

White paper 01

Understanding the basics
for the rebirth of Hospitality



travelworks

crafting & communicating leisure brands

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This white paper is a longform depiction of the hospitality sector insights that we have gained over the past few weeks as a team by talking to industry experts, participating in calls, attending video conferences, deep diving into entry-level market data, reading bank reports and listening to podcasts from key global media outlets.

Introduction

The 12 weeks that changed the world

When, on January 20th, the World Health Organisation published the first situation report for a new virus with 282 cases in 4 countries, few could imagine the events that would unfold and the effect they would have on a worldwide level.

In the weeks that followed, the majority of afflicted countries took on strict protective measures, gradually suspending, among others, internal and international travel, as well the arrival of citizens from other countries.

The world slowly started to suspend its functions and is experiencing two unprecedented realities, each for the first time in modern history. Nearly all members of the planet's population are simultaneously experiencing the exact same event with about the same results for most groups, while, at the same time, the vast majority of countries have enforced nearly impenetrable barriers for travel.

Globalisation as we knew it will never be the same again. Entire sectors have been disrupted and the new era is going to affect virtually all major business sectors: from banking to telecoms and from the entertainment industry to FMCGs. The hospitality sector will be no exception and, according to current data and reports, is expected to be among those to

receive the hardest blow. However, as in previous global challenges such as SARS & the 2008 Economic Crisis, the key thing to remember is that this, too, will pass. There will be an aftermath, a new day, and this is what this paper is all about.

This is not another PR plan

The purpose of this white paper is by no means to serve as another PR guidance plan or crisis manual. By now, dozens of action plans and “next day” presentations have flooded everyone's inboxes. This white paper is a long-form depiction of the hospitality sector insights that we have gained over the past few weeks as a team by talking to industry experts, participating in calls, attending video conferences, deep diving into entry-level market data, reading bank reports and listening to podcasts from key global media outlets. But, most importantly, it is a depiction & summary of the insights that we have acquired through talking to hospitality front-liners: hotel owners, hotel managers and restaurateurs.

This first edition is an entry-level assessment of the situation as it is being shaped right now. A way to touch base, if one is allowed the term, and get a common understanding and starting point on our quest to grasp the processes which will shape the “next day” in tourism.



In times like these, we all have to chip in and provide for those around us in the best way possible. During this transitional phase, we should all enter a process of preparation for tomorrow, by tidying up our businesses, prepping our best game, breaking free of past processes and seeking out new innovative approaches. Through this time, our brands will evolve and come out of this crisis ready to provide more, and sustainably grow further. The roadmap to recovery has to be drafted today.

Kostas Panagakis

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Sources

Our team has invested significant time in gaining insights from an esteemed lineup of sources, including Harvard Business Review, McKinsey & Company, The New York Times, Morgan Stanley, Skift, Bloomberg, PhocusWire, Deutsche Bank, Politico, Forbes, Monocle, Business Insider, Ernst & Young and the Economist Intelligence Unit. Please refer to the end of this document for a full list of source material.

02



Situation analysis

02

The 2020 momentum at a glance

As of early April, a large number of international organisations, hospitality associations, investment houses and consulting firms have formed their entry level estimations of the short-term results of the crisis on a social and economic level. The key focal points on which every estimation is based are the following:

- (1) When lockdown restrictions will begin to wane
- (2) At which rate will the return to “business as usual” be made

