

How to respond to COVID-19 in the tourism sector

The global outbreak of the COVID-19 virus is having a major impact on international trade and travel. Small and medium-sized enterprises in the tourism industry could be among the most affected. This study provides you with a step-by-step plan to help you take the necessary actions to ensure the survival of your business and prepare for the future recovery of the tourism market.

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1. Learning goal

This study shows you how to respond to the COVID-19 crisis in the tourism sector. The following steps and actions are essential for small and medium-sized enterprises (SMEs) in tourism. The steps are in chronological order. You can implement them that way. Adjustments will be needed to suit localised timelines of events related to the virus and national government actions or orders.

Some of the recommended actions have already been taken since the beginning of March 2020 in CBI tourism development programmes and with other donor programmes. So, in different countries, the situation at the time of publication may be somewhat different. This particularly applies to Labour Law. You may have government help with this or challenges due to your national laws.

The actions provided are from experience of dealing with events that have directly impacted the businesses of the author in the tourism industry over the last 30+ years. Nothing has had such a global impact as COVID-19 and what will be the following economic impact, but direct lessons have been learnt before. Along with tourism peers around the world, these are the baseline actions that you need to take - if you have not already taken them - with your business.

Tip:

Besides this step-by-step plan, you should also read our article on the [effect of COVID-19 on the tourism industry](#).

2. Immediate actions

SME travel companies can only survive this crisis by cutting overheads so that they are as close to nil as possible. If you have no income, you cannot have any overheads.

2.1 Immediate steps with overheads

“Cash is King”, and you need to save as much as possible for the coming period. The easiest cut is in staff, which we will discuss separately. Every working practice and business expense needs to be looked at, renegotiated or stopped.

These include, but are not limited to:

- Business rates paid to local or national authorities.
- Rents paid to landlords for premises - maybe ask for a payment break or deferral, see below.
- Computer maintenance and other office-related spending need to be cancelled where possible. Businesses need to worry more about today and not tomorrow in a crisis. If it works now, do not try to fix it! IT is often one of the major costs of a business, and of course, some costs with third parties are contractual, but most can be postponed. So if you have working computers, clean them out and use them to their best potential. If you have to replace them, look at used options.

Renegotiate everything

In times of crises, the 20 biggest expenses need to be reviewed and if at all possible renegotiated. For example, a high street landlord/office rental may give a rent holiday, rather than losing a tenant they probably cannot replace in the short term. The same applies to equipment rental and all third-party contracts. It may even be time to negotiate a delay in payment of rates to your local councils. Just remember, having something is better than nothing to most suppliers when they are unlikely to be able to resale the assets you are using.

For example, some operators have come together in international regions as associations or regional clusters. They have then negotiated fuel costs for a group of them in a specific area, agreeing to all use the same supplier.

Manage cash brutally

You need new short- and long-term forecasts for scenarios where your trading is 50%, 75% or 100% down, with a realistic level for cancellation. What you thought was definite, may not be for long. Every business needs to make sure they stockpile cash as much as possible. Think “do I need to do it, or do I want to do it”, because there is a big difference. If you are owed any commissions from Online Travel Agencies (OTAs), for example, contact them and make sure they pay you – they are just as fragile as you are financially!

2.2 Staff

Although it is emotionally difficult, you need to look at staffing levels. That means everyone who is not absolutely necessary, needs to be looked at regarding employment. The staff members you are keeping will have to accept that you will only pay a percentage of their salaries or social benefits, such as medical/school fees. The harsh reality for many travel businesses is that if they don't take action like this or take advantage of any government/commercial help scheme, they will run out of cash quickly and go out of business.

It is important to keep key staff so you can expand again once the crisis declines and manage the business through tough times. Still, these people are often your most expensive resource.

Moving to a 2-4 day week and giving key staff extra days off work greatly softens the possible 20-50+% wage cut you need them to take. This is not going to be easy, so openly discuss things with them. A tourism SME cannot afford to be generous by keeping things normal and having 50% of work/wages is better for them than 0%.

If you have regional staff, then setting up full homeworking capabilities by video conferencing is also a must. This will save on travel costs and time. Many of you do this with customers and tourism partners, and it may only affect a minority. Still, you can do day-to-day business this way.

Besides implementing a reduced workweek, there are two things you also need to do:

- If you have staff in on four days, what else can they do? Do your vehicles need maintenance/cleaning? Now is the time to clean them up and do any minor/low-cost repairs. This could be as simple as washing out the insides or cleaning the seats. You can also perform maintenance on lodges. Anyone can clean or paint, so even essential workers can join in. This could be your chance to get all those things done that you did not have time for or forgot about before.

