



Is health risk the critical determinant in tourism coming back?

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Abstract

The following paper is based on an industry discussion to identify if the health risk of visitors and the need for COVID-19 management and best practices as a short- and long-term strategy to maintain competitiveness of the destination.

Objective(s)

- To identify demand patterns in the short and medium term that DMOs can consider in order to understand the relationship of COVID-19 management practices at the destination level and the impact on longer term bookings.

Conclusion

The author concludes there is probably some connection between the COVID-19 management practices of a destination in the short term and the confidence risk adverse market segments have in booking a future trip to a destination.

Given that destinations should consider best and worst case scenarios it makes sense to consider COVID-19 management for a destination to ensure long term competitiveness.

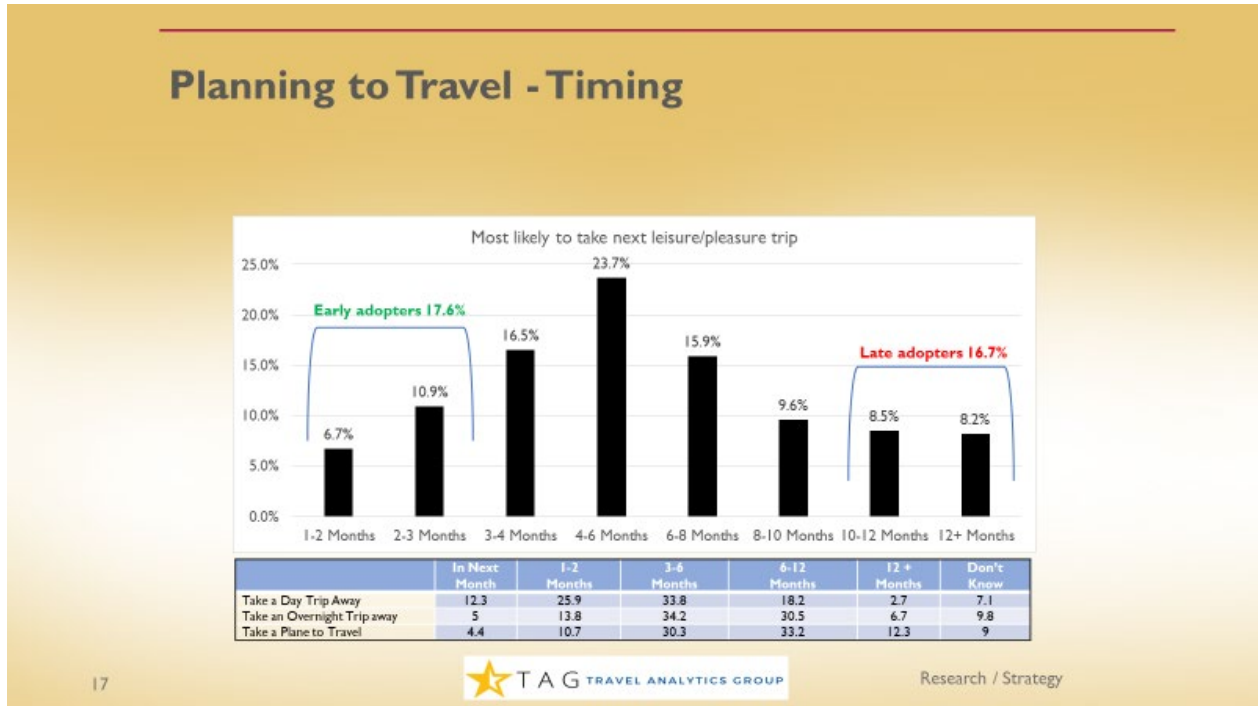
For months now, Destination Marketing Organizations have been trying to get a handle on "when things will get back to normal." The industry has produced reams of data, including sentiment studies, trying to devise some insights as to when demand for travel and tourism returns to pre COVID-19 levels.