Organisation	Data	Medium
OECD	<ul style="list-style-type: none"> The lockdown will directly affect sectors amounting to 1/5 of GDP in major economies. The tourism sector will face a decrease in output between 50% - 70%. For each month of containment, a loss of 2 percentage points is estimated in annual GDP growth. 	Secretary General Angel Gurría's Statement for the G20 Video - conference Summit on COVID-19 (Mar 27)
Economist Intelligence Unit	<ul style="list-style-type: none"> The crisis is expected to send almost all G20 countries into a recession. Real GDP growth for 2020 is estimated at -5% for the UK, -2.8% for USA, -5% for France, -7% for Italy and -6.8% for Germany. 	The EIU update (Mar 26)
World Tourism Organisation	<ul style="list-style-type: none"> International tourist arrivals are expected to be down by 20% - 30%. This would mean that between 5 - 7 years of growth will be lost. In 2009 the global economic crisis led to just a 4% drop in tourist arrivals. International tourism receipts expected to drop by \$300 - \$450 billion. 	News Release Assessment of the COVID-19 impact on tourism (Mar 27)
World Travel & Tourism Council	<ul style="list-style-type: none"> More than 75 mil. travel & tourism jobs at risk globally. More than 6 mil. travel & tourism jobs at risk in the EU & more than 1 mil. in the UK. 	News Release (Mar 26)
US Travel Association	<ul style="list-style-type: none"> The travel industry will be the hardest hit in the US economy, with an approximate \$62 billion decline in taxes alone. 	Study by Oxford Economics (Mar 24)
IATA	<ul style="list-style-type: none"> 25 million people's jobs are at risk until the aviation sector is functioning again. An estimated \$61 billion in cash reserves could burn through Q2 2020. In a scenario of severe travel restrictions lasting three months, airlines are expected to see full-year passenger revenues fall by \$252 billion (-44%) in 2020. 	IATA CEO Alexandre de Juniac Media Briefing (Apr 7)
World Trade Organisation	<ul style="list-style-type: none"> World trade is expected to fall by between 13% and 32% in 2020. Nearly all regions will suffer double-digit declines. 	Trade forecast press conference (Apr 8)

Crisis exit timeframe

In this volatile and turbulent international climate, it would not be prudent to make any kind of estimation on the exit from the crisis and return to normalcy. It would be highly irresponsible to voice an opinion without having basic knowledge at our disposal, about the restoration of “business as usual” for the markets in which we are active, as well as the markets which concern us.

For each hospitality brand, the return to normalcy is a complicated equation, based primarily on domestic recovery as well as the recuperation of the basic geographic markets which make up its guest mix. Both above factors are firmly linked to (1) the evolution of the pandemic in geographic markets by location and (2) the health and safety measures which are set in place by their respective governments.

If the chain of events to come was to be placed in a logical sequence, the following pattern would be observed:

- Governments announce lockdown reversal timetables
- Airlines release flight schedules
- Key TOs & TAs resume operations
- Hospitality support functions commence operations
- Hospitality service providers commence operations

In any case, it is more than evident from the first reactions of governments across the globe that the next few months are not going to be about getting back to business as usual; presumably, our key focus will be on finding ways to incorporate protective measures into our daily routines, and coming to terms with the fact that this process will most probably be a marathon and not a sprint.



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03



Choosing priorities

The greater picture

One of the most significant problems in crisis management is that it doesn't allow a broad viewpoint. The asphyxiating reality in which we are called to ensure that our businesses continue to run smoothly demands the constant fulfilment of short-term needs. In essence, it is now extremely difficult to prepare for the medium-term challenges which we will all be called to overcome.

It's understandable that certain basic needs which the management of a hospitality company will be faced with cannot be forfeited for other priorities. Matters such as short-term liquidity, relationships with suppliers, supporting staff members and everyday organisational obligations are all pressing issues that cannot be ignored.

Nonetheless, turning a blind eye to the greater picture and not preparing for the medium and long-term could end up being equally catastrophic. If a brand fails to set the foundation for its medium-term growth, chances are that the era which we are all heralding will be equally devastating.

Just before you enter the battle for this (half) season, take a moment to assess the greater picture and put together a stable action plan that will allow you and your team to craft a long-term strategy.

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Look after your long-term relationships

Navigating through a crisis has never been easy. It takes a lot of effort, commitment and razor-sharp focus. Even if you and your team manage to draft a foolproof plan and execute it flawlessly, it's nearly impossible to avoid making tough decisions, with relationships with partners and collaborators, old and new, being put through the wringer. Timeless values like compassion and empathy are now some of your core selling points in your interactions and communications. It's important to keep in mind that, sooner or later, the crisis will be over and your business relationships will resurface.

Hotel Guests: at the centre of your key stakeholder radar, they should be treated with the utmost respect and compassion, regardless of their refund requests. It is common knowledge that cash constraints are suffocating for every hotel, but not all refund cases are straightforward and simple; before quoting the law on vouchers, make sure that you give each individual story your undivided attention. Assess every request on its own, keeping in mind that those on the other end of the line may have lost their jobs or other income sources, and might have even suffered personal losses. Your kindness will not be forgotten after the end of this crisis.

Personnel: every member of your corporate family needs to be addressed with respect during this crisis. Be straightforward yet compassionate. Do not take for granted that they are able to provide for themselves

and their loved ones; dare to ask their needs in these troubled times and be ready to support them in more ways than one.



