

## Article

# Assessing the Impacts of the COVID-19 Pandemic over the Azores Region's Touristic Companies

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**Abstract:** It is understood that some types of tourism, as is the case of rural tourism, have an even more relevant role in achieving regional sustainability. Considering the actual COVID-19 sanitary crisis and its horizontal impacts over all the society and economy spheres, along with the relevance of rural tourism over the regional development, the current paper explores the impacts of the COVID-19 pandemic over the Azores Region's Touristic Companies. Thus, through direct testing tools, such as questionnaires and site analysis, the present article enabled us to provide more insights into the impacts of the COVID-19 pandemic over the Azores Region's touristic companies. The sample comprises 506 business managers of establishments of the touristic sector of the Azores, an outermost region of Portugal. The study has a descriptive focus and uses some methods of descriptive statistics, including the multiple response analysis. Most respondents consider that COVID-19 has a strong negative impact on their companies and expect a drop in turnover in 2020/2021. Our results suggest that government support is essential to offset the effects of the pandemic on companies of the tourism sector and show that the seal "Clean & Safe Azores" is an asset for companies operating in this region. Therefore, the results of this study could be used as a practical application for the Regional Authorities for the measurement of the impacts caused by the recent health crisis on the economy of the Azores.

**Keywords:** Azores islands; regional planning; regional strategies; tourism companies; sustainable tourism



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## 1. Introduction

It is assumed that tourism is an activity very connected with businesses that cooperate to guarantee tourists' attraction [1–6]. In fact, tourism development encourages improvements in the tourism equipment, facilities, and activities to bring visitants. Additionally, it includes the sustainability of these actions to attend tourists, society members, and the tourism destination as a whole [7,8].

Besides, many authors demonstrated that some types of tourism, namely rural tourism, have an even more relevant role in achieving regional sustainability (see: [9–13]). Additionally, according to Williams [14], employment in tourism contributes to national and regional economies. Furthermore, the empirical proof points that tourist spending creates more jobs and profits than any other sector of the market and generates and keeps jobs in other sectors of the economy, i.e., selling to visitors and tourism companies [15–17].

Faced with a severe crisis caused by the COVID-19 pandemic, tourism policies must focus on helping companies to overcome the current crisis, providing practical support. In

this regard, the focus should be on reaching recipients/beneficiaries in the shortest time and corresponding to the real short-term needs of viable companies facing temporary cash flow problems. If we look more closely at the case of an ultra-peripheral territory such as the Azores, those efforts should also bet on promoting the destination based on the image of a safe destination and on improving external and internal accessibility—especially in the field of air transport; which is fundamental for an insular tourist destination.

Additionally, this region is an emergent nature-based adventure tourism destination, where rural tourism is very appealing due to the natural and cultural heritage of the region and the social isolation resulting from the current context of the pandemic. This archipelago is composed of nine islands located in the middle of the Atlantic Ocean, almost midway between Europe and the United States of America. The Azores is one of the two outermost regions of Portugal—Azores and Madeira.

Thereby, on one hand, if we consider the actual COVID-19 pandemic crisis and its transversal impacts over all the societal and economic spheres [18–20], and on the other the relevance of rural tourism over the regional development, the following research question was formed: “Which are the Regional Entrepreneurs Opinions About the Impacts of the COVID-19 Pandemic over the Azores Islands Touristic Companies?”.

Therefore, some research hypotheses will be indicated in Section 3 (Materials and Methods) and evaluated in Section 4 (Results).

In this regard, the study starts with the current introductory chapter, followed by a brief literature review regarding the rural tourism, peripheral territories, and crisis periods; after, there is a methodological approach regarding the used methods on the testing part of the work, ending with the results and their consequent discussion and conclusions.

## 2. Rural Tourism and Peripheral Territories, and the Crisis

The rural environment has survived and continues to suffer diverse crises, rise in unemployment, aging of the population, population fluxes as emigration and migration, and expedited restructuring of stock and farms [21]. In the peripheral and ultra-peripheral territories, economic growth represents a catalyst for sustainable development (see: [22–26]). Thereby, the potential of rural tourism, associated with entrepreneurship and SMEs (Small and Medium-Sized Enterprises), is highlighted by multiple authors (see: [12,21]).

