THE LIGHT AT THE END OF THE TUNNEL:
The business environment measure in crisis.

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Relate the experience of the Universidad Nebrija and the Spanish Hospitality Federation (FEHR) in the development of a tool to measure the pulse of the sector: The Hospitality Confidence Index (ICH).
* Describe the response of FEHR and the Nebrija University to the perspective of the global crisis.
* Relate the collaborative process of FEHR and the Nebrija University to develop the Hospitality Confidence Index (ICH).
* Review the results of the Hospitality Confidence Index (ICH) during the period of 2009 to 2015, and what we learn about the nature of the crisis in the tourism industry.
* Review the lessons learned and experience of collaboration between industry and academia.
* Propose future lines of action to improve the transfer of knowledge between both institutions.
In 2009 the global crisis shows the need to measure the pulse of the sector. A determining factor for planners and decision makers is to know the perception of the business environment.

For first time the tourism resilience was not enough.

There are many industrial index as Nasdaq (supply side), but not for tourism. They reflect only the situation of the large listed companies, leaving aside the industries whose economic units are mostly medium and small companies, such as hotels, restaurants and tourism companies.

Various institutions had developed approaches based on demand (the consumer), for example the TANKAN Index.
Metodology

* **Survey.**

* **Five questions:**
  
  1. In comparison with the same quarter of the previous year, how do you rate the quarter that has ended, in terms of sales made?
  
  2. In comparison with the previous quarter, how do you rate the quarter that has ended, in terms of sales made?
  
  3. How do you perceive the expectations of the next quarter, in relation to sales this quarter, or current sales?
  
  4. Rate from 1 to 5 the influence of the following internal problems on the results of your establishment (considering that 1 is the least negative influence and 5 is the maximum):

  
  * A list of internal factors is presented.

  5. Rate from 1 to 5 the influence of the following problems of an external nature on the results of your establishment (considering that 1 is the least negative influence and 5 is the maximum):

  
  * A list of external factors is presented.

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**Industrial indexes**

* Literature review

* Cases review

Collected from a representative group of companies in the sector, FEHR data base, via email.

Metodology

- **Confidence Index.**

- The ICH of the hospitality industry is a complex and linear index, composed of three simple linear indexes:
  - $I_1 = \text{Annual confidence evolution index} = [\text{positive results (better)} - \text{negative results (worse)}]$.
  - $I_2 = \text{Quarterly confidence evolution index} = [\text{positive results (better)} - \text{negative results (worse)}]$.
  - $I_3 = \text{Index of future confidence evolution} = [\text{positive results (better)} - \text{negative results (worse)}]$.
  - $\text{ICH} = \text{Spanish Hospitality Confidence Index} = \text{Linear average of the three partials}$.

http://www.fehr.es/publicaciones-fehr.html
After nine years, and 36 editions, which go from the first quarter of 2009 to the fourth quarter of 2017, the ICH, published on the website of the FEHR, reaches a maturity in its methodology and an interinstitutional framework in its elaboration process, what helps that as a scientific instrument send up one of its most generous fruits: the possibility to move from the transversal to the longitudinal study.
The previous quarter shows very clearly the natural cyclical behavior of tourism and hotel demand.

The values of confidence with respect to the future, show very clearly the "hope" effect.

Business perception improves when they get closer in their valuation, and that in the crisis, their valuations tend to be more dispersed.

Historical Confidence Index of the Hospitality Industry of Spain.

From 2009 to 2012, it is an unfortunate period, where a favorable business environment is never perceived.

The year 2013 is the year of the transition towards a favorable business environment. And as of the second quarter of 2014, a favorable business environment is perceived.

Results 2009-2015

Historical average of the Confidence Index of the Hospitality Industry in Spain.


Pedro Moncada Jiménez

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Results 2009-2015

Business Confidence Index Harmonized by sectors for transport and hospitality and Confidence Index of Hospitality in Spain.

Almost the same, but 4.5 years after the ICH.

Source: Own elaboration with dates of the INE (2015).
* **About the industrial information**

* Therefore, given the change in the economic situation, the ICH with a lot of sensitivity marks the challenges that occurred in the period of the crisis in the business environment in the period from the first quarter of 2009 to the second quarter of 2015.

* The comparative indicator with the previous quarter shows very clearly the natural cyclical behavior of tourism and hotel demand, quarter 2 has the best confidence values followed very close to quarter 3, however quarter 1 and 4 are valued lower.

* The confidence indicator for the future show very clearly the "hope" effect that always occurs in the first quarter of the year, where it receives the best valuation.
About the industrial information

The historical of the ICH reflects two periods in the analyzed years. From 2009 to 2012, it is an unfortunate period, where a favorable business environment is never perceived. As of the second quarter of 2014, a favorable business environment is perceived.

Regarding the ICH and other index, it is noted that the Economic Confidence Indicator and the ICH coincide in the measurements of supply and demand in terms of the perception of the economic situation, both at the worst moment (October 2012) and in the best of the period (April 2015).
About the industrial information

The ICH shows greater sensitivity, reflecting more faithfully the changes in perception of the economic situation, both when the business climate is adverse and when it is favorable.

Among the Business Confidence Index Harmonized by sectors for transport and hospitality and the ICH highlights how the results of both are approaching in the last two quarters, despite the differences between the components.

It’s remarkable that the ICH advice the industry early than the index by the CIS and the INE.

For the first time we have industrial data about the business environment perception in a crisis.

We need more index of tourism in both sides supply and demand.
About the “t-Intelligence”

This experience demonstrates that it is possible to draw practical projects making a good job of **applied research in a short time**, responding the business environment challenges, through the entire cycle of R + D + i.

The relational capital and **networking of academics and professionals is key to competitiveness** in the knowledge society.
The cooperation between the FEHR and its associated companies by collaborating in providing basic information for research, and Nebrija University in collecting and processing data, and generating the ICH quarter by quarter, and both institutions maintaining the publication and communication of their results for the hospitality sector and decision makers, makes this project a **good practice replicable to other countries and tourist sectors**, where a bridge between academia and tourism industry based on the knowledge & information society is required.
But, we must **not wait for a crisis to act together**, it is necessary to adopt a culture of cooperation and exchange of knowledge. After nine years, and 36 issues, from 2009 to the date, published in his microsite on the website of the FEHR, and as a part of the yearly book of the industry hospitality sectors, **the ICH is a valuable assets for both academic and industry**.

The development of joint industry-academia research programs and journals are rare.
Still The Challenge is...

We are ready for the next crisis?

Our model is sustainable?
THANK YOU!!!

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