

Serving the
Future



Key Issues for the Future of the Hospitality Sector:

Scenario planning with the Tourism and Hospitality Skills Group

December 2024

Summary

[An overview of the research](#)

This research was conducted as part of a wider project, Serving the Future, funded by The Robertson Trust's Partners in Change programme. The Serving the Future project was born out of a recognition that the hospitality industry urgently needs sustainable solutions that improve the situations of both employers and workers. By working with business owners, managers, industry bodies, and employees in the sector, we hope to contribute to these solutions through our research. This report shares findings from one Serving the Future project component, drawing on scenario planning methodology.

The focus of this report will be two Strategic Foresight workshops which took place in June and September of 2024 and involved members of the Skills Group, a sub-committee of the Tourism and Hospitality Industry Leadership Group. The sessions were facilitated by a highly experienced facilitator at the University of Strathclyde and asked participants to identify key drivers of change in the sector (including political, economic, sociocultural, technological, environmental, and legal factors), focusing on the two drivers they felt were both the most impactful and uncertain.

Key findings

Across the two sessions, the members of the Skills Group identified the hospitality sector and government as having important roles to play in supporting the sustainability of the sector.

Roles for the hospitality sector:

- Increased investment in training
- Investing in and attracting future workforce
- Cross-sectoral collaboration between businesses

Roles for the local, Scottish and UK governments:

- Greater collaboration between the hospitality and tourism industry and government
- Investing in sustainable and community-led tourism

The group also identified a need for collective action, for example, to make hospitality an attractive career choice by improving its reputation.

Introduction

In this report, we summarise two sessions undertaken by members of the Skills Group, which is made up of industry representatives (employers), public agencies and industry stakeholders. These sessions used a method called Strategic Foresight to create and reflect on potential future scenarios for hospitality and tourism in Scotland. The aims of both workshops were to:

- Generate insights into key drivers of change affecting the hospitality sector in Scotland
- Identify (i) potential scenarios of what the sector could look like in the next ten years and (ii) key implications for employers and government bodies.

The Strategic Foresight Method

The Strategic Foresight Method used in this workshop was scenario planning. Scenario planning has been used as a tool in other sectors to understand uncertainty and to develop strategies and policies for the future (McNeil et al, 2021). The key benefits of scenario planning include raising awareness of challenges, identifying key and uncertain drivers of change that may impact a sector and, as a result, building readiness for a range of outcomes and implications (Robinson et al, 2021).

Participants identified important drivers of change for Scotland's hospitality and tourism industry over the next 10 years. The top ten drivers were ranked by level of uncertainty. Then the top two most important and uncertain drivers were used to create four potential future scenarios. Finally, the participants identified actions which could be taken to maximise the positive impacts and mitigate the negative impacts of each scenario.

Benefits of Strategic Foresight

There are many benefits to Strategic Foresight. Scenario planning allows participants time to think creatively and strategically about the future. Combining importance and uncertainty when thinking about drivers can uncover new problems and actions to discuss. A key benefit of scenario planning is the creation of actions for each scenario. Common actions across scenarios are likely to have a positive effect regardless of actual future outcomes.

Drivers of Change Identified

The skills group identified 26 drivers of change in total for the industry. These are listed in table 1. The drivers of change have been grouped by PESTLE (Political, Economic, Social, Technological, Legal, Environmental) categories for interest. Many of the drivers could be categorised under multiple PESTLE categories which shows the complex and far-reaching nature of the drivers of change for the industry.

Political

- Level of funding to support training and education
- Level of investment of remote social housing
- Level of investment in transport in remote areas
- Level of international political stability

Economic

- Level of consumer demand
- Level of business costs
- Level of real wages
- Capacity of businesses to achieve sustainable business models
- Extent of global economic factors impinging on travel
- Level of supply of migrant labour
- Size of organisations
- Level of energy costs

Social

- Extent of safety and security concerns amongst travellers
- Level of recruitment
- Demographic change
- Capacity of sector to improve fair work practices
- Extent of change in social behaviour

- Level of perception of sector by others
- Level of wellness and mental health in the workplace
- Level of experiential and wellness focused travel
- Level of respect for sector workers

Technology

- Extent of sector's response to technological advances
- Extent of big data analysis
- Extent of social media influence

