

BUSINESS MODELS
in the hospitality industry



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HANDBOOK BUSINESS MODELS

POST-CORONA IN THE HOSPITALITY INDUSTRY

NORDPLUS HORIZONTAL
NPHZ-2021/10064



ABSTRACT

The broad target group for the use of the developed materials are adult learners from hospitality companies, students on higher educations and continuous vocational learners who study hospitality management and business in the project organisations, as well as outside of the organisations, as the materials are shared as open resources for wider use and applicability.

Additionally, a significant target group is the DMO's (destination management office) and other operators in the Nordic/Baltic countries that work with tourism and who have been affected by the impacts of the Corona Pandemic.

SECTORS:

Higher education

Adult learning

VET education

Private sector

Public sector

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I Description of the project, the aim and the objectives of the project

The outcome of the project is the developed teaching and learning materials (Webpage and handbook) for hospitality learners with review of suggested ways of operating within the hospitality sector post-Corona - with a specific focus on the Nordic/Baltic countries (Clarification: Even though the overall purpose of this project is to generate teaching and learning materials for the Nordic/Baltic countries, we also focus on the overall developments on hospitality sector, as these will have a significant impact on the actors within the hospitality sector in the Nordic/Baltic countries).

The overall purpose of the project NORDPLUS HORIZONTAL PROJECT NPHZ-2021/10064 "Business Models post Corona in the Hospitality Sector" is to develop teaching and learning materials in the hospitality sector (with a focus on hospitality management and business) considering Covid-19's impact on business models in the Nordic/Baltic countries.

The project idea is to investigate the impact caused by the Corona pandemic on the current hospitality market, and how this will shape the markets in years to come. Sectors

THE PROJECT OBJECTIVES

First and foremost, this project seeks to strengthen Nordic/Baltic cooperation among both educational institutions, as well as a cooperation between the educational sector and actors from the hospitality sector in three Nordic/Baltic countries involved. By working together in this project we expect not only to gain knowledge concerning business models Post-Corona, but likewise establish a future cooperation between the hospitality sectors in the three partner countries (and between the three partners in this project), that is expected to extend beyond the scope of this project.

Secondly, we aim to contribute to the quality and innovation in the educational system by working cross-sectionally, and thus using the strengths from each partner. By working alongside a partner from hospitality sector we expect that this will heighten both the quality and practical workability of our suggestions. In terms of innovation, the outcomes of the project will greatly

aid the understanding of the changing nature of business models post Corona, and thus enable the various users of the produced material to proactively engage in aligning their current business models with the strategies suggested in this project.

Lastly, as described above, we are working on the assumption that sustainability and sustainable solutions will become a part of future business models post Corona, and thus also a crucial part of this project. This is aligned with the Nordplus highlight for 2020-2021 with a focus on a "greener future".

NACE CODES OF ECONOMIC ACTIVITY considered in the project and handbook materials

NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities. NACE groups organizations according to their business activities.

M.I.C.E.	55	Accommodation
	55.1	Hotels and similar accommodation
NACE CODES	55.2	Holiday and other short-stay accommodation
	55.3	Camping grounds, recreational vehicle parks and trailer parks
The following NACE CODES are reviewed in this project paper:	55.9	Other accommodation
	56	Food and beverage service activities
	56.1	Restaurants and mobile food service activities
	56.2	Event catering and other food service activities
	56.3	Beverage serving activities
	79.1	Travel agency and tour operator activities
	82.3	Organisation of conventions and trade shows

THE PROJECT AND THE PROJECT PARTNERS

The Project and the partners:



Project number
NPHZ-2021/10064
NORDPLUS
HORIZONTAL 2021

Norwegian Agency
for International
Cooperation and
Quality Enhancement
in Higher Education

Project title Business models post Corona in the hospitality sector

The Corona pandemic has struck a significant blow to the global economy. Currently, there are few enterprises that have not been heavily affected by the pandemic, and it poses a significant challenge to the current business model paradigm held throughout several industries. This holds especially true for the hospitality sector, where hotels, airline companies and other operators have seen a dramatic plunge in the number of customers and revenue. The question that remains is how this pandemic has affected,

and will continue to effect, the way the hospitality companies operate their business; the latter is what we wish to explore, and to that end develop learning and educational materials in a cooperation between the three institutions in this project. The three organisations involved are:

1) Dania Academy, Project coordinator 2) HOTEL SCHOOL Hotel Management College, 3) Meet in Reykjavík

SECTORS: Adult learning, Higher education, Private sector, Public sector

Milestone 1: Analyzing the hospitality industry post Corona and suggesting new business models

Milestone 2: Developing teaching and learning material on business models post-corona

Milestone 3: Dissemination of teaching and learning material to the relevant target groups in each country through workshops held in the partner countries

Milestone 4: conferences in each partner country in order to gain a wide spread of the knowledge gained from the previous Milestones, and to present the materials developed throughout the project (webpage and handbook)

II Description of the Project Partners



Dania Academy (DK)
University, College
Postal address: Minervavej 63. DK-8960 Randers SØ. Denmark
Web page: www.eaDania.dk
One of Denmark's higher education institutions with 26 different educational directions



HOTEL SCHOOL Hotel Management College (LV)
Type of institution: Vocational school/apprentice programme, college
Address: Smilsu 3, Riga, LV-1050, Latvia
Web page: www.hotelschool.lv
HOTEL SCHOOL Hotel Management College (Vocational - initial and continuing in Latvia) is experienced in VET and adult education of various levels for local and international students



Meet in Reykjavik (IS)
Governmental Organization
"Meet in Reykjavik" is the official Convention Bureau for Reykjavik City and surroundings.
www.meetinreykjavik.is

III Introduction

The periods of the analysis within the project research framework:

2019	2020	2021	2022	2023
Pre-Covid	While-Covid	While-Covid	While-Covid Post-Covid	Post-Covid
		NordPlus Project period	NordPlus Project period	NordPlus Project period

The authors reviewed the three periods over the 5-year period: before the pandemic, during the Covid-19 pandemic and after the pandemic starting from late spring 2022 when the Covid-19 restrictions were lifted up. The analysis provides a review of the data in a blooming for a hospitality year 2019 before the Covid-19 pandemic that started late January 2020.

A comparative analysis of the three periods gives an opportunity for understanding how different sectors of hospitality took decisions and coped with the not typical situations for the latest decades., how the business models changed during these periods, and how it chnagedx over the different geographical regions and macroeconomic environments of Latvia, Denmark and Iceland.

The author proceeded a preliminary research for the situation within the hospitality industry in 2019, 2020. Then the authors selected the companies for the interviews and conducted the interviews with the managerial representatives of the hospitality companies about the strategic changes and their managerial decisions during the challenging periods.

After the interviews, the authors conducted the qualitative analysis of the interviews, conducted quantitative analysis of the financial data of the companies, and drawn up the conclusions.

The authors took for the basis of analysis BMA Business Model Analysis for financial sector and adjusted the model for the hospitality sector. The authors developed the matrix for evaluation of the companies with the score of 200 points to proceed a comparative analysis across hospitality companies with different sizes, sectors of the industry, geographic regions.

1. The Aim and the Objectives of the Handbook

The Handbook provides a review of the updates for the period 2019 – 2022 with informative summary and data how the pandemic has affected, and will continue to effect, the way the hospitality companies operate their business.

The developed teaching and learning materials for hospitality learners with review of suggested ways of operating within the hospitality sector post-Corona - with a specific focus on the Nordic/Baltic countries including Denmark, Iceland, Latvia.

The Handbook demonstrates how to collect and update economic, financial information on the hospitality industry sector and operating companies within the industry. The Handbook provides a practical example of the 10-step analysis of the business models including industry analysis, development of the interview framework, proceeding interviews with the managers, analysis of the collected qualitative and quantitative data, bringing comparative discussion and conclusion about the operations within the three different external environments as Latvia, Denmark, Iceland.

The broad target group for the use of the developed materials are adult learners from hospitality companies, students on higher educations and continuous vocational learners who study hospitality management and business in the project organizations, as well as outside of the organizations, as the materials are expected to be shared as open resources for wider use and applicability. Additionally, a significant target group will be DMO's (destination management office) and other operators in the Nordic/ Baltic countries that work with tourism and who have been affected by the impacts of the Corona Virus.

2. Description of the Target Audience for the Handbook

The broad target group for the use of the developed materials are adult learners from hospitality companies, students on higher educations and continuous vocational learners who study hospitality management and business in the project organisations, as well as outside of the organisations, as the materials are shared as open resources for wider use and applicability. Additionally, a significant target group is the DMO's (destination management office) and other operators in the Nordic/Baltic countries that work with tourism and who have been affected by the impacts of the Corona Pandemic.

SECTORS:

Higher education

Adult learning

VET education

Private sector

Public sector

3. Review and Summary with the Links to the Related Regulative Documents

3.1. UN Framework Convention on Climate Change

United Nations. (1992). UN Framework Convention on Climate Change – UNFCCC, 1992. Retrieved from <https://unfccc.int/resource/docs/convkp/conveng.pdf>

The UN Framework Convention on Climate Change (UNFCCC) sets out the basic legal framework and principles for international climate change cooperation with the aim of stabilizing atmospheric concentrations of greenhouse gases (GHGs) to avoid “dangerous anthropogenic interference with the climate system.” (United Nations, 1992).

3.2. Sustainable Development Goals

United Nations. (2015). Sustainable Development Goals, Retrieved from <https://sdgs.un.org/goals>

In June 1992, at the Earth Summit in Rio de Janeiro, Brazil, more than 178 countries adopted Agenda 21, a comprehensive plan of action to build a global partnership for sustainable development to improve human lives and protect the environment.

In January 2015, the General Assembly began the negotiation process on the post-2015 development agenda. The process culminated in the subsequent adoption of the 2030 Agenda for Sustainable Development, with 17 SDGs at its core, at the UN Sustainable Development Summit in September 2015. 2015 was a landmark year for multilateralism and international policy shaping, with the adoption of several major agreements:

Sendai Framework for Disaster Risk Reduction (March 2015)

Addis Ababa Action Agenda on Financing for Development (July 2015)

Transforming our world: the 2030 Agenda for Sustainable Development with its 17 SDGs was adopted at the UN Sustainable Development Summit in New York in September 2015.

3.3. Paris Agreement on Climate Change (December 2015). Retrieved from https://climate.ec.europa.eu/eu-action/international-action-climate-change/climate-negotiations/paris-agreement_en

3.4. The Katowice package adopted at the UN climate conference (COP24) in December 2018 contains common and detailed rules, procedures and guidelines that operationalise the Paris Agreement. The Katowice package adopted at the UN climate conference (COP24) in December 2018 contains common and detailed rules, procedures and guidelines that operationalise the Paris Agreement. Retrieved from <https://unfccc.int/process-and-meetings/the-paris-agreement/the-katowice-climate-package/katowice-climate-package>

Some of the related SDGs: SDG 7 Affordable and Clean Energy, SDG 13 Climate Action, SDG 12 Responsible Consumption and Production

3.5. The European Green Deal

Striving to be the first climate-neutral continent. Retrieved from https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of greenhouse gases by 2050
- economic growth decoupled from resource use
- no person and no place left behind

The European Green Deal is also our lifeline out of the COVID-19 pandemic. One third of the €1.8 trillion investments from the NextGenerationEU Recovery Plan, and the EU's seven-year budget will finance the European Green Deal.

The first climate-neutral continent by 2050

At least 55% less net greenhouse gas emissions by 2030, compared to 1990 levels

3 billion additional trees to be planted in the EU by 2030.

3.6. European Climate Law

European Climate Law. (2021). Retrieved from https://climate.ec.europa.eu/eu-action/european-green-deal/european-climate-law_en

The European Climate Law was published in the Official Journal on 9 July 2021 and entered into force on 29 July 2021.

The European Climate Law sets a legally binding target of net zero greenhouse gas emissions by 2050. The EU Institutions and the Member States are bound to take the necessary measures at EU and national level to meet the target, taking into account the importance of promoting fairness and solidarity among Member States.

The Climate Law includes measures to keep track of progress and adjust our actions accordingly, based on existing systems such as the governance process for Member States' national energy and climate plans., regular reports by the European Environment Agency, and the latest scientific evidence on climate change and its impacts.

Progress will be reviewed every five years, in line with the global stocktake exercise under the Paris Agreement.

The Climate Law also addresses the necessary steps to get to the 2050 target:

- Based on a comprehensive impact assessment, the EU has set a new target for 2030 of reducing net greenhouse gas emissions by at least 55% compared to levels in 1990. The new EU 2030 target is included in the Law.

- The Law also includes a process for setting a 2040 climate target.

The Climate Law includes:

- a legal objective for the Union to reach climate neutrality by 2050
- an ambitious 2030 climate target of at least 55% reduction of net emissions of greenhouse gases as compared to 1990, with clarity on the contribution of emission reductions and removals
- recognition of the need to enhance the EU's carbon sink through a more ambitious LULUCF regulation, for which the Commission made a proposal in July 2021
- a process for setting a 2040 climate target, taking into account an indicative greenhouse gas budget for 2030-2050 to be published by the Commission
- a commitment to negative emissions after 2050
- the establishment of European Scientific Advisory Board on Climate Change, that will provide independent scientific advice
- stronger provisions on adaptation to climate change
- strong coherence across Union policies with the climate neutrality objective
- a commitment to engage with sectors to prepare sector-specific roadmaps charting the path to climate neutrality in different areas of the economy

3.7. REGULATION (EU) 2021/1119 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law')

Retrieved from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R1119>

3.8. Governance of the Energy Union and Climate Action

Retrieved from: https://climate.ec.europa.eu/eu-action/climate-strategies-targets/progress-made-cutting-emissions/governance-energy-union-and-climate-action_en

To help the EU reach its 2030 climate and energy targets, the Regulation on the Governance of the Energy Union sets common rules for planning, reporting and monitoring. The Regulation also ensures that EU planning and reporting are synchronised with the ambition cycles under the Paris Agreement.

Regulation retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ:L:2018:328:TOC&uri=uriserv:OJ.L_.2018.328.01.0001.01.ENG

3.9. REGULATION (EU) 2018/1999 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council

The national energy and climate plans (NECPs) were introduced by the Regulation on the governance of the energy union and climate action (EU)2018/1999, agreed as part of the Clean energy for all Europeans package which was adopted in 2019.

The national plans outline how the EU countries intend to address energy efficiency

renewables

greenhouse gas emissions reductions

interconnections

research and innovation

This approach requires a coordination of purpose across all government departments and it provides a level of planning that will ease public and private investment.

3.10. The National Plans

The National Plans are retrieved from https://commission.europa.eu/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-energy-and-climate-plans_en

Latvia NECP (2020). Retrieved from https://energy.ec.europa.eu/system/files/2020-04/lv_final_necp_main_en_0.pdf

Latvia on Paris Agreement:

Par Apvienoto Nāciju Organizācijas Vispārējās konvencijas par klimata pārmaiņām Parīzes nolīgumu. Retrieved from <https://likumi.lv/ta/id/288575-par-apvienoto-naciju-organizācijas-visparejas-konvencijas-par-klimata-parmainam-parizes-noligumu>

Ritchie, H., Roser, M. (2023). Latvia: CO2 Country Profile. Our World Data Retrieved from <https://ourworldindata.org/co2/country/latvia>

4. Hospitality:

HOSPITALITY

1. Hospitable treatment, reception, or disposition;
2. the activity or business of providing services to guests in hotels, restaurants, bars, etc. (Merriam-Webster, 2023)

1. Hospitality is friendly, welcoming behaviour towards guests or people you have just met;
2. Hospitality is the food, drink, and other privileges which some companies provide for their visitors or clients at major sporting or other public events.
3. Hospitality is the business of providing accommodation, food and drink, and entertainment for visitors and guests. (Collins, 2023)

“The term hospitality describes the service provided by a host, staff member or business to its guests. In modern times this also refers to the industry of providing housing or service to paying customers. On the other hand, historically this meant that the services provided by a host were done out of goodwill. **Hospitality also translates to Latin as “friendliness to guests” which resonates effectively through the use of this word.**’ (Xotels.com, 2023).

HOSPITALITY IN LATIN:
HOSPITALITIS



Figure 1 source: Amina Filkins

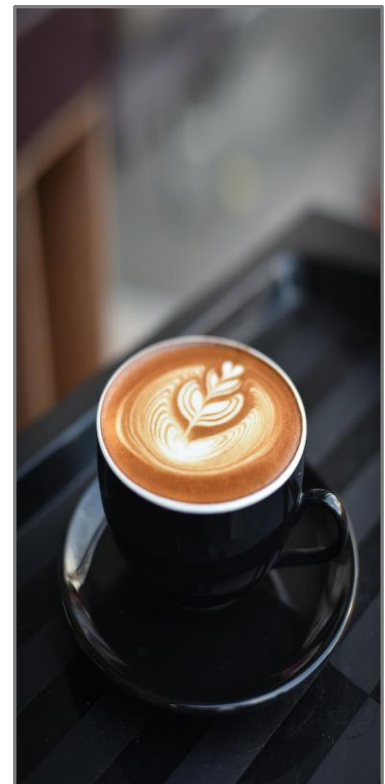


Figure 2 source:
Chevanon Photography

4.1. Three Domains of Hospitality

THREE DOMAINS OF HOSPITALITY

THREE DOMAINS OF HOSPITALITY: Golubovskaya, M., Robinson, R.N.S., Solnet, D. (2016) refer to Lashley (2000) who proposed a widely acknowledged framework identifying three domains of hospitality – **private, social and commercial** – and displays various modes of hospitality with their overlaps and convergences according to Bell (2007).

PRIVATE HOSPITALITY: Golubovskaya, M., Robinson, R.N.S., Solnet, D. (2016) states that private hospitality applies to private homes where hosts are welcoming generously without overt financial motives according to King (1995). Here, the relationship between host and guest is based on mutual obligation and reciprocity. These enable relationships and “genuine” hospitality in the most selfless and “pure” forms (Telfer, 2000), albeit short of Derrida’s (2000) idealized and unattainable “absolute hospitality”. (Golubovskaya, M., Robinson, R.N.S., Solnet, D. , 2016)

SOCIAL HOSPITALITY: Lashley (2000) argues that the social domain of hospitality can be explored through multiple disciplines, for example historical, sociological and anthropological. (Golubovskaya, M., Robinson, R.N.S., Solnet, D. , 2016)

COMMERCIAL HOSPITALITY: commercial hospitality aims to pleasure and satisfy guests to facilitate their repeat visitation (King, 1995) or at least evoke positive recollections, which might be shared. This domain represents a paradox between the essence of hospitality and the economic reality of the industry because of the tension existing between generosity and the economic relationships in commercial environments ((Golubovskaya, M., Robinson, R.N.S., Solnet, D., 2016) referring to Hemmington, 2007; King, 1995; O’Connor, 2005).

4.2. The Symbol of Hospitality

THE SYMBOL OF HOSPITALITY

The pineapple's story began in 1493 with Christopher Columbus. In the Caribbean, he and his crew encountered the strange and distinctive fruit. Despite its rough exterior, the pineapple was an instant hit. Delicious, refreshing, and juicy, it was determined that this was a fruit fit for the finest. Columbus sent the pineapple back to Europe where his enthusiasm was quickly shared, and it became the talk of the town. (Flexkeeping.com, 2022). Soon, the pineapple became a symbol of status, but not just because of its royal endorsement. Despite booming demand, supply was low. It was incredibly hard to get your hands on a perfectly fresh pineapple. Transporting the fruit from the Caribbean was a long and difficult journey and they were often kept in hot, humid conditions. This meant that ships that managed to successfully arrive in Europe often delivered spoiled and rotten cargo. Only a combination of favorable weather and swift ships could supply the perfect pineapples which were acceptable to be displayed in front of guests. (Flexkeeping.com, 2022).

The authors of the Handbook ask the question – which symbol of the hospitality do you see for 21st century?



Figure 3 source: Pineapple Supply Co (2022).

A Hospitable Tradition

The pineapple soon became the "it" accessory for hosts. Any host who presented a whole intact one clearly demonstrated how much they valued and appreciated their guests. Expensive, exotic, and rare, the pineapple made guests feel special and welcomed. It was so coveted that people would even rent the fruit for a brief chance to impress their guests. The pineapple showed that hosts were willing to go to any lengths to demonstrate exceptional generosity and accommodation. And that's what excellent hospitality is all about.

Text source: Flexkeeping.com, 2022.

4.3. The Roots of the Hospitality Industry

Exploring the historical roots of commercial hospitality has practical value to the contemporary hospitality industry; O'Connor (2005, p. 267) highlighted: "only once an understanding of hospitality's origins and its place in human nature is achieved can one expect to discover what hospitality means today, and more importantly what it will mean to those entering the industry in the future". (O'Gorman, K.D., 2009).

According to O'Gorman, K.D. (2009). the declarative statement approach is designed to illustrate common roots or starting points, for example, Rutes and Penner (1985) claimed to trace the development of contemporary commercial hospitality to four basic roots:

- (1) commercial hotels can be traced to facilities provided to expedite trade or mail delivery, or to accommodate government and religious travellers;
- (2) resorts and entertainment-based facilities are related to Greek and Roman spas;
- (3) rental housing and rooming houses eventually led to condos, timeshares and bed and breakfast facilities; and
- (4) royal courts led to superluxury hotels, castles and condominiums.

Similarly, King (1995) argues that commercial hospitality has developed from only two roots:

- (1) the luxury accommodation of aristocrats; and particularly
- (2) minimum level accommodation provided for commoners.

Other examples include:

Lattin (1989), who states that a history of lodging dates back 12,000 years, without offering any evidence as to why;

Medlik and Ingram (2000), who claim that the hotel industry has 200 years of history; and

Bardi (2007), who declares that the founders of the hotel industry are Statler, Hilton, and Marriott, etc

In order to gain an understanding of the origins of commercial hospitality, three particular epochs are explored using both archaeological and textual evidence. Hospitality in the early legal codes and writings of Mesopotamia (c. 2000 BC) and Greece (c. 500 BC) illustrates the origins of the industry within two ancient civilisations. Roman Pompeii (79 AD) highlights the importance of historical sites when trying to create a picture of the industry. Finally, a portrait of the caravanserais of Middle Eastern trading routes (c. 700 AD onwards) shows that textual and archaeological sources can give an indication of how traditional commercial hospitality supports commerce and trade. (O'Gorman, K.D., 2009)

O'Gorman, K.D. (2009) states that the commercial hospitality industry (provision of food, beverage and often accommodation within business) has not appeared out of the blue: it has existed for at least 4,000 years

4.3.1. COMMERCIAL HOSPITALITY ESTABLISHMENTS IN ANCIENT ROME

A Case: Commercial hospitality establishments in Ancient Rome

Hospitiae (a hospitia) were establishments that offered rooms for rent, and often food and drink to overnight guests; some hospitiae were expressly fabricated for business purposes, although a number of them represent secondary uses of existing private homes in Pompeii. (O’Gorman, K.D., 2009)

Stabulae were hospitiae with facilities to shelter animals; often found just outside the city, close to the city gates, the often described as the ancient equivalent of modern motels or, more romantically, coaching inns; they had an open courtyard surrounded by a kitchen, a latrine, and bedrooms with stables at the rear. Businesses within city gates were smaller than those in the countryside, due to pressure of space. (O’Gorman, K.D., 2009)

Cauponae were establishments that provided meals, drink, and maybe lodgings; Popinae were limited to serving food and drink. Some may have offered sit-down meals; this term was often used to describe public eating-houses. (O’Gorman, K.D., 2009)

Hospitiae, stabulae, tabernae, and popinae should not always be understood as standalone businesses; often a hospitia or stabula would have a taberna or popina connected to it. (O’Gorman, K.D., 2009)

Latin name	Description and facilities	Modern equivalent
Hospitium	Larger establishments that offered rooms for rent, and often food and drink to overnight guests; often specifically built for business purposes	Hotel
Stabula	Buildings with open courtyard surrounded by a kitchen, a latrine, and bedrooms with stables at the rear. Often found just outside the city, close to the city gates; offered food, drink and accommodation	Coaching inn
Taberna Thermopolia Ganeae	Sold a variety of simple foods and drink.They usually contained a simple L-shaped marble counter, about six to eight feet long	Bar
Popina Caupona	Served food and drink, offered sit-down meals; this term was often used to describe public eating-houses and sometimes included a few rooms	Restaurant
Lumpanar	Provided a full range of services of a personal nature	Brothel

Figure 4. Commercial hospitality establishments in Ancient Rome. (O’Gorman, K.D., 2009)

O’Gorman (2007a) details that accommodation along major roads and at city gates gained a reputation for attracting lower classes who were too poor or socially insignificant to have developed a network of personal hospitality. Commercial hospitality businesses existed for

travellers, merchants, and sailors who came to trade and sell, or those who were stopping overnight along the way to other destinations. (O’Gorman, K.D., 2009)

Individual places of hospitality either offer associated services, or are located near other places of hospitality provision. Although originally at lower levels, the subsequent provision of higher levels of hospitality establishment and service was a direct consequence of the ability of the higher classes to afford to travel to lands where they were not known, but it enables them to be in environments which are commensurate with their wealth and status, without the need to establish a household there. (O’Gorman, K.D., 2009)

Commercial motives are evident in both the organisation of facilities and advertising efforts, menus of the day, etc. Early entertainments and events were highly organised activities, central to the leisure of the day and given prime geographical location to emphasise this importance. The skills involved in organising these mass spectacles are not to be overlooked. Pompeii in its role as a centre of leisure would have attracted and required the best hospitality employees that the Empire could offer order to maintain and improve its reputation. (O’Gorman, K.D., 2009).

4.3.2. COMMERCIAL HOSPITALITY ESTABLISHMENTS IN MIDDLE EAST

Caravanserais – traditional hospitality brings commerce and trade

From at least the seventh century AD there is a strong Middle Eastern literary tradition based around hospitality, particularly that of the Bedawin. (O’Gorman, K.D., 2009).

Caravanserais were hostels for travellers, where accommodation was often given for free for the traditional three days, although in reality most travellers would continue with their journey after just the one night. In contrast to the mediaeval Western monasteries, caravanserais could also be used as commercial centres for merchants. (O’Gorman, K.D., 2009).

4.3.3. COMMERCIAL HOSPITALITY ESTABLISHMENTS IN MISOPOTAMIA

Mesopotamia – hospitality in early legal codes and writings

no archaeological evidence of commercial hostels and taverns in ancient Mesopotamia has been identified, there is a large diorite stela in the Louvre Museum containing inscriptions commonly known as the Code of Hammurabi. The original purpose of the stela is somewhat enigmatic; however, within the inscription, there are laws governing commercial hospitality from at least 1800 BC. Hostels and inns in Mesopotamia were in the business of supplying drinks, women, and accommodation for strangers. Drinks included datepalm wine and barley beer, and there were strict regulations against diluting them. (O’Gorman, K.D., 2009).

4.3.4. SUMMARY ON THE ROOTS OF THE COMMERCIAL HOSPITALITY

It is clear that hostels and inns in Mesopotamia date back to at least 2000 AD and they were controlled by the laws of the time. Also, within Classical Rome, towns like Pompeii had a flourishing diversified and stratified commercial hospitality industry. (O’Gorman, K.D., 2009).

Commercial hospitality has always been seen as a source of revenue for the state, for individuals and, indeed, businesses. **Outstanding establishments within the commercial hospitality context have always been considered as an enhancement to the standing of the city and provided a source of revenue. Similarly, hospitality professionals commanded high status within society, frequently established through professional practice and writings. Crossing thresholds of commercial hospitality also guaranteed and provided physical protection, sanctuary and security.** (O’Gorman, K.D., 2009).

In examining the context of the commercial hospitality relationship it is evident that the sector was already distinct and separate from domestic and civic hospitality. There was a large-scale provision of food, beverage and accommodation: the sector supported and attracted travellers, was necessary and integral for business, and served the needs of merchants. A stratified and diversified commercial hospitality industry existed and hospitality establishments became clustered within cities. In other words, the supply of commercial hospitality was already subject to the demand of market forces focused on urban centres to which the merchants were attracted. **Commercial hospitality existed for those who did not have an extensive network of private hospitality or were either insufficiently privileged to receive the hospitality of the state or in such an impoverished personal situation that they required it. The commercial provision was not homogeneous, and stratified levels of provision offered different levels of service.** (O’Gorman, K.D., 2009).

Indeed, commercial hospitality had always to be paid for and more money bought a better provision and quality of service. **Establishments quickly gained reputations through the quality of their staff and standard of service provided, and equally through the character and behaviour of their clientele.** (O’Gorman, K.D., 2009).

O’Gorman, K.D. (2009). Origins of the commercial hospitality industry: from the fanciful to factual. *International Journal of Contemporary Hospitality Management*. Emerald Insights. Vol. 21 No. 7, 2009, pp. 777-790

4.4. M.I.C.E.

M.I.C.E. Meetings, Incentives, Conferences and Exhibitions

M.I.C.E. Meetings, Incentives, Conferences and Exhibitions or Events)

The acronym MICE stands for Meetings, Incentives, Conferences and Exhibitions. It refers to a group of tourism that plans, books and organises conferences, seminars and other events. The industry is nowadays often also referred to as the meeting industry and event industry, to avoid the affiliation with rodents. ((Xotels.com, 2022).



Figure 5 source: Luis Quintero (2022).

The MICE industry is one of the hospitality industries most profitable sectors, as MICE travellers typically spend large amount of their budget on-site. MICE groups use the hotels banquet facilities the most, making them highly important for many hotels. Some hotels are even geared towards this type of business, such as conference/convention hotels. These bookings are usually planned a year or two in advance to give proper notice to the hotel and outlets. ((Xotels.com, 2022).

Meetings: Meetings, refers to any kind of occasion where multiple people come together with a particular interest in mind/ uncommon, often for business.

Incentives: Incentive tourism is a result of organisations rewarding their employees for meeting or exceeding on goals set. They are therefore rewarded with a stay at a hotel to incentivise further work.

Conferences: Conferences are similar to meetings as they also have a common interest, topic or reason for exchange. Though conferences are generally larger and often are spread over multiple days.

Events: Events refers to any planned public or social occasion. Examples of such are range from Weddings, Company Parties, Graduation Celebrations etc. (Xotels.com, 2022).

4.5. Innovations in the Post-Pandemic Hospitality Industry

What innovations would enable the tourism and hospitality industry to re-build?

Jayawardena, Ch.. (2022) on the basis of own article by Jayawardena (2019) identified the following three essential and common ingredients of innovation noticed in most of those papers:

- (1) **Vision** – providing an aspirational and clear guide for action to improve.
- (2) **Mission** – instilling a strong commitment and sense of duty to achieve the vision.
- (3) **Passion** – enjoying and enthusiastically actioning the vision with an eager interest.

Innovation needs vision, mission and passion!



Figure 6 source: Kindel Media (2022).

Using the ideas and best practices shared in the 2019 theme issue, Jayawardena, Ch.. (2022) presented the following 50-word definition for “Innovation”:

Innovation is the art of efficient and practical implementation of new, creative and ‘outside the box’ ideas, sustainable solutions for challenges to improve processes, products and services with input and support from organization’s teams; with an overarching focus to enhance competitive advantages, value, customer satisfaction, organizational productivity, revenues and profitability.



Figure 7 source: Ron Lach (2022)

In conclusion, a shorter definition was presented by Jayawardena, Ch.. (2019):

Innovation is the art of implementing new ideas to improve productivity, products and services, while enhancing customer satisfaction, revenues and profitability.

What innovations would enable the tourism and hospitality industry to re-build?

The article (2022) and the WHATT issue "What innovations would enable the tourism and hospitality industry to re-build?" involved 28 authors (mainly university professors) from 12 countries. This article summarises the key findings arising from this article collection and draws generalized conclusions about re-building tourism and hospitality. (Jayawardena, Ch.. (2022). In 2021, the organizers of the 8th ICOHT incorporated a roundtable discussion as a part of the conference. Twelve experts from the industry and academia from around the world were invited as panellists for the roundtable discussion that was held via Zoom. They represented eight countries (Canada, Guyana, Iran, Jamaica, the Philippines, New Zealand, Sri Lanka and the USA). The lead author of this article moderated the roundtable discussion. In conclusion, 20 of the key implementable concepts and suggestions for the post-pandemic era within tourism and hospitality industry., Jayawardena, Ch.. (2022). In summary, the key concepts that evolved can be grouped into the following three subthemes:

Industry and academia partnerships

- Short and practical training programmes.
- Pass the most accurate and adequate information to high school counsellors.
- Regular joint updates of curriculum.

Innovation in academia (including the curriculum)

- New models suitable for the post-pandemic era.
- More critical thinking and soft skills.
- Multitasking skills.
- Financial perspective to understand sources of cash, use of money and cash flow.

Innovation in the industry

- Re-branding of the industry to attract more millennials.
- Breach the generation gap in the workforce.
- Focus on boosting domestic tourism.
- Redefine tourism and the way forward.
- View tourism beyond the commercial elements.
- Hotels should have meditation rooms, spas and relaxing dining rooms.
- Alertness as the changing needs of tourists (i.e. indigenous practices, wellness, yoga,

In general, **all stakeholders should be better prepared to manage the looming energy crisis** which may impact the airline industry, resulting an oversupply of rooms, restaurant seats and theatre seats. **The bottom line is that policymakers, academics, researchers, owners, entrepreneurs and service providers should be prepared to do things differently.** This should include conducting joint applied research and **fine-tuning their products and services.**

5. Business Models Post-Corona in the Hospitality Industry: Theoretical Framework

Perkmann, M. and Spicer, A. (2010). states that the notion of business models is widely used in business practice. The concept gained enormous popularity during the Internet boom of the late 1990s and later spread across a wider community of management practitioners and business analysts (Ghaziani and Ventresca, 2005).

Perkmann, M. and Spicer, A. (2010). mention the three **conceptions of business models:**

THE THREE CONCEPTIONS OF BUSINESS MODELS:

TRANSACTIONAL STRUCTURES,
VALUE EXTRACTION MECHANISMS, AND
ORGANIZATIONAL STRUCTURING DEVICES

5.1. BUSINESS MODEL AS TRANSACTION

STRUCTURE: A first approach conceptualises business models as transaction structures. In this view, business models describe the way firms configure their transactions with groups of stakeholders including customers, suppliers and vendors (Zott and Amit,2008). In other words, a business models is 'the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities' (Amit and Zott, 2001: 511). (Perkmann, M. and Spicer, A. (2010). Differences between transaction structures have led researchers to generate various business model taxonomies. Zott and Amit (2008) argue that there are two generic types of business models – efficiency centred models and novelty centred models. By contrast, Bienstock and colleagues (2002) argue that there are 40 different possible business models based on differences in the number of buyers, number of sellers, price mechanism, nature of product offering, and frequency of exchange. Common among these approaches is the assumption that business models, qua transaction structures, constitutes a variable that can

BUSINESS MODEL Definition

According to Perkmann, M. and Spicer, A. (2010). What are Business Models: Towards a Theory of Performative Representations:

In their simplest form, business models are 'stories that explain how enterprises work' (Magretta, 2002: 4).