This thought is sustained on data of previous investigations related to the influence of economic activities on employment and income in peripheral areas across time. If we focus on the period just after World War II, the agricultural sector’s addition to the Gross National Product (GNP) and employment source decreased considerably; consequently, the strategies directed for rural development started to be focused on industrial activities [21]. Nevertheless, many industry location preferences are still looking for urban centers instead of rural areas; moreover, more comprehensive indirect multiplier employment-generated industries in some emerging markets remain.

According to Meller and Marfán [27]: “( . . . ) the industrial sector is not the most suitable strategy to trigger sustainable development processes in all contexts of peripheral territories”. In fact, King [28] affirms that “( . . . ) jobs created are temporary as their continuity depends on the regular flow of emigrants returning to the areas of origin”. Besides, through the eighties, the rise in employment in peripheral territories was essentially due to an increase in the services sector [29,30].

Nevertheless, not all tertiary sector economic activities present the corresponding capacity to create employment and income [14,21]. Therefore, the role of tourism has produced a major enrichment to sustainable development [14]. Contextually, many studies carried out in these areas have shown that tourist spending generates more employment and income than any other sector of the economy, and it creates and supports employment in other sectors of the economy that support or provide visitors and tourism companies (see: [31–38]).

In this regard, UNWTO [7] comprehends rural tourism as “a type of tourism activity in which the visitor’s experience is related to a wide range of products generally linked to

nature based activities, agriculture, rural lifestyle/culture, angling and sightseeing". Based on this, rural tourism activities take place in non-urban (rural) areas with the subsequent features: (a) low population density; (b) landscape and land-use dominated by agriculture and forestry; and (c) traditional social structure and lifestyle. Moreover, if we focus on the circumstances of the COVID-19 sanitary crisis, UNWTO also defends that rural tourism is even more important because tourists look for uncongested destinations, optionally with open-air experiences and activities [21].

Thereby, following a tourism crisis, if we consider managers' practical role, the return phase's overall difficulty is to recover services to normal. Scott et al. [39] affirms that: "( . . . ) often there is evidence of more gradual, strategic thinking in reshaping the offer as social and tourism infrastructure, equipment, and also staff may have to be replaced, different models of operation developed, and fresh markets sought". Based on the above-mentioned, it is possible to better understand tourism as a complex system with several benefits [39].

In this regard, the researchers of Scott and Laws [40,41] described system resilience, the shift in system components, and the progress or degeneration in the overall tourism system during and after a crisis event. Those investigations were supported and improved Faulkner and Vikulov [42]; as an example, the authors applied this ideas to the floods in Australia as a case study to estimate how a disaster may induce a particular turn in a destination's tourism. Thus, it is possible to understand that a crisis may drive a specific tourism destination shift. However, this should not necessarily be seen as negative.

### 3. Materials and Methods

Therefore, considering the purpose of this study—evaluate the impacts of the COVID-19 pandemic over the Azores Region's touristic companies in the perception of the business managers of the touristic sector of the Azores (AAR) establishments—the following research question was: "Which are the Impacts of the COVID-19 Pandemic over the Azores Region's Touristic Companies'?" . Hence, four hypotheses were developed:

**Hypothesis 1 (H1).** *COVID-19 has a strong negative impact on the Azores Region's touristic companies;*

**Hypothesis 2 (H2).** *The business managers of establishments of the touristic sector of Azores (AAR) expect a drop in turnover in 2020/2021;*

**Hypothesis 3 (H3).** *The government support is essential to offset the effects of the pandemic on companies of the tourism sector;*

**Hypothesis 4 (H4).** *The seal "Clean & Safe Azores" is an asset for companies operating in this region;*

The target population consists of business managers of establishments of the touristic sector of the Autonomous Region of the Azores (AAR), comprising 2527 establishments included in this sector, 193 of which belong to the accommodation sector and the remaining (2334) to other tourism sectors. The sample comprises 506 business managers of establishments of the touristic sector of this outermost region of Portugal, whose distribution by activity sector of the respective company is presented in Table 1.

In this context, the majority (61.3%) of entrepreneurs in the tourism sector who participated in the present study (participants) operate in local accommodation companies. Moreover, the majority of respondents (67.4%) are "Individual entrepreneurs" (Table 2).