Legal

- Extent of changes to prevailing legislation

Environmental

- Extent of climate change

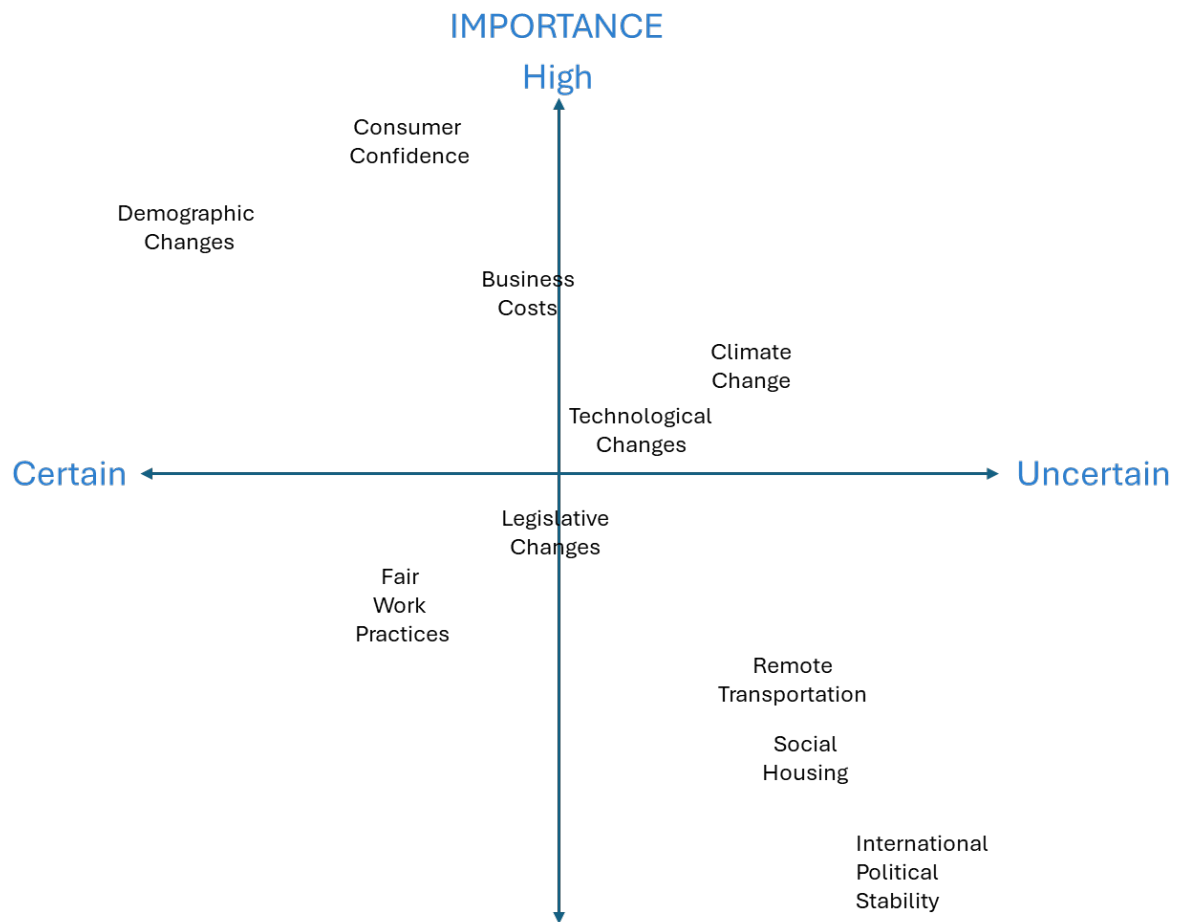
Ranking Drivers of Change by Importance and Uncertainty

Once a full list of drivers was completed, the skills group identified the ten most important drivers in the list. In order of importance, these were:

1. Consumer confidence
2. Demographic changes
3. Business costs
4. Climate change
5. Technological changes
6. Legislative change
7. Fair Work Practices
8. Remote Transportation
9. Social Housing
10. International Political Stability

It is important to note that all the drivers listed in the previous section were considered important to the group.

