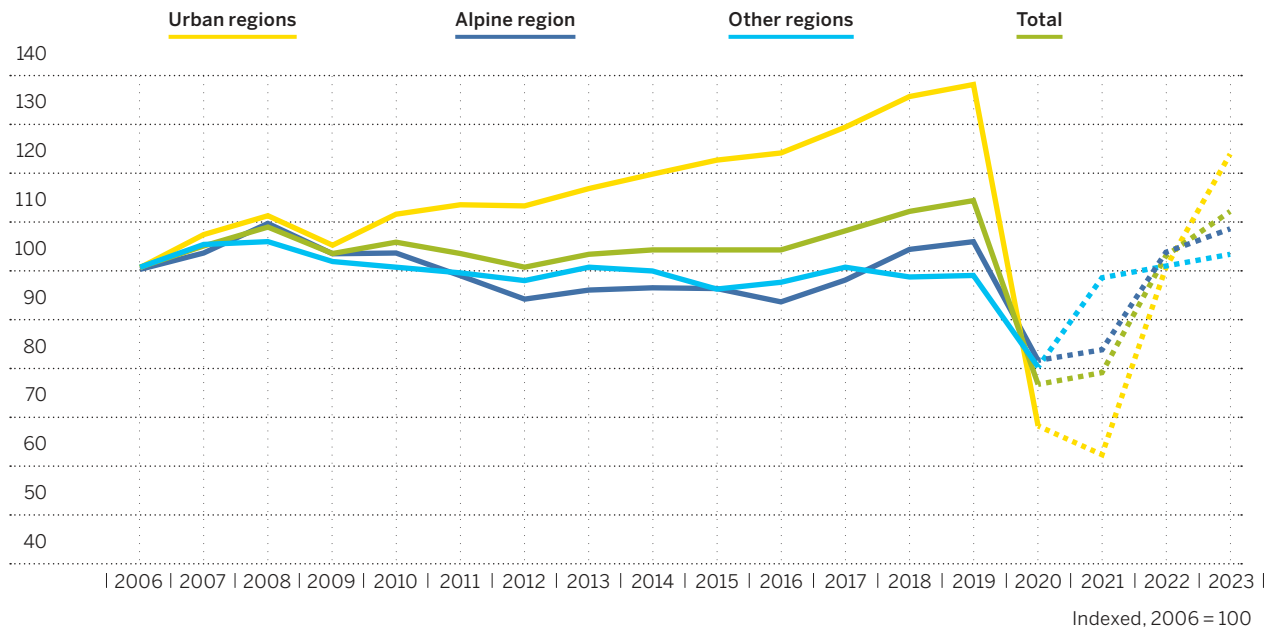
Alongside these general programmes, additional measures are being implemented as part of existing funding instruments under the Tourism Strategy of the Swiss Confederation. **Switzerland Tourism (ST)** is executing a recovery plan for 2020 and 2021, for example. ST has received additional federal funding of CHF 40 million for the plan, with half of the funds dedicated to providing financial relief for ST's partners in the tourism industry. International travel restrictions meant that efforts in 2020 were focused on the domestic market. In 2021, attention turned to attracting international – and particularly European – guests back to Switzerland. Since the spring of 2020 the **Swiss Association for Hotel Credit (SGH)** has offered customers a simpler way of suspending capital repayments on their loans. To cover liquidity shortages, in 2020 the SGH also offered customers retroactive loans to finance investments already made from cashflow in 2018 and 2019. To improve borrower liquidity during the COVID-19 pandemic, as part of the **New Regional Policy (NRP)** the federal government acted swiftly in spring 2020 to give the cantons a simplified procedure by which to suspend repayments of loans under the Investment Assistance Act (SR 901.1) and the NRP, and to extend the term of those loans accordingly. This also provided short-term support for the mountain transport sector especially, as it accounts for a particularly high number of loans. The option of suspending loan repayments has been continued in 2021. Further action was also taken to support tourism

firms. The stay of enforcement that applied to the **travel sector** up to the end of 2020 is one such example. Another is the CHF 25 million that the federal government awarded the **tourist transport** segment as compensation for COVID-19-related revenue losses for the period from 1 March 2020 to 30 September 2020.⁵

The Federal Council adopted a **Recovery Programme** for the Swiss tourism industry on 1 September 2021. It is intended to provide specific guidance and support by reviving demand and preserving the sector's capacity to move with – or ahead of – the times. ST will continue the 2020–2021 Recovery Plan through into 2022 and 2023, for which it has been allocated CHF 30 million in additional federal funding. Once again, some of this will be used to provide financial relief for ST's tourism partners. In addition, the promotion of innovative projects in tourism via Innotour is to be extended for the 2023–2026 period only. Under Innotour, the share that the federal government contributes to innovative projects will be increased from its current maximum of 50 per cent to a new maximum of 70 per cent. The costs that project sponsors must bear for innovations in tourism will naturally fall as a result. Implementing these measures requires an amendment to the corresponding statutory basis, as well as a total of CHF 20 million in additional funding for Innotour for the 2023–2026 period specifically. To give a swift boost to NRP project funding under the current 2020–2023 programme, the federal government can make a further CHF 10 million available to the cantons from the regional development fund without imposing extra conditions. All that is required is an addendum to the programme agreements.

⁵ Motion 21.3459 Covid-19. Beiträge des Bundes an die finanziellen Lücken des öffentlichen Verkehrs auch im Jahr 2021 (COVID 19. Federal government support to cover financial shortfalls in public transport to continue in 2021) demands that this programme be retained.

Figure 1: Number of overnight stays in hotels by tourism area⁶, with forecast⁷



Urban regions: 14.4 mio., Alpine region: 18.7 mio., Other regions: 6.3 mio., Total: 39.4 mio. (absolute number 2019)

Demand for holiday and second homes had a stabilising effect in 2020. Holiday lettings were just one per cent lower than in 2019. Domestic demand especially helped to shore up the market here. Overnight stays on campsites were also positive, posting an 11 per cent increase year on year.

The 2020/2021 winter season (from November to April) was also overshadowed by the COVID-19 pandemic. Seilbahnen Schweiz reported a 17 per cent drop in passenger revenues on mountain transport systems compared with the winter season average for the 2015–2019 period.⁸ There were considerable regional differences. Many of the major winter tourism destinations, which rely heavily on the international market, recorded greater losses than smaller destinations that appeal to the Swiss market. According to the Federal Statistical Office (FSO) the number of overnight stays during winter 2020/2021 was 44 per cent lower than during the pre-crisis winter 2018/2019.

Since the spring of 2021 the Swiss tourism sector has benefited from the gradual easing of restrictions to contain the pandemic. As things have opened up, urban regions have also begun to experience higher demand. Despite this, overnight stays dropped by 39 per cent between the first half of 2019 and the same period in 2021. Figures for the 2021 summer season (May to August) show a year-on-year recovery of 37 per cent, although hotel stays were still 24 per cent below the pre-pandemic level. ‘Other regions’ were the only area to increase overnight hotel stays compared with 2019, posting a 10 per cent rise. The figures for mountain transport systems show a similar picture for the summer of 2021, with both first entries (as recorded by electronic ticket systems) and revenues some 30 per cent down on the 2019 summer season.

How demand for tourism will progress continues to depend on the course of the COVID-19 pandemic, as well as measures such as travel restrictions and quarantine requirements to stop the

6 The different tourist areas are composed of Switzerland’s 13 tourist regions. Urban areas cover the Basel, Geneva, Vaud and Zurich regions. The Alpine area comprises the regions of Bern, Graubünden, Lucerne / Lake Lucerne and Valais. The remaining regions are Aargau, Fribourg, Jura & Three-Lakes, Eastern Switzerland and Ticino.

7 Source: FSO, KOF ETHZ (2021).

8 Seilbahnen Schweiz (2021).

Structure of the Swiss tourism industry

Gross value added from tourism in Switzerland came to CHF 19.5 billion in 2019. This corresponds to 2.8 per cent of the total gross value creation within the Swiss economy. The value added by tourism is actually drawn from a variety of sectors. Around a quarter is earned in the transport sector, with air travel the largest element of this at 12 per cent of the total. The accommodation industry also accounts for just under a quarter (24%), just over half of which (13%) comes from hotels. Catering supplies 14 per cent of gross value added from tourism.

An analysis of guest structure in the hotel sector in 2019 shows that, at 45 per cent, guests from Switzerland made up the largest segment of the market, and thus the backbone of the country's tourism industry. At around 30 per cent, guests from Europe also account for a large proportion of the total, while guests from Asia account for another significant share, of 14 per cent. It is striking that the proportion of guests from Asian countries has more than doubled since 2005. Guests from the United States also visit Switzerland in large numbers. Their share of six per cent has risen slightly since 2005. The proportion of guests from abroad, and from remote markets especially, has nonetheless plummeted since the outbreak of the COVID-19 pandemic.

The Swiss hotel sector is marked by seasonal volatility. It records the highest number of overnight stays during the summer months of July and August. Demand is also high in the winter months of December to March, especially in the Alps. This region also suffers from especially low demand in April, May and November. City tourism experiences lower seasonal fluctuations in demand in comparison with other tourist regions, although bookings are higher between spring and autumn than they are during the winter months.

spread. The latest forecasts from the KOF Swiss Economic Institute in October 2021 hold the prospect of a significant year-on-year increase in demand for the 2021/22 winter season.⁹ It will still not reach the winter 2018/19 level, however. As things stand, the recovery can be expected to continue from next year onwards, but according to the KOF's current estimate, even in the 2023 tourism year it will still fall just short of the level prior to the pandemic (see Figure 1). However, it is possible that demand in business tourism, and the MICE segment in particular, will never return to its pre-COVID-19 level, or at least not for many years to come.

The collapse in demand in the tourism industry since the spring of 2020 and the rather cautious outlook for the future are evidence of just how hard Swiss tourism has been hit by the COVID-19 pandemic. Analyses conducted by SECO show that tourism companies have had to absorb a substantial drop in revenues.¹⁰ According to estimates, this will have cost firms in the hotel and cate-

ring segments, as well as mountain transport, almost a year's worth of investment resources (EBITDA) in 2020 and 2021 that they would

How demand for tourism will progress continues to depend on the course of the COVID-19 pandemic.

otherwise have been able to generate. These estimates already factor in payments for short-time work and hardship cases. The considerable diffe-

⁹ KOF ETHZ (2021).

¹⁰ Hanser Consulting AG (2021b), BAKBASEL (2021).



According to estimates, the drop in revenues due to the COVID-19 pandemic will have cost tourism enterprises almost a year's worth of investment resources in 2020 and 2021.

rences in the way in which individual regions and companies have been affected must be noted here.

Companies have been able to absorb some of their lost earnings themselves, for example by reducing capacity or by saving on staff costs. These structural changes demonstrate the agility that exists within the tourism sector. However, as the SECO analyses show, this lack of revenue has also resulted in companies abandoning or deferring planned investment projects. It may therefore be assumed that the COVID-19 pandemic and its impact will continue to reduce capacity for investment in Swiss tourism for some years to come. •

International comparison

Tourism is a major driver of economic growth around the globe. In OECD countries it accounts for an average of 4.4 per cent of aggregate value added and 6.9 per cent of employment. In the EU, tourism makes up seven per cent of gross value added for the economy as a whole, corresponding to around EUR 850 billion. It also employs 20.3 million people.¹¹

The COVID-19 pandemic slashed demand for tourism not just in Switzerland, but world-wide. In fact, an historic low was recorded globally in 2020, with a 74 per cent drop in international arrivals.¹²

A gradual recovery in international travel has been observed since the summer of 2021, but it remains at a very low level. It is also still fragile and patchy because of the great uncertainty about how the pandemic will progress. The recovery is being shored up by domestic tourism, in particular. Global demand for long-haul travel is expected to recover only slowly overall.

Placing Switzerland in the context of Germany, Austria, Italy and France, overnight stays in hotels between January and August 2020 followed a

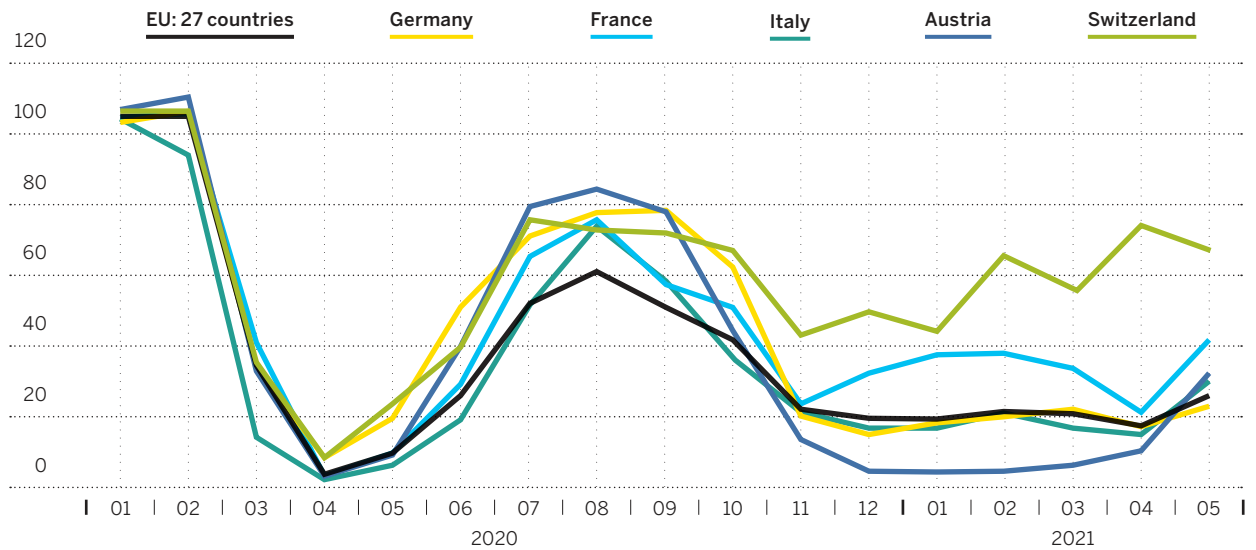
similar path everywhere compared with the same period a year earlier. Demand in Switzerland then picked up faster than in neighbouring countries from the autumn of 2020 onwards (see Figure 2). This relatively positive trend is due in part to comparatively moderate restrictions and to the fact that winter sports areas and hotels in Switzerland were open. Overall, the drop in overnight hotel stays in Switzerland was not as marked as in its surrounding markets in 2020.

The countries neighbouring Switzerland put both general and tourism-specific support measures into effect to cushion the impacts of the COVID-19 pandemic. A comparison shows that these were structured along much the same lines as those implemented in Switzerland. The most common among them were payments for short-time working, subsidies to cover sunk costs where revenues had dropped substantially, state-guaranteed loans, and access to funds promoting capital spending. Other schemes were introduced depending on the country. Italy and Germany, for example, assumed some of the costs of implementing new safety plans. Italy and France took action on tax, by awarding tax credits and deferring tax or so-

¹¹ OECD (2020).

¹² <https://www.unwto.org/taxonomy/term/347>.

Figure 2: Overnight stays in hotels in Switzerland and neighbouring countries¹³



cial security contributions. Meanwhile, Germany and Austria launched schemes to support businesses re-opening or just starting up.¹⁴

Neighbouring countries have also implemented tourism-specific programmes in addition to general support measures. In France, for example, the tourism industry receives assistance from special tourism loans which do not require assets to be pledged as collateral. The FAST fund for the future and support of tourism was also established. In Italy, tourism businesses can claim tax exemptions and credits for renovations. A fund has also been created to provide financial support to travel agencies, tour operators and tourist guides. Like Switzerland, Austria has introduced a scheme offering insurance cover for events that might have to be cancelled owing to COVID-19 regulations, and put further tourism-specific measures in place. These include short-term insolvency protection from the Österreichische Hotel- und Tourismusbank for package trips and agents, a five per cent reduction in value-added tax, support for outdoor restaurants, and a turnover loss and additional bonus¹⁵ for landlords in the tourism sector earning revenues from short and long-term rentals. Support measures in Germany essentially apply across all sectors, although special regulations were introduced for travel agents and tour operators, which were particularly affected by the

pandemic. These included compensation for the commissions and margins respectively that these companies were no longer able to earn, as well as payments to cover earnings lost when travel was cancelled as a result of COVID-19.

The EU has only limited powers where financial support for tourism is concerned, and no specific budget. In response to the COVID-19 pandemic it did, however, establish the EUR 800 billion 'Next Generation EU' recovery programme for the economy as a whole. Tourism also stands to benefit from this instrument, but how exactly funding will be distributed to member states depends on their national recovery plans. The EU funding that is directly available comes from regional funds used to some extent to support unemployment protection programmes for workers in the tourism industry, and from the InvestEU fund, which promotes green investment.

13 BAKBASEL (2021). Note to figure: indexed, January 2020 = 100.

14 Information on support measures implemented in neighbouring countries was supplied by the local Swiss embassies and by the government agencies responsible for tourism in those countries.

15 In addition to its hardship fund, Austria introduced a turnover loss bonus for landlords in the tourism sector which earn income from short and long-term rentals. In addition, those landlords who had not yet received any support payments were paid an additional bonus of ten per cent.

SWOT analysis and challenges for the Swiss tourism industry

The following SWOT analysis shows the principal strengths, weaknesses, opportunities and risks associated with the Swiss tourism industry.