**Table 1.** Distribution of respondents by type of tourist activity of the respective company.

Question: Type of Tourist Activity Sector of Your Company?					
	Frequency	Percentage	Valid Percentage	Cumulative Percentage	
Valid	Travel Agency/Tour Operator	17	3.4	3.4	3.4
	Local accommodation	310	61.3	61.3	64.6
	Tourist entertainment	74	14.6	14.6	79.2
	Hospitality	29	5.7	5.7	85.0
	Other (specify)	4	0.8	0.8	85.8
	Rent-a-car	6	1.2	1.2	87.0
	Restoration or similar	16	3.2	3.2	90.1
	Rural Tourism	50	9.9	9.9	100.0
	Total	506	100.0	100.0	-

**Table 2.** Distribution of respondents by type of entity.

Question: Which Is the Type of Your Entity?					
	Frequency	Percentage	Valid Percentage	Cumulative Percentage	
Valid	Individual entrepreneurs	341	67.4	67.4	67.4
	Corporation	165	32.6	32.6	100.0
	Total	506	100.0	100.0	-

The companies to which respondents belong are geographically distributed, as shown in Table 3. It is possible to find that the majority (56.7%) of the tourism sector companies are located on São Miguel Island.

**Table 3.** Location of the tourism sector companies.

Question: Which Is Your Company Location?					
	Frequency	Percentage	Valid Percentage	Cumulative Percentage	
Valid	Faial	51	10.1	10.1	10.1
	Flores	13	2.6	2.6	12.6
	Graciosa	11	2.2	2.2	14.8
	Pico	35	6.9	6.9	21.7
	Santa Maria	15	3.0	3.0	24.7
	São Jorge	22	4.3	4.3	29.1
	São Miguel	287	56.7	56.7	85.8
	Terceira	72	14.2	14.2	100.0
	Total	506	100.0	100.0	-

The survey, conducted by the Observatory of Tourism of the Azores (OTA) in December 2020, was designed using Google Forms according to the study's objectives and the option of an online survey, mainly due to the physical, social isolation recommended during the COVID-19 pandemic.

Therefore, our sample is non-probabilistic. The link related to the questionnaire was sent by e-mail to the business managers of establishments of the touristic sector of the Azores, listed in the OTA database, with 506 valid questionnaires having been returned, corresponding to an acceptable/considerable response rate.

The questionnaire included, among others, the questions shown in Tables 1–20. Except for the questions shown in Table 16, which are multiple answers (each participant ticked a maximum of four answer options, which are indicated in Table 16), all the remaining questions analyzed in this study are single-answer. It is important to emphasize that, because the study relies on a convenience sample, this empirical investigation has a descriptive focus, having resorted, for this purpose, to the use of some methods in the context of descriptive statistics, including the multiple response analysis. Data were analyzed using IBM SPSS Statistics.

#### 4. Results

Due to the large number of results obtained through the questionnaires, this section was divided into three Section 4.1, Section 4.2, Section 4.3 to help the interpretation of the outcomes.

##### 4.1. Companies Data

After some sociodemographic issues, the participants were asked the number of permanent employees in their companies in three different time-frames: (i) before the COVID-19 pandemic; (ii) in the high season of 2020; and (iii) on the date this questionnaire was completed (Table 4).

**Table 4.** The number of permanent employees in three different periods.

(i) Before the COVID-19 Pandemic			(ii) In the High Season of 2020			(iii) On the Date This of Questionnaire Was Completed		
n	Valid	485	n	Valid	477	n	Valid	445
	Missing	21		Missing	29		Missing	61
Mean		2.71	Mean		2.664	Mean		2.42
Median		1.00	Median		1.000	Median		1.00
Mode		0	Mode		0	Mode		0
Std. Deviation		7.345	Std. Deviation		7.6061	Std. Deviation		7.894

Before COVID-19, the average number of permanent employees was approximately three. The same result was found for the high season of 2020, where the average number of permanent employees was also three. When the survey was completed, the average number of permanent employees was approximately two (i.e., it was lower than the previous time-frames).

Contextually, the respondents were asked the number of temporary employees in their companies in three different time-frames: (i) before the COVID-19 pandemic; (ii) in the high season of 2020; and (iii) on the date this questionnaire was completed. Thereby, the results show that before COVID-19, the average number of permanent employees was approximately one, and in the high season of 2020, this value was below one (0.73).

