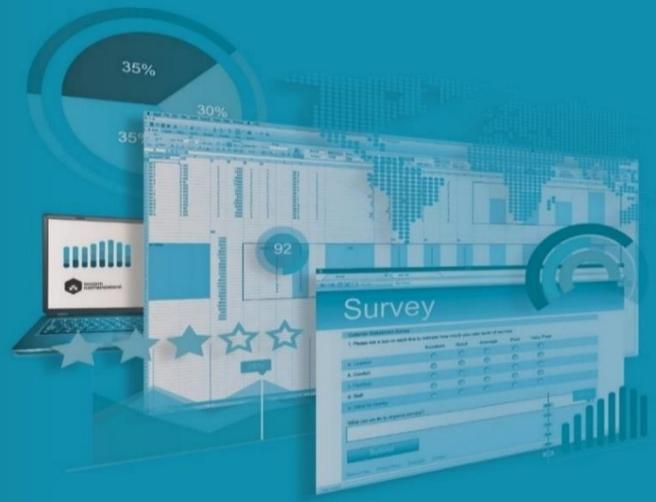


Covid-19 Tourism Outlook

12 June 2020



Covid-19 Tourism Outlook brings you economic, market and consumer intelligence along with the impact of key enablers on tourism as plans to move towards recovery begin. We aim to keep you informed through analysis, best practice and thought-provoking predictions as government and people prepare for reopening and the tourism sector seeks to welcome back its customers.

This issue – at a glance:



Economic: Scenarios compare a 'smooth', steady, measured exit from lockdown, with a 'bumpy' exit should setbacks happen. The sharp 'v' decline in the economy remains evident across key indicators mid-way through Q2, as economists assess impact and consider forecasts for the rest of 2020 and early 2021.

Consumer: There is significant impact on employment and earnings, yet consumer expenditure has been largely suppressed throughout lockdown. Coupled with the human desire to reconnect and recover well-being, consumers are looking ahead with renewed optimism. We consider some of the emerging opportunities for the tourism sector.

Air Access: Airlines are announcing to travellers their plans for resuming routes and flights, albeit with reduced capacity. The UK Government and the Irish Government have quarantine measures in place and there is emerging talk of potential air bridges to countries with low infection rates. What is the outlook at this very early stage?

Travel and Tourism Industry: Recovery plans in the UK and Ireland move apace with recent announcements on reopening dates for accommodation in NI, and for both accommodation and hospitality in ROI. We feature examples of the resilience of the sector globally and closer to home as it responds with practical measures and actions.

Economic Outlook

Economists caveat the risk of relying on forecasts and predictions, more so than ever in the current circumstances. For the UK, GDP is predicted to fall anywhere between -7% and -13% in 2020, depending on the impact of lockdown and the risk of its temporary re-imposition. Economists agree that Covid-19 really is unprecedented and with a likely greater impact than the 2009 financial crisis. On a more encouraging note PwC reports that one quarter of UK business are expecting to resume trade within the next 4 weeks.



Global Outlook

- In its latest [Global Economic Prospects](#) report, the World Bank has said it expects the global economy to shrink by 5.2% in 2020 as a result of the Covid-19 pandemic, representing the deepest recession since the Second World War. 90% of the 183 economies examined are expected to suffer from falling levels of GDP in 2020. Economic activity among advanced economies is anticipated to shrink 7% this year as a result of disruption to domestic demand and supply, trade and finance.



Closer to Home

- PwC's latest [UK Economic Update](#) shows that while 38% of UK consumers expect to be financially worse off in the next 12 months, 21% have reported modest increases in their cash balances during lockdown as a result of reduced spending on social activities, commuting and eating out. Over one third of these consumers plan on spending all or some of the increase in cash as lockdown eases. Holidays rank relatively low in these consumers' spending priorities, however, perhaps reflecting uncertainty as to when the broader lockdown and travel restrictions will be lifted.
- Deloitte's biweekly [State of the Consumer](#) tracker shows that for the week ending 30 May 40% of UK consumers and 41% of RoI consumers reported they were delaying large purchases due to financial concerns.