Strengths

- Swiss tourism is founded on the country's great density of *attractions*. In particular, this includes *attractive landscapes*, *historical cities*, and *cultural institutions* such as museums, theatres and concert venues.
- The *diversity of attractions* includes a large number of sights within easy reach of each other, excellent outdoor facilities (hiking paths and winter sports areas, for example), different cultures and living traditions.
- Switzerland has an *excellent infrastructure*, specifically its highly developed transport networks which ensure outstanding access nationwide.
- Switzerland enjoys a *positive national image* around the world thanks to the security, reliability and stability of its institutional and political structures. *Safety* and *cleanliness* became more important during the COVID-19 pandemic.
- Swiss tourism is of a *high standard*, largely attributable to the excellent education system with a broad range of vocational training programmes in hospitality and tourism.

Weaknesses

- Switzerland is at a *significant cost disadvantage*. This is primarily the result of exchange rates and the general standard of living in Switzerland, as well as the standards expected by domestic guests. In addition, the small structures of the Swiss tourism sector prevent it harnessing economies of scale that would otherwise be significant in an international comparison.
- Significant *seasonality* and *occupancy fluctuations* in the Alps make it difficult to use capacity efficiently and therefore reduce profitability.
- *Employment conditions in tourism* are regarded as less attractive than average when compared with other (highly) productive sectors of the Swiss economy, because wages tend to be lower and working hours less convenient. The Swiss tourism industry thus relies heavily on foreign workers.
- *Small businesses make up the majority of service providers and destination promotion organisations* in the Swiss Alps. The region therefore misses out on economies of scale, and it is difficult to combine efforts to run international marketing campaigns and to coordinate offerings and sales strategies.

The COVID-19 pandemic has boosted domestic tourism.

Opportunities

- With the *global rise in prosperity*, the number of travellers and their budget is increasing.
- *New markets, products and niche strategies* are emerging in response to shifts in guest behaviours and requirements (e.g. health tourism), and evermore heterogeneous demand.
- Climate change is increasing the *appeal of summer tourism*, with people seeking cool mountain summers and bathing in lake regions, to the likely detriment of tourism to the Mediterranean. This should improve Switzerland's relative position in summer tourism in Europe.
- *Digitalisation* provides a great range of opportunities which help to overcome the weaknesses of the Swiss tourism industry, such as its fragmented nature and poor productivity. It has the potential to optimise costs and increase efficiency, improve convenience and encourage new forms of cooperation and coordination.
- Cooperation between actors in *landscape conservation, architectural heritage and tourism* holds potential that can be harnessed more effectively in the interests of all concerned.
- *An environmentally motivated rethink of the way the Swiss and Europeans take their holidays* might result in Swiss destinations gaining ground in major markets nearby.
- The COVID-19 pandemic has boosted *domestic tourism*. There is potential here, especially for tourism in peripheral regions of Switzerland.

Threats

- *Capital intensity and poor profitability* are slowing maintenance and investment on the part of tourism firms. The pandemic has heightened the risk that investment will be abandoned or deferred.
- *The Swiss franc is a historically strong currency*. The way in which debt is developing in Europe, and the further relative productivity gains that the Swiss economy is expected to make indicate that the Swiss franc is more likely to gain rather than lose value over the next ten years. This will make the entire tourism sector more expensive than offerings elsewhere.
- *Climate change* is jeopardising winter snow conditions, which could also affect the *winter sports business*. This risk is not an immediate one, but may well have serious long-term consequences. Increasingly uncertain weather throughout the year is also to be expected.
- The growing *demands of society with regard to environmental and landscape conservation* might exacerbate conflicts of interest, thereby limiting development opportunities in the tourism sector, especially where infrastructure is concerned.
- Greater competition in Switzerland for *qualified employees*, combined with the declining availability of foreign workers for the tourism sector, may diminish its growth potential.
- The COVID-19 pandemic has damaged *the image of the tourism sector* as an employer, and the risk has increased that qualified employees will move into other sectors or tourism companies will find it more difficult to recruit suitable personnel.

Challenges

The following five key challenges for the Swiss tourism industry can be derived from this analysis.

1. Digital penetration of processes and business models

Digitalisation facilitates new tourism products, processes and business models, but also leads to changes in the competitive situation and in customer demands. Development is driven primarily by the standards set by the major international digital players. Their business models are often based on global network logic. The rise of global platforms and the sharing economy reconfigures the value chain and offers potential for new business models. At the same time, however, there is the risk of dependency, and of dependent, and being



The smart use of available technologies is becoming an increasingly important factor of competition in a globalised tourism sector.

reduced to a supplier of substitutable, standardised, low-margin products.

The smart use of available technologies is becoming an increasingly important factor of competition in a globalised tourism sector. The COVID-19 pandemic is likely to further consolidate this trend. In particular, the great range of options for creating more efficient business processes provides opportunities for lowering costs and increasing productivity. In view of the increasing complexity of the digitalisation process and small structures of the Swiss tourism industry, many tourism service providers will find it challenging to keep up with the development and application of sophisticated digital tools such as artificial intelligence. The Swiss tourism industry must increase its innovative capacity and efficiency to ensure that it remains competitive. In addition to innovations within individual enterprises, (new types of) cooperative approaches from regional to national level are gaining importance in this context.

2. Internationalisation and individualisation of travel behaviours

Increasing global mobility and wealth provide the Swiss tourism industry with additional markets that have significant growth potential. Attracting guests from different parts of the world offers an opportunity to distribute visitor numbers more evenly throughout the year. At the same time, the sector in Switzerland is facing new competition for those guests.

In addition to this are trends such as more individualised travel behaviours and the associated demand for unique, personalised experiences that are off the beaten track, demographic change which boosts new forms of travel such as health tourism, and further growth in the number of short breaks. Guests are increasingly well travelled, meaning that they know what they want, and how and where to get it. They also expect increasingly high standards. Furthermore, the portfolio of tourism offerings must be realigned continuously with these changing travel behaviours. Providers can only meet these greater expectations by specialising, innovating and optimising value for money.

Finally, the threat of global disruption in the form of wars, pandemics, environmental disasters, terrorist attacks, bilateral sanctions and visa requirements, is ever present. With providers in the Swiss tourism sector having become increasingly dependent on global travel patterns in recent years, these events will continue to impact on the Swiss tourism industry.

3. Effects of climate change on the supply side of tourism

Climate change brings with it many opportunities for tourism, but also major tests. Models indicate that the temperature rise in the Alpine region will be higher than the global mean. The challenge that this represents for Swiss tourism will be felt gradually, with a mix of risks and new prospects. The obvious risk is the impending loss of appeal as a winter destination. Climate change also leads to changes in the landscape, and increases natural hazards.

The main opportunities for the Swiss tourism industry lie in summer tourism and in making better use of the increasingly attractive autumn season. Mountain summers can be positioned as an alternative to ever-hotter Mediterranean climates, while lake regions should gain in attraction precisely because their climates are becoming more Mediterranean. Many ski regions in the Swiss Alps have an advantage because they are located at higher altitudes than resorts in neighbouring countries, and enjoy more reliable snow conditions. There will be considerable challenges for lower-altitude ski regions, however, where snow can no longer be guaranteed.

The tourism industry must participate actively in climate change adjustment and mitigation measures. There is also a need for sustainable solutions for mobility (guest arrivals and departures), for buildings, and for energy and resource consumption. The sector must develop sustainability stra-

tegies while diversifying its portfolio of offerings and lowering risks.

4. Improve productivity

The Swiss tourism industry suffers from poor productivity. Significant competitive disadvantages caused by higher cost and price levels than in other countries have contributed to this for many years. Switzerland's difficulty competing on price is primarily the result of the traditionally strong Swiss franc, as well as considerably higher labour and input costs compared with other countries. Poor productivity impairs the financial performance of tourist businesses, which itself is a core element of sustainable development in tourism.

Profitability is also hampered by the small size of businesses and the small scale of business models in the Swiss Alps. Large businesses find it easier to achieve higher capacity utilisation and benefit from economies of scale. Poor earnings mean that tourism often fails fully to cover its capital costs. This complicates the necessary investments in infrastructure, finding successors or leaving the industry, inhibiting potential structural change. Despite appreciable efforts to improve the situation, the Swiss tourism industry can expect to live with cost disadvantages in the future. This is especially true in the present climate, in which the foreseeable economic effects of the COVID-19 pandemic in Europe may well result in a renewed appreciation of the Swiss franc. This demands an even tighter focus on cost efficiency, cooperation, high quality and productivity gains. Efforts to improve operating conditions must also be stepped up.

5. Bring working conditions more into line with the Swiss average

Employment in the tourism industry lacks relative appeal owing a number of factors, including low wages, irregular working hours, seasonality and high job insecurity. Well-trained qualified and executive employees are transferring to other industries with more attractive conditions. The COVID-19 pandemic has exacerbated the situation on the tourism labour market, thereby undermining the foundations of sustainable development in tourism.

Many industries have been able to increase their labour productivity, and therefore wages, in recent decades through the increased use of capital. This potential was not available to, or remained unutilised by, the personnel-intensive segments of the tourism industry. Digitalisation provides tourism with new opportunities to optimise the use of capital and labour, to increase efficiency and innovation, and to improve its appeal as an employer.

However, it also requires new investments in human capital. The lack of qualified and management employees in tourism must be counteracted by expanding the already excellent education system to include a broad range of vocational education and training in hospitality and tourism, as well as other industries.

Well-trained qualified and executive employees are transferring to other industries with more attractive conditions.

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Summary and action areas for the Federal Government's Tourism Strategy

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The Swiss tourism industry was hit hard and fast by the COVID-19 pandemic. There was an historic collapse in demand. The impact of the pandemic could be mitigated somewhat by the swift and effective introduction of comprehensive general and tourism-specific support measures. These helped in particular to keep tourism businesses liquid and to secure jobs.

As things stand, the recovery in demand for tourism can be expected to continue from 2022 onwards.

Comparing the situation with neighbouring countries, the decline in demand for tourism since the outbreak of the pandemic has been less marked in Switzerland than elsewhere. This is likely due in large part to the relatively moderate restrictions imposed in Switzerland, such as the decision to keep winter sports areas open. All in all, government support measures in neighbouring countries were on a par with those in Switzerland.

Uncertainty persists about the further progression of the pandemic and therefore the prospects for tourism in Switzerland. As things stand, the recovery in demand for tourism can be expected to continue from next year onwards, but according to the KOF's current estimate, even in the 2023 tourism year it will still fall just short of the level prior to the pandemic. However, it is possible that demand in business tourism, and the MICE segment in particular, will never return to its pre-COVID-19 level, or at least not for many years to come.

In addition to opportunities such as a rapid recovery in global tourism or a steady increase in domestic demand, the COVID-19 pandemic carries fundamental risks. One of these concerns the damage that has been done to the earning capacity of tourism businesses, and ultimately their ability to invest. Added to this are risks to the labour market in the tourism sector, such as the loss of qualified employees, which the pandemic has only heightened. These intensify the challenges that



The Recovery Programme will help to revitalise demand and preserve innovative capacity.

tourism faces with regard to sustainable development, in particular.

The Federal Council recognises the way in which tourism has been affected by the COVID-19 pandemic, and takes the resulting risks and challenges seriously. On 1 September 2021 it therefore adopted the dedicated Recovery Programme to provide guidance and support where needed as the Swiss tourism industry recuperates. Specifically, the Recovery Programme will help to revitalise demand and preserve innovative capacity. The current range of measures has stood the test and is having the intended effect. There is no need for further action at the present time.

The Swiss tourism sector faces more than immediate, pandemic-related challenges, however. It

must also respond strategically to medium to long-term developments such as digitalisation, changing travel behaviours, climate change, sub-par productivity and the tourism labour market. This new Federal Government Tourism Strategy addresses these challenges. In addition to the Recovery Programme, they will be prioritised as the Federal Government's Tourism Strategy is implemented in the years to come. •





Implementation of the Tourism Strategy of the Swiss Confederation of 15 November 2017



5.1

Implementation of the Tourism Strategy of the Swiss Confederation

5.2

Evaluating the implementation of the Tourism Strategy of the Swiss Confederation

The Federal Council adopted the Tourism Strategy of the Swiss Confederation on 15 November 2017.¹⁶ At the same time, the Federal Council mandated the EAER to report by the end of 2021 on progress with its implementation. Action items intended to improve operating conditions were to be one of the focal points of this reporting. The mandate also required the EAER to work with the Federal Department of Home Affairs (FDHA) and the Federal Department of the Environment, Transport, Energy and Communications (DETEC) to report on coordination and cooperation to preserve and strengthen the particular scenic and architectural qualities of Switzerland as a tourist destination.

Section 5.1 describes how the Tourism Strategy of the Swiss Confederation has been implemented. Section 5.2 then offers an evaluation of this work.

¹⁶ Swiss Federal Council (2017).

Implementation of the Tourism Strategy of the Swiss Confederation

The Tourism Strategy of the Swiss Confederation has been implemented by means of specific action items.¹⁷ This work is supported by an Advisory Group consisting of tourism actors and business owners, as well as representatives of the political world, tourism associations, the cantons and the academic community. As a rule, the Advisory Group is briefed and consulted on implementation status twice a year. The principal outcomes of each action item are described below, structured according to the objectives of the Tourism Strategy.

In addition to these action items (see p. 29), since 2017 SECO has coordinated and cooperated with the Federal Office of Culture (FOC) and the Federal Office for the Environment (FOEN) to preserve and improve the particular scenic and architectural qualities of Switzerland as a tourist destination.¹⁸ This builds on the recognition that Switzerland's appeal to visitors is based to a large extent on its outstanding scenery and architectural heritage. These are the foundations of the Swiss tourist industry and must therefore be regarded as essential factors in its success. They must be maintained and strengthened in the long term. This is a complex and challenging task which requires a high level of coordination and co-

As a rule, the Advisory Group is briefed and consulted on implementation status twice a year.

operation between the tourism policy and the other sectoral policies of the federal government.

Cooperation and coordination with other sectoral policies, specifically those on the landscape and on architectural heritage, have improved appreciably in recent years. The importance of extending closer interdepartmental cooperation to the strategic foundations for these policy areas has also come to the fore. One of the objectives determined in the Swiss Landscape Concept (2020),¹⁹ which defines the framework for the quality-based development of Swiss landscapes, is to improve cooperation and coordination between tourism, landscape and cultural policies. The Baukultur

17 Swiss Federal Council (2017).

18 FOC (2020) and FOEN (2020).

19 FOEN (2020).

Objective 1: Improving framework conditions

Action Item 1: Developing the Tourism Forum Switzerland TFS into a dialogue and coordination platform

In 2012 SECO began holding an annual one-day event entitled 'Tourism Forum Switzerland TFS'. It brings together relevant actors from the tourism industry and all three levels of government: federal, cantonal and communal. Since 2017 TFS has successfully been developed, as intended, into a platform for dialogue and coordination. The one-day event has been reconfigured as the annual TFS conference, and represents the culmination of all coordination and cooperation work on the Federal Government Tourism Policy. In practice, the conference presents the project outcomes achieved during the year and invites discussion in a round-table setting. Since the outbreak of the COVID-19 pandemic, exchange and knowledge transfer has increasingly taken place via digital channels, one of the main formats being TFS online webinars. The pandemic also forced the cancellation of the annual TFS Conference in 2020.

Action Item 2: Intensifying the reviews of easement measures of regulations relevant to the tourism policy

The implementation of Action Item 2 concentrated on spatial planning regulations. Work examined whether the enforcement framework for these regulations might offer opportunities to cut red tape for tourist businesses. From the point of view of the Federal Government's Tourism Strategy it found that action was needed in particular to optimise the way in which major tourist infrastructure projects are prepared and executed, to present the various interests transparently and to weight them appropriately. As part of a project on a similar subject, around 30 measures to reduce the administrative burden on cableway operators were implemented between 2016 and 2019 under the lead of the Federal Office of Transport (FOT).²¹

A number of optimisations were also made to labour law. For example, the Ordinance on Employment in Public Transport Companies (Working Hours Ordinance) was revised to include an exemption for tourist transport companies from the Employment Act. A pilot project was also launched to reduce seasonal unemployment.

Strategy (2020)²⁰ represents the federal government's commitment to a high quality of architectural heritage in Switzerland in the long term. Tourism is listed explicitly in this strategy as an independent measure (see Measure 37). Taking a cross-sectoral approach, the Strategy aims to improve living environments overall. A working group was set up, principles defined and workshops held under the aegis of the TFS to support coordination and cooperation between SECO, the FOC and the FOEN. Drawing on the principles described and the outcomes of the TFS workshops, the working group produced a plan for the tourism industry to valorise Switzerland's architectural heritage and landscape for the future (see Action Item 7, Section 7.4).

20 FOC (2020).

21 FOT et al. (2020).

Objective 2: Promoting entrepreneurship

Action Item 3: Intensifying startup support and coaching

In May 2019, SECO published a report²² on entrepreneurship in tourism, setting out the challenges that start-ups face and recommending action that they can take in response. It provides valuable assistance to new companies in the sector. Innosuisse has also been interacting more closely with tourism policy, using a variety of channels to raise awareness of what it offers in this sector. In addition, Innotour and the NRP have co-financed pioneering projects such as 'Tourism by Tomorrow', initiated by the World Tourism Forum Lucerne. This project built a digital platform to connect start-ups with investors, and to access services provided by project partners. This action item also includes business coaching within the Regional Innovation Systems (RIS), co-financed via the NRP. It contributes substantially to promoting entrepreneurship in tourism.

