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# **D2.2. Report on tourism SME knowledge gaps regarding the twin transition**

*Cross-Re-Tour*

Breaking silos in the tourism industry: cross-domain open innovation supporting the twin transition for SMEs



Co-funded by  
the European Union

## Document details

<b>Project Title:</b>	<i>Cross-Re-Tour</i>
	Breaking silos in the tourism industry: cross-domain open innovation supporting twin transition for SMEs
<b>Website:</b>	<a href="http://www.crossretour.eu">www.crossretour.eu</a>
<b>Time period:</b>	16 <sup>th</sup> of September 2023 - 15 <sup>th</sup> of September 2026
<b>Duration:</b>	36 Months
<b>Maximum Grant Amount:</b>	EUR 3.414.426
<b>Project Coordinator:</b>	Breda University of Applied Sciences

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## **Acknowledgements**

This deliverable was developed based on collective efforts from all partners of the Cross-re-tour consortium.

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## 1. Introduction

Cross-Re-Tour is a project coordinated by Stichting Breda University of Applied Sciences in the Netherlands, and co-financed through the Single Market Programme – Europe's programme for small and medium-sized enterprises. It aims to foster cross-domain open innovation by supporting tourism SMEs in implementing innovative digital, green, and circular economy solutions in partnership with stakeholders from various sectors.

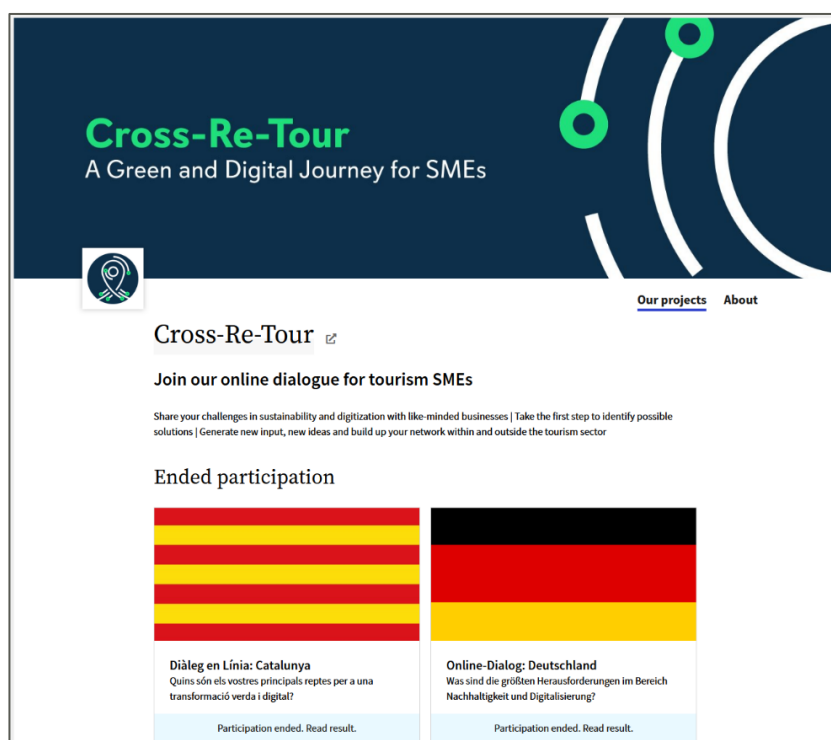
Under this scope, 2.4 million euros will be allocated to support 80 tourism SMEs in adopting innovative solutions, products, and practices. The main goal is to enhance their operational performance while addressing challenges related to climate change, sustainability, and digitization.

The first step in the Cross-Re-Tour mission is to identify knowledge gaps and specific challenges faced by tourism SMEs in their green and digital transformation.

## 2. Methodology

### 2.1. How was the information obtained?

An online dialogue was initiated to invite tourism SME owners to share their challenges, knowledge gaps and experiences with each other. The online dialogue took place between January and May 2024 on the platform *adhocracy+*, a free to use tool provided by the non-profit organization *Liquid Democracy* in Berlin.