It is nearly impossible to avoid making tough decisions, with relationships with partners and collaborators, old and new, being put through the wringer.

Suppliers & Partners: your day-to-day suppliers make up a cornerstone of tomorrow's corporate sustainability. Frequent communication is key; the dire situation of hospitality companies, as well as universal difficulties in procuring a viable cash flow, are apparent to all at this time. Your suppliers will respect you for keeping them in the loop about your current needs and capabilities; this increases the probability that they will continue to support you in the long run.

Journalists: during these times of crisis, journalists have with the hospitality industry. As always, they are in search of fresh ideas, and, of course, interested in how hotel brands are faring through the pandemic; it's important to remain in contact with the media by elaborating on our current positions, as well as future plans. People are spending more hours online than ever before, so this may be the time to tap into a worldwide audience.

An aerial photograph of a long, narrow wooden pier extending from the bottom center towards the top of the frame. The pier is made of dark brown wooden planks and is flanked by deep blue ocean water. At the top of the pier, there is a small, square wooden structure with a white railing and a small green plant. The water shows white foam from waves breaking near the top of the pier. The overall scene is serene and captures a remote coastal location.

04

Making the
best of 2020

A moment of clarity

With half of the planet experiencing a lockdown and most countries upholding a ban on flights, this may be one of the most challenging times ever in which to be engaged in the hospitality sector. On a positive note, tourism will be headed for a rebound sooner or later, and the recovery is expected to be sharp. The human need for exploration rings true, and the infrastructure to do so will still be here once this crisis is over. Despite the inherent challenges, globalisation has been in motion for the past 3 centuries; it won't stop now.

As hoteliers prepare for a full rebirth of tourism in 2021 (which means everything from product design to marketing, from revenue management to distribution) there is still plenty of work to do in 2020 in order to safeguard brands and minimise losses.

The key action plan of 2020 could be divided into the following sections:

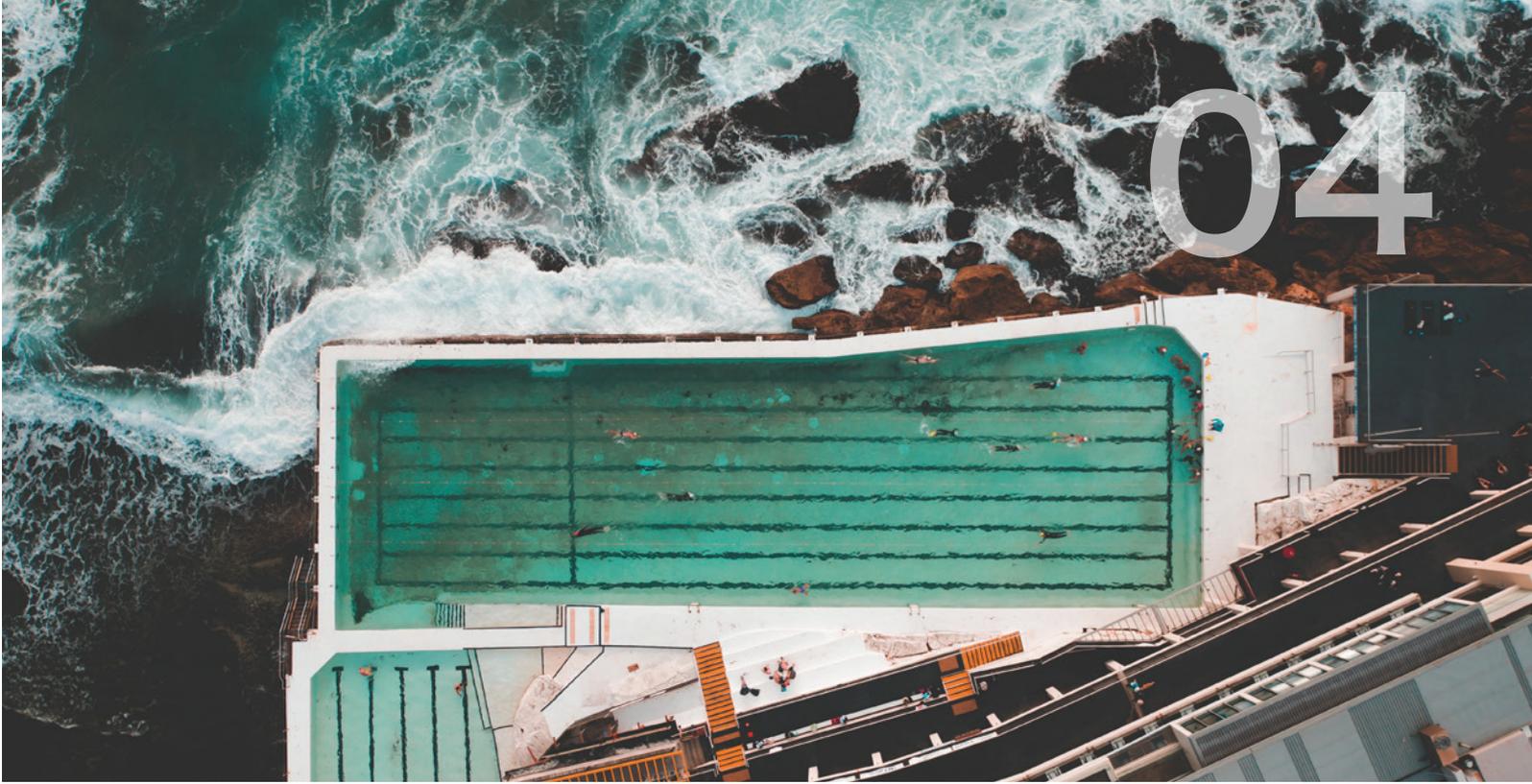
- 1) Address Liquidity
- 2) Streamline Operations
- 3) Sales Strategy
- 4) Communications Strategy