- The [Economic Social Research Institute \(ESRI\)](#) in its recently published economic quarterly summary, records that Ireland's economy is in the midst of a substantial downturn and outlines three scenarios: 1) A new normal with physical distancing to the end of 2020; 2) A second wave with a strict lockdown in Q4; or 3) A pandemic suppression allowing social and economic life to return to normal in Q4. ESRI estimates that in scenario 1, economic output will decline by 12.4% and consumer consumption by 13.3%. Similar to other summaries, it reflects on cautious consumer sentiment, leaning towards saving over spending.



Recovery Outlook

- The latest [weekly brief](#) from Ulster Bank's Chief Economist, Richard Ramsey, suggests that while the world economy's path to recovery will be long and arduous, recent indicators give cause for cautious optimism. China's manufacturing is slowly picking up, while the impact on the US job market has been less severe than expected. Closer to home, Ramsey notes that lack of spending and borrowing means households are saving (involuntarily) at a record rate.

Consumer Outlook

New research on consumer travel intentions suggests a more optimistic outlook is emerging, particularly in relation to domestic short breaks. However, people cite enhanced cleanliness measures and peace of mind in knowing that free refunds will be available should they be unable to travel as determining factors regarding future travel plans, suggesting that this new optimism is guarded.



Global Outlook

- GlobalWebIndex's recent [multi-market research](#), completed in late May, indicates that when asked what type(s) of vacation people intend to take in the next 12 months, domestic vacations (49%) and staycations in the local area (30%) top the list. Sentiment shows nearly two thirds specify a feeling of safety as an important factor, half want relaxation and a third think price will be important.



- [Research from Skyscanner](#) into global attitudes and behaviours towards future travel shows that anxiety levels are now at their lowest since the beginning of the pandemic (58%, from a high of 72%). Consumers in Europe and the US are largely driving this increasing optimism: according to the research, 15% of people in Europe now believe it is safe to travel internationally.



Closer to Home

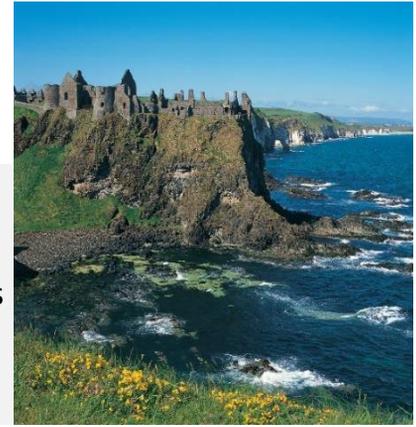
- [Visit Britain's weekly consumer sentiment tracker](#) for the period 25-29 May indicates the following:
 - 29% of the UK public believe the worst has passed regarding Covid-19, compared to 24% last week.
 - The proportion of the public who anticipate taking a domestic short break by September 2020 has increased +3% to 22% since last week.
 - However, the public anticipate taking fewer short breaks (net -27%) or longer holidays (net -31%) in the UK between now and the end of 2020.
 - The main reasons for this include concerns that there would be fewer opportunities to eat/drink out (47%) and fewer things to do/places to visit (43%).
 - Hotel/Motel/Inn (37%) is the main type of accommodation UK holidaymakers are likely to stay in during a trip between June and September.
 - Demand is also evident for other serviced accommodation including Guesthouse/B&B (21%).
 - Enhanced cleanliness (82%), booking incentives (79%) and social distancing (76%) are the key conditions for accommodation providers to have in place for the majority of UK adults planning a summer holiday this year. Offering a free cancellation is the single most important factor.
- The Competition & Markets Authority's [COVID-19 Taskforce](#) is addressing difficulties consumers have faced in getting refunds for cancelled trips during lockdown. One UK holiday lets company, Vacation Rentals, has [recently amended its policy](#) and given the CMA a formal commitment that customers will have the option of a full refund if a booking has been cancelled because of the coronavirus outbreak.





Recovery Outlook

- [The World Economic Forum](#) examines some of the plans countries have adopted to revive tourism after lockdown. These planned methods include incentives such as discounts on flights, free hotel stays and vouchers and subsidies to boost domestic tourism.