##### 4.2. COVID-19 Impact over the Regional Touristic Activities

In Section 2, the questionnaire assembles the COVID-19 impacts over the companies' managers' perspectives over regional touristic activities. In this regard, Table 5 shows that most of the entrepreneurs (72.7%) in the tourism sector surveyed consider that the COVID-19 pandemic has a very strong negative impact on the companies where they work. This supports Hypothesis 1 (H1).

**Table 5.** Impact of COVID-19 over the Azores tourism companies.

<b>Question: Rate the Degree of Negative Impact of the COVID-19 Pandemic on Your Company from 1 to 5 *</b>					
		<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
Valid	1	36	7.1	7.8	7.8
	2	11	2.2	2.4	10.2
	3	26	5.1	5.6	15.8
	4	53	10.5	11.5	27.3
	5	335	66.2	72.7	100.0
	Total	461	91.1	100.0	-
Missing	System	45	8.9	-	-
	Total	506	100.0	-	-

\* 1-Very weak and 5-Very strong.

About the functioning of the companies to which the sample's entrepreneurs belong, in the high season of 2020 (Table 6), only 38.8% answered that they remained in full operation, 34.9% stated that these remained in partial operation, 23.4% stated that these closed temporarily, and 2.8% said that they had closed definitively by the date of this study questionnaire was implemented.

**Table 6.** Situation of the company in the high season of 2020.

<b>Question: What Is the Situation of the Company in the High Season of 2020?</b>					
		<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
Valid	Remained in full operation	179	35.4	38.8	38.8
	Remained in partial operation	161	31.8	34.9	73.8
	Temporarily closed	108	21.3	23.4	97.2
	Definitely closed	13	2.6	2.8	100.0
	Total	461	91.1	100.0	-
Missing	99	45	8.9	-	-
	Total	506	100.0	-	-

In Table 7, it is possible to verify the obtained results regarding the evolution of the number of people employed in the high season of 2020. In the opinion of about 27% of the entrepreneurs of our sample, the evolution of the people employed in the high season of 2020 has decreased significantly in the companies they belong to.

Moreover, 7.3% of the respondents in this study assumed that the company has already dismissed employees since the beginning of the pandemic, and 2.5% stated that they plan to dismiss employees by the end of the year of 2020 (Table 8).

Table 9 shows that about 30.8% of respondents estimate a reduction in turnover in the high season of 2020 by more than 90%. In the opinion of 20.4%, this estimate will vary between 70% to 80%, and in the opinion of 18% of respondents, this estimate will vary between 80% to 90%. Therefore, Hypothesis 2 (H2) is also supported by the collected data.

**Table 7.** Evolution of the people employed in the high season of 2020.

<b>Question: What Was the Evolution of the People Employed in the High Season of 2020?</b>					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	With no changes	297	58.7	64.4	64.4
	Decreased a little	34	6.7	7.4	71.8
	Decreased a lot	122	24.1	26.5	98.3
	Increased a little	8	1.6	1.7	100.0
	Total	461	91.1	100.0	-
Missing	99	45	8.9	-	-
Total		506	100.0	-	-

**Table 8.** Dismissal in the regional touristic companies due to the COVID-19 pandemic.

<b>Question: Have You Been Dismissing Employees in your Company during or Due to the COVID-19 Pandemic?</b>					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Already dismissed employees since the beginning of the pandemic	26	5.1	7.3	7.3
	Has not dismissed employees since the start of the pandemic	320	63.2	90.1	97.5
	Expects to dismiss employees by the end of the year	9	1.8	2.5	100.0
	Total	355	70.2	100.0	-
Missing	99	151	29.8	-	-
Total		506	100.0	-	-

**Table 9.** Possibility of a reduction in turnover in the high season of 2020.

<b>Question: What Is Your Estimate of a Reduction in Turnover in the High Season of 2020?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 20%	23	4.5	5.0	100.0
	Between 20% to 30%	11	2.2	2.4	2.4
	Between 30% to 40%	18	3.6	3.9	6.3
	Between 40% to 50%	20	4.0	4.3	10.6
	Between 50% to 60%	26	5.1	5.6	16.3
	Between 60% to 70%	44	8.7	9.5	25.8
	Between 70% to 80%	94	18.6	20.4	46.2
	Between 80% to 90%	83	16.4	18.0	64.2
	More than 90%	142	28.1	30.8	95.0
	Total	461	91.1	100.0	-
Missing	99	45	8.9	-	-
Total		506	100.0	-	-

In Table 10, it is possible to analyze the results regarding the question “Did you resort to the lay-off in the high season of 2020?”, the majority (73.3%) indicated the answer option “No.” However, it should be noted that 26.7% answered “Yes.”



