

Covid-19 Tourism Outlook

22 May 2020



Covid-19 Tourism Outlook aims to bring you economic, market and consumer intelligence along with the impact of key enablers on tourism as plans to move towards recovery emerge. We aim to keep you informed through analysis, best practice and thought-provoking predictions as people, governments and industry take stock and plan for a 'new normal'.

This issue – at a glance:



Economic: Experts continue to discuss a range of recovery outlooks from the initially hoped-for 'V' shape (sharp downturn but with a fast resurgence) to the now more favoured 'U' shape (a slower and longer recovery), though some do not rule out the prospect of a global recession.

Consumer: Sentiment around intention to travel, once permitted, indicates a more optimistic outlook but when and where to visit is tempered by concerns about hygiene and social distancing.

Air Access: Vital NI to London routes are receiving government support and campaigns by the aviation sector for policy measures gather pace, as major operators make radical plans to consolidate operations. Recovery to 2019 capacity could be up to two years away.

Travel and Tourism Industry: The sector is recognised as a key contributor to economic wealth and job creation as supported in the recent statement from the meeting of Tourism Ministers from the G20 countries. Here in NI a recovery taskforce is now in place, and industry are revising operations and business plans.

Economic Outlook

Stressing the risks of predicting forecasts with any certainty, there is consensus that businesses will need to think differently about how they plan for recovery. Multiple scenario analysis will be paramount to test finances and operations in anticipation of what EY terms 'plausible shocks' and for continuing change for several years to come.



Global Outlook

- [A survey of global business leaders](#) by the World Economic Forum (WEF) and YPO reveals that 60% believe the recession will be U-shaped, while 22% believe it could be a 'double dip' recession.
- [Eurostat estimates](#) show the Eurozone economy shrank at the sharpest pace on record in the first quarter of 2020, with GDP showing a contraction of 3.8%, worse than during the financial crisis.
- [A leading economist](#) writing for the WEF considers the risks that are likely to influence the shape of the global economy post-Covid, from demographic shifts in advanced economies to digital disruption.



Closer to Home

- [PwC in its latest UK Economic Outlook report](#) maintains its previous illustrative Covid-19 scenarios, which estimate GDP growth in 2020 of between -5% and -10%, followed by a gradual recovery in 2021.
- The in-depth economic impact analysis in the [EY Item Club Spring Forecast](#) favours a slower paced but generally positive 'U' shaped recovery from a drop of 6.8% in UK GDP this year, and warns of risks to supply chains, access to finance, and higher unemployment. Added pressure will be to conclude Brexit and agree a UK/EU transition deal by the end of 2020. On consumer spending, EY puts 44% of consumer spending at risk of either being delayed or lost completely.
- [Danske Bank chief economist Conor Lambe](#) forecasts that the NI economy will shrink by 7.5% in 2020. Accommodation & food services and arts, entertainment & recreation are forecast to experience contractions in employment of 9.2% and 8.1% respectively against an average of 2.3% but could regain some of these jobs in 2021.
- The Irish Department of Finance's [Stability Programme Update 2020](#) estimates the ROI economy is likely to contract by as much as 10.5% while unemployment is likely to hit a record 22%.



Recovery Outlook

- The [World Economic Forum](#) outlines how countries, including our European inbound visitor markets, are tiptoeing out of lockdown restrictions but on the global stage cites investors' fears of a new trade war, as tensions between the United States and China over the origin of the pandemic continue.
- The [OECD calls for an inclusive, green recovery](#) that not only provides income and jobs, but also has broader goals, integrates strong climate and biodiversity action, and builds resilience.

Consumer Outlook

Consumer confidence measures have declined sharply in the first quarter of 2020 due to worries about reduced household income, job security and the ability to save for the future. However, research shows that consumers are likely to wish to travel again when travel restrictions are lifted, but only when they can be confident in their personal safety. While consumers are optimistic about a return to 'normal' travel, with domestic trips emerging as the preferred option.



Global Outlook

- [GlobalWebIndex research](#) on US and UK adults' health and wellbeing during lockdown shows worries about getting sick are the most prevalent (64%) with 45% of respondents also reporting worsening mental health during the crisis.
- [Analysis by the social media platform Pinterest](#) shows that the topics users are most interested in during lockdown are health and wellbeing (including home exercise routines and meditation tips), parenting (at-home activities for children) and food (recipes).
- [A report from JWT Intelligence](#) gives examples of how quarantine has led consumers to take part in virtual tourism experiences – from cooking demos to yoga sessions – hosted in a range of international destinations.