A business model encapsulates the way in which a firm, endowed with a given technology, can successfully configure an organizational structure and its relationships with external stakeholders (Amit and Zott, 2001).

The business model is the manifestation of how certain organizational variables are configured and the consequences of that configuration on business performance (Casadesus-Masanell and Ricart, 2008).

For instance, (Yip, 2004) defines the business model as a certain configuration of the following organizational components: a value proposition; the nature of inputs; how inputs are transformed; the nature of outputs; vertical scope; horizontal scope; geographic scope; nature of customers; how to organize; etc. (Yip, 2004). Similarly Osterwalder et al. (2005). Perkmann, M. and Spicer, A. (2010)

be influenced by firms independently from other variables, such as strategies, product strategies or alliance models. (Perkmann, M. and Spicer, A., 2010).

5.2. BUSINESS MODEL AS VALUE EXTRACTION MECHANISMS: A second approach emphasizes business models as mechanisms for creating and capturing value (Shafer et al., 2005). At centre stage here are the processes and structures through which a firm creates and captures value from a given technology. The business model is a manipulable 'focusing device', mediating between technology and economic value creation (Chesbrough and Rosenbloom, 2002). Focusing on how value is created and exploited has led researchers to identify various ways of tapping into value streams. For instance, Mahadevan (2000) identified four possible 'value streams' in an Internet-based business: virtual communities, reduced transaction costs, exploitation of information asymmetry, and value-added market-making processes. (Perkmann, M. and Spicer, A., 2010).

5.3. BUSINESS MODELS AS ORGANIZATIONAL STRUCTURING DEVICES: A third approach treats business models as devices for structuring and designing organizations. Business model are seen as templates for configuring various components within an organization (Winter and Szulanski, 2001). For instance, to implement its 'direct' model, Dell had to undertake a significant re-design of its internal processes and relationships with the distribution chain (Morris et al., 2005). This means the business model is the manifestation of how certain organizational variables are configured and the consequences of that configuration on business performance (Casadesus-Masanell and Ricart, 2008). Perkmann, M. and Spicer, A., 2010).

This means the business model is the manifestation of how certain organizational variables are configured and the consequences of that configuration on business performance (Casadesus-Masanell and Ricart, 2008). For instance, (Yip, 2004) defines the business model as a certain configuration of the following organizational components: a value proposition; the nature of inputs; how inputs are transformed; the nature of outputs; vertical scope; horizontal scope; geographic scope; nature of customers; how to organize; etc. (Yip, 2004). Similarly Osterwalder et al. (2005) argues that business models include a value proposition, a customer interface, infrastructure management and financial aspects. (Perkmann, M. and Spicer, A., 2010).

Some working in this tradition argue that designing adequate business models is one of the main drivers of business performance (Slywotzky, 1999). The central insight in much of this work is that the business model is made up of a series of managerial choices of how to organize components of a firm around a particular technology even though some point out that the design of business models can be emergent (Ghoshal and Bartlett, 1994) and not necessarily drawing on a-priori managerial fiat. (Perkmann, M. and Spicer, A., 2010).

5.4. THEORY OF BUSINESS MODELS AS PERFORMATIVE REPRESENTATIONS

an alternative approach:

business model as narrative by promoters

business model as identity

business model as recipe that instructs actors

To address the conceptual ambiguity, construct validity problems, and normative inflections that haunt most existing accounts of business models, we outline an alternative approach. We suggest that business models can be thought of as a performative representation. A business model is a representation in that it is a text that re-describes and re-constructs reality – whether actual or imagined - in a way that is always partial, interested and intent on persuading (De Cock, 2000; Jeffcutt, 1994). (Perkmann, M. and Spicer, A., 2010).

Business models are representations that create material effects such as enrolling buyers and suppliers, persuading investors, and directing employees. Below we suggest that **business models are performative in three ways: as narratives that persuade, as typifications that legitimate, and as recipes that instruct.** (Perkmann, M. and Spicer, A., 2010).

5.5. BUSINESS MODEL AS NARRATIVE BY PROMOTERS

First, **business models are narratives used by promoters of a new venture or technology to entice key constituents** (George and Bock, forthcoming; Magretta, 2002). Narratives, or stories, are a genre of text that describes a sequence of events (Bruner, 1991; Lounsbury and Glynn, 2001; Polkinghorne, 1988). A story's components usually comprise a subject searching for an object, a 'destinator' (a force determining the subject's destination), and a set of forces furthering or hindering the subject's quest for a desired object (Fiol, 1989; Lounsbury and Glynn, 2001). For a firm to embrace a business model as a narrative then means to construct a representation of how a business might succeed or thrive in a particular environment. (Perkmann, M. and Spicer, A., 2010).

5.6. BUSINESS MODEL AS IDENTITY

Second, **a business model is also a way in which a venture can associate itself with a particular type or identity**, thereby creating a sense of legitimacy. For a firm, adopting a certain business model means identifying itself with a group of other, similar firms. Equally, it distinguishes a firm from other firms that are not part of such a group. In this sense, a business model is an external identity that a firm can assume (Pólos et al., 2002). External identities are directed at audiences that judge whether an organization qualifies as a member of one group or another. (Perkmann, M. and Spicer, A., 2010).

5.7. BUSINESS MODEL AS RECIPE THAT INSTRUCTS ACTORS

The final way in which business models work is through providing a recipe that instructs actors involved with the business what they should do. Managers are often guided in their decision by cognitive frameworks that privilege certain courses of action to the exclusion of others (Tripsas and Gavetti, 2000; Walsh, 1995). Firms tend to adopt 'industry recipes' (Spender, 1989) as simplified way of conducting business and understanding the environment. These recipes are typically adopted by many firms in an industry and provide practical guides to what a firm in a particular industry does. They constitute mental models that codify some key causal relationships assumed to underpin 'the business' a firm believes to be in (Porac et al., 1989). Over time, mental models and strategic choices intertwine to create a stable set of expectations among industry participants (Porac et al., 1989). (Perkmann, M. and Spicer, A., 2010).



Figure 8 source: tumsasedgars

Business models play a similar role within firms, and the wider ecosystems in which firms operate. A business model provides a standardized normative recipe and directs the activities of those working with the business model. Business models tend to be ideal types that may never be instantiated in reality but provide ongoing inspiration for improvement and change. (Perkmann, M. and Spicer, A., 2010).

As a discursive construct deployed by managers, journalists and investors, such representations have three main qualities:

they constitute narratives designed to convince constituents of the quality of a firm's business, they are typifications that create a sense of legitimacy around the venture, and they are a recipe that instructs constituents about what exactly they should do.

Following our approach [(Perkmann, M. and Spicer, A., 2010)],

the study of business models should seek to examine more deeply the narrative work which is used to convince particular constituents, the processes that underlie the emergence of certain well-recognised and legitimate types, and the conditions under which business models as recipes might or might not direct the activities of constituents. (Perkmann, M. and Spicer, A., 2010).

Business models can be developed through varying degrees of innovation from an evolutionary process of continuous fine-tuning to a revolutionary process of replacing existing business models. **Recent research shows that survival of firms is dependent on the degree of their business model innovation** (Velu, 2015, 2016). (Ramdani, B., Binsaif, A., Boukrami, E., 2019).

5.8. Business Model Innovation Framework

The framework (Ramdani, B., Binsaif, A., Boukrami, E., 2019) integrates all the elements where alternative business models can be explored. This framework does not claim that the listed elements are definitive for high-performing business models, but is an attempt to outline the elements associated with business model innovation. The components originally are placed in a circle, however, and listed below.

BUSINESS MODEL INNOVATION FRAMEWORK

- Value proposition (Why?)
 - Core offering
 - Customer needs
 - Target customers
 - Perceived customer value
- Operational value (What?)
 - Key assets
 - Key processes
 - Partners network
 - Distribution channels
- Human capital (Who?)
 - Organisational learning
 - Skills and competencies
 - Incentives
 - Training
- Financial value (How??)
 - Revenue streams
 - Cost structure
 - Cash flow
 - Margins

(Ramdani, B., Binsaif, A., Boukrami, E., 2019)

According to the IT solution company (Story Design, 2023, www.the-story.is), “there are more than a dozen patterns of business models on the market, but the most important common characteristic of each of them is to generate income and build a competitive advantage, thanks to the value they offer to customers.”

The selection of a pattern and construction of a business model is always done with reference to the market segment in which a company earns revenue and the models used by rivals. (Story Design, 2023, www.the-story.is)

A good model is always based on creating value for the company's customers that will become a competitive advantage. (Story Design, 2023, www.the-story.is)

WHAT IS A BUSINESS MODEL?

A good model is always based on **creating value for the company's customers that will become a competitive advantage.** (Story Design, 2023, www.the-story.is)

What is a business model?

According to Clayton Christensen of Harvard Business School, a business model includes four elements: **a value proposition for a customer, a profit formula, key resources and processes.** (Story Design, 2023, www.the-story.is)

A 2011 study by Ramon Casadesus-Masanell of Harvard and J.E. Ricart of IESE Business School found that **an essential component of a business model must be the choices that managers make.** (Story Design, 2023, www.the-story.is)

This means that a business model consists of **employee remuneration policies, location of facilities, contracts with suppliers, as well as sales and marketing ideas.** In other words, it is all about how the company operates. (Story Design, 2023, www.the-story.is)

This means that **business models are made up of managers' choices and their consequences.** Business model researchers have found that managers make three types of choices. (Story Design, 2023, www.the-story.is)

Choices regarding a course of action determine the steps taken by a company in every area of business operations. For example, by hiring only Warsaw University of Technology graduates or locating the company's offices in smaller cities with lower resident incomes and higher unemployment rates. (Story Design, 2023, www.the-story.is)

Choices regarding assets refer to the material resources used by the company, for instance, server infrastructure. (Story Design, 2023, www.the-story.is)

Meanwhile, **choices regarding supervision** refer to the company's determination of decision-making powers regarding the previous two types of choices. (Story Design, 2023, www.the-story.is)

5.9. Business Model Canvas

Alexander Osterwalder made a real breakthrough in the popularization of business models. He has developed a Business Model Canvas, a tool that significantly simplifies the topic of a business model. With the help of this tool, **it is easier to understand the mechanism of designing a business model** for any business and digital product. (Story Design, 2023, www.the-story.is)

The basic premise of the Business Model Canvas is to offer value to a selected group of customers for whom the provided product or service will be a solution to pain points and will create a relevant benefit. (Story Design, 2023, www.the-story.is)

However, the model will not work without the elements necessary to deliver value, such as channels to reach customers, customer relationships, activities and resources crucial to business success, partners, and an appropriate cost and revenue structure. (Story Design, 2023, www.the-story.is)

What is a Canvas?

It is a sheet of paper divided into parts necessary for the construction of the tool. The presentation of the Business Model Canvas allows for a better understanding of the model and the information it contains.

The best business models create value spirals. Value spiral, in other words, is a feedback compression loop that reinforces itself. It is among the most important aspects of a business model. According to the researchers, this is the most neglected business element in recent times. **The competitive advantage mainly comes from accumulated assets. (Story Design, 2023, www.the-story.is)**

Is it possible to copy a model?

No, and there is no such tool that serves this purpose. Thanks to thinking in terms of value spirals, copying a business becomes impossible. No company can accurately reconstruct the path of events, decisions, and choices that led a given company and its business to where it is today. (Story Design, 2023, www.the-story.is)

5.10. BUSINESS MODELS – BMA ANALYSIS on the basis of Management Solutions (2017), BMA.

This model originally was designed and used for the analysis of financial institutions from all angles.

The model includes 10 stages as follows:

- 1. Preliminary Assessment:** analyzing and identifying the MICE company's main activities, products and businesses, as well as its relative position against the market
- 2. Identification of the areas of focus (materiality):** determining the BMA scope and identifying relevant areas for feasibility and sustainability analysis purposes.
- 3. Assessment of Business Environment** (MACRO LEVEL, MICRO LEVEL, SUSTAINABILITY, TECHNOLOGY / DIGITALISATION separately): analyzing the current and future conditions for the business; (post, current, forecasts)
- 4. Quantitative analysis of the current business model:** analyzing the MICE company's financial results, how they relate to risk appetite, and performing a horizontal benchmark against a reference group.
- 5. Qualitative analysis of the current business model:** analyzing the MICE company's key success factors and main dependencies.
- 6. Analysis of the forward-looking strategy and financial plans:** undertaking a qualitative and quantitative analysis with a prospective approach, with the aim of understanding the business plan assumptions and evaluating how the strategy as well as the related risks might evolve as well as the associated risks.
- 7. Business model viability assessment:** assessing the MICE company's ability to generate sufficient returns over the next 12 months.
- 8. Strategy sustainability assessment:** assess the MICE company's ability to generate sufficient returns over a period of at least 3 years.
- 9. Identification of key vulnerabilities:** identifying potential vulnerabilities in the business strategy.
- 10. Summary of findings and scoring:** summarizing the result in a report and calculating the score.

The authors of the educational materials concluded that the model can be adapted for the needs of the hospitality industry including M.I.C.E. The research within the industry, industry and company analysis stages are designed according to the Business Model Analysis and further structured by the authors in the matrix for better detailing, visual representation and structuring. The model can be used for analysis of the M.I.C.E. company, of any hospitality sector company such as hotel or F&B subsequently adjusted in the headings. As the primary focus of the educational materials are M.I.C.E. sector as one of all hospitality related sectors.

5.11. System Analysis (“System analysis is a systematic problem-solving method for collecting and interpreting facts, looking system’s weaknesses, identify business problems, or decomposition of the system into smaller parts. It is an approach to minimize the error of different issues” Management Solutions (2017).

- Business problems / challenges (micro level)
- Factors (internal, external)

5.11.1. STAGE 1: PRELIMINARY ASSESSMENT

Stage 1: analyzing and identifying the MICE company’s main activities, products and businesses, as well as its relative position against the market

For stage 1 the author of the matrix suggests the following aspects to be identified and formulated:

STAGE 1 Preliminary Assessment

- SECTOR OF THE COMPANY
- NACE CODES OF THE COMPANY ACTIVITY
- The MICE company’s main activities
- Products
- Businesses
- Relative position against the market

5.11.2. STAGE 2: IDENTIFICATION OF THE AREAS OF FOCUS (MATERIALITY)

Stage 2: determining the BMA scope and identifying relevant areas for feasibility and sustainability analysis purposes.

STAGE 2 IDENTIFICATION OF THE AREAS OF FOCUS (MATERIALITY)

- Identification of the areas of focus (materiality) for feasibility and sustainability analysis purposes.

The analysis can be very detailed or less detailed in relation to every aspect depending on the reason for conducting the analysis.

5.11.3. STAGE 3: ASSESSMENT OF BUSINESS ENVIRONMENT

Stage 3: (MACRO LEVEL, MICRO LEVEL, SUSTAINABILITY, TECHNOLOGY / DIGITALISATION separately): analyzing the current and future conditions for the business; (post, current, forecasts)

For stage 3 the author of the matrix suggests the following aspects to be identified and formulated:

STAGE 3: ASSESSMENT OF BUSINESS ENVIRONMENT

5.11.3.1. MACRO LEVEL

- Country (macro) economic profile
- Including (territory, population, GDP, GDP per capita, Growth of GDP, taxation, International tax competitiveness Index, Global Competitiveness Index, Doing Business, Inflation rate, Unemployment rate, BTI Index, The Inclusive Development Index, Human Development Index, Passport Index, and other). and other macroeconomic indicators
- City (region) (macro) economic profile
- HOSPITALITY Industry profile
- MICE Industry profile
- Business problems / challenges (macro level)
- External factors influencing business
- Political factors
- Economic factors
- Social factors
- Technological factors
- Environmental factors
- Legal factors
- Strength at macro level
- Weaknesses at macro level
- Opportunities at macro level
- Threats at macro level
- Severity of External factors influencing business

5.11.3.2. MICRO LEVEL

- Financial-economic analysis on the basis of balance sheets, PLS
- Micro customer profile
- Supplier profile
- Severity of Internal factors influencing business
- Business problems / challenges (micro level)
- SUSTAINABILITY
- TECHNOLOGY / DIGITALISATION

- Strength at micro level
- Weaknesses at micro level
- Opportunities at micro level
- Threats at micro level
- MOST Analysis
- Mission
- Objective
- Strategy
- Tactics
- Competitors' profile
- Risk analysis

5.11.4. STAGE 4: QUANTITATIVE ANALYSIS OF THE CURRENT BUSINESS MODEL

Stage 4: analyzing the MICE company's financial results, how they relate to risk appetite, and performing a horizontal benchmark against a reference group.

For stage 4 the following aspects to be identified and formulated:

QUANTITATIVE ANALYSIS of the current business model

- analyzing the MICE company's financial results;
- analyzing how financial results relate to risk appetite;
- analyzing horizontal benchmarking against a reference group;

BENCHMARKING:

In order to answer the question "What is Benchmarking?", it would be a good idea to start with history. As a method of business management, Benchmarking is most probably the product of the Japanese Rank Xerox. It is Xerox who, when losing its market position to Canon, applied it for the first time (almost half a century ago). Or so the popular and oft-repeated rumor has it. According to some sources, Benchmarking was, not surprisingly, invented in Japan, but much earlier - already in 1950s. (Story Design, 2023).

Benchmarking is one of the methods for creating optimization strategies and competing. It is a method of creative use of the best market standards and practices. (Story Design, 2023).

Generally speaking, it is a widely applied, effective method used to improve company productivity. In the most general sense, **Benchmarking can be divided into External Benchmarking and Internal Benchmarking.** (Story Design, 2023).

Benchmarking - definition

The term 'benchmark' is used to refer to a performance test, a criterion, a way to evaluate something, and to determine a kind of standard and point of reference, in particular for comparison. (Story Design, 2023).

Benchmarking is one of the main methods of business management, consisting in regular comparison with companies functioning as a positive role model, worth following in a particular aspect. (Story Design, 2023).

The companies employing Benchmarking make comparisons. And the comparisons with market rivals may concern the methods of:

- Production and provision of services
- Process, team, capital, technology, method and cost management
- Communication with customers using advertising and promotions, but also models and standards of business partner service (external communication), and models of communication between departments and employees (internal communication)
- Competing
- Development and strategic planning
- Creating structures of dependence (e.g. logistics/distribution/production)
- Responding to crises, adapting to changing market situations
- Creating brands and images
- Distribution, reaching customers. (Story Design, 2023).

In fact, any aspect concerning company operations can be compared, analyzed, copied, adapted or optimized. In any industry and at any point in time. However, the choice of elements cannot be random and arbitrary. It is also important to point out that **Benchmarking focuses more on processes than on static characteristics**, features and qualities. (Story Design, 2023).

In practice, **Benchmarking always means the adaptation of the solutions observed to your own goals, needs and capabilities.** This method is change-oriented (usually introduced evolutionarily, not by revolution), pragmatic (observations, analyses and comparisons are to serve to develop your own solutions) and comprehensive. (Story Design, 2023).

The primary goal of Benchmarking as a method is:

- Organization self-improvement;
- Self-awareness of strengths and weaknesses;
- Awareness of the distance between a company and the leader, and of what is required to achieve the leading position;
- Mobilization and inspiration for action (psychological effect resulting in consolidating group efforts around a problem);
- Continuous learning from the competitors' successes and mistakes;
- Setting reference points and creating self assessment criteria;

- Gaining competitive advantage;
- Increasing efficiency, satisfaction and rationality of actions;
- Supporting strategic decisions and planning future activities;
- Identification of issues, imperfections and shortcomings;
- Getting a big picture, a system approach to the functioning of a company;
- Multidimensional and multifaceted quality improvement;
- Preparation for changes and readiness for changes;
- Reputation and image enhancement by participating in various types of benchmarking competition. (Story Design, 2023).

Moreover, Benchmarking enables an organization to:

- Gain a new perspective inspiring to search for own solutions;
- Avoid the complacency trap and being limited by own patterns of thinking, acting and attitudes;
- Establish continuous learning as one of the constant characteristics, values and goals, at the individual and company-wide level;
- Better understand the dynamics, specificity and diversity of customer needs and problems;
- Deepen the understanding of the processes and the relationships between them; (Story Design, 2023).

In practice, Benchmarking in its form must always be tailored to the most desired goals of an organization. (Story Design, 2023).

5.11.4.1. Types of Benchmarking - Management Method Description

Benchmarking can be understood and applied in several variants, including:

- Internal
- Horizontal / Generic
- Functional
- External / Competitive
- Process
- Product
- Strategic

5.11.4.2. Internal Benchmarking

It is most commonly used and recommended to large companies (corporations, holdings) where a significant number of facilities, suppliers, distributors, resellers, etc. makes perceiving all relationships, influences and necessities complicated. The Internal Benchmarking serves to compare productivity, functionality, functions, roles, positions, adopted methods and solutions, technologies, procedures, etc. within an organization, as well as to identify problems and to find solutions to them. (Story Design, 2023).

Its biggest advantage is full availability of data and information, and the capability to fully control the methods of their aggregation. The Internal Benchmarking does not have to take into account legal issues which are the most problematic in this method. Legal issues, related, e.g. to trade secrets, do not prevent you from obtaining reliable benchmarking results, which often is a serious obstacle for the other types of Benchmarking. (Story Design, 2023).

5.11.4.3. Horizontal Benchmarking

HORIZONTAL BENCHMARKING. It is the most general comparison of the practices, processes, solutions, technologies, methods, means, etc., commonly used by companies in a particular industry or in non-related industries. Especially for cross comparison (between industries), the exchange of experience and information is not fraught with the risk of disclosure of sensitive information directly affecting a company's competitive edge. (Story Design, 2023).

Note: some authors and sources state that horizontal benchmarking is functionality benchmarking, but some authors split them separately, for example, like Story Design (2023) based on other authors and publications.

5.11.4.4. Functional Benchmarking

Similarly to the Horizontal Benchmarking, Functional Benchmarking also focuses on inter-industry comparisons, but in a much narrower range. By typing 'functional benchmarking example' in a search engine, you can find a many cases and descriptions of best practices.

Using Functional Benchmarking, you compare selected company functions (hence the name), e.g. the way to organize a supply chain, logistics, b2b and b2c customer service, corporate culture, internal communication, and CSR (Corporate Social Responsibility) activities. (Story Design, 2023).

5.11.4.5. Competitive Benchmarking

It is conducted by two competing companies in the same industry, on the principle of mutual consent and based on mutually applicable rules. It is rarely used, as it generates much resistance resulting from the risk of obtaining sensitive data, or of being accused of illegal actions (e.g. price fixing). The more similar are the two organizations being compared, the higher the cognitive value and usefulness of this method. (Story Design, 2023).

5.11.4.6. Process Benchmarking

It is focused on the improvement of company processes, and making them more effective. It consists in following, modeling and adapting of the solutions for operational management. Which is one of the more important components of the competing strategy for businesses with similar potential. (Story Design, 2023).

5.11.4.7. Product Benchmarking

As the name suggests, it is used solely for the purpose of product comparison, but across a broad spectrum of their functioning. From functional and usability features to price, packaging, distribution, advertising, brand, etc. (Story Design, 2023).

It allows you to improve the existing products and create new innovative ones, much better for solving problems, and better corresponding to the structure of needs. (Story Design, 2023).

5.11.4.8. Strategic Benchmarking

For many companies, it is essential, especially when the strategy provides competitive advantage over manufacturers and service providers offering products and services with similar quality characteristics, at a similar price, and of comparable usability. It enables you to set long-term plans for market presence, set goals in different time perspectives, and compare their potential to model solutions. (Story Design, 2023).

Benchmarking is a tool to manage processes, competences, structures, resources and methods. (Story Design, 2023).

5.11.4.9. Implementation of solutions, or Benchmarking application

The plan to implement the changes, resulting from Benchmarking, includes the following types of actions:

- Ad hoc, enabling you to initiate the process of change, performance improvement, competitiveness enhancement
- Strategic, requiring more structural, profound and long-term transformation and investments, which cannot be realized in the short term for various reasons. From financial to organizational to legal (e.g. obtaining permits). (Story Design, 2023).

Benchmarking implementation should be properly planned, controlled, managed and secured in terms of:

- Finances (budget)
- Organization (tasks, teams)
- Time (precise work schedule divided into phases), (Story Design, 2023).

Qualitative analysis of the current business model: analyzing the MICE company's key success

5.11.5. Stage 5: Qualitative analysis of the current business model

Stage 5: Analyzing the MICE company's key success factors and main dependencies.

factors and main dependencies. the MICE company's key success factors

- the MICE company's key success factors
- the MICE company's main dependencies

5.11.5.1. Critical Success Factors

Meaning: A critical success factor (CSF) is a specific area or element that a team, department or business must successfully implement and focus on to achieve its strategic goals. Successful implementation and execution of critical success factors in business create value for products and services and generate positive outcomes. The importance of critical success factors lies in the fact that it guides a business. Monitoring and defining a critical success factor is the only way of knowing what the deliverables demand, otherwise they remain hypothetical. Of course, everyone in the team or the organization must first be accustomed to the critical success factors definition. (Harappa Learning Private Limited, 2022).

Types of Critical Success Factors

Here's a list of critical success factors.

1. Environmental Factors: These are factors such as public policy, economy, new technologies and competitor actions over which an organization has no direct control. Business managers have to stay informed and anticipate changes to stay ahead. (Harappa Learning Private Limited, 2022).

2. Industry-Related Factors: Each organization must fulfill specific tasks that are crucial to remaining competitive in their respective industries. These tasks must be identified by closely monitoring factors influencing the industry. While a restaurant may focus on better packaging to reduce costs, an airline may focus on service time. (Harappa Learning Private Limited, 2022).

3. Peer-Related Factors: An industry leader will focus on critical success factors in strategic management to increase brand loyalty that'll help them maintain their market position. A small player will have to focus on CSF that improves their overall competitive position. Organizational action can be heavily influenced by peer positioning. (Harappa Learning Private Limited, 2022).

4. Temporal Factors: Most critical success factors in strategic management are tied to the organization's permanent or long-term strategic goals. But sometimes businesses have to focus on temporary situations and manage them effectively. Several businesses had to temporarily ramp up their processes of shipping and delivery due to the COVID-19 pandemic. (Harappa Learning Private Limited, 2022).

5. Management-Position Factors: There are certain critical success factors in project management that have to be identified by managers, internally. Managers use their perspectives and experiences for employee engagement, culture change and continuous engagement. (Harappa Learning Private Limited, 2022).

Managers have to be aware of all 5 critical success factors to know the actions tied with their roles. (Harappa Learning Private Limited, 2022).

5.11.6. STAGE 6: ANALYSIS OF THE FORWARD-LOOKING STRATEGY AND FINANCIAL PLANS

Stage 6: undertaking a qualitative and quantitative analysis with a prospective approach, with the aim of understanding the business plan assumptions and evaluating how the strategy as well as the related risks might evolve as well as the associated risks.

For stage 6 the author suggests the following aspects to be identified and formulated:

Analysis of the forward-looking strategy and financial plans

A qualitative analysis (interviews proceeded) how the strategy as well as the related associated risks might evolve

- STRATEGY
- Risks associated
- A quantitative analysis with prospective approach (financial, economic analysis of the interviewed companies)
- Market approaches and techniques
- Revenue model

5.11.6.1. CASE STUDY ON QUALITATIVE INTERVIEWS for BMA (BUSINESS MODEL ANALYSIS):

The academics from Dania Academy collegially with the partners from Iceland and Latvia created the qualitative interview framework to obtain the responses from the managers of the three countries Denmark, Iceland, Latvia. The interview were proceeded and recorded, the responses were analysed for every represented geographic market and across the three regions in the same sectors.

These questions were used for the qualitative interview during the period of the Covid pandemic restrictions and the end of the strictest restrictions in spring 2022.

Dear Respondent,

First of all - thank you so much for taking the time to help us answer the questions below. The overall purpose of our project is that we would like to know more about the impact that the Covid-19 crisis has had on your way of running a hotel. We are interested in hearing more about your business model before, during and "after" Corona. The last part is specifically in order to understand how your way of running a hotel in the future has been affected by the closures of the last two years, and all that it has entailed.

In addition, we are also extremely interested in examining how Covid-19 has influenced your view of sustainability, and this will be an underlying theme throughout our interview.

The list of the questions for the qualitative interview:**Preliminary question:**

- Tell us a little about yourself and your background and what role you have in the company
- Tell us a little about your company. (size, number of employees)

Covid-19:

How did you handle the first decisions made during covid-19?

- Overall, what has been the primary driving force in dealing with the decisions made throughout the corona crisis.

- What do you think are the most important competencies and qualities in dealing with the crisis in the hotel industry?

- Before Covid-19: Did you find that environmental, societal and social considerations were relevant to your business goals? - To what extent and how? Have you experienced a change in this over the last 2 years?

What value do you want to create for your customers? (business, social and environmental)

- How does your business reflect your values?
- Have you experienced a change in the last 2 years? Feel free to come up with examples.

Economy

- Did you need extra external funding during the crisis? - what has it meant?
- Have you changed your pricing strategy over the last two years?

Processes

Tell us about your core areas and how the distribution of your core activities was before Covid-19? Have there been any changes in the last 2 years?

- What changes did Covid-19 bring?
- Are there activities that look significantly different now than two years ago? Such as e.g. check in? (If there were changes, what was the motivation for it? Due to customer needs, legislation, etc.?)
- What percentage of your business was conference and business activities before Covid-19?
- Have you done anything different to serve business customers in the last 2 years? (business, environmental, social and societal initiatives) - are these activities you want to maintain (possibly develop)
- Experiencing changes in relation to what is in demand at conferences and business activities? (which ones)
- Tell us about your expectations for conferences and business activities in the future - and why.

Strategy

What strategy have you had under Covid-19? (feel free to give examples)

- Have you first defined the strategy and then adjusted the operation, or have the changes in the operation created the changes in your business.

Stakeholders

Who are your main stakeholders? (Internally and externally) and how do you communicate with them? (business, environmental and social)

- Has there been a change in the last 2 years?
- What does this mean for your relationships?

Employees

- What influence did the employees have on your ability to perform under covid, and what played the greater role - managerial decisions or the employees' performance?
- Have you in any way involved your employees in dealing with the challenges you have faced during the Covid crisis? (give examples, please)

Sustainability

- What has happened to your sustainable practice and strategy (if it existed before) during the Corona crisis?

Finally

- Are you considering an active strategy to get back after Covid-19, and what are your success criteria for this?

5.11.7. STAGE 7: BUSINESS MODEL VIABILITY ASSESSMENT

Stage 7: assessing the MICE company's ability to generate sufficient returns over the next 12 months.

For stage 7 the following aspects to be identified and formulated:

ASSESSING MICE company's ability to generate returns over the next 12 months;

5.11.7.1. What is Risk and Return in Financial Management?

When it comes to investing, risk and return come hand-in-hand – you cannot have one without the other. As an investor, typically, you need to take on more investment risk in order to realize higher investment returns. While this is not always the case, in general, investors should expect this relationship to hold. If an investor is unwilling to take on investment risk, they should not expect returns above **the risk-free rate of return**. CFI Education. (2015).

5.11.7.2. Return: A return (also referred to as a financial return or investment return) is usually presented as a percentage relative to the original investment over a given time period. There are two commonly used rates of return in financial management. CFI Education. (2015).

Nominal rates of return that include inflation

5.11.7.3. Real rates of return that exclude inflation: An investment return can come in a wide range of forms, including capital gains, interest, dividends, or rental income in the case of real estate. Again, these investment returns are usually presented as a percentage. In its simplest form, nominal investment returns can be calculated using three variables:

- The initial investment
- The ending value of investment
- The investment time period. CFI Education. (2015).

Let's assume an initial investment of \$100 that grows to \$120 in one year. The investment return is calculated as follows:

$$\text{Nominal rate of return} = (\$120 / \$100) - 1 = 0.2 \text{ or } 20\%$$

As mentioned above, this is the nominal rate of return. Let's now assume that the inflation rate during this one-year period was 3%. We calculate the real rate of return by taking the nominal rate of return and subtracting the inflation rate.

$$\text{Real rate of return} = 20\% - 3\% = 17\%$$

Note: Check Inflation rates in years in the considered geographic region 2019, 2020, 2021, 2022, 2023 and further depending on the year.

Real rates of return better reflect the purchasing power of investment returns. CFI Education. (2015).

Another definition from Hayes, A. (2021). on return is:

5.11.7.4. What Is a Return?

A return, also known as a financial return, in its simplest terms, is the money made or lost on an investment over some period of time.

A return can be expressed nominally as the change in dollar value of an investment over time. A return can also be expressed as a percentage derived from the ratio of profit to investment. Returns can also be presented as net results (after fees, taxes, and inflation) or gross returns that do not account for anything but the price change. (Hayes, A., 2021).

5.11.7.5. Understanding a Return

Prudent investors know that a precise definition of return is situational and dependent on the financial data input to measure it. An omnibus term like profit could mean gross, operating, net, before tax, or after tax. An omnibus term like investment could mean selected, average, or total assets. (Hayes, A., 2021).

A holding period return is an investment's return over the time it is owned by a particular investor. Holding period return may be expressed nominally or as a percentage. When expressed as a percentage, the term often used is rate of return (RoR). (Hayes, A., 2021).

For example, the return earned during the periodic interval of a month is a monthly return and of a year is an annual return. Often, people are interested in the annual return of an investment, or year-on-year (YoY) return, which calculates the price change from today to that of the same date one year ago. (Hayes, A., 2021).

Returns over periodic intervals of different lengths can only be compared when they have been converted to same length intervals. It is customary to compare returns earned during year-long intervals. The process of converting shorter or longer return intervals to annual returns is called annualization. (Hayes, A., 2021).

5.11.7.6. Nominal Return

A nominal return is the net profit or loss of an investment expressed in the amount of dollars (or other applicable currency) before any adjustments for taxes, fees, dividends, inflation, or any other influence on the amount. It can be calculated by figuring the change in the value of the investment over a stated time period plus any distributions minus any outlays. (Hayes, A., 2021).

Distributions received by an investor depend on the type of investment or venture but may include dividends, interest, rents, rights, benefits, or other cash-flows received by an investor. Outlays paid by an investor depend on the type of investment or venture but may include taxes, costs, fees, or expenditures paid by an investor to acquire, maintain, and sell an investment. (Hayes, A., 2021).

A positive return is the profit, or money made, on an investment or venture. Likewise, a negative return represents a loss, or money lost on an investment or venture. (Hayes, A., 2021).

