Travel and Tourism after Coronavirus

New Consumer Values Reshaping the Industry

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Overview

Macro scenarios

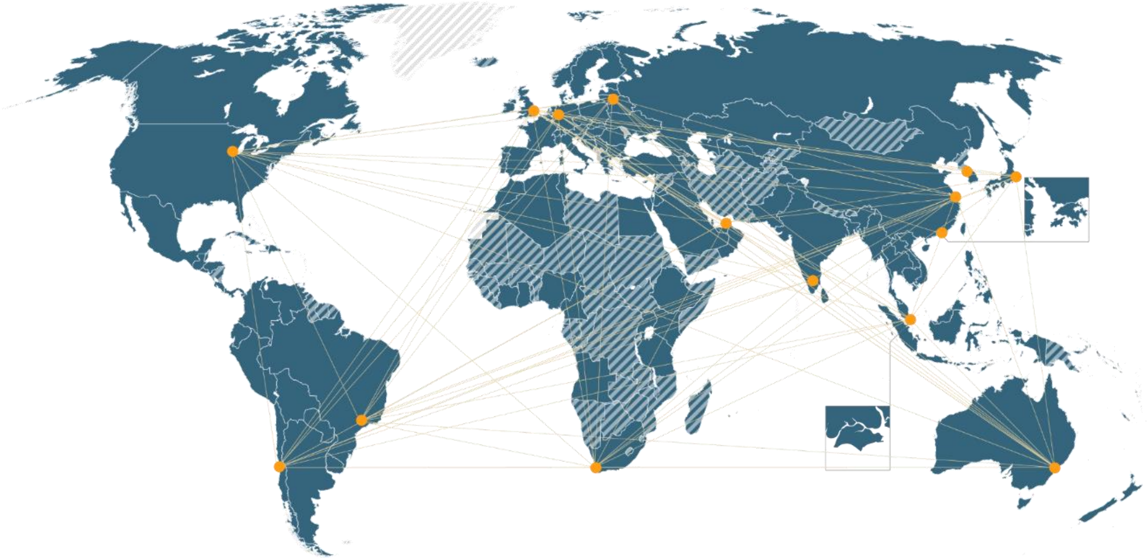
Tourism impacts

Consumer behaviour shifts

Trends to watch

The new normal

Euromonitor International network and coverage



15 OFFICE LOCATIONS
London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, São Paulo, Hong Kong, Seoul and Düsseldorf

100 COUNTRIES
in-depth analysis on consumer goods and service industries

+ 210 COUNTRIES AND TERRITORIES
demographic, macro- and socio-economic data on consumers and economies

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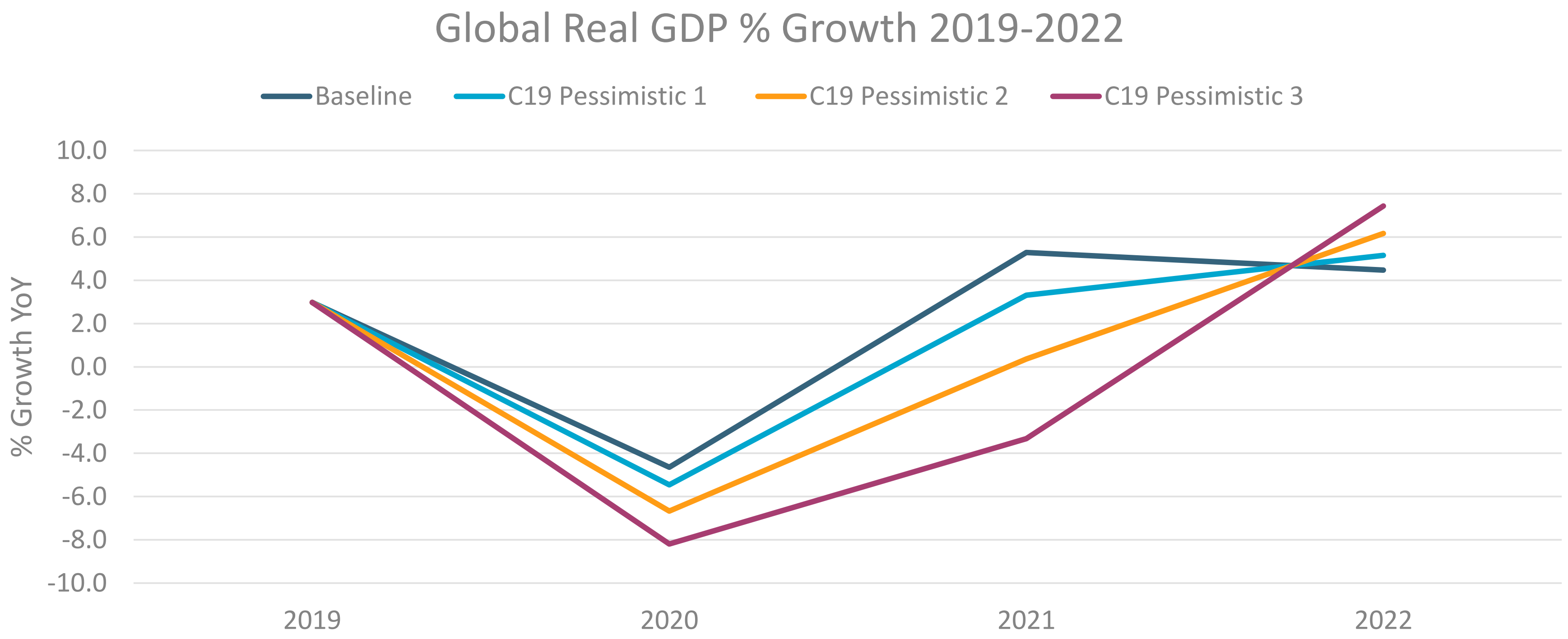
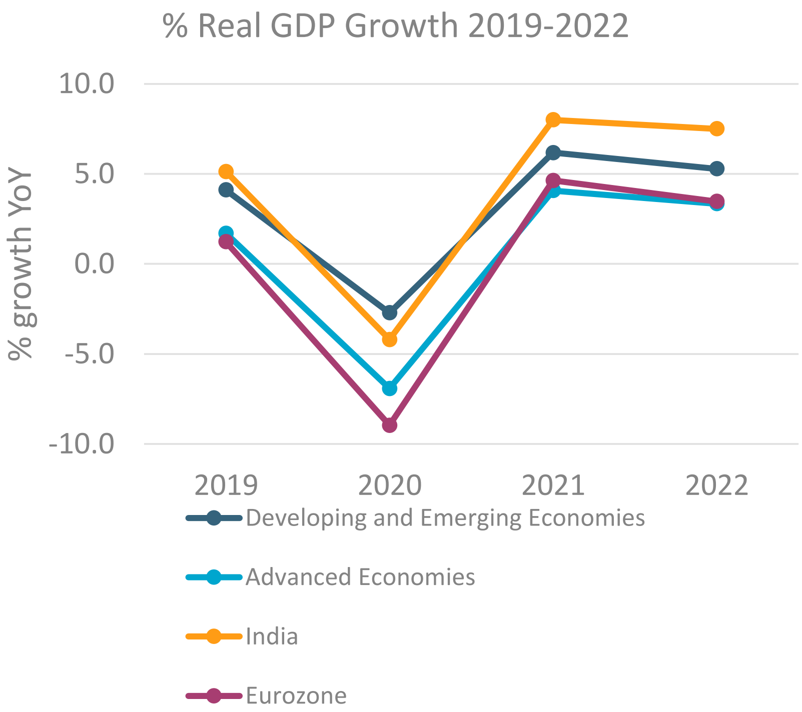
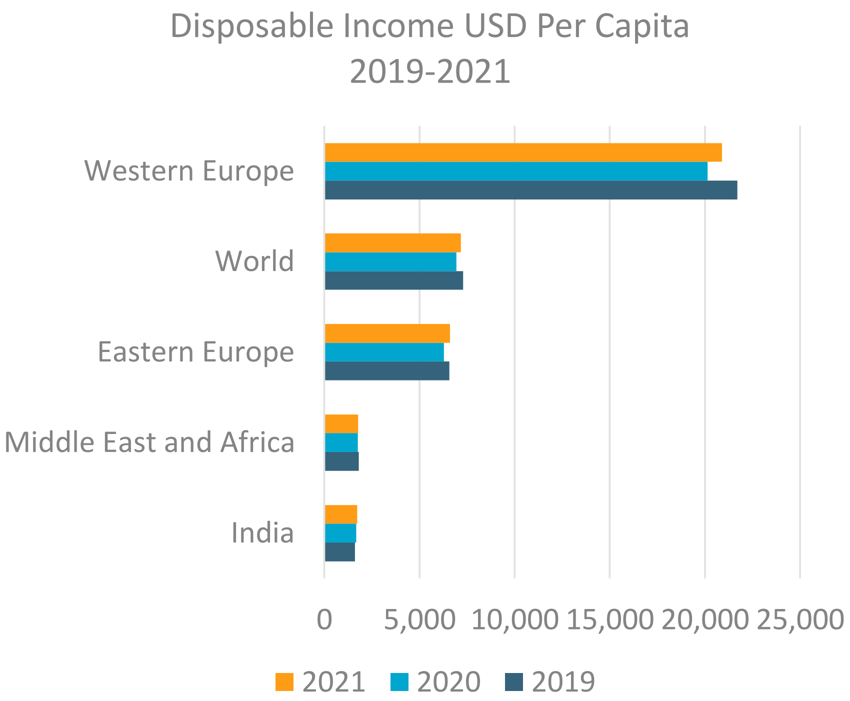
World economy -4.6% growth in 2020 as enter global recession