The skills group were next asked to decide how certain or uncertain the outcome was of each of the 10 most important drivers. This created the diagram below:

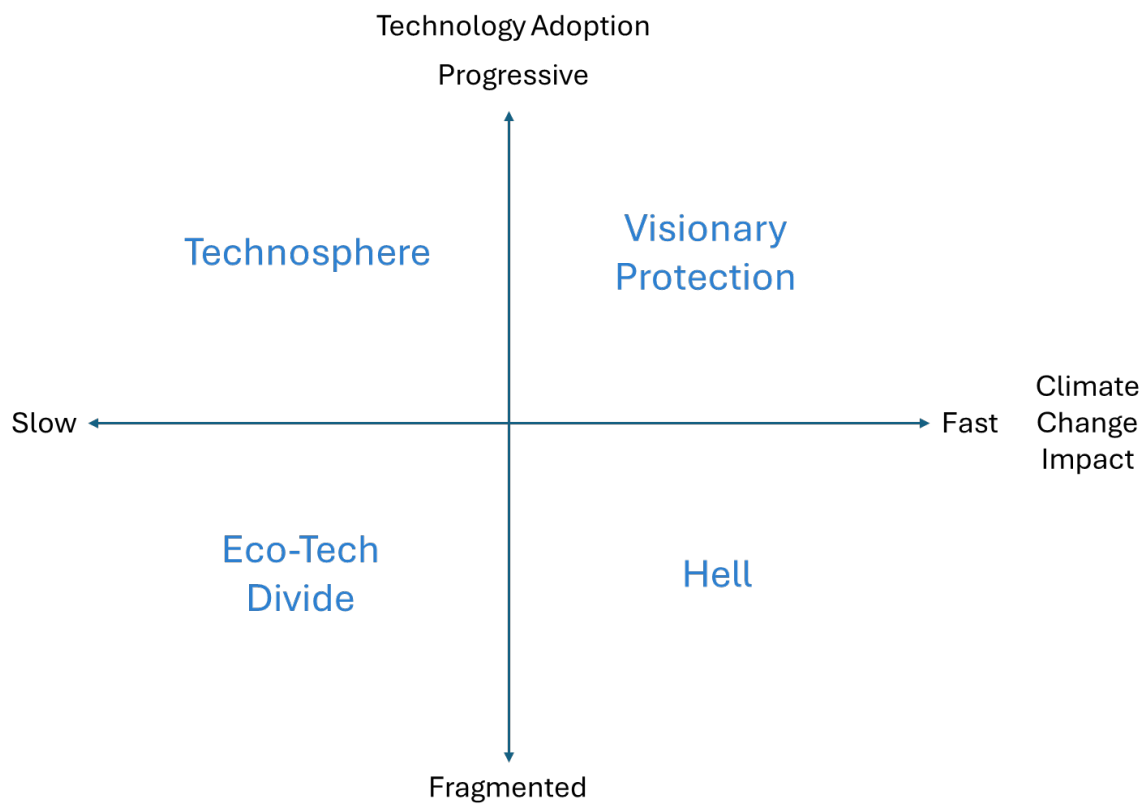


Scenarios were created based on the most important and most uncertain drivers. These are the drivers contained in the top right corner of the diagram. In this case, these drivers were the extent of climate change and the extent of technological change.

The skills group refined the technological change driver to refer to the extent of technological adoption within the industry.

Creating Scenarios

Four scenarios were created based on climate change impact (fast or slow) and technological adoption in the hospitality industry (progressive or fragmented). These scenarios were named by the skills group and are shown in the diagram below.



The scenarios are described in more detail on the following page.

SCENARIOS

1 VISIONARY PROTECTION

Progressive Tech Adoption and Slow Climate Change Impact

- Saving lives via tech (e.g. extreme weather warning via tech)
- Sustainability, growing food in non-fertile lands – use of progressive GM to ensure crop growth – low impact on climate and workers
- Interconnectivity – greater access to tech/affordable tech – bridges the digital divide between the global West and South – education on climate change (people who are more susceptible to climate change are historically the least educated on it)
- Reduced CO2 through improved local farming e.g. improved efficiency of farming and prevent the spread of disease – able to opt for local produce instead of imports
- Business longevity – more tech for small businesses – protect against the impact of climate change
- Tech to reduce air travel – e.g. Taylor Swift hologram instead of physical travel or theatre shows shown in the cinema (staycations)