Action Item 4: Enhancing strategy capability and orientation

A variety of approaches are combined to improve strategic capabilities and strategy orientation. In 2019 SECO launched a series of events entitled 'walk the talk' to pass on the knowledge and experience gained from Innotour projects and to improve the strategic skills and focus of the actors concerned. The events also help to improve understanding of the funding available from the federal government and to increase its uptake. In addition, the NRP's knowledge platform, *regiosuisse*, developed an online tool that provides an overview of the available funding instruments.²³

Promoting integrated development strategies is one of the priorities of the model 'Sustainable Spatial Development'²⁴ projects for the 2020–2024 period, which are supported by eight federal government agencies. The federal government is co-financing five specific projects in this field. Pilot measures for mountain regions will also be implemented under the NRP in collaboration with the cantons. Empowering actors is a key objective. The idea is to widen the circle of those that implement NRP projects and thus promote the continued development of mountain regions.

Action Item 5: Exploiting potentials for strengthening the tourism labour market

SECO held a variety of knowledge-sharing workshops on the tourism labour market in cooperation with relevant actors from the tourism industry, the federal government and the cantons. For example, in 2019 a workshop was held to identify priorities for the tourism labour market for the years ahead and possible key projects, as well as to determine the division of roles between the stakeholders in that market. At the annual TFS Conference in 2019, a workshop was held to examine past entrepreneurship-related dialogue and coordination activities in detail. In 2020 there was a webinar on how COVID-19 is changing the labour market in the tourism sector. SECO also supported the OECD Tourism Committee as it drafted the report entitled 'Preparing the tourism workforce for the digital future'.²⁵ In this context it co-organised a virtual international expert workshop with the Committee in January 2021.

22 Entrepreneurship im Tourismus – Herausforderungen und Handlungsempfehlungen für die Initialphase von Unternehmen, BHP – Brugger und Partner AG, HTW Chur (2019).

23 <https://regiosuisse.ch/finanzhilfen-fuer-die-regionalentwicklung>.

24 <https://www.are.admin.ch/are/de/home/raumentwicklung-und-raumplanung/programme-und-projekte/modellvorhaben-nachhaltige-raumentwicklung.html>.

25 OECD (2021).

Objective 3: Exploiting the opportunities presented by the digital economy

Action Item 6: Promoting digitalisation projects and the transfer of knowledge

One of SECO's focus areas for the promotion work of Innotour and the NRP is digitalisation, and it has co-financed a whole range of related projects in recent years. Via Innotour it provided a substantial part of the financing for the 'discover swiss' cooperation project, for example (see Section 7.5). Where knowledge transfer is concerned, in August 2018 SECO published a baseline study on the opportunities, challenges and implications of digitalisation in the Swiss tourism industry,²⁶ followed by a progress report in August 2021.²⁷ Previously, in March 2018 there had been a study on digitalisation and the New Regional Policy (NRP),²⁸ which examined the implications of digitalisation for mountain regions and rural areas. The digital transformation was also a major topic at the annual TFS conferences in 2018 and 2019.

Action Item 7: Developing data and statistics

SECO uses a variety of approaches to improve data and statistics relating to tourism. Firstly, it supports the preparation of public statistics, working closely with the Federal Statistical Office (FSO) to produce the Tourism Satellite Account (TSA), for example. It is a partnership that in 2020 resulted in the first-ever published statistics on investment in tourism in Switzerland. The FSO has also introduced specific software interfaces to allow information for the HESTA tourist accommodation statistics to be collected automatically. The second way in which SECO improves data and statistics on tourism is to actively encourage the transfer of knowledge about data and its use. For example, in 2019 it held a workshop on easing the administrative burden on accommodation-providers with a new approach to managing guest data. In addition, Switzerland Tourism plays a major role in the preparation and transfer of data for marketing in the tourism sector. The third area of focus under this action item is support for innovation in data and statistics, with Innotour and the NRP co-financing projects in this area.

Action Item 8: Developing MySwitzerland.com

MySwitzerland is the principal way in which Switzerland Tourism (ST) communicates with guests. Providing highly informative content in 16 languages, it is also the most comprehensive platform for information about Switzerland as a travel and conference destination. The newly developed MySwitzerland web platform was launched in mid-2019. It consists of three main websites: one each for the leisure and business markets, plus an extranet for the industry. The platform is intended to provide seamless digital interaction with guests throughout their customer journey. It provides the basis for integrating technological developments such as artificial intelligence and virtual reality applications. ST continues to expand and enhance MySwitzerland, and fulfils the role of digital leader in the Swiss tourism industry. As an early adopter, it tests and implements new applications, shares its experience with the sector, and enables other tourism businesses to put new software to profitable use.

²⁶ Digitalisierung im Schweizer Tourismus: Chancen, Herausforderungen, Implikationen, Laesser et al. (2018).

²⁷ Progress Report, Laesser et al. (2021).

²⁸ INFRA (2018).

Objective 4: Enhancing the attractiveness of tourism offerings and market presence

Action Item 9: Developing an overview of current investment incentives

In 2019 SECO published a preliminary study that looked into what needed to be done to promote investment in the Swiss tourism industry. Based on its findings, SECO went on to investigate the three issues in greater detail: (1) investment and its financing in the Swiss tourism sector,²⁹ (2) alternatives to bank financing for tourism companies,³⁰ and (3) structural change in small and family-run tourism businesses.³¹ In addition to these three areas of further research, a study on how NRP investment incentives will develop beyond 2024+³² delivers specific recommendations on how NRP support should be positioned from the next programme period onwards. The findings from this work provide a foundation from which the Swiss Association for Hotel Credit (SGH) and financial support for tourism via the NRP can develop in the future (see Section 7.6, Action Item 13).

The investigations pursued as a result of the overview of investment incentives, and the study on structural change in small and family-run tourism businesses in particular, also created a basis for fulfilling the Roudit postulate 18.4405, aimed at helping young people to take over tourist accommodation and catering businesses (see Section 7.3).

In addition, ARE and SECO reviewed the impact of the Second Homes Act, reporting to the Federal Council in May 2021.³³ In response, the Federal Council adopted a number of measures, which are to be implemented in the next few years: (1) establish and continually develop an online knowledge platform and set up a formal framework for stakeholder dialogue; (2) determine the specific tasks and powers of the cantons in detail and give them greater responsibility for exercising them; (3) firm up the core terminology used in the accommodation industry; and (4) establish and conduct a programme to monitor the enforcement and impact of the Second Homes Act, including the COVID-19 situation. DETEC and the EAER intend to revisit the effects of the Second Homes Act, and any need for its amendment, in 2025.

Action Item 10: Produce a document explaining how tourism policy supports major events

Prompted by the candidature of Sion as host of the 2026 Olympic Winter Games, in its 2017 Tourism Strategy the Federal Council defined one action item as 'Major events as a catalyst'. This was amended in consultation with the Tourism Policy Advisory Group when the Sion 2026 bid was unsuccessful.

SECO believes that Switzerland has the potential to host medium-scale sporting and cultural events. These can have a positive effect on their chosen location. SECO is therefore producing a document that explains how the funding instruments that operate under the Federal Government's Tourism Strategy can support major events as a catalyst for tourism. One of its principal aims is to ensure that better use is made in future of the legacy potential of these major events.

Grants from the NRP's tourism stimulus programme helped to finance the infrastructure needed to host the Youth Olympic Games in Lausanne in 2020.

29 Hanser Consulting AG (2021a).

30 Lucerne University of Applied Sciences and Arts (2021).

31 University of Bern, Kohl & Partner (Schweiz) AG (2021).

32 Weiterentwicklung der NRP-Investitionsförderung 2024+, Hoff et al. (2021).

33 ARE, SECO (2021).



Evaluating the implementation of the Tourism Strategy of the Swiss Confederation

A study commissioned by SECO provides evidence that the Tourism Strategy of the Swiss Confederation is having its intended effect.³⁴ It finds that the overall concept of the Strategy, and especially its objectives and the action items, and the way in which the various actors are involved are all well received. A four-year strategy revision cycle is also seen as appropriate, and there is thus support for the Tourism Strategy to go forward into the next 2022–2025 strategy period.

The objectives and action items have helped to ensure that the Strategy is implemented with focus and effect, and that it is agile and capable of both action and reaction. The objectives address the challenges and the needs of the Swiss tourism industry. They have been confirmed in practice and should be retained. COVID-19 has naturally proved an obstacle to action. Since its outbreak, the Federal Government's Tourism Strategy has prioritised managing the impact of the pandemic on the tourism industry. This led to certain action items being deferred or carried out on a smaller scale than originally planned. The great majority have been implemented nonetheless. Specific action items, such as 'Intensifying the reviews of easement measures of regulations relevant to the tourism policy', address ongoing strategy tasks. As a result these action items have not been completed, and will be continued in the future. These

The objectives and action items have helped to ensure that the Strategy is implemented with focus and effect, and that it is agile and capable of both action and reaction.

action items have all helped to achieve the objectives of the Tourism Strategy.

The Tourism Policy Advisory Group has provided valuable support for the implementation of the Tourism Strategy, and is of crucial importance to the practical application of the Federal Government's Tourism Strategy. During the COVID-19 pandemic, the Advisory Group and its committees (formed of members of the industry associations as well as the cantons and the general secretariat

³⁴ BHP – Brugger und Partner AG, Interface (2021).



of the Conference of Cantonal Directors of Economic Affairs (VDK)), have facilitated regular, direct exchange between SECO and the relevant actors in the tourism industry. An advisory group will continue to support the implementation of the new Federal Government Tourism Strategy.

Action is needed with regard to sustainable development in particular. The issue has become increasingly important in tourism. It presents a whole range of opportunities, but also poses risks and challenges (see Section 4.3). In the 2030 Sustainable Development Strategy, the Federal Council calls on all agencies of the federal government to help implement the 2030 Agenda and the Sustainable Development Strategy itself. Sustainable development will therefore become a greater strategic element of the Federal Government's Tourism Strategy, and be made more tangible for the actors concerned. The same conclusion was reached in a status report commissioned by SECO to determine the extent to which sustainable development is integrated into the Tourism Strategy.³⁵

The Federal Council considers the Tourism Strategy to be a suitable basis for federal government tourism policy, and will not make any changes to its underlying concept. The COVID-19 pandemic has also proved the ability of tourism policy to respond in times of crisis (see Section 4.4).

The Federal Council nonetheless believes that the Tourism Strategy must be updated and revised. In doing so it can be brought into line with the changing operating framework and the impact of the pandemic in particular, while also accommodating the need for action that has been identified.

35 ITM Lucerne University of Applied Sciences and Arts et al. (2021).



The concept behind the Federal Government's Tourism Strategy

This section draws on the situation analysis presented in Section 4 and experience implementing the Tourism Strategy of the Swiss Confederation of 15 November 2017 as described in Section 5. It sets out the concept behind the new Federal Government Tourism Strategy.

The **vision** for the Federal Government's Tourism Strategy is: 'The tourism industry is internationally competitive and Switzerland is an attractive and productive tourist destination'. The vision emphasises the importance of Swiss tourism's international competitiveness, and thus focuses attention on tourism businesses. International competitiveness is crucial to the success of tourism businesses not only on foreign markets, but also on the domestic one. In turn, successful tourism businesses rely on Switzerland being an attractive tourist destination that offers a great deal. This appeal extends far beyond the actual tourist facilities and services. Of particular relevance are the country's political stability, excellent infrastructure, convenience and hospitality, as well as the unique beauty of the scenery and the wealth of cultural heritage. In this context, 'productivity' relates primarily to tourist service providers, such as hotels, restaurants and tourist transport companies.

The **objectives** determine the strategic direction of the Federal Government's Tourism Strategy, address the challenges faced by the Swiss tourism industry, and in the long term also reflect the fed-

The vision for the Federal Government's Tourism Strategy is: 'The tourism industry is internationally competitive and Switzerland is an attractive and productive tourist destination'.

eral government's vision for tourism. They are final. In essence the current objectives of improving framework conditions, promoting entrepreneurship, exploiting the opportunities presented by the digital economy, and enhancing the attractiveness of tourism offerings and market presence remain appropriate strategy implementation vehicles. However, developments in recent years have shown that greater prominence must be given to sustainable development, which offers the tourism sector a whole range of opportunities. These must be seized, and Switzerland positioned as one of the

The four tourism strategy funding instruments are key to achieving its objectives.

world's leading destinations for sustainable tourism. The new Federal Government Tourism Strategy therefore includes a further objective: 'Back sustainable development'. The objectives are very much interrelated, none more so than this latest addition.

The objectives are achieved by means of **action items**, a total of 15 of which have been determined. Action areas determine priorities. This means that, unlike objectives, action items are not final. They can be amended and extended as needed to achieve the objectives, thereby ensuring that the Federal Government's Tourism Strategy is agile and capable of both action and reaction. Action items have a medium to long time horizon, but may run indefinitely. Some of them tackle ongoing tasks under the Tourism Strategy. Action items are generally more broadly defined than projects, so one item may cover several projects. Action items that have proven effective or that address an ongoing task will be continued. Those that have been completed, or that are a lower priority, have been replaced by new, priority action areas.

The four tourism strategy **funding instruments** are key to achieving its objectives. These are Innoutour (promoting innovation, cooperation and knowledge building in tourism), the Swiss Association for Hotel Credit (SGH), Switzerland Tourism (ST) and the New Regional Policy (NRP). An application for funding for these instruments is submitted to Parliament every four years along with the Dispatch on Promotion Activities. Innoutour has CHF 30 million and Swiss Tourism

CHF 230 million in funding available for the current 2020–2023 promotion period. The NRP has CHF 200 million in loans that it can grant for investments, and CHF 120 million in grants to cover sunk costs associated with projects with a regional economic impact. The financing activities of the SGH are based on an existing federal financing facility of CHF 236 million.

The following four **principles** underlie the Federal Government's Tourism Strategy:

- *Prioritisation*: priorities are set by restricting the number of action items. This principle is crucial to the focused and effective implementation of the Federal Government's Tourism Strategy. Prioritisation specifically also includes the targeted use of limited funding.
- *Implementation*: implementation is assured via specific action items. This keeps the Federal Government's Tourism Strategy agile and capable of both action and reaction.
- *Target group focus*: this principle expresses the desire to align the implementation of the Federal Government's Tourism Strategy more closely with the needs of actors in the tourism industry, and with tourism companies in particular.
- *Subsidiarity*: The Federal Government's Tourism Strategy fulfils its responsibilities on a subsidiary basis, i.e. its activities rank below those of private actors, the cantons and the communes. The Strategy creates incentives for business, innovation and independent initiative on the part of private and public-sector actors which are expected to contribute their own funds and efforts. The subsidiarity principle is also a touchstone for the way in which tourism promotion is structured.

The EAER will report back to the Federal Council on the implementation and impact of the Federal Government's Tourism Strategy in four years' time, at the end of 2025.

A number of conceptual adjustments have been made to the previous Tourism Strategy of the Swiss Confederation. No action areas for the indi-

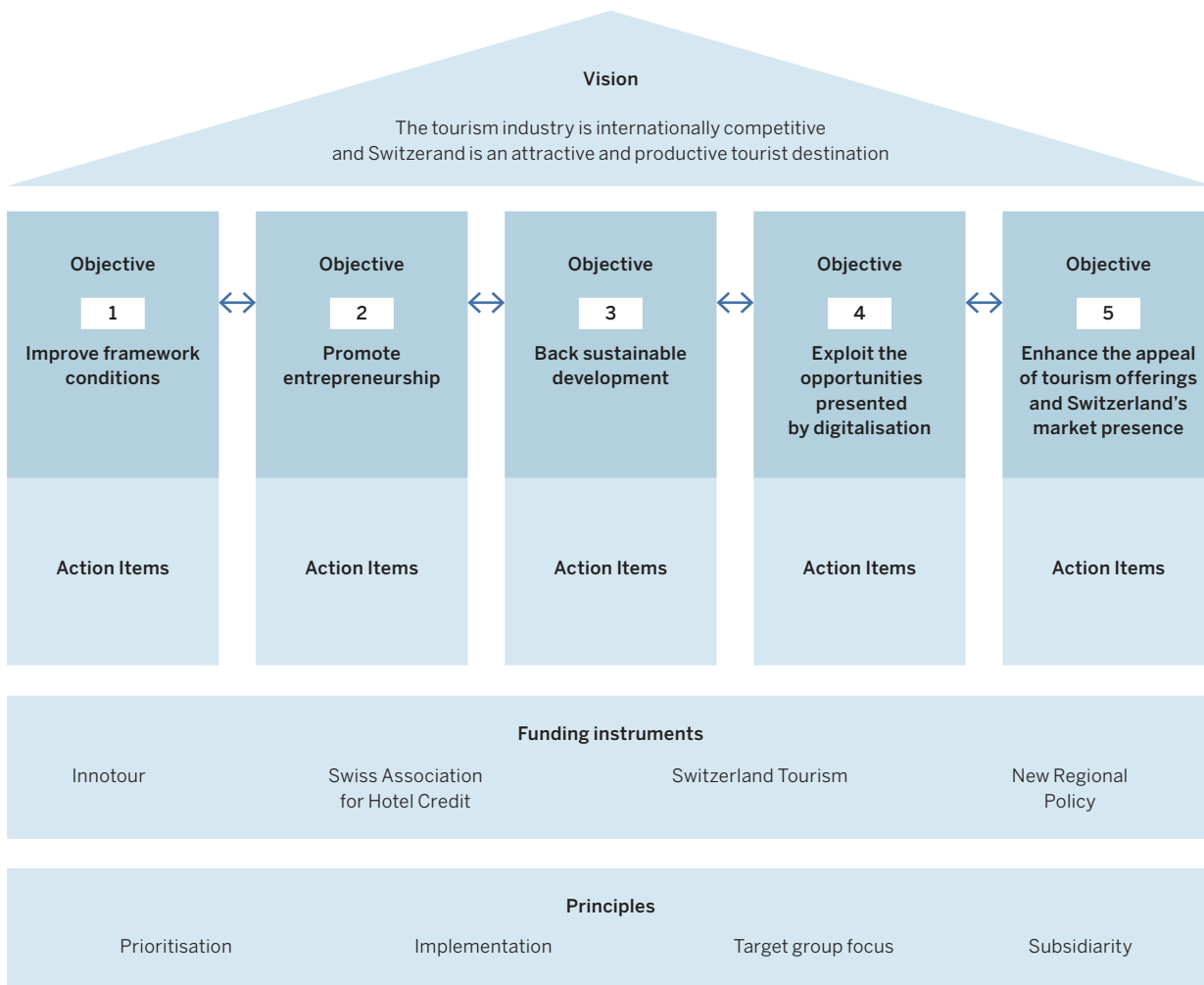


Figure 3: The concept behind the Federal Government's Tourism Strategy

vidual objectives will be set in future. This simplifies the Strategy and places even greater emphasis on its practicability and agility. The principles of the Federal Government's Tourism Strategy have replaced the previous principles for action. The system used to measure attainment will also be refined with a view to the next reporting cycle (see below).