Source: Euromonitor International – Macro model
Note: Updated 29 June 2020

Western Europe the worst hit region with consumers reining in spending





Source: Euromonitor International – Macro Model

Tourism impacts

Global travel shutdown

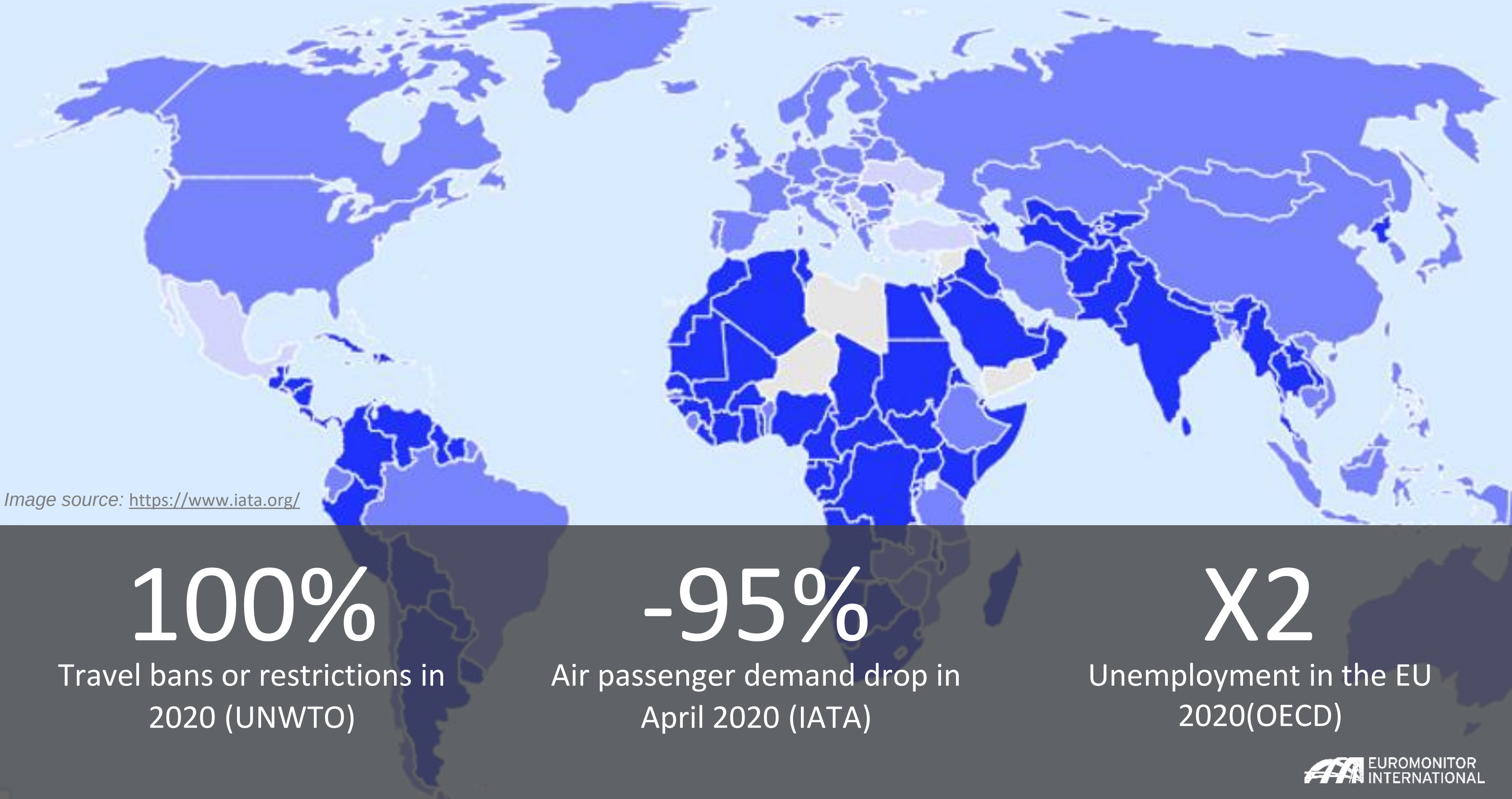


Image source: https://www.iata.org/

100%

Travel bans or restrictions in 2020 (UNWTO)

-95%

Air passenger demand drop in April 2020 (IATA)

X2

Unemployment in the EU 2020(OECD)

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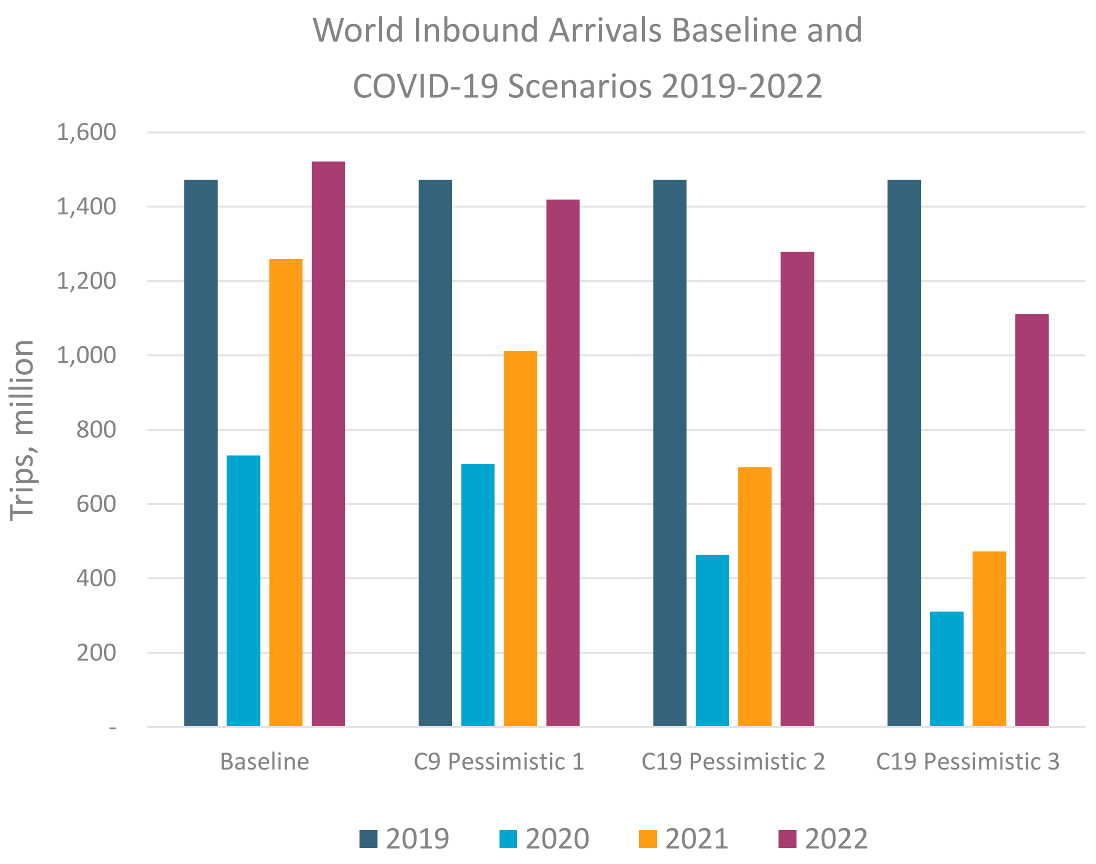