Address Liquidity

Refund Requests

Every hotelier in the world right now is making the utmost effort to avoid cash outflows whilst addressing the refund requests issue. In most cases, the desired outcome is not met; this, of course, causes a lot of friction between brands and their guests. The key point here is to engage with this issue in full force, using every tool in our arsenal:

- i.** Assign the most eloquent people on your team to handle refund requests. If necessary, upgrade the level of executives who handle communication with guests (i.e. hotel gm).
- ii.** Ask your PR & Marketing team to prepare a full set of tools (reply letters, call response scenarios, frequently asked question sheets, cancellation policy sheets etc). Expect to need multiple versions, on the basis of guest feedback.
- iii.** Conduct crash courses with your call centre team on how to handle frustrated guests by using the material prepared by your PR team.
- iv.** If necessary, conduct call simulations in order to be 100% sure that your team can effectively handle each and every case.
- v.** Be razor-sharp in your decision-making process and do not address requests in bulk. Guests are also suffering from the situation. Show empathy and assess each case individually. Do not jeopardise relationships with repeat customers since they will be the first to return.



Debt Collection

Ask your collections team or accounting team to double their efforts in bringing in cash from delivered projects & services. It's widely understood that the vast majority of countries and sectors are entering a downwards spiral, but the closer you are to the beginning of the crisis, the better your chances of receiving a deposit.

Secure working capital

In times of crisis, cash is king and the sooner you establish your bank overdraft lines, the better for your business. Regardless of state aid, keep in mind that a vast majority of companies will need the same thing as you at this time: cash to make it through the difficult 6 months that follow.



The human need for exploration rings true, and the infrastructure to do so will still be here once this crisis is over. Despite the inherent challenges, globalisation has been in motion for the past 3 centuries; it won't stop now.

Streamline Operations

1. **Review CAPEX:** All non-essential capital expenses should be re-evaluated and ceased if necessary. From capacity extensions to landscaping, every cent of remaining 2020 expenditures should be placed under scrutiny.
2. **Establish ongoing cooperation with key suppliers:** At the beginning of each crisis, it is of pivotal importance to establish a solid understanding of the liquidity needs of your suppliers, as well as the ways in which you can leverage your relationships by sustaining a win-win balance of cash flows. At the same time, stress-test your major suppliers and start creating a backup plan in case something goes wrong with their businesses.
3. **Scenario-based cost review:** On the basis of 3 scenarios (basic / bull / bear) review all organisational structures and costs. Be prepared to trim down functions and capacities as the situation evolves (end of lockdown, reinstatement of flight schedules, development of demand).
4. **Prepare for guerrilla tactics:** This is no time for textbook operations; thinking outside the box and being constantly prepared to seize the day may lead to an extra share of added value. Focus on what drives revenue & cash and adapt your business operations to serve that purpose: save housing costs by utilising unused capacity,

address restaurants to local audiences, repurpose venues to support other needs (some city hotels offer use of rooms during the day as private offices).