Closer to Home



- [An Institute for Fiscal Studies report](#) suggests a fall in income associated with Covid-19 could make existing debt more of a challenge for some households, particularly where debt repayment already takes up a significant amount of household income and is anticipated to now include those on higher incomes impacted by job or business losses.
- [An ONS wellbeing survey](#) has found that 49.6% of those surveyed rated their anxiety as 'high' as the country entered lockdown, more than double the amount than at the end of 2019. All of the ONS's measures of wellbeing, including anxiety and happiness, are at their lowest levels since records began in 2011.
- [Central Bank of Ireland has estimated](#) that consumer spending using credit and debit cards as well as cash withdrawals was set to plunge by an estimated 40% in April 2020 compared to April 2019.
- [Market research company Kantar](#) shows how UK consumers have adapted to life under lockdown, with households making a record low number of trips to grocery retailers but with a higher spend per trip. Online sales now account for 10.2% of the grocery market.
- [Germany's warning against worldwide travel](#) has now been extended until 14 June, with the country's foreign minister saying that restarting tourism too early would lead to unacceptable risks.



Recovery Outlook

- [PhocusWire research](#) on sentiment among UK, German, French and US travellers shows that people who have postponed or cancelled trips due to Covid-19 are very unlikely to be tempted by travel deals or discounts over the next 3 months. The majority are also not planning staycations in their home cities for this period.
- [Among 17 countries surveyed by GlobalWebIndex](#), including the UK and Ireland, vacations are emerging as a priority for consumers in terms of their post-Covid purchases, with almost a quarter saying it will be their top priority. This rises to one-third among the more affluent. Desire for travel is keenest among boomers (age 57-64) at 29%. The most popular option is trips in a local area, followed by domestic staycations.
- Research by [Ipsos MORI](#) has found that two thirds (67%) of adults in Britain say they will feel uncomfortable going to large public gatherings, such as sports or music events, compared to how they felt before the virus.

Air Access Outlook

Airlines continue to report severe financial losses as they continue to operate a reduced schedule focused on providing essential travel for key workers. An industry expert anticipates that the return of commercial airline services to Northern Ireland will occur in three distinct phases: first, several more months of lockdown and preparation for an eventual restart, followed by a reduced schedule from late summer to spring 2021, and finally a return to 2019 levels of air traffic in mid to late 2021 or even 2022.



Global Outlook

- [In its latest update the UNWTO reports](#) that 100% of international destinations now have travel restrictions in place. 83% of destinations (180 of 217 destinations) have had Covid-19 related travel restrictions in place for more than four weeks.
- A new [COVID-19 Aviation Recovery Task Force](#) has been established by the UN International Civil Aviation Organisation (ICAO) to help lead the recovery of the aviation sector following the pandemic. Its priority will be to identify and recommend strategic priorities and policies for states and industry operators.



Closer to Home

- The access situation remains volatile and subject to change, with flights that may have been rescheduled subject to cancellation as the lockdown continues. Notably this has been the case for a number of US airlines who fly to the island of Ireland and who continue to move flights back. At this point it is too early to make predictions of access for summer 2020 and a skeleton service remains operational into the island of Ireland, as was the case at the start of lockdown.
- The [UK Government](#) and the [NI Executive](#) have announced a joint £5.7 million package to safeguard the remaining two air passenger services operating between Great Britain and Northern Ireland, from Belfast City Airport and City of Derry Airport to London.



- [Airlines UK](#), which includes British Airways, easyJet, Ryanair and Jet2 among its membership, continues to advocate for the sector. Most recently, responding to speculation that quarantine restrictions could be introduced for travellers, it has spoken in no uncertain terms about the negative impact on UK inbound travel, especially the business market, should this happen.
- [The International Airways Group](#), which includes Aer Lingus and British Airways, has warned that it will take several years for passenger demand to return to 2019 levels. British Airways has said that a future restructuring and redundancy programme will likely result in the redundancy of up to 12,000 employees.
- [Ryanair has said it is set to cut 3,000 jobs](#) – 15% of its workforce – as it restructures to cope with the pandemic. The airline’s CEO has also said it will [take up to six months](#) to refund passengers for cancelled flights.