Air Access Outlook

The position of the UK Government and the Irish Government to undertake only essential travel remains. Airlines have begun to make tentative steps to recovery but with limited routes and with less seat capacity. The introduction of quarantine measures is expected to impact significantly on inbound travel. Route availability may change on a daily basis as airlines try to maximise yield in these extremely challenging conditions.



Global Outlook

- The UNWTO's [latest review](#) of Covid-19 travel restrictions as at the middle of May reveals that while international destinations continue to have some form of travel restrictions in place, 7 out of the 213 worldwide destinations (3%) have taken steps to ease restrictions.
- As European countries begin to ease Covid-19 related border and travel restrictions, the [European Commission](#) is tracking the current picture including flights and international movement by European country.
- [Routes Online](#) reports that the number of daily passengers carried by airlines in China topped the 1 million mark on June 5 for the first time in four months. While 88% of the domestic market has returned, weekly capacity on international routes from China is just 6.4% of this time a year ago. However, from June 8, the Civil Aviation Administration of China (CAAC) is allowing overseas airlines to choose from a list of approved Chinese cities to operate one international passenger flight a week. Previously, they could operate no more than one weekly flight into the country.



Closer to Home

- Quarantine of 14 days self-isolation is now mandatory for travellers entering the UK. The exception is if travelling within the Common Travel Area (CTA). The CTA covers [Northern Ireland](#), Republic of Ireland, [England](#), [Scotland](#) and [Wales](#), Channel Islands and Isle of Man. Some travellers are exempt and these groups are listed [here](#).
- All travellers into the Republic of Ireland and who are staying in the state must also quarantine for 14 days. For those passengers travelling immediately on to Northern Ireland it will be mandatory for them to complete part of the [Covid-19 Passenger Locator Form](#).

Northern Ireland

- Several carriers have announced plans to restart services to and from Northern Ireland from mid-June and early July. However, these dates are subject to levels of demand and to the lifting of travel restrictions. The table below shows the dates when airlines plan to recommence services:

Airline	Date	Airline	Date
British Airways	Early July	Loganair	6 July
Eastern Airways	15 June	Ryanair	1 July
easyJet	15 June		

Island of Ireland

- Aer Lingus, Air France, KLM, Ryanair, Stobart Air and Qatar Airways are currently operating a limited service to and from Dublin airport. The table below summarises the dates when other airlines will recommence their services:

Airline	Date	Airline	Date
American Airlines	7 July	Icelandair	Until further notice
Air Canada	4 July	Loganair	September (date TBC)
British Airways	June (date TBC)	Lauda	1 July
Cathay Pacific	Until further notice	Norwegian	1 July
Delta	July (date TBC)	SAS	30 June
Emirates	1 July	Swiss	5 June
Eurowings	July (date TBC)	United Airlines	7 July
Finnair	July (date TBC)	WestJet	Until further notice



Recovery Outlook

- The latest of the [OECD's key messages on tourism](#) indicates that the potential shock of Covid-19 could range between a 60-80% decline in the international tourism economy in 2020. In the near term, domestic tourism, which accounts for around 75% of the tourism economy in OECD countries, offers the main chance for driving recovery and supporting the tourism sector, particularly in countries, cities and regions where it supports many jobs and businesses. The OECD highlights countries are focusing on developing recovery measures, including considerations on lifting travel restrictions, restoring traveller confidence and rethinking the tourism sector for the future.
- On 11 June the UK government published [aviation Covid-19 guidance](#) to support operators and passengers. It includes advice on wearing face coverings, checking in all baggage and creating safe work spaces. The statement highlights that this is a framework for the industry to operate from once travel restrictions are lifted and when it is safe to do so, helping to restore jobs, trade, and opportunities for travel.

The [guidance to passengers](#) covers all aspects of the travel experience, from checking the public health requirements before booking a flight, to navigating the airport safely and boarding the flight or leaving the airport.