On the platform, each partner country had their own sub-page with further information about the project as well as different question/participation modules in the country's own language. In each country, beginning Mid-January, the same initial questions were asked in order to encourage participants to introduce themselves and share their challenges:

<p><b>Warm-up: Getting to know each other</b></p> <p>Debate</p> <p>36 Contributions</p>	<p><b>What are your main challenges?</b></p> <p>Debate</p> <p>63 Contributions</p>	<p><b>In what sector are you operating?</b></p> <p>Poll</p> <p>49 Contributions</p>
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Within the question module regarding challenges, SMEs were asked to share their challenges in respect to the 6+2 business areas (water consumption, energy consumption, furniture and equipment, food consumption, plastic consumption, transportation and mobility, client nudging, staff development). By Mid-February, additional questions were included into this module, regarding concrete experiences, actions and knowledge gaps. This way we were able to collect the necessary information for this deliverable in all countries and to foster the exchange between interested tourism SMEs.

4. Food consumption  
12 Contributions [DISCUSS WITH US!](#)

5. Plastic consumption  
17 Contributions [DISCUSS WITH US!](#)

6. Transport  
13 Contributions [DISCUSS WITH US!](#)

## **2.2. How were tourism SMEs identified and addressed?**

The way in which SMEs were targeted varied between partner countries, but often they were identified through the initial business networks of each partner, e.g. based on previous projects, as well as through multipliers such as chambers of commerce, trade associations or DMOs. The initial first contact often took place via e-mail distribution lists, social media and/or phone calls with individual SMEs, but many partners also held info sessions (online and/or offline) to present Cross-Re-Tour and the online dialogue to a wider audience of potentially interested SMEs.

In total, 165 tourism SMEs in the eight partner countries actively participated in the online dialogue and submitted a total of nearly 500 comments.

### **2.3. *How were the findings and results summarized?***

After the online dialogue had finished by Mid-May, each partner country summarized the challenges and knowledge gaps identified by their participants. All of these findings were then summarized in the report at hand. In addition to the findings of the online-dialogue, relevant information gathered in expert interviews was also taken into account.

While some challenges are more important in some countries than in others (e.g. issues with water quality and scarcity more in southern than in northern countries), the majority of challenges and knowledge gaps are present in all countries. For this reason, the report at hand focuses on the 6+2 business areas and does not distinguish between countries.



### 3. Summary of SME knowledge gaps regarding the twin transition

#### 3.1. *Water consumption*

**Water Scarcity:** Water scarcity is a major issue, especially in regions with limited natural water resources. SMEs must find ways to manage and conserve water effectively, often needing to explore alternative sources such as treated sewage water or rainwater harvesting.

**Water Quality:** Ensuring high water quality is essential for both operational needs and guest satisfaction. SMEs face difficulties in maintaining potable water standards, particularly in areas with naturally poor water conditions. Advanced filtration systems like reverse osmosis are costly and require regular maintenance.

**Infrastructure and Technology:** Implementing sustainable water reuse technologies, such as systems for collecting and reusing treated water for irrigation, requires significant investment in infrastructure. SMEs also need modern technologies to monitor and reduce water consumption, but often lack access to affordable options.

**Guest Behaviour and Awareness:** Tourists often use water inefficiently, contributing to high water consumption. SMEs need to educate and encourage guests to conserve water through informative materials, signage, and campaigns. Changing guest habits and perceptions, especially regarding the use of tap water, is a challenge.

**Legislative and Regulatory Support:** There is a need for clear legislation and guidelines to promote efficient water use in the tourism sector. Proper regulations can help SMEs adopt sustainable practices more easily and ensure compliance with water conservation standards.