The implementation of the Tourism Strategy of the Swiss Confederation has been supported by the Tourism Policy Advisory Group since 2017. The Group is appointed by the head of the EAER and functions as a sounding board. An advisory group will continue to support the implementation of the new Federal Government Tourism Strategy. The head of the EAER will determine its remit and composition in the first half of 2022.

The EAER will report back again to the Federal Council on the implementation and impact of the Federal Government's Tourism Strategy in four years' time, at the end of 2025. The strategic foundations of the federal government's tourism policy will be reviewed as a part of this, and amended if necessary. The actual timing of reporting will be coordinated with broader federal-level activities to promote Switzerland as a business location and tourist destination. The next-but-one Dispatch on Promotion will be drawn up in 2026. These intervals ensure that strategic amendments to the Federal Government's Tourism Strategy can be factored into the following year's Dispatch in each case.



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Objectives and action items

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7.1

Overview of objectives and action items

7.2

Improve framework conditions

7.3

Promote entrepreneurship

7.4

Back sustainable development

7.5

Exploit the opportunities presented by digitalisation

7.6

**Enhance the appeal of tourism offerings and Switzerland's
market presence**

The objectives determine the general direction of federal government tourism policy, address the challenges faced by the Swiss tourism industry, and in the long term also reflect the federal government's vision for tourism. The objectives are achieved by means of action items. The five objectives and 15 action items are presented (see Section 7.1) and described (see Sections 7.2 to 7.6) below.

7.1

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Overview of objectives and action items

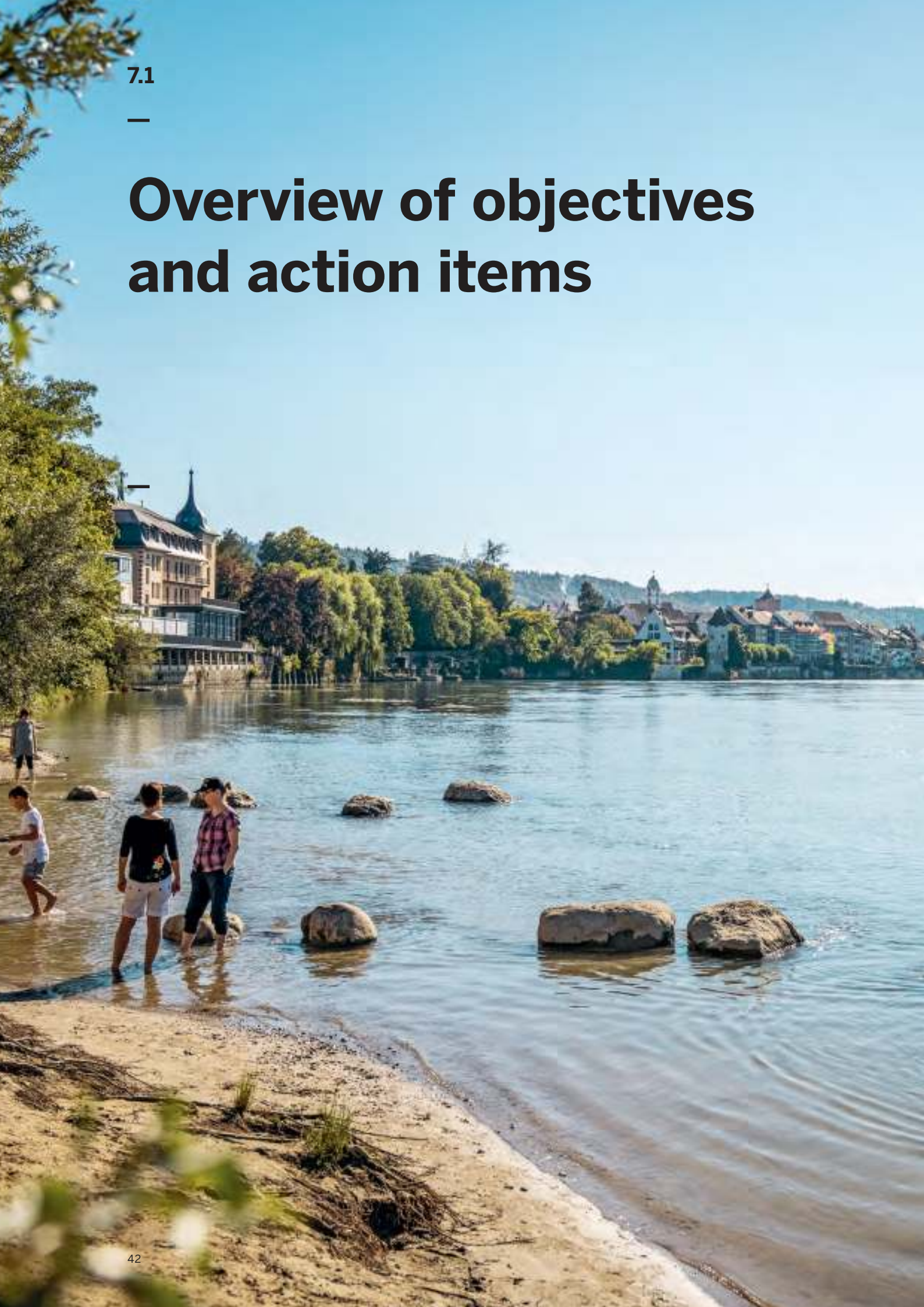


Figure 4: Overview of objectives and action items³⁶

<p>Objective</p> <p>1</p> <p>Improve framework conditions</p>	<p>Objective</p> <p>2</p> <p>Promote entrepreneurship</p>	<p>Objective</p> <p>3</p> <p>Back sustainable development</p>	<p>Objective</p> <p>4</p> <p>Exploit the opportunities presented by digitalisation</p>	<p>Objective</p> <p>5</p> <p>Enhance the appeal of tourism offerings and Switzerland's market presence</p>
<p>Action Items</p> <p>1.</p> <p>Improve knowledge transfer and connection via the Tourism Forum Switzerland (TFS)</p> <p>2.</p> <p>Help to achieve a tourism-friendly regulatory environment</p> <p>3.</p> <p>Make international cooperation more systematic and collaborate more closely on individual projects</p>	<p>Action Items</p> <p>4.</p> <p>Support structural change in the tourism industry</p> <p>5.</p> <p>Enhance the strategic capabilities and strategy orientation of tourism actors</p> <p>6.</p> <p>Tap into the potential of the tourism labour market</p>	<p>Action Items</p> <p>7.</p> <p>Preserve and valorise agricultural heritage, landscape quality and biodiversity</p> <p>8.</p> <p>Support adaption to climate change</p> <p>9.</p> <p>Support the implementation of 'Swisstainable'</p>	<p>Action Items</p> <p>10.</p> <p>Advance the digital transformation and knowledge transfer</p> <p>11.</p> <p>Generate value added from the use of data and statistics</p> <p>12.</p> <p>Ensure the strategic digitalisation issues are monitored</p>	<p>Action Items</p> <p>13.</p> <p>Help to maintain competitive tourism infrastructures</p> <p>14.</p> <p>Increase convenience and quality for guests</p> <p>15.</p> <p>Support the revitalisation of city and business tourism</p>

36 Source: Own illustration.



Improve framework conditions



A good operating framework is one of the keys to competitive tourism businesses and an attractive tourist destination. The Federal Government's Tourism Strategy attaches high priority to improving framework conditions for and in Switzerland.

Many factors affect the competitiveness of tourism firms and the appeal of Switzerland as a tourist destination. The regulatory and economic framework, outstanding cultural and natural landscape and excellent infrastructure (public transport, for example) are all particularly relevant here. From the perspective of the Federal Government's Tourism Strategy, the operating framework is largely fixed and takes considerable time to change. That is why the Strategy adopts a long-term view of what it takes to improve operating conditions, and defines clear priorities to this end.

Improving framework conditions consists primarily of implementing strategic issue and stakeholder management, laying down a knowledge base in combination with proactive communication appropriate to its target groups, coordinating tourism policy matters, cooperating with relevant actors, and helping to achieve a tourism-friendly regulatory environment.

Strategic issue and stakeholder management makes it easier to identify strategic topics and trends, as well as the relevant actors, at an early stage.

Exchange with the OECD Tourism Committee and the UN World Tourism Organization is also useful. Strategic issue and stakeholder management establishes needs and target effects, and thus serves as a basis for the Federal Government's Tourism Strategy. It also encourages greater focus on those that the Strategy is intended to benefit.

Knowledge is gathered, analysed and shared continually under the Federal Government's Tourism Strategy, most commonly in the form of baseline studies. Information is provided via the SECO website, a newsletter that is sent out several times a year, the regiosuisse.ch knowledge platform on regional development in Switzerland, and the Tourism Forum Switzerland (TFS). The TFS was designed as a one-day event, but has grown in recent years to become a platform for dialogue and coordination. It allows for flexible knowledge transfer alongside the annual TFS Conference, via formats such as webinars and interactive workshops.

By ensuring coordination and cooperation, the Federal Government's Tourism Strategy aims to safeguard the interests underlying the Strategy and to identify and harness synergies. The Tourism Policy Advisory Group has an important function here. Part of its role is to ensure that the needs of the tourism industry itself are considered when the downstream policy is implemented. Many other coordination and cooperation programmes,



TOURISM FORUM SWITZERLAND

The Strategy adopts a long-term view of what it takes to improve operating conditions, and defines clear priorities to this end.

such as regular bilateral exchange with the major industry associations and the annual meeting with cantonal offices of tourism, help to position the Federal Government's Tourism Strategy and connect it with practitioners.

Within the federal administration, SECO also works closely with the agencies that are important to the formulation and execution of the Federal Government's Tourism Strategy. These include many of SECO's own sections, specifically SME Policy, Promotion Activities and Export and Investment Promotion. Within the EAER, project financing is coordinated closely with the Federal Office for Agriculture. The agricultural sector does much to benefit tourism, of course. It keeps the farmed landscape open and varied, and preserves biodiversity in rural areas and mountain regions. With tourism so intertwined with the

quality of space in Switzerland, coordination with the offices that make up the Department of the Environment, Transport, Energy and Communication (DETEC) is a further point of focus. The Federal Office for Spatial Development (ARE) and Federal Office for the Environment (FOEN) are particularly relevant here.

The Federal Government's Tourism Strategy helps to achieve a tourism-friendly regulatory environment in Switzerland. Here, the emphasis is on reviewing regulations and easing the administrative and regulatory burden on tourism businesses. This work includes regular exchange with the SME Forum.

To implement the Federal Government's Tourism Strategy, action will be taken in the next few years to achieve real improvements in the operating conditions for the Swiss tourism industry. These action items are described below. •

**Action Item 1:
Improve knowledge
transfer and connection
via the Tourism Forum
Switzerland (TFS)**

The broader format of the TFS has encouraged a greater depth of dialogue with relevant actors and better coordination and cooperation on the Federal Government's Tourism Strategy in recent years. The TFS enables SECO to address relevant challenges and issues through working parties, to develop action programmes and solutions, and to communicate the findings of this work to the best effect.

The TFS will continue to expand in the future. The use of hybrid formats is one of the developments under consideration, and TFS webinars throughout the year will improve knowledge transfer in parallel with the working parties. There are also plans to expand communication and interaction with relevant actors and to create stronger ties between those actors. Close partnerships with the Swiss Tourism Federation (STF) and the Conference of Cantonal Directors of Economic Affairs (VDK) are particularly important in this regard.

At the same time, a greater effort must be made to include tourism businesses themselves. SECO intends to step up contact in the context of project-specific working groups, in particular. This should help to align the Federal Government's Tourism Strategy more closely with the needs of this key target group. Dialogue with the sections of the federal government that form an important part of policy on tourism will also be stepped up to strengthen the Strategy network, for example. For example, this might take the form of an annual knowledge-building and exchange cycle involving all relevant and interested agencies.

**Action Item 2:
Help to achieve a
tourism-friendly
regulatory environment**

As part of its input to inter-departmental and inter-office processes, SECO will remain an advocate for the interests of the Federal Government's Tourism Strategy. In doing so it will work towards a regulatory environment that is as accommodating as possible to the tourism industry. The focus here will be on where tourism and planning regulations meet, as well as on implementing the measures that the Federal Council has adopted in connection with the impact analysis of the Second Homes Act.

SECO has collaborated closely with the federal agencies that make up DETEC to produce an initial set of principles governing interaction between tourism and planning regulations. This work concludes that, from the point of view of the Federal Government's Tourism Strategy, action is needed in particular to optimise the way in which major tourist infrastructure projects are prepared and executed, to present the various interests transparently and to weight them appropriately. SECO was also issued with certain recommendations in this regard, which it will implement in the next few years. Work here will be coordinated with the implementation of Action Item 7 (see Section 7.4).

The Federal Council adopted four measures in association with the report on the impact of the Second Homes Act. These are 1) knowledge management and communication, 2) determine the specific tasks and powers of the cantons in detail and give them greater responsibility for exercising them, 3) firm up the core terminology used in the accommodation industry, and 4) establish and conduct a programme to monitor the enforcement and impacts of the Second Homes Act, including the COVID-19 situation. In partnership with ARE, SECO will implement these measures and will prepare and conduct the next impact analysis of the Second Homes Act in 2025.

**Action Item 3:
Make international
cooperation more
systematic and
collaborate more closely
on individual projects**

The Federal Government's Tourism Strategy concentrates on international cooperation at the multilateral level, with a particular emphasis on the OECD Tourism Committee and the UN World Tourism Organization. It was decided for resource reasons not to enter into cooperation at the bilateral level. This does not apply to working partnerships with neighbouring countries, and especially Switzerland's fellow DACH countries Germany (D) and Austria (A). Switzerland Tourism also cultivates bilateral relations in the interests of generating demand. This primarily involves information and knowledge-sharing.

The work of the OECD Tourism Committee and the UN World Tourism Organization is hugely relevant to the Swiss Federal Government's Tourism Strategy and to international benchmarking analyses because it identifies strategic issues and trends. In future, collaboration with the Committee and the UNWTO should be placed on a more systematic footing and deepened on a project-by-project basis. The aim is to coordinate the interests that make up Swiss tourism policy and give them a greater voice in the international arena. The UN World Tourism Organization's Programme and Budget Committee is an ideal platform for this. In May 2019, Switzerland was appointed to the Committee for the 2019 to 2023 period as representative of the UNWTO Commission for Europe. It will assume the Chair from autumn 2021 to autumn 2023. Switzerland Tourism's engagement at the multilateral level is also worth highlighting. It is a member of the Board of Directors of the European Travel Commission (ETC), and became Vice-President in the spring of 2021.

Meanwhile the knowledge acquired at international level should be incorporated systematically in the information and decision-making basis on which the Federal Government's Tourism Strategy rests. Focused on strategic issues, there should be greater international benchmarking (international comparisons between policies and best practices) and better knowledge transfer to the Swiss tourism industry. One example of this is the workshop entitled 'Preparing the Tourism Workforce for the Digital Future' that was held in January 2021 in partnership with the OECD Tourism Committee.

Promote entrepreneurship

The vision for the Federal Government's Tourism Strategy centres around a competitive tourism industry in Switzerland. This is impossible to achieve without entrepreneurial thinking and action at all levels. One of the objectives of the Strategy is therefore to promote entrepreneurship in the sector.

Many topic areas and challenges tie into this. Chief among them are the framework conditions for entrepreneurship (see Section 7.2), cost and productivity issues, questions relating to basic and further training, and the appeal of the tourism labour market (see Section 4.3).

As structural change progresses, the question of who will continue to run these businesses presents a major challenge to the tourism sector.

Building on past experience promoting entrepreneurship, three priorities have been set for the next few years. One is for the Federal Government's Tourism Strategy to support essential and judicious structural change in the Swiss tourism industry (see Action Item 4). Tourism in Switzerland tends to display certain structural weaknesses, and is characterised by heavy fragmentation at both the regional and business levels. This is evidenced by the 200 or so regional and local tourism organisations that still exist in the country. Another example is that hotels for holiday guests are largely run as SMEs, with only around 20 per cent of establishments in mountain areas having more than 30 beds.