As government regulations have softened, visitors have begun to return, but these "early adopters" have returned to a very different destination experience one that is guided by social distancing, wearing masks, and washing hands. These new additions have changed the experience.

What has become increasingly apparent, with little conversation around it, is not if consumers have the money - some do - or the interest. But will these changes bring back demand to pre-COVID 19 levels? Or, are there other elements that will enable visitation beyond the initial "early adopters?" While we often look for a clear reason as to why things happen or don't happen, there often is a more nuanced reason beyond these. Our suspicion, or hypothesis if you will, is the consumer's level of personal risk-taking in exposing themselves to take a trip to a destination. Using data provided by SMG Consulting/Travel Analytics Group and Insights Collective/Inntopia, we present thoughts for consideration on the importance of the level of risk as a consideration in taking a trip.

In May of this year, SMG Consulting/Travel Analytics Group implemented a study of California Travelers, and one of the critical questions that were asked was when consumers were most likely to take their next leisure/pleasure trip. Figure 1 below illustrates a bell curve of responses, with 15% of respondents indicating they would take a trip within 1-3 months. At the same time, 16% of respondents indicated they wouldn't be traveling for ten months or more. The most significant opportunity is the approximately 70% of respondents that were looking between to travel three and ten months in the future.

Figure 1: Leisure/Pleasure Trip Planning

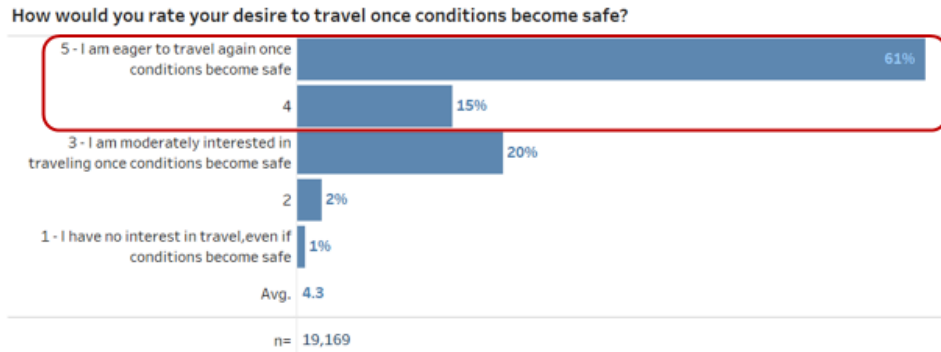


Source: SMG Consulting/Travel Analytics Group

Can we assume that the sizeable segment was holding back to see how things would go before deciding to take a trip? As well, the importance of COVID-19 management is critical during this time. Insights Collective data from RRC and Associates shows an apparent eagerness to travel once conditions are safe.

Desire to Travel

61% are “eager” and 97% express some interest in travel once conditions are safe.



RRC Associates Mountain Traveler Sentiment Survey, July 2020

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A key question to consider is what does safe mean? Each person or travel party internally calculates the risk of taking a trip (this assumes that consumers have the financial ability to take one which we assume they do otherwise they would not have answered the question). As such, it makes sense for a destination to seek to minimize the risk to potential visitors.

If this risk-averse segment of the consumers are holding back what would they be looking for, what indicators would change their mind or create an atmosphere where they would be willing to take a trip? Would it be the number of COVID-19 cases nationally, the positivity rate of those being tested, or the number of people who have unfortunately died? Additionally, could this segment be looking at early reports on how the early adopter behavior is playing out in their favorite destination before they consider "all clear." Based on all of this collective information, this segment will assess their risk level and make their decision. Additional data from RRC illustrates the likelihood of what's important to visitors and their likelihood of visiting a destination.

Information to Increase Likelihood of Visiting

Travelers want to know what's being done and what's expected of them to keep visitors safe. This information will be key to messaging.