Source: Euromonitor International – Travel Forecast Model

-50%

Best case – world arrivals % growth 2020

-80%

Worst case – world arrivals % growth 2020

3

Number of years to recover to pre-crisis levels, minimum

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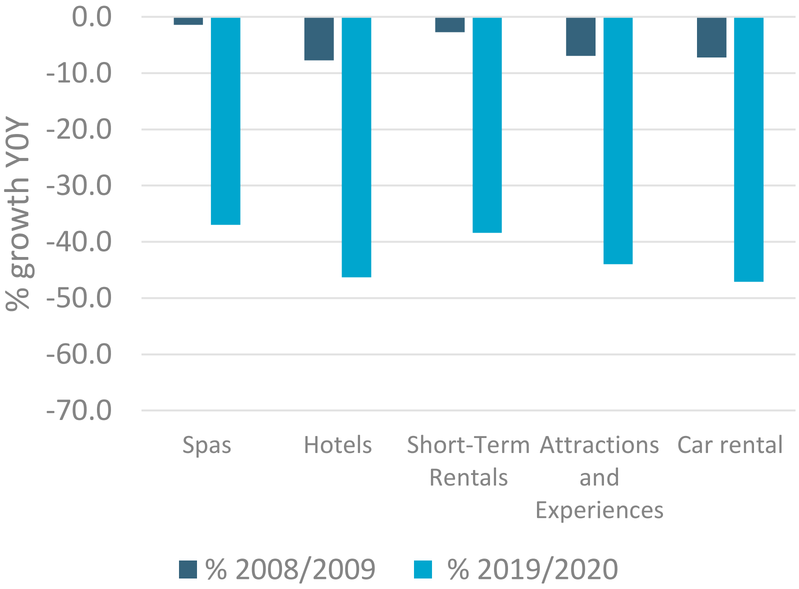
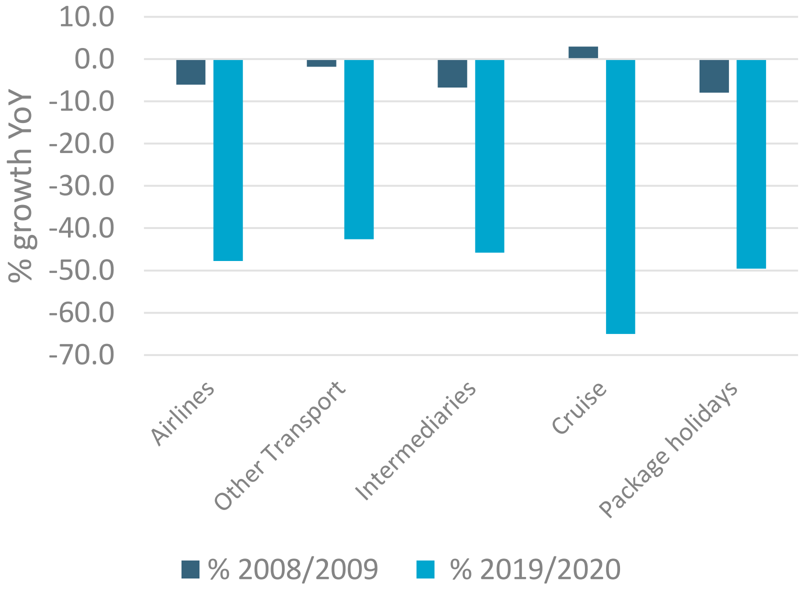
Biggest declines forecast for cruise and package holidays, taking several years to recover

Forecast Decline in EMEAI Travel Category Sales - Destination 2020



Forecast Decline in EMEAI Travel Categories – Source Market 2020



Source: Euromonitor International, provisional data

Note: Combined sales of Europe, Middle East, Africa and India

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Western Europe – moving cautiously out of lockdown

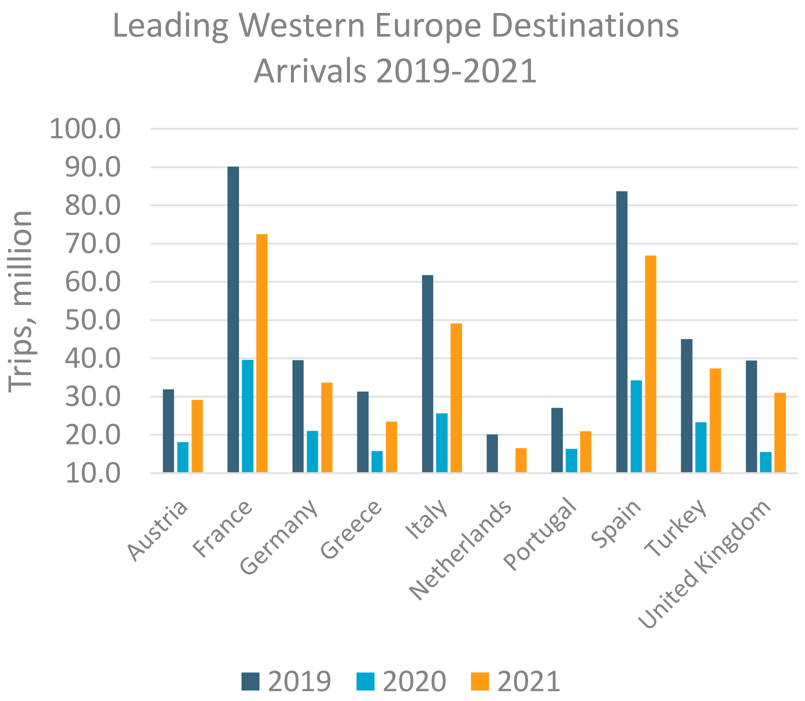
March
- Europe becomes the epicenter of the pandemic
- EU closes its borders to all but essential travel
- Temporary suspension of landing slot rules

