response media

How the Travel & Tourism Industry

Can Recover from the COVID-19 Pandemic

67 MILLION
fewer international tourist arrivals

$80 BILLION
in lost exports

The State of the Industry

Of all the industries hit by the COVID-19 pandemic, travel and tourism has been the more dire. Until forced to shut down in March 2020, the industry accounted for 10.5% of the global GDP and 10% of global employment[1] (approximately 800 million people) and represented more than 30% of the global service economy[2]. Now, the industry is suffering from more than 50% unemployment[3], the worst in its history and the worst since the Great Depression.

It doesn't take long to look at the numbers and understand the significant impact the novel coronavirus has had on the travel business. There have been 67 million fewer international tourist arrivals and more than $80 billion in lost exports[2] this year, according to the UN World Tourism Organization.

The cruise sector specifically has been particularly hard hit, with several high-profile quarantines at sea and a no-sail order implemented March 14 and extended through July 24[4], tentatively. The cruise industry represents a significant portion of global tourism and accounts for much of international travel in general. The industry produces $150 billion per year in global economic activity and employs over a million people, according to an industry group.[5]

In the past, the industry has grappled with maintaining public perception of good health practices due to the difficulty of feeding and housing hundreds or thousands of people at a time, so the combination of the quarantines at sea and the global travel freeze has many tourism stakeholders wondering how to bounce back and reassure customers when sentiment begins to thaw.

Experience has shown us that during and directly after a crisis, such as 9/11 and the 2008 financial meltdown, travelers put a freeze on going anywhere until the dust settles. Afterward, however, it often rebounds even stronger than before[5] (albeit with some caveats, such as travelers expecting leniency on changing dates and buying more travel insurance). Nowhere is this more evident than the cruise line Carnival. In April 2020, they reported[6] going through $500 million in cash every month just to stay afloat. A month later, they were seeing an uptick in bookings—August 2020 bookings were up a whopping 200% over August 2019.[7]

ECONOMY

2002

In the year following September 11, travel spending declined **$57 billion**, representing **$133 billion** in economic loss.

2020

Due to the coronavirus pandemic, travel spending is expected to decline **$519 billion**, representing **$1.2 trillion** in economic loss.

UNEMPLOYMENT

1933

During the worst year of the Great Depression, **unemployment was 25%**.

2020

Due to the coronavirus pandemic, overall travel industry **unemployment is 51%**.

“Trust is the new currency of our ‘new normal.’

And tourism is ideally positioned to be the vehicle to channel trust.”

Zurab Pololikashvili
Secretary-General, UNWTO

How to Prepare During the Pandemic

The good news is that with a growing global middle class, international tourism is expected to rise significantly over the next 10 years, with 1.8 billion expected to travel internationally in 2030. A large portion of this will be in emerging economies, where “Asia, Latin America, Central and Eastern Europe, Eastern Mediterranean Europe, the Middle East and Africa will gain an average 30 million arrivals a year, compared to 14 million in the traditional destinations of the advanced economies of North America, Europe and Asia and the Pacific.”[8] This fosters cultural exchange and mutual understanding between nations, a vital link that will need to be forged to reunite those from different backgrounds as the crisis lessens in intensity.

One way to stay in the minds of your customers is to not eschew advertising at this time. If you can afford it, maintain or increase brand awareness by getting your name or destination in front of customers where they are. TV viewing is up significantly for the first time since 2012[9], and customers are spending more time than usual on the internet.

The data shows people are still eager to travel and missing the experiences gained from it. They have only slowed slightly in their long-term travel planning; for the 2020 holidays, “reservations for Thanksgiving, Christmas and New Year’s stays are up 38%, 40% and 23% compared to 2019, respectively,” according to a survey[10] by rental property software Guesty. The survey also revealed that flexibility and travel insurance are paramount for customers when seeking long-term bookings now. To stay relevant and offer peace of mind, make sure your cancellation or rescheduling policy is robust and heavily advertised.