5. **Fortify your Management Information System:** During a crisis, decision-making should be a quick process. Ask your finance team to decrease the time intervals between reports, monitor your volume of refunds & cancellations on a daily basis, and acquire daily reviews of F&B turnover once you have re-opened.

Establish Health & Safety Protocols

- Set the necessary Sanitation & Hygiene protocols.
- Make sure that your procurement team will have the necessary stock of Personal Protective Equipment (PPE) available.
- Have a Response Plan in place for the treatment of COVID-19 cases (collaboration with health authorities, isolation of infected guests, provision of care services for the family).
- Conduct adequate training sessions prior to hotel opening.
- Prepare and disseminate a key information manual including the Response Plan, Q&As and FAQs etc to all personnel.

Sales Strategy

Regardless of the challenges and peculiarities present in today's business environment, it is imperative that each hospitality venue operates on the basis of an organised sales strategy. Whether a boutique hotel on a Greek island or a small chain of city hotels in Italy, our strategy for dealing with a now-reduced demand for hospitality services will be the key reference point for future short-term efforts. "Putting heads in beds" is the name of the game, after all.

12 sales paths to consider embedding in your 2020 sales strategy

- 1 Address domestic audiences (both niche and generic).
- 2 Deep dive into your CRM and identify unexplored segments.
- 3 Identify and target short-haul feeder markets.
- 4 Reconnect with repeaters through direct communication.
- 5 Reach out to active bookings and provide additional incentives for extra revenue.
- 6 Address fully cancelled / fully refunded individuals later within the season.
- 7 Explore new niches (medical tourism) through dedicated programmes (recovery).
- 8 Target geographical regions that used to travel to now-closed markets.
- 9 Explore new sales methods that will satisfy the Guest's need for flexibility (back in 2008, during the financial crisis, a car manufacturer managed to increase its sales by 24% year over year by promising that they would buy back your car if the client lost their job).
- 10 Provide incentives for your "super-guests": grant them the ability of supporting you with cash and incurring extensive benefits in the long run.
- 11 Create special packages targeted at domestic audiences near your venue (at a 2-3h distance) such as "book 2 weekends and get 3 weekdays in September".
- 12 Work with domestic MICE for small-scale events.

Peer group audit

Regardless of sales strategy, the current climate calls for the constant monitoring of our peer group. As this is a health crisis which will evolve into a financial recession, it is evident that the overall demand for travel will decrease, thus peaking competition between close peers. Within this framework, make sure to monitor the your compset on a weekly basis, on the following:

- Rate policies
- Advertisement patterns
- Operation status (opening dates / season end)
- Cancellation policies
- Loyalty club
- Extra incentives
- Destination promotion initiatives

Communication Strategy

12 things to consider when drafting your 2020 Communications Strategy

- 1. Now more than ever, Brands need to be relevant.** After all, hospitality is an anthropocentric approach to entertainment. As brands will need to refocus and realign with their core attributes in the new era, this season will be all about inserting compassion and empathy in communication.
- 2. Your Brand needs to focus on sharing & caring; not selling.** As people get more distressed, communication should follow a subtle route to inspiration. This is not about your brand; it is about the overall concept of travelling. This is not about your hotel; it is about the destination as a whole.
- 3. Make sure that your communication is aligned & coherent across all recovery phases.** You will not follow the same tactics today and during the 2nd and 3rd wave of recovery. It will be time for the hard sell eventually, at a later stage.
- 4. Ensure top-of-mind awareness during the crisis.** This is the only way to have a head start once recovery is underway and brands are broadcasting a blitz of press releases & ad campaigns on a daily basis.
- 5. Influencer marketing as we know it will be put on hold.** The majority of promotional activity which influencers are involved in is expected to cease in 2020, and recover once it's relevant again. According to related reports, a great deal of collaborations between brands and influencers are being forfeited, and on a level of affiliate marketing, online stores are reducing incentives and other promotional activity involving their ambassadors. On a short-term, fitness influencers are proving to be the most resilient, given how the public has taken to at-home workouts due to the lockdown.
- 6. Do not be afraid to communicate sanitation & hygiene measures.** As will be apparent in a couple of weeks, this will be your competitive advantage in comparison to your direct & indirect peers (villas, short-term rentals etc).
- 7. Do not forget the feelings of your target audience.** For the first time in contemporary history, the vast majority of the global population is experiencing the same spectrum of emotions: fear for their health, financial anxiety, grief, instability, solidarity, as well as thirst for change, recovery and a clean slate. People have shifted into "safe mode" for themselves and their loved ones.
- 8. Now is the time to revamp your digital assets.** When the time comes, your brand will have to compete twice as hard with your compset in order to ensure viability. Today is the day to improve your digital assets in preparation for the post-crisis era. And improvement does only mean redesign; it also means optimised UX, consistent SEO, connectivity with your CRM, proper measurement of KPIs, the

Communication Strategy

integration of newsletter campaigns into social media and performance marketing. Yesterday, increased demand was an excuse used by many. Now, a total revamp is an absolute necessity.