- Redundancy, or retrenchment, is an automatic reaction, so you should try to reduce hours first. If you have high staffing costs and many of these people have lower workloads, as you have no clients, then all I would ask is that you consider carefully who and why. I only say this as there have been situations before where companies dismissed staff and then could not get them back when things improved. This meant they had to hire lower grade people and start training them again.

Some companies have come up with an interesting alternative. They have collaborated with non-tourism companies in their region to share staff. Staff are still working but for two separate sectors. A favourite one in Asia has been tourism and agriculture/food production. This is an idea for lower-level staff, who may also be more in need of the wage for more than their direct family.

2.3 Revised Terms & Conditions - cancellation policy

Although it is the law in some of your potential source markets that refunds need to be made, many national tourism associations and governments in your source markets have issued a statement that is in your favour. They are asking people to travel later with a credit note. This is to save their own outbound tourism companies. But it means that you can also offer revised conditions to both direct bookings and to any business partners overseas.

Below is an example that is being used in South Africa, which you can adapt as you see fit for your own business. In fact, if you can afford to do it, roll out the extension period until the end of 2021.

CORONA CANCELLATION POLICY - EFFECTIVE 16 MARCH 2020 UNTIL FURTHER NOTICE. (Amended April 2020)

Existing bookings:

1. Confirmed bookings for which we have received a deposit or full payment, will be secured should you, (or your clients) decide it unsafe to travel or cannot travel.
2. Bookings can be amended up to 12 (twelve) months from the original arrival date. Please note only one amendment to travel dates may be made and should the season change to a higher rate season, the new rate will apply.
3. In the event that you (or your clients,) do not travel within 12 (twelve) months of the original arrival date, the deposit paid would be forfeited – always assuming the Corona Epidemic has been contained by then.
4. Any travel changes to bookings within 14 (fourteen) days of the travel period will incur 100% cancellation fees.
5. The above will only apply if we have received the required deposit or the full payment to confirm your reservation.

New bookings:

1. Any bookings made from 12 March 2020 will be subject to the following Special Conditions.
2. No deposit will be required at the time of booking.
3. 8 weeks prior to arrival a 50% deposit will be required to confirm the reservation.
4. The balance of 50% will be required 4 weeks prior to arrival.
5. If a booking is cancelled within 4 (four) weeks of arrival a 50% cancellation fee will apply.

Exceptions:

We will have the following exceptions where bookings are cancelled within 14 days of travel, whereby clients will be offered the same deferral policy as above:

1. If the country of the clients' residence prevents the client from leaving (for example, Italy and China's current lockdown situation),
2. If South Africa issues an inbound travel ban, banning clients from entering, or forcing arriving clients into quarantine.

Refunds:

1. In order for us to ride out this global epidemic storm as a privately owned travel & tourism business, we are unable to offer any refunds at this time.
2. We trust that our partners and guests understand our situation; we are doing all we can to work with our guests and partners to find mutually agreeable solutions.
3. This step is necessary to ensure that our business can continue to operate through these difficult times so that we will be here for you when the storm blows over.
4. We reserve the right to make changes to these new terms and conditions at any time and will send out notifications.

As soon as the Corona Virus epidemic has been contained we will revert back to our original terms and conditions for bookings.

There is no wording that covers all tourism SMEs around the world. Still, you should at least change your standard terms and conditions to reflect the current situation and try and keep your customers for the future as much as possible. You will have to refund some and, if they have a correct reason, you should try and do this immediately. No one can afford bad publicity on the internet at times like these.

2.4 Government or commercial assistance

Secure/research any government-backed loan or grant possible, but don't spend it unless you absolutely have to, even if it has no interest. If there are grants available through commercial banks, business support organisations or donor organisations, then make sure you look at these and read the conditions. If you can apply for these grants, then this money could give you a route to a new market, using a new product.

However, always be careful of loans as although they may give you a lifeline, you will still have to re-pay them in the future. They are often for a specific purpose, such as paying wages as refunds from a social security fund. So, be careful that you use any money wisely and follow the conditions of the loans.

2.5 Marketing changes

Cut back to the essentials that drive the most of your normal traffic. Cancel any costly marketing such as TV, radio or newspaper and focus on immediate calls to action, which have the lowest cost. Google advertising costs should reduce as companies cut back. Still, we are not convinced Google will allow this easily, so it needs to be driven as the tourism markets cut back. This may force Google and social media to reduce their costs.