As structural change progresses, the question of who will continue to run these businesses presents a major challenge to the tourism sector. This was examined in detail in a study commissioned by SECO to fulfil the Roudit postulate 18.4405, which aims to help young people to take over tourist accommodation and catering businesses.³⁷ The study confirms that succession planning in the hotel and catering sector is a significant problem. It identifies a total of eight obstacles to the smooth handover of small and family-run businesses. For the current owners, possible stumbling blocks include knowing when to start the process, their own pension planning, letting go of an intrinsic part of their and their family's identity, and

³⁷ University of Bern, Kohl & Partner (Schweiz) AG (2021).



**Action Item 4:
Support structural
change in the tourism
industry**

Tourism strategy funding instruments are a particularly effective means of supporting structural change in tourism. These are specifically designed to encourage larger and more competitive corporate entities. Business alliances are important here as a way of offsetting the disadvantages of small-scale structures.

Encouraging start-ups, new company registrations and succession deals is one area of focus in the interests of healthy business demographics in the tourism sector. Innosuisse funding programmes are an important part of this landscape because they include extras such as training for the entrepreneurs of tomorrow. Cooperation in this area between Innosuisse and SECO is to continue with the aim of ensuring not only that the sector is sufficiently aware of what funding Innosuisse offers, but also that it is actually taken up. Co-financed by the NRP, some Regional Innovation Systems (RIS) also offer coaching for those in the business.

Succession arrangements will be the subject of particular attention over the next few years. They are an important factor in financial support for the accommodation sector via the SGH. It already provides assistance with the important question of succession, which will remain a core issue as the SGH expands its activities. Priority areas here are advice, knowledge-transfer and loan support to improve and preserve the competitiveness and sustainability of hotel and similar businesses in Switzerland. Subsidies to cover sunk costs are not under discussion. Succession arrangements are also a central element of the coaching programme offered by HotellerieSuisse and funded by the federal government via the NRP. The programme runs up to 2023, after which there will be an in-depth analysis of its effects.

**Action Item 5:
Enhance the strategic
capabilities and strategy
orientation of tourism
actors**

Entrepreneurial success requires strategic thinking and a strategic approach. This means identifying and cultivating successful markets. Enhancing strategic capabilities and strategic orientation is an important topic in connection with tourism strategy funding instruments. It is to be achieved in particular via coaching and knowledge transfer.

As part of its Tourism Strategy, the federal government supports coaching services and programmes via the NRP, in particular. The programme that Hotel-lerieSuisse launched and will run up to 2023 in partnership with SECO is one initiative that should be mentioned here. It is designed to help hotels and similar businesses adjust to the change in market conditions that will follow the COVID-19 pandemic. Thanks to the NRP's financial contribution, accommodation businesses are given the opportunity to make these changes – grouped under the three headings of 'Repositioning and sustainability', 'Digitalisation and processes' and 'Restructuring and financing – with the aid of an on-site coach. Each participating business can benefit from up to five days of coaching. This new service is aimed at small and medium-sized enterprises, which often do not have the resources to produce and implement a comprehensive corporate strategy.

Coaching support delivered via Regional Innovation Systems (RIS), which are co-financed by the NRP, has an increasingly important part to play under this action item. It promotes the competitive and innovative capacities of SMEs by offering coaching programmes and services in information management, consulting, networking, infrastructure and financing. It also bundles other current funding schemes and refers SMEs to other funding providers where necessary. To date, consulting sessions have been geared mainly to the needs of companies in technology-related sectors. In line with a trend that has picked up since the outbreak of the pandemic, some RIS are increasingly also offering consulting specifically for tourism businesses.

what they would actually earn from selling. The main issues for those taking over are financing, the business risks, and the investment that will be needed once they are the new owners. One more common obstacle is the lack of support and guidance for both sides throughout the process. The financial barriers addressed in the postulate therefore represent only a part of the challenge of taking over a tourism business today. The study findings offered no evidence that business handovers fail principally because of financing issues.

According to the study, especially in the accommodation sector the financing potential and debt capacity of those taking over a business influence both the decision to buy and what investment is made after the purchase. Running a hotel or similar is capital-intensive. This is much less of a consideration in the catering sector, because business operators do not usually own the building in which they work. In accommodation, purchase prices

are frequently too high in relation to how much debt the business is carrying, its expected earnings and the risks the buyers face. The main reasons are the price is intended to provide the sellers with an income in retirement, that their emotional connection with the business leads them to over-estimate its value, and that younger buyers in particular are less willing to accept risk, so they regard the expected return as too low compared with acquisition cost. Financial support from the federal government, especially in the form of subsidies to cover sunk costs as proposed in the postulate, would therefore constitute a direct payment to the person selling the business. This is particularly relevant where the business is being passed on within the family. The Federal Council does not consider it appropriate to intervene in price-setting in this way.

The study also established that there are already many support services and funding instruments

**Action Item 6:
Tap into the potential
of the tourism labour
market**

The situation on the tourism labour market was strained even before the outbreak of COVID-19. As mentioned above in Section 4 on the situation analysis, this has been exacerbated by the effects of the pandemic.

The Federal Government's Tourism Strategy is aware of this challenge. SECO sees itself as a coordinator between all the parties involved to encourage cooperation and dialogue. Communication with the State Secretariat for Education, Research and Innovation (SERI), industry associations and the cantons should be maintained, and moved to the next level where necessary. In this context, the Tourism Forum Switzerland (TFS) should continue to be used as a platform for dialogue and coordination and to discuss challenges such as the lack of qualified employees. Agendas for past TFS events have also featured the issues that potential employers face in the Swiss tourism industry (see Section 5.1). Earlier work in this field should be consulted as a reference point when developing new solutions.

In addition to its coordinating role, SECO has joined with experts to create a knowledge base and analyses as a starting point for discussions on potential solutions. Innovative, creative ideas are what are needed here. A variety of initiatives have already been implemented in the sector to counter the lack of staff and qualified employees. For example, in the autumn of 2021 *HotellerieSuisse* and *GastroSuisse* embarked on a recruitment drive with the 'rockyourfuture' campaign, which was co-financed by SERI. This national one-day careers day was extended to the hotel and catering industry for the first time. Young people of working age, their parents, teachers and careers advisors were all given a look behind the scenes of hotels and restaurants, and were able to get a picture for themselves of the exciting professions and opportunities offered by the sector. The 'rockyourfuture' campaign is a good example of how solutions for the tourism labour market can be developed and put into practice.

Labour market-related projects are also to receive targeted financial support via *Innotour* and the NRP. One instance of successful cooperation on the labour market is the employee-sharing project, which acts as an agency for summer/winter job packages with the prospect of year-round work.³⁸

for business succession, but that access to them is hampered by a lack of information in some quarters. Targeted additional support could therefore be provided here in coordination with existing services and funding programmes, and by improving knowledge about what assistance is already available. As the Swiss Association for Hotel Credit (SGH) evolves, consideration should be given to the future role that it might play as a centre of expertise on funding for the accommodation sector (see Section 7.6, Action Item 13 and Section 8.3), , attività 13, e cap. 8.3).

Two other factors are key to entrepreneurship: the strategic capabilities and strategy orientation of the actors concerned, which the Federal Government's Tourism Strategy sets out to enhance (see Action Item 5), and the major challenges faced by the tourism labour market, which have

been exacerbated still further by the COVID-19 pandemic (see Section 4.3, challenge 5). Over the next few years the priority here will be to harness the potential that exists and thus help to manage the present lack of staff and qualified employees in the Swiss tourism industry (see Action Item 6).

³⁸ <https://www.jobs2share.ch/de>.



Back sustainable development

Sustainable development has become an increasingly important factor in federal-level tourism policy, and now occupies a central position as a separate objective of the new Federal Government Tourism Strategy.

The Federal Council sets out guiding principles for federal government policy in the 2030 Sustainable Development Strategy that it adopted on 23 June 2021.³⁹ Within this Strategy it determines three priority themes: sustainable consumption and production; climate, energy and biodiversity; and equal opportunities. The 2030 Agenda for Sustainable Development and its 17 global Sustainable Development Goals provide the reference framework here.⁴⁰

The Federal Government's Tourism Strategy helps to achieve the goals of the 2030 Sustainable Development Strategy and its three priorities in particular. For example, it contributes to the following strategic directions: 4.1.2 b) 'Boosting competitiveness, innovative capacity and the productivity of the Swiss economy', 4.2.1 b) 'Coordinated and sustainable management of the effects of climate change', and 4.3.2 b) 'Guaranteeing inclusion for people with disabilities'. In doing so it also helps to implement the 2030 Agenda, specifically SDG 8 'Decent work and economic growth' and SDG 12 'Sustainable consumption and pro-

duction'. As a separate objective of tourism policy, sustainable development is very much over-arching in nature, with significant ties to the federal government's other four Tourism Strategy objectives.

As one of its priorities, the Federal Government's Tourism Strategy supports the financial productivity of tourism actors, which also includes their resilience in the face of crisis. It helps to ensure that the tourist sector tackles the necessary processes of transformation, improves its resource-efficiency and, in addition to its economic efficiency, deals responsibly with the environment and fulfils its social responsibilities. Improving the appeal of jobs in tourism and the accessibility of tourist attractions are two ways of achieving this. The Federal Government's Tourism Strategy therefore addresses all three dimensions of sustainability: economic, environmental and social.

This contribution to sustainable development also involves identifying potential conflicts between policy fields at an early stage and finding opportunity-based solutions with balanced reconciliation processes. SECO's efforts in collaboration with the Federal Office of Culture (FOC) and the Federal Office of the Environment (FOEN) to preserve and support Switzerland's architectural heritage, beautiful landscape and biodiversity, and valorise

³⁹ Swiss Federal Council (2021a).

⁴⁰ United Nations (2015).

them for the tourism industry, should be mentioned in particular. Once identified, common interests serve as a basis for designing and implementing specific projects.

In a similar vein, energy generation plants may also hold considerable value for the tourism industry. Facilities that produce power from renewable sources may help to increase Switzerland's appeal as a tourist destination. Valorising them may also contribute to their wider acceptance, especially if they have already been included in spatial development plans.

Compared with other countries, Switzerland presents a shining example of sustainable development in many areas.

Where sustainable development is concerned, we must maximise the positive effects and potential of tourism, and minimise its negative impacts. Indeed, compared with other countries Switzerland presents a shining example of sustainable development in many areas. In the WEF Travel & Tourism Competitiveness Report, for example, the country takes first place world-wide for environmental sustainability.⁴¹ Switzerland must now build on its existing strengths and use them to generate value for the tourism industry. In 2021 Switzerland Tourism launched a broad sustainability campaign under the 'Swisstainable' banner to do precisely this: to raise awareness among the domestic population and international guests of this untapped potential (see Action Item 9).⁴² The intention of the Tourism Strategy is to position Switzerland in as many areas as possible as a sustainability leader.

At the same time, weaknesses must be recognised and the downsides of tourism for sustainable development minimised. In particular, tourism faces the challenge of negative environmental impacts on both sides of the equation, because it is involved

in causing them and also ultimately suffers from them. For example, the Swiss tourism industry is affected because snow conditions are becoming increasingly unreliable as a result of climate change, but through its greenhouse gas emissions it is partly responsible for these effects. In a similar way, biodiversity and the landscape are both important resources for tourism, and influenced by the actual business of tourism. Tourism therefore has a responsibility to maximise its positive effects and minimise the negative ones.

There are further opportunities to build on existing strengths to reduce CO₂ emissions. Sustainable mobility is one example of Switzerland showing other countries the way. Mobility is naturally key to sustainable tourism. Excellent public transport connections provide the starting point for further optimisation, especially in the leisure travel segment. There is still much potential to be found here. Personal motorised transport (PMT) currently accounts for the largest share of leisure travel. At peak times such as weekends and holiday periods, Switzerland's existing infrastructure and transport systems are under enormous strain. This is true of both PMT and public transport.

Under the new Transport Sectoral Plan, access to leisure facilities and tourist regions is to be secured by sustainable transport infrastructures, while giving due consideration to their effects on the environment.⁴³ Visitors will also benefit from these better transport connections, which will enable them to see more of the country more conveniently. This meets the needs of the tourism industry and society alike, while helping to increase the appeal of Switzerland's tourist regions and destinations.

If tourism is to develop sustainably over the long term, more attention must be paid to where it intersects and overlaps with mobility. The federal government therefore sponsors innovative mobility projects twice a year through the COMO Coordination Office for Sustainable Mobility. These include projects for leisure and tourism.⁴⁴ These efforts are intended to make mobility in the sector more sustainable overall and to protect the climate and the environment.

In partnership with fellow agencies within the Department of the Environment, Transport, Energy and Communication (DETEC), the Federal Office of Transport (FOT) is currently implementing a

41 WEF (2019).

42 <https://www.stnet.ch/de/swisstainable/>.

43 Swiss Federal Council (2021b): *Mobilität und Raum 2050, Sachplan Verkehr, Teil Programm*; the programme section of the mobility and space 2050 sectoral transport plan.

44 <https://www.energieschweiz.ch/projektfoerderung/komo/>.

**Action Item 7:
Preserve and valorise
architectural heritage,
landscape quality and
biodiversity**

Switzerland's appeal as a travel destination is based to a large extent on the qualities of its landscape and architectural heritage. Guests from around the world are drawn to Switzerland by the beauty of its scenery, towns and villages. The Swiss Landscape Concept⁴⁷ states that high-quality landscapes and architectural heritage are key to making Switzerland an attractive and productive tourist destination. This valuable locational factor must be conserved and enhanced for the long-term benefit of both the tourism sector and the domestic population.

Preserving and valorising architectural heritage, landscape quality and biodiversity for tourism purposes also means promoting it. This requires coordination and cooperation between the Federal Government's Tourism Strategy and other sectoral policies, specifically those on the countryside and parks, and architectural heritage. The work that is already underway to achieve this (see Section 5.1) should be continued and strengthened. Where cooperation and coordination with the tourism industry and actors in the landscape and architectural heritage fields are concerned, the emphasis is on improving dialogue and knowledge transfer. Awareness-raising, communication and knowledge-building activities are crucial here. Dialogue is deliberately initiated and encouraged so that experts in these two fields, as well as biodiversity, can familiarise themselves with the concerns and potential of the tourism sector, and to allow the specific local and regional qualities of both the natural and built landscape to be identified. This knowledge-building and exchange will be scaled up over the years to come. There are also plans to improve measurability and monitoring.

Switzerland's landscape, architectural heritage and biodiversity are to be brought out of their niche and into the tourism mainstream. With this in mind, a range of projects sponsored by Innotour and the NRP promote the valorisation of these qualities for tourism purposes. Special mention should be made here of Burgdorf Castle in the Emmental valley, which has been remodelled into a space for all and a venue for a wide range of activities and events. It also offers accommodation and dining options, and boost's the region's appeal to visitors. Furthermore, it has done so as required by leaving the historical building at its heart intact.

programme for efficient, multimodal mobility. The programme aims to create a national data infrastructure on mobility, which will also connect with the leisure and tourism sector.⁴⁵ The Federal Office for Spatial Development (ARE) is responsible for this work. In future, ARE will continue to promote the inclusion of tourism actors in mobility policy via existing dialogue platforms such as the Swiss Mobility and Space network and the National Mobility Conference.

Furthermore, in 2020 the federal government, cantons, agglomerations, cities and communes launched the Transport Hub programme.⁴⁶ Its objective is to encourage the planning and implementation of mixed mobility by effectively con-

necting a variety of modes of transport at smoothly functioning transport hubs. This requires cooperation between levels of government, public-private partnerships, a broad geographic view and the strategic alignment of growth in settlements and traffic volumes. In the future, this programme will also provide the basis for leisure and tourism transport hubs. Strategies and concepts to ensure access to major ski areas are one example. The two programmes described here promote multimodal mobility both physically and digitally. In addition to connected transport networks throughout Switzerland, improved international rail connections to Switzerland also help to ensure sustainable tourist mobility.

45 <https://www.bav.admin.ch/bav/en/home/general-topics/mmm.html>.

46 <https://www.are.admin.ch/verkehrsdrehscheiben>.

47 FOEN (2020).

Reflecting the high priority attached to mobility, SECO will improve dialogue and cooperation with the federal government offices responsible, and will extend this where necessary to include other actors.

The Road Map Velo (working title) cycling plan was initiated in 2021 in connection with the BuKo LV federal government coordination unit for non-motorised traffic and the Federal Decree on Cycle Paths, Footpaths and Hiking Trails. Led by the federal government, the Road Map is a collaborative process with a common aim and a set of joint measures to achieve it. It expressly covers leisure cycling and mountain-biking, and sets out to strengthen cooperation with actors in the tourism sector. In line with the programme section of the Mobility and Space 2050 transport sectoral plan, the Road Map is intended to be a specific initiative to encourage cycling.

Reflecting the high priority attached to mobility, as it implements the new Tourism Strategy SECO will improve dialogue and cooperation with the federal government offices responsible, and will extend this where necessary to include other actors.

There has been an appreciable shift in the Swiss tourism industry towards sustainable development, which ceased to be a niche issue some time ago. The sector is increasingly recognising and utilising the opportunities that it presents. The Federal Government's Tourism Strategy supports this shift by actively encouraging knowledge transfer on sustainable development topics. For example, the Swiss Tourism Dialogue on the Sustain-

able Development Goals⁴⁸ was launched in 2020 with SECO support. It offers a platform for exchange on sustainable development in tourism for anyone who is interested, thus creating a wider appreciation of the issues involved and incentives to examine them more closely.