**Off-Grid and Rural Areas:** In rural and off-grid areas, SMEs face unique challenges due to the lack of infrastructure. Innovative solutions for water and wastewater management are needed, such as composting toilets and sustainable water service points for campers.

**Water Monitoring and Reporting:** Effective monitoring and reporting of water usage are crucial for managing conservation efforts. SMEs require technology and systems to track water consumption in real-time and report on their water-saving initiatives.

**Collaboration and Best Practices:** SMEs benefit from collaborating with local partners and other businesses to promote water conservation. Sharing best practices and resources can help implement sustainable solutions more effectively.

### 3.2. Energy consumption

**Energy Efficiency and Usage:** Tourists often use energy inefficiently, leaving electrical appliances and heating or cooling systems running even when not needed. SMEs need to find ways to manage and reduce this wasteful use of energy. Implementing remote control systems for heating and cooling, installing power switches that turn off appliances when guests leave, and upgrading to energy-efficient appliances are some potential solutions.

**Renewable Energy Adoption:** Many SMEs struggle with the adoption of renewable energy sources like solar or wind power due to high initial investment costs, lack of infrastructure, and limited access to affordable options. They face difficulties integrating these technologies into existing energy systems and need support in the form of government incentives, subsidies, and better-organized infrastructure.

**High Energy Costs:** High energy costs are a significant burden, particularly for small businesses with limited budgets. This issue is exacerbated in regions with high energy prices or where SMEs rely heavily on non-renewable energy sources.

**Knowledge and Expertise:** There is a widespread lack of knowledge and expertise in setting up and managing energy-efficient systems. SMEs need education and training on energy-saving techniques, the benefits of energy-efficient equipment, and how to implement and maintain renewable energy systems.

**Infrastructure and Technology:** The congestion of the electric grid and the lack of battery capacity for storing energy from renewable sources are major technological hurdles. Additionally, many SMEs operate in older buildings or off-grid areas where updating infrastructure to be more energy-efficient can be challenging and expensive.

**Monitoring and Management:** Effective monitoring and reporting of energy usage are crucial for promoting conservation efforts. SMEs need tools and systems to track energy consumption in real-time, conduct regular energy audits, and manage energy use more efficiently.

**Heating and Cooling:** Heating and cooling rooms and facilities are significant sources of energy consumption. SMEs are looking for sustainable ways to address this, such as using heat pumps, solar panels, or improving thermal insulation in buildings.

**Legislative and Regulatory Support:** There is a need for clearer legislation and regulations that promote efficient energy use in the hospitality sector. Proper guidelines and standards can help SMEs adopt sustainable practices more easily.

### 3.3. Furniture and equipment

**Sourcing Sustainable Materials:** SMEs struggle to find materials that are both sustainable and meet their business needs. Limited availability of eco-friendly options and difficulty in verifying the sustainability of materials pose challenges.

**Supplier Identification:** Finding reliable suppliers of sustainable furniture and materials can be difficult. SMEs may struggle to verify the sustainability credentials of suppliers and ensure consistent quality and availability of eco-friendly products.

**Cost Constraints:** While there is a growing demand for sustainable products, they often come with a higher price tag due to factors such as production methods, certifications, and limited supply chains. This makes it financially challenging for SMEs to invest in sustainable alternatives.

**Limited Awareness:** Many SMEs lack knowledge about sustainable practices and materials available in the market. They may not be aware of the environmental impact of their current choices or the benefits of transitioning to sustainable options.

**Technology Integration:** Integrating automation and modern technologies into furniture and equipment requires significant investment and technical expertise. SMEs may face challenges in selecting appropriate technologies, training staff, and ensuring compatibility with existing systems.

**Waste Reduction:** Minimizing furniture and equipment waste is a priority for sustainable businesses. SMEs encounter difficulties in managing waste throughout the product lifecycle, from sourcing materials to disposal, and may lack access to recycling or repurposing facilities.