2 HELL

Fragmented Tech Adoption and Fast Climate Change Impact

- People dying because we do not have a system for alerting populations about climate events
- Continued uncertainty about climate change so we cannot prepare for the impact of this
- Lack of connectivity due to extreme weather events – destruction of infrastructure
- Widespread economic failure / collapse within the hospitality sector and its supply chain
- Unemployment and social unrest resulting from this
- Scotland in the fringes of Europe

3 ECO-TECH DIVIDE

Fragmented Tech Adoption and Slow Climate Change Impact

- Maintain climate forecast but accelerate tech adoption
- Address barriers to tech literacy particularly among SMEs and micro businesses
- Tackle fear within the sector around adopting technology
- Addressing lack of understanding of technology to reduce business costs, support recruitment/ retention, and improve customer experience
- Support businesses to invest in technology

4 TECHNOSPHERE

Progressive Tech Adoption and Fast Climate Change Impact

- Sustained reach to consumers through the use of technology
- Tech activation helps businesses become more sustainable
- Better training and education through the use of technology
- Better forecasting of weather events (and how businesses can react to these events)
- Greater engagement of younger workforce through the use of technology
- Improved planning system through data to improve human wellbeing

Actions for Each Scenario

The skills group were finally asked to think about actions which would be needed to mitigate the negative impacts of each scenario and/or maximise the positive impacts. As mentioned on the first page, a key benefit of using the Strategic Foresight Method is finding which common actions occur across different scenarios. Actions which appear several times are likely positive actions to take regardless of which future comes to pass.

Common actions across scenarios included:

- increased investment in training (education and CPD) to boost employee skills;
- investing in and attracting the future workforce;
- cross-sectoral collaboration between businesses;
- collaboration between the hospitality and tourism industry and government;
- and investing in sustainable and community-led tourism.

A full list of the actions suggested for each scenario can be found on the following page.

Other points raised in this second session as the group reflected on the scenarios included the potential of using tech to do tourism virtually, a discussion of whether Scotland will become more popular as a tourist destination due to climate change (with the caveat that travel may be more difficult), and an agreement that future education should include perspectives on hospitality and tourism jobs as careers to improve the way society views the industry.

ACTIONS FOR EACH SCENARIO

1 VISIONARY PROTECTION

Progressive Tech Adoption and Slow Climate Change Impact

- Prioritise skills/training issues (current workforce) related to both technology and climate
- Earlier tech adoption (future workforce)
- Maintaining people focus (human interactions)
- Cross-sectoral fostering of technological development
- Reticence towards technology? Government support?
- How to use tech advances to mitigate climate effects? E.g. sustainable tourism
- Learning from other places in the world re: climate change

2 HELL

Fragmented Tech Adoption and Fast Climate Change Impact

- Training and CPD for technology and climate issues
- Learning from other countries
- Encouraging adoption of sustainable practices e.g. conditionality
- Investment into sustainable tourism for prevention
- Increasing impact of influence on government
- Government investment in defences (e.g. sea walls)
- Within and without sector collaboration

3 ECO-TECH DIVIDE

Fragmented Tech Adoption and Slow Climate Change Impact

- CPD, upskilling, support from more advanced businesses (mentorship)
- Government policy which prioritises/enables the sector
- Attract future talent – reverse mentoring?
- Proactive inclusive collaboration initiatives, including community-led tourism
- Cross-sectoral collaboration

4 TECHNOSPHERE

Progressive Tech Adoption and Fast Climate Change Impact

- CPD, skills/training
- Engaging with social housing and transport agenda
- Cross-sectoral work (including government support)
- Wealth creation through attention to investment, product development and high-reward employment
- Use tech to address other uncertain issues/challenges? E.g. mental health, staffing challenges
- Mitigating negative impacts of tech e.g. cyber security, fake news, mob rule

References

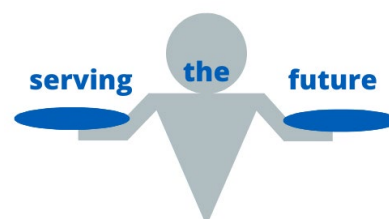
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reducing and preventing in-work poverty in
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