Many aspects of sustainable development in tourism must be addressed at the local level specifically. That is why the Federal Government's Tourism Strategy must devote particular attention to sustainable development as it affects the destinations themselves. In this connection an Inno-tour-funded handbook on sustainability at Swiss tourist destinations⁴⁹ was published in May 2021. It provides destinations with a comprehensive aid to implementing sustainability, as well as recommendations for action on all of its three dimensions. There are plenty of examples of best practice for inspiration, and the handbook also illustrates all that can be done at the destination level. As key drivers in this area, destination management organisations play an important part in putting these measures and projects into practice. In addition, when determining the sustainable direction that a destination should take, it is absolutely crucial to connect and coordinate with the actual tourism service providers.

A status report on the extent to which sustainable development is integrated into the Tourism Strategy of the Swiss Confederation was conducted at the instigation of SECO for the 2020–21 period.⁵⁰ This baseline analysis points out the great importance of measuring and monitoring sustainable development in tourism. In fact, in collaboration with the Federal Statistical Office (FSO), over the next few years SECO will look into drafting the corresponding framework concept. The aim is to improve the basis for setting sustainability targets and assessing their attainment by the Swiss tourism sector and in the Federal Government's Tourism Strategy.

As a horizontal issue that touches a wide range of areas, sustainable development is an integral part of all of the objectives and action items set out in the Federal Government's Tourism Strategy. For example, the 'Improve convenience and quality for guests' action item under the 'Enhance the appeal of tourism offerings and Switzerland's market presence' objective (see Section 7.6, Action Item 14) does a great deal for sustainable development by working towards extending guests' stays and diversifying demand more effectively across regions and seasons. Ensuring that the Swiss tourism sector is barrier-free an important priority

48 LinkedIn group: SwissTourism4SDGs Group – Join the Swiss Tourism Dialogue on the Sustainable Development Goals.

49 Nachhaltigkeit in Schweizer Tourismusdestinationen, Schuler, Pirchl-Zaugg (2021).

50 ITM Lucerne University of Applied Sciences and Arts et al. (2021).

**Action Item 8:
Support adaptation
to climate change**

As a tourist destination, Switzerland is impacted heavily by climate change. This demands adaptations to winter tourism, in particular, to counter increasingly unreliable snow conditions. As the climate warms, the snow line becomes higher and higher, diminishing the appeal of winter tourism at lower-altitude destinations especially. The winter season becomes shorter and it costs more and more to keep the snow cannons running. Along with the risks come opportunities, however, and these must be taken. Rising temperatures and fewer days of rain put Switzerland in a better position with regard to both summer tourism and the longer and more attractive autumn season. Switzerland also has a great deal to offer as a venue for ever-more-popular outdoor activities. A summer in the mountains can be positioned as an alternative to the heat of the Mediterranean, while the appeal of lake regions will benefit from a warmer climate more akin to the temperatures enjoyed up to now by southern Europe (see Section 4.3). Pivoting the tourism industry towards products and services that are not dependent on snow – as the transport operator on the Wiriehorn in the canton of Bern has done in a process supported by the NRP – significantly reduces reliance on classic downhill skiing facilities and secures the economic future of the tourism businesses in the valley below.

Specific adaptation measures for the Swiss tourism industry have been defined in the 2020–2025 action plan that forms part of the Federal Council's strategy for adaptation to climate change. Tourism strategy funding instruments are to be used to help develop services and attractions for tourists and encourage diversification.⁵¹ It is important here to promote summer, autumn and yearround tourism while also encouraging and developing snow sports. One example here is the GoSnow initiative, which has received Innotour funding on several occasions. Federal financing lent considerable impetus to GoSnow's activities. Work relating to snow sports must be coordinated closely with the programmes run by the Federal Office of Sport (FOSPO), however. This is especially relevant in view of the Engler postulate 19.4044, which proposes three or four regional winter sports centres instead of a single national centre.

Action is also being taken to increase dialogue, coordination and knowledge transfer. SECO's plans include, specifically, creating a scientific knowledge base on the impacts of climate change (and the rising snow line in particular), as well as on other trends and the shifting operating conditions and prospects of ski and winter sports areas. This work should include the relevant federal government agencies and the cantons.

under this action item. The funding available under tourism policy should be used to make further improvements in this regard.

An additional further example of the reach of sustainable development within the new Federal Government Tourism Strategy is the 'Tap into the potential of the tourism labour market' action item under the 'Promote entrepreneurship' objective (see Section 7.3, Action Item 6). Entrepreneurship also plays a major part in the sustainable development of tourism in Switzerland. The idea of increasing the appeal of jobs in the sector is

highly relevant to its financial performance, because it increases productivity and tackles the lack of staff and qualified employees. There is also a social dimension here, because it results in greater job satisfaction.

⁵¹ Swiss Confederation (2020).

**Action Item 9:
Support the implemen-
tation of ‘Swisstainable’**

In consultation with the tourism industry, Switzerland Tourism launched the ‘Swisstainable’ sustainability initiative to provide targeted support for the development of sustainability-oriented tourism and tourist products in Switzerland, and to position Switzerland as the most sustainable travel destination in the world.⁵² Managing the country’s transition from a hidden champion of sustainability to a global leader, the aim of this initiative is to spotlight the extensive achievements that the Swiss tourism industry has already recorded with regard to sustainable development, and to support those who wish to become more sustainable.

Under the initiative, businesses and organisations that engage with the issues surrounding sustainable development are recognised with the ‘Swisstainable’ label. It is based on existing certifications and programmes rather than creating any new scheme, the idea being to give guests a better point of reference. Any tourist business or organisation can join the programme. They are assessed into one of three levels to reflect their differing operating conditions and differing degrees of engagement with sustainable development. These are Level I (committed), Level II (engaged), and Level III (leading). The target is to increase guest recognition of Switzerland as a sustainable destination by ten per cent by the end of 2023 compared with 2020, and to extend the Swisstainable programme to 4,000 entities. The extent to which Swisstainable can be tailored even more closely to tourist destinations and regions in Switzerland will also be examined with representatives of the industry.

The Swisstainable programme and the Swisstainable movement as a whole are to be incorporated into the Swiss Tourism Federation from 2022 onwards as part of a national centre of expertise. Switzerland Tourism will nonetheless continue to play an active role, especially in communications and marketing and in product and service development. SECO will provide both financial (through tourism strategy funding instruments) and non-financial support for Swisstainable over the coming years to help embed and roll it out in the Swiss tourism industry, and to secure its continued development.

Alongside the aspects of sustainability that are incorporated into the other four objectives and their associated action items, where ‘Back sustainable development’ is concerned the Federal Government’s Tourism Strategy concentrates on the following three action items: ‘Preserve and valorise architectural heritage, landscape quality and biodiversity’, ‘Support adaptation to climate change’ and ‘Support the implementation of ‘Swisstainable’”.

By taking an holistic perspective and implementing the ‘Back sustainable development’ objective, the Federal Government’s Tourism Strategy comprehensively addresses the three dimensions of sustainable development overall. •

52 <https://www.stnet.ch/de/swisstainable/>.





Exploit the opportunities presented by digitalisation

Consumer behaviour has been changing for several years now on both the supply and demand sides. This trend is being driven in the main by the major digital players and platforms such as Google, Booking.com, Airbnb as well as social media (Facebook, etc.). This also changes the starting point for tourism in Switzerland.

In addition, the COVID-19 pandemic has had a decisive impact on how consumers act. Social media, e-commerce platforms and streaming services have been the winners here. For their part, consumers continue to drive digitalisation with their ever-greater expectations in terms of the purchase experience, online access to information and services, and transparency. Consequently, in many areas the pandemic has functioned as a catalyst for developments that were already on the horizon. Consumers are increasingly willing to book online offerings, and more and more people now see contactless technologies as essential to safe and seamless travel. Tourism businesses will have to speed up their own digital transformations in response to this demand.

The pandemic has therefore accelerated the fundamental change in thinking and action that tourism already needed to make, and created significant challenges for the industry. At the same time digitalisation is a driver and enabler, and therefore offers great opportunities. It provides a basis for new tourism products, services, business pro-

Tourism businesses will have to speed up their own digital transformations.

cesses and models, for example. The latter are a chance to reduce costs and to increase productivity, impact and earning power (see Section 4.3).

One of the main challenges is that the systems currently used in the tourism sector have often grown incrementally, expanded here and there by bolt-on solutions over (a long) time, and are therefore highly complex. In addition, they are frequently designed to be used in isolation, i.e. by a single business or at a single destination, and so lack connectivity. This mix of mutually incompatible systems is not ideal for guests, either. The technology used in many companies has long been overtaken and the sprawling, decades-old legacy systems of the tourism industry have become a liability for technological progress. A number of factors explain the initial reluctance to upgrade and invest in new IT. One is that these systems

**Action Item 10 :
Advance the digital
transformation and
knowledge transfer**

The Federal Government's Tourism Strategy will continue to emphasise digitalisation in the project funding it offers and where knowledge transfer is concerned. That said, certain adjustments must be made to the financing provided via Innotour and the NRP. Grant awards must be even more impact-oriented than is the case at present. To achieve this, funding requirements will be tightened up and ideal project content communicated more effectively.

Where the digital transformation is concerned, financial support is to be limited essentially to projects with a broad scope of application and open, forward-looking solutions that facilitate cooperation. At Innotour, for example, interoperability, and therefore the capacity of different systems, technologies and organisations to work together, is already one of the conditions for support. Financial assistance will increasingly be focused not only on potential market performance, i.e. the income side of the balance sheet, but also on the cost side. In this way, greater use can be made of the cost-saving potential of digitalisation projects.

Collaborative projects will be given particular attention. Experience generally in recent years has shown that alliances open up new opportunities and possibilities. Digitalisation is likely to become an increasingly powerful driver of cooperation in the future, especially because it reduces the barriers to such ventures. This effect will be felt especially where service chains are still heavily fragmented. In parallel with financing for digitalisation solutions, effort should be put into improving users' awareness of and expertise with these very solutions.

Knowledge transfer is an important aspect of this action item alongside project funding. Regular access to the latest information about digital solutions and applications – and their strategic potential – must be improved across the board. In this context, the Federal Government's Tourism Strategy must continue actively to extend important findings from pilot projects to the tourism industry in general. Existing activities such as the Innotour 'walk-the-talk' events, the knowledge communities and dialogue platforms maintained by regiosuisse/the NRP, and the TFS webinars, should continue in the interests of more effective knowledge transfer and exchange between projects.

still 'work', and in the absence of obvious shortcomings or an IT emergency there is little inclination to make the change. This is particularly true when these investments will not generate any financially measurable productivity gains. Another is the substantial cumulative investment that the existing systems represent. The idea that these sunk costs will not be regained is another inhibiting factor.

Technological developments of material relevance to the tourism industry in the here and now are blockchain, and smart contracts in particular, augmented and virtual reality, which create artificial proximity from a distance and therefore open up entirely new experiences, and automation and artificial intelligence, which have the potential to improve productivity. The tourism industry in Switzerland is experimenting with many of the internationally available applications that are based

on these technologies. It is worth remembering, however, that the drivers of digitalisation in tourism often come from other sectors. The digital transformation of tourism therefore consists first and foremost of the use of internationally available technologies and, a few exceptions aside, less of the development of home-grown but internationally marketable solutions. All in all Switzerland's positioning on the digitalisation scale in tourism can be described as somewhere between early adopter and early majority.

**Action Item 11:
Generate value added
from the use of data
and statistics**

There is a multitude of data that might be useful to tourism. However, it is processed in entirely different systems and can therefore not be easily accessed. Data can help the tourism industry better understand what motivates guests and how they actually behave, and then to adjust what it offers to specific individual needs. In this context, the capacity to structure, process, possibly integrate, and therefore effectively harness data is becoming ever more important to the success of the sector.

Of course, in addition to data and personal privacy, the multitude and complexity of system interfaces present a major hurdle to data integration. The small business structure of tourism in Switzerland, and the corresponding diversity of the systems in use, make it almost impossible to create economies of scale. Collaborative approaches are needed here.

Over the next few years, the priority for tourist data and statistics should be to generate value added. Public information should be made available as quickly as possible in a format that is of maximum benefit to users. Accommodation-related statistics (HESTA and PASTA) and the Tourism Satellite Account (TSA) that are also produced by the Federal Statistical Office (FSO), are of particular interest. By automating processes, the FSO aims to produce these statistics even more efficiently and thereby reduce the administrative burden on tourism businesses. For the TSA, the target is to publish the value added by tourism at the cantonal level. Expanding it to include indicators to measure sustainability in tourism (see Section 7.4), as well as producing and publishing TSA data on an annual basis, are also under consideration. There are also plans to run pilot projects that will automatically gather additional accommodation statistics variables and publish data even faster as flash indicators.

Switzerland Tourism's open data approach plays an important part in fulfilling this action item, because it enables ST to provide data to interested partners, and therefore increase the value generated by its use. Furthermore, Switzerland Tourism is an active member of the Swiss Tourism Data Alliance (STDA), which was set up to further the exchange of relevant data between tourism organisations. One of areas of focus is coordinating the way in which tourist data is structured to ensure interoperability.

**Action Item 12:
Ensure that strategic
digitalisation issues
are monitored**

The digital transformation remains a highly complex process, and issues such as data, data availability, new technologies, and processes such as blockchain, augmented and virtual reality, and artificial intelligence are all strategically relevant. It is therefore crucial to monitor and analyse these developments to ensure that they are given sufficient attention.

Monitoring activities should deliver relevant information not only for the Federal Government's Tourism Policy and tourism promotion, but also for actors in the sector. Open processes and an open dialogue should ensure ongoing discussion with the tourism industry. One example here is the report on the progress of digitalisation in the Swiss tourism sector, commissioned by SECO and published in August 2021,⁵³ as well as the three associated webinars. Monitoring work should also be coordinated with the activities of the tourism sector itself. The 'Trendradar'⁵⁴ published by Switzerland Tourism is intended to support the implementation of these activities.

53 Digitalisierung im Schweizer Tourismus: Progress Report, Laesser et al. (2021).

54 Trendradar ST (2021); <https://www.stnet.ch/de/marktforschung/trendradar/> (access via member login).



Furthermore, it can be assumed that the possibilities – and also the complexity and costs – of the digital world of the future will continue to increase. In view of the small business structure of the Swiss tourism sector, many service providers and destinations will find it difficult to meet new requirements and keep up with technological change. Connectivity is key here. To keep pace with the international market, individual company-based innovations are required alongside novel, cooperative approaches at regional to national level (see Section 4.3). It is possible that economic pressures in the wake of the COVID-19 pandemic will stimulate online cooperation and thereby close vertical and horizontal value chains more quickly. This would help tourism businesses and, from the guest's point of view, make Switzerland's tourist attractions more attractive and accessible. One example here is the *discover.swiss* project supported by Innotour, one of the main goals of which is to develop a backend service platform for the Swiss tourism industry. A centralised, cooperative approach to technology development is intended to make new digital solutions available to the sector at lower cost and with greater specialist expertise than would be the case if they were tackled by each business independently.

Ultimately, primary responsibility for the digital transformation lies with the tourism companies themselves. Through targeted activities, the federal government nonetheless has a crucial role to play here. By retaining digitalisation as one of the five objectives of the Federal Government's Tou-

rism Strategy, it underscores its commitment in this area. For example, the expanded funding for the Swiss tourism industry that is to be made available via Innotour under the Recovery Programme will be used specifically to support digitalisation-related projects. Cooperating closely with the cantons, the NRP also continues to focus on funding such projects, and is thus helping the digital transformation along in its particular target fields.

In the light of experience and work to date, the 'Exploit the opportunities presented by the digital economy' objective is to be achieved through three action items in particular. Firstly, there is to be funding for the digital transformation and for knowledge transfer. Secondly, value added is to be generated from the use of data and statistics, and thirdly, a monitoring framework will ensure that ongoing attention is paid to strategic digitalisation issues. •

Enhance the appeal of tourism offerings and Switzerland's market presence

Attractive offerings and a strong market presence are important factors of success for the Swiss tourism industry. Attractive offerings are essential to richly varied and relaxing holidays and fruitful business trips. A strong market presence, meanwhile, is essential to securing demand for those offerings. There is a close association between the structure of the tourism offering, on the one hand, and marketing activities, on the other.

Limited financial resources are disbursed to maximum effect.

Increasing the appeal of the portfolio and strengthening market presence are a priority objective for the Federal Government's Tourism Strategy.

While enhancing the appeal of tourism offerings falls primarily to the SGH, Innotour and the NRP, market presence is a matter for Switzerland Tourism. In line with the tourism policy principle, these funding instruments are designed to be subsidiary to others. Limited financial resources are disbursed to maximum effect, and overlaps and support for isolated solutions avoided. A further important objective is to make the most of synergies, such as those between tourism marketing and other marketing initiatives supported by the federal government. Agrotourism is one example here.

As described above, particular attention is paid to the point at which offering meets marketing. The way in which these points and that with sales are designed, reflecting the entire customer journey, affects how successfully Switzerland is able to attract visitors. However, it seems from actors in the industry that the management of these contact points often leaves much to be desired. Efforts are therefore being made in the context of the Federal Government's Tourism Strategy to ensure that actors recognise the interdependencies between offering, marketing and sales more fully in future, enabling them to make better strategic use of the synergy potential that already exists.