**Damage Control:** Guest behavior can cause damage to furniture and equipment, leading to increased maintenance costs and environmental impact. SMEs need strategies for preventing damage, such as using durable materials and implementing guest education programs.

### 3.4. Food consumption

**Guest Behavior and Procurement Planning:** Many SMEs find it difficult to forecast guest behavior and food preferences accurately, which complicates procurement planning. Despite these challenges, SMEs prioritize sourcing local and seasonal food to support sustainability goals, promote regional agriculture, and reduce environmental impact.

**Minimizing Food Waste:** Many SMEs struggle with implementing digital solutions to align food purchases with demand, which would help reduce unnecessary waste. Additionally, raising guest awareness about food waste is challenging, as it requires changing consumer behavior to encourage more sustainable consumption practices.

**Sustainable Sourcing:** SMEs encounter difficulties in sourcing food sustainably, particularly in ensuring 100% regional sourcing and collaborating effectively with local farmers. Legal constraints, especially related to food sanitation rules, pose additional challenges. Establishing sustainable loops based on food waste and composting requires navigating these constraints while promoting short supply chains and responsible resource management.

**Efficient Supply Chain Management:** Challenges persist in implementing digital solutions for supply chain management, such as inventory control and efficient procurement. Legal constraints add complexity to these efforts, and raising end customer awareness about the benefits of consuming local foods and reducing waste presents further hurdles.

**Promoting Sustainable Choices:** Educating customers about the benefits of sustainability and incentivizing environmentally friendly choices are ongoing challenges for SMEs. Making sustainable options more affordable is crucial for encouraging adoption, as many consumers are price-sensitive when making purchasing decisions. SMEs are exploring various strategies to promote sustainability, including food waste reduction programs, on-site gardens, and flexible menus. However, implementing these initiatives faces challenges such as regulatory hurdles and customer awareness. Despite these challenges, SMEs are committed to pursuing circular economy concepts to minimize waste and promote responsible resource management.

### 3.5. *Plastic consumption*

**Dependence on Single-Use Plastics:** There is a high dependence on single-use plastics within the tourism sector due to the lack of affordable and practical alternatives. Single-use plastics, such as bottles, straws, and packaging, are convenient for businesses and customers alike but contribute significantly to plastic pollution. Breaking away from this dependence requires investment in research and development to identify and promote alternatives that are both sustainable and economically viable.

**Waste Management:** Effective waste management, particularly for plastic waste, is a significant challenge for SMEs in the tourism industry. Many SMEs lack access to proper recycling facilities and face difficulties in implementing waste reduction practices. Without adequate infrastructure and support, plastic waste often ends up in landfills or pollutes natural environments, contributing to environmental degradation and harming local ecosystems. Developing and expanding recycling infrastructure, including collection points and processing facilities, is essential to address this challenge and promote a circular economy approach to plastic waste management.

**Environmental Impact Awareness:** While SMEs in the tourism industry are increasingly aware of the environmental impact of plastic use, they often feel unsupported in their efforts to transition to more sustainable materials. This may be due to limited access to information, financial constraints, or a lack of clear guidance on how to implement sustainable practices. Overcoming these barriers requires comprehensive education and support programs tailored to the needs of SMEs, as well as incentives to encourage adoption of sustainable alternatives.

**Customer Behavior and Awareness:** Convincing customers, about the safety and environmental benefits of alternatives to single-use plastics remains a challenge for SMEs in the tourism industry. Many customers are accustomed to the convenience of single-use plastics and may be reluctant to change their behavior without clear incentives or education about the environmental consequences. Raising awareness among customers about the impact of plastic pollution and promoting sustainable alternatives is crucial to driving behavior change and reducing plastic consumption.

**Policy and Regulatory Support:** Advocating for government policies that support SMEs in reducing plastic use and transitioning to sustainable materials is essential. This includes providing financial incentives for projects that integrate circular economy models, such as recycling and waste reduction initiatives. Additionally, governments can play a role in promoting research and innovation for the development of alternatives to single-use plastics and implementing regulations to reduce plastic waste generation. Collaborating with policymakers and stakeholders to develop and implement effective policies is crucial to addressing the plastic pollution crisis.