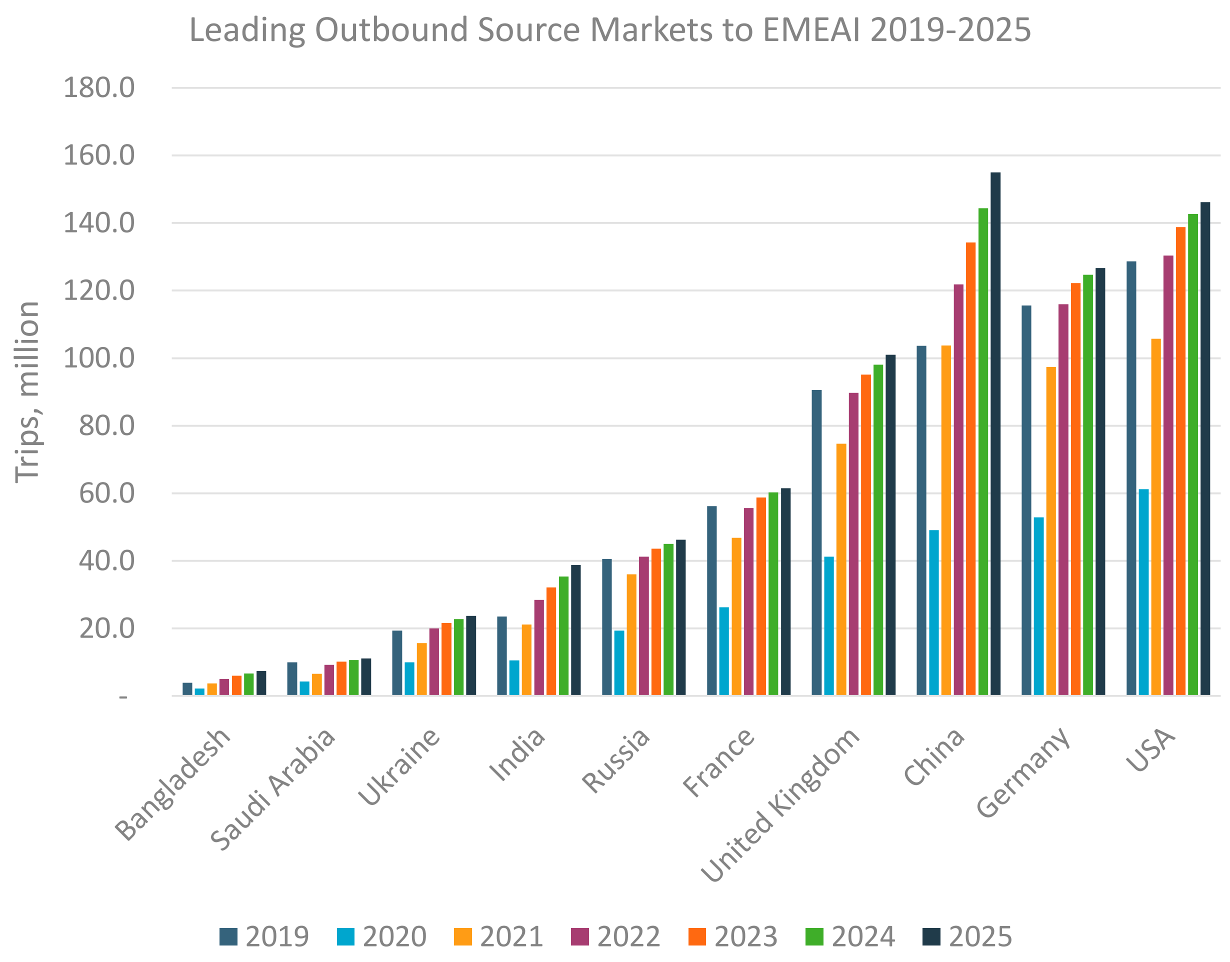
April
- Roadmap for lifting travel and tourism restrictions

May
- Restriction extended

June
- Partial and gradual phased lifting of travel restrictions
- Mid June opening of internal borders
- Re-open EU Recovery plan puts Green Deal at Centre

July
- 1 July – reopening of external borders to 14 countries excluding US, Brazil and Russia
- Tourism seen as a means of economic recovery





Source: Euromonitor International – Travel Forecast Model

Fast

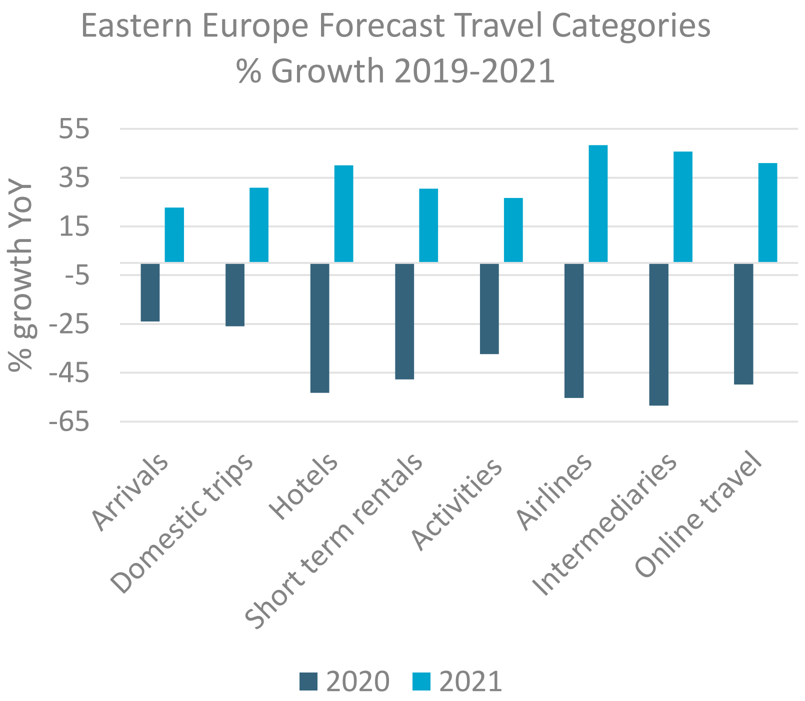
China – 1 year recovery by 2021 to pre-crisis levels

Slow

UK, France, Saudi Arabia –

4 years recovery by 2023

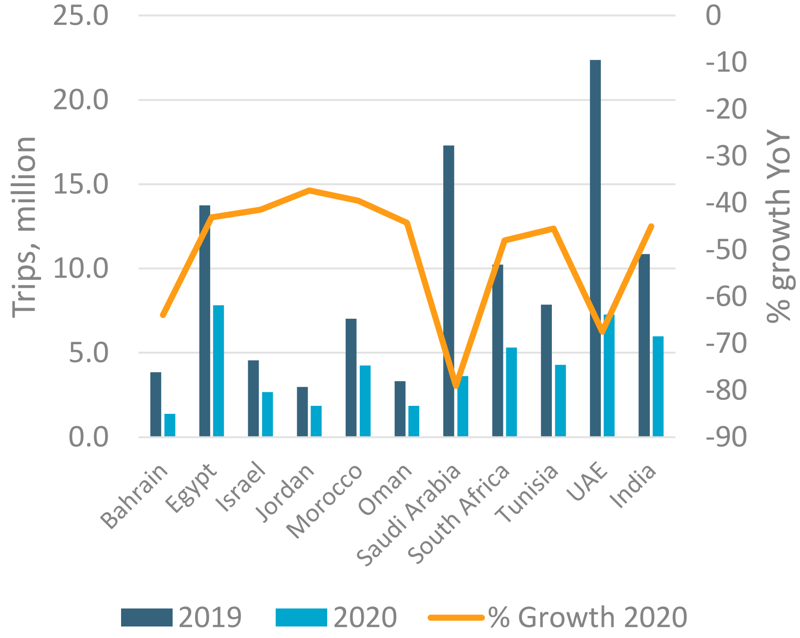
Eastern Europe – establishing travel bubbles



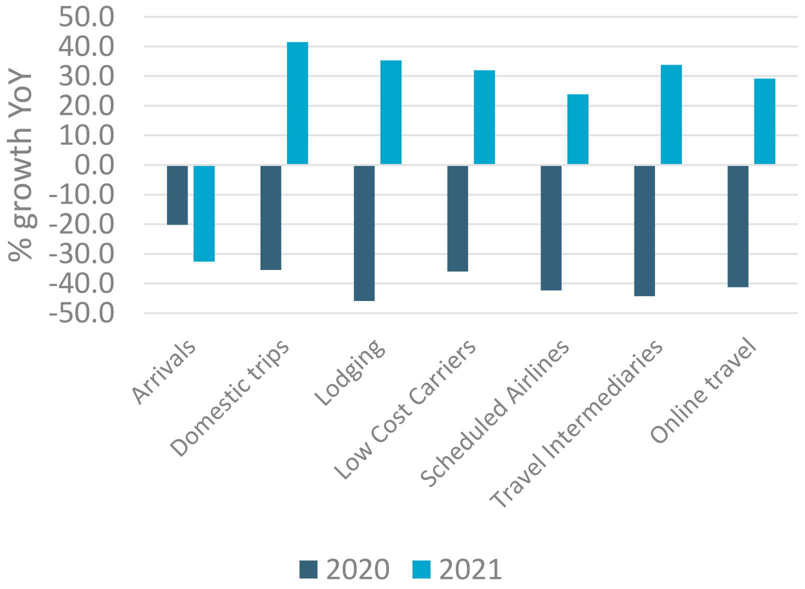
Source: Euromonitor International – Travel Forecast Model