Travel and Tourism Industry Sectoral Outlook

In the first phase of the crisis the focus has been on financial support for tourism businesses. As the lockdown phases ease, hygiene and safety protocols at each step of interaction with the visitor are the focus in reopening plans, with the hotel sector often leading the way, to comply with both government guidelines and reassure cautious consumers to return. The idea of a 'chartermark' or easily recognisable standard is gaining traction, with the World Travel Tourism Council advocating a 'Safe Travel' stamp to be used globally.



UK & Ireland Recovery Plans

Northern Ireland

Sport, cultural and leisure activities/retail

As of **20 July** caravan sites, self-catering properties, guesthouses, B&Bs, hotels and hostels can now reopen in Northern Ireland, as announced in the [DfE Minister's opening remarks - June 3 briefing](#). For reference, it was initially envisaged that hospitality, restaurants, cafes and pubs would not open until Step 5, the final phase of the road map to recovery. Pubs and restaurants are not aligned with the accommodation sector on an opening date.

Read in full:

[NI Executive approach to decision making](#)

[NI Exec summary \(includes 5 step visual\)](#)



Republic of Ireland

Sport and tourism

On 5 June an [acceleration of the roadmap](#) was announced, meaning certain sectors and public amenities can open earlier than previously planned. People can travel within their county or up to 20km from their home, and travel restrictions within the state will be lifted by end of June. **The opening of hotels, restaurants, bars that also operate as restaurants, hostels, caravan parks, galleries and museums has been brought forward to 29 June from the 20 July.** Pubs that are *not operating as restaurants* will open on 20 July – brought forward from 10 August.



Read in full:

[Roadmap for reopening society and business](#)

[Five step plan visual](#)

England

Hospitality Premises (also cinemas, other venues)

The government's current planning assumption **is that this step will be no earlier than 4 July** and subject to further detailed scientific advice, provided closer to the time, on how far we can go. When they do reopen they should also meet the COVID-19 secure guidelines.

Read in full:

[Our Plan to Rebuild - The UK Government's Covid-19 Recovery Strategy](#)

[England: FAQs on What you Can and Can't do](#)

Scotland

On 10 June, the [Scottish Government](#) announced a **provisional date of 15 July has been set for when tourism businesses may be able to resume operations**, dependent on public health advice, as it works through its [Covid-19 Framework for Decision Making](#) and a four-phase [Route Map](#). The announcement further advises that Tourism and Hospitality safer workplace guidance is due to be published shortly.

Wales

Similar to Scotland and NI, Wales has published a roadmap for [Unlocking our society and economy: continuing the conversation](#) and uses a traffic light system of red, amber and green as indicators to easing restrictions and in phases. It will now consult with its stakeholders across the private, public and community sectors to agree details. At this stage a reopen date for the tourism industry has not been indicated.

Intervention on behalf of the industry

The Financial Conduct Authority is [seeking court clarification](#) following reports that some business owners who believed they were entitled to claim under business interruption insurance are having their claims rejected. The court hearing is scheduled for late July. On 8 June, Stormont's Economy Committee received [a briefing](#) from the Association of British Insurers on claims related to the coronavirus pandemic.





Recovery Outlook

- On 4 June the New Zealand government announced a NZ\$400m (£206m) [Tourism Sector Recovery Plan](#). As part of the plan NZ\$20.2m (£10m) will be allocated to regional tourism organisations to implement destination marketing and to support the country's regional tourism industry.
- The World Travel and Tourism Council has presented [new global protocols](#) to restart tourism, named "Safe Travels", across all elements of the visitor journey. Eligible businesses such as hotels, restaurants, airlines, cruise lines, tour operators, restaurants, outdoor shopping, transportation and airports, will be able to use a specially designed stamp of approval once the health and hygiene protocols have been implemented. Destinations will also help to award it to local suppliers.
- A [report from McKinsey](#) outlines top priorities for the restaurant sector: 1) Updating operating procedures; 2) Reactivating customers to bring them back (including loyalty programmes); 3) Adjusting menus to address shift in consumer habits and preferences; 4) Enhancing delivery opportunities. It also advocates a framework and risk assessment scoring system at each level of the customer and employee journey to manage traffic flow, identify interactions, and to diagnose and prioritise tasks.