You still need to keep people informed about what they can do in a positive way. If you have changed your booking policies for anyone booked for now and moved the dates, then use this as a positive reminder. If you get any enquiry, act quickly and maximise margins for every booking. With fewer leads for the future, it is vital to increase conversion and pursue every lead with reassurance and understanding. Maximising margins by yielding higher-priced products and upselling can also be a good idea.

Also, you need to remove reasons not to book. Customers will be worried about booking at the moment, in case they need to cancel their holiday because of COVID-19. Make sure they have full travel insurance for this purpose, especially if they are booking directly. Revise your terms and conditions and tell them.

You have to take control and not let potential customers book different things with different companies or countries. It is your destination, so own it!

Communication is going to be key to maintain business relationships with overseas tour operators as well as direct bookings. You must have open communication with everyone. Reply to questions as quickly as you would normally and also keep them updated as to what is happening in your country or destination. Keep them

informed because they do not know!

Tips:

For an example of collaboration with non-tourism companies, check out how the Hokkaido government in Japan is [placing dismissed workers from tourism-dependent businesses at farms that normally rely on foreign trainees](#).

Revise your Terms and Conditions, using the example from South Africa.

If you have to make staff redundant, look for humane solutions and take into account that you may need them again when things improve.

For more information on risk management, see our study about [how to manage risks in tourism](#).

3. What to do next?

At the time of writing, most tourism source markets have been in lockdown for between 4 to 8 weeks, with many people having to stay home. Besides other trends that we will look at further on in this study, people are now searching for positivity in their lives. Opinion polls by many travel media sources show that travel still plays a big part in their aspirations.

3.1 Marketing

Inspire potential customers

If you check out [Google Trends](#) and other data-driven social media options, you will find that there are searches for holidays/vacations in most sectors of the markets. People are looking for inspiration. As such, many companies have been focusing on their websites and social media pages and posting inspirational pictures and messages. For the immediate future, this is something all SMEs should be doing. Good examples are [nekatours](#), [Ntanda Safaris Zambia](#) and [Flores Exotic Tours](#).

Do not include prices! The idea is to attract people your page and get their attention, so they start to discuss the pictures or articles that you have posted, triggering a potential enquiry. But be careful. When there is little business, mistakes are made. Make sure you communicate well. Almost think of yourself as a new start-up again. Like with product development, you need to understand what the client is looking for and encourage them to go on a journey with you. Get started with this immediately.

Create a marketing plan

Plan your marketing by putting together a short- to midterm plan. This could mean budgeting for a paid-for social media plan. Your plan should, at the very least, include the actions mentioned above and an email campaign or newsletter to your existing direct and business customers. Communicate what is happening even in the lockdown in your country. If you have an Export Marketing Plan, focus on the parts you planned to do before the COVID-19 pandemic. What can you do now? For example, does your website need any updating that you can do yourself?

3.2 Product development

This is an ideal opportunity to re-think the products and services that you are currently offering. If things were normal, you would be able to survey existing customers and get feedback from them to build profiles of what your clients like or not. However, in the current times, you have no clients or at least very few, and so a slightly

different approach will be needed. There are many ways of looking at this, but to keep it simple for you to be able to adapt, here are a few pointers:

Cut the number of suppliers you use

In times of reduced demand, it is important to cut the number of suppliers you have. Work more closely with a smaller number who you can negotiate better payment terms or trading terms with in the future. The more fixed assets a level of the travel chain has, such as vehicles, accommodation, overseas sales offices, the more they will be suffering. For example, hoteliers will be desperate to fill rooms and will/should offer lower rates or higher commissions. Make sure your business benefits and make sure part of this is also terms and conditions for cancellation.

The larger, regional/major chains will be doing their own things. This might be the time to strengthen the relationships with the partners you can work with for a sustainable future. Develop a meaningful commercial relationship for the future. Do not spread your business too thin by working with too many suppliers.

Review what you have sold before and why

Many tourism companies sell their product or service in a way that has not changed in a long time, because “that is the way we have always done it.” Now is the time to look at the trends and style of things you can offer. With the increasing demand for community engagement and sustainable tourism, you have to do more than saying you do it. Build your programmes around these critical and important parts of the tourism experience. Our [tourism market information](#) can be the basis for your development.