How to Prepare for Reopening

While the travel and tourism industry is struggling, it can be helpful to think about what to do now to prepare for the influx of customers as restrictions ease across the globe. The best way to do this is to examine what customers are waiting for before making significant travel plans and to examine which regions may be opening up sooner.

According to travel companies themselves, opinions differ geographically when it comes to the timing for reopening. The UN World Tourism Association[11] reports that businesses in the Middle East and Africa are most confident they will reopen this year, with 70% reporting they expect to open before 2021. In contrast, business owners in the Americas are at the other end of the spectrum, with only 50% believing the travel industry will be back on its feet before 2021. This information, in conjunction with official reports and infection rates, creates a picture of recovery that can guide industry leaders in planning which routes or destinations to begin offering.

BUSINESSES EXPECTING TO OPEN BEFORE 2021

IN MIDDLE EAST & AFRICA	IN THE UNITED STATES
70%	50%

In an interview with the New York Times[12], Lori Pennington-Gray, director of the University of Florida Tourism Crisis Management Initiative, spoke of the importance of paying attention to the different crisis climates of various regions. "It's really important that destinations realize [they] may be at a different stage of the crisis wave than other destinations. Monitor at a global level as well as at a more micro level. The data will help them determine what they need to be doing at what stage to be able to prepare to bring people back."

You should also pay attention to the various demographics that may be seeking a respite from stay-at-home orders. Travelers under 25 and those with incomes over $150,000 have less anxiety than others about seeking out travel destinations, says Pennington-Gray. Midwestern women over 45 who self-identify as Democrats are the most cautious group. Tailor your messaging to those who seem most interested in engaging with the brand and with your destination.

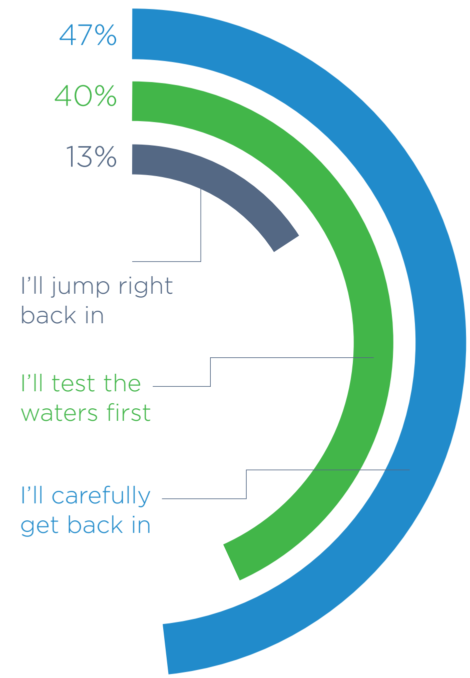
COVID-19 Perceptions of Risk Travel Survey, Tourism Crisis Management Initiative[13]

Low Anxiety	Moderate Anxiety	High Anxiety
Under 25	25-60	60+
Over $150k/year	Under $150k/year	Under $50k/year
Southern region	Coastal regions	Midwest
Self-identified Republicans	Self-identified Independents	Self-identified Democrats

Traveler Expectations

Finding the point that customers feel safe to travel will be a balancing act. Customers are clear about what they need to feel safe, and it often involves seeing assurances from both government and corporate entities. The perceived safety of group activities is still low but steadily increasing and road trips and outdoor recreation are producing less anxiety[14] as U.S. states open up.

As of late April, travel industry analyst MMGY reports[15] 68% of U.S. travelers feel safe in their vehicles and 38% would take a domestic trip in the next six months. Take this into account when marketing to potential customers; keep things local at first and accessible by car. Day-trips and one- or two-night stays in vacation rentals will be popular as Americans ease back into travel. Insight engine Engagious found[16] that, if they had the necessary assurances, most respondents would stay at a hotel or other paid lodging (64%) or visit a theme park (59%) within the next three months.