Middle East, Africa and India

Middle East, Africa and India Arrivals 2019-2020



India Forecast Travel Categories
% Growth 2019-2021



Source: Euromonitor International – Travel Forecast Model

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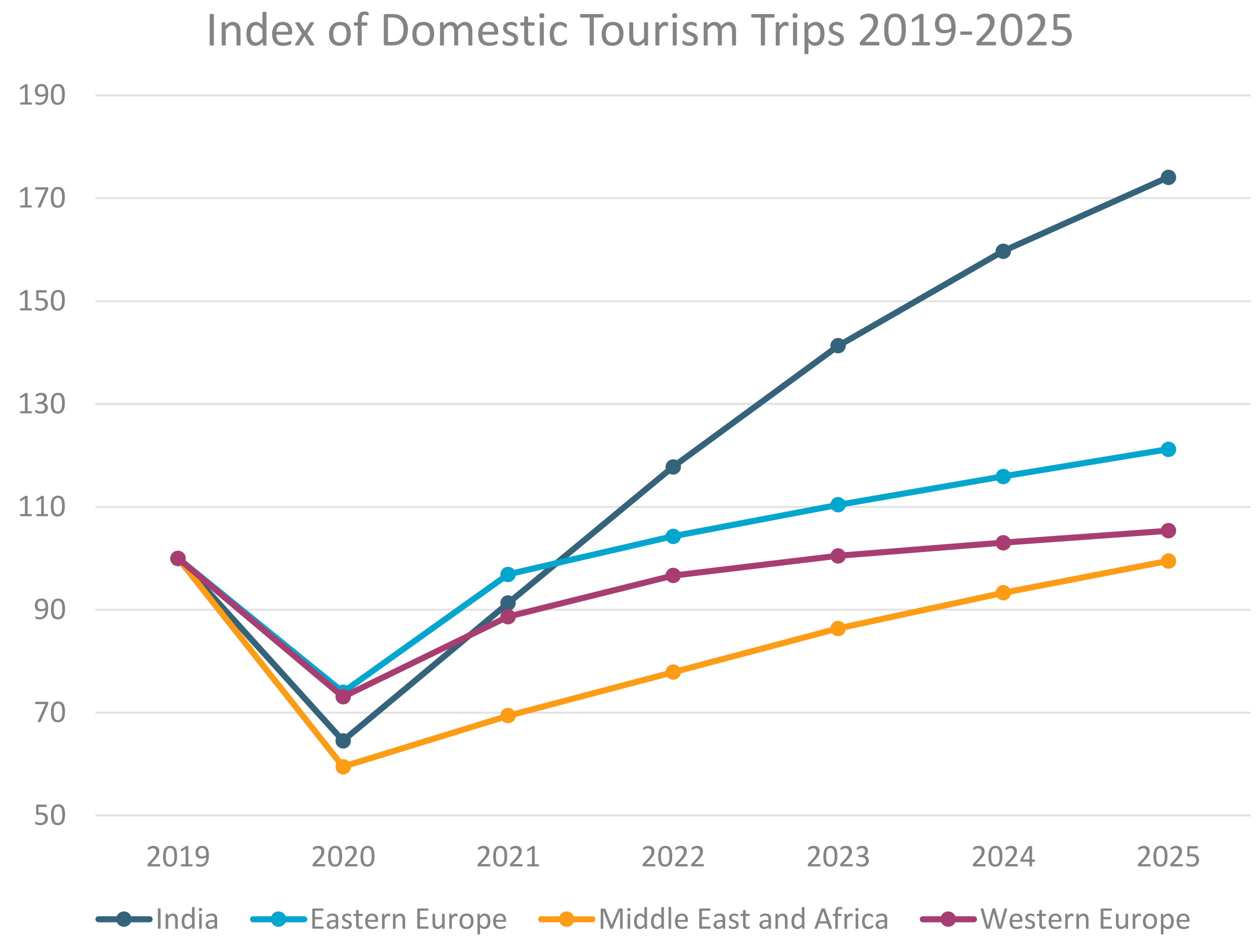

Source: Euromonitor International, provisional data

Domestic Tourism Dependency

India	99%
Eastern Europe	73%
Western Europe	68%
Middle East/Africa	58%

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Lessons from the Global Financial Crisis 2008/2009