- 9. Content consumption is skyrocketing.** As self isolation has become the daily routine for many, screen time is experiencing an upsurge, screen formats have increased (users browse more on their computers & tablets) and online shopping is booming across all market segments. Now is the ideal time to communicate your message through stunning visuals, well-crafted newsletters & coherent social media stories. Just remember: now is not the time for hard sell campaigns.
- 10. Be prepared for the recovery phase.** When the time comes for the lockdown measures to be lifted, expect a blitz of communication campaigns across all brands, segments & geographical markets. Your brand has to be prepared beforehand in order to make sure that you don't lose momentum.
- 11. Support your Destination Management Organisations.** As your locale will be one of your strongest selling points, you need to actively partner with your DMO in order to further fortify the common effort.
- 12. Have a crisis management plan in place.** If needed, your team must be ready to properly respond to a COVID-19-related situation within minutes. Set an operational plan in place and conduct proper training & simulation sessions. Ask your PR agency to complement the operational plan with the respective communication tools (holding statements, media brief, staff Q&A, media training etc).

05



Roadmap to 2021

Navigating into a new reality

In every article or discussion on the effects of this crisis on the hospitality sector, the basic question which we pose is this: “When will people return to their day-to-day?” When will restaurants open, when will airlines resume their operations, when will hotels and museums welcome visitors?

When will we all be back to normal.

What few have realised is that this “normal” will have little in common with what we are used to.

Even if it is early to make predictions about developments on a financial, social and geopolitical level, one thing is certain: the entire planet is headed for a new reality, where measures of protection against health risks will be the catalysts which will form the realities of tomorrow. And if one thinks that airlines, tour operators, travel agents, hotels, resorts and restaurants are the only companies which will have to transform their businesses, one should think harder.

These changes are altering entire sectors of our entrepreneurial, social and financial day-to-day in a series of fields. And they are doing so now, as we speak.

- **Banking will change:** the traditional banking model is about to be disrupted once more. Triggered by social distancing as well as the limited operations that take place during the “quarantine” period, more and more banking activities will be taking place online and physical service points are expected to be trimmed down.
- **Medical services will change:** the pandemic and lockdown measures that followed led to the rapid implementations of various digital solutions, from online medical prescriptions in Greece to telemedicine in the United Kingdom.
- **Education will change:** online courses will gain the traction that they were missing over the past years. Now that even the most tech-illiterate countries are holding virtual classes for the majority of their student populations, the whole education process is expected to disrupt itself from within. Internationally well-known universities are expected to benefit from this shift in demand since they will be able to fortify their global market share.
- **Human behaviour norms will change:** it took just 3 weeks for the European continent to get used to wearing masks. It took just 4 weeks for the largest ever education seminar on personal hygiene to roll out on a global scale. Expect more changes towards that direction in the years to come.
- **Telecoms will change:** as is apparent in the user experience reports from these past weeks, telecommunication networks have reached their limits. Even the most ardent deniers of 5G technology are now realising the necessity of increased bandwidth.
- **Entertainment will change:** streaming services will have to revamp their game, with the online gaming industry probably having to rethink physical distribution. Even amusement & theme parks will be irrevocably altered by a mass introduction of additional health & safety measures that will inevitably change the flow of guests and overall experience.

Key expectations

This different kind of “war”, is triggering new behavioural patterns. The conditions imposed during this lockdown, as well as the constant threat posed by the pandemic, have triggered emotions in most population groups which mimic the terror of a “war-like” event. Fear of the unknown, an invisible enemy who doesn’t discriminate and the deathly consequences awaken feelings of bleakness in people in most countries of the world, with a distinct significance for each. Unlike memories (or memoirs) of previous events, where the word of the day was to “Keep Calm & Carry On”, we now find ourselves in a situation where the governmentally issued mandate is to “stay home”. And this changes a lot for the hospitality industry.