### **3.6. *Transportation and mobility***

**Lack of Innovative Transportation Solutions:** SMEs face the challenge of enhancing accessibility through innovative transportation solutions, especially for individuals with special needs or in challenging terrains. This includes developing reliable and safe transportation methods and establishing sustainable delivery systems for local products.

**Cost and Sustainability:** High transportation costs and limited sustainable options pose significant challenges for SMEs. This includes the absence of electric vehicles or efficient public transport systems and the financial burden associated with transportation for goods and services. Implementing collaborative transportation solutions, advocating for better infrastructure, and investing in green transportation alternatives are essential to address these challenges and promote sustainability.

**Infrastructure and Connectivity:** Deficiencies in transportation infrastructure, including poor public transport services and inadequate connectivity between different modes of transportation, hinder accessibility and mobility. Improving public transport connectivity, promoting sustainable alternatives, and providing real-time transport information are crucial steps to overcome these challenges.

**Promotion of Sustainable Alternatives:** Promoting sustainable transportation alternatives, such as cycling, walking, and public transit, is essential to reduce reliance on private vehicles and mitigate environmental impacts. This requires investment in infrastructure, education campaigns to raise awareness, and incentives to encourage behavior change among users.

### 3.7. *Client nudging*

#### **Understanding and Communicating Environmental Restrictions:**

SMEs operating in protected natural areas face the challenge of communicating environmental restrictions effectively to guests. This includes prohibitions on activities like campfires and restrictions on certain areas to protect fragile ecosystems. Additionally, SMEs aim to educate guests about the significance of these restrictions and the importance of preserving the natural environment. Finding innovative and creative ways to communicate these restrictions while educating guests about the value of biodiversity poses a significant challenge.

**Sustainability Education for Guests:** Many guests lack understanding of sustainability principles and their importance, posing a challenge for SMEs in educating visitors about eco-friendly practices. This includes discussions on waste reduction, energy conservation, and the significance of minimizing ecological footprints. SMEs aim to inspire guests to adopt more sustainable behaviors during their stay and beyond, emphasizing the importance of environmental stewardship.

#### **Promoting Eco-Friendly Practices among Campground Guests:**

Educating camping guests about environmentally friendly behaviors presents a challenge for SMEs operating campgrounds. This involves developing engaging and informative methods to promote practices such as waste reduction, energy conservation, and responsible outdoor ethics. Overcoming barriers to behavior change and fostering a culture of environmental responsibility among campers requires innovative educational approaches and community engagement.

**Encouraging Client Advocacy for Sustainability:** Motivating clients, particularly those in the business sector, to advocate for sustainability presents a unique challenge for SMEs. This involves educating financially capable clients about the importance of sustainability and encouraging them to demand eco-friendly practices at service locations. Overcoming barriers to client advocacy and fostering a culture of sustainability in the business community requires strategic communication and collaboration efforts.

### 3.8. *Staff development*

**Investment in Employee Training and Development:** Insufficient investment in employee training and development to enhance their skills and competencies poses a challenge for SMEs. Investing in continuous training and professional development programs is essential to address this challenge effectively.

**Finding the right training programs:** SMEs face the challenge of finding the right training programs for employees in sustainability. Identifying relevant training opportunities and ensuring alignment with company philosophy and sustainability values is crucial. This involves ensuring that training sessions are practical, easily applicable to daily operations, and promote efficiency.

**Education on Innovative Solutions for Owners:** Another challenge is educating owners on available innovative solutions across various topics, including those related to sustainability. This could involve providing training materials, such as videos and catalogs with links to resources, to help owners implement innovative solutions effectively in their businesses.