For example, assume an investor buys \$1,000 worth of publicly traded stock, receives no distributions, pays no outlays, and sells the stock two years later for \$1,200. The nominal return in dollars is $\$1,200 - \$1,000 = \$200$. (Hayes, A., 2021).

5.11.7.7. Real Return

A real rate of return is adjusted for changes in prices due to inflation or other external factors. This method expresses the nominal rate of return in real terms, which keeps the purchasing power of a given level of capital constant over time. (Hayes, A., 2021).

Adjusting the nominal return to compensate for factors such as inflation allows you to determine how much of your nominal return is real return. Knowing the real rate of return of an investment is very important before investing your money. That's because inflation can reduce the value as time goes on, just as taxes also chip away at it. (Hayes, A., 2021).

The total return for a stock includes both capital gains/losses and dividend income, while the nominal return for a stock only depicts its price change. (Hayes, A., 2021).

Investors should also consider whether the risk involved with a certain investment is something they can tolerate given the real rate of return. Expressing rates of return in real values rather than nominal values, particularly during periods of high inflation, offers a clearer picture of an investment's value. (Hayes, A., 2021).

5.11.7.8. Return Ratios

Return ratios are a subset of financial ratios that measure how effectively an investment is being managed. They help to evaluate if the highest possible return is being generated on an

investment. In general, return ratios compare the tools available to generate profit, such as the investment in assets or equity to net income. (Hayes, A., 2021).

Return ratios make this comparison by dividing selected or total assets or equity into net income. The result is a percentage of return per dollar invested that can be used to evaluate the strength of the investment by comparing it to benchmarks like the return ratios of similar investments, companies, industries, or markets. For instance, return of capital (ROC) means the recovery of the original investment. (Hayes, A., 2021).

5.11.7.9. Return on Investment (ROI)

A percentage return is a return expressed as a percentage. It is known as the return on investment (ROI). ROI is the return per dollar invested. ROI is calculated by dividing the dollar return by the initial dollar investment. This ratio is multiplied by 100 to get a percentage. Assuming a \$200 return on a \$1,000 investment, the percentage return or ROI = $(\$200 / \$1,000) \times 100 = 20\%$. (Hayes, A., 2021).

ROI

There are several versions of the ROI formula. The two most commonly used are shown below:

ROI = Net Income / Cost of Investment

or

ROI = Investment Gain / Investment Base

Example of the ROI Formula Calculation

An investor purchases property A, which is valued at \$500,000. Two years later, the investor sells the property for \$1,000,000.

We use the investment gain formula in this case. (Corporate Finance Institute, 2021).

ROI = $(1,000,000 - 500,000) / (500,000) = 1$ or 100%.

5.11.7.10. Return on Equity (ROE)

Return on equity (ROE) is a profitability ratio calculated as net income divided by average shareholder's equity that measures how much net income is generated per dollar of stock investment. If a company makes \$10,000 in net income for the year and the average equity capital of the company over the same time period is \$100,000, the ROE is 10%. (Hayes, A., 2021).

Another explanation on ROE by Corporate Finance Institute (2021):

What is Return on Equity (ROE)?

Return on Equity (ROE) is the measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage (e.g., 12%). Alternatively, ROE can also be derived by dividing the firm's dividend growth rate by its earnings retention rate (1 – dividend payout ratio). (CFI, 2021).

Return on Equity is a two-part ratio in its derivation because it brings together the income statement and the balance sheet, where net income or profit is compared to the shareholders' equity. The number represents the total return on equity capital and shows the firm's ability to turn equity investments into profits. To put it another way, it measures the profits made for each dollar from shareholders' equity. (CFI, 2021).

Return on Equity Formula

The following is the ROE equation (Corporate Finance Institute, 2021).

ROE = Net Income / Shareholders' Equity

5.11.7.11. Return on Assets (ROA)

Return on assets (ROA) is a profitability ratio calculated as net income divided by average total assets that measures how much net profit is generated for each dollar invested in assets. It determines financial leverage and whether enough is earned from asset use to cover the cost of capital. Net income divided by average total assets equals ROA. (Hayes, A., 2021).

For example, if net income for the year is \$10,000, and total average assets for the company over the same time period is equal to \$100,000, the ROA is \$10,000 divided by \$100,000, or 10%. (Hayes, A., 2021).

Another source Corporate Finance Institute (2021) explains ROA as

ROA Formula / Return on Assets Calculation

Return on Assets (ROA) is a type of return on investment (ROI) metric that measures the profitability of a business in relation to its total assets. This ratio indicates how well a company is performing by comparing the profit (net income) it's generating to the capital it's invested in assets. The higher the return, the more productive and efficient management is in utilizing economic resources. Below you will find a breakdown of the ROA formula and calculation.

The ROA formula is:

ROA = Net Income / Average Assets

or

ROA = Net Income / End of Period Assets

Where:

Net Income is equal to net earnings or net income in the year (annual period)

Average Assets is equal to ending assets minus beginning assets divided by 2.

	A	B	C	D	E
1					
2			Company #1	Company #2	
3		Net Income	\$50,000,000	\$10,000,000	
4					
5		Start of Period Asset:	\$505,000,000	\$14,000,000	
6		End of Period Assets	\$495,000,000	\$16,000,000	
7		Average Assets	\$500,000,000	\$15,000,000	
8					
9		ROA	10.0%	=D3/D7	
10					

Figure 9. Corporate Finance Institute, 2021. ROA. (refer to Image: CFI's Financial Analysis Fundamentals Course.)

5.11.8. STAGE 8: STRATEGY SUSTAINABILITY ASSESSMENT

Stage 8: Strategy sustainability assessment:

Strategy sustainability assessment: assess the MICE company's ability to generate sufficient returns over a period of at least 3 years.

Note: Return and return equations are explained in stage 7 above.

5.11.9. STAGE 9: IDENTIFICATION OF KEY VULNERABILITIES

Stage 9: identifying potential vulnerabilities in the business strategy

Identification of key vulnerabilities: identifying potential vulnerabilities in the business strategy.

Description of vulnerabilities to business strategy on the basis of the conducted interviews and identified facts from qualitative and quantitative analysis;

5.11.9.1. What is Vulnerability Management?

Vulnerability management is the ongoing, regular process of identifying, assessing, reporting on, managing and remediating cyber vulnerabilities across endpoints, workloads, and systems. Typically, a security team will leverage a vulnerability management tool to detect vulnerabilities and utilize different processes to patch or remediate them. (CrowdStrike, 2022).

A strong vulnerability management program uses threat intelligence and knowledge of IT and business operations to prioritize risks and address vulnerabilities as quickly as possible. (CrowdStrike, 2022).

5.11.9.2. What Are the Differences Between a Vulnerability, a Risk, and a Threat?

A vulnerability, as defined by the International Organization for Standardization (ISO 27002), is “a weakness of an asset or group of assets that can be exploited by one or more threats.”

Note: ISO/IEC 27002:2022 Information security, cybersecurity and privacy protection — Information security controls.

A threat is something that can exploit a vulnerability.

A risk is what happens when a threat exploits a vulnerability. It’s the damage that could be caused by the open vulnerability being exploited by a threat. (CrowdStrike, 2022).

5.11.9.3. What is the difference between Vulnerability Management and a Vulnerability Assessment?

Vulnerability management is different from vulnerability assessment. Vulnerability management is an ongoing process, while a vulnerability assessment is a one-time evaluation of a host or network. Vulnerability assessment is part of the vulnerability management process, but not vice versa. (CrowdStrike, 2022).

5.11.9.4. The Vulnerability Management Process

There are several stages in the vulnerability management process that vulnerability management programs should adhere to. While there are different ways to define each stage in the cycle, the process is still generally the same, even if the terminology varies. (CrowdStrike, 2022).

A vulnerability is an attribute or feature in a system that can be exploited by cyber criminals to cause an adverse effect. To exploit a vulnerability a hacker must have a tool or technique that can connect to a weakness in the system. Once a hacker has exploited said vulnerability, they can install malware, run malicious code and even steal sensitive data. A vulnerability is sometimes referred to as an attack surface. (Mustafa, D., 2021).

Risk and Vulnerability

There is a lot of confusion surrounding risk and vulnerability. The terms are often interchanged but they are two different things. Risk is the probability of a vulnerability being exploited. If the probability and impact of a vulnerability being exploited is low, then it is low risk however if the probability and impact of a vulnerability being exploited is high, then it is high risk. There are cases where common vulnerabilities pose no risk, for example if a system resource has no value to your organisation. (Mustafa, D., 2021).

5.11.9.5. Types of Vulnerabilities

System Flaws - A system flaw is usually due to insufficient design and testing. The system is poorly built and doesn't operate to its fullest capacity. Complex systems are more likely to invite flaws due to misconfigurations. (Mustafa, D., 2021).

Lack of Security - Security flaws are generally due to a lack of attention paid to proper protection or, in some cases, a low budget. This means a lack of accessibility to quality protection. (Mustafa, D., 2021).

Human Error - Employees will make mistakes when they lack the necessary training and skills to understand cyber security and how to protect systems from attack. (Mustafa, D., 2021).

Organisational Failure - Irresponsibility of businesses will lead to Retrieved fromtack surfaces. Businesses are more likely to be at risk if there are inadequate procedures in place to protect against attacks or to take if an attack should occur. (Mustafa, D., 2021).

Passwords - Poor passwords may seem like an obvious vulnerability but many people go with easy to remember passwords, which can be broken with brute force. Reusing passwords can result in multiple data breaches. (Mustafa, D., 2021).

Another source (AC3, 2022) lists an alternative set of vulnerabilities, which make sense for hospitality businesses with the used integrated software systems including CRM, personal data collection, internet market places, management of the assets and business processes, technological processes with the use of IT systems, and other.

Common types of vulnerability

The list of possible vulnerable areas in an organisation's cyber security is as long as a piece of string, but common ones include:

Unpatched software – is one of the most prevalent vulnerabilities and allows attackers to run malicious code by leveraging known bugs in software that hasn't been patched. (AC3, 2022).

Misconfigurations – refers to running unnecessary services with vulnerable settings or unchanged exploitable defaults. (AC3, 2022).

Weak credentials – allow attackers to utilise tools that enable them to perform 'brute force' or 'dictionary' attacks (using a table of common and random terms accompanying their user IDs to try and guess people's weak passwords). (AC3, 2022).

Phishing web and malware – are leading degrees of compromise where attackers attempt to obtain information or persuade people to inadvertently execute code that gives the attacker a foothold into the customer's environment. (AC3, 2022).

Trust relationship – refers to a practice that, while no longer as common as phishing, entails attackers exploiting trust relationships set up to permit or simplify access between systems. (AC3, 2022).

Compromised credentials – is where attackers are able to access users' credentials and get into systems in order to pivotally or laterally move. (AC3, 2022).

Malicious insider – involves an employee with access to critical systems using it to destroy or impair a company's capability. (AC3, 2022).

Encryption – is again fairly uncommon, but describes attacks on poor or missing encryption allowing attackers to intercept communication between systems and steal information. (AC3, 2022).

Zero-day – refers to specific software vulnerabilities that are known to the adversary, but for which there are currently no fixes available because the bugs have yet to be reported to the vendor. (AC3, 2022).

5.11.9.6. How vulnerabilities can affect the organization

Unauthorised Access - Once a hacker has gained unauthorised access to your site, they will be able to steal not only your data, but potentially your customers data as well. This could lead to customers being mistrustful of an organisation that doesn't take better precautions to ensure the protection of their data and thus business could be lost. (Mustafa, D., 2021).

Ransomware - The impact a ransomware attack could have could range from temporary inconvenience to the complete shutdown of an organisation. This is something businesses can't afford, your company could suffer a shutdown of operations or financial loss as a result of revenue generating operations being attacked. (Mustafa, D., 2021).

5.11.9.7. Ways to identify Vulnerabilities

Penetration Testing - Penetration testing is a simulated cyberattack against your computer system to look for exploitable vulnerabilities. Companies will hire hackers to try and break into their system and then report their findings. The hackers do no damage to the system however.

Vulnerability Scans - A vulnerability scan is a high-level test designed to look specifically for potential vulnerabilities and then report them. (Mustafa, D., 2021).

5.11.10. STAGE 10: SUMMARY OF FINDINGS AND SCORING

Stage 10: summarizing the result in a report and calculating the score.

Summary of findings and scoring: summarizing the result in a report and calculating the score.

The author of the matrix or so called canvas suggest the following matrix for scoring in order to compare the score when analyzing and comparing several companies as the part of benchmarking process or evaluation of the company value. However, the scoring system can be adjusted to the individual needs of the company, the focus of the assessment, the concept of scoring.

Table 1. Business Model Analysis Score System Summary

	Total score (1-200)
1	Business Environment (max 0-22) 11% OF 200
2	PRODUCTS AND SERVICES (max 0-35) 17.5% OF 200
3	BUSINESSES (max 0-14) 7% OF 200
4	BUSINESS PROFILE and FINANCIALS (0 to 121) 60.5 % OF 200
5	STRATEGY (from 0 to 8) 4% OF 200

The detailed scoring matrix based on the 10 stages of Business Model Assessment resulting in maximums total score 200 points is provided below:

Table 2. Business Model Assessment Score System

	CALCULATING THE SCORE (Stage 10):	Company 1	Company 2	Company 3
1	Business Environment (max 0-22)			
1.1	MACRO LEVEL (0- 14)			
1.2	MACRO LEVEL Country (1-3), 1 – not supporting business environment, 2 - average macro environment, 3 – supportive and developed macro environment for that business			
1.3	MACRO LEVEL City (0-3) 1 – not supporting business environment, 2 - average macro environment, 3 – supportive and developed macro environment for that business			
1.4	HOSPITALITY Industry profile (0-3)			
1.5	MICE Industry profile (0 to 3) 1 – not developed MICE business culture business environment, 2 - average MICE business culture, 3 – supportive for business and developed MICE business culture			
1.6	Business problems / challenges (macro level) (0-1)			
1.7	Severity of External factors influencing business (0 to 1)			
1.8	MICRO LEVEL (0-8)			
1.9	Severity of Internal factors influencing business (0 to 1)			
1.10	Business problems / challenges (micro level) (0 to 1)			

1.11	SUSTAINABILITY (0-3) 1 for minimal sustainability efforts, results, 2 – for extensive efforts, results, 3 for advanced efforts, results)			
1.12	TECHNOLOGY / DIGITALISATION (0-3) Technology, technological/ digital transformation, software, innovations at micro level (0 to 3), 1 for basic technology, 2 for compound processes, 3 for advanced technology			
2	PRODUCTS AND SERVICES (max 0-35)			
2.1	Portfolio (product and service) diversification in MICE and hospitality (0-3)			
2.2	Demand for products and services (0-3)			
2.3	Level of MICE and hospitality products within the business portfolio (0-3)			
2.4	Ability to reshape and switch the products and services according to the external environment, Covid and market demand (0-3)			
2.5	Ability to reshape and switch the products and services according to the internal environment and labour gap (0-3)			
2.6	Ability to suspend /close and revitalize/ open, the business activity (0-3)			
2.7	Ability to operate and fund activities without suspending / closing (0-3)			
2.8	Design (0 to 1), design at demand - 1			
2.9	Production cost (0 to 1), 1 – lower than 30% of revenue - 1			
2.10	Place (1 to 3) – 1 for local business, 2 for international, 3 for big scale international covering			
2.11	Price (1 to 3) – 1 for low coster , 2 for average prices, 3 for high prices and luxury products			
2.12	People – level of staff qualification, majority (0 to 3), 0 – fired staff, 1 for social skills, 2 – mid managerial level, 3 – engineering level and senior management			
2.13	Processes – level of process complicity (0 to 3) – 1 for basic / elementary processes, 2 for compound processes with technologies, 3 for advanced processes			
2.14	Efficiency (0 to 1)			
3	BUSINESSES (max 0-14)			
3.1	Number of AFFILIATES (1-3), 1 – below 5, 2 - from 6 to 20, 3 above 20			

3.2	Diversification of businesses in the organization (1-3), 1 – up to 10 products, 2 up to 100 products, 3 more than 100 products			
3.3	Business intelligence (0 to 1)			
3.4	Level of complicity of Business systems (0 to 2), 1 – basic level, 2 - complicated business systems			
3.5	Organisational chart, departments - (0 to 1), 1 – basic, 2 – complicated many level charts			
3.6	Distribution models (0 to 2) – 1 self-distribution, 2 – complicated distribution models			
3.7	Free market niche (0 to 1)			
4	BUSINESS PROFILE and FINANCIALS (0 to 121):			
4.1	Growth of company status (0 to 1)			
4.2	Growth of balance (0 to 1)			
4.3	Growth of market share (0 to 1)			
4.4	Growth of turnover: Turnover increase (0-3), last year or average for 3 years, (from 0 to 3, 1 – to 10% profit, 2 – from 11 to 35% profit, 3 from 36% profit)			
4.5	Liquidity (0 to 1)			
4.6	Growth of employees (0 to 1)			
4.7	Employees:1 (from 1 to 10), 2 (from 11 to 20), 3 (from 21 to 30), 5 (from 31 to 50), 7 (from 51 to 70), 9 (from 71 to 90), 11 (from 91 to 110), 15 (from 111 to 150), 17 (from 151 to 170), 20 from (171 to 200), 25 from 201 to 250, 30 from 251 to 300, 40 from 301 to 400, 50 from 401 and above, 100 from 1000 and above.			
4.8	Growth by profit: Profit (last year, or average for 3 years) % (from 0 to 3, 1 – to 10% profit, 2 – from 11 to 35% profit, 3 from 36% profit)			
4.9	No tax debt (0 to 1)			
4.10	No insolvency (0 to 1)			
4.11	Relative position against the market (0 to 1), 1 – number of direct competitors below 50			
4.12	Developed infrastructure (0 to 3), 1 – equity / infrastructure below 1 mln EUR, 2 –from 1 to 5 mln EUR, 3 over 5 mln EUR			
4.13	Level of modernization of infrastructure (0 to 1), (1 – modern, technological, in good condition)			
4.14	Financial results to risk appetite (0 to 1) (1 – positive results)			
4.15	Received financial support (0 to 1)			
4.16	Customer satisfaction (0 to 1) (1 – positive results)			

5	STRATEGY (from 0 to 8)			
5.1	The existing and fixed business plan assumptions (0-1)			
5.2	Developed business strategy (0-1)			
5.3	Developed crisis strategy (0-1)			
5.4	Elasticity in strategy change in reaction to environment change (0 to 1)			
5.5	Ability for transformation (0 to 1)			
5.6	Ability to generate returns over the next 12 months (0 to 1)			
5.7	the MICE company's ability to generate sufficient returns over a period of at least 3 years (0 to 1)			
5.8	Marketing strategy (0 to 1)			
6	Total score (1-200)			

6. INNOVATIONS

Deloitte Development (2013) introduced **the MODEL OF INNOVATIONS TACTICS** as follows below that consists of the three stages:

- **CONFIGURATION**
- **OFFERING**
- **EXPERIENCE**

6.1. INNOVATIONS. CONFIGURATION STAGE

INNOVATIONS CONFIGURATION STAGE - PROFIT MODEL

Premium: Price at a higher margin than competitors, usually for a superior product, offering, experience, service or brand.

Cost Leadership: Keep variable costs low and sell high volumes at low prices.

Scaled Transactions: Maximize margins by pursuing high volume, large scale transactions when unit costs are relatively fixed.

Microtransactions: Sell many items for as little as a dollar—or even only one cent—to drive impulse purchases at volume.

Forced Scarcity: Limit the supply of offerings available, by quantity, time frame or access, to drive up demand and/or prices.

Subscription: Create predictable cash flows by charging customers up front (a one time or recurring fee) to have access to the product/service over time.

Membership: Charge a time-based payment to permit access to locations, offerings, or services that non-members don't have.

Installed Base: Offer a "core" product for slim margins (or even a loss) to drive demand and loyalty; then realize profit on additional products and services.

Switchboard: Connect multiple sellers with multiple buyers; the more buyers and sellers who join, the more valuable the switchboard.

Auction: Allow a market—and its users—to set the price for goods and services

User-Defined: Invite customers to set a price they wish to pay.

Freemium: Offer basic services for free, while charging a premium for advanced or special features.

Flexible Pricing: Vary prices for an offering based on demand.

Float: Receive payment prior to building the offering—and use the cash to earn interest prior to making margins.

Financing: Capture revenue not directly from the sale of a product, but from structured payment plans and after-sale interest.

Ad-Supported: Provide content/services for free to one party while selling listeners, viewers or "eyeballs" to another party.

Licensing: Grant permission to some other group or individual to use your offering in a defined way for a specified payment.

Metered Use: Allow customers to pay for only what they use.

Bundled Pricing: Sell in a single transaction two or more items that could be sold as standalone offerings.

Disaggregate Pricing: Allow customers to buy exactly—and only—what they want.

Risk Sharing: Waive standard fees/costs if certain metrics aren't achieved, but receive outsize gains when they are. (Deloitte Development, 2013)

6.2. INNOVATIONS. CONFIGURATION STAGE - NETWORK

INNOVATIONS CONFIGURATION STAGE NETWORK

Merger/Acquisition: Combine two or more entities to gain access to capabilities and assets.

Consolidation: Acquire multiple companies in the same market or complementary markets.

Open Innovation: Obtain access to processes or patents from other companies to leverage, extend, and build on expertise and/or do the same with internal IP and processes.

Secondary Markets: Connect waste streams, by-products, or other alternative offerings to those who want them.

Supply Chain Integration: Coordinate and integrate information and/or processes across a company or functions of the supply chain.

Complementary Partnering: Leverage assets by sharing them with companies that serve similar markets but offer different products and services.

Alliances: Share risks and revenues to jointly improve individual competitive advantage.

Franchising: License business principles, processes, and brand to paying partners.

Coopetition: Join forces with someone who would normally be your competitor to achieve a common goal.

Collaboration: Partner with others for mutual benefit. (Deloitte Development, 2013)

6.3. INNOVATIONS. CONFIGURATION STAGE - STRUCTURE

INNOVATIONS CONFIGURATION STAGE - STRUCTURE

Organizational Design: Make form follow function and align infrastructure with core qualities and business processes.

Incentive Systems: Offer rewards (financial or non-financial) to provide motivation for a particular course of action.

IT Integration: Integrate technology resources and applications.

Competency Center: Cluster resources, practices and expertise into support centers that increase efficiency and effectiveness across the broader organization.

Outsourcing: Assign responsibility for developing or maintaining a system to a vendor.

Corporate University: Provide job-specific or company-specific training for managers.

Decentralized Management: Distribute decision-making governance closer to the customer or other key business interfaces. (Deloitte Development, 2013)

Knowledge Management: Share relevant information internally to reduce redundancy and improve job performance.

Asset Standardization: Reduce operating costs and increase connectivity and modularity by standardizing your assets. (Deloitte Development, 2013)

6.4. INNOVATIONS. CONFIGURATION STAGE - PROCESS

INNOVATIONS CONFIGURATION STAGE - PROCESS

Process Standardization: Use common products, processes, procedures, and policies to reduce complexity, costs, and errors.

Localization: Adapt an offering, process, or experience to target a culture or region.

Process Efficiency: Create or produce more while using fewer resources—measured in materials, energy consumption or time.

Flexible Manufacturing: Use a production system that can rapidly react to changes and still operate efficiently.

Process Automation: Apply tools and infrastructure to manage routine activities in order to free up employees.

Crowdsourcing: Outsource repetitive or challenging work to a large group of semi-organized individuals.

On-Demand Production: Produce items after an order has been received to avoid carrying costs of inventory.

Lean Production: Reduce waste and cost in your manufacturing process and other operations.

Logistics Systems: Manage the flow of goods, information and other resources between the point of origin and the point of use.

Strategic Design: Employ a purposeful approach that manifests itself consistently across offerings, brands, and experiences.

Intellectual Property: Protect an idea that has commercial value—such as a recipe or industrial process—with legal tools like patents.

User Generated: Put your users to work in creating and curating content that powers your offerings.

Predictive Analytics: Model past performance data and predict future outcomes to design and price offerings accordingly. (Deloitte Development, 2013)

6.5. INNOVATIONS. OFFERING STAGE – PRODUCT PERFORMANCE

INNOVATIONS OFFERING STAGE - PRODUCT PERFORMANCE

Superior Product: Develop an offering of exceptional design, quality, and/or experience.

Ease of Use: Make your product simple, intuitive and comfortable to use.

Engaging Functionality: Provide an unexpected or newsworthy experiential component that elevates the customer interaction.

Safety: Increase the customer's level of confidence and security.

Feature Aggregation: Combine existing features found across offerings into a single offering.

Added Functionality: Add new functionality to an existing offering.

Performance Simplification: Omit superfluous details, features, and interactions to reduce complexity.

Environmental Sensitivity: Provide offerings that do no harm—or relatively less harm—to the environment.

Conservation: Design your product so that customers can reduce their use of energy or materials.

Customization: Enable altering of the product or service to suit individual requirements or specifications.

Focus: Design an offering specifically for a particular audience at the expense of others.

Styling: Impart a style, fashion or image. (Deloitte Development, 2013)

6.6. INNOVATIONS. OFFERING STAGE – PRODUCT SYSTEM

INNOVATIONS OFFERING STAGE - PRODUCT SYSTEM

Complements: Sell additional related or ancillary products or services to a customer.

Extensions/Plug-ins: Allow first- or third-party additions that add functionality.

Product Bundling: Offer several products for sale as one combined product.

Modular Systems: Provide a set of individual components that can be used independently, but gain utility when combined.

Product/Service Platforms: Develop systems that connect with other, partner products and services to create a holistic offering.

Integrated Offering: Combine otherwise discrete components into a complete experience. (Deloitte Development, 2013)

6.7. INNOVATIONS. EXPERIENCE STAGE. SERVICE

INNOVATIONS EXPERIENCE STAGE - SERVICE

Try Before You Buy: Let customers test and experience an offering before investing in it.

Guarantee: Remove customer risk of lost money or time stemming from product failure or purchase error.

Loyalty Programs: Provide benefits and/or discounts to frequent and high-value customers.

Added Value: Include an additional service/function as part of the base price.

Concierge: Provide premium service by taking on tasks for which customers don't have time.

Total Experience Management: Provide thoughtful, holistic management of the consumer experience across an offering's lifecycle.

Supplementary Service: Offer ancillary services that fit with your offering.

Superior Service: Provide service(s) of higher quality, efficacy, or with a better experience than any competitor.

Personalized Service: Use the customer's own information to provide perfectly calibrated service.

User Communities/Support Systems: Provide a communal resource for product/service support, use and extension.

Lease or Loan: Let customers pay over time to lower upfront costs.

Self-Service: Provide users with control over activities that would otherwise require an intermediary to complete. (Deloitte Development, 2013)

6.8. INNOVATIONS. EXPERIENCE STAGE. CHANNEL

INNOVATIONS. EXPERIENCE STAGE. CHANNEL

Diversification: Add and expand into new or different channels.

Flagship Store: Create a store to showcase quintessential brand and product attributes.

Go Direct: Skip traditional retail channels and connect directly with customers.

Non-Traditional Channels: Employ novel and relevant avenues to reach customers.

Pop-up Presence: Create a noteworthy but temporary environment to showcase and/or sell offerings.

Indirect Distribution: Use others as resellers who take ownership over delivering the offering to the final user.

Multi-Level Marketing: Sell bulk or packaged goods to an affiliated but independent sales force that turns around and sells it for you.

Cross-selling: Place products, services, or information that will enhance an experience in situations where customers are likely to want to access them.

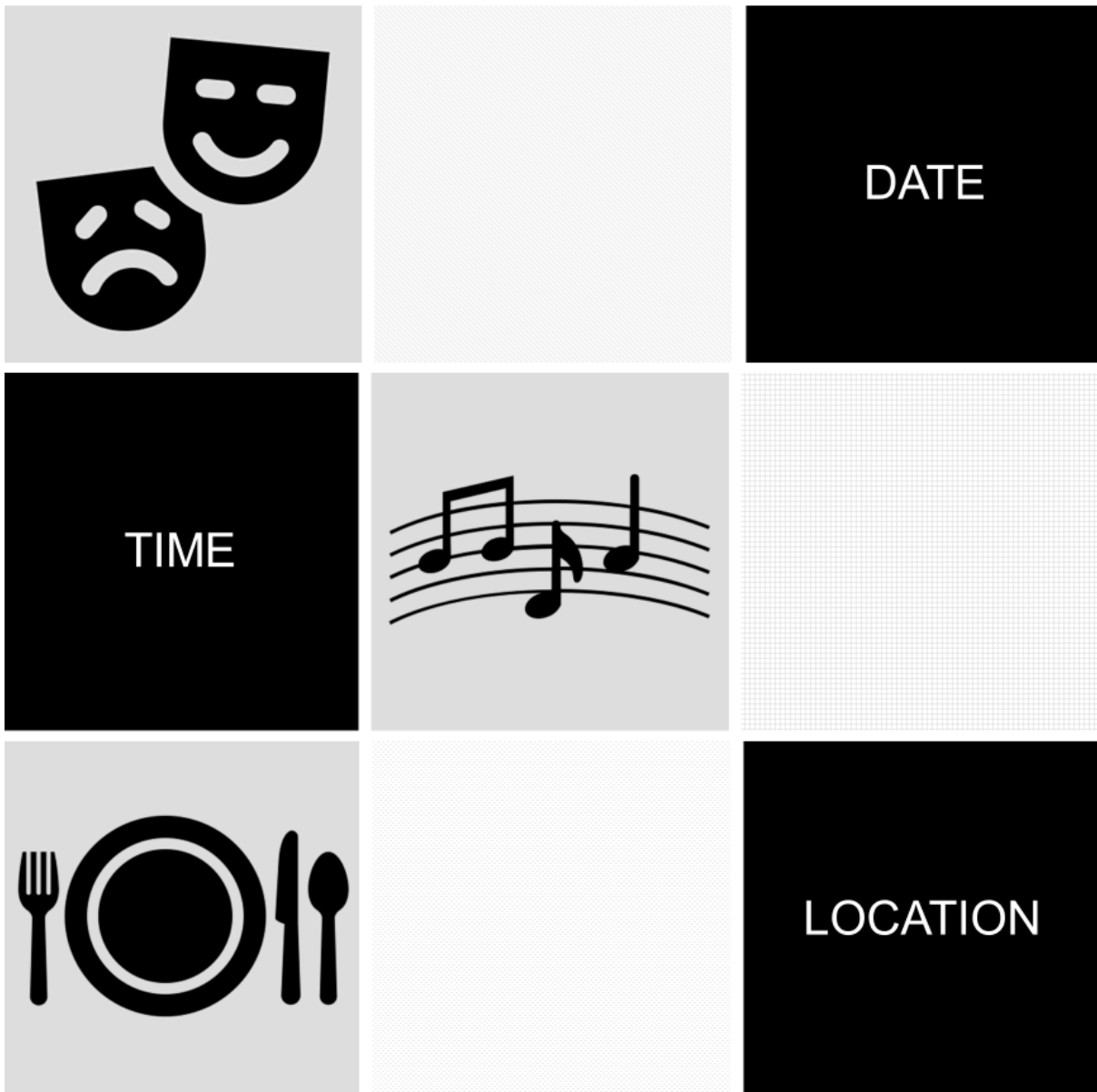
On-Demand: Deliver goods in real-time whenever or wherever they are desired.

Context Specific Offer timely access to goods that are appropriate for a specific location, occasion, or situation.

Experience Center Create a space that encourages your customers to interact with your offerings—but purchase them through a different (and often lower-cost) channel. (Deloitte Development, 2013)

7. The Contemporary Hospitality Industry Environment in the Post-Corona Period in Latvia

LATVIA 



7.1. LATVIA 2021 -2022. ECONOMIC PROFILE OF LATVIA 2021-2022



Figure 10. The EU.



LATVIA:

On the world map, Latvia is to be found on the east coast of the Baltic Sea at the crossroads of northern and eastern Europe. Latvia, a parliamentary republic is bordered by Estonia to the north, Russia and Belarus to the east, Lithuania to the south and has a maritime border with Sweden to the west.

Name of the country	Republic of Latvia
Country code	LV
Size of area	64,573 km ²
Population	1.876 million (01.01.2021)
Capital city	Riga



Figure 11. Riga.

Riga is the capital of the Republic of Latvia and the largest city in the Baltics.
 City charter granted: 1201
 Area: 304 sq. km
 Population: At the beginning of 2021, according to data of The Office of Citizenship and Migration Affairs 686,3 thousand inhabitants lived in Riga, reducing by 6,7 thousand within a year. (Riga City Council, Riga Municipality Annual Report 2021.)
 Language: Latvian
 National currency: Euro (since January 2014)
 Time zone: GMT + 2
 International dialing code: +371

7.1.1. ECONOMIC PROFILE OF LATVIA

Table 3. Economic Profile of Latvia.

