tourism northernireland

Covid-19 Tourism Outlook

1 June 2020

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

This issue – at a glance:

Economic: Consensus appears to be that we are now in what economists call the ‘U’ shape (a slower and longer recovery), a view affirmed in statements recently made by the UK Chancellor.

Consumer: Sentiment around intention to travel is more optimistic for later in the year but when and where to visit continues to be tempered by concerns about hygiene and social distancing. The tourism sector is responding with practical operational measures.

Air Access: More major airlines have issued dates for when they will resume flights, however the official advice remains not to travel overseas unless essential. Consumer rights issues on obtaining refunds for cancelled flights are front of mind for many would-be travellers, alongside safety concerns when air travel resumes.

Travel and Tourism Industry: Here in NI the recovery taskforce is now up and running. We provide details of published recovery plans across the UK and Ireland, relevant to tourism. We continue to highlight industry sectoral plans as they emerge.

Economic Outlook

Economic forecasts and predictions expressed at the outset of Covid-19 centred on the risk of a global recession. These are being substantiated as evidence builds from the sharp impacts emerging at end of Quarter 1, and mid-way through Quarter 2. Government measures remain in place to mitigate against sustained unemployment and permanent business closures, as governments world-wide implement staged recovery plans while trying to avoid triggering a second wave of infection.

Global Outlook

- The World Economic Forum has produced a special edition of its Global Risks Report that unpacks the challenges the world now faces as a result of Covid-19. The single risk most likely to occur, and considered to be of most concern, is the prolonged recession of the global economy. There is potential failure of certain sectors to fully recover despite government response, along with rising unemployment and the disruption to global value chains.
- Macro-economic predictions from the European Travel Commission show world GDP will decline by -7% in the first half of 2020, with a rebound in China's economic activity in Q1 and Q2 giving only a small boost to GDP.

Closer to Home

- The Bank of England has forecast that the Covid-19 crisis will push the UK economy into its first technical recession (meaning two consecutive quarters of economic decline) in more than a decade. The BoE illustrative scenario suggests the UK economy will shrink by 3% in the first quarter of 2020 followed by a further 25% fall in the second quarter. However, the BoE also notes that predicting the economic outlook this year is full of uncertainty.
- In an opinion piece, Esmond Birnie, senior economist at Ulster University's Business School, analyses the recovery prospects for Northern Ireland in light of recently released Quarter 1 data from the ONS showing that UK GDP declined by 2% in Jan-March. Birnie suggests the recovery will occur over several years in either an L or U-shaped profile, with little hope for a quick rebound.

Recovery Outlook

- Also in its latest quarterly report for Q1 2020, the European Travel Commission estimates that European tourism will decline by -39% in 2020 compared to 2019. However, as countries gradually ease lockdowns in the second half of 2020, sectors are expected to rebound sharply, and world growth is set to rise to 6% by 2021. The ETC anticipates that the recovery of the tourism sector will mirror the economic vitality of different markets, and does not expect a return to pre-crisis levels until 2023.
- On a more optimistic note, GlobalWebIndex in its report on Remote Working Beyond Covid-19 outlines how home working is linking to business agility and personal empowerment, despite this having become an overnight necessity for many businesses worldwide. While it doesn't portend the death of the office, nimble thinking and inter-team collaboration can be the key to unlocking better business performance. It also cautions against work life bleeding into home life – a salient reminder in last week's Mental Health Awareness Week.

Consumer Outlook

While Covid-19 has been an unprecedented disruptor, it is emerging that the pandemic has also reinforced and even accelerated several emerging consumer trends predicted at the start of the year. Health and wellbeing remain central factors determining future likelihood to travel, coupled with current research showing that a feeling of personal safety is paramount in getting people to feel confident enough to take staycations.

Global Outlook

- In its updated consumer trends report, issued at the start of 2020, JWT Intelligence highlights that Covid-19 has brought new expectations around hygiene and protective technology to public places. It also reports that a desire, pre-Covid, for locally sourced products has intensified during lockdown. The Millennial and Generation Z demographics in particular are now turning to these purchasing patterns.