**Table 10.** Usage the lay-off in the season of 2020.

Question: Did You Use the Lay-Off in the High Season of 2020?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	338	66.8	73.3	73.3
	Yes	123	24.3	26.7	100.0
	Total	461	91.1	100.0	-
Missing	99	45	8.9	-	-
Total		506	100.0	-	-

In this regard, of the 123 entrepreneurs in the sample whose companies resorted to lay-off, the majority (60.2%) referred that the main reason was the “Breakdown of 40% or more in billing”, 24.4% reported that the main reason was the cancellation of reserves and the remaining 15.4% indicated the “Mandatory closure decreed by the Regional Government” (Table 11). Besides, of the 123 entrepreneurs in the sample whose companies resorted to lay-off, the majority (71.5%) referred that the lay-off was applied to all workers in the high season of 2020 (Table 12).

**Table 11.** Main reason for using the lay-off.

Question: If You Used the “Lay-Off”, What Was the Main Reason?					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Cancelled reservations	30	24.4	24.4	24.4
	Mandatory closure decreed by the Regional Government	19	15.4	15.4	39.8
	40% or more break in billing	74	60.2	60.2	100.0
	Total	123	100.0	100.0	-

**Table 12.** Lay-off application in 2020.

Question: If the Lay-Off Was Applied, Was It Applied to All Workers in the High Season of 2020?					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	No	35	28.5	28.5	28.5
	Yes	88	71.5	71.5	100.0
	Total	123	100.0	100.0	-

To fully understand the impact of COVID-19 over the regional touristic companies of Azores Autonomous Region, two more questions were delivered about the lay-off (Tables 13–15). In Table 13, from the 123 entrepreneurs in the sample whose companies resorted to lay-off, the majority (60.3%) claimed that the lay-off regime in the high season of 2020 was applied to “More than 90%” of employees. In Table 14, it is possible to confirm that 43.9% joined to the Regional Complement to the Normal Lay-off, which aims to encourage workers’ training and qualification.

Thereby, Table 15 exposes that approximately 37.7% of the 461 managers of the sample that answered to the question reported that the company to which they belonged resorted to the main lines of support for Tourism launched by the Azores regional government.



**Table 13.** Average percentage of employees to whom the lay-off regime was applied in the high season of 2020.

<b>Question: Which Was the Average Percentage of Employees to Whom the Lay-Off Regime Was Applied in the High Season of 2020?</b>					
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Less than 20%	7	5.7	5.8	5.8
	Between 20% to 30%	1	0.8	0.8	6.6
	Between 30% to 40%	1	0.8	0.8	7.4
	Between 40% to 50%	10	8.1	8.3	15.7
	Between 50% to 60%	8	6.5	6.6	22.3
	Between 60% to 70%	6	4.9	5.0	27.3
	Between 70% to 80%	7	5.7	5.8	33.1
	Between 80% to 90%	8	6.5	6.6	39.7
	More than 90%	73	59.3	60.3	100.0
	Total	121	98.4	100.0	-
Missing	99	2	1.6	-	-
Total		123	100.0	-	-

**Table 14.** The use of the Regional Complement to the Normal Lay-off.

<b>Question: Did You Join the Regional Complement to the Normal Lay-Off, Which Aims to Encourage the Training and Qualification of Workers?</b>					
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No	69	56.1	56.1	56.1
	Yes	54	43.9	43.9	100.0
	Total	123	100.0	100.0	-

**Table 15.** The use of the support lines for tourism launched by the regional government.

<b>Question: Did You Use the Main Lines of Support for Tourism Launched by the Regional Government?</b>					
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No	287	56.7	62.3	62.3
	Yes	174	34.4	37.7	100.0
	Total	461	91.1	100.0	-
Missing	99	45	8.9	-	-
Total		506	100.0	-	-

Table 16 presents the results of the multiple response analysis of the questions about support lines for tourism launched by the regional government. Accordingly, from the 461 respondents who answered these questions, the majority (52.7%) assume that the main lines of support for tourism launched by the government should be extended over time; 39.5% consider that access to measures should be simplified; 30.8% believe that these should be reinforced with an increase in funds; and, 18.2% defend the need for other measures. Consequently, Hypothesis 3 (H3) is also supported.