Description	Data	Reference
International memberships	EU and NATO since 2004, WTO since 1998, OECD since 2016	LIAA, 2023.
Capital	Rīga	LIAA, 2023.
Other major cities	Daugavpils, Liepāja, Jelgava, Jūrmala, Ventspils, Rēzekne, Valmiera, Jēkabpils	LIAA, 2023.
Population as of 1 January 2021	1.893 million	LIAA, 2023.
Time	Eastern European Time (GMT +2 hours)	LIAA, 2021.
Area	64 594 km ²	LIAA, 2023.
Language	Latvian (official); Russian, English, and German are also widely spoken	LIAA, 2023.
Political system	Republic, parliamentary democracy	LIAA, 2023.
Legal system	Based on civil law	LIAA, 2023.
Main industries (% share in total gross value added, 2020, 2021)	In 2020: Wholesale and retail trade (14.4%), manufacturing (12.2%), real estate activities (12.8%), transportation and storage (7.4%) In 2021: Main industries according to their share in total gross value added, were wholesale and retail trade (15.3%), manufacturing (16.5%), real estate activities (11.1%), transportation and storage (7.2%).	LIAA, 2021. LIAA, 2023.
Exports	Wood and wood products, machinery and equipment, food and agricultural products, transport services, travel services, ICT services; Latvia is an open economy with close links to trading partners in the region. Latvia's main trading partners are EU countries with 72% of total turnover by value of goods. Broken down by country, the most significant export markets are Lithuania, Estonia, Germany and Sweden. Most of Latvia's exported goods are agricultural and food products (mainly cereal	LIAA, 2021. LIAA, 2023.

	products), as well as wood and its articles, machinery and equipment, metals and their articles.	
Imports	Machinery and equipment, fuels, vehicles, chemicals, food products, transport services, travel services; The main importers to Latvia are Lithuania, Germany, Poland, and Estonia. Latvia's main imported goods are machinery and equipment, food products, vehicles, chemicals and fuels.	LIAA, 2021. LIAA, 2023.
Main trading partners (2020)	Lithuania, Estonia, Germany, Russia, Poland, Sweden, the United Kingdom, Netherlands, Finland, Denmark, China	LIAA, 2021.
Currency	Euro (EUR)	LIAA, 2023.
GDP at current prices (2020)	EUR 29.33 billion (USD 33.51 billion)	LIAA, 2021.
GDP at current prices (2021)	EUR 30.49 billion	LIAA, 2023.
GDP per capita (2020)	EUR 15 431 (USD 17 625)	LIAA, 2021.
GDP per capita (2021)	EUR 14 664	LIAA, 2023.
GDP growth (2020)	-3.6%	LIAA, 2021.
GDP growth (2021)	4,7 %	LIAA, 2023.
GDP forecast (2021)	3.5%	LIAA, 2021.
GDP forecast (2022)	4.4 %	LIAA, 2023.
Inflation rate (2020)	0.2%	LIAA, 2021.
Inflation rate (2021)	7.9 %	LIAA, 2023.
Inflation rate (2022)	In December 2022 compared to December 2021, the average level of consumer prices increased by 20.8 %. November's equivalent figure was 21.8%. Eurostat had been estimating a figure of 20.7% for Latvia for December, maintaining its status as the highest inflation in the European Union ahead of Lithuania (20.0% estimated) and Estonia (17.5% estimated). Average EU inflation was running at 11.1% in November and 10.1% in the Eurozone (estimated to be 9.2% in December), which means Latvia continues to record a level roughly twice the average of its peers.	CSB and eng.lsm.lv (January 11, 2023)

	The final data set for the year passed means that average annual inflation in Latvia was 17.3 percent in 2022.	
Accumulated FDI (2020)	EUR 16.67 billion (USD 20.46 billion)	LIAA, 2021.
Accumulated FDI (2021)	EUR 20.9 billion	LIAA, 2023.
Accumulated FDI per capita (2020)	EUR 8 793 (USD 10 790)	LIAA, 2021.
Accumulated FDI per capita (2021)	EUR 11 200	LIAA, 2023.
Credit ratings (Standard & Poor's / Moody's / Fitch)	A+ / A3 / A- (investment grades)	LIAA, 2021.

Development and Investment Agency of Latvia (LIAA), 2021 and 2023 on the basis of the data by Sources: Central Statistical Bureau of Latvia, Ministry of Finance of the Republic of Latvia, Bank of Latvia, Eurostat, European Central Bank (ECB).

This [2021] year, Latvia is undeniably at the centre of global events, whether hosting the 'IIHF 2020 Ice Hockey Championship' and the 'FIBA U19 Basketball World Cup 2021' or reaching new records in investment attraction. (Development and Investment Agency of Latvia, 2021).

They say that Riga is the little Paris of the North, and Latvia – the heart of the New Nordics. And there is a good reason for that. This year, Riga received the award 'The Most Dynamically Developing City in the CEE region'. (Development and Investment Agency of Latvia, 2021).

7.1.1. Population at the beginning of the year in Latvia

Table 4. Population at the beginning of the year in Latvia

	1920	1935	1980	1990	2020	2021
Population at the beginning of the year, Latvia (CSB, 2023)	1596131	1905936	2508761	2668140	1907675	1893223

7.1.2. Population at the beginning of the year in Riga

Table 5. Population at the beginning of the year in Riga

	2020	2021	2022
Population at the beginning of the year, Riga (CSB, 2023)	621120	614618	605802

7.1.3. TAX RATES, LATVIA 2021

Table 6. Tax Rates, Latvia, 2021

TAX	Rate	Description
CIT Corporate Income Tax	20%	<p>Profits gained by a taxpayer are not taxed until its distribution. CIT at a 20% rate is paid from the profits distributed (calculated dividends, payments treated as dividends and deemed dividends) and deemed profit distributions (expenses not related to economic activity etc.).</p> <p>CIT rate is 20% on the gross distributed amount or 20/80 on the net income, namely, base subject to CIT has to be divided by a coefficient 0.8. Whereas, the recipient of dividends – a natural person shall not pay personal income tax from the above-mentioned dividends.</p> <p>CIT rates applied for payments to non-residents</p> <p>CIT shall be withheld from the following payments made to non-residents:</p> <p>remuneration for management and consultancy services – 20% rate; remuneration for alienation of the real property located in Latvia – 3% rate; payments* to legal, natural and other persons, which are located, are established or founded in low-tax or no-tax countries or territories – 20% rate.</p>
PIT, Personal Income Tax	20% 23% 31.4%	<p>As from 1 January 2019 a progressive rate is implemented for</p> <p>annual income up to 20 004 euro – 20%; part of annual income which exceeds 20 004,00 euro, but does not exceed 62 800 euro – 23%; part of annual income, which exceeds 62 800,00 euro – 31,4%; income from capital gains – 20%; 10% for income from property (for example, real estate rental or lease, leasing movable property), if a payer does not apply economic activity expenses (allowed to deduct only the real estate tax payments for the relevant real estate);</p>

		<p>3% for income of a non-resident from the alienation of real estate in the Republic of Latvia and income from the alienation of other capital assets in accordance with Article 11.9 of the Law On Personal Income Tax,, except for income from the alienation of financial instruments, the circulation of which is regulated by the Financial Instrument Market Law, by withholding tax at the place of disbursement of income.</p> <p>Maximum annual non-taxable minimum, euro 2019 year- 2 760 EUR, (230 per month) 2020 year - 3 000 EUR, (250 per month) 2021 year – (300 EUR per month)</p>									
Real Estate Tax, Immoveable property tax	<p>land – 1,5% of the cadastral value; buildings used for economic activity, engineering structures – 1.5% of the cadastral value; residential buildings, apartments – 0,2% - 0,6%:</p>	<p>Currently the real estate taxation system includes 2 taxes: land tax tax on immovable property Tax rates: land – 1,5% of the cadastral value; buildings used for economic activity, engineering structures – 1.5% of the cadastral value; residential buildings, apartments – 0,2% - 0,6%: 0.2% of the cadastral value not exceeding 56 915 euro; 0.4% of the part of the cadastral value exceeding 56 915 euro, but less than 106 715 euro; 0.6% of the cadastral value exceeding 106 715 euro. An additional 1.5% tax rate is applicable for uncultivated agricultural land, excluding land that has an area less than one hectare. Special 3% tax rate is applicable for collapsed constructions, constructions degrading the environment or threatening the safety of individuals,</p>									
Solidarity tax	25,50%.	<p>As from 1 January 2019. Taxable object is income above 62 800 euro per year. As from 1 January 2019, Tax rate is 25,50%. 1 percentage point into the State basic budget for healthcare financing; 14 percentage points into the State pension special budget, by registering into personal account of taxpayer in accordance with the Law On State Pensions. 10,5 percentage points into the Personal Income Tax account.</p>									
VAT	<p>21% 12% 5%</p>	<p><i>Standard tax rate is 21%, reduced tax rates – 12% and 5%. Accommodation services – 12%.</i></p>									
Mandatory State Social Insurance Contributions		<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Minimum wage, EUR per month</td> <td>430</td> <td>500</td> </tr> <tr> <td>Compulsory social security contribution rate, including:</td> <td>35.09%</td> <td>34.09%</td> </tr> </tbody> </table>		2020	2021	Minimum wage, EUR per month	430	500	Compulsory social security contribution rate, including:	35.09%	34.09%
	2020	2021									
Minimum wage, EUR per month	430	500									
Compulsory social security contribution rate, including:	35.09%	34.09%									

		<ul style="list-style-type: none"> • employer's rate 	24.09%	23.59%
		<ul style="list-style-type: none"> • employee's rate 	11%	10.5%
		Solidarity tax rate	25.5%	25%
		Personal income tax rate:		
		<ul style="list-style-type: none"> • income up to EUR 20 004 	20%	20%
		<ul style="list-style-type: none"> • income between EUR 20 004 and EUR 62 800 	23%	23%
		<ul style="list-style-type: none"> • income above EUR 62 800 	31,4%	31%
		Non-taxable minimum, EUR per month	300	300

And other taxes:
 Excise Duties
 Natural Resources Tax
 Lottery and Gambling Tax
 Microenterprise Tax
 Electricity Tax
 Vehicle Operation Tax
 Company Car Tax
 Subsidised Electricity Tax

Ministry of Finance, Republic of Latvia. (2021). Tax System Latvia, State Revenue Service. (2021).

Ministry of Finance, Republic of Latvia. (2023). Tax System Latvia.

7.1.4. Structure of Household Expenditures 2020, Latvia, as per cent

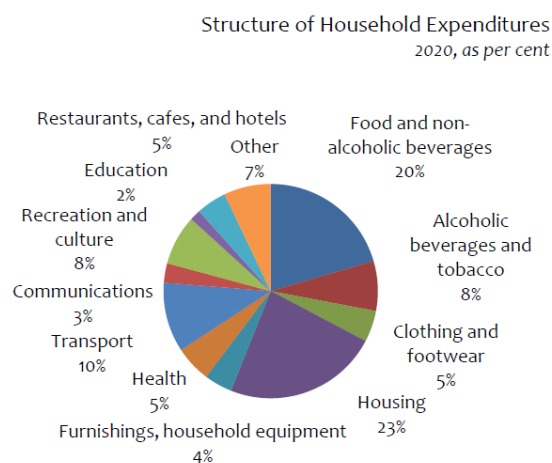


Figure 12. Ministry of Economics, Republic of Latvia (2021, October). Macroeconomic Review 2021.

7.1.5. Gross Value Added

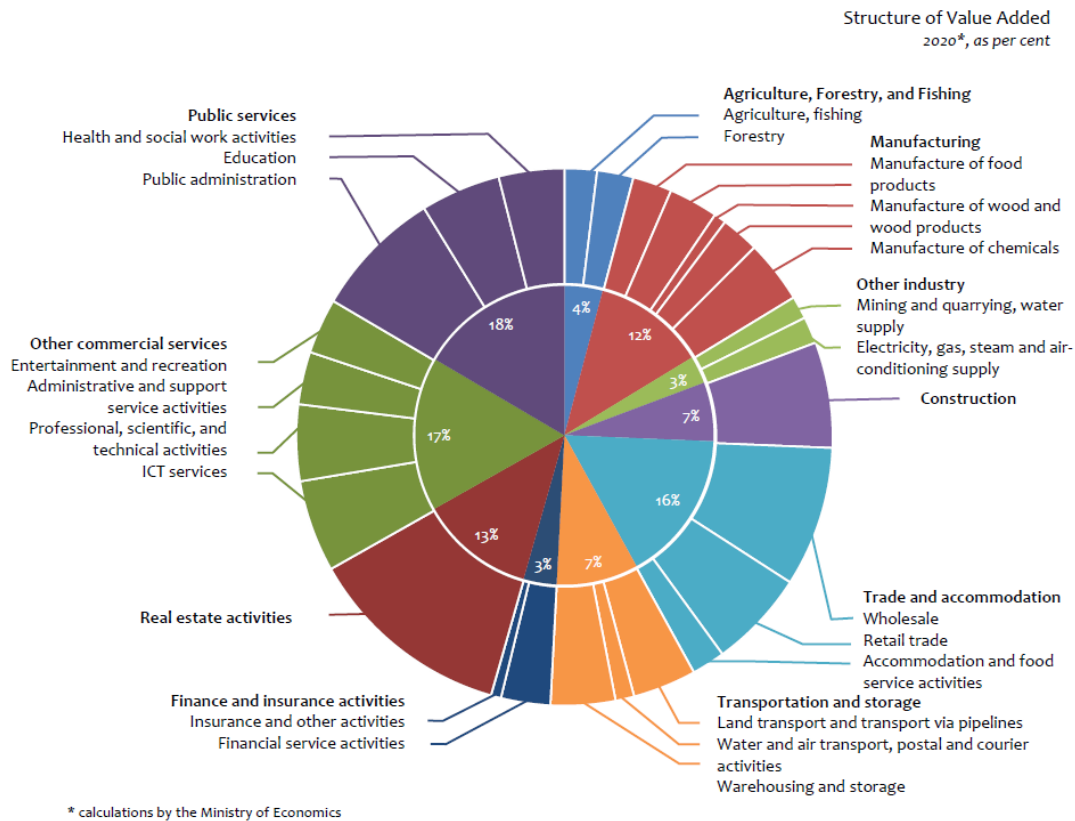


Figure 13. Gross Value Added. Ministry of Economics, Republic of Latvia (2021, October). Macroeconomic Review 2021.

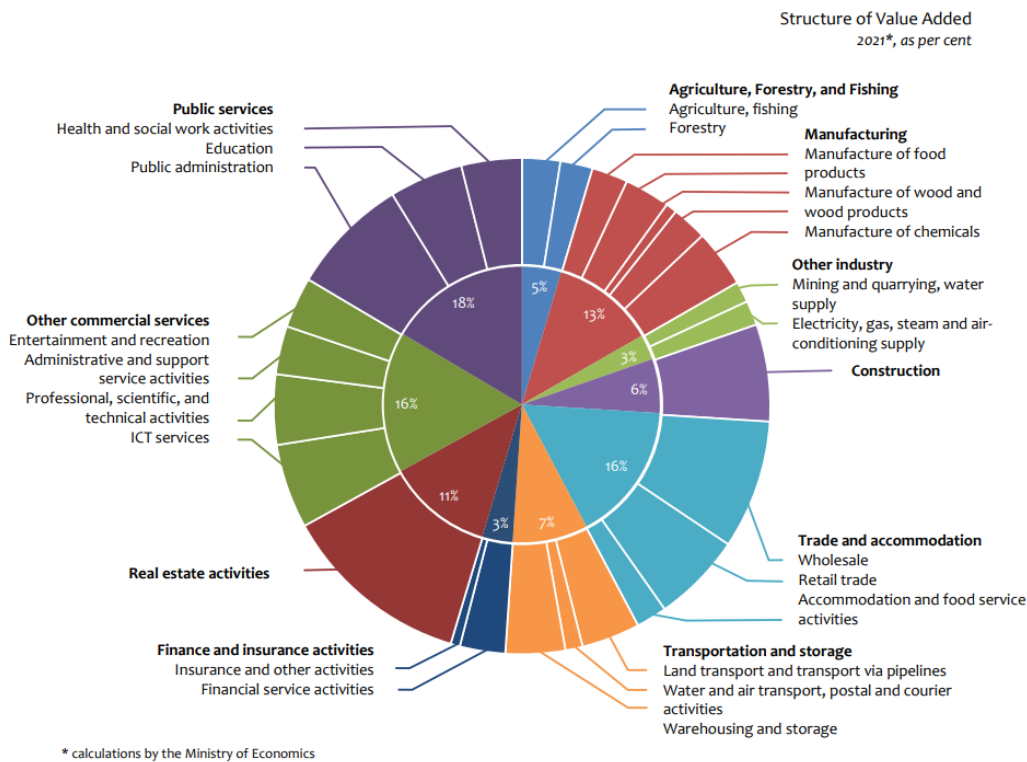


Figure 14. Gross Value Added. Ministry of Economics, Republic of Latvia (2022). Macroeconomic Review 2021.

7.1.6. Development of Sectors, Latvia

Table 7. Development Sectors of Latvia, changes against the last year, as per cent

	2015	2016	2017	2018	2019	2020	2021 Jan-Jun
Accommodation and food service activities	8.9	4.4	9.3	7.6	-3.9	-38.0	-20.4

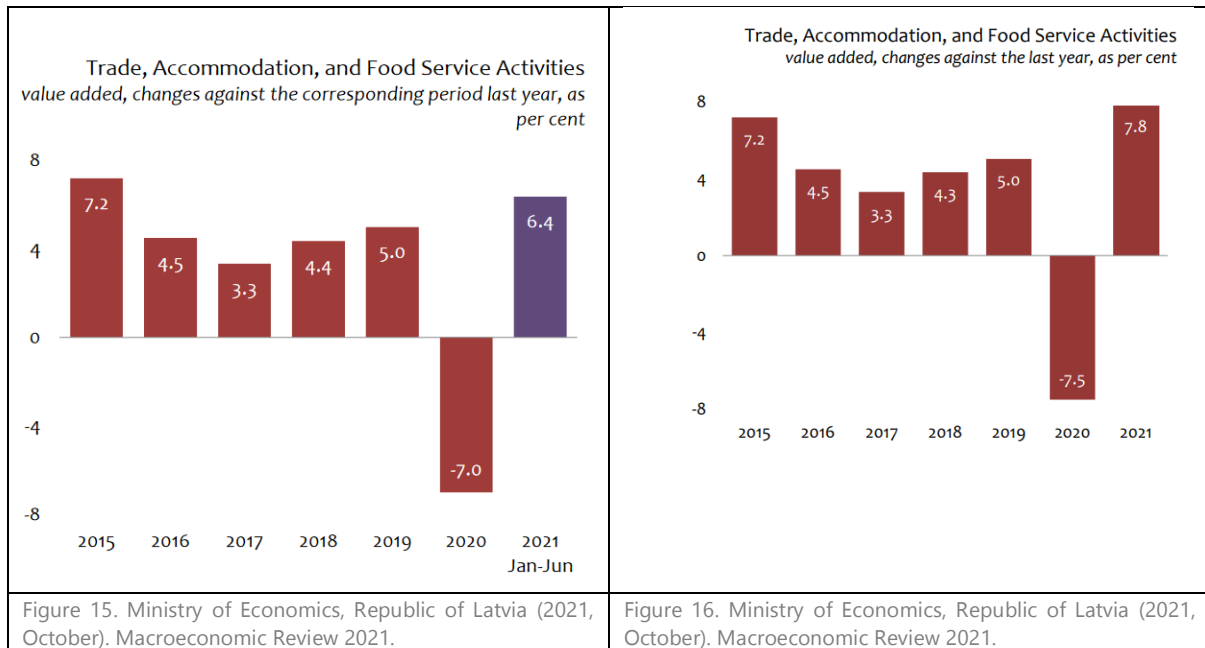
Ministry of Economics, Republic of Latvia (2021, October). Macroeconomic Review 2021.

	2015	2016	2017	2018	2019	2020	2021
Accommodation and food service activities	8.9	4.4	9.3	7.6	-3.9	-42.0	-5.2

Ministry of Economics, Republic of Latvia (2022). Macroeconomic Review 2021.

7.1.7. Trade, Accommodation, and Food Service Activities, Latvia

value added, changes against the corresponding period last year, as per cent



In 2021, the volumes of services provided in the trade, accommodation, and food service activities are rising. The trade has been positively affected by the easing of Covid-19 restrictions. In the first half of 2021, it increased by 8.9%.

Ministry of Economics, Republic of Latvia (2021, October). Macroeconomic Review 2021.

In 2021, compared to 2020, the growth of retail trade turnover was slightly higher and increased by 2.5%. Although the growth of the accommodation and food service activities was very rapid in the second and fourth quarters of 2021, it should be noted that these sectors are recovering from a very deep recession and are still significantly lagging behind the pre-crisis level. In 2021, the industry volumes decreased by 5.2%. The largest share of occupied posts remains in trade. In 2021, under the influence of Covid-19, the decline in the number of

occupied posts continued in the accommodation and food service activities. However, in trade occupied posts increased.

Ministry of Economics, Republic of Latvia (2021, October). Macroeconomic Review 2021.

7.2. HOSPITALITY INDUSTRY AND TOURISM IN LATVIA 2021

7.2.1. NUMBER OF HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS; 2018–2021

Table 8. NUMBER OF HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS; 2018–2020, (at the end of the year)

NUMBER OF HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS; 2018–2020	2018	2019	2020	2021
Total	831	847	700	757
Hotels and similar establishments	318	321	224	263
Guesthouses and other short-stayaccommodation	493	507	460	471
Camping grounds, recreational vehicle parks and trailer parks	20	19	16	23

CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.2. NUMBER OF ROOMS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS; 2018–2021

Table 9. NUMBER OF ROOMS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS; 2018–2020, (at the end of the year)

NUMBER OF ROOMS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS; 2018–2020	2018	2019	2020	2021
Total	17 501	17 962	13 878	15 135
Hotels and similar establishments	12 543	13 020	9 076	10 567
Guesthouses and other short-stayaccommodation	4 700	4 723	4 639	4 327
Camping grounds, recreational vehicleparks and trailer parks	258	219	163	241

CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.3. NUMBER OF BEDS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS, 2018–2021

Table 10. NUMBER OF BEDS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS, at the end of the year

NUMBER OF BEDS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS	2018	2019	2020	2021
Total	41 188	42 390	33 835	36 685
Hotels and similar establishments	25 501	26 511	18 401	21 645
Guesthouses and other short-stay accommodation	14 715	14 969	14 680	14 090
Camping grounds, recreational vehicleparks and trailer parks	972	910	754	950

CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.4. NUMBER OF VISITORS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS, 2018–2021

Table 11. NUMBER OF VISITORS IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS, 2018–2021, per year

	2018	2019	2020	2021
Total	2 808 808	2 853 333	1 462 965	1 306 588
Hotels and similar establishments	2 388 629	2 393 364	1 113 142	970 240
Guesthouses and other short-stay accommodation	326 487	350 370	266 560	249 591
Camping grounds, recreational vehicle parks and trailer parks	93 692	109 599	83 263	86 757

CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.5. NUMBER OF VISITORS AND LENGTH OF STAY IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS BY TYPE OF ACCOMMODATION ESTABLISHMENT, 2019, 2020, 2021

Table 12. NUMBER OF VISITORS AND LENGTH OF STAY IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS BY TYPE OF ACCOMMODATION ESTABLISHMENT, 2019, 2020, 2021

NUMBER OF VISITORS AND LENGTH OF STAY IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS BY TYPE OF ACCOMMODATION ESTABLISHMENT, 2019, 2020, 2021	Year	Number of visitors	Number of nights spent	Average length of stay (nights)
Total	2019	2 853 333	5 509 682	1.9
Total	2020	1 462 965	2 889 342	2.0
Total	2021	1 306 588	2 379 777	1.8
Hotels and similar establishments	2019	2 393 364	4 318 094	1.8
Hotels and similar establishments	2020	1 113 142	2 007 207	1.8
Hotels and similar establishments	2021	970 240	1 742 172	1.8
Guesthouses and other short-stay accommodation	2019	350 370	1 024 665	2.9
Guesthouses and other short-stay accommodation	2020	266 560	753 643	2.8
Guesthouses and other short-stay accommodation	2021	249 591	509 772	2.0
Camping grounds, recreational vehicle parks and trailer parks	2019	109 599	166 923	1.5
Camping grounds, recreational vehicle parks and trailer parks	2020	83 263	128 492	1.5
Camping grounds, recreational vehicle parks and trailer parks	2021	86 757	127 833	1.5

CSB. (2020). Tourism in Latvia 2020., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.6. VISITORS STAYING IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS BY COUNTRY OF RESIDENCE, 2019, 2020, 2021, (per cent)

Table 13. VISITORS STAYING IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS BY COUNTRY OF RESIDENCE, 2019, 2020, 2021, (per cent)

VISITORS STAYING IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS BY COUNTRY OF RESIDENCE, 2019, 2020, 2021, (per cent)					
2019	2019	2020	2020	2021	2021
Country	%	Country	%	Country	%
Latvia	31.8	Latvia	51.1	Layvia	66.2
Other countries	26.2	Other countries	13.9	Other countries	15.2
Russia	9.8				
Germany	8.5	Germany	3.7	Germany	4.6
Lithuania	7.3	Lithuania	12.2	Lithuania	6.4
Estonia	6.0	Estonia	9.4	Estonia	4.1
Finland	3.9	Finland	4.7		
United Kingdom	3.8			United Kingdom	1.8
Sweden	7.7				
				Poland	1.7

CSB. (2020). Tourism in Latvia 2020., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.7. NUMBER OF NON-RESIDENT VISITORS AND NIGHTS SPENT IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS, 2019, 2020, 2021

Table 14. NUMBER OF NON-RESIDENT VISITORS AND NIGHTS SPENT IN HOTELS AND OTHER ACCOMMODATION ESTABLISHMENTS, 2019, 2020, 2021

	Number of non-resident visitors			Number of nights spent		
	2019	2020	2021	2019	2020	2021
Total, of of which:	1 945 919	714 975	442 188	3 851 303	1 504 305	863 387
United States of America	43 292	8 582	12 104	87 736	16 164	23 756
United Kingdom	107 950	25 377	23 016	217 776	53 716	45 342
Belarus	39 977	8 942	n/d	125 417	28 155	n/d
Denmark	31 328	6 467	n/d	62 510	14 002	n/d
France	46 326	8 312	12 021	89 871	15 515	23 297
Estonia	171 062	137 423	53 710	259 992	227 991	92 146
Italy	44 051	10 637	12 340	82 531	20 275	24 879
Russia	279 390	72 503	20 166	580 959	157 049	43 223
Lithuania	209 536	178 425	83 866	363 117	328 137	151 262
Norway	62 821	11 394	n/d	131 903	23 560	n/d
Poland	63 449	16 777	22 354	99 327	32 725	42 857
Finland	110 792	68 821	13 299	205 169	121 921	24 833

Germany	242 988	53 417	60 089	454 777	104 044	118 413
Sweden	77 079	11 963	10 171	164 318	51 691	19 714
Netherlands	n/d	n/d	9 602	n/d	n/d	17 693
Ukraine	n/d	1 251	11 591	n/d	27 959	27 768
Spain	n/d	n/d	8 077	n/d	n/d	14 943

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.8. NON-RESIDENT VISITORS BY COUNTRY OF RESIDENCE, 2019, 2020, 2021 (per cent)

Table 15. NON-RESIDENT VISITORS BY COUNTRY OF RESIDENCE, 2019, 2020, 2021 (per cent)

NON-RESIDENT VISITORS BY COUNTRY OF RESIDENCE, 2019, 2020, 2021 (per cent)	NON-RESIDENT VISITORS BY COUNTRY OF RESIDENCE (per cent)		
	2019	2020	2021
United States of America	n/d	n/d	2.7
United Kingdom	5.6	3.5	5.2
France	2.4	n/d	2.7
Estonia	8.8	19.2	12.1
Italy	n/d	n/d	2.8
Russia	14.4	10.1	4.6
Lithuania	10.8	25.0	19.0
Norway	3.2	1.6	n/d
Poland	3.3	2.3	5.1
Finland	5.7	9.6	3.0
Germany	12.5	7.5	13.6
Sweden	4.0	1.7	n/d
Canada	n/d	1.7	n/d

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.9. NUMBER OF NON-RESIDENT VISITORS AND LENGTH OF STAY BY TYPE OF ACCOMMODATION ESTABLISHMENT, 2019, 2020, 2021

Table 16. NUMBER OF NON-RESIDENT VISITORS AND LENGTH OF STAY BY TYPE OF ACCOMMODATION ESTABLISHMENT, 2019, 2020, 2021

NUMBER OF NON-RESIDENT VISITORS AND LENGTH OF STAY BY TYPE OF ACCOMMODATION ESTABLISHMENT, 2019, 2020, 2021	Year	Number of non-resident visitors	Number of nights spent	Average length of stay (nights)
Total	2019	1 945 919	3 851 303	2.0
Total	2020	714 975	1 504 305	2.1
Total	2021	442 188	863 387	2.0
Hotels and similar establishments	2019	1 776 622	3 282 128	1.8
Hotels and similar establishments	2020	620 594	1 129 577	1.8
Hotels and similar establishments	2021	404 443	764 533	1.9

Guesthouses and other short-stay accommodation	2019	114 712	482 205	4.2
Guesthouses and other short-stay accommodation	2020	64 065	325 105	5.1
Guesthouses and other short-stay accommodation	2021	25 149	77 460	3.1
Camping grounds, recreational vehicle parks and trailer parks	2019	54 585	86 970	1.6
Camping grounds, recreational vehicle parks and trailer parks	2020	30 316	49 623	1.6
Camping grounds, recreational vehicle parks and trailer parks	2021	12 596	21 394	1.7

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.10. CHARACTERISTICS OF HOTELS BY CATEGORY, 2019, 2020, 2021

Table 17. CHARACTERISTICS OF HOTELS BY CATEGORY, 2019, 2020, 2021

	Year	Number of hotels (at the end of the year)	Number of beds (at the end of the year)	Number of visitors	of which non-residents	Number of nights spent	of which non-residents
Total	2019	234	22 834	2234 439	1701 866	3 869 242	3 059 994
Total	2020	153	15 197	1 017 821	587 105	1 740 216	1 053 790
Total	2021	188	18 460	890 045	393 263	1 529 561	732 566
Not categorized	2019	110	5 713	359 546	203 037	586 452	356 003
Not categorized	2020	78	4 206	228 071	92 136	364 429	156 799
Not categorized	2021	105	5 650	240 429	74 454	358 028	122 596
1, 2 stars	2019	5	192	4 672	2 518	8 668	3 839
1, 2 stars	2020	5	192	2 759	713	5 801	1 524
1, 2 stars	2021	5	247	1 817	352	3 249	633
3 stars	2019	55	5 503	514 480	348 239	901 502	642 658
3 stars	2020	39	4 155	248 558	111 637	451 490	218 670
3 stars	2021	40	4 211	203 401	69 344	391 82	148 034
4 stars	2019	50	9 609	1184 100	1001 029	2059 939	1781 997
4 stars	2020	23	5 530	468 252	338 778	788 818	593 976
4 stars	2021	27	6 323	363 505	209 179	626 942	389 056
5 stars	2019	14	1 817	171 641	147 043	312 681	275 497

5 stars	2020	8	1 114	70 181	43 841	129 678	82 821
5 stars	2021	11	2 029	80 893	39 934	149 520	72 247
of which in Riga							
Total	2019	94	14 173	1562 557	1359 276	2788 392	2459 273
Total	2020	46	8 528	584 067	437 918	1 048 140	785 283
Total	2021	56	10 350	481 025	309 386	879 602	571 789
Not categorized	2019	26	1 914	130 174	101 954	225 866	181 830
Not categorized	2020	14	1 421	64 854	44 437	116 579	74 447
Not categorized	2021	19	1 830	67 893	44 306	109 624	70 604
1, 2 stars	2019	2	58				
1, 2 stars	2020	2	58				
1, 2 stars	2021	2	113				
3 stars	2019	24	3 078	323 091	259 387	596 225	490 425
3 stars	2020	13	1 973	127 890	75 729	260 760	155 246
3 stars	2021	14	2 065	95 933	50 838	212 100	108 819
4 stars	2019	32	7 736	980 567	879 609	1727 097	1563 789
4 stars	2020	13	4 392	353 414	287 087	605 947	500 206
4 stars	2021	14	4 753	270 598	182 768	480 830	336 240
5 stars	2019	10	1 387	126 606	116 777	237 085	221 680
5 stars	2020	4	684	36 906	30 331	63 764	55 030
5 stars	2021	7	1 589	45 882	31 320	76 244	55 887

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.11. FOREIGN TRAVELLERS IN LATVIA

7.2.11.1. CHARACTERISTICS OF NON-RESIDENT TRAVELLERS, 2019, 2020, 2021

Table 18. CHARACTERISTICS OF NON-RESIDENT TRAVELLERS, 2019, 2020, 2021

Year	Number of border crossings, thousand	Total expenditure during trips, million uros
2019	8 342	806.3
2020	3 204	239.7
2021	1 937	179.9

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.2.11.2. CHARACTERISTICS OF NON-RESIDENT OVERNIGHT TRAVELLERS, 2019-2020

Table 19. CHARACTERISTICS OF NON-RESIDENT OVERNIGHT TRAVELLERS, 2019-2020

Year	Number of border crossings, thousand	Number of nights spent, thousand	Total expenditure during trips, million euros	Average length of trips, nights	Average daily expenditure per traveller, euros
2019	1 935	8 266	538.2	4.3	65
2020	636	2 889	145.4	4.5	50
2021	478 2	847	145.4	6.0	51

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.3. LATVIAN ECONOMIC PROFILE versus DENMARK and ICELAND: ECONOMY, HOSPITALITY AND ACCOMODATION, TOURISM

The authors of the materials would like to note that data collected during the pandemic period from Intrastat and other relevant and reliable sources for the period 2019-2020, 2021 has changed if to compare data collected for the same period in 2021 and 2023. This Handbook includes latest data updated as from end of year 2022, beginning of year of 2023. The author of the book relate these changes to the technical and human resource problems, exemptions, prolongations for the reports by the companies during the beginning of the pandemic that could affect the totals of the collected data.

7.3.1. Population on 1 January by age, sex and NUTS 2 region

Table 20. Population on 1 January by age, sex, and NUTS 2 region

Population on 1 January	2019	2020	2021
Denmark	5 806 081	5 822 763	5 840 045
Latvia	1 919 968	1 907 675	1 893 233
Iceland	356 991	364 134	368 792

Eurostat. (2021, 2023). Population on 1 January by age, sex and NUTS 2 region.

7.3.2. GDP and main components (output, expenditure and income)

Table 21. Gross domestic product at market prices

Gross domestic product at market prices	Current prices, million euro	
	2019	2020
European Union - 27 countries (from 2020)	14 015 642,1	13 393 729,4
European Union - 28 countries (2013-2020)	16 542 257,2	n/d
Euro area (EA11-1999, EA12-2001, EA13-2007, EA15-2008, EA16-2009, EA17-2011, EA18-2014, EA19-2015)	11 982 723,3	11 400 379,6
Denmark	310 475,6	312 516,6
Latvia	30 647,2	29 511,0
Iceland	22 200,8	19 025,2

Eurostat. (2021). GDP and main components (output, expenditure and income).

7.3.3. GDP per capita, euro per capita

Table 22. GDP per capita

GDP per capita	Current prices, million euro		
	2019	2020	2021
Denmark	48,970	47,890	50,010
Latvia	12,540	12,340	12,970
Iceland	39,160	35,890	36,870

Eurostat. (2021, 2023). GDP and main components (output, expenditure and income).