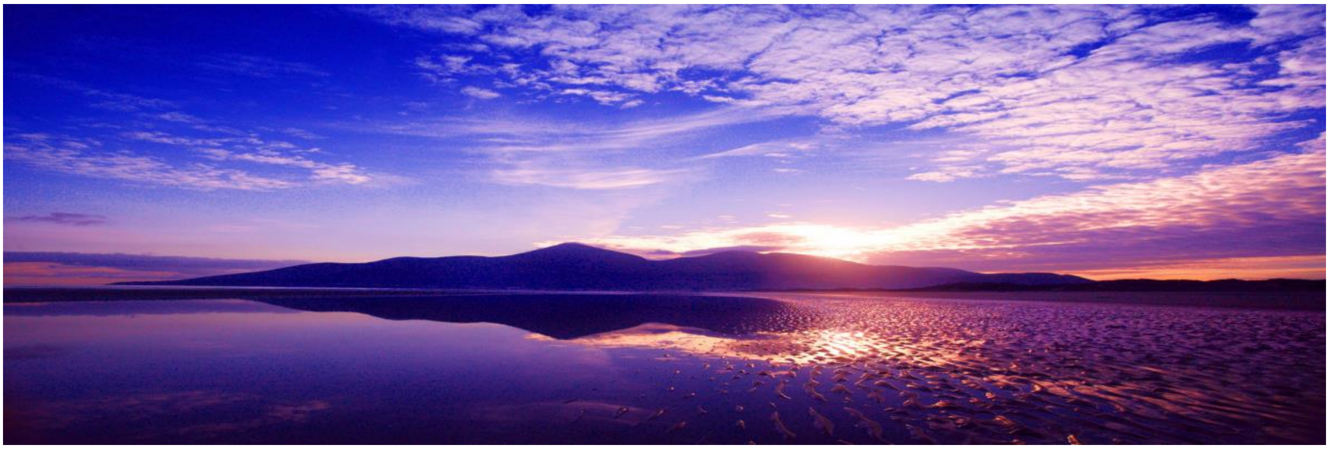
- GlobalWebIndex research into consumers' post-outbreak travel plans finds that around 3 in 10 plan to take more staycations once their home country moves firmly towards recovery. The driving factor is feeling safe enough to travel, with 58% of respondents citing this as what would give them the confidence to book trips again. Those planning more domestic trips (68%) or staycations (65%) are the most likely to say it's a feeling of safety that will prompt them to start booking again.

Closer to Home

- A recent poll by Ipsos Mori reports that just two in ten of Britons would be comfortable travelling abroad. It considers this is a positive outlook for the UK tourism trade to recover more quickly, with 45% of Britons aged 18-75 saying they would feel comfortable holidaying in this country, although a similar proportion (44%) would still have worries.

Recovery Outlook

- A report from Skift considers how destinations are pitching themselves to tourists keen to travel. It cites how Provincetown, Massachusetts, known for large-scale events and bustling nightlife, is aiming to entice visitors with the promise of open spaces, outdoor experiences, 'small crowds' and pedestrianised roads to allow visitors to spread out. Sicily, meanwhile, is going for a harder sell: its regional government is planning to offer subsidised holidays (up to €75 million earmarked) for vouchers to be distributed for promotional purposes to tourists.



Air Access Outlook

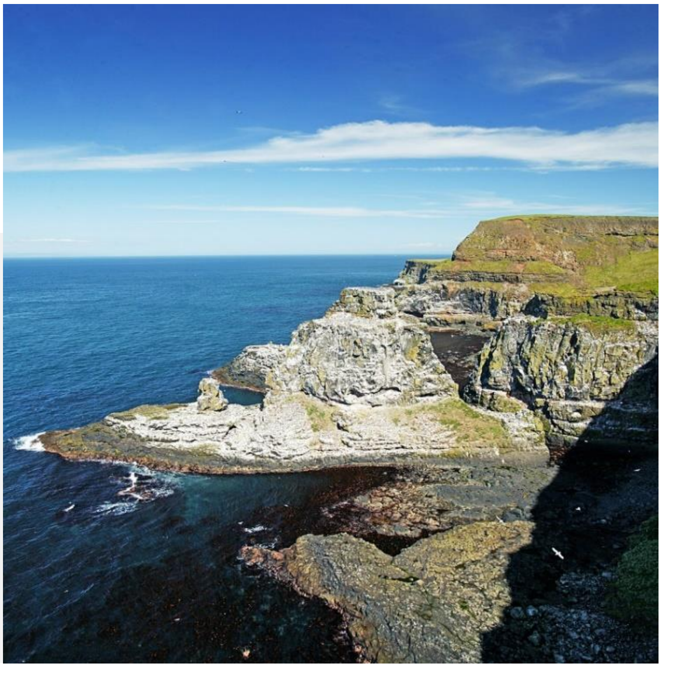
The focus is now turning to when and to what extent airlines may be able to commence flights – even if limited to a small number of key routes, and subject to whether consumer demand is sufficient. The UK Government's advice remains against travel unless essential, as does the Irish Government's.