Work together

This is also an ideal time to survey your destination and think seriously about working with other SMEs in your tourism industry. These could be accommodation suppliers, local or regional tour operators in another part of your destination, or someone else that provides an interesting experience that you can include. One thing is for sure, and that is that people are looking for far more experiential tourism features to their holidays. The global lockdowns will increase this.

As SMEs, you can and should be able to deliver specialist experiences. By working together, you can match the larger national or regional tourism players and go to markets with new and exciting ideas and packages. Some ideas can even be re-worked old ideas with a new and exciting twist.

3.3 Preparation for the future

Having looked at immediate actions and then the next steps, make a checklist to make sure that you have done everything. This is very important. Your website and social media content give inspiration for now, as well as your planning for future marketing. One thing that COVID-19 has done is level the industry. SMEs can now show their true value in the industry and build themselves in the future.

Yes, it is going to be hard, but if you plan and keep going, then you have an equal opportunity. Remember, larger companies have higher overheads, whereas small companies can be flexible and move fast if they see opportunities.

Tips:

Make that checklist of actions, go through it and engage your whole team. DO NOT LEAVE IT – it will be so easy to slow down and let things stop!

Communicate with your national and regional tourism associations, tourism boards and other stakeholders. They may well be looking at stimulus programmes for tourism or economic help which you could benefit from in the mid- to long-term.

Look at your products and how you can make them better. Are you leaving too many opportunities for potential clients to only buy one thing from you when you could be offering more? This applies to both tour operators in national, regional and local destinations and accommodation suppliers. Read our studies about [trends on the European outbound tourism market](#) and product development to focus your efforts.

4. The future - what or where is your market now?

Remember COVID-19 will dissipate, becoming less deadly, but will not disappear.

“One thing history shows is that at the beginning of any crisis, people make predictions based on what they want to happen, rather than what they think could happen.” – Steve Dunne, Digital Drums

This quote is based on the fact that when the pandemic started, many were quiet about what would happen in the future. Gradually, statements were made about the new normal. These are often biased towards an individual's beliefs or commercial background. As SMEs, you should be aware and practice looking at these as indicators. Make a solid judgement based on the facts you know and research. You cannot afford to make mistakes, so what you do now and adapt to in the future is critical.

It is clear from pre-COVID-19 tourism and non-tourism research and cross-sector analysis that the following points will apply. Make sure you include these in everything you now do. What you can do will, of course, depend on where you are, but you should always think about the possibilities.

4.1 Rebounds in tourism - different beliefs

Rebounds in tourism create a very real danger for the virus coming back. Countries such as [South Africa](#) and [Australia](#) are already discussing keeping borders closed for up to 12 months to avoid any rebound. This potentially means all outbound and inbound traffic. Other countries may also restrict access and plan for a gradual return of international tourists.

Health concerns for both your country and the source markets guide the rebound, as well as the economic decline that will happen globally. Thus, despite some saying there will be a big rebound in a few months, it is becoming clearer that for the international markets, far more factors have to be considered. This means a longer period of recovery.

In theory, these are just some of the factors that will have a direct effect on tourism as a consequence of the global pandemic:

What health checks will there be needed in your country that are internationally accepted and in the source market country? Will travellers need extra checks to re-enter their own country?

What airlines will be operating after this to your destination and from where?

What prices will the airlines be charging?

Will your country have any extra entry requirements, such as a health certificate or medical tests?

Has your own destination or country had any major changes in accessibility, for example via airlines?

4.2 Domestic tourism - your first focus

Whether you are involved with any domestic tourism or not, you now have to look at this. It will be your first opportunity to get your business back on track. Many countries around the world do not have a domestic tourism market. However, this is going to be something that you can stimulate on a small scale moving upwards. It is going to be about working with selective partners on packaging, price and marketing.

This is more than accommodation suppliers offering a deal for local people from another area to stay with them. This is also for tour companies to look at what they can do, even if they have never done any domestic tourism before. Think about what you can do to offer people a package that they have not seen before. Give them a reason to buy!

Follow these short tips and at least investigate the ideas and options. This could bring in badly needed income.

Tips:

Try and include a minimum of three different components to a package for one inclusive price. Think of components such as transport, accommodation and excursions.

Negotiate with your suppliers on this. After all, they are in the same situation as you!

Look at how you price the package. Is it based on individuals or groups?

Think about how you are going to market the package. Look at people with a common interest and include an element that fulfils that, such as cooking classes, dancing or cultural experiences.