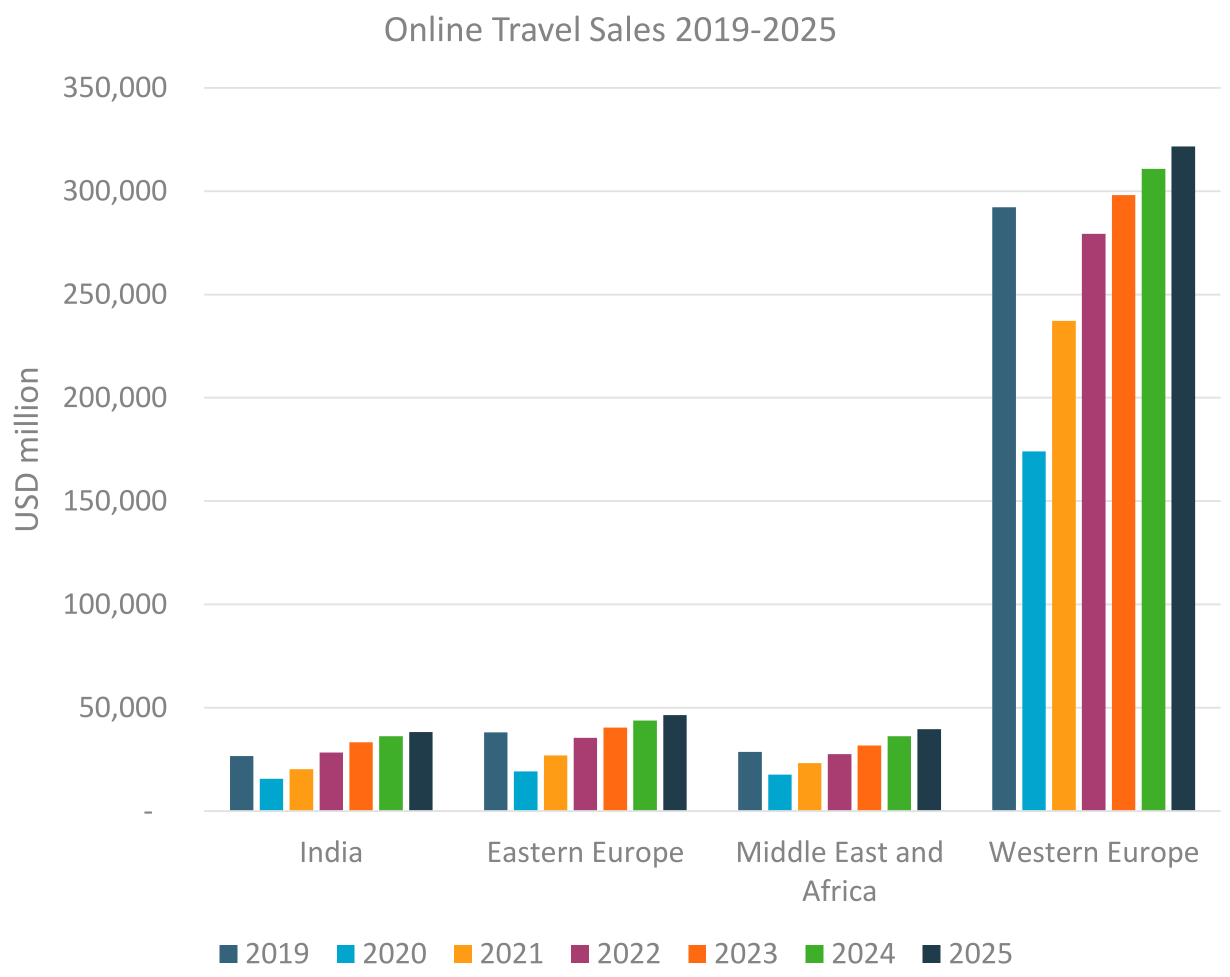
Crisis

Online
Trading down

New business models

Global Financial Crisis Recovery Times

	Inbound arrivals	*Business receipts*	*Leisure receipts*	*Domestic trips*	*Hotels*	*Short term rentals*	*Airlines*	*Low cost carriers*	*Intermediaries*	*Package holiday*	*Cruise*	*Attractions & experiences*	*Online travel*
Western Europe	4 years	8 years	6 years	8 years	No recovery	6 years	4 years	No impact	No recovery	No recovery	No impact	No recovery	No impact
Eastern Europe	3 years	4 years	4 years	No impact	5 years	7 years	3 years	No impact	5 years	No impact	10 years	8 years	No impact
Middle East/Africa	3 years	No impact	No impact	5 years	10 years	No impact	5 years	No impact	10 years	8 years	7 years	No recovery	No impact



Source: Euromonitor International, provisional data

Important travel features:

- ✓ Search engines (58%)
- ✓ Family recommendations (55%)
- ✓ Free cancellations (54%)
- ✓ Easy site navigation (47%)
- ✓ Digital wallet checkout (43%)
- ✓ Free upgrades (42%)

Source: Digital Consumer Survey June 2020

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Source market priorities

Q. - What attributes do your customers most value from your travel company or organization?

	US	China	Germany	UK
Safe destination	56%	58%	56%	70%
Authentic & local experiences	64%	58%	63%	70%
Value for money	56%	63%	50%	58%
Unique travel experiences	52%	68%	47%	48%
Cultural immersion	44%	47%	38%	45%
Immersion in nature	28%	32%	31%	39%
Rest & relaxation	36%	32%	44%	39%
Curated & personalised experiences	40%	32%	38%	36%
Give back	36%	37%	34%	33%
Adventure	28%	42%	22%	30%
Sustainable with minimal impact	24%	32%	28%	21%
Holistic wellness	20%	5%	19%	15%
Digital detox	16%	11%	16%	12%

Source: Voice of Industry Survey – Travel and Tourism, April 2020

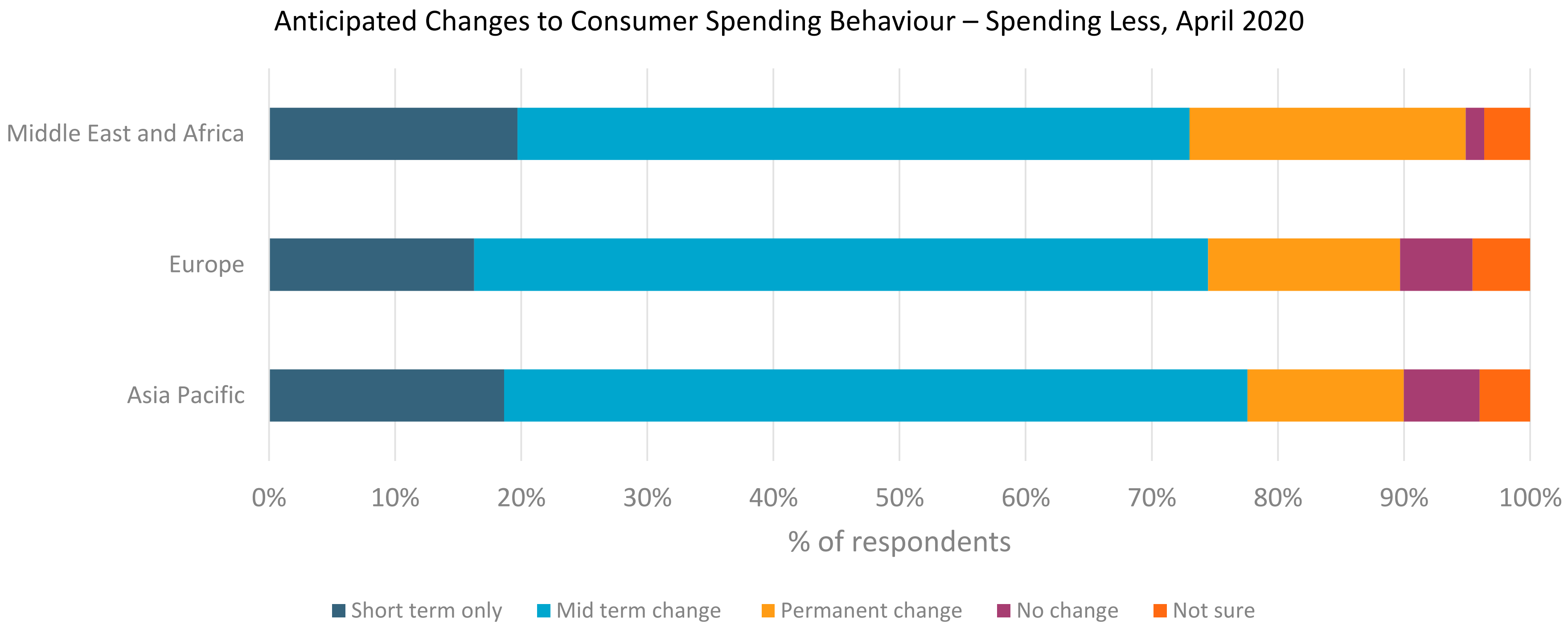
COVID-19 a priority but improving the customer journey is top priority

	US	China	Germany	UK
Improving the customer journey and user experience	61%	59%	64%	68%
Integrating new technologies	55%	63%	62%	58%
Creating a consistent brand experience across channels	53%	47%	64%	54%
Enhancing customer service	55%	69%	53%	53%
Becoming consumer centric	51%	47%	43%	46%
Providing information and advice to customers about COVID-19	45%	31%	53%	46%
Co-creating new products and services with consumers	33%	31%	42%	42%
Building mobile presence	39%	31%	38%	42%
Shifting from physical to online platforms	49%	53%	40%	34%
Enhancing cybersecurity	33%	31%	34%	32%
Deepening customer loyalty programmes	35%	38%	34%	31%
Diversifying payment options	18%	34%	23%	17%
Other	2%	0%	4%	2%

Source: Voice of Industry Survey – Travel and Tourism, April 2020

Consumer shifts

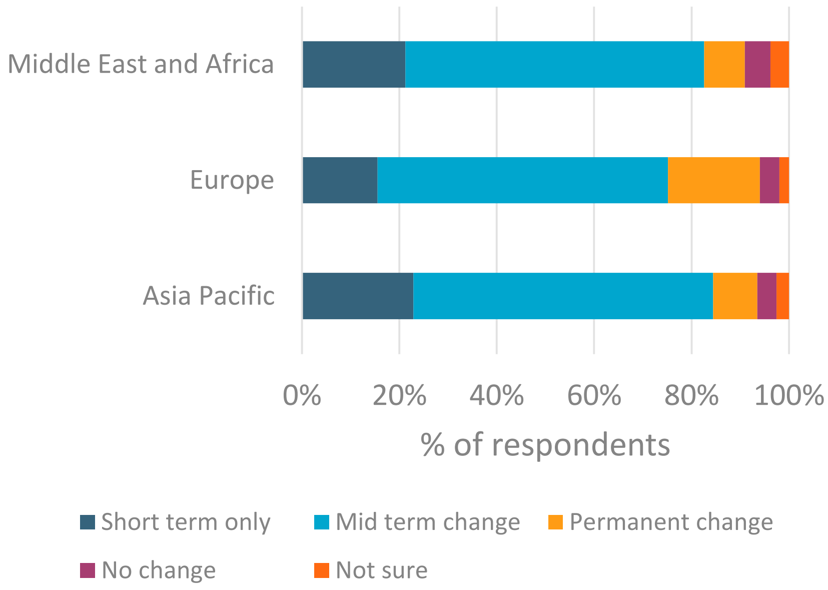
Reduced consumer spending in the mid term, with Middle East Africa longer impact