Global Outlook

- Willie Walsh, CEO of IAG (the airline group that includes Aer Lingus and British Airways), has cautioned that while demand for flights may return by 2023 or 2024, he anticipates that there will be no return to the pre-Covid operating environment.
- The European Union Aviation Safety Agency (EASA) and the European Centre for Disease Prevention and Control (ECDC) have released guidance protocols for each phase of the passenger journey, and the actions that need to be taken or measures put in place in six travel segments: before arrival at the airport, in the departure terminal, when boarding, in flight, in transit and on arrival at the final destination.
- The UK Government has announced new rules on entering the UK that will be in place from 8 June 2020. Residents and visitors will not be allowed to leave the place they are staying for the first 14 days. Ireland, Channel Islands, Isle of Man will be exempt.
- The Irish Government has introduced from 28 May 2020 a legal obligation for all travellers from overseas to complete a passenger locator form on where they will be staying. They are also advised to self-isolate for 14 days and the expectation is they will do so. (Passengers travelling to Northern Ireland are exempt.)

Closer to Home

- Ryanair has announced that it hopes to restore 40% of its scheduled flights from 1 July, subject to restrictions on intra-EU flights being lifted. The airline plans to introduce a range of health measures including temperature checks at airport entry and the wearing of face masks or face coverings at all times.



- From 1 June Lufthansa, Eurowings and Swiss will resume services from Dublin, Manchester, Birmingham, Edinburgh to Frankfurt, Zurich, Dusseldorf, Hamburg, Stuttgart and Cologne. The airlines will also increase frequencies from Heathrow.
- easyJet has announced its intention to restart a small number of flights on June 15. Like Ryanair, easyJet plans to roll out new safety measures including the compulsory wearing of masks by passengers and cabin crew and enhanced cleaning of aircraft. Planned routes are mainly domestic UK services (including London Gatwick, Edinburgh, Glasgow and Belfast), with a minimal number of international flights.
- The Consumer Council has stated that it has been urging the Civil Aviation Authority (CAA) to explore, with the government, all options on the issue of balancing the rights of passengers with the financial pressure on the airline industry. Making reference to recommendations issued by the EU, it believes that vouchers that guarantee a cash refund if unused after 12 months or if the airline goes under, would be more attractive to many consumers and could ease the financial pressure on airlines. However, the bottom line of a cash refund must remain an option for those consumers that need it.

Recovery Outlook

- Routes Online notes that from 21 May the US airline Delta will resume two passenger services: London Heathrow-Detroit. Also Frankfurt-Atlanta. However, while these services will be available for passengers the return of the routes is primarily driven by increased demand for cargo capacity.
- A feature by digital consultancy Publicis Sapient and Skift outlines how the airline industry has taken stock of discussions around sustainability both pre- and post-Covid. It notes steps taken by the industry towards plastic reduction and fuel efficiency before the pandemic unfolded, the decrease in air pollution and fossil fuel use that have resulted from the mass grounding of fleets, and asks to what extent the crisis will serve as a ‘call to action’ for the airline industry.
- Skift reports that some of the world’s biggest airports including London Heathrow are turning to digital technologies such as predictive AI and sensors to calculate passenger flows and help airports make sure customers and staff remain at safe distances from each other.

Travel and Tourism Industry Sectoral Outlook

Governments are turning their focus to a planned emergence from lockdown. Our attention is on how and when the tourism and hospitality sector can attract customer footfall, sales and bookings as it begins to rebuild. How then does the easing of restrictions across the UK and Ireland broadly compare, allowing that these could still change at any point, though a positive is the NI Executive has already made some concessions, including on golf, meeting up outdoors, ahead of the 28 May review date.

UK & Ireland Recovery Plans

Northern Ireland

The NI plan is not calendar driven and indicates a series of reviews broadly every three weeks between each step

Sport, cultural and leisure activities/retail

- **Step 1: (28 May):** Outdoor spaces and public sport amenities to open. Can undertake, for example, walking, running, cycling, some water activities, golf and tennis. Large outdoor based retail can open (e.g. garden centres - though associated cafes and restaurants only able to offer takeaway/collection).