Be aware that domestic tourism could be inbound from a region to the capital or where you are based, or outbound from where you are.

4.3 Regional tourism - the domestic follower

After the domestic revival, the next step will be regional tourism. Part of your recovery plan will need to be adapting what you have done before, plus new things you have learnt from the domestic tourism process. Regional tourism will have a quicker return than international travel because people feel more comfortable with their neighbours.

Look at what you have done before, will it work again? Your regional business clients may still be a little cautious, so make sure you are communicating what they can or cannot do. Of course, this will also depend on them being able to access your destination. Regional airlines might not re-start as much as international routes. Investigate but make sure you are ahead, even if you have not done any regional business for some time or ever before.

4.4 Family travel

Family travel will boom. The decision-makers will be the kids! Focus your activities and food menus on the decision-makers as well as your regular adult clients. As a result of multiple lockdowns, many families are re-discovering themselves. A decision to go to your destination will be based on many factors. But the children will have a greater say than before. At the same time, you need to think about the health and safety aspects of families. What are the parents going to be expecting?

4.5 Activity and experiential holidays

Activity and experiential holidays will be vital, which is why you should inspire people on your social media channels. Many experts are stating that the new traveller will be looking at adventure/activity. Are you already in that segment of the market? If not, how could you be?

Remember that the word activity can be used in many ways, and it is not just about physical activity. It could be just doing something that a person likes, such as painting or bird watching, as much as activities like cycling or river rafting. For experiential travel, it is all about the engagement with communities, nature, and culture. This provides people with an experience that bonds them to your destination. "Making it real" was a popular saying a few years ago. With the current global lockdowns, it is becoming more relevant as people start to move towards experience holidays.

4.6 Sustainable travel and tourism

Sustainable travel/tourism and care of the environment will see record volume growth. The travelling public now understand its importance after the effects of a virus that stopped the world. It is time to look at your operations and see how you do things, such as your working practices, vehicles, offices and accommodation. You need to be able to prove what you are doing and not just say it!

People will be looking for more sustainable options when making their choice. This applies to both tour operations and accommodation suppliers, in fact, the whole tourism value chain. CBI is heavily involved with the focus of sustainable tourism and works closely with many organisations to bring this to our programmes. Consumer demand drives this, but also SMEs around the world that ethically believe in sustainability and work in a responsible way. For more information, see our article on the [growing consumer demand for sustainable, responsible tourism practices](#).

To give you a focus point, Finn Partners' blog on [responsible travel driving recovery in a post-lockdown world](#) is just one example of how experts believe in the power change to more sustainable tourism. It includes a summary and full recording of a recent webinar on the subject.

4.7 Overseas travel agents/tour operators

Overseas travel agents and tour operators may see even further business declines in their business volumes after COVID-19. Potential travellers will continue to create their own packages online as they are becoming more and more computer proficient. However, they are also under pressure to have protection for their money. This is why there are such strong regulations in the European Package Travel Directive.

So where does that leave you personally now? You need to show your strengths and understanding of consumer fears, as well as highlight yourself while following the European Package Travel Directive.

4.8 Technology

Video conferencing and webinars will increase after the lockdown. People have used these methods to stay in contact among themselves and when working from home. Still, face-to-face meetings and conferences along with trade shows and congresses will survive. We are human, and we like human interaction, especially in the tourism business, but this will not really start again until 2021. There may be events/shows from September onwards, but these are not guaranteed for many reasons.

In the meantime, try and have calls or video meetings with your overseas clients. You could also record your own YouTube videos or webinars. You could use these on your website and social media platforms to inspire people.

Some successful virtual tours have been developed, including "virtual safaris" or city tours. Whether that is an option for you depends on your facilities for recording, editing and producing, such as [Google Tour Creator](#).

You could also use any virtual tours that your national tourism organisation is using to promote your destination. If you can publish these on your website or social media and add a sub-brand, then this will also be a good promotional tool to inspire people.

Tips:

For more information on European legislation, see our study about [how to work with the European Package Travel Directive](#).


Check out some good examples on how to use videos on YouTube, social media or your webpage from the [Faroe Islands](#), [Jordan](#) and [Victoria Falls in Zimbabwe](#).


See [Wild Earth's SafariLIVE](#), [Asilia's Safari at Home](#) and [Jordan360](#) for good examples of virtual tours.


This study has been carried out on behalf of CBI by Clive Bishop of [Blue Skies Consultancy Group](#).

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