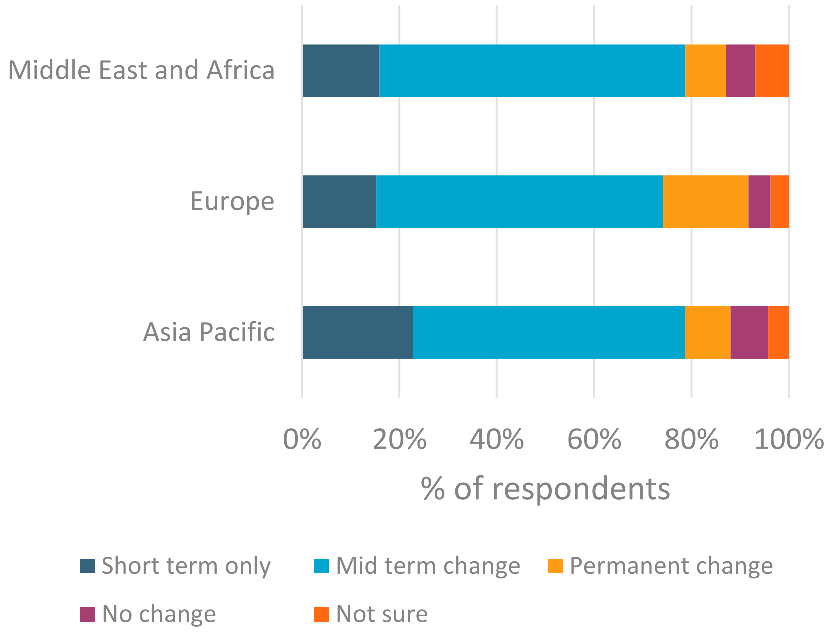
Source: Euromonitor International COVID-19 Voice of the Industry Survey, April 2020
Q: How do you think consumers will change their shopping and spending behaviour as a result of the COVID-19 pandemic?

Changes in travel behavior with consumers staying closer to home

Changes to Travel Behaviour – Less International Travel, April 2020



Holiday Closer to Home, April 2020



Source: Euromonitor International COVID-19 Voice of the Industry Survey, April 2020
Q: How do you think consumers will change their travel-related behaviours as a result of the COVID-19 pandemic?

64% of global consumers are worried about climate change

Lifestyles Survey 2020	UK	France	Germany	Italy	Spain	Russia	India	UAE	Saudi Arabia	South Africa
I am worried about climate change	63.0	68.5	57.9	71.4	75.3	58.0	80.4	66.0	54.9	68.7
Buy from brands aligned with my social and political views	21.1	24.3	24.0	24.7	28.3	31.6	33.1	34.0	44.4	29.2
Have a positive impact through my daily actions	61.0	65.3	57.2	70.1	67.0	59.7	80.5	69.9	70.3	70.9
I feel good buying eco/ethical products	16.4	18.5	29.0	23.0	27.8	30.1	35.8	28.7	33.1	26.0

Source: Euromonitor International Lifestyles survey2020, conducted during January-February 2020, n: 41,231

+9.6%

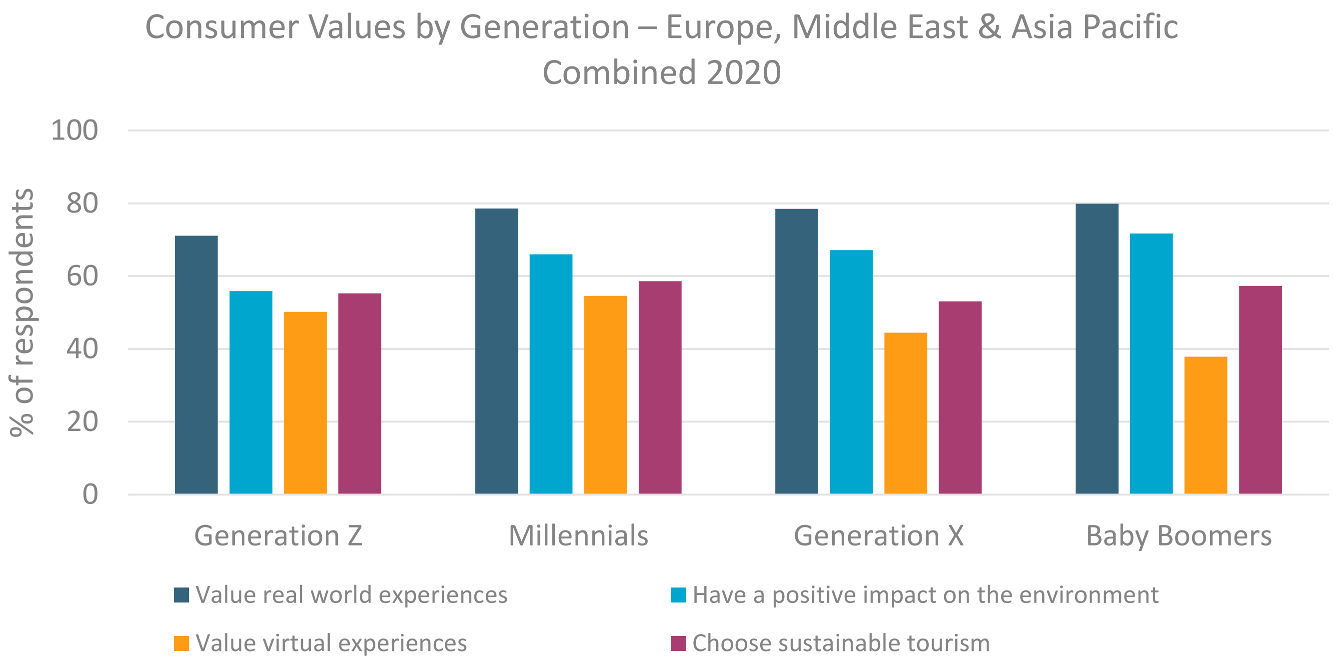
worried about climate change (2015-2020)

+10.2%

think they can make a difference with their choices and actions (2015-2020)

+3.4%

feel good buying eco and ethical products (2015-2020)