Once you consider travel to be safe again, what information would you need to help make you more likely to visit [Your Resort]? (Check all that apply)

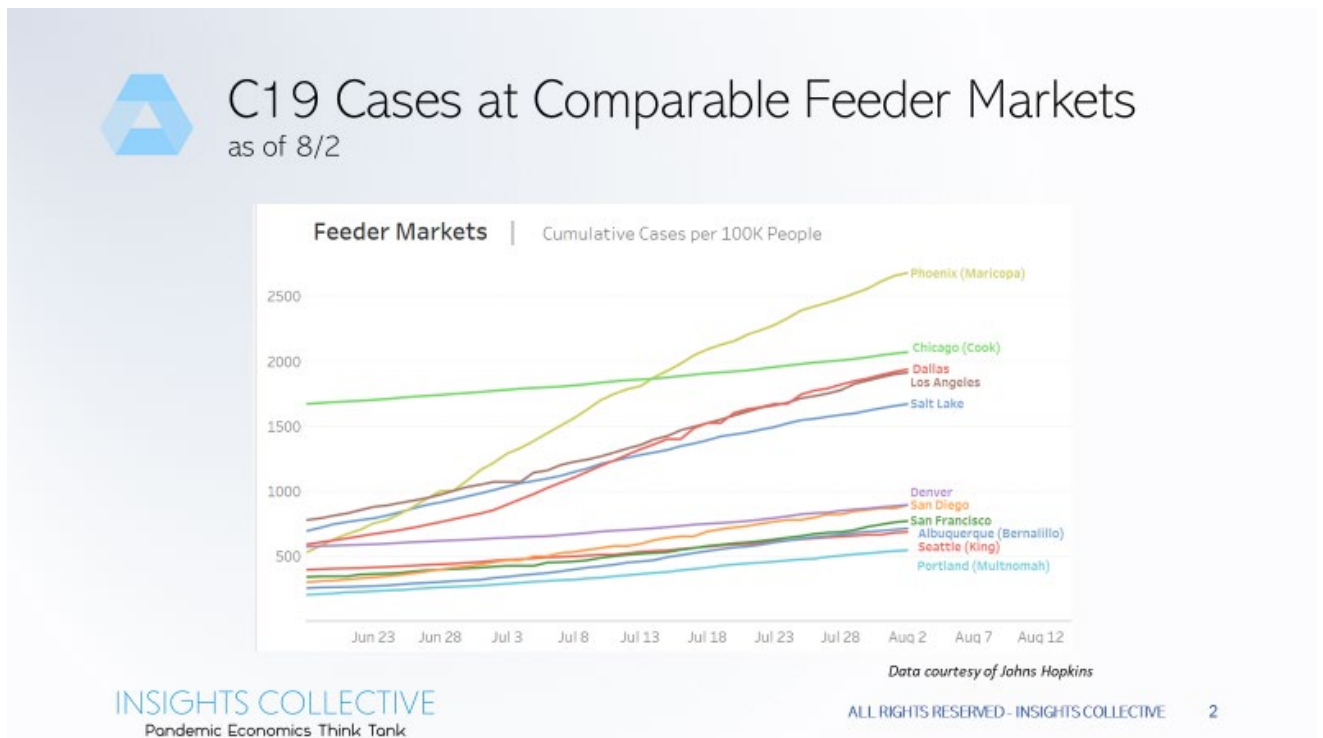


n= 15,999
RRC Associates Mountain Traveler Sentiment Survey, July 2020

What are they seeing?

As the data suggests, consumers see a trend that does not inspire confidence in future trips. As the following slides suggest (Need a slide on U.S. Trend.), the trend at the national level is problematic. This trend is also confirmed at the sub-national feeder market level, where COVID-19 cases have been trending upwards.