**Table 16.** Support lines for tourism launched by the regional government: multiple response analysis.

		Linked Frequencies		Percentage of Cases
		n	Percentage	
Linked <sup>a</sup>	They must be prolonged in time	243	37.3%	52.7%
	They should be reinforced with an increase in funds	142	21.8%	30.8%
	The access to measures should be simplified	182	28.0%	39.5%
	It is necessary to introduce new measures	84	12.9%	18.2%
Total		651	100.0%	141.2%

<sup>a</sup> Group.

It was also asked the participants what they expected their business in 2020/2021 compared to 2019 regarding their companies' billing (Table 17). Concerning their business, the majority (66.9%) of entrepreneurs in the tourism sector (valid cases) expect a break in their billing in 2020/2021.

**Table 17.** Expectations for the business performance in 2020/2021 in comparison to 2019.

Question: What Do You Expect for Your Business in 2020/2021 Compared to 2019 with Regard to Billing?					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	A break	243	48.0	66.9	66.9
	It will remain the same	24	4.7	6.6	73.6
	An improvement	96	19.0	26.4	100.0
	Total	363	71.7	100.0	-
Missing	99	143	28.3	-	-
Total		506	100.0	-	-

In this sense, the following question was also asked: "What is the main issuing market that has sought your services in this pandemic period?" (Table 18). In the entrepreneurs' perception, the main issuing market looking for their services in this pandemic period is the Portugal mainland (40.8%).

#### 4.3. Regional Strategies for the Practice of Tourism during the Pandemic

In the last section of the questionnaire, it was focused on the regional incentive strategies for the practice of tourism during the pandemic of COVID-19.

In this regard, Table 19 shows that the majority (78.1% = 63.4% + 14.7%) of the entrepreneurs in the tourism sector (valid cases) agree in part or in full with the sanitary measures applied in the region to control the pandemic.

Finally, throughout the analysis of Table 20, it was possible to verify the sanitary regional stamp's relevance, once 52.2% of respondents agree that the stamp "Clean & Safe Azores" is an asset for their company. Thus, Hypothesis 4 (H4) is also supported by our study.

**Table 18.** Main issuing market in this pandemic period.

<b>Question: What Is the Main Issuing Market That Has Sought Your Services in This Pandemic Period?</b>					
		<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
Valid	Azores	102	20.2	22.1	22.1
	Madeira	1	0.2	0.2	22.3
	Portugal Mainland	188	37.2	40.8	63.1
	Germany	56	11.1	12.1	75.3
	Canada	7	1.4	1.5	76.8
	Spain	8	1.6	1.7	78.5
	EUA	26	5.1	5.6	84.2
	Italy	1	0.2	0.2	84.4
	United Kingdom	13	2.6	2.8	87.2
	Other	59	11.7	12.8	100.0
	Total	461	91.1	100.0	-
Missing	99	45	8.9	-	-
Total		506	100.0	-	-

**Table 19.** Perception about the sanitary measures applied in the region in this pandemic period.

<b>Question: How Do You See the Sanitary Measures Applied in the Region to Control the Pandemic?</b>					
		<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
Valid	I strongly disagree	9	1.8	2.0	2.0
	I disagree	23	4.5	5.0	7.0
	I do not agree nor disagree	68	13.4	14.9	21.9
	I agree	289	57.1	63.4	85.3
	I totally agree	67	13.2	14.7	100.0
	Total	456	90.1	100.0	-
Missing	99	50	9.9	-	-
Total		506	100.0	-	-

**Table 20.** The “Clean and Safe Azores” stamp.

<b>Question: Is the “Clean &amp; Safe Azores” Stamp an Asset for Your Company?</b>					
		<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
Valid	Yes	238	47.0	52.2	52.2
	No	95	18.8	20.8	73.0
	I did not adhere to “Clean & safe” Azores	123	24.3	27.0	100.0
	Total	456	90.1	100.0	-
Missing	99	50	9.9	-	-
Total		506	100.0	-	-