7.3.4. Population Density

Table 23. Population Density

Population Density			
Unit of measure: Persons per square kilometer	2019	2020	2021
European Union - 27 countries (from 2020)	109,0	n/d	n/d
Denmark	138,5	n/d	n/d
Latvia	30,2	n/d	n/d
Iceland	3,6	n/d	n/d

Eurostat. (2021, 2023). Population density

7.3.5. Population by sex, age, citizenship, labour status (thousands) from 15 to 64 years [Y15-64]

Table 24. Population by sex, age, citizenship, labour status (thousands), From 15 to 64 years [Y15-64]

Population by sex, age, citizenship, labour status (thousands), From 15 to 64 years [Y15-64]	2019	2020	2021
Unit of measure: Persons per square kilometer	2019	2020	2021
European Union - 27 countries (from 2020)	285 060,3	284 335,1	282 223.4
Denmark	3 704,4	3 699,7	3 689.5
Latvia	1 204,0	1 189,9	1 176.5
Iceland	226,7	229,9	232.7

Eurostat. (2021, 2023). Population by sex, age, citizenship, labour status (thousands)

7.3.6. Economically active population by sex, age (thousands) from 15 to 74 years [Y15-74]

Table 25. Economically active population by sex, age (thousands)

Economically active population by sex, age (thousands)		2019	2020	2021
EU27_2020	European Union - 27 countries (from 2020)	213 841,2	211 864,0	212 534.6
DK	Denmark	3 029,7	3 022,7	3 035.5
LV	Latvia	971,3	971,7	934.6
IS	Iceland	208,3	205,8	b 208.6

Eurostat. (2021, 2023). Economically active population by sex, age (thousands)

7.3.7. Arrivals at tourist accommodation establishments (number)

Table 26. Arrivals at tourist accommodation establishments (number)

Arrivals at tourist accommodation establishments (number)	2019	2020	2021
European Union - 27 countries (from 2020)	999,794,950	467,084,446	593,754,696
Denmark	8,279,387	5,035,833	6,417,528
Latvia	2,853,333	1,462,965	1,306,588
Iceland	5,231,835	1,931,232	3,093,883

Eurostat. (2021, 2023). Arrivals at tourist accommodation establishments by NUTS 2 regions.

7.3.8. Nights spent at tourist accommodation establishments (number)

Table 27. Nights spent at tourist accommodation establishments (number)

Nights spent at tourist accommodation establishments (number)	2019	2020	2021
European Union - 27 countries (from 2020)	2 874 808 576	1,421,920,117	1 831 762 071
Denmark	34,325,625	23,670,530	28 556 054
Latvia	5 509 682	2 889 342	2 379 777
Iceland	8,406,451	3 295 557	5,012,414

Eurostat. (2021, 2023). Nights spent at tourist accommodation establishments.

7.3.9. NUMBER OF NIGHTS SPENT IN HOTELS AND SIMILAR ACCOMMODATION ESTABLISHMENTS, 2019, 2020

Table 28. NUMBER OF NIGHTS SPENT IN HOTELS AND SIMILAR ACCOMMODATION ESTABLISHMENTS, 2019, 2020

Country	Year	Total nights spent, thousand	Nights spent by residents, thousand	Nights spent by non-residents, thousand
Latvia	2019	4 318.1	1 036.0	3 282.1
Latvia	2020	2 007.2	877.6 1	129.6
Denmark	2019	17 067.6	9 649.5	7 418.1
Denmark	2020 report data incl. for 2019	17 067.6	9 649.5	7 418.1
Iceland	2019	5 791.7	580.6	5211.1
Iceland	2020	2 020.2	745.2	1274.9

CSB. (2021). Tourism in Latvia 2021., CSB. (2021). Tourism in Latvia 2021., CSB. (2022). Tourism in Latvia 2022.

7.3.10. Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation (NACE Rev. 2, I, 55.1)

Mode of accommodation: Bedplaces

Unit of measure: Percentage, %

Table 29. Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation

Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation (NACE Rev. 2, I, 55.1)	2019	2020	2021
GEO (Labels)	%	%	%
European Union - 27 countries (from 2020)	49,84	28.1	33.89
Denmark	48	23	30

Latvia	43,3	21.4	20.8
Iceland	51,1	20.1	30.3

Eurostat. (2021, 2023).

7.3.11. Number of establishments, bedrooms and bed-places (number of establishments: hotels; holiday and other short-stay accommodation; camping grounds, recreational vehicle parks and trailer parks)

Table 30. Number of establishments, bedrooms and bed-places

Number of establishments, bedrooms and bed-places	2019	2020	2021
European Union - 27 countries	617 953	594,462	597,171
Denmark	1 197	n/d	1,230
Latvia	1 220	n/d	1,084
Iceland	1 176	1 124	n/d

Eurostat. (2021, 2023). Number of establishments, bedrooms and bed-places.

7.3.12. INDICATORS ON HOTELS AND SIMILAR ACCOMMODATION ESTABLISHMENTS, 2019, 2020

Table 31. INDICATORS ON HOTELS AND SIMILAR ACCOMMODATION ESTABLISHMENTS, 2019, 2020

	Year	Number of hotels and similar establishments	Number of rooms, thousand	Number of beds, thousand
Latvia	2019	348	13.4	27.3
Latvia	2020	328	12.6	25.7
Denmark	2019	585	51.6	104.7
Denmark	2020 report data incl. for 2019	585	51.6	104.7
Iceland	2019	446	15.9	34.0
Iceland	2020	441	15.9	34.2

CSB. (2021). Tourism in Latvia 2021. CSB. (2022). Tourism in Latvia 2022.

7.3.13. Business registration and bankruptcy index by NACE Rev.2 activity - annual data

Accommodation and food service activities

Registrations, Unit of measure: Index, 2015=100

Table 32. Business Registration and bankruptcy index by NACE Rev 2 activity

Business registration and bankruptcy index by NACE Rev.2 activity	2019		2020		2021	
European Union - 27 countries	116.4	s	105.3	s	121.0	s
Denmark	141.7		123.3		119.4	
Latvia	n/d	c	n/d	c	43.9	c
Iceland	93.9		103.8		132.8	

C - confidential, p - provisional, s -Eurostat estimate, Eurostat. (2021, 2023).

7.3.14. NUMBER OF INHABITANTS OF EUROPEAN UNION MEMBER STATES, WHO MADE AT LEAST ONE OVERNIGHT DOMESTIC OR OUTBOND TOURISM TRIP, 2019

Table 33. NUMBER OF INHABITANTS OF EUROPEAN UNION MEMBER STATES, WHO MADE AT LEAST ONE OVERNIGHT DOMESTIC OR OUTBOND TOURISM TRIP, 2019, (percentage of total population)

	Year	Tourism trips	of which		
			Domestic tourism trips	Outbound tourism trips	Domestic and outbound tourism trips
Latvia	2019	57.5	24.9	11.0	21.5
Latvia	2020	42.7	27.1	6.8	8.8
Denmark ²	2019	69.9	25.5	31.7	12.8
Denmark	2020	52.5	40.8	9.6	2.2
Iceland	2019	n/d	n/d	n/d	n/d
Iceland	2020	n/d	n/d	n/d	n/d

CSB. (2021). Tourism in Latvia 2021. CSB. (2022). Tourism in Latvia 2022.

7.3.15. International Tax Competitiveness Index 2021

Table 34. International Tax Competitiveness Index 2021

Country	2019 Rank	2019 Score	2020 Rank	2020 Score	2021 Rank	2021 Score	2021	2021
Denmark	28	58.7	28	58.3	28	57.9	0	-0.3
Iceland	29	56.1	30	55.3	32	53.7	-2	-1.6
Latvia	3	83.1	2	84.2	2	85.1	0	0.9

Tax Foundation. (2021). International Tax Competitiveness Index 2021.

7.3.16. 2021, 2022 International Tax Competitiveness Index

Table 35. 2021, 2022 International Tax Competitiveness Index

Country	Year	Overall Rank	Corporate Taxes	Individual Taxes	Consumption Taxes	Property Taxes	Crossborder Taxes
Denmark	2021	28	16	34	17	16	30
Denmark	2022	33	18	36	20	19	30
Iceland	2021	32	13	36	19	27	31
Iceland	2022	31	16	19	28	28	31
Latvia	2021	2	2	5	27	5	9
Latvia	2022	2	1	4	26	5	9

Tax Foundation. (2021). International Tax Competitiveness Index 2021., Tax Foundation. (2022). International Tax Competitiveness Index 2022.

7.3.17. DOING BUSINESS RANK 2020.

Table 36. Ease of doing business ranking, 2020

(Note Doing Business Rank was available as comparative indicator by year 2021. The World Bank has stopped to produce analysis according to that indicator metrics.)

COUNTRY	Ease of doing business ranking, 2020	DB Score
Denmark	4	85.3
Latvia	19	80.3
Iceland	26	79.0

World Bank. (2020). Doing Business Rank.

7.3.18. Ease of doing business ranking, 2019

Table 37. Ease of doing business ranking, 2019

COUNTRY	Ease of doing business ranking, 2019	DB Score
Denmark	3	84.64
Latvia	19	79.59
Iceland	21	79.35

World Bank. (2019). Doing Business Rank 2019.

8. Analysis of the Four Cases with a Review of Financial Results on Business Models in Latvia

8.1. QUALITATIVE INTERVIEW ANALYSIS

(Preliminary analysis: interview stage)

8.1.1. The period of interviews proceeded and analysis conducted APRIL 2022

The Latvian partner project manager cooperated with several persons to arrange the interview of the senior management of the biggest hospitality and MICE companies from Latvia. Not all of the invited companies provided the responses, not all of them provide the full responses.

The companies were offered face-to-face interviews, but all of the companies asked to answer the questions digitally during available time. The Period of conducting the interviews was very busy for the hospitality and MICE companies in Riga, because the Covid restrictions were lifted, and the companies were in the process of increasing volumes and rearranging the operational work of staff.

The four companies were interviewed: the exhibition provider, the travel agency, the 4-star hotel and the company analysed as 5-star hotel, however as legal entity and financial unit includes the two hotels in the company – the 5-star hotel and the 3-star hotel.

The interview framework was created by the three project partners, led by Dania Academy for the questions to obtain qualitative data. The project manager analysed also the quantitative data on the company obtained from the financial statistic databases, e.g. Lursoft (2022).

In Latvia, financial is not at open access, and is available only for the payments individually for every single report on the company, or the paid subscription. Especially, during the crisis situations, economic downturns, the companies are faced to the necessity to buy the financial data, check the company statuses to minimize the operational, financial and even strategic risks, especially checking for the insolvency or litigation processes. Thus, every company faces the limitations on the financial information on the industry market and suppliers, competitors, partners, unless the paid service is arranged that creates some inconveniences and additional costs as the information for purchase is set up at different levels. HOTEL SCHOOL also extended the paid subscription for the paid financial reports analysis of the current situation. The period of analysis was exactly after lifting up the prolonged Covid-19 strict restrictions.

The companies were informed that the final will be published without specifying the names of the companies and surnames, which can be used for operational research analysis.

8.1.2. The interviewed companies

Hospitality and M.I.C.E. Companies from Latvia

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
Registrations year	1997	1992	1991	2012

All of the 4 interviewed senior managers are experienced. The 3 of 4 mentioned the experience around 20 years of management.

8.1.2.1. EXHIBITION PROVIDER (Latvia, Riga): interviewed manager - the director of International exhibition center and member of the board. The company was described as the biggest exhibition center in Baltic states with 50 till 100 workers, the numbers are changing depending of projects and time of the year, with turnover is aprox. 2-3 million euro.

EXHIBITION PROVIDER (Latvia, Riga)

EXHIBITION PROVIDER (Latvia, Riga): interviewed manager - the director of International exhibition center and member of the board. **The company was described as the biggest exhibition center in Baltic states with 50 till 100 workers, the numbers are changing depending of projects and time of the year, with turnover is aprox. 2-3 million euro.**

8.1.2.2. TRAVEL AGENCY (Latvia, Riga): interviewed manager - travel professional with more than 18 year experience. The career was mainly built in travel agency, where the manager has started the job as a Customer service manager, but since 2008 is the Managing Director, responsible for the whole company. The company was described as the travel agency, one of the largest travel company in Latvia with more than 30 years in business and it is also Nr 1 in business travel in Latvia. At the heart of the travel agency is a very simple principle: the travel agency exists to enable its customers, be it corporations, travel partners, governments or private individuals to meet their varied and ever changing travelling needs. The travel agency works with the clients to help them select their travel destinations, organize optimal travel plans and handling at their destination, be it for leisure, business or for conference and congresses. They have the two offices in Riga, and to in regional cities – Ventspils and Jekabpils.

TRAVEL AGENCY (Latvia, Riga)

TRAVEL AGENCY (Latvia, Riga): interviewed manager - travel professional with more than 18 year experience - since 2008 is the Managing Director, responsible for the whole company. The company was described as the travel agency, one of the largest travel company in Latvia with more than 30 years in business and it is also Nr 1 in business travel in Latvia.

A famous brand Con-ex belongs to travel agency and is a very well known name, especially in organization of conferences, congresses, corporate events and seminars. It is proud of being selected to organize the NATO summit. From 2006, the brand started offering business travel services to its corporate customers under the trademark Business Plus. Before Covid crises the company had more than 60 employees, now amount is reduced till 26.

8.1.2.3. Four ** stars HOTEL (Latvia, Riga)**

interviewed manager with more than 20 years in hospitality / hotels in various positions. Currently Director of Sales and marketing for the two internationally branded large hotels. The manager runs the two large hotels from the two different companies of one brand, both hotels together almost 800 rooms. Current number of staff 180 persons for the two hotels (2022, spring).

4-Star HOTEL (Latvia, Riga)

4-star HOTEL (Latvia, Riga): interviewed manager with more than 20 years in hospitality / hotels in various positions. Currently Director of Sales and marketing for the two internationally branded large hotels. The manager runs the two large hotels from the two different companies of one brand, both hotels together almost 800 rooms. Current number of staff 180 persons for the two hotels.

8.1.2.4. Five ***stars HOTEL**, but the company includes the two hotels 5-stars and 3-stars: interviewed manager is the general manager leading and managing 5-star and 3-star hotels in one company in Riga, passionate about sales, revenue, representation. Reporting to Investor in Kiev. Previously also GM for another hotel until it was sold over to another investor. The company is described as the company with 180 employees and 13 Million EUR turnover in the pre-Covid period, and 80 employees in after-Covid period – April 2022.

5-stars HOTEL +3-stars HOTEL

5-stars HOTEL, but the company includes the two hotels 5-stars and 3-stars: interviewed manager is the general manager leading and managing 5-star and 3-star hotels in one company in Riga, passionate about sales, revenue, representation. Reporting to Investor in Kiev. Previously also GM for another hotel until it was sold over to another investor. The company is described as the **company with 180 employees and 13 Million EUR turnover** in the pre-Covid period, and 80 employees in after-Covid period – April 2022.

8.1.2.5. THE ANALYSIS OF THE INTERVIEWED COMPANIES for the period 2017 – 2020

All of the 4 interviewed senior managers are experienced. The 3 of 4 mentioned the experience around 20 years of management.

The three of four companies said that the first decisions during Covid-19 lockdown situation were done quickly, the two of four organisations closed the part of the offices and the hotels. The exhibition provider said that when faced first lockdown immediately we organized crisis group, were all next decisions were made. The travel agency said the first decisions were quick and about cost optimization, they closed the three offices in Riga, and one in Liepaja. For the large 4-star hotels the decisions were stressful. The company with the 5-star hotel took a very straightforward line to shut down 2 out of 3 hotels immediately, and their employees were very supportive and understanding to accept the fate and await the furlough benefits.

The primary driving force in dealing with the decisions made throughout the Corona crisis for the exhibition provider was to keep the company, to keep employees so that the company can continue working after the crisis, and to be flexible, because you don't know what tomorrow will bring. The travel agency said that they wanted to keep company alive and financially healthy and felt responsible for people working within the company. The 4-stars hotel said that the primary driving force was to reorganize companies structure according to demand and overall situation, but for 5-stars hotel it was a pragmatic approach to things that they cannot influence, and the faster decisions to suspend operations and providers services, the better for the budget. The two of the four companies focused on cost optimization, the two companies mentioned the willingness to keep the company.

The companies were asked about the most important competencies and qualities in dealing with the crisis in the hotel/ hospitality / MICE industry. The following competencies and qualities were specified by the managers: risk analysis and the ability to be creative, being able to adjust, optimize and see the whole picture, stress tolerance and flexibility, ability to remain calm and focused, and base decision on facts not emotions, have a copter view and understanding that certain changes will be in place for a long time therefore the previously "normal" way of things might never come back as they were and a whole new approach will be needed to make the business work. The two of the four companies said it is important to see the whole picture for the manager.

The companies were asked if they found that environmental, societal and social considerations were relevant to your business goals, and if there was any change over the last two years. Not all companies provided the answers. The 4-stars hotel said they had different projects to reduce carbon footprint, energy costs. For 5-stars hotel it was very strange to follow green guidelines and ban plastic in all outlets and then all of a sudden the massive use of plastic wrapping, bags, masks, etc. flooded the world like it had not seen before. So some companies started the new sustainability focused projects, for some noted that Covid-19 influenced the use of the plastic in this sector.

The managers mentioned the following values they want to create for your customers (business, social and environmental). The exhibition provider mentioned safe environment, place where your business can grow, the travel agency said they worked out a Ethic Code and try to analyze and choose our suppliers to follow the principles which are incorporated in our Ethic Code. The 4-stars hotels mentioned positive attitude and professional approach delivering a memorable guest experience. The 5-stars hotel said to find the right price and value ratio to keep customers happy. They also support social side - there are 16 Ukrainian

refugees on full term contract currently, and environmental – they follow the Accor adopted Planet21 guidelines at the level “gold”. The managers provided the differently focused answers that demonstrates the individual concepts affecting the business decisions and the models.

When speaking about values, the managers were asked how their business reflects their values. The responses were different. For exhibition provider, it is satisfied customers which return. The travel agency said that they have taken part in Sustainability index in 2019, and even in 2020 and have got the Bronze category as a sustainable company, and mentioned there is a long way to go to reach their goals, but first steps were done. They have always been a company with inclusive approach to staff issues, there are disabled people in our team, people of different ages and nationalities. They worked out procedure how to be environmentally friendly in their offices and not to waste nature resources. The 4-stars hotel said it is important to deliver what is promised. The 5-stars hotel mentioned that through hiring and training they shape their staff to carry on the values by being themselves and representing our hotels. This gives the soul of their Riga hotels and makes their guests feel welcome and appreciated.

When speaking about the changes during the two years 2020-2021, the exhibition provider mentioned that customers value a physical meeting much more, clients decision is made much later, do not plan for the long term. The travel agency said there were a lot of changes because most of the team worked from homes for more than 2 years., and the business has almost stopped for a while. Now they are partly back, but some people still take a chance to work from distance and save time and resource what normally was spent on transportation. The 4-stars hotel mentioned such changes as less guest, limited-service possibilities, uncertainty. The 5-stars hotel manager said previously the relationships between employees and guests were more formal and distant, but now they feel much more down to earth as well as the customers and their expectations – all the communication has turned into a more human and friendly way. Despite the different answers provided, all companies mentioned different types of the changes, several of them are related to staff and scope.

The managers had the question about the need for extra external funding during the crisis. Exhibition provider said they took Altum funding during the first Covid wave for cash flow stabilization. Even the first wave they managed from company profit, but no doubt we know the autumn (2022) will be more problematic. Altum program helped many companies. The travel agency said they have applied for Government support and used all mechanisms which were available for travel industry. Also the 5-stars hotel said they borrowed from ALTUM and as well applied for the furlough benefits, payments for operational expenses. Besides many providers had to be put on hold with payments, so this lead to an accumulation of debt. Altogether, all companies needed extra funding, the two mentioned Altum programme funding besides of governmental support.

The managers explained how their pricing strategy was changed over the last two years. The exhibition provider said they were more flexible, the event industry and big event halls have the biggest restrictions, so they worked with Health Ministry. The second strategy was to find a new product for getting profit. The travel agency said their pricing strategy did not really change. The 4-stars hotel said the pricing strategy was dynamic according to market conditions. The 5-stars hotel said they had changes, and had to adjust in order to maintain a

competitive profile, attract new segments and partners, that this has a negative impact on the RevPAR and bottom line but such is the new competitive market. The three of four companies had changes in pricing strategy.

The managers explained what was the distribution of their core activities before Covid-19 and how it changed during the last 2 years of Covid-19. For exhibition provider it was event organization and technical equipment, with no changes during Covid-19. Travel agency is full service travel agency, working in all segments of industry like business travel, leisure, incoming, MICE and PCO, and also after Covid crisis they keep working in the same segments just in smaller extent. For 4-stars hotel there are less face-to-face meetings. For 5-stars hotel, indeed pre-Covid there was a very strong corporate part, especially MICE that has shrunk now to local market 90%. So now they must find alternative niches and change the approach wherever needed to attract the potential which is travelling at all. For the two of four companies there were no changes in the core activities.

When summarizing changes, the exhibition provider mentioned that their plans are long time and, but they are focusing on short time plans because of Covid. Winter and spring are the exacerbation of Covid, so they are ready that there will be no events and they are ready to do more in Covid free time of the year. The travel agency said they reduced from the mid size company with 60 people to a small size company with 26 persons. For 4-stars hotel it is revenue loses, restructuring of the team and organization. The 5-stars hotel mentioned another problem with staff that many people don't know how to work anymore. Yet there are also people ready to take and combine roles, do extra and be confident with that. All in all less people are needed and more condensed team of allrounders. All the companies mentioned changes as reduction, restructuring the team or organization.

The managers were asked also about the changes in activities. The exhibition provider mentioned Covid-19 containment measures, norms, so everyone is ready to wear mask, make surface disinfection, not only in catering are but in all rooms, count visitors, how many they are at one time etc. Travel agency said they have no enough staff capacity for significant growth, and the need to take a decision in which scale they want to extend, because there is still uncertainty what will autumn (2022) bring and also can feel a strong influence of the war as Latvia is not assumed as a safe destination anymore from many customers. The 4-star hotel mentioned the digital menus that they started to use. 5-stars hotel manager said not too much changes, but it would be more common to use self service/online where possible, online checkin, door opening app, online billing and payments, QR code app room service and other. All parties mentioned different changes but the two of four – related to digitalization.

The companies were asked what was the percentage of conferences in the business before Covid-19? For exhibition provider the conferences were 15%. For travel agency, 55 % business travel, 10 % MICE and PCO, 20 % leisure and 15 % Incoming tourists. For 4-star hotel, it was 30% business groups + conference space, for 5-stars hotel, it was about 50%. All of the four companies had conferences as the part of the business, the share in the hotel business - the biggest.

The companies explained what changes they had in relation to the conferences during Covid-19. The exhibition provider says there were no face to face conferences and difficult meet each other, they started to use more conference calls. But now everything comes back to normal track, at least till autumn. The travel agency mentioned focus on sustainability, but the 4-stars hotel - Hybrid events / online events, the 5-stars hotel - mostly reduced to local and Baltic demand. Much forgotten from more distant feeder markets like Scandinavia, Germany. All of the companies have experienced changes in the conferences during Covid-19 period.

The expectations for conferences and business activities in the future are as follows: the exhibition provider considers face to face meeting will not disappear, but digital meetings have made their part in everyday business. Time is money and this is how we can do it more productive. The travel agency considers there will be many conferences in hybrid format, as companies will pay more attention to environmental issues. More local suppliers and communities will be involved in organizing, money will move to the regions where more support is needed. The 4-star hotel stated over demand for services with limited supply. The 5-stars hotel consider slowly they might return but so far there is evidence of less need, lesser volumes, length. Different situations, the 3 of 4 companies mentioned changed in the formats, turn to hybrid and more effective solutions.

The companies were asked about the strategy they had under Covid-19: for the exhibition provider - keep the core of the company and do optimization, there was no time before. For travel agency - cost saving, optimizing and surviving. For 4-stars hotel, adapt according to regulations and market demand, control cost. For 5-stars hotel - massive reduction of all payment related areas, allowing people to leave immediately and change jobs, putting all service providers on hold until further notice, and actions to be taken immediately to save costs as each idle day would pile up unnecessary expenses. The three of four 4 companies mentioned cost saving.

The two of the four companies said they firstly had the strategy to react to Covid-19, the two companies said they did not have a strict strategy, also the regulations were changing weekly.

The interviews helped to perform the objectives to identify the changes, the strategies, the business models in the interviewed companies of the different profiles. The aim was achieved as qualitative data was collected to analyze the differences, similarities and the patterns in the different types of the businesses, that are related to the hospitality and MICE, such as exhibition provide, travel agency, the significant hotel in the Riga hotel business including 4-star hotel and the 5-star hotel.

Some companies did not provide the responses to every question referring to the lack of time in the difficult for the industry period. But the responses demonstrate that the managers were rather open to share their insights and expertise how to manage Covid crisis. All of the companies were operating after the Covid-19 lockdown.

The companies will be analyzed for the business models before, during, and after the Covid, Iso considering self-perception evaluation by the senior management and the analysis of collected quantitative data. Another chapter will provide an analysis of the per factum financial situation of the interviewed companies and the sector business results during the years 2019.

2020, 2021 with updated statistics on the situation in the Hospitality and MICE sector over the three years 2019, 2020, 2021 in Latvia.

At the moment of analysis, the balance sheet for 2021 was not available due to extended deadlines for the annual report submissions based on Covid-19 lockdown effects. Such analysis provides a great opportunity to see the patterns and changes at a systemic level before Covid-19, and compare to several Covid-19 period years. Only selected data is available for 2021 as the whole period at the moment of completing the analysis, for example, paid taxes to the state budget.

8.1.2.6. FINANCIAL ANALYSIS OF THE INTERVIEWED EXHIBITION PROVIDER (Latvia)

The company of the interviewed EXHIBITION PROVIDER was registered in 1997. The company did not get in the top-10 of the NACE code 82.3 according to the largest turnover, largest profit, largest number of employees in 2018, 2019, 2019, however positions itself as the biggest exhibition provider in the Baltic States. Although, the company is linked to the exhibition hall and the webpage to another company with partly similar name, which takes 1st place in NACE code 82.3 in 2018 as 4.52 mln EUR with profit 0.04 mln EUR, top 3 in 2018 for largest profit and the 7th place in 2019, first place for employees- 58 – in 2018 and 2019 same, 1st place in 2020 - 56 persons. This company holds around 48% of the shares of the interviewed company. The interviewed company positions itself in NACE codes Operation of arts facilities (90.04, version 2.0), Renting and operating of own or leased real estate (68.20, version 2.0). So the interviewed company is more asset operational company, but the he company to which it belongs in almost half, is direct exhibition provider. Thus, we can relate the also the interview answers to the exhibition provider (Nace code 82.3), taking the leading positions in the top-10 of different categories in 2018, 2019, 2020 as per available data collected.

When speaking about the interviewed company, the balance in 2020 is 1.75 mln EUR, that is higher than 1.65 mln EUR in 2019 and 1.65 mln EUR in 2017. The equity is 1.03 mln EUR in 2020, lower than 1.26 mln EUR in 2019, but similar to equity 1.00 mln EUR in 2017. The company used retained earnings for the funding of the operational activities in 2020. Short-term liabilities are 0.4 mln EUR in 2020 are at the same level as during 2019, 2018, but 35.4% lower than 0.62 mln EUR in 2017. Non-current liabilities increased to 0.32 mln EUR in 2020 from 0.029 mln in 2019 more than 10 times. The total value of debtors increased in 0.11 mln EUR in 2020 from 0.032 mln EUR in 2019 that makes 344% increase. However, also comparing the changes in debtors in 2018 and 2017 the increase to 0.68 mln EUR in 2018 is stated comparing to 0.11 mln in 2017. Retained earnings significantly increased to 0.90 mln EUR in 2020 with loss of the current 0.23 mln EUR 2020 year, when retained earnings were 0.85 mln EUR in 2019 with profit 0.057 mln EUR comparing to retained earnings 0.59 mln EUR in 2018 with profit 0.32 mln EUR in 2018. Retained earnings in 2017 are 0.60 mln EUR in 2017 with profit 0.48 mln EUR. This data demonstrates there is no direct tendency in profit change in the periods pre and while Covid-19. Liquidity in 2020 is 0.36. Number of employees in 2020 are 90 persons. Profitability (return on assets) is -13.09 in 2020. Total payments to the state budget decreased almost twice 0.18 mln EUR in 2021 comparing to 0.36 mln EUR in 2020. The

company has the two departments including the exhibition hall and the café located in different places in Riga. The exhibition hall is registered in 2000, but the café was registered in 2019 before Covid-19 and excluded in 2021 during the Corona period.

As financial state support, the company received the support for tourism companies to overcome the effects of the Covid-19 crisis, grants for working capital flow, support for the wage subsidy. The total sum received for the period April 2020., but receiving from January 2021 to March 2022 – 1.02 mln EUR in total altogether.

Net turnover decreased by 1.02 mln EUR in 2020 comparing to 2.5 mln EUR in 2019 with reduction for 145%. Net turnover is 2.7 mln EUR in 2018 and 2.4 mln EUR in 2017. However, also cost of goods sold reduced significantly in 2020 almost twice by 1.2 mln EUR from 2.04 mln EUR in 2019. Turnover and cost of goods sold was at the same level before Covid-19 in 2019, 2018, 2017. The company had other revenue 0.23 mln EUR in 2020 mainly as state support. Administration costs decreased not proportionally to the decrease of turnover to 0.24 mln EUR from 0.35 mln EUR in 2019, and it was at same level also in 2018, 2017. Current ratio is 0.35 in 2020, Gross Profit Margin is -17.3% in 2020.

8.1.2.7. FINANCIAL ANALYSIS OF THE INTERVIEWED TRAVEL AGENCY (Latvia)

The company of the interviewed TRAVEL AGENCY was registered in 1992. The travel agency is the 3rd company in 2018 in NACE code 79.1 (Travel agency and tour operator activities) according to the largest turnover, in 2019 – the 5th company, in 2020 – the 8th place. Also according to the number of employees it is the 3rd company in NACE code 79.1 with 58 persons in 2018, the 1st place in 2019 with 65 employees. Number of employees in 2020 are 47 persons with decline during Covid period. According to profit, it is th 6th company in top-10 of year 2018 of the NACE code 79.1. In 2019 and 2020 the company did not get to the top-10 according to the largest profit. According to the paid capital, the company took the 6th place in top-10 in 2018, 2019, 2020 years.

The balance in 2020 is 1.81 mln EUR, that is lower than 2.69 mln EUR in 2019 and 2.0 mln EUR in 2017. The equity is 0.45 mln EUR in 2020, lower than 0.77 mln EUR in 2019 and 0.83 mln EUR in 2017. The company used retained earnings for the funding of the operational activities in 2020. Short-term liabilities are 1.36 mln EUR in 2020, lower than 1.91 mln EUR in 2019, and at the same level 1.21 mln EUR as during 2018, 1.18 mln EUR as in 2017. Non-current liabilities are 4 838 EUR same as in 2019, and 0 in 2018, 2019. The total value of debtors declined in 2020 to 0.71 mln EUR, being 1.4 mln EUR in 2019, 1.3 mln EUR in 2018, 1.11 mln EUR in 2017. Retained earnings increased to 0.41 mln EUR in 2020 with loss 0.43 mln EUR comparing to retained earnings 0.30 mln EUR in 2019 with profit 0.11 mln EUR, and retained earnings 0.59 mln EUR in 2018 with profit 0.30 mln EUR in 2018. Retained earnings in 2017 are 0.50 mln EUR in 2017 with profit 0.22 mln EUR. This data demonstrates there is no direct tendency in profit change in the periods pre and while Covid-19, however, the loss occurred exactly during the Covid year 2020. Liquidity in 2020 is 1.0. Profitability (return on assets) is -23.68 in 2020. Total

payments to the state budget decreased almost to 0.13 mln EUR in 2021 comparing to 0.20 mln EUR in 2020. The company has fifteen departments.

As financial state support, the company received the support for tourism companies to overcome the effects of the Covid-19 crisis, grants for working capital flow, support for the wage subsidy. The total sum received for the period April 2020 to March 2022 – 0.13 mln EUR in total altogether.

Net turnover decreased to 2.99 mln EUR in 2020 comparing to 20.49 mln EUR in 2019 with reduction almost 10 times. Net turnover is 20.76 mln EUR in 2018 and 20.12 mln EUR in 2017. However, also cost of goods sold reduced significantly in 2020 almost 10 times 2.6 mln EUR from 18.74 mln EUR in 2019. Turnover and cost of goods sold was at the same level before Covid-19 in 2019, 2018, 2017. Administration costs decreased not proportionally to the decrease of turnover to 0.25 mln EUR from 0.38 mln EUR in 2019, and it was at same level also in 2018 – 0.32 mln EUR, and 0.26 mln EUR in 2017. Current ratio is 1.0 in 2020, Gross Profit Margin is 13.19% in 2020. Higher than 8.52% in 2019.

8.1.2.8. FINANCIAL ANALYSIS OF THE INTERVIEWED 4* HOTEL (Latvia)

The company of the interviewed 4* HOTEL (Latvia) was registered in 1991 and provided the hotel services also before this registration as the large hotel facilities. The 4-star hotel takes the 1st place of NACE code 55 (Accommodation) even without focus to 55.1 (Holiday and other short-stay accommodation) for largest turnover in 2018 with 23,89 mln EUR, 2nd place in 2019 – 21.59 mln EUR, and 2nd place in 2020 with turnover 6.89 mln EUR with a decrease for 213%. The company takes the 1st place for profit with 4.33 mln EUR in 2018, 1st place in 2019 with 3.93 mln EUR. As for the number of employees, the company takes the 3rd place in 2018 - 327, the 5th place in 2019 – 312, and the 5th place in 2020 – 98 persons. The company stays in the 1st place in 2018, 2019, 2020 for the paid capital – 18.21 mln EUR in 2018, 2019, 2020.

The balance in 2020 is 87,69 mln EUR that is lower than 93,37 mln EUR in 2019. The equity is 23.37 mln EUR in 2020, lower than 26.49 mln EUR in 2019. However, in 2019 the equity was 22.55 mln EUR, in 2017- 28.89 mln EUR. The company used retained earnings for the funding of the operational activities in 2020. Short-term liabilities are 3.22 mln EUR in 2020, lower than 5.81 mln EUR in 2019, and many times lower than in 2018 – 68.27 mln EUR, and 5.61 mln EUR in 2017. Non-current liabilities are 61.10 mln EUR almost same as in 2019, and 0 in 2019, 64.27 mln EUR in 2017. The total value of debtors declined in 2020 to 0.44 mln EUR, being 0.94 mln EUR in 2019, 1.3 mln EUR in 2018, 19.1 mln EUR in 2018, and 0.85 mln EUR in 2017. Retained earnings increased to 8.27 mln EUR in 2020 with loss 3.11 mln EUR comparing to retained earnings 0.30 mln EUR in 2019 with profit 0.11 mln EUR, and retained earnings 4.3 mln EUR in 2018 with profit 3.94 mln EUR in 2018. Liquidity in 2020 is 0.48. Profitability (return on assets) is -3.55 in 2020. Total payments to the state budget decreased almost to 1 367.57 thous. EUR in 2021 comparing to 1 934.04 thous. in 2020. The company has one department – the spa complex.

As financial state support, the company received the support for tourism companies to overcome the effects of the Covid-19 crisis, grants for working capital flow, support for the wage subsidy. The total sum received for the period April 2020 to March 2022 – 1.55 mln EUR in total altogether.