Recovery Outlook

- [Skift reports](#) on how airport executives are using lessons learned from the Covid-19 crisis to plan for increased automation, contactless technology and sanitising robots in airports.
- [The Air France-KLM Group and Air France](#) have secured funding of €7 billion to help overcome the crisis and prepare for the future.
- Looking ahead, an opinion piece by a US investment firm featured recently on [PhocusWire](#) maps a timeline of seven stages to reach a ‘new normal’ by July 2021, when US air capacity may reach 75% of 2019 levels. In a separate piece, US airline Delta, which flies to the island of Ireland, will [give customers flexibility to plan, re-book and travel](#) including extending expiration on travel credits to two years.
- Finally, [the World Travel and Tourism Council](#) is promoting an inspirational video ‘Let’s keep wanderlust alive’ and invites sharing stories, memories and adventures to show support for industry using #TogetherInTravel.



Travel and Tourism Industry Sectoral Outlook

The travel and tourism industry globally and locally has been focused on survival with most relying on government support measures, which in turn are constantly evolving to meet critical needs. Closer to home, the tourism industry is proving its resilience by assessing priorities and making plans whether accommodation providers preparing for the challenges of social distancing or business and events planners, highly impacted by travel restrictions, aiming to reactivate sales enquiries with the goal of generating bookings as soon as viably possible.



Global Outlook

- The [World Tourism and Travel Council \(WTTC\)](#) estimates over 100 million jobs losses in the travel & tourism sector with the majority of these in developed G20 economies. Putting the scale of the crisis in context, pre-Covid-19 the sector accounted for 10.3% of global GDP, was responsible for generating one in four of the world's new jobs, and for nine successive years has outpaced the growth of the global economy.
- At the virtual meeting of the [G20 Tourism Ministers](#) on 24 April, representatives endorsed a G20 Action Plan to maintain businesses and support the households most impacted.
- Addressing the G20 group the [UK Government Tourism Minister](#), Nigel Huddleston, spoke of the importance of the tourism to the UK economy and supported the G20 declaration that when international tourism resumes, it needs to be done safely and that consumer confidence will need to be rebuilt.
- [TripAdvisor](#) has announced a workforce reduction plan that will affect over 900 of its employees, approximately 25% of their international workforce.



Closer to Home

- Minister Dodds has announced a £40 million [Hardship Fund](#) aimed at micro-businesses in NI who have been unable to avail of existing support schemes. Furthermore, the Minister will lead a [Tourism Recovery Steering Group](#) along with NI industry representatives.
- [Food NI member companies](#) are helping each other to generate business through both delivery and click-and-collect initiatives.
- [The Ramada Hotel by Wyndham](#) in Belfast is being converted into an after-care facility for those still requiring essential care after being discharged from hospital.
- [The Northern Ireland Hotels Federation](#) has published guidance for its members on the practical aspects of reopening, advising on market opportunities and scenario planning as well as operational issues.



Recovery Outlook

- [Skift, Hotels Using Virtual Tours to Woo Corp Travel Managers](#) – Skift reports that global hotels, including some in the UK, are using virtual tours to attract meetings, incentives and events (MICE) sector business towards the end of this year and into 2021.
- [‘Hilton’s CleanStay’](#) will be launching in June. The programme will deliver a high standard of cleanliness and disinfection in Hilton properties around the world. A range of new disinfection protocols across guest rooms, restaurants, fitness rooms and other public spaces will be implemented. The [Marriott Global Cleanliness Council](#) is developing enhanced standards across its properties.
- [Airbnb Enhanced Cleaning Initiative for the Future of Travel](#) now advises hosts on cleaning every room in a property. Hosts can alternatively opt in to a new feature called ‘Booking Buffer’, to create a vacancy period between stays with no activity other than cleaning. Reservations will be automatically blocked during that timeframe, currently set at 72 hours.
- In a recent [Travel Weekly](#) podcast, communication experts shared their views on destination marketing planning for 2021, tapping into consumers’ desire to travel, albeit in changed ways, and to take the opportunity as recovery takes hold to address over-tourism by bringing an impetus to sustainability.
- The US-based [Global Business Travel Association](#) in a recent poll of its 1,600 members has sounded a note of optimism, recording that while business travel is currently halted due to travel restrictions a quarter plan for a post-recovery in six to eight months. North American members are more likely to favour a quicker return than their European counterparts.
- [The Business Visits and Event Partnership](#) (BVEP), representing organisations across the UK, has along with PR firm davies tanner recently published a sentiment survey. 38% of respondents anticipate they expect to see enquiries and bookings begin to increase by September. However, an industry-wide recovery will be longer lasting, with 50% saying there will not be a return to any form normality for at least 12 months.