Source: Euromonitor International – Consumer Survey 2020

Closing the gap between experiences and sustainability

77% of global consumers value real world experiences

Gen Z exhibited a stronger penetration of sustainable travel experiences

Gap to narrow as desire to have a positive impact increases

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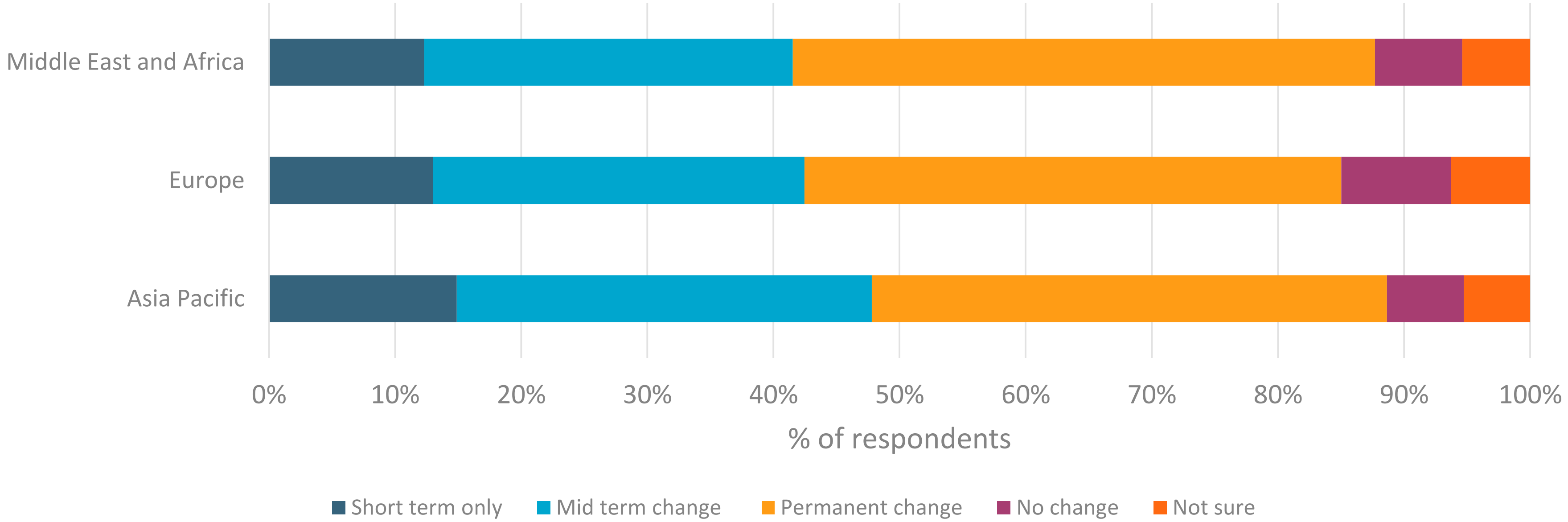
New and permanent focus on brand social responsibility – putting people at the heart

Changes to Consumer Sustainability Behaviour – Increased Importance of How Companies Treat Customers and Employees, April 2020



Source: Euromonitor International COVID-19 Voice of the Industry Survey, April 2020
Q: How do you think consumers will change their sustainability- and environment-related behaviours as a result of the COVID-19 pandemic?

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Trends to watch

Immersive experiences – the Faroe Islands

- An autonomous archipelago in the Atlantic Ocean, under the jurisdiction of Denmark
- Like the rest of the world, the Faroe Islands have closed their doors to visitors and introduced remote tourism
- Visitors are able to remote control one of the locals, giving commands such as run or jump whilst exploring with a Go-Pro
- In a world of zero travel, immersive virtual reality experiences are being offered to entice future visitors

Brands with purpose – Marriott

- Marriott reporting a drop in occupancy by 90% in April 2020
- Launched Marriott on Wheels, a food delivery service, in India to provide food to local communities
- Also donated rooms to healthcare workers and provided essential supplies like cleaning products and masks
- Hospitality is a highly human experience, and Marriott has put people at the heart of its pandemic response

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Climate positive - Svart Hotel

- First Powerhouse hotel in the Arctic Circle
- Cutting edge circular design
- 85% less energy
- Produce more energy than will use over 60 years
- Minimal footprint on environment

Image source: www.svart.no/

Green digitalization - Red Sea Development project

- Covers 90 islands. Phase one of the project is due for completion in 2022 and finalisation in 2030, including 14 luxury hotels
- Sustainability is at the heart of its destination management, using 100% renewable energy and zero plastic
- Virtual concierge using AI, AR/VR, IoT sensors and biometrics to deliver personalised, guilt-free experiences
- The use of personal carbon trackers to monitor and measure each visitor's personal impact

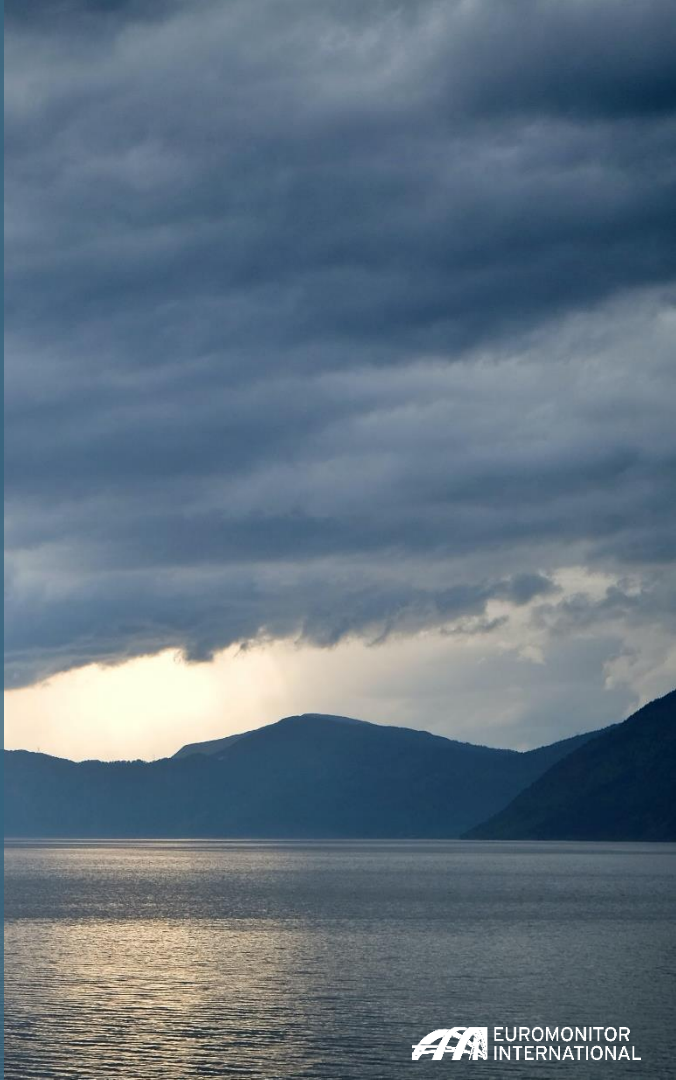
Guilt free mobility – Uber Air

- Uber Air – next gen urban mobility with electric vertical takeoff and landing vehicles (eVTOL)
- Point to point, city to suburbs, city to city
- Sometimes only innovation is the way to tackle problems such as flying and taking cars off roads

Transparency on carbon impact - Meravando

- A booking app that allows consumers to book cruises that are 100% climate neutral
- Partners with major cruise line companies including Aida, TUI Cruises, Costa and MSC
- The app calculates the carbon footprint and deducts the cost for offsetting from the commission

Image source: https://bit.ly/2BdHwca



If we don’t act now, there will be no travel in the decades and centuries to come.

James Thornton, CEO, Intrepid

The new normal

Travel in the new normal: recovery in domestic, intra-regional, then international

- Crisis: 3 months
- Recovery: 6-9 months
- Resilience: 12-18 months

COVID-19
- Waves 1-4
- Testing and contact tracing
- Treatment
- Vaccine

Travel
- Zero travel
- Phased lifting of bans
- Local, VFR
- Domestic
- Intra-regional
- International

Priorities
- Health
- Social wellbeing
- Economy
- Sustainability
- Capacity building

New Normal
- Fear/hassle factor
- Social distancing
- Health protocols and testing
- Airlines 50-75% load factor
- Hotels 40-50% occupancy

Health and hygiene protocols

Touch-free or low touch

Socially distanced

Consumer-centricity

Empathetic engagement


Source: Future Traveller Experience


Source: COVIDinnovations

COVID-proofing

Repurposing of operations

Reskilling staff

New business models

Digital green transformation

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On the up

Adventure, wellness tourism

National parks, camping & eco-pods

Sustainable experiences

Gen Z and Y

Digital

On the down

Unsustainable business models

Mass tourism

MICE

Corporate business

Baby boomers

Key takeaways

COVID-19 is having an unprecedented impact on economies and how consumers live, work, shop and travel, impacting consumer behaviour, attitudes and income

Destinations and brands will have to work extra hard to reassure visitors that it is safe to travel, adapting to the new normal and touch-free customer journey

Digitalisation, automation and innovation will accelerate and fuel achieve the 2030 agenda, whilst unsustainable business models will fail

It is important that communities are put at the heart of the rebuilding to ensure everyone is onboard with the phased recovery

Great opportunity to minimise negative impacts and take forward only sustainable practices as part of the global travel rebuild

Thank You

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