**Action Item 13:
Help to maintain
competitive tourism
infrastructures**

A tourism business will be competitive if it can find and serve a market offering a smart combination of profitability and long-term prospects. Occupying 137th place out of 140 in the WEF report, Switzerland is one of the world's most expensive tourism providers.⁵⁵ The sector therefore faces the ongoing challenge of identifying business areas that are characterised by uniqueness and quality. Tourism infrastructures play a crucial role in accessing, adapting and pursuing these business areas. Financing these infrastructures in holiday areas and peripheral regions can be a problem, however, as found by three studies commissioned by SECO on investment activity and financing in the Swiss tourism sector.⁵⁶

It emerges from these and other analyses that the federal government's investment incentive programmes via the SGH and NRP are essentially well designed and sufficiently funded. These studies also identified room for improvement, however. For example, investment incentives could be geared even more closely to improving structures and to structural change, as well as to sustainable development. Opportunities were also found to improve the specific technical aspects of these funding instruments (such as the terms applicable to SGH loans) to improve their positive impact, especially in the current low-interest climate.

SECO is currently examining and tackling this optimisation potential. Where the SGH is concerned, the revision of its statutory foundations will concentrate on a number of specific points. The SGH has established itself as a centre of expertise on funding for the accommodation sector. It should consolidate this position, which also means supporting start-up entrepreneurs and business succession planning with information, advice or preferential loan terms (see Section 7.3 and Action Item 4). The funding that the SGH offers should also become more flexible. For example, consideration should be given to whether the rigid definition of investment – currently limited to investment in construction – should be softened. This might help the accommodation sector more effectively, supporting agile change and the implementation of new offerings and processes. SGH funding should also be more focused, primarily in terms of lending criteria. Consideration should be given here to whether, over and above the general criteria, additional criteria should be defined for projects that are particularly worthy of support, such as those relating to sustainable development. Outstanding projects like these could then be supported with even more favourable loan terms. In fact, the SGH already has a policy for loan applications that are especially deserving of funding. This will be tightened up in the future.

An in-depth study of possible development axes for future NRP investment incentives highlighted the impact of support to date. Among other achievements, funding is enabling an increasing number of more innovative projects, and helping to ensure that projects that contribute to regional economic growth are put into action faster.⁵⁷ This generates a competitive advantage for the regions. The authors of the study conclude that continued support for infrastructures makes sense, and that the relevant programmes should be continued subject to certain adjustments. Recommendations in this regard will be examined by SECO in partnership with the cantons and, where appropriate, incorporated into the structure of NRP investment incentives from 2024 onwards.

⁵⁵ WEF (2019).

⁵⁶ See also Hanser Consulting AG (2021a), Lucerne University of Applied Sciences and Arts (2021) and University of Bern, Kohl & Partner (Schweiz) AG (2021).

⁵⁷ Weiterentwicklung der NRP-Investitionsförderung 2024+, Hoff et al. (2021).

**Action Item 14:
Increase convenience
and quality for guests**

The convenience with which tourism services can be used is an important success factor for the industry as a whole. Advancing digitalisation is presenting more and more opportunities to increase this convenience still further along the entire customer journey. This will be one of the priorities of work to implement the Federal Government's Tourism Strategy over the next few years.

Tourism offerings are to be expanded strategically to make a stay in Switzerland and all that it offers as easily accessible and liveable as possible for guests. The focus is on making experiences, excursions, mobility offerings and restaurants bookable online, and enabling advance online reservations for tickets, seats and ski equipment. An additional aim where mobility is concerned is to improve multi-modal mobility services. It is also important here to provide customised information and to ensure maximum flexibility for guests during their stay.

A further goal of this action item is to show guests the advantages of the quieter low seasons, the variety that Switzerland offers, and attractive alternatives to the busy tourist hotspots. This is intended to diversify demand throughout the year and throughout the country, ideally also extending guests' stays, while always keeping convenience and quality in mind and contributing to sustainable development (see Section 7.4). The action item will be implemented principally by Switzerland Tourism and project funding via the other tourism strategy funding instruments. The tourism industry itself will also be closely involved from an early stage. Reducing access barriers to Switzerland's tourist facilities remains an important factor in the grant of project funding.⁵⁸

In addition, tourism strategy funding instruments permit a swift and effective response to economic shocks and crises. For example, shortly after the outbreak of the COVID-19 pandemic Switzerland Tourism, the SGH and the NRP provided substantial immediate financial relief to tourism businesses. These measures were extended and enhanced with the 1 September 2021 adoption of the Recovery Programme for the Swiss tourism industry (see Section 4.1). The 2013 package of tourism policy measures is a further example here. A recent evaluation of this package confirmed that, in the period from 2016 to 2019, tourism strategy funding instruments were able to mitigate the accelerated structural change taking place in the Swiss tourism industry as a result of the strong Swiss franc, and cushion the negative impacts on tourism of the newly adopted Second Homes Act.⁵⁹

As part of the 'Enhance the appeal of tourism offerings and Switzerland's market presence' objective, action will be taken in specific areas in the coming years to support competitive tourism infrastructures, high-quality tourist services, and the revitalisation of city and business tourism. In this way the Federal Government's Tourism Strategy addresses the prevailing challenges facing the Swiss tourism industry. •

58 For example, with Innotour support the Claire & George Foundation launched a collaborative project for barrier-free access to destinations, and as part of an Innotour project the Stiftung Cerebral joined with a variety of partners in the tourism industry to establish a network of all-terrain electric wheelchairs for rent.

59 Lucerne University of Applied Sciences and Arts, BHP Bruggler und Partner AG (2020).

**Action Item 15:
Support the revitalisation of city and business tourism**

City and business tourism grew robustly in the years prior to the COVID-19 pandemic, generating 14.4 million overnight hotel stays in 2019. This was only around a quarter lower than Alpine holiday tourism, at 18.8 million. The pandemic then caused demand to collapse, especially in the city and business segments. The number of overnight stays in city hotels dropped by around 60 per cent in 2020. The situation improved gradually in the first half of 2021, although demand remained well below its pre-COVID level. Once the pandemic eases, demand for city and business tourism can be expected to recover. However, in the latter case there is some question about whether pre-2020 levels will be seen again in the foreseeable future (see Section 4.1). How the structure of city and business tourism will evolve also remains to be seen, although it seems likely that combined leisure and business tourism will take a larger share of the market. From the perspective of the Federal Government's Tourism Strategy, it therefore makes sense to prioritise stimulus measures for city and business tourism in the years to come. It is important here that support is limited to structures with market potential.

Long-term measures are planned in addition to immediate action by Switzerland Tourism as part of the Recovery Programme for the Swiss tourism industry for 2022–2023 (see Section 4.1). For example, Swiss cities should be positioned even more firmly as leisure destinations, and city centres revitalised where possible. Cultural tourism is an important factor. Business tourism must tap into new market segments, such as events that have been re-dimensioned as a result of the pandemic. In future this will mean that venues in Switzerland will no longer be too small. The current Innotour project on the future of Swiss business hotels in urban areas, run by the Association Romande des Hôteliers, might assist with this re-orientation. The project is intended to encourage participants to think in depth about the future and then produce a catalogue of proposals for business hotels in urban locations that will enable them to reposition themselves for the medium and long term.





8

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Sponsors, actors and funding instruments of Swiss tourism policy

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8.1

Innotour

8.2

Switzerland Tourism

8.3

Swiss Association for Hotel Credit

8.4

New Regional Policy

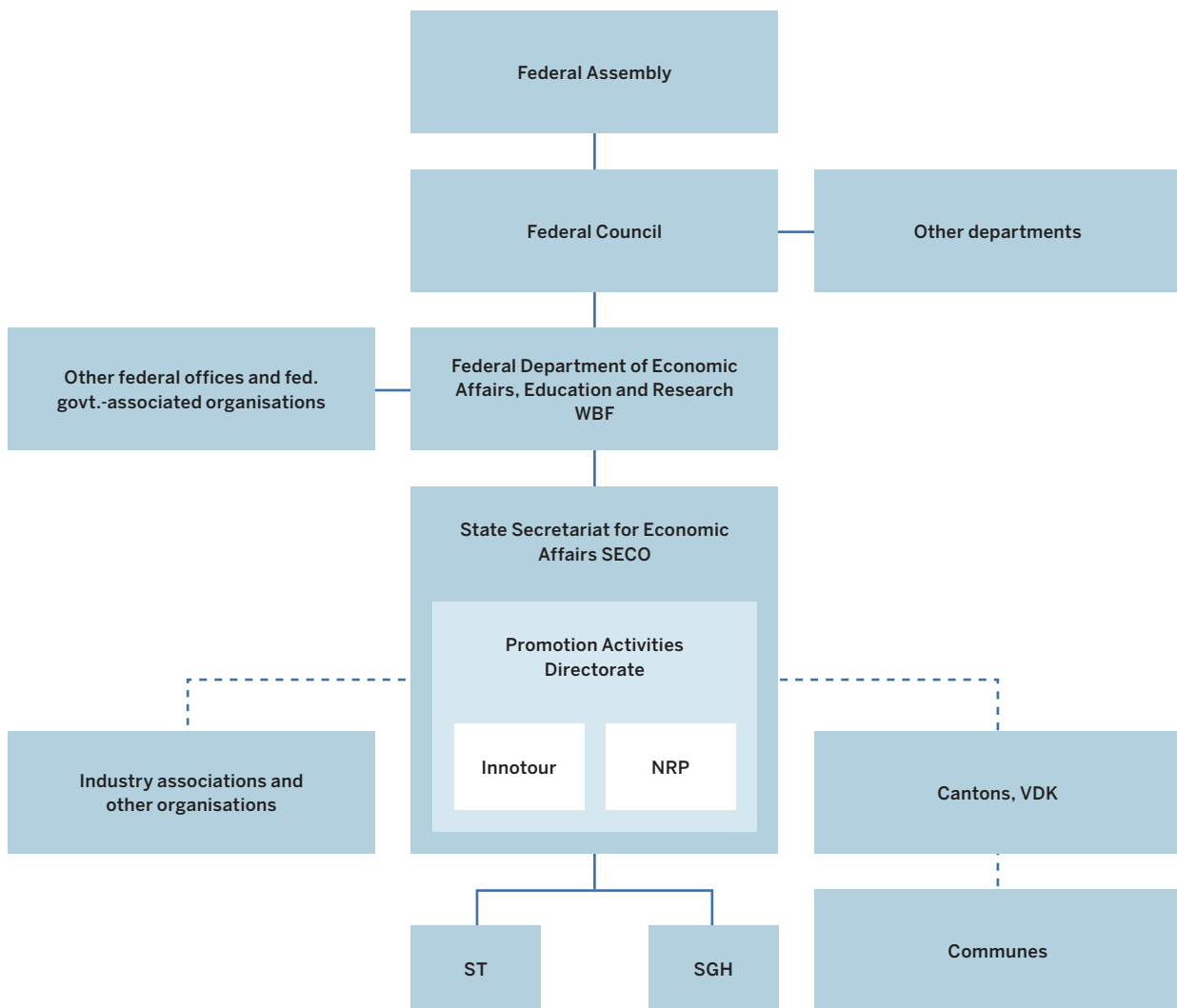


The federal government's tourism policy, including its sponsors, actors and funding instruments, is and will remain an integral part of the Swiss tourism system. In a market economy, the federal government's tourism policy will continue to assume specific tasks in coordination with the cantons, communes and the tourism industry itself. Figure 5 shows the key sponsors, actors and funding instruments of Swiss tourism policy.

At federal government level, responsibility for implementing tourism policy lies with SECO. Four funding instruments are also available: Innovation promotion, cooperation and knowledge building in tourism (Innotour), Switzerland Tourism, the Swiss Association for Hotel Credit (SGH) and the New Regional Policy (NRP). There is close coordination and cooperation between these instruments, and also close collaboration with other policy areas and federal-level funding instruments to promote Switzerland generally. Specifically, these are SME policy, export promotion and efforts to raise the country's profile as a tourist destination and business location. Cooperation with many other federal offices, federal agencies and federal government-associated organisations of relevance to the Federal Government's Tourism Strategy is a further factor. Cooperation with the federal offices with responsibility for mobility issues, in particular, should be strengthened (see Section 7.4).

Funding instruments are a key part of the way in which the Federal Government's Tourism Strategy is put into effect. They are described in detail below.

Figure 5: Sponsors, actors and funding instruments of Swiss tourism policy⁶⁰



60 Source: Own illustration.

Innotour

innovation
tourism

The federal government's work via the Innotour funding instrument is based on the Federal Act of 30 September 2011 on the Promotion of Innovation, Cooperation and Knowledge Creation in Tourism (SR 935.22). Innotour does just that, providing the Swiss tourism industry with a modern funding instrument to help it tackle the challenges that lie ahead. This was also confirmed by an evaluation conducted in 2018.⁶¹

Tourism is a fragmented sector of the economy, which is why creating packaged offerings incurs high transaction costs. Realising innovative, integrated products is not easy, because it is difficult to separate and internalise innovation costs and returns. These aspects cause uncertainty and discourage cooperation. Innotour therefore attaches great importance to developing offerings that involve a number of different businesses.

Innotour is a funding instrument in which tourism actors cover most (at least 50%) of the costs themselves. Innotour creates incentives, yet financing and management responsibility remains with the project sponsors. This independent responsibility is further encouraged by limiting Innotour's funding to one-off start-up assistance. Innotour has more than CHF 30 million at its disposal between 2020 and 2023. In addition to providing project funding, it finances knowledge bases such as tou-

Innotour creates incentives, yet financing and management responsibility remains with the project sponsors.

rism forecasts and the Tourism Forum Switzerland (TFS) (see Section 7.2, Action Item 1).

A number of federal government funding instruments are used to promote Swiss tourism offerings, so close coordination is required. Where SECO's location promotion activities are concerned, alongside Innotour these instruments are the NRP and the Swiss Association for Hotel Credit (SGH). The SGH supports individual businesses, with a focus on investments in accommodation infrastructure. This clearly differentiates it from Innotour. Meanwhile, Innotour and the NRP are complementary instruments. While Innotour primarily supports national projects, the NRP has a regional focus. In addition to national projects, In-

61 INFRAS, IMP-HSG (2018).



notour may support local and regional projects anywhere in Switzerland if they serve as a model for others. Innotour funds are disbursed in systematic consultation with other federal offices such as the Federal Roads Office (FEDRO), the Federal Office for the Environment (FOEN), the Federal Office of Culture (FOC), the Federal Office for Sport (FOSPO) and the Federal Office for Agriculture (FOAG).

In line with the 2017 Tourism Strategy of the Swiss Confederation, Innotour has focused on digitalisation in recent years. This has resulted in support for many pioneering projects in a variety of fields such as blockchain, cybersecurity, digital marketplaces, digitalisation of reporting systems, the Internet of Things, revenue management and robotics. That is not all, however. Tourism in Switzerland has also been able to progress in areas such as entrepreneurship, the development of tourism offerings and sustainability thanks to Innotour support. Funding activities have been rather limited since the outbreak of the COVID-19 pandemic. Projects have been delayed and suspended, there have been applications for project extensions, and submissions overall have declined.

Knowledge and experience-sharing on projects supported by Innotour has been expanded significantly since 2019. Since then, SECO has held themed Innotour transfer workshops several times a year under the 'walk the talk' label. The workshops aim to kick-start experience and knowled-

ge-sharing so that key findings from pilot projects can be passed on and as many people as possible can benefit from the lessons learned. This should increase the broad-based, sustainable, long-term impact of the projects in question. Feedback from the events is very pleasing, which is why the workshops will continue to be held in the years to come.

Looking ahead, Innotour will continue to contribute to all five of the Federal Government's Tou-

The planned increase in federal funding effectively targets greater support for innovativity and creativity.

Project example:**Applied sustainability for tourist destinations in Switzerland**

In this project, Graubünden tourism promotion organisation Tourismus Engadin Scuol Samnaun Val Müstair AG (TESSVM) and the Research Unit Tourism and Sustainable Development at Zurich University of Applied Sciences (ZHAW) joined forces to produce a handbook for Swiss destination management organisations.⁶² Published in May 2021, it contains practical tools as well as indicators and recommendations for action to ensure that tourism in Switzerland grows successfully in the long term. Building on the handbook, a practice-based training course on sustainability at tourism destinations has also been developed.

In addition to the efforts of individual businesses to keep up with the international pace of digitalisation, there is a need for innovative and cooperative approaches at regional to national level.

rism Strategy objectives through project funding and knowledge creation and transfer. Innotour plays a particularly important part in three strategic priority innovation topics: sustainable development (see Section 7.4, Action Item 9), digitalisation (see Section 7.5, Action Item 10) and the development of new offerings and business models for city and business tourism (see Section 7.6, Action Item 15). With regard to sustainability, Innotour will devote particular attention to practical and financial support to embed Switzerland Tourism's 'Swisstainable' initiative within the Swiss tourism industry, and to develop it further. In addition to the efforts of individual businesses, to keep up with the international pace of digitalisation there is a need for innovative and cooperative approaches at regional to national level. This should be a point of focus. Furthermore, the current business models for city and business tourism must be examined with a critical eye, and

new offerings must be developed to give a new outlook to individual businesses and the destinations in which they are located.

The Recovery Programme for the Swiss tourism industry provides for financing for innovation in tourism via Innotour to be expanded for a specific period (see Section 4.1). This is especially important. The planned increase in federal funding from its current limit of 50 per cent of project costs to a new maximum of 70 percent effectively targets greater support for innovativity and creativity. It will encourage innovation in the tourism industry in the three strategic priority areas mentioned above.

62 Nachhaltigkeit in Schweizer Tourismusdestinationen, Schuler, Pirchl-Zaugg (2021).



Switzerland Tourism



Switzerland.