**Integration of Social Sustainability:** SMEs need to ensure the authentic implementation of social sustainability practices and embed sustainable corporate missions into the daily routines of employees. This includes efforts to address issues such as skill development, career progression, and succession planning.

**Retention and Future Leadership:** Retaining employees and effectively leading them into the future poses a challenge for SMEs. This includes addressing issues related to skill development, career progression, and succession planning to ensure a steady leadership pipeline.

**Diversity and Inclusion:** Addressing the challenge of bringing together different generations, cultures, and lifestyles among staff members is crucial. This involves efforts to attract local youth to the industry, accommodate diverse nationalities in the workplace, and create inclusive living spaces.

**Finding and Retaining Talent Aligned with Sustainability Values:** Another challenge is finding and retaining talent aligned with the company's philosophy and sustainability values. This involves recruiting employees who share the company's commitment to sustainability and providing incentives for them to stay aligned with these values.



### 3.9. *Other challenges*

**Sustainability and Digital Transformation:** Sustainability is becoming increasingly important in the tourism industry, requiring businesses to adopt eco-friendly practices and implement digital transformations. Preserving biodiversity, fostering collaboration between municipalities and tourism providers, and integrating sustainable practices into operations and marketing strategies are critical challenges. Implementing artificial intelligence (AI) in marketing and operations while maintaining personalized experiences and reducing paper usage are also significant hurdles.

**Digital Literacy and Access to Technology:** Many small and medium-sized enterprises (SMEs) in the tourism industry struggle with digital literacy and have limited access to modern technology. This lack of digital skills and resources hinders their ability to establish and maintain a robust online presence, making it challenging to compete effectively in the digital marketplace. SMEs face difficulties in navigating digital platforms, understanding digital marketing strategies, and leveraging technology to reach their target audience. Moreover, intense competition and limited resources exacerbate the challenge of achieving and sustaining visibility on digital platforms, further impeding their online success.

**Staff and Organizational Challenges:** Organizations in the tourism sector encounter various staff-related challenges, including integrating social sustainability into daily routines and retaining talent aligned with sustainability values. Addressing issues of diversity, inclusion, and future leadership development within organizations is crucial for fostering a supportive and inclusive work environment. Additionally, maintaining staff engagement and motivation while navigating sustainability initiatives and digital transformations poses significant organizational challenges. Organizations must invest in staff training and development programs to enhance skills, promote diversity, and foster a culture of sustainability within the workforce.

**Innovation and Business Environment:** Innovation remains a key challenge for tourism SMEs, with barriers including limited investment in innovation, management knowledge gaps, and inadequate networking opportunities. Finding solutions to balance social housing needs with vacation properties while managing wear and tear on properties presents additional hurdles. Overcoming bureaucratic challenges and fostering a conducive business environment for SMEs require collaborative efforts from industry stakeholders and policymakers. Emphasizing the importance of innovation, sustainability, and strategic planning can help SMEs adapt to changing market dynamics and thrive in the tourism industry.

#### **4. Conclusion**

The online dialogue has successfully achieved its two main objectives: To identify the knowledge gaps and challenges of SME owners regarding the 6+2 topics and to engage SMEs with Cross-Re-Tour and make them interested into the further steps of the project.

The collected challenges show a big variety of relevant aspects that tourism SMEs have to tackle, together with the knowledge gaps of the owners that need to be overcome in the future to be more innovative towards the twin transition. The online dialogue, in our assessment, has proved to be superior to more traditional methods such as surveys or focus groups to collect a great variety of relevant challenges and knowledge gaps – even though it has been a certain challenge for the project partners to attract interested SMEs to participate and to stay active.

The variety of challenges is now a great basis to be considered in the upcoming works of the project. Of course, it has to be taken into account that this was one of the first steps of exploring the needs of the SMEs which now will be further explored with the Call for Challenges and the AAT-tool. All the relevant results will then be considered in the development of the competence hub and the Call for Proposals that will define the rules of the SME project funding.