Net turnover decreased to 6.95 mln EUR in 2020 comparing to 21.59 mln EUR in 2019 with reduction almost 3 times. Net turnover is 23.89 mln EUR in 2018 and 22.80 mln EUR in 2017. However, also cost of goods sold reduced significantly in 2020 almost 2 times 7.86 mln EUR from 12.73 mln EUR in 2019. Turnover and cost of goods sold was almost at the same level before Covid-19 in 2018 – 12.73 mln EUR, and 13.45 mln EUR in 2017. Administration costs decreased in Covid period to 1.49 mln EUR in 2020 from 2,57 mln EUR in 2019, 3.36 mln EUR in 2018, 3.24mln EUR in 2017. Current ratio is 0.48 in 2020, Gross Profit Margin is -13.93% in 2020, when in 2019 – 41.03 mln EUR.

8.1.2.9. FINANCIAL ANALYSIS OF THE INTERVIEWED 5* HOTEL that is combined with 3*hotel in one organisation (Latvia)

The company of the interviewed 5* HOTEL (Latvia) was registered in 2012. The 4-star hotel did not get in the top-10 companies in 2020, 2019, 2018 for turnover, profit, number of employees or paid capital in NACE code 55 (Accommodation) even without focus to 55.1 (Holiday and other short-stay accommodation).

The balance in 2020 is 38.07 mln EUR, that is lower than 39.72 mln EUR in 2019. However, in 2018 the balance was 38.95 mln EUR, and in 2017 – 40.60 mln EUR. The equity is 2.02 mln EUR in 2020, lower than 5.58 mln EUR in 2019. However, in 2019 the equity was 5.32 mln EUR, in 2017- 5.10 mln EUR. The company used retained earnings for the funding of the operational activities in 2020. Short-term liabilities are 17.49 mln EUR in 2020, higher than 7.36 mln EUR in 2019, and many times lower than in 2018 – 7.96 mln EUR, and 6.43 mln EUR in 2017. Non-current liabilities are 18.56 mln EUR in 2020, 26.77 mln EUR in 2019, 25.67 mln EUR in 2018, 29.06 mln EUR in 2017.

The total value of debtors declined in 2020 to 0.14 mln EUR, being 0.35 mln EUR in 2019, 0.33 mln EUR in 2018, 10.30 mln EUR in 2017. Retained earnings decreased to 0.76 mln EUR in 2020 with loss 3.56 mln EUR comparing to retained earnings 1.02 mln EUR in 2019 with profit 0.26 mln EUR, and retained earnings 1.24 mln EUR in 2018 with profit 0.21 mln EUR in 2018. Liquidity in 2020 is 0.02. Profitability (return on assets) is - 9.36 in 2020. Total payments to the state budget decreased almost to -127.56 thous. EUR in 2021 comparing to -217.15 thous. in 2020. The company has four departments – the three hotels and the parking.

As financial state support, the company received the support for tourism companies to overcome the effects of the Covid-19 crisis, grants for working capital flow, support for the wage subsidy. The total sum received for the period April 2020 to March 2022 – 0.084 mln EUR in total altogether.

Net turnover decreased to 2.68 mln EUR in 2020 comparing to 10.55 mln EUR in 2019 with reduction almost 4 times. Net turnover is 11.18 mln EUR in 2018 and 10.34 mln EUR in 2017. However, also cost of goods sold reduced significantly in 2020 almost 2 times 4.23 mln EUR from 7.81 mln EUR in 2019. Turnover and cost of goods sold was almost at the same level before Covid-19 in 2018 – 8.8 mln EUR, and 8.03 mln EUR in 2017. Administration costs did not change proportionally in Covid period to the turnover 0.51 mln EUR in 2020 from 0.8 mln EUR in 2019, 0.52 mln EUR in 2018, 0.39 mln EUR in 2017. Current ratio is 0.02 in 2020, Gross Profit Margin is -57.79% in 2020, when in 2019 25.97 mln EUR.

8.1.2.10. FINANCIAL DATA OF THE INTERVIEWED HOSPITALITY COMPANIES (Latvia) including M.I.C.E activities

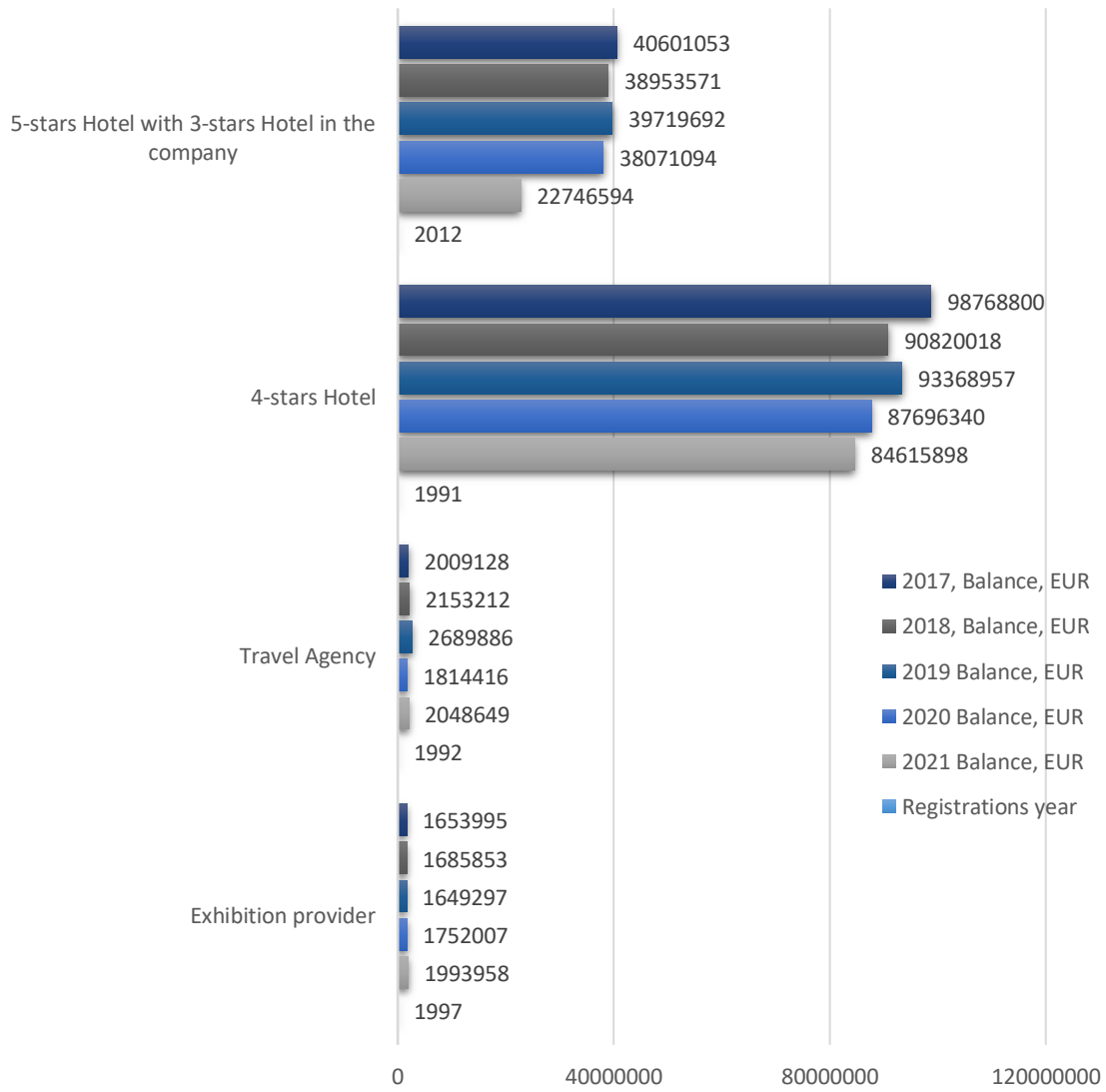
This data was collected in Spring of 2022, however, the annual reports for year 2021 were unavailable for Latvia due to extended submission deadlines of the annual reports. The data for year 2021 was updated in the end of 2022, beginning of 2023.

8.1.2.11. Balance

Table 38. FINANCIAL DATA OF THE INTERVIEWED HOSPITALITY COMPANIES (Latvia) including M.I.C.E activities

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
Registrations year	1997	1992	1991	2012
2021 Balance, EUR	1 993 958	2 048 649	84 615 898	22 746 594
2020 Balance, EUR	1 752 007	1 814 416	87 696 340	38 071 094
2019 Balance, EUR	1 649 297	2 689 886	93 368 957	39 719 692
2018, Balance, EUR	1 685 853	2 153 212	90 820 018	38 953 571
2017, Balance, EUR	1 653 995	2 009 128	98 768 800	40 601 053

8.1.2.11. Balance, EUR

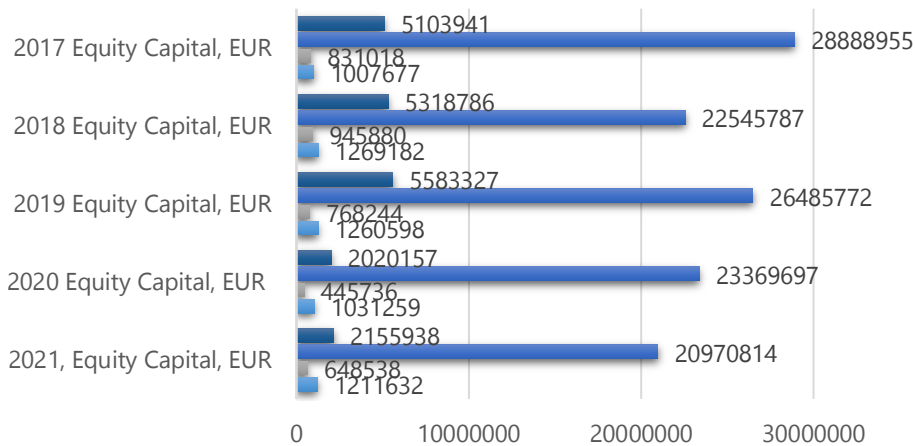


	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
■ 2017, Balance, EUR	1653995	2009128	98768800	40601053
■ 2018, Balance, EUR	1685853	2153212	90820018	38953571
■ 2019 Balance, EUR	1649297	2689886	93368957	39719692
■ 2020 Balance, EUR	1752007	1814416	87696340	38071094
■ 2021 Balance, EUR	1993958	2048649	84615898	22746594
■ Registrations year	1997	1992	1991	2012

Figure 17, Balance 2017 - 2021, EUR

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.12. Equity Capital				
2021, Equity Capital, EUR	1 211 632	648 538	20 970 814	2 155 938
2020 Equity Capital, EUR	1 031 259	445 736	23 369 697	2 020 157
2019 Equity Capital, EUR	1 260 598	768 244	26 485 772	5 583 327
2018 Equity Capital, EUR	1 269 182	945 880	22 545 787	5 318 786
2017 Equity Capital, EUR	1 007 677	831 018	28 888 955	5 103 941

8.1.2.12. Equity Capital, EUR



	2021, Equity Capital, EUR	2020 Equity Capital, EUR	2019 Equity Capital, EUR	2018 Equity Capital, EUR	2017 Equity Capital, EUR
■ 5-stars Hotel with 3-stars Hotel in the company	2 155 938	2 020 157	5 583 327	5 318 786	5 103 941
■ 4-stars Hotel	20 970 814	23 369 697	26 485 772	22 545 787	28 888 955
■ Travel Agency	648 538	445 736	768 244	945 880	831 018
■ Exhibition provider	1 211 632	1 031 259	1 260 598	1 269 182	1 007 677

- 5-stars Hotel with 3-stars Hotel in the company
- 4-stars Hotel
- Travel Agency

Figure 18. Equity Capital, EUR, 2017 - 2021

DISCUSSION

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.13. Debtors				
2021 Debtors, EUR	184 371	868 445	493 853	217 957
2020 Debtors, EUR	108 561	714 504	444 821	144 093
2019 Debtors, EUR	32 812	1 398 909	942 934	354 875
2018 Debtors, EUR	66 534	1 202 406	19 011 778	331 456
2017 Debtors, EUR	11 586	1 110 577	2 814 639	299 257

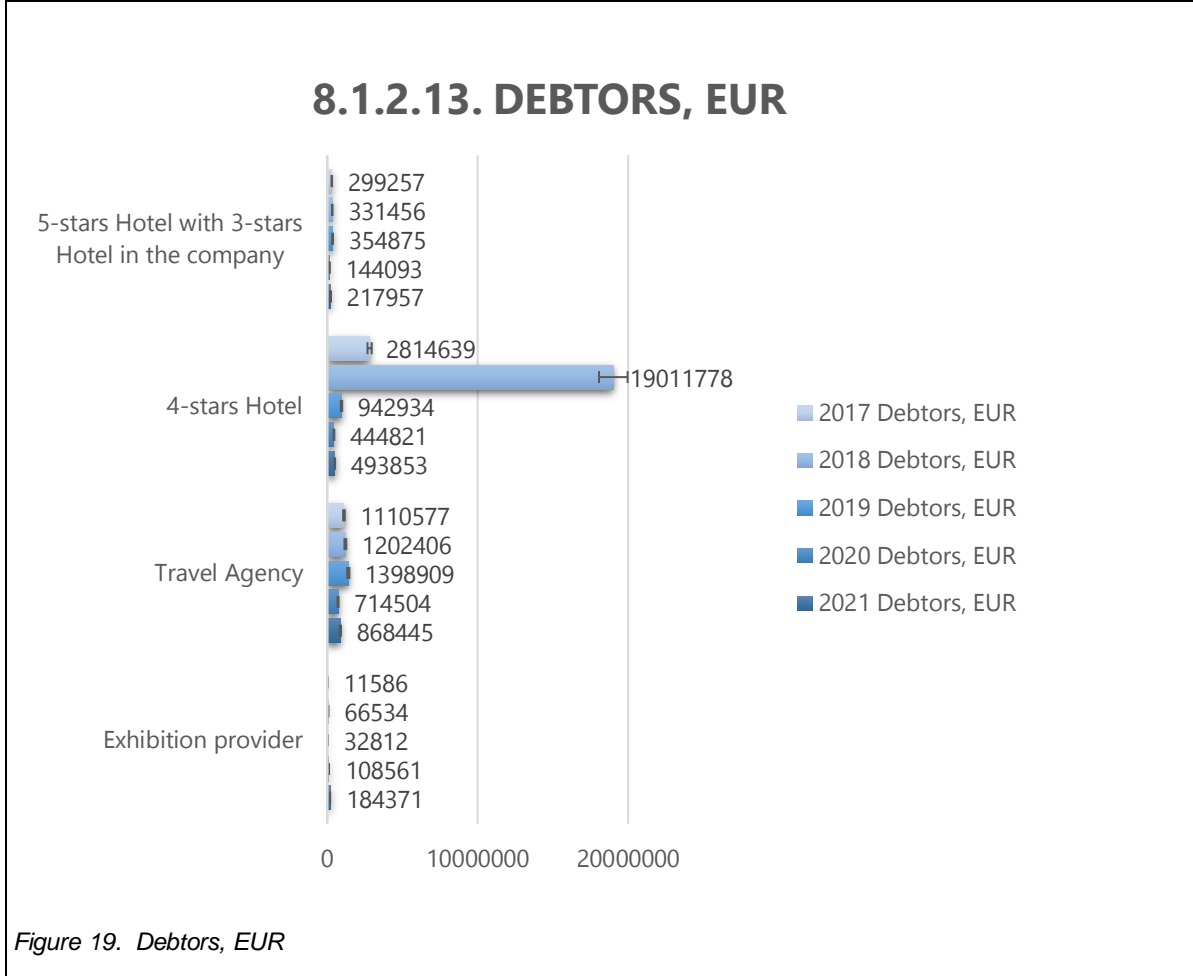


Figure 19. Debtors, EUR

DISCUSSION

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1. 2.14. Short-term debts				
2021 Short-term liabilities, EUR	504 169	1 395 273	4 015 279	2 026 510
2020 Short-term liabilities, EUR	398 852	1 363 842	3 223 778	17 486 791
2019 Short-term liabilities, EUR	359 362	1 916 804	5 807 260	7 365 228
2018 Short-term liabilities, EUR	379 041	1 207 332	68 274 231	7 960 766
2017 Short-term liabilities, EUR	616 004	1 178 110	90 820 018	6 434 384

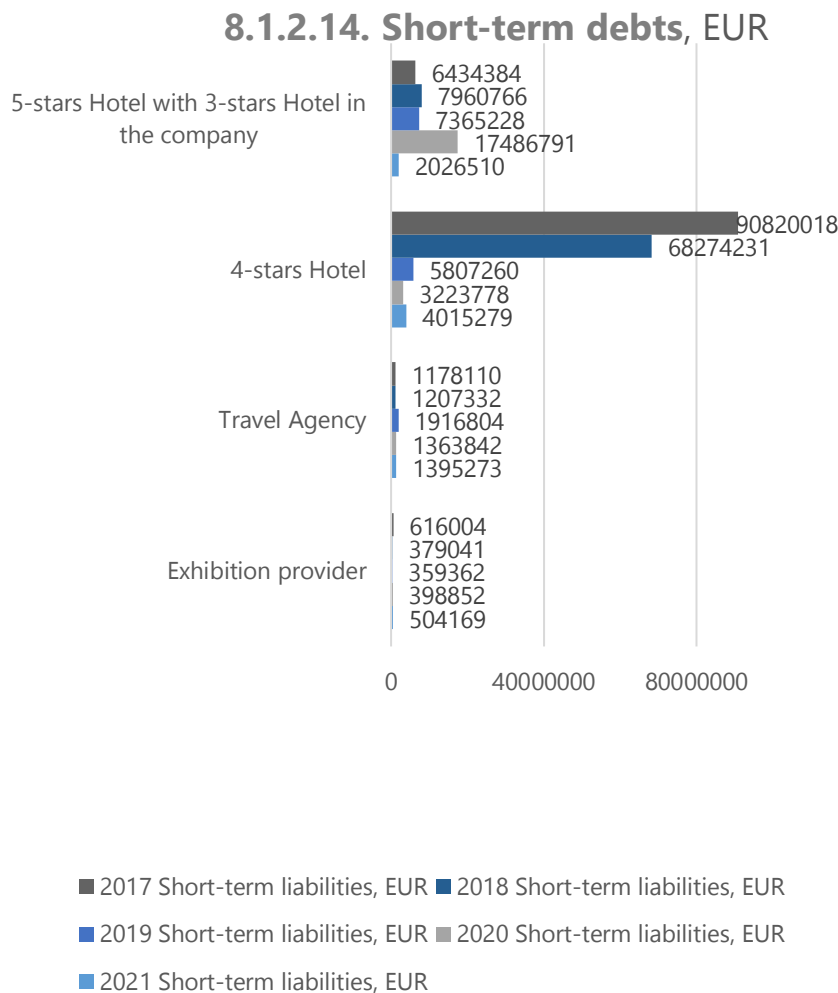


Figure 20. Short-term liabilities, EUR, 2017 - 2021

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.15. Long-term Debts				
2021 Long-term liabilities, EUR	278 157	4 838	59 629 805	18 564 146
2020 Long-term liabilities, EUR	321 896	4 838	61 102 865	18 564 146
2019 Long-term liabilities, EUR	29 337	4 838	61 075 925	26 771 137
2018 Long-term liabilities, EUR	37 630	0	0	25 674 019
2017 Long-term liabilities, EUR	30 314	0	64 268 277	29 062 728

8.2.15. Long-term Debts, EUR

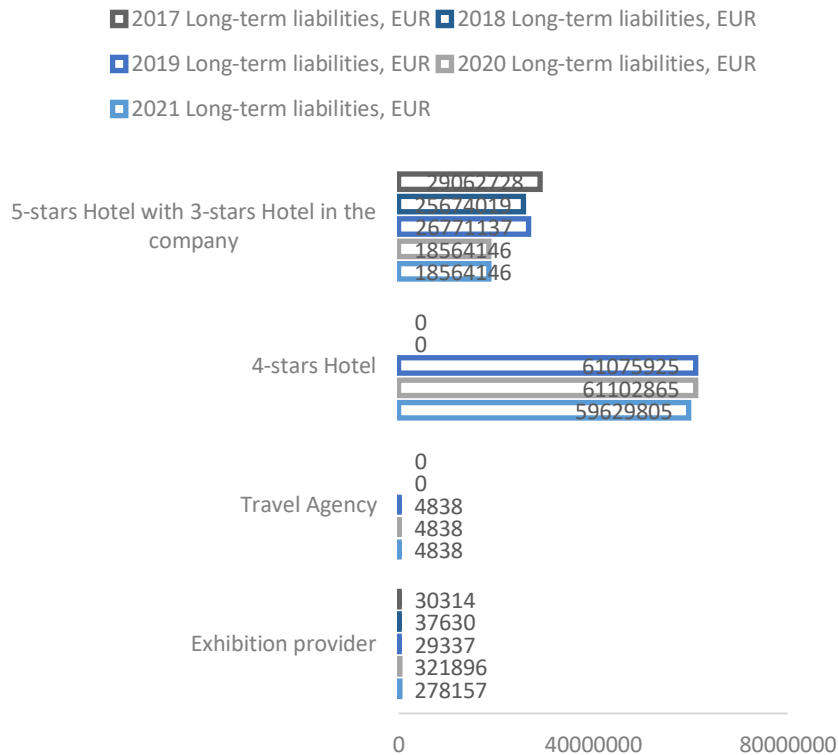


Figure 21. Long-term liabilities, EUR, 2017-2021

DISCUSSION

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.16. Turnover				
2021, Turnover, EUR	772 992	4 382 224	7 112 866	1 270 456
2020, Turnover, EUR	1 022 798	2 987 680	6 894 754	2 682 204
2019, Turnover, EUR	2 545 410	20 490 957	21 590 209	10 545 536
2018, Turnover, EUR	2 722 390	20 758 449	23 885 748	11 183 434
2017, Turnover, EUR	2 402 215	20 122 813	22 800 543	10 346 561

8.1.2.16. TURNOVER, EUR

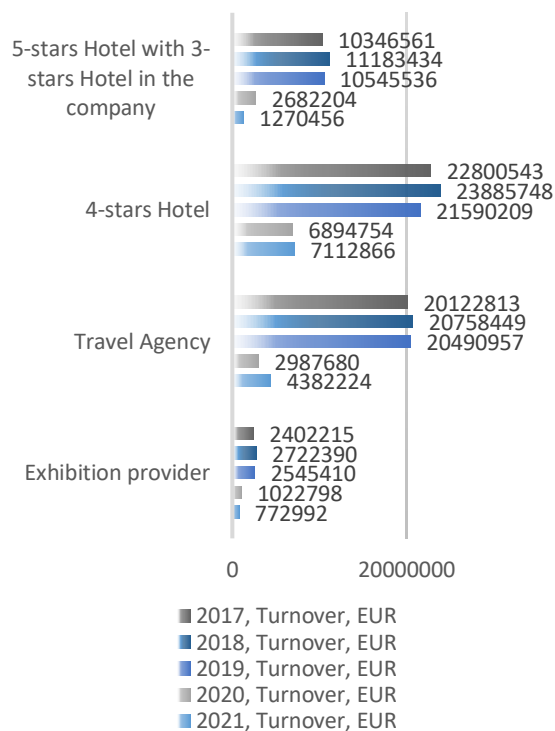
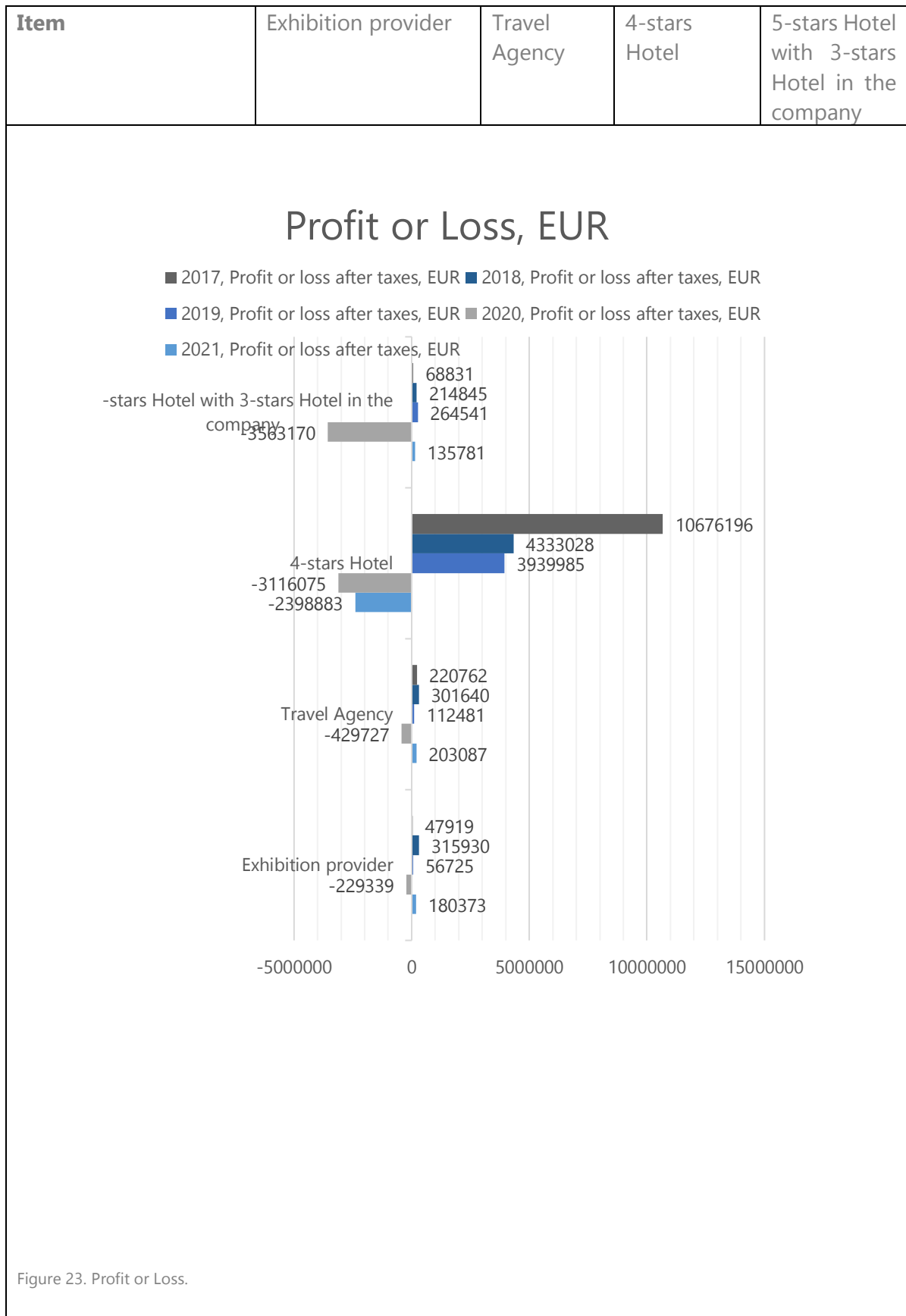


Figure 22. Turnover, EUR, 2017 – 2021

8.1.2.17. Profit or Loss

2021, Profit or loss after taxes, EUR	180 373	203 087	-2 398 883	135 781
2020, Profit or loss after taxes, EUR	-229 339	-429 727	-3 116 075	-3 563 170
2019, Profit or loss after taxes, EUR	56 725	112 481	3 939 985	264 541
2018, Profit or loss after taxes, EUR	315 930	301 640	4 333 028	214 845
2017, Profit or loss after taxes, EUR	47 919	220 762	10 676 196	68 831



Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.18. STATE SUPPORT				
State support April 2020 – March 2022	1 021 330.93	143 134.42	1548 266.20	84 379.07

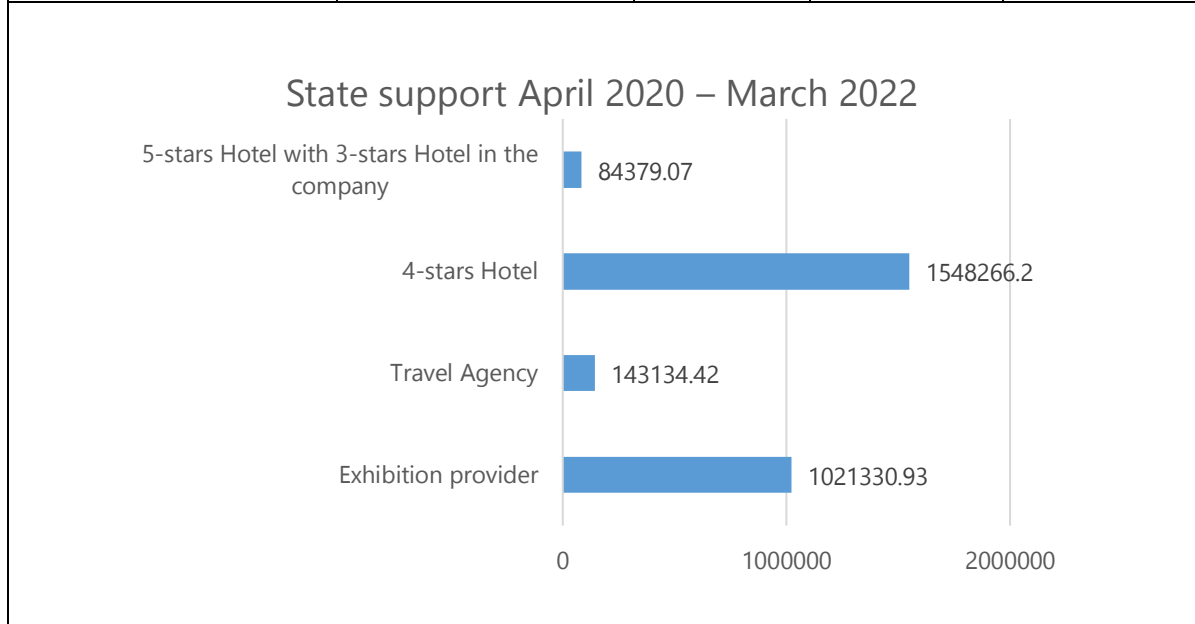


Figure 24. State Support, 2020 - 2022

8.1.2.19. EMPLOYEES				
2021, Employees	56	27	83	
2020, Employees	90	47	98	1
2019, Employees	n/d	58	312	n/d
2018, Employees	n/d	65	327	n/d

8.1.2.20. TOTAL TAX PAYMENTS TO THE STATE BUDGET				
2021, Total payments to state budget, thous. EUR	175.20	134.32	1 367.57	127.56
2020, Total payments to state budget, thous. EUR	359.67	209.13	1 934.04	-217.15

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.21. Liquidity Analysis				
Liquidity ratios are designed to measure a company's ability to cover its short-term obligations				
2020 Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.3575	1.0030	0.4822	0.0188
2019 Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.2939	1.1787	0.7453	0.0963
Liquidity - if the ratio is above one, the company should not have problems with their short-term liabilities. If the ratio falls below one, appears risk. Financier believes that this ratio should be between one and three. Excessive levels of the liquidity factor is indicative of irrational use of working variable dynamics of the company. (Lursoft, 2022)				
2020 Acid Test or Quick Ratio = $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$	0.3402	1.0030	0.4330	0.0164
2019 Acid Test or Quick Ratio = $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$	0.2397	1.1787	0.6989	0.0823
More stringent test of short-term liquidity is made with this coefficient as it excludes some of the liquid assets (stocks), which may not always be A low ratio shows that too much money is invested in stocks.				
2020 Working Capital = $\text{Current Assets} - \text{Current Liabilities}$	-256246.00	4024.00	1669291.00	17157301.00
2019 Working Capital = $\text{Current Assets} - \text{Current Liabilities}$	-253763.00	342528.00	1478902.00	-6656001.00
Must take in account that free working capital is usually in proportion to sales. If it is planned to increase sales, larger free working capital to fund because negative effect may result from excessive free working capital as well as lack of them. Too few free working capital shows company's in resources. (Lursoft, 2022)				

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
8.1.2.22. Activity Analysis				
These ratios show the effectiveness of resource usage in a company.				
2020 Debtors'turnover = Nettturnover/Debtors	9.4214	4.1815	15.5001	18.6144
2019 Debtors'turnover = Nettturnover/Debtors	77.5756	14.6478	22.8968	29.7162
Buyers and customers debit turnover ratio shows how many times per year receivables are converted to cash. It is not possible to determine the optimal size of this index, as it depends on the sector in which the company operates quite much. In order to find insights into what this indicator should be, Lursoft financial analysis system makes it possible to compare these figures with the national average (third column), as well as the average of the field (fourth column), particular attention should be paid to the average of the sector. (Lursoft, 2022)				
2020 Average collection period (days) = 365 / Debtors' Turnover	38.7415	87.2898	23.5483	19.6085
2019 Average collection period (days) = 365 / Debtors' Turnover	4.7051	24.9184	15.9411	12.2829
This figure shows time what takes to receive payment for goods or services made from the time of sale. It will determine whether the company has sufficiently well-developed procedures for collecting, as well as do customers delay payments. This number is highly dependent on the sector in which the company operates. (Lursoft, 2022)				
2020 Movement of current assets = Net turnover / Current assets	7.1722	2.1842	4.4354	8.1405
2019 Movement of current assets = Net turnover / Current assets	24.1045	9.0695	4.9881	14.8691
The high ratio indicates that the company has sufficient working capital amount, while the low ratio may indicate inefficient use of working capital. (Lursoft, 2022)				
2020 Total asset turnover = Net turnover / Total assets	0.5838	1.6466	0.0786	0.0705
2019 Total asset turnover = Net turnover / Total assets	1.5433	7.6178	0.2312	

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
<p>Too low ratio shows that investments in company were too high and removal of fixed assets and stocks is needed, making it possible to improve the liquidity of the company. Very high asset turnover rate may also indicate that company has to invest additional funds in assets in order to withstand competition. It is important to pay attention to the dynamics, although volume changes of assets can significantly affect value of the ratio. Should pay special attention to this turn before drawing conclusions about the company's performance improvement or degradation. (Lursoft, 2022)</p>				
2020 Inventory turnover = Cost of goods sold/ Inventory	173.4399	-	49.5504	97.5370
2019 Inventory turnover = Cost of goods sold/ Inventory	104.9288	-	47.2333	75.5846
<p>The stock turnover shows how many times there has been movement in money invested in stocks. The low stock turnover shows that the money invested in stocks doesn't yield profits and creates additional costs for storage. Reasons in Latvia tend to be the stock pledge. Pledges often want pledgors to maintain a certain level of stocks in warehouses as a guarantee. If the stock turnover is too high, it may mean that at some point there may be problems with materials, what can lead to production interruptions as well as there may not be items in stock in order to fully meet customer needs. (Lursoft, 2022)</p>				
2020 Period of inventory turnover (days) = 365 / Inventory turnover	2.1045	0.00	7.3662	3.7422
2019 Period of inventory turnover (days) = 365 / Inventory turnover	3.4786	0.00	7.7276	4.8290
<p>This ratio refers to time it takes to sell stocks. High ratio may indicate that the company has slow stock movement. (Lursoft, 2022)</p>				
<p>8.1.2.23. Leverage Analysis</p>				
<p>Leverage Ratios which show the extent that debt is used in a company's capital structure.</p>				
2020 Total assets to equity ratio = Total assets/ Equity capital (Total)	1.6989	4.0706	3.7526	18.8456
2019 Total assets to equity ratio = Total assets/ Equity capital (Total)	1.3083	3.5013	3.5253	7.1140