On behalf of the federal government, Switzerland Tourism (ST) promotes demand for Switzerland as a travel and tourist destination. It is founded on the Federal Act of 21 December 1955 on Switzerland Tourism (SR 935.21). The Act contains an exhaustive list of tasks to be performed by ST. These comprise providing a foundation level of marketing for Switzerland as a tourist destination, such as maintaining the brand, cultivating markets and providing information to customers. ST also holds a coordination and consultancy mandate. The coordination mandate involves ST executing themed campaigns in the sense of open marketing platforms, for example. Together with tourism destinations and associations, it drives growth in offerings and product innovations, and integrates these into marketing activities.

In line with the subsidiarity principle, ST's output is intended to supplement private-sector initiatives. ST focuses on providing services of benefit to the Swiss tourism industry that are not offered on a comparable scale by commercial private-sector providers.

The federal government manages Switzerland Tourism by means of Federal Council oversight and by making and approving appointments. In practice, SECO exercises this supervisory function under Article 2 of the Ordinance on Switzerland Tourism (SR 935.211). The Federal Council appoints half of the members of Switzerland Tou-

rism's Board of Directors and the President, as well as the Vice President from among the Board members. It also approves the appointment of the CEO. SECO fulfils its supervisory role on the basis of an agreement on political controlling, reporting and monitoring (CRM agreement) which SECO and ST conclude for a four-year period in each case. The current CRM agreement covers the period from 2020 to 2023. It mainly governs the supervisory process, reporting by ST and general cooperation between SECO and ST.

Switzerland Tourism scored highly in the evaluation that was conducted in 2018. The assessment found no need for action with regard to compliance

In line with the subsidiarity principle, Switzerland Tourism's output is intended to supplement private-sector initiatives.

To ensure that it is able to market Switzerland as effectively as possible in the future, ST concentrates on the five strategic priorities of campaigns, market mix, digital leadership, the Recovery Programme and sustainability.

with its statutory foundations. The evaluation was followed in 2019 with a satisfaction survey among ST's tourism partners. An overwhelming majority of 84 per cent are happy with ST's services, while 90 per cent of respondents reported a positive opinion of the organisation overall.

Switzerland Tourism has an annual budget of more than CHF 90 million (2020: CHF 91.7 million, 2021: CHF 98.2 million, excluding the Recovery Programme in each case). Under Article 6 of the Act, the federal government grants financial support to ST each year within the scope of the approved credit facilities. Every four years, the Federal Assembly specifies the budget by simple

federal decree. Some CHF 230 million is available for 2020–2023. ST is also financed through membership fees. The federal government further expects ST to generate third-party funds for national marketing. ST may offer chargeable services that fall within the legal scope of its mandate to members and third parties directly. ST's alliances with business partners are also an important part of raising third-party funds.

Very shortly after the outbreak of the COVID-19 pandemic, Switzerland Tourism developed and administered a package of measures to strengthen demand for tourism in 2020 and 2021. The federal government granted ST an additional CHF 40 million in funding for the package, half of which will be used to relieve the financial burdens on ST's partners in the tourism industry. As the pandemic persists, ST will implement a further package of measures in 2022 and 2023. The federal government has pledged an additional CHF 30 million for this ST Recovery Programme (see Section 4.1). The Programme provides for action in the following four areas: (1) attracting international guests back to Switzerland, (2) strengthening sustainable development in tourism, (3) revitalising city and business tourism, and (4) relieving the financial burden on ST tourism partners which have suffered a significant drop in income owing to the pandemic.

Switzerland Tourism helps to achieve the objectives of the Federal Government's Tourism Strategy in multiple ways. In accordance with its statutory remit, its primary contribution is in cultivating demand for tourism in Switzerland. Under the new Federal Government Tourism Strategy, the priorities are to improve convenience and quality for guests and to re-energise tourism in cities and the business segment (see Section 7.6, Action Items 14 and 15). To generate demand, ST works closely with other federal agencies and organisations that strengthen Switzer-

ST project example: 'I need Switzerland'

Concentrating heavily on domestic tourism, the wide-ranging 'I need Switzerland' campaign was launched in the summer of 2020. Research indicates that everyone living in Switzerland has seen the 'I need Switzerland' message more than 40 times. It was broadcast on a range of TV channels during the summer, autumn and winter campaigns in 2020, and appeared in newspapers and magazines and on megaposters and digital out-of-home screens in all of Switzerland's language regions. This strong message was also communicated via paid online media and Switzerland Tourism's own channels. The campaign has been a major factor in Swiss guests exploring more of the treasures of their home country in 2020 and 2021, and thereby shoring up value creation in the domestic tourism industry.



land's international image. These include Presence Switzerland, which is responsible for how Switzerland is perceived abroad, and Switzerland Global Enterprise (S-GE), which helps Swiss companies to identify and exploit export opportunities, and promotes Switzerland internationally as a business and tourism location. ST is also committed to achieving the best possible operating conditions for the tourism industry in Switzerland. Its contribution to Swiss policy on visas is worth mentioning especially. Working with the State Secretariat for Migration (SEM) and consular services, ST is committed to ensuring that tourists from remote markets can obtain a visa for Switzerland as easily as possible, subject to the applicable requirements. Furthermore, ST helps to achieve the objectives of sustainable development (mainly via the Swisstainable initiative, see Section 7.4, Action Item 9) and the digital transformation of tourism (ST's digital leadership, the open data approach and Trendradar, see Section 7.5).

To achieve prosperity in the sector nationwide, ST has set itself the following five goals for the 2021–2023 period: (1) attract new guests, (2) increase overnight hotel stays and repeat visits, (3) extend guests' stays in Switzerland, (4) enhance value creation, and (5) seek balance, which refers to seasonal and geographical diversification and a balanced mix of guests. To ensure that it is able to market Switzerland as effectively as possible in the future, ST concentrates on the five strategic

priorities of campaigns, market mix, digital leadership, the Recovery Programme and sustainability. Of central importance here, of course, is profitable cooperation with tourism partners in all of these areas. ST is using the current situation to align itself structurally and organisationally with the challenges to come, restructuring processes, its branch network, and the functions it performs. The aim is to make core tasks more agile, more digital and more focused so that they can be executed more productively. •



Swiss Association for Hotel Credit



The Swiss Association for Hotel Credit (SGH) is responsible for executing the Federal Act of 23 June 2003 on the Promotion of the Hotel Industry (SR 935.12). It is a cooperative under public law which has an interest-free loan from the federal government of some CHF 236 million. In addition to the federal government, members of the SGH include banks, cantons, hotels, and representatives of business organisations and associations.

Annually, loan approvals by the SGH correspond to approximately 14 percent of the volume of investment by hotels in seasonal holiday destinations.

The SGH operates in three areas. On a basis subsidiary to private lenders, it grants loans to accommodation establishments in tourist areas and spa locations to refurbish and/or acquire accommodation businesses and newbuilds, providing these would be supported by the market. The SGH also helps hotel operators determine a suitable way of repaying their loans. At the end of 2020, the loan book stood at CHF 233 million across 287 businesses. The majority (64%) of these are based in the mountain regions of Graubünden, Valais and the Bernese Oberland. The SGH has expanded lending by 50 per cent since 2015. This expansive programme of funding was made possible in particular by the revision of the Ordinance on the Promotion of the Hotel Industry (SR 935.121), and the additional CHF 100 million financing facility from the federal government that ran up to the end of 2019.

In addition to the direct financing it offers, the SGH has developed into a centre of expertise on funding for the accommodation sector. It now offers consultancy services across Switzerland, with an emphasis on company valuations, expert reports in connection with legislation on second homes, and feasibility studies and stimulus programmes. This includes in-depth analyses and assessments of the structure of the hotel and accommodation sector in individual regions. The income from these SGH consultancy services must cover their costs to avoid distorting the consultancy market. In addition, the SGH practices

**SGH project example:
Hotel Klausenpass, Unterschächen**

The old-world 1903 hotel on the Klausen Pass has been replaced with a new building with an updated infrastructure. It opened in mid-2021. The new mountain hotel has a modern, inviting feel. It is intended to grow into a popular meeting place for sporty types, nature-lovers and motorcyclists. The long traditions of the old hotel live on in the new building. In the first phase, an expert opinion from the SGH examined the project's financial viability. A further step was to begin the financing process, for which the SGH granted a start-up loan. The combination of a significant capital deposit, the banks, Swiss Mountain Aid and the NRP secured all of the financing needed to execute the newbuild.

knowledge transfer to share the expertise that it has acquired.

SGH financing makes hotel businesses more competitive. Those who receive support enlarge their capacity by a quarter on average as a result of investment, and also expand their workforces. Annually, loan approvals by the SGH correspond to approximately 14 per cent of the volume of investment by hotels in seasonal holiday destinations.

Following the outbreak of the COVID-19 pandemic, the SGH quickly took action to relieve the financial burden on its customers.

The SGH thus makes a major contribution to closing the financing gap in the hotel industry. The positive difference that the SGH makes has been confirmed by its two most recent evaluations.⁶³ In its consulting work, the SGH assessed a potential investment volume of approximately CHF 420 million per year on average for the 2016–2020 period. Its expert opinions are used by investors and banks as a basis for assessing their own investment plans, serving as a seal of approval. The le-

gal basis for the SGH is to be revised so that it can have an even greater positive impact (see Section 7.6, Action Item 13).

All in all, the SGH must be self-supporting and must cover any losses through its statutory and unallocated reserves, profit carryforwards and valuation adjustments. In the present low-interest climate, with the prospect of increasing risk, being self-supporting will be a growing challenge, because the SGH finances itself primarily from its interest margin. Its average margin has contracted by approximately one third, from 2.46 per cent in 2012 to 1.66 per cent in 2020. Ways of meeting this challenge will be tackled when the SGH's legal foundations are revised.

Following the outbreak of the COVID-19 pandemic, the SGH quickly took action to relieve the financial burden on its customers (see Section 4.1). For example, since the spring of 2020 it has offered a simpler way of suspending capital repayments on loans. To cover liquidity shortages, in 2020 the SGH also offered customers retroactive loans to finance investments already made from cashflow in 2018 and 2019. The federal government lent its support to this move by cancelling the repayment of the remainder of an additional loan to the SGH that matured at the end of 2019. This made a further CHF 5.5 million available for SGH lending. Customers have not hesitated to make use of these facilities. •

⁶³ Helbling Business Advisors AG (2013) and Lucerne University of Applied Sciences and Arts, BHP Brugger und Partner AG (2020), BHP Brugger und Partner AG (2020).



New Regional Policy



The federal government and the cantons deploy the New Regional Policy (NRP) to support regional economic growth in mountain, other rural and border regions. The aim is to improve locational factors for businesses, increase innovative capacity and create value to strengthen the competitiveness of Switzerland's regions. The NRP entered into force in 2008 on the basis of the Federal Act of 6 October 2006 on Regional Policy (SR 901.0).

The NRP's main priority is to offer direct financial support to help innovative ideas, projects and programmes which enhance a region's competitiveness enter the mainstream successfully. Project funding of this kind accounts for 85 per cent of the

In the main, these funds give projects the push they need to get them off the ground.

available resources. The second, complementary, priority is to increase coordination and cooperation between regional policy and the other space-related federal government policies. These include those on tourism, innovation, agriculture, the environment and spatial development, as well as overarching strategies and policies, such as Coherent Spatial Development (KoRE). The federal government also supports networking, knowledge-sharing and training for actors in the region through the 'regiosuisse' regional development network hub.

The NRP provides financial support in the form of non-repayable grants and low- or zero-interest loans to infrastructure organisations. In the main, these funds give projects the push they need to get them off the ground. Longer-term financing is limited to regional management and the management of Regional Innovation Systems (RIS). The federal government and cantons sponsor the funding programmes together, with the cantons required to at least match federal contributions. Grant recipients must contribute an appropriate amount of their own capital to the projects.

Thematic funding priorities are determined in the NRP's Multi-Annual Work Programme. Industry, tourism and digitalisation are the areas of focus for the current programme phase. In the industrial sector, funding focuses on enhancing the innovative capacity of SMEs. To this end, the NRP supports Regional Innovation Systems (RIS)

Thanks to funding for consultancy and coaching, alongside technology-minded SMEs, tourism businesses are increasingly being integrated in the innovation process and are finding help developing their business models.

throughout Switzerland. Thanks to funding for consultancy and coaching, alongside technology-minded SMEs, tourism businesses are increasingly being integrated in the innovation process and are finding help developing their business models. In this way, the NRP contributes substantially to Action Items 4 and 5 of the 'Promote entrepreneurship' objective (see Section 7.3).

In the tourism industry, the NRP supports projects that help to manage structural change and make destinations more attractive and more competitive. Reflecting the great importance of tourism in the NRP's target areas, there are a disproportionately high number of tourism initiati-

ves among those co-financed using NRP funds. These include value-added-focused infrastructure projects such as tourist transport facilities (e.g. the new Gstaad-Eggli cable car), wellness centres (the WellnessHostel3000 and Aua Grava in Laax), conference infrastructures (the congress centre and concert hall in Andermatt), and leisure facilities that are important beyond their own regions (Alaïa Chalet in Crans-Montana).

Increased funding for digitalisation initiatives will allow forward-looking projects such as the data and content hub for the Lucerne-Lake Lucerne region, Graubünden 360, the Adelboden mountain hub, and the Valais project on digital accessibility data, to be realised and even more use made of the opportunities presented by the digital transformation (see Section 7.5). In addition, several times a year regionsuisse hosts a digitalisation and regional development platform specifically to promote knowledge transfer to and between actors in the region (see Section 7.5, Action Item 10).

Increased funding for digitalisation initiatives will allow forward-looking projects to be realised.

NRP project example: Digital table reservations for Graubünden

Digital table reservations mean that guests can be identified and better use can be made of limited space under the COVID-19 restrictions on the hospitality industry. This means greater convenience for guests and less red tape for host businesses. Estimates indicate that only five to ten per cent of the 1,000 restaurants and similar in the canton of Graubünden have digital table reservation systems. This project is intended to increase this proportion significantly and enable restaurants to take the first step towards digital guest management.



The budget for the current 2020–2023 period consists of CHF 160 million in federal funding as financial aid for sunk costs, and CHF 270 million in lending. The federal government has set aside an additional CHF 10 million for short-term needs under the Recovery Programme. Federal funding is matched by cantonal contributions on a similar scale. The federal government concludes four-year programme agreements with the cantons to define individual objectives.

The economic and social conditions for regional actors have changed, sometimes markedly, since the NRP was launched in 2008. It is therefore important for the NRP that funding policy should continue to evolve. The second eight-year Multi-Annual Work Programme for the NRP will conclude at the end of 2023, and preparations for the next 2024–2031 Programme are underway. These include a broad-based evaluation, a variety of baseline studies and pilot programmes for mountain areas. They should deliver input for possible

adjustments or enhancements to the present funding policy. A revision of the Federal Act on Regional Policy is also under consideration.

With its financing facilities, the NRP is a crucial element of the federal government's overall tourism policy. The tourism industry accounts for around half of all NRP projects, so there is no question that the NRP should remain an economic policy funding instrument with a focus on this sector. Funding options are to be extended somewhat beyond the export-based approach. Attention will also be paid to project positioning on sustainable development, how investment incentives should develop in future, and the federal government's scope for action with regard to ancillary measures.

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Glossary

ARE	Federal Office for Spatial Development
CHF	Swiss franc
COMO	Coordination Office for Sustainable Mobility
CRED	Center for Regional Economic Development
CRM	Controlling, Reporting and Monitoring
CS	Consular Services
DETEC	Federal Department of the Environment, Transport, Energy and Communications
EAER	Federal Department of Economic Affairs, Education and Research
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ETC	European Travel Commission
ETHZ	ETH Zurich, Federal Institute of Technology
EU	European Union
FDHA	Federal Department of Home Affairs
FEDRO	Federal Roads Office
FOAG	Federal Office for Agriculture
FOC	Federal Office of Culture
FOEN	Federal Office for the Environment
FOSPO	Federal Office of Sport
FOT	Federal Office of Transport
FSO	Federal Statistical Office
HESTA	Hotel and accommodation statistics
HSLU	Lucerne University of Applied Sciences and Arts
IARM	International Association of Ropeway Manufacturers
IKSS	Intercantonal Convention on Cableways and Ski Lifts
IMP-HSG	Institute for Systemic Management and Public Governance, University of St. Gallen
Innotour	Federal Act on the Promotion of Innovation, Cooperation and Knowledge Creation in Tourism (SR 935.22)
IoT	Internet of Things
ITM	Institute of Tourism and Mobility
KOF	KOF Swiss Economic Institute at ETH Zurich
MICE	Meetings, Incentives, Conventions and Events
OECD	Organisation for Economic Co-operation and Development
PASTA	Non-hotel accommodation sector statistics
PMT	Personal motorised transport
NRP	New Regional Policy
RIS	Regional Innovation Systems
SBS	Seilbahnen Schweiz
SDG	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs
SEM	State Secretariat for Migration
SGH	Swiss Association for Hotel Credit
S-GE	Switzerland Global Enterprise
SHA	Second Homes Act
SME	Small and Medium-Sized enterprises
SR	Classified compilation of federal legislation
ST	Switzerland Tourism
STDA	Swiss Tourism Data Alliance
STF	Swiss Tourism Federation
SWOT	Strengths, Weaknesses, Opportunities, Threats
TESSVM	Tourismus Engadin Scuol Samnaun Val Müstair AG
TFS	Tourism Forum Switzerland
TSA	Tourism Satellite Account
UNWTO	United Nations World Tourism Organization
VDK	Conference of Cantonal Directors of Economic Affairs
WEF	World Economic Forum
ZHAW	Zurich University of Applied Sciences

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