THE IMPERATIVE FOR INNOVATIVE THINKING: TOURISM RECOVERY IN THE MIDST OF PEAK COVID-19

UPDATE MARCH 2020

#WalkTheTalk

A Glimmer of Hope
Back to Future
Evidence-Based Strategy
A Glimmer of Hope

The COVID-19 pandemic poses an existential threat to the business of global and national tourism. Tourism has proven, however, to be among the most resilient industries. With two major global challenges facing tourism in less than 20 years, SARS in 2003, and the global economic crash of 2009, tourism recovered, coming back at record pace.

Recovery, though probable based on history, may be slower, uneven and uncertain. And it likely will vary significantly by destination and region based on their reliance on traditional channel partners themselves facing major disruption. So, what can Destination Management Organizations (DMOs) do now to determine their own path to recovery in the midst of overwhelming negative news?

BACK TO THE FUTURE

The travel and tourism industry has long relied on a carefully curated number of channels to support its performance goals. From wooing airlines and cruise ships with incentives to bring ever more volumes of passengers, to engaging tour operators and travel agents to package the destinations for sale to those same customers, to investors to build hotels and resorts, and to small- and medium-sized businesses to provide the accommodations, activities, products and experiences – the business of tourism destination development and management is a complex and dynamic eco-system.

For most destinations from Canada to the United Arab Emirates, Australia to Kenya, the focus has been on demand development - reliant on the theory that if the destination could develop a strong brand and competitive market position, the destination would create high volumes of consumer demand enabled by the marketing machines of corporate partner channels to build the infrastructure supply.
Update...

And perhaps because destinations have had success with this model – after all, 2019 ended after 10 years of record breaking international tourism growth - early evidence from North Asia suggests that destinations will turn to their traditional advertising agencies, armed with millions of dollars in government stimulus, to develop slick and compelling ad campaigns to bring back tourism demand. But can we look backward to 2019’s strategies and tactics to guide us in 2021?

If we base those expensive, glossy ad campaigns on a strategy of 2019, will that messaging fall flat? Will it be an inefficient use of our much-needed recovery dollars?

**EVIDENCE-BASED STRATEGY IMPERATIVE TO SUPPORT ADVERTISING & PR TO DRIVE RECOVERY**

What if these tourism fundamentals are no longer there? What if the business of tourism has so profoundly shifted? What if consumer perceptions and behaviours have evolved?

What if the transportation networks, tour operators and packages are no longer viable to return travellers to our destinations; or if their business models themselves are so changed that only some destinations see the return of these traditional channels?

If Thomas Cook, one of the world’s largest integrated tour operators could go bankrupt in 2019, a year in which tourism saw record growth, how will so many other operators manage business operations and cash flow under a high volume, low-yield model as the global economy faces negative growth? The same might be said for the myriad destinations almost exclusively reliant on low-cost air carriers and charter operators responsible for attracting high volumes of visitors to far flung destinations for low, low prices.

So far, low-cost carriers and charter operators have had to enact drastic measures to stay afloat. Mainstream, legacy airlines are also enacting similar measures to trim costs and maintain solvency. Furthermore, if these tour operator and airline channels emerge from a post-COVID-19 economic crash, which destinations will they return to and which will they drop as each will be developing their own strategies and paths to recovery via their most profitable options?
Update...

And next, the cruise industry, perhaps the most vilified of networks in the tourism industry – even prior to the COVID-19 pandemic – may not see a rapid return until they can convince a skittish travelling public of their safety and destinations that they are seriously implementing health and environmental policies. Rebuilding trust will be key.

For each of these channels and others, the success of the global tourism model has traditionally relied on an endless number of high volume and lower yield travellers. But can we continue to rely on this model in recovery?

We are asking these questions because we fundamentally think that destinations cannot look to 2019 to guide them to 2021 and beyond.

Destinations will be anxious to demonstrate leadership to their industry and investors, to allocate their stimulus funds to develop slick tourism recovery campaigns to inspire consumers and to bring back their destinations as quickly as possible.

We could not agree more about the importance of these priorities, but we also believe strongly that we need to take the time, now, during the peak of the COVID-19 pandemic, to determine our own destinations’ vulnerabilities and strengths, where we are overly reliant on too few channels, customer types, airline partners or tour operators, or where we are sufficiently diversified. And additionally, how we use research and data to make and implement strategy to support ad campaign and event tactics. And importantly, to determine the profile of those most intrepid travellers who might be the first to return to travel and support high-yield and more sustainable recovery.
A STRATEGIC FRAMEWORK FOR DMOS TO NAVIGATE TWENTY31 COVID RECOVERY LEADERSHIP MODEL

FOCUS OF THE TWENTY31 COVID-19 RECOVERY LEADERSHIP MODEL

ACTIVATE & CHANGE

A. RESPONDING TO THE CRISIS NOW
   Objectives
   - Demonstrate leadership, solidarity and optimism; secure stimulus funding
   Actions
   1. Situational analysis
   2. Stakeholder analysis
   3. Action planning
   4. Action plan implementation
   APRIL 2020

B. PREPARING FOR CRISIS CONTAINMENT
   Objectives
   - Drive short-term return to vibrancy through domestic and intrepid travellers
   Actions (continued)
   5. Market research
   6. Recovery scenario planning
   7. Recovery scenario plan implementation
   APRIL-JUNE 2020

TRANSFORM

RETURN TO THE NEW NORMAL (TBD)
   Objectives
   - Launch resilience roadmap, mid-term recovery, destination transformation
   Actions
   - Post-crisis situational assessment
   - Consumer and trade research
   - Mid-term recovery strategy including smart advertising and PR
   - Future crisis management plan
SUSTAINABLE FINANCE, INSURANCE PREMIUMS AND THE REALLOCATION OF CAPITAL

MOVING FROM RISK TO RESILIENCE AND ADAPTATION

THE SHIFT TO CIRCULARITY AND DESIGN THINKING

WALK THE TALK

THE NEW TOURISM ECONOMY

2020