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
<p>Financial equilibrium ratio shows the proportion of owners invested money in assets of the company. The higher is equity share, the more stable is the company's financial structure, respectively creditors would prefer to credit the company and gains access to cheaper and more financial resources. Too high score indicates that the company has to reduce debt volume. Low coefficient indicates that company needs additional resources to improve their profitability. (Lursoft, 2022)</p>				
2020 Debt to equity ratio = Creditors/Equity capital (Total)	0.6989	3.0706	2.7526	17.8456
2019 Debt to equity ratio = Creditors/Equity capital (Total)	0.3083	2.5013	2.5253	6.1140
<p>Debt to equity ratio characterizes the extent to which company is dependent on borrowed capital. A high value means that company uses a lot of borrowed capital, that brings additional costs as interest payments. To evaluate current index, industry average must be taken in account, as well as dynamics. If the indicator has a tendency to rise, it shows increasing significance of the company's dependence on borrowed capital. Interest payable on borrowed capital is constant, regardless of sales volume, change in sales may significantly affect the stability of the company. Too low ratio may indicate that the company needs to raise additional financial resources to improve their profitability. (Lursoft, 2022)</p>				
2020 Fixed assets to Equity ratio = Fixed assets (Total) / Equity capital (Total)	1.5606	3.0706	3.6861	18.6825
2019 Fixed assets to Equity ratio = Fixed assets (Total) / Equity capital (Total)	1.2246	0.5604	3.3618	6.9870
<p>The three so-called golden rules of balance expresses funding rules in the company's contribution. The first law requires that fixed assets must be financed by equity. Since the equity is held by the company for an unlimited period, long-term investment should be financed with it. If equity is less than the amount of long-term investment, this means that private equity does not cover all long-term investment. This represents a rational use of equity. In case if equity is used for financing working capital, it is considered as irrational use. The second law states that the long-term investments must be financed by equity and long-term commitment. Since the long-term commitment has to be erased after one year or longer, they can be used to finance long-term investment. If long-term disposable capital is well above the long-term investments, company has opportunities to cover a large share of current assets with capital raised for long-term use. Although it would be</p>				

Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
more appropriate to increase the long-term investment. The third law relates to working capital financing. (Lursoft, 2022)				
8.1.2.24. Profitability Ratios				
Profitability ratios analyze effectiveness of administration effectiveness in achievement of financial tasks.				
2020 Gross Profit Margin = Gross Profit / Turnover * 100 %	-17.3791	13.1882	-13.9289	-57.7892
2019 Gross Profit Margin = Gross Profit / Turnover * 100 %	19.8258	8.5249	41.0254	25.9717
Gross profit margin (return on sales) shows the company's operational effectiveness, how appropriate price for product or service is to market conditions, as well as whether production costs are at appropriate level for the industry. Gross profit margin figures make it possible to calculate extent to which net turnover changes affect gross profit amount. Gross profit ratio shows the sales volume and cost of court, how much profit each euro obtained by output of the exercise brings after covering turnover costs. (Lursoft, 2022)				
2020 Capital return (ROE)=Profit or loss for the financial year after taxes/ Equity capital * 100 %	-22.2387	-96.4084	-13.3338	-176.3808
2019 Capital return (ROE)=Profit or loss for the financial year after taxes/ Equity capital * 100 %	4.4998	14.6413	14.8759	4.7381
Return on capital (capital return) shows how efficiently capital invested by company's owners is used. This is one of the most important figures from investor's point of view, because it shows how much potential investor will earn from each euro invested. This figure is often compared to bank deposit profitability. (Lursoft, 2022)				
2020 Return on assets (ROA) = Profit or loss for the financial year after taxes / Balance * 100 %	-13.0901	-23.6840	-3.5533	-9.3593
2019 Return on assets (ROA) = Profit or loss for the financial year after taxes / Balance * 100 %	3.4393	4.1816	4.2198	0.6660

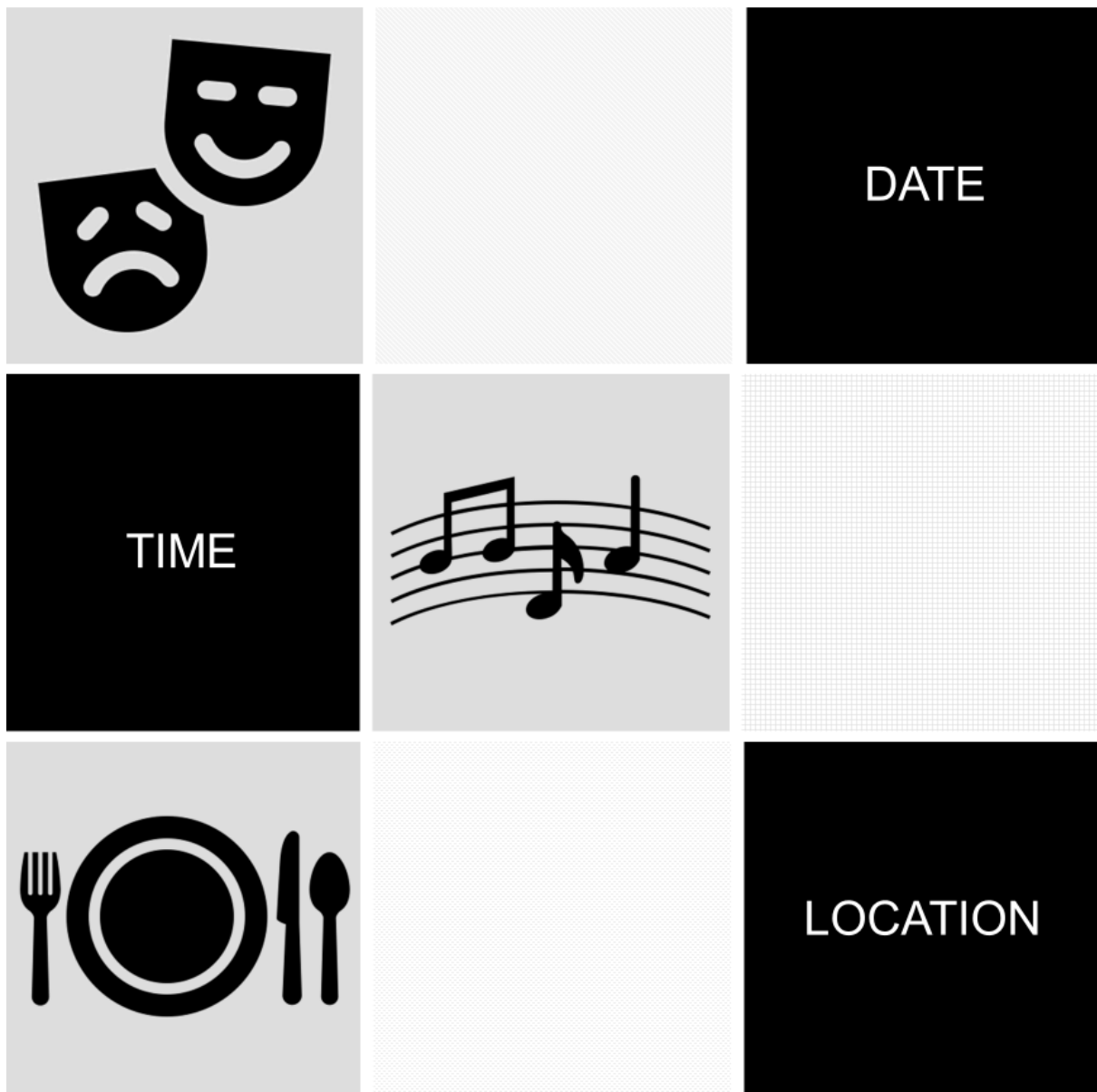
Item	Exhibition provider	Travel Agency	4-stars Hotel	5-stars Hotel with 3-stars Hotel in the company
Return on assets is one of the most important indicators that show the company's competitiveness. This figure varies considerably depending on the industry, so it is important to compare it with average ratios. If the ratio is higher than the industry average, it may be evidence for strong competitiveness of the company. (Lursoft, 2022)				
2020 Return on fixed assets = Profit or loss for the financial year after taxes / Fixed assets * 100 %	-14.2500	-96.2327	-3.6174	-9.4410
2019 Return on fixed assets = Profit or loss for the financial year after taxes / Fixed assets * 100 %	3.6746	26.1247	4.4249	0.6781
Long-term investment return shows return depending on company's investment in long-term assets. If company invests little in the development, it can lead to loss of competitiveness in the future. It is important to pay attention to dynamics and compare it with averages to determine the optimum parameters. (Lursoft, 2022)				

8.1.2.25. ACTIVITY FOR THE STUDENTS

1. Select the companies to compare and analyse (minimum 1, 2, 3, 5 or more).
2. Select the periods to compare and analyse (minimum 2, 3 or more).
3. Research and collect qualitative data about the companies.
4. Research and collect quantitative data including financial data and other operational data about the company operations (see examples above).
5. Proceed qualitative analysis to compare the activity of the selected companies over the year (choose 2, 3, or 5)
6. Proceed economic and financial analysis using the collected data.
7. Draw charts, tables, diagrams and descriptions.
8. Proceed BMA analysis (Business Model Analysis of the selected companies).
9. Evaluate the collected results according to the BMA score system.
10. Build conclusions about the operations on the companies over the selected period.
11. Define and compare the patterns, similarities and differences of the Business Models of the selected companies.
12. Present the results and conclusions to the audience.

9. The Contemporary Hospitality Industry Environment in the Post-Corona Period in Iceland

ICELAND



9.1. The Case of Iceland during the Covid-19 Pandemic. Preliminary analysis of the five cases with a review of tourism statistics and literature on business models.

Björn M. Sigurjónsson, B.Sc, MPhil, ML., lektor, Erhvervsakademi Dania (June 2022)

9.1.1. Icelandic Tourism and the Covid-19 Pandemic

In the following chapter, a summary of the development of tourism in Iceland is offered, which is an excerpt from a report done by Ferdamalastofa, the Iceland tourism office, and following that 5 case studies were done as part of this investigative project.

The cases supplement the macro that is offered in the report, but also give some insight into the industry, individual company responses and reactions to the pandemic.

A summary of tourism in Iceland

The following chapter is an excerpt from the report "Ferdatjonusta á Islandi – stada og greining fyrirliggjandi gagna, editor in chief Iris Hrund Halldórsdóttir. It was issued in July 2021 by Ferdamalastofa Islands, and contains a thorough and detailed analysis of the macroeconomics of tourism in Iceland from 2010 and well into the pandemic. As the report is of such quality and thoroughness it is not to be omitted as a document that sheds a light of the development of the industry in Iceland in the decade prior to the pandemic (Ferdamalastofa 2021).

In Iceland the volume of tourism has grown exponentially since 2010. As early as 2015, the tourism had become the most important sector the nation's export industry, and in 2016 the share of tourism in the gross domestic product was greater than in the fishing industry and the importance of the industry greater than in most other OECD countries and thus with its 8% GDP the highest contributor to the domestic economy in the country.

2016 was a record year in the number of tourists, with 2.3 million tourist arrivals and at the same time, development and investment in the sector increased and the sector's debts increased. The year 2017, a marked downturn was evident where the industry's average profit decreased considerably from the previous year, despite the increase in tourist numbers. A similar story can be told about added value in tourism, but in the period 2010-2016 there was growth in the added value of the tourism services, albeit it slowed down after 2016.

In 2019, the tourism industry in Iceland was headed for a downturn, as the number of tourists decreased for the first time in over a decade. The number of persons employed in the industry decreased and there was a considerable decline in turnover. The sector's debt had almost doubled in a 4-year period and its worth noting that value added and profit per tourist has actually been shrinking every year from 2010 to 2017 and 2018.

The report argues that the tourism industry was operationally in a difficult position and therefore ill-equipped to deal with a downturn in the economy, not to mention the large drop in demand that occurred as a result of COVID-19.

On a global scale tourism is considered to be the industry that will suffer the worst from the epidemic. Thus, the decline in the number of arriving passengers amounted to 73% globally

and the income from international tourism decreased by almost 5,000 billion US dollars (approx. 3.7% of the world production).

It is also estimated that around 61 million jobs in tourism have been lost worldwide. Within the European Union, overnight stays decreased by 52%. The biggest decline within the European Union was in Greece, Cyprus and Malta, and it amounted to over 70%. The smallest decline within the European Union was in the Netherlands and Denmark, where the number of overnight stays decreased by less than 35%.

Hence in 2020, there was a 76% decline in the arrival of foreign tourists to Iceland. Almost half a million foreigners of tourists came to Iceland in 2020, but 70% of them came in the first three months. The number of those who worked in tourism decreased by 48% and the supply of airline seats to Iceland by 77%. The industry's turnover plummeted by 59%.

The biggest decline was in travel agencies and related services, while passenger transport and accommodation followed. The contraction was the smallest in companies in the catering business.

It is assumed that the industry's financial losses amounted to 56 billion during the year. The challenges faced by tourism businesses and their response to the recession varied somewhat between branches. In all the articles discussed, there were indications of a decline in activity and a reduction in the number of employees. In in some sectors, companies were able to liquidate assets cf. car rental companies. Other companies turned their attention to the Icelandic domestic market, not least in the summer of 2020 and 2021.

Countermeasures by the Icelandic government mainly focused on direct financial support, loan guarantees and deferral of tax payments. Operators in the tourism industry as well as employed individuals used a variety of countermeasures government in abundance in 2020.

Tourism companies were allocated 65% of the intended support to operators (excluding the automatic deferral of tax payments) in 2020. More than 44% of partial compensation in 2020 went to individuals in tourism as wage earners. The percentage was highest for those who worked in catering services or 14.4% and then to those who worked in accommodation or 12.7%. Most resources related to countermeasures to operators of tourism in 2020 was allocated to companies in the hospitality industry or 19.2%.

9.1.2. Icelandic Tourism in Numbers

The share of tourism in the gross domestic product (GDP) grew from 3.5% in 2009 to 8.1% in 2016-2018 (figure 1). In recent years, the percentage of tourism in the gross domestic product has been the highest in Iceland, including other OECD countries, only Portugal, Spain and Mexico have had a higher rate of growth.

In 2015, for the first time, tourism became the largest export sector of the Icelandic economy, outpacing the fishing industry and aluminum production after steady growth the years prior.

From 2003 to 2019, the number of foreign tourists visiting Iceland increased substantially (figure 3). In 2008, the exchange rate of the Icelandic currency weakened, making it cheaper to travel to Iceland. The eruption of Eyjafjallajökull in 2010 and the international exposure in

news outlets that followed the eruption, together with the low exchange rate of the local currency “króna”, may have contributed to increased interest in Iceland as a destination. From 2011 to 2018, the growth of tourism was high; in 2011, over half a million foreigners arrived of tourists to the country, but in 2018 the number was 2.3 million. In 2019, however, there was a 14% decline the arrival of foreign tourists for the first time in over a decade.

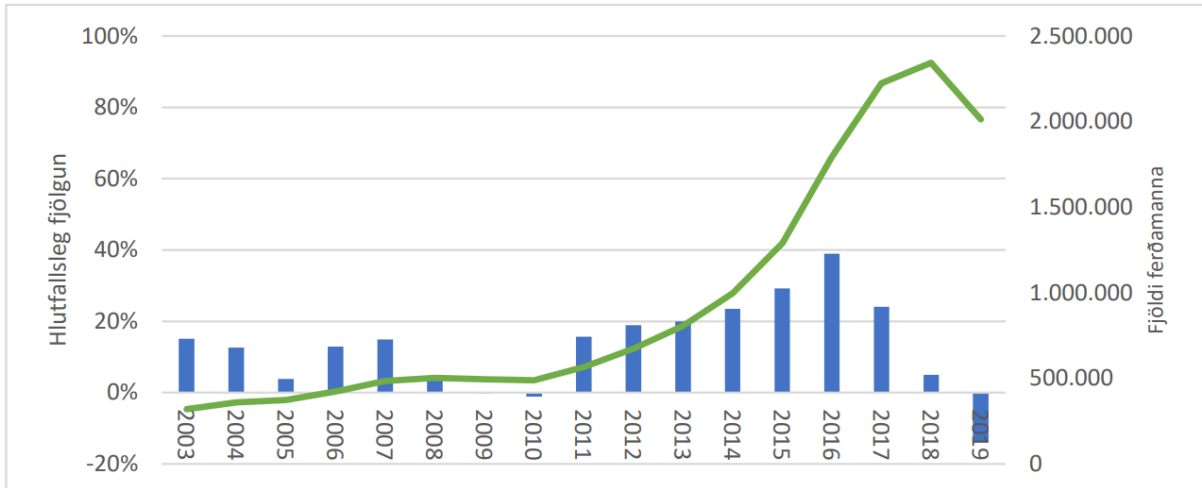


Figure 25. Foreign tourist arrivals in Iceland 2003 - 2019

Along with the increase in the number of tourists in Iceland, the number of companies in tourism also increased. From 2008 to 2019 the number of companies in the sector doubled from 2,148 companies in 2008 to 4,424 companies in 2019. On average around 207 new companies were added to the tourism industry each year during the period (Figure: Increase in tourism enterprises 2008 - 2019).

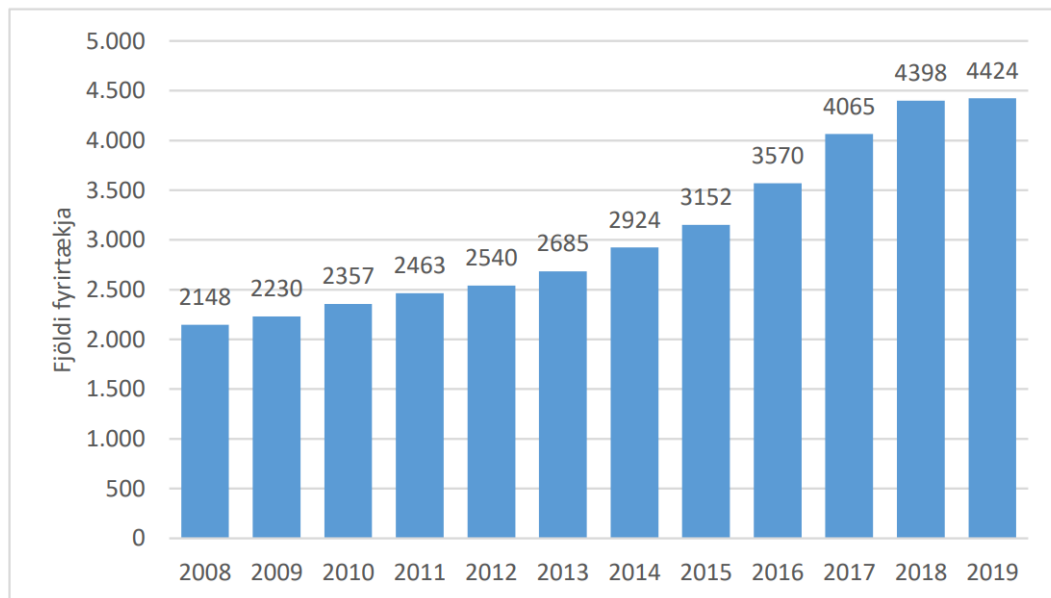


Figure 26. Increase in tourism enterprises 2008 - 2019

The number of sole proprietors and employees who worked in the sector increased by 16,300 in a period of 11 years (from 2008 to 2019), which means that about 1,500 people joined the

industry every year on average. However, it should be kept in mind that this number also includes those who work part-time.

There is a clear seasonal variation in the number of people working in the sector where the number is the highest the summer (fig 3). According to the statistics, the percentage of people working in tourism was almost 14% of Icelanders labor market in 2019, compared to 7% in 2008. The OECD analysis has shown that the percentage of those who worked in tourism in this country was the highest of all OECD countries from 2016, even higher than in the great tourism country Spain.

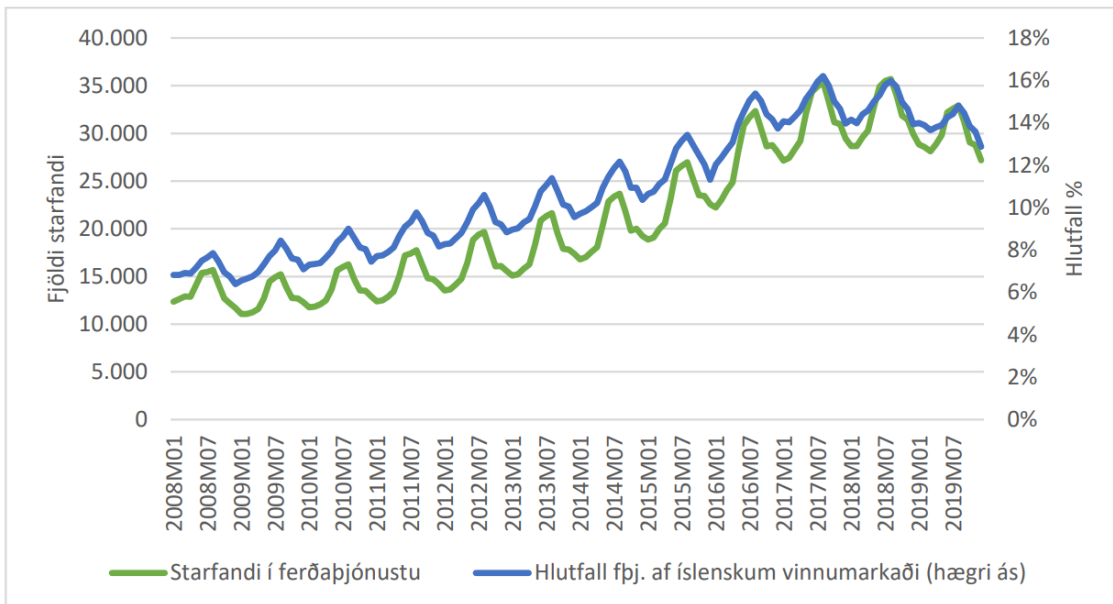


Figure 27. seasonal variations in tourism employment 2008 – 2019.

In order to fill the jobs created by the tourism industry, foreign staff were increasingly hired to work in service jobs. The percentage of foreign labor increased greatly within the tourism industry, and the percentage came to almost zero 32% in 2019 (figure Ratio and number of foreign workers in tourism 2008 – 2019). In 2019, there were 10,551 foreign workers, while in 2008 they were around 2,427, and it was then the rate of 15%.



Figure 28. Ratio and number of foreign workers in tourism 2008 – 2019

In 2017, growth in the arrival of foreign tourists to the country began to slow down, and in 2019 there was a year-on-year decline and this had not happened since 2010. The decline amounted to 13% between the years 2018 and 2019, from 2.3 million foreign tourists to 2 million. Rising prices have been considered one of the causes of this recession, but Iceland was already in 2015 among the most expensive countries in Europe and had become the most expensive destination in Europe in 2017.

The tourist then paid almost twice the price in Iceland than on average in the EU, where the price in this country it was 84% higher than the average in the 17 EU countries. In early 2019, bankruptcy was announced of the airline WOW air and the availability of airline seat supply decreased by 28%.

However, it was partially met with the increased availability of airline seats offered by Icelandair and other foreign airlines.

Turnover in tourism had been growing between 2016 and 2018 by 14.5%, but decreased by 10% in 2019 (fig 5). The ratio between turnover and the number of foreign tourists decreased in the period 2016-2018 by almost 16%. In 2019, however, there was a slight increase in turnover per foreign tourist or 2%. That year the number of foreigners decreased about 300 hundred thousand tourists.

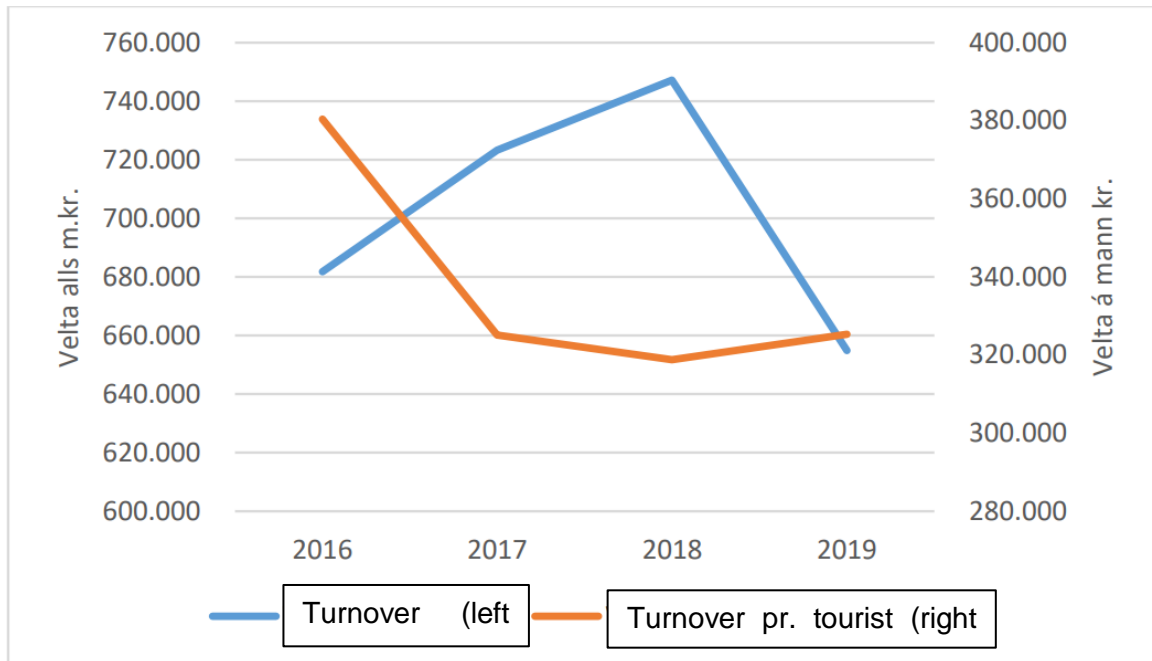


Figure 29. Total turnover and turnover pr. tourist 2016 - 2019

9.1.3. Debt and Equity in Icelandic Tourism Companies

The tourism industry has embarked upon large investments in recent years and were net investments of the industry in 2019 by ISK 28 billion.

Along with increased investment, the industry's debt has increased. From from the beginning of 2016 to the end of 2019, the sector's debts increased by 83%, i.e. from ISK 139 b. to 255 b.kr and they increased within all its subsectors of the tourism industry.

At the beginning of 2016, according to the analysis of KPMG, there was indebtedness in the accommodation services of over ISK 50 billion, but at the end of 2019, indebtedness had increased by 160%, to ISK 130 billion.

There has been a large increase in the supply of accommodation in recent years and investment in the sector has increased in parallel. In the analysis of the KPMG, it is stated that the indebtedness of most branches of tourism has exceeded the growth in income during the period.

By far the largest part of tourism investments is classified as interest-bearing debt and they increased by 62% from 2016 and were around 170 billion ISK in 2019. Of the 170 billion, almost 118 billion of debt borne by 736 companies.

The operating environment of companies in the typical sectors of the tourism industry is somewhat different. A company's equity ratio can provide clues on whether companies are indebted or not, the higher the equity ratio, the lower the indebtedness.

Equity ratio of tourism grew from 2008 to 2016, but in 2016 the equity ratio began to decrease. According to the analysis of the Norwegian Tourism Agency, the equity ratio of the characteristic sectors of tourism was 22% in 2018, while the average in the economy as a whole had a equity capital ratio of 43.4%.

At the end of 2019, it can be seen that the equity ratio differs somewhat between subsectors of the industry with two sectors only standing out (figure 6).

Equity ratio of activity companies was the highest, which indicates low leverage in that sector. Activity suppliers' assets are often very specialized and tend to consist of something other than real estate, which makes it more difficult for companies to obtain credit. However, the equity ratio was the lowest for car rentals, or around 13%, which indicates that indebtedness in the sector is considerable. Ever since 2011, the car rental equity ratio has been one of the lowest in comparison to other typical sectors of tourism.

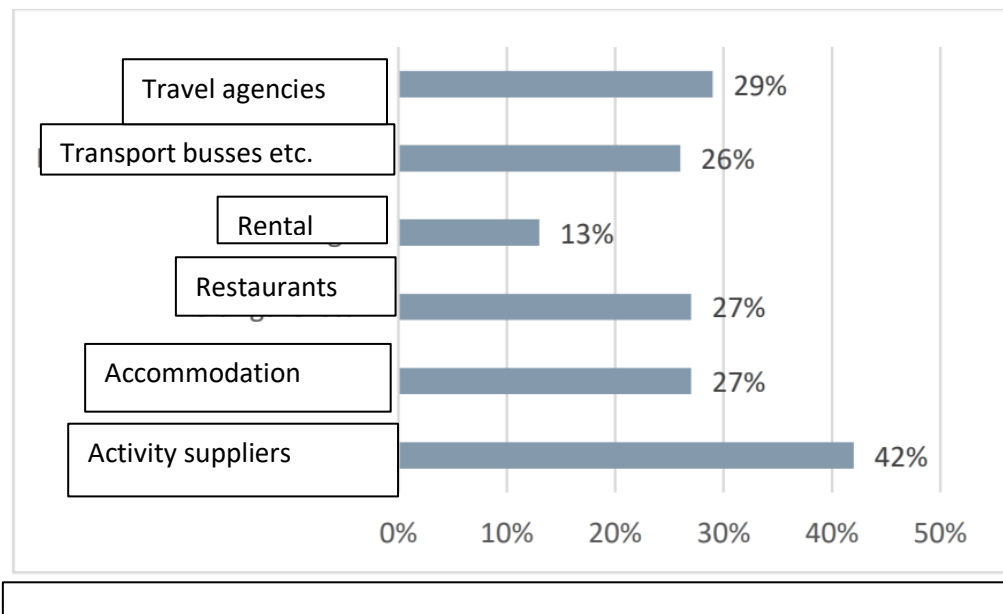


Figure 30. Equity ratio of subsectors of the travel industry in Iceland 2019.

At the beginning of the epidemic, many travel agencies had problems refunding customers for services sold and not delivered. Most trips sold by travel agencies require customers to pay in advance and in the same way travel agencies need to prepay their suppliers approx. for airplane seats, hotel rooms, bus trips, etc.

At the beginning of the pandemic, the suppliers were in many cases unable to repay and as a result the travel agencies are having considerable difficulty in reimbursing their customers. Icelandic government responded to this by temporarily establishing a travel guarantee fund to which travel agencies could apply for loans to refund its customers for package tours that were not taken due to COVID-19.

It is the argument of the report that with increased borrowing the financial commitment of these companies increases, which can potentially have a long-term effect. Many travel

agencies' assets are tied up in travel insurance and liability insurance, which they have, and it affects their ability to release and increase liquidity to respond to the situation.

The options that travel agencies have to adapt their business model to the changed situation are therefore very limited, according to their nature.

The number of issued travel agency permits that were cancelled show a decline of about 43% in issued licenses in 2020 and an increase of about 65% in canceled licenses.

Car rentals have shown significant increase in recent years and the demand of foreign tourists depending on the type of car to travel around the country on your own has increased proportionately.

Car rentals were heavily leveraged companies at the beginning of the epidemic and their assets mostly tied up in the cars. In response to the situation many car rentals sold off their vehicles to liquidate funds, and temporarily to reduce operating costs.

Thus there were 4053 rental cars deregistered in April 2020 compared to 2619 in the month of March. In the month of May, that number already doubled almost eight thousand cars were deregistered.

Many of the larger car rental companies also increasingly turned to domestic market and offered long-term lease to individuals and companies. Car rentals have also stopped operating and turned in operating permits, but in 2020 the number of car rentals decreased by 20%.

The possibilities of the different sectors of the tourism industry in order to respond to this large decline in the number of foreigners tourists are quite different.

The transport providers whose assets are tied up in buses have had difficulties in liquidating assets. The companies have been able to temporarily deregister the buses to avoid expenses, e.g. liability insurance and vehicle taxes. Some of the bus companies have been able to recover some income through projects in connection with public transport (school bus, tourism services for the disabled, etc.). The possibility to adjust availability of the companies to appeal to domestic tourists exists and one could see examples of innovation in this sector. At the end of 2020, the number of companies with group bus operating licenses had decreased by 54.

The activities of many activity providers are mostly limited to the summer time, and therefore many of them are temporarily closed for off season.

The income generated during the summer is used to make ends meet the winter in minimal operations where fixed costs must be paid for specialized assets. It can be difficult the companies to increase working capital since the assets are highly specialized (e.g. ice tunnels, exhibitions, specialized trucks, horses, whale-watching boats) which in many ways is difficult to price.

The product offering of these companies has been specialized for foreign tourists and Icelanders have been taking advantage of that recreation to a limited extent which has been available and have limited knowledge of the companies' availability. Many companies in

activity tours adapted their product offering in some way to appeal to Icelandic tourists in the summer of 2020.

Despite the increased domestic tourism, there was a small increase in attendance at recreation in the summer of 2020. Pandemic measures such as lockdown, made the operation of restaurants in 2020 complicated and difficult in many ways and usually not possible to fully utilize the places despite a considerable attendance.

There has been quite a bit of chatter among restaurateurs throughout the season the situation in which restaurant operations have been put due to quarantine measures and they have called for more government support.

A large part of restaurant customers are Icelanders, so many restaurants have been able to maintain activities for this group. During the summer months of 2020, many restaurants outside the capital area have had a better summer season than expected due to increase in domestic demand. In some cases, restaurant owners were better off in summer 2020 than 2019.

There has been a lot of investment in the hospitality sector in recent years, and the indebtedness of companies in hospitality services has therefore increased. Mainly their costs, apart from labor costs, are payments for the accommodation, whether they are rent payments or loan payments.

In order to reduce fixed costs, operators in accommodation services have therefore strived to renegotiate with lenders or landlords and lay off staff. A number of hotels and other types of accommodation have been closed for longer and shorter periods. Large chains for example, temporarily closed most of their hotels but maintained minimal operations. The number of hotels decreased by 42% in 2020 and the overall decline in the number of beds and rooms in hotels was 41% as a result of the pandemic.