In the information base at our disposal today, it would be prudent to mention the following basic changes which we expect to witness in the medium-term:

People

1. **Disposable income will shrink:** as we are, with mathematical certainty, approaching a looming recession, it makes absolute sense that there will be a notable change in disposable income. This is expected to take its toll, not only on the short-term demand for hospitality services but also on a level of supply in the medium-term.
2. **Tendency to save will increase:** upon exiting the coronavirus crisis a large percentage of middle and low-income households are expected to increase their monthly savings. This is a given, considering the strength of “survival instinct” and the impulse to prepare for possible future danger. Quite a few households will see 2021 as an opportunity to “tidy up” their savings accounts.
3. **Reconnection with the human side of hospitality:** the wide range of emotions experienced on a personal level during the lockdown is expected to create an array of new needs in the post-COVID-19 era. Before the end of the lockdown, most of us will have bonded with our families and loved ones, and will look forward to everything that we are used to but is no longer available to us, part of our culture but not our daily lives. It’s becoming clear to all of us that much of our nearby environment remains untouched, as we find ourselves newly tempted by parts of our countries left unexplored on the chase for an exotic experience, a “unique” destination. On the short-term, for the hospitality industry, this will lead to a shift towards slow tourism, with all that this entails.
4. **Being local will be a thing:** as we slowly start to grasp the post-COVID-19 reality, it is becoming more and more apparent that on a middle-term, travellers will opt for nearby destinations. The above is not only a result of the need to limit high-risk travel, but also of a general change in mentality.
5. **Travellers will merge vacation time:** aiming to minimise risk, quite a few traveller are expected to limit their trips per year, whilst increasing the average duration of each stay. Avid travellers will most probably refrain to 3 major travel slots (December / April / Summer) and then select weekend escapes within a close proximity of their homes.

Key expectations

- 6. Guest loyalty is about to shift:** hotel selection criteria are bound to change; guest mentality will shift to favour attributes such as hygiene, open-space formats and privacy in their decision process. Within this framework, the direct impact will be a re-evaluation of the process which leads to committing to and identifying with certain brands.
- 7. Tourism education is expected to face a downward cycle:** with more than 75 million jobs at stake in the tourism industry, labour supply in this sector is expected to reach extremely high levels, which won't be easily absorbed during the recovery phase. As a result, a decline is expected in demand for academic programmes in the field of tourism, as prospects of employment within this field will be particularly daunting.
- 8. Business travel is not expected to recover soon:** the product mix and cost structure of business travel are expected to suffer a heavy toll. On top of any health concerns, corporate P&Ls will most probably be trimmed down over the next 18 months and business travel (in any and all forms) will be among the first discretionary expenditures to be forgone.
- 9. Expect less travel activity from the 70+ age group:** considering the inherent propensity of elders to avoid health related risks, it is a given that, on the middle-term, vacations-related travel will be considered as high-risk. The above is expected to hit hard in the cruise sector, where elders conventionally make up a large portion of the client mix.
- 10. Mergers and Acquisitions ahead:** cash is going to be king during the next 12 months and on this note, a series of M&A deals are expected, primarily in the TO / TA segment.



Key expectations

Markets

- 11. Travel insurance will be a high priority:** in the post-crisis era, travel insurance (including “Cancel For Any Reason” policies) is expected to be a vital part of any booking process. Currently the coronavirus (and any similar event) is considered to be a “foreseen event” and is therefore not covered.
- 12. The global supply chain will get less global:** the globalised production of goods in a self-isolating world led to the emergence of structural problems in the supply chain. It is now emphatically obvious that economies must find direct and viable solutions to produce everything from raw materials and final products, on a regional level.
- 13. The peripheral service providers segment will declutter:** as hotels, cruise lines, airlines and travel agents face the challenging conditions of market recovery, a large number of their suppliers are expected to exit the sector in search of opportunities in higher-margin markets. This includes Performance Marketing Agencies, SEO experts, Office and Interior Designers, Hospitality PR professionals, Architects, etc.
- 14. Hotel management companies are expected to merge, declutter and grow:** hotel management companies are expected to face quite a challenging fiscal year, with their prospects on a whole looking positive for the middle-term. As the greater-picture entrepreneurial environment in the tourism sector is expected to be quite demanding during the next 2-3 years, more and more hotel owners will start searching for professional help in their management.
- 15. Cruise lines will be among the hardest hit:** their core audience is health-risk averse, and yet there seems to be little ground for a state bail. Neither of the top cruise lines Carnival Corp, Royal Caribbean or Norwegian Cruise Lines was included in the \$2 trillion US CARES Act, as they are not eligible, on the basis of a clause that requires businesses to be “created or organised in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States.”
- 16. Family travel agents are expected to suffer a hard hit:** the dominance of OTA’s, the drop in demand for long-haul travelling and the impact on the cruise-lines sector will most definitely take its toll on a series of small family travel agents, especially in the United States & the UK.
- 17. Hotels vs the Homesharing Business:** developments in the Homesharing Business segment in the post-crisis era could follow two widely disparate scenarios. On the one hand, a number of people hold the opinion that hygiene will be a unique advantage for hotels over short-term rentals. This would mean the end of an era, since Airbnb and its peers are currently losing momentum and liquidity, with home owners gradually listing their properties on the long-term rental market. On the other hand, there are voices that raise the issue of isolation and insist that the privacy of a short-term rental will be of key importance when selecting a temporary home away from home.