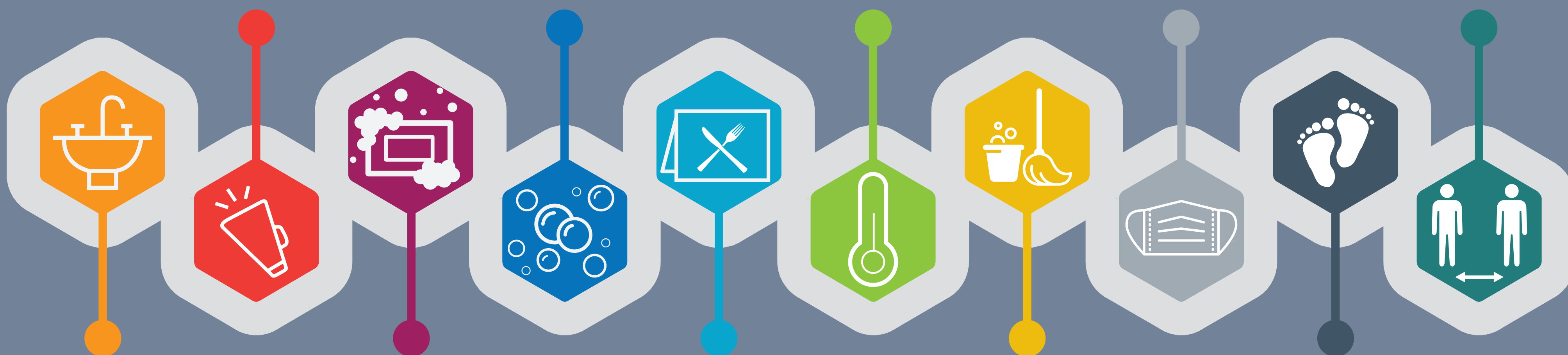
So, what assurances do travelers need? Naturally, a COVID-19 vaccine alone would be enough for almost half of travelers, but even a pharmaceutical protocol to mitigate the effects (21%) or assurance from a national (24%) or local (19%) medical authority that it's safe to travel would be adequate for some.

Many travelers are seeking government-certified cleaning protocols and want to see businesses display that certification somewhere. Sixty-three percent of travelers reported they'd be more likely to fly on an airplane or patronize a cruise ship if a certificate issued by a government authority indicates adherence to established sanitation protocols. This can be a way lawmakers can help travel businesses get back on their feet.

Finally, multiple assurances are the best way to get everyone in the family to feel safe about traveling. Almost all potential travelers would feel safe[16] (>75%) if a combination of government, medical, and corporate entities were clear and reassuring with their messaging and actions. For example, if the cruise line plus a local government assured safe travels, this would be enough for 89% of the population.

A path forward for the travel and tourism industry is visible, but it is up to business leaders to ensure proper safety protocols are enacted and messaging tailored and segmented to the anxiety level of the disparate groups.

U.S. Travelers' COVID-19 Safety Expectations



91.4%
Station touchless hand sanitizer at each entrance and exit

90.5%
Clearly communicate increased sanitation practice

90.5%
Increased sanitation practices in all public areas

90.5%
Provide disinfectant wipes in high traffic areas

90.1%
Provide options for online ordering (e.g., food)

89.4%
Advise all visitors with flu-like symptoms to stay home

88.7%
Require staff to regularly wipe down surfaces at random

88.3%
Provide employees with personal protective equipment (e.g., gloves and masks)

86.9%
Place signage encouraging people to stay six feet apart in high traffic areas

86.9%
Enforce social distancing

Tourism Crisis Management Initiative
University of Florida

The Path Forward

Oxford Economics predicts[17] that the travel economy in the United States will suffer a decline of $520 billion by the end of 2020 if mitigating factors are not implemented. However, if marketing campaigns can focus on low-risk travelers, executives are smart about opening on a region-by-region basis, and safety measures are implemented to customer satisfaction, Oxford estimates $147 billion can be saved and 1.3 million jobs maintained in the U.S. alone. Smart marketing and safe practices are always necessary for companies that rely on travel and tourism, but COVID-19 has placed these practices in sharp relief. As we all move out of the first phase of lockdown, eyes will be on these companies as a bellweather for how other industries should behave while resuming operations.

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