Government initiatives during the pandemic: The government initiatives offered to businesses to mitigate the drop in demand and subsequently income were of varying degrees. Below is a list of the initiatives offered by the Icelandic government.

Compensation: These are resources to supplement wages during layoffs for individuals and independently working. This resource was implemented in March 2020.

Support loans: This was a loan intended for smaller operators who have experienced a temporary drop in income due to the corona virus epidemic. Government provided partial guarantee with certain conditions are met. Introduced with another action package on 21 April 2020 and has undergone some changes.

Additional loan / Bridging loan: The resource intended for larger companies that have suffered significant disruption due to the pandemic. The remedy consists of the government's responsibility for part of the loans which credit institutions provide companies with certain conditions are met. Bridge loan was advertised with the first action pack in the March 2020.

Deferral of tax payments: A resource intended for employers who faced significant operational difficulties in 2020. The law has taken several changes. Was advertised with the first initiative package.

Salary during notice period: Resources in the form of an intended grant employers who had to lay off workers due to significant loss of income due to the epidemic. Was advertised with the third action pack at the end April 2020.

Lockdown compensation: The resource intended for smaller operators. Conditions for granting support is contingent on the operator having to close due to quarantine rules. Was advertised with another action pack in it April 2020 and beyond.

Salary in quarantine: Intended for the individual employee suffering job loss due to quarantine. Employers could make a claim on treasury for reimbursement of wages for persons who were in quarantine. Also applied to the self-employed. Was presented on March 21, 2020 as part of the first action pack.

Travel gift: 5000 ISK gift certificates to Icelanders to spend on domestic tourism. Advertised with the first action pack on March 21 2020. The gift certificate was valid until May 31, 2021. Repeat for summer 2021.

Marketing efforts: International marketing efforts in favor of Icelandic tourism services. Launched with the first action package in March 2020.

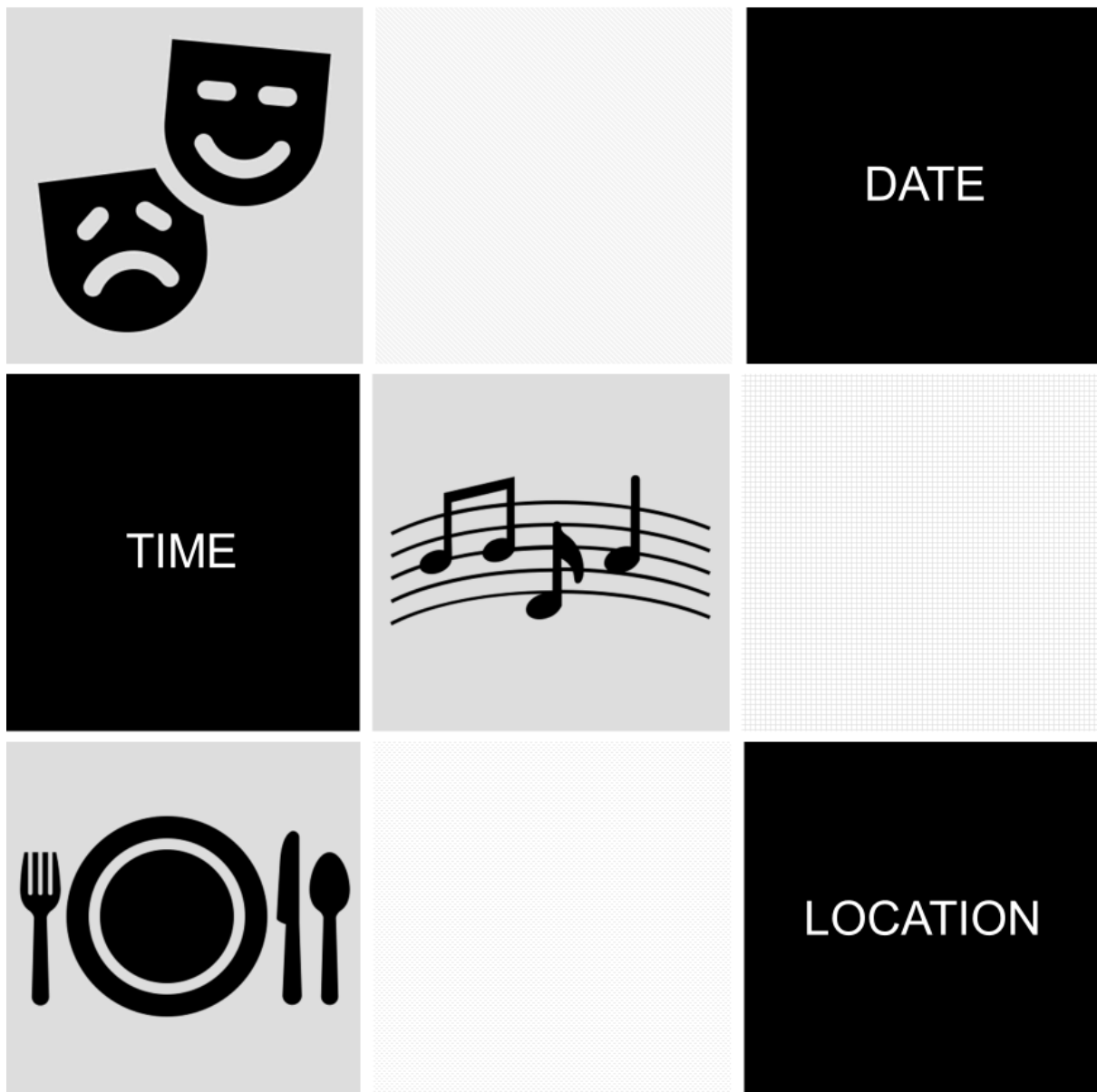
Income reduction grants: Affected operators suffering a significant drop in income from the spring months of 2020 until November 2020. Resources for those who have had to be subject to restrictions due to quarantine measures without having to close. Was launched end of October 2020 and applications were opened January 2021.

Resistance grants: Affected operators suffering considerable drop in income from 1 November 2020 until May 31, 2021, incl. same season 2019 can receive support from the government. The resource has changed and been extended. Introduced at the end of October 2020. Continuation of the income loss subsidies.

Accommodation tax •Accommodation tax deferred of abolished in 2020 and 2021. Launched with the first action pack on March 21st 2020.

10. The Contemporary Hospitality Industry Environment in the Post-Corona Period in Denmark

DENMARK



10.1. Impacts of Covid-19 in the Hospitality Sector in Denmark

By Bettina Lyngdal Baumgarten, lektor, Erhvervsakademi Dania (Dania Academy)

Abstract:

Through 2021 and 2022 I have been part of a research group under the research programme Nordplus. Our aim has been to investigate how the pandemic has impacted the hospitality industry in selected northern countries, Denmark, Iceland, and Latvia. We have been using mixed methods, desk, and field research to have as much data to conclude the impacts of the pandemic. In the following article I will introduce my main findings from the hospitality sector in Denmark to see how the pandemic has affected the hotel industry in particular.

In the case of Aarhus, the focus will be on the findings from the conducted qualitative interviews. I will go through the findings from the six qualitative interviews conducted by myself.

In the case of Copenhagen, I have used desk research for my findings.

10.1.1. Hotel Industry of Aarhus

In the case of Denmark, I will start with my findings from 6 in depth qualitative interviews that I have conducted with senior managers from MICE hotels in the city of Aarhus, Denmark (May 2022). All interviews were conducted online and subsequently recorded and analyzed by the research group at Dania Academy. The following analysis will be divided into themes according to the question frame used in the interviews.

10.1.2. Economic Considerations

Several of the respondent mentioned, that their survival depended on the “financial strength” of the mother company behind, from which they were directly supported by or by the investors behind the company to survive. Therefore, they refused to receive the financial aid packages from the Danish government so not to incur debts in the wake of the pandemic, still with the purpose for all the respondents to “survive” the pandemic and ultimately “get back on their feet”. The pandemic has been a period of strategic still stand – survival was the name of the game! Focus on the daily operations rather than on what happens afterwards and future trends. As the interviews were conducted in May 2022, more of the respondents mentioned several times the war in Ukraine as the next crisis that might be more devastating than Covid-19 due to increase in prices for i.e., heating, energy, and foods.

None of the respondents mentioned a changed pricing strategy during (and after) the pandemic, meaning that none of the hotels lowered their prices or on the opposite, increased them. Yet, a small increase in prices for MICE tourism taking place in the hotels from 2023, were already considered in the spring of 2022, due to the impact of the war in Ukraine, leading to higher inflation. However, most of the respondents asses that they are back to normal (2019) already now (May 2022) and expect a summer period with growth.

10.1.3. Employees

First of all, safety was throughout the pandemic seen as a key issue, both for the employees but also for the guests. All the respondent mentioned that the agility and readiness to change among their employees was a key factor in their ability to weather the crisis. This led to, that the employees, and their leaders, were having a more holistic view of the hotel, as both managers and employees had to learn to work in other departments than their usual ones, due to staff shortage. This meant, that several of the managers had to work both as dishwashers and cleaning staff, and on the other hand, the receptionist had to learn how to prepare i.e., breakfast and dinner for the guests. Consequently, this led to more “bottom-up” leadership as the employees, to a wider degree, were involved in making the decisions during the pandemic, which also has influenced a positive culture change in all the hotels. Furthermore, all the respondents has had a strong focus on reboarding staff to be ready for restrictions to be removed and consequently rising demand.

10.1.4. Sustainability

All of the respondents already worked with SDG 17 as part of their business model, more of them had several times received sustainability awards. The period of the pandemic was seen as a way of either increasing this commitment or trying out new and more sustainable business models. The focus here were the Important learnings following the pandemic pertaining to the 17 (SDG's): 1) Reduction of food waste because of serving “portion sizes” in the restaurant (Goal 12), 2) Valuing and caring more for their employees (Goal 8).

Other changes as consequence of the pandemic

- Lead time has been shortened substantially as a change in customer behaviour
- More flexible cancellation policies have been introduced
- The digital guest meeting will not replace the physical one. The “moment of truth” in the offline world will still be the most important. A tendency (trend) for other activities to take place when companies are having conferences, than “just” the business meeting is requested much more than before the pandemic
- A much stronger bond has occurred with the guest because of pandemic

10.1.5. Hotel Industry of Copenhagen

All the respondents in Aarhus mentioned that while other parts of the hotel sector in Denmark had recovered, this was not the case in Copenhagen. To investigate this further, I have for this case made some desk research (October 2022). I have to mention that more post-pandemic data has been available in this particular case compared to all the other paragraphs in this article.

In the period before the pandemic (2019), the Copenhagen hotels experienced a large increase in the number of overnight guests (16% more compared to 2017), and especially foreign tourists contributed to rising prices and occupancy levels. Historically, foreign tourists have made up over 60% of the total overnight stayers, where tourists from Sweden, Norway,

Germany, and the USA made up approx. half of the foreign tourists. From the beginning of the outbreak of Covid-19 the hotel industry in Copenhagen experienced a decrease in occupancy of almost 70% compared to the previous year. Occupancy was at its lowest level in April 2020 (PWC, 2022).

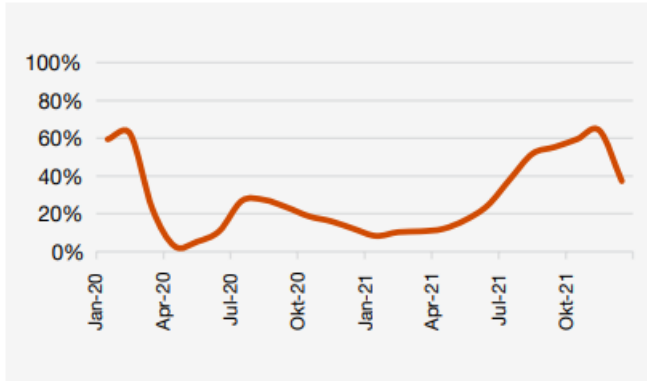


Figure 31: Source by PWC, 2022.

The low occupancy level was, among other things, due to the controversial six-day rule, which was introduced in June 2020 in connection with Denmark opening its borders. The Danish government made a requirement that foreign tourists needed to have a pre-booking of at least six nights to be allowed to enter Denmark, which had enormous negative effect in the Copenhagen hotel industry. Foreign hotel guests in Denmark are used to come to Copenhagen on short trips and spend an average of 2.2 nights, which during the period this restriction was applicable, increased even lower occupancy levels in the hotels of Copenhagen. The longer-term restrictions with varying closing times and distance requirements as well as pre-order requirements, masks and corona passports have also been part of the challenges. Added to this are the global travel restrictions which have led to uncertain travel patterns.

Another issue that has affected the hotel industry in Copenhagen is that over 5,000 hotel rooms have been opened in Copenhagen alone up to and during the pandemic, and therefore occupancy levels in the hotel industry is still below what the hotels experienced in 2019. According to HORESTA (a Danish industry organization for the hotel, restaurant, and tourism industry) the number of hotel rooms in Copenhagen has increased to 26,000 rooms in 2022.

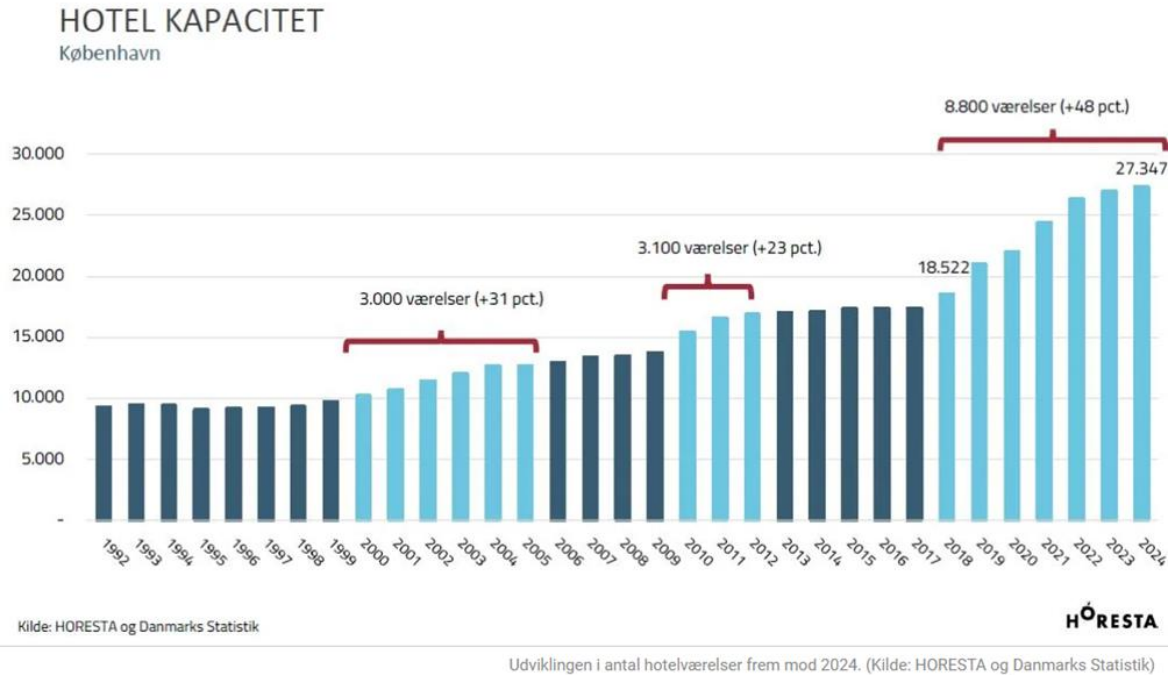


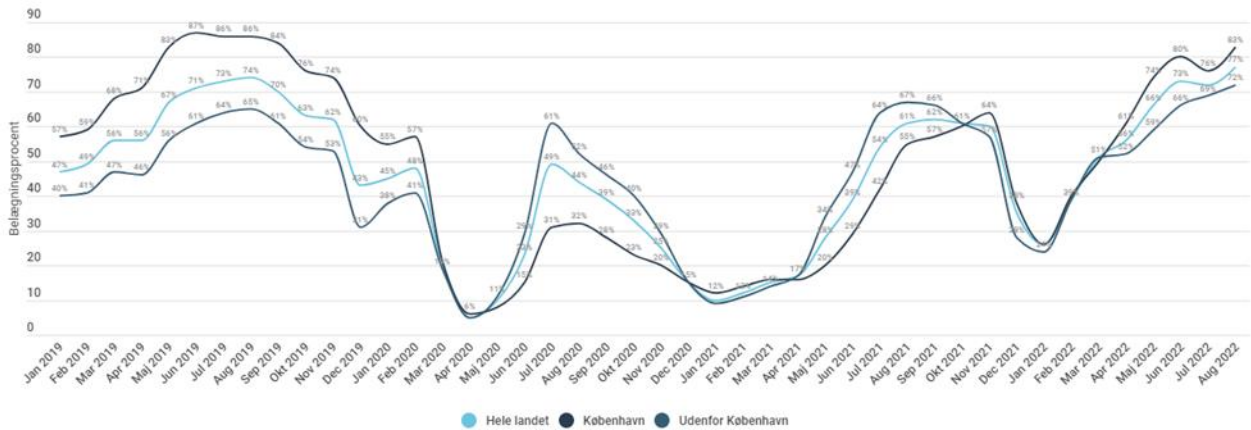
Figure 32. Source: (turisme.nu (3)) [Værelser is the Danish definition of Rooms]

After the pandemic, when the restrictions were removed, foreign guests are visiting Copenhagen again staying overnight in the hotels. This is reflected in the increasing average prices and occupancy levels at the hotels, as in October 2021 was (only) approx. 30% below the level before the pandemic. Large international brands have also moved in to build and operate hotels in the Danish capital, and this fact has seriously forced the hotels to a significant boost in terms of standard and quality. Furthermore, the international brands bring more tourists with them, who would otherwise not have come to Copenhagen, and provides a greater variety in the offer for all segments, this be high-end hotels, unmanned hotels, and others provide large conference facilities which lead to a higher degree of variety of supply (turisme.nu (1)). Danish guests staying in hotels in Copenhagen have had positive effects on the occupancy levels, as danish guest occupancy levels has been going from 40% before the pandemic to 80% in high seasons during and after the pandemic (Standby 2021 (1)).

After perhaps the most unstable period in recent times for the hotel industry, there are positive indications that the demand is returning. Although occupancy levels are not expected to reverse return to pre-pandemic levels yet, or even higher due to more hotel capacity, there are encouraging signs for the hotel industry in Copenhagen. The speed of the recovery is driven by factors beyond the hotel industry's control. The pace depends on the size of especially tourism return as well as international and domestic business trips and events in the capital. To obtain this, safety and security are extremely important factors that must be properly communicated to the guests (turisme.nu (3))

During the high season 2022 the room occupancy in hotels in Copenhagen have fortunately returned to near pre-pandemic numbers:

Værelsesbelægning



Kilde: Danmarks Statistik, Note: Indeholder også konferencecentre

Figure 33. Danmarks Statistik, 2022, the Room Occupancy in Hotels, Copenhagen

10.1.6. Lack of Employees

Many hotels in Copenhagen have been forced to say no to new guests because of lack of employees, specially to clean the rooms and chefs to prepare food. Many foreign maids have returned to their home countries during the lockdown and have not returned. In addition, the Danish government has drastically cut back on international education in Copenhagen, so that the students who used to work as part-time maids no longer come to the capital. To recruit employees it is a fact, that further being expensive, it requires a lot of time putting an even bigger pressure on the employees and managers working in the hotels as there are less people to perform (turisme.nu (2)). It is still a major problem to the hotels in Copenhagen to recruit employees (October 2022). To compare this to the hotels availability to hire staff in i.e., Aarhus, the respondents from the above qualitative interviews mentioned, that they long before the pandemic came to an end, already had hired staff.

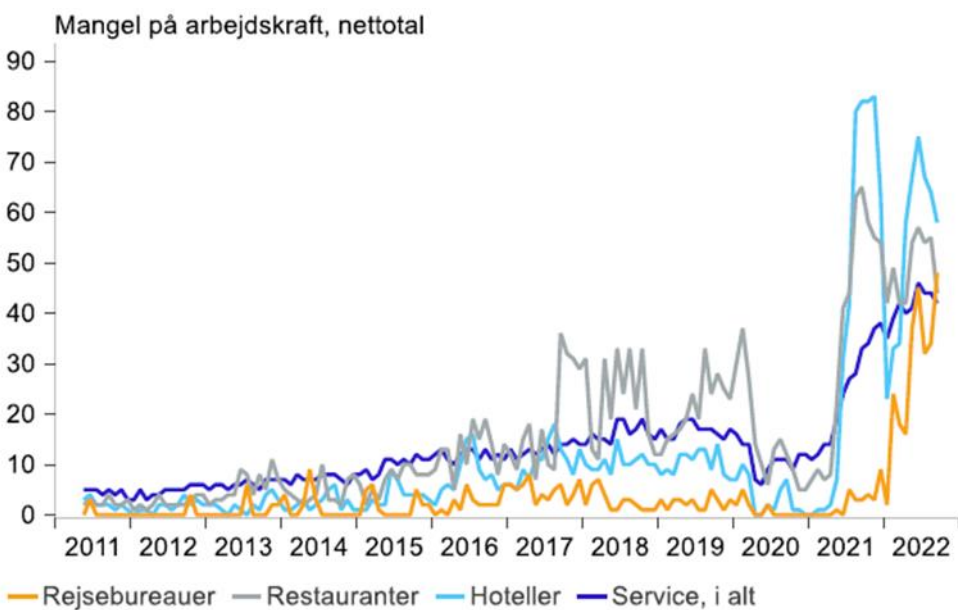


Figure 34. Lack of employees. Dansk Erhverv og Delo

10.1.7. War in Ukraine and Inflation

As if the corona crisis hasn't been bad enough, it has now been taken over by the next crisis; the war in Ukraine that has led to high inflation level. The war in Ukraine has a huge negative influence on the desire of oversea tourists to travel to Europe and they are extremely attractive to the hotels in Copenhagen as their daily consumption is significantly higher than other international tourists e.g., within Europe.

The crisis with the high inflation has already shown several new challenges that cause concern and will certainly affect the hotel industry and the key figures for the whole of 2022- and probably for the years to come. The continued lack of labour in the hotels and sharply rising inflation are affecting the expenses in the hotels for electricity, heating, and commodities. The average price of food was 15.9 percent higher in September 2022 compared to the same time last year. The prices of electricity and natural gas rose sharply in 2021, and in 2022 the increases have continued at a rapid pace, in September 2022 alone, the gas price rose 189.2 percent and the electricity price 95 percent compared to the same month last year.

The hotel industry is among the industries where most companies are highly affected by the rising prices. Because the financial losses have been very high in the hotel industry during corona, the new inflation crisis hits an industry already extremely challenged economically. Light, heat and food are the core of what guests staying in a hotel wants, and therefore, it is fundamentally very difficult to reduce the costs without it affecting the guest experience. With the uncertainty of the development of prices, it is difficult for the hotels to price conferences, meetings and stays. A long planning horizon for larger meetings also means that the hotels are extra vulnerable in their business (Standby 2022 (2)).

Research questions for students:

1. Which take-aways do you find interesting in the article? Discuss this with the person next to you (take notes for further discussion with the class).
2. How has the pandemic influenced the hospitality industry in:
 - Aarhus
 - Copenhagen
3. Which impacts have been the same and/or different in the two cities – class discussion.

RESEARCH AND DISCUSSION



Source: fauxels at pexels.com



Source: fauxels at pexels

11. Professional Network in the Post-Corona Hospitality Industry

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12. Summary

The Handbook provides a review of the updates for the period 2019 – 2022 with informative summary and data how the pandemic has affected, and will continue to effect, the way the hospitality companies operate their business.

The developed teaching and learning materials for hospitality learners with review of suggested ways of operating within the hospitality sector post-Corona - with a specific focus on the Nordic/Baltic countries including Denmark, Iceland, Latvia.

The Handbook demonstrates how to collect and update economic, financial information on the hospitality industry sector and operating companies within the industry. The Handbook provides a practical example of the 10-step analysis of the business models including industry analysis, development of the interview framework, proceeding interviews with the managers, analysis of the collected qualitative and quantitative data, bringing comparative discussion and conclusion about the operations within the three different external environments as Latvia, Denmark, Iceland.

The Handbook includes review and summary with the links to the related regulative documents, reviews the meaning and the roots of the hospitality in different regions, provides a summary of theoretical review on the business models, business model analysis and systems analysis, insights into innovative practices and innovations generating theory. The book demonstrates the summary of the updated information on the macroeconomic review of the three countries including Latvia, Denmark and Iceland with the focus on the hospitality and M.I.C.E. industry with statistical data for the periods 2019 – 2022, and practical informative setup of the professional network for the M.I.C.E. industry.

A comparative analysis of the three periods gives an opportunity for understanding how different sectors of hospitality took decisions and coped with the not typical situations for the latest decades., how the business models changed during these periods, and how it chnagedx over the different geographical regions and macroeconomic environments of Latvia, Denmark and Iceland.

The authors proceeded a preliminary research for the situation within the hospitality industry in 2019, 2020. Then the authors selected the companies for the interviews and conducted the interviews with the managerial representatives of the hospitality companies about the strategic changes and their managerial decisions during the challenging periods.

After the interviews, the authors conducted the qualitative analysis of the interviews, conducted quantitative analysis of the financial data of the companies, and drawn up the conclusions.

The authors took for the basis of analysis BMA Business Model Analysis for financial sector and adjusted the model for the hospitality sector. The authors developed the matrix for evaluation of the companies with the score of 200 points to proceed a comparative analysis across hospitality companies with different sizes, sectors of the industry, geographic regions.

The broad target group for the use of the developed materials are adult learners from hospitality companies, students on higher educations and continuous vocational learners who study hospitality management and business in the project organisations, as well as outside of the organisations, as the materials are shared as open resources for wider use and applicability.

Additionally, a significant target group is the DMO's (destination management office) and other operators in the Nordic/Baltic countries that work with tourism and who have been affected by the impacts of the Corona Pandemic

13. Conclusion

The outcome of the project is the developed teaching and learning materials (Webpage and handbook) for hospitality learners with review of suggested ways of operating within the hospitality sector post-Corona - with a specific focus on the Nordic/Baltic countries. Despite the overall purpose of this project to generate teaching and learning materials for the Nordic/Baltic countries, we also focused on the overall developments on hospitality sector and their impact on the actors within the hospitality sector in the Nordic/Baltic countries. The focus of the developed materials is on the within the project NORDPLUS HORIZONTAL PROJECT NPHZ-2021/10064 "Business Models post Corona in the Hospitality Sector" is on hospitality management and business considering Covid-19's impact on business models in the Nordic/Baltic countries.

The project partners investigated the impact caused by the Corona pandemic on the current hospitality market, and how this will shape the markets in years to come.

This project helped to strengthen Nordic/Baltic cooperation among both educational institutions, as well as a cooperation between the educational sector and actors from the hospitality sector in three Nordic/Baltic countries involved. By working together in this project we gained knowledge concerning business models Post-Corona, but likewise established a future cooperation between the hospitality sectors in the three partner that is expected to extend beyond the scope of this project.

The aim to contribute to the quality and innovation in the educational system by working cross-sectionally, and thus using the strengths from each partner has been achieved. By working alongside a partner from hospitality sector we delivered both the quality and practical workability of our suggestions. In terms of innovation, the outcomes of the project will greatly aid the understanding of the changing nature of business models post Corona, and thus enable the various users of the produced material to proactively engaging in aligning their current business models with the strategies suggested in this project.

The assumption that sustainability and sustainable solutions will become a part of future business models post Corona has been confirmed, and thus also became a crucial part of this project. This is aligned with the Nordplus highlight for 2020-2021 with a focus on a "greener future".

14. Glossary

Glossary is relevant to the statistical data obtained from the Central Statistical Bureau.

Bed occupancy rate (monthly) is obtained by dividing the total overnight stays (occupied beds) that have been spent within one group of establishments by the product obtained by multiplying the total number of beds by the number of days in the respective month and then multiplying the quotient by 100 in order to express the result as a percentage. (CSB, 2022).

Business trip – a trip with the purpose of gaining new knowledge and experience, conclusion of deals or execution of official duties, participation in congresses, seminars, exhibitions, fairs, presentation of lectures, and participation in missions. (CSB, 2022).

Domestic tourism – means visits within a Member State by visitors who are residents of that Member State. (CSB, 2022).

A night spent (or overnight stay) – each night a guest/tourist actually spends (sleeps or stays) or is registered (his/her physical presence there being unnecessary) in a tourist accommodation establishment. (CSB, 2022).

Number of border crossings – a unit showing how many times foreign travellers over the age of 15 have crossed the state border. (CSB, 2022).

Outbound tourism – means visits by residents of a Member State outside that Member State. (CSB, 2022).

Overnight traveller (tourist) – any person who travels outside the usual environment for not more than one year, stays in a collective or private accommodation for at least one night and is not employed for pay there. (CSB, 2022).

Private household – several persons living in one dwelling and sharing expenditures or one person managing the household separately. (CSB, 2022).

Recreational trip – a trip outside the usual environment, the main aim of which is spending a weekend, holidays or vacation, visiting a summer cottage or garden house, participating in an excursion, attending the theatre, or going to a SPA health resort without a doctor's order, etc. (CSB, 2022).

Room occupancy rate (monthly) is obtained by dividing the total visitor nights (occupied rooms) that have been spent within one group of establishments with the product obtained by multiplying the total number of rooms by the number of days in the respective month and then multiplying the quotient by 100 in order to express the result as percentage. (CSB, 2022).

Same-day traveller – any natural person who travels outside the usual environment without overnight stays, and the beginning of the trip is the person's usual environment. (CSB, 2022).

Total expenditures of travellers – total expenditures of travellers consist of the value of goods and services which travellers use during the preparation for the trip (advance payments) and during the trip. Expenditures of travellers do not include: capital investment or transaction which relates to land, buildings, real estate, and works of art. If the purpose of the trip is studies,

expenditures covered by money earned in the country of studies or from the grant received, or other payments received at the place of stay are not included. Expenditures of foreign travellers also do not include expenditures on outward or inward journeys, however, the expenditures of Latvian residents also include transport costs. (CSB, 2022).

Tourism – activities of persons travelling to a main destination outside their usual environment for not more than one consecutive year for business, leisure or other personal purpose, without the purpose to be employed at the place of stay by a local entrepreneur. (CSB, 2022).

Tourism companies – tour operators and travel agencies. (CSB, 2022).

Tourism company – a tourism enterprise (business) mainly engaged in the wholesale or retail trade of trips, tourism, as well as transportation and accommodation services. (CSB, 2022).

Tourist accommodation – building, group of buildings or facilitated area (territory), where a merchant or performer of economic activity provides overnight accommodation and service for tourists. (CSB, 2022).

Tour operator – a tourism enterprise (business) mainly engaged in the organisation and arrangement of trips, which are sold with the help of travel agencies or which are sold directly by tour operators. Trips may include all of these services or only some of them: transportation, accommodation, catering and visits to museums, historic or cultural sites, theatres, musical or sports events. (CSB, 2022).

Transit trip – a journey during which a traveller stays in a country for less than 24 hours because he/she is crossing it on the way to another country, which is the destination of the trip. (CSB, 2022).

Travel agent – a merchant or economic operator which offers or sells tourism services prepared by a tour operator on behalf of the tour operator on the basis of authorization or any other civil legal contract basis. (CSB, 2022).

Traveller – any natural person travelling outside his/her usual environment. (CSB, 2022).

Usual environment – geographical territory (not always in nearby surroundings), where the daily life of a person takes place and which is determined on the basis of the following criteria: crossing of administrative borders or distance from the place of residence, duration, frequency and aim of the visit. (CSB, 2022).

Visits to friends and relatives – trips with the aim to visit one's relatives and friends. (CSB, 2022).

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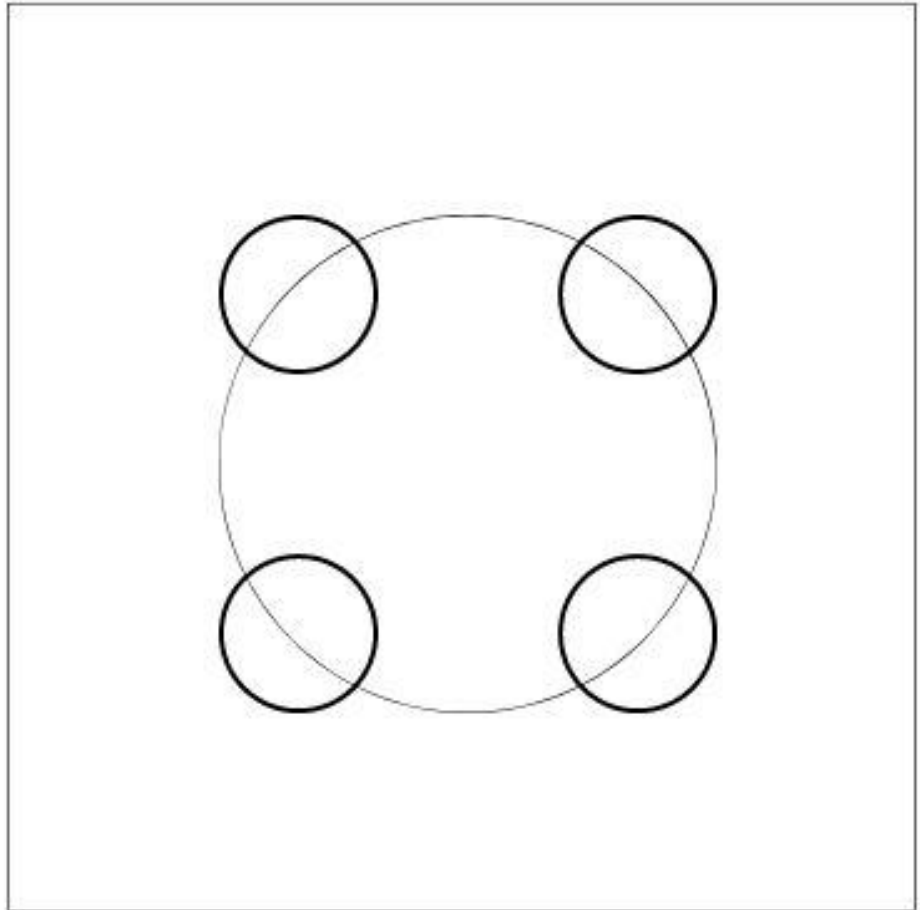
Setup and formatting: Olga Zvereva, "HOTEL SCHOOL" Hotel
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Text, Latvia Case: Olga Zvereva, MIB, Mg. paed., Development Director,
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Text, Iceland Case: Björn M. Sigurjónsson, B.Sc, MPhil, ML., Senior
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Text, Denmark Case: Bettina Lyngdal Baumgarten, Lenior Lecturer and
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Year: 2023



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in the hospitality industry