Key expectations

Brands

- 18. Business Plans will change again; and again:** hospitality brands will need to up their game and learn how to prepare and roll out their operation and communication plans on the basis of scenarios. Demand will inevitably rise in waves, the lengths of which will vary based on a series of macroeconomic & microeconomic attributes.
- 19. Hotel Hygiene will be a significant selling point:** pristine health and hygiene conditions will become the number one priority in the hotel selection process. Reassuring guests that everything has been sanitised and taken care of will be of pivotal importance for their overall stay experience.
- 20. Destinations are expected to be communicated more effectively:** as countries and destinations start to gradually exit their lockdowns, they are bound to enter dynamic communication programmes primarily addressed to their closest markets, with hotels drawn to destination marketing companies.
- 21. Price drops will not be that steep:** during the first months of recovery, a wave of pricing adjustments is expected, primarily made by businesses in cash-flow distress. These adjustments will not be sustainable in the middle-term since they are projected to have a limited impact on demand. In the long run, prices are expected to stabilise at the pre-COVID-19 levels or even rise (if selective lockdowns to specific regions evolve to be the new normal, resulting in a mismatch between supply & demand).
- 22. Loyalty Programmes are expected to change:** on the basis of new behavioural patterns, large hotel groups are expected to recondition their loyalty programmes to address the new realities of the post-COVID-19 era. This could include anything from adding novel health-related experiences to widening the thresholds between loyalty tiers.
- 23. OTAs will lose revenue but not market shares:** upon relaunch “putting heads in beds” will be the ultimate goal for hotels. Venues will need revenue asap and (regardless of any prior disappointments with the OTAs’ cancellation initiatives taken early in the season) they are going to lean more in this direction.
- 24. Hotel chains will attract more independent hotel owners under their affiliation:** in the difficult phase of recovery, hotel affiliations are expected to be a safe haven for hotel owners on the basis of their large pools of clients (loyalty programmes), robust marketing networks, extensive PR campaigns and overall knowhow.
- 25. Cancellation policies and other T&Cs will get more attention by travellers:** following the current hassle over booking refunds, hotel guests and airline passengers are expected to pay much more attention to booking policies.

Key expectations

Futuristic Extravaganzas

Having passed the “early symptom” phase of the crisis and with deeper insights on how this situation might evolve on a social, economic and geopolitical level, there are voices that go a step further from the aforementioned predictions and anticipate the following:

- **Wearable health tech might prove to be a daily item:** as of April, Apple and Google are building a coronavirus tracking system into iOS and Android.
- **Travel might get more expensive:** in the remote scenario that selective lockdowns evolve to be the new norm, travelling will need to take place within certain time windows, which will drive prices upwards.
- **Doctors may join the hotel’s roster:** in the not-so-distant future, medical services might be included in the safety benefits promised by medium & large-scale hotel properties. Not as part of a holistic wellness experience, but as the provider of “textbook” medical services on a 24/7 basis.
- **Short-term medical visas:** as the clusters of nations commence drafting their exit protocols for the current situation, short-term medical visas might enter our lives and new travel routines.
- **Immune system fortification might find its way in hotel wellness programmes:** as more and more scientists bring forward the value of a strong immune system in the human body, wellness resorts might introduce special programmes to include medical advice and coaching on this topic.



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