## 5. Conclusions

The year 2019 was, without a doubt, excellent in terms of tourism for the Azores. Unfortunately, the scenario changed radically from March 2020 with the pandemic outbreak caused by SARS-CoV-2 and an unprecedented loss of confidence in the world tourist

demand. The Azores Tourism Observatory (OTA) on its website has a section aimed at COVID-19, where it publishes data on the impacts of the pandemic on the tourism sector. Between April and July 2020, there was a drop of over 70% of arrivals in the region compared to 2019. About the indicators of Regional Tourism Demand, from April to July 2020, there was a drop in overnight stays of more than 80% compared to 2019. Regarding total income, there was a drop of more than 70% between June and September 2020, compared to 2019. In 2020, OTA implemented a survey to assess the situation of all companies in the tourism sector. Of the 506 companies surveyed, around 69.2% reported a reduction of more than 70% in turnover. Moreover, about 71% of companies applied the “lay-off” to their workers during the peak season of 2020. Therefore, tourism companies face their biggest challenge ever.

The COVID 19 pandemic changed the paradigm of world tourism. It began by causing changes in demand, which later dictated changes in supply to adjust to the new needs of tourists. Thus, current trends show that there is a greater demand for the following values/experiences: Safe tourist destinations, in the broadest sense of the security concept, including psychological, physical, food safety, and certificates with “clean and safe” stamps; nature destinations, whether by tourists traveling on vacation, or by temporary tourists, such as digital nomads, or by residential tourism; privacy, allied to less massified destinations; comfort in the accommodation, although the differentiating factor is no longer the quality of the facilities and equipment, which everyone expects to find in all types of accommodation, the unique and memorable experiences, linked to the local culture; less fractional and longer vacations; and proximity, accessible destinations, implying frictionless travel, either at airports or at the destination (seamless travel).

The majority of entrepreneurs in the tourism sector who participated in the present study operate in local accommodation, are “Individual entrepreneurs” and belong to companies located on São Miguel Island, the biggest island in the Azores. The majority of people in business in the tourism sector surveyed consider that the COVID-19 pandemic has a very strong negative impact on their companies and expect a drop in turnover in 2020/2021. Moreover, a large part perceived a reduction in turnover in the high season of 2020. In the perception of respondents, the fall of 40% or more in turnover is the main reason for using the lay-off (most often applied to “More than 90%” of employees).

Due to travel restrictions caused by the pandemic, the primary issuing market looking for their services in this critical period is Mainland Portugal. Of the entrepreneurs of our sample whose companies resorted to the “lay-off,” a large part adhered to the Regional Complement to the Normal Lay-off and the main lines of support for tourism launched by the regional government. In this context, most think that the main lines of support for tourism launched by the government should be extended over time and agree in part or totally with the sanitary measures applied in the Region to control the pandemic and with the statement that the seal “Clean & Safe Azores” is an asset for your company; thus, being able to give security to current and potential customers.

Our results support the idea that government support is essential to offset the inevitable effects of COVID-19 on companies of the tourism sector, which is particularly important in outermost regions such as the Azores.

## 6. Research Limitations and Prospective Studies

The main limitations of this study refer to the use of the year 2020 for the impact assessment—which, in fact, extends to 2021. Therefore, shortly, it will be possible to assess the analysis for the two years most affected by this COVID-19 sanitary crisis to compare with managers’ negative expectations in the tourism sector for the year 2021.

Contextually, we should highlight the originality of this study, which could be found in its application to the measurement of the impacts caused by the recent health crisis on the economy of the Azores. In this insular region, the tourism sector was already taking precedence in 2019, benefiting from a very significant sample of entrepreneurs and managers of the tourism sector in the Autonomous Region of the Azores. This research can

be replicated in other geographic areas to contribute to an in-depth comparative analysis of the impact assessment of COVID-19 on the tourism sector on islands and archipelagos, given the greater dependence and weaknesses of these on this sector to the weight that it usually has. Undoubtedly, this sector has a crucial role in most of the islands' economies.

Another limitation is the sampling method (the study relies on a convenience sample), making it impossible to generalize the results to the population. However, this fact is mitigated by the considerable sampling rate and the emphasis on the most robust findings.

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