- **Steps 2,3,4** are not directly tourism-related. They address non-food retail, phased return to workplaces, school admissions, public transport.

- **Step 5: (Final step):** Hospitality retail (restaurants, cafes, and pubs) can open subject to risk assessment, on a limited basis to start with. Resumption of close physical contact sports. Return to competitive sport and full use of sporting facilities. Spectators to attend live events on restricted basis. Nightclubs, concerts open on a limited basis.

Read in full:

NI Executive approach to decision making

NI Exec summary (includes 5 step visual)

Republic of Ireland

Plan gives dates but with restrictions eased incrementally

Sport and tourism

- **Phase 1 – from 18 May:** Outdoor spaces and tourism sites (for example: car parks, beaches, mountain walks) will be opened where people can move around freely and where social distancing can be maintained. Public sport amenities (for example: pitches, tennis courts, golf courses) can be opened where social distancing can be maintained). Travel restrictions of 5km remain.

- **Phase 2 – from 8 June:** Travel restrictions eased from 5km to up to 20km, but unnecessary journeys must be avoided.

- **Phase 3 – from 29 June:** You should still stay at home as much as you possibly can. You can travel no further than 20 kilometres away from your home. Cafés and restaurants providing on-premises food and beverages can reopen. They must comply with social distancing and strict cleaning protocols. Travel restrictions may be implemented on numbers travelling to and in major urban centres on weekdays and weekend days. Specific measures will be introduced at ports and airports.

- **Phase 4 – from 20 July:** It is planned that you will be able to travel outside your region and beyond the 20 kilometre restriction in phase 3. Hotels, hostels, caravan parks, and holiday parks for social and tourist activities can open, initially on a limited occupancy basis (or number of people per square metre), and then increasing over time. Social distancing measures are to be followed. Hotel bars remain closed.

- Museums, galleries, and other cultural outlets can be opened where people can move freely without coming into contact with others, social distancing can be maintained and strict hand hygiene is enforced on entry.

- Restrictions will gradually be decreased on the numbers travelling in major urban centres on public transport and in private cars.

- **Phase 5 – from 10 August:** Pubs, nightclubs and casinos can reopen, where social distancing and strict cleaning can be complied with.

- Festivals, events and other social and cultural mass gathering can take place only in accordance with both indoor and outdoor number restrictions and where social distancing can be complied with. Spectators can begin to attend live sporting events only in accordance with both indoor and outdoor number restrictions and where social distancing can be complied with.

- Non-resident tourist travel to offshore islands can resume.

> **Read in full:**
>
> **Roadmap for reopening society and business**
>
> **Five step plan visual**

England

Hospitality Premises (also cinemas, other venues)
The government's current planning assumption **is that this step will be no earlier than 4 July** and subject to further detailed scientific advice, provided closer to the time, on how far we can go. When they do reopen they should also meet the COVID-19 secure guidelines.

> **Read in full:**
>
> **Our Plan to Rebuild - The UK Government's Covid-19 Recovery Strategy**
>
> **England: FAQs on What you Can and Can't do**

Scotland

The Scottish Government is working through its Covid-19 Framework for Decision Making and a four phase Route Map.

Wales

Similar to Scotland and NI, Wales has published a roadmap for Unlocking our society and economy: continuing the conversation and uses a traffic light system of red, amber and green as indicators to easing restrictions and in phases. It will now consult with its stakeholders across the private, public and community sectors to agree details.

Recovery Outlook

- The Association of Leading Visitor Attractions (ALVA) has published the results of Wave 1 of its Attractions Recovery research. Key findings show that while there is a growing anticipation of visiting attractions within the next 3-6 months, visitors are generally inclined to wait and see how well attractions handle the reopening phase before committing to visits. The report suggests that how well attractions are able to maintain distancing measures on-site, and how they allay visitors' concerns through pre-visit communications, will largely determine their future success.
- Meanwhile, research by Indigo into audience views on returning to live cultural events shows that while 55% of respondents are keen to support local venues again, just 17% are actively booking tickets. Of the 17% who are booking, half of these are for events from November. Notably, 41% of all respondents would not consider booking for events for at least 4 months, while three quarters say they would feel safer with some form of social distancing measures in place at venues.