Figure 2: COVID-19 Cases Trend

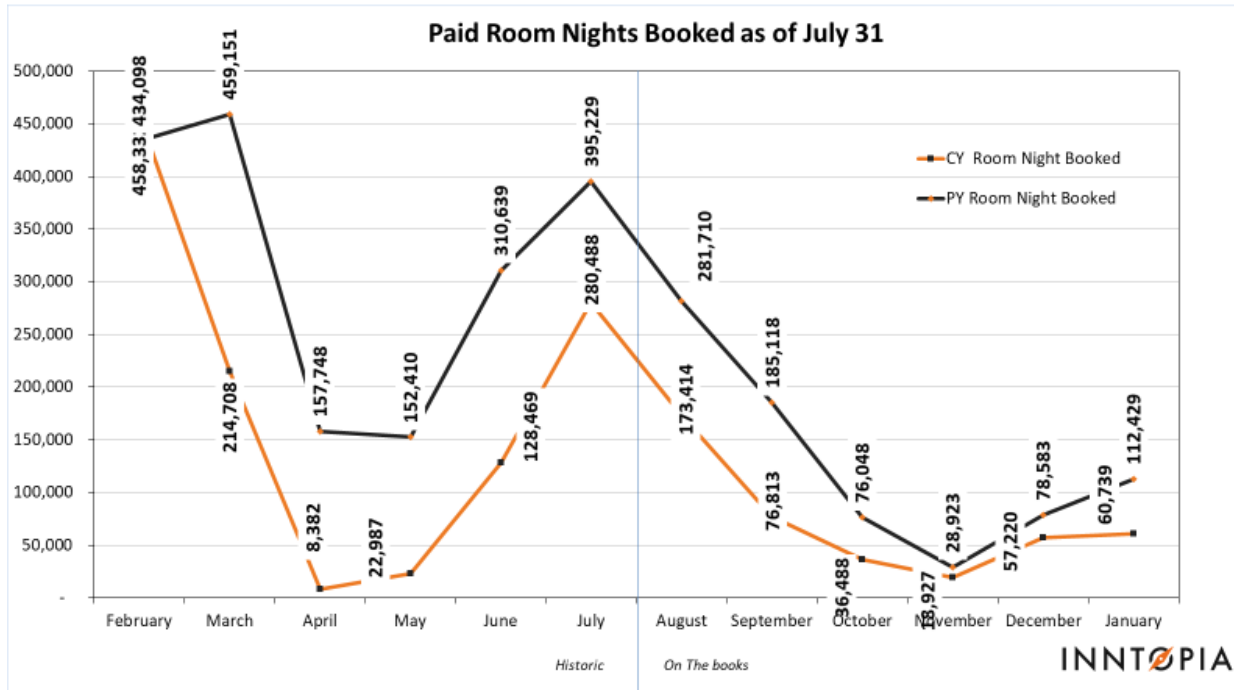


Adding to this trend is the regular reporting of data in daily media coverage that has highlighted several concerning messages. First, that there is a notable percentage of the first wave of visitors that have not practiced recommended CDC guidelines, including social distancing, wearing masks, hand washing, etc. at this has gained notable media coverage. Second, has been an ongoing concern of residents concerned with visitors coming into a destination and not practicing CDC guidelines thus risking overwhelming the local medical facilities.

What has been the impact on demand?

As can be seen in the charts below provided by Inntopia, future bookings continue to be below the year prior, and the trend continues until the end of the year.

Figure3: Room Nights Booked



It would appear that the national trend, how destinations have been opened with early adopters, and how they have managed COVID-19 in their destination may be working against the more significant part and the more risk-averse part of the consumer market and the long term interests of the destination.

Between a rock and a hard place

The dynamics surrounding this crisis is different. Remember, as a kid, those toy finger cuffs? The more you pulled to get out of them, the tighter they gripped your fingers. We find ourselves in a similar situation today.

With all of that, tourism simply can't be maximized until a vaccine is found. So, in its place, we have something very different and complicated in the sense that it's a matter of nuance with defined safety standards in place and with tracking metrics that tell how many infections, the number of deaths, etc. daily for all to see. As states and counties measure COVID cases, and as they get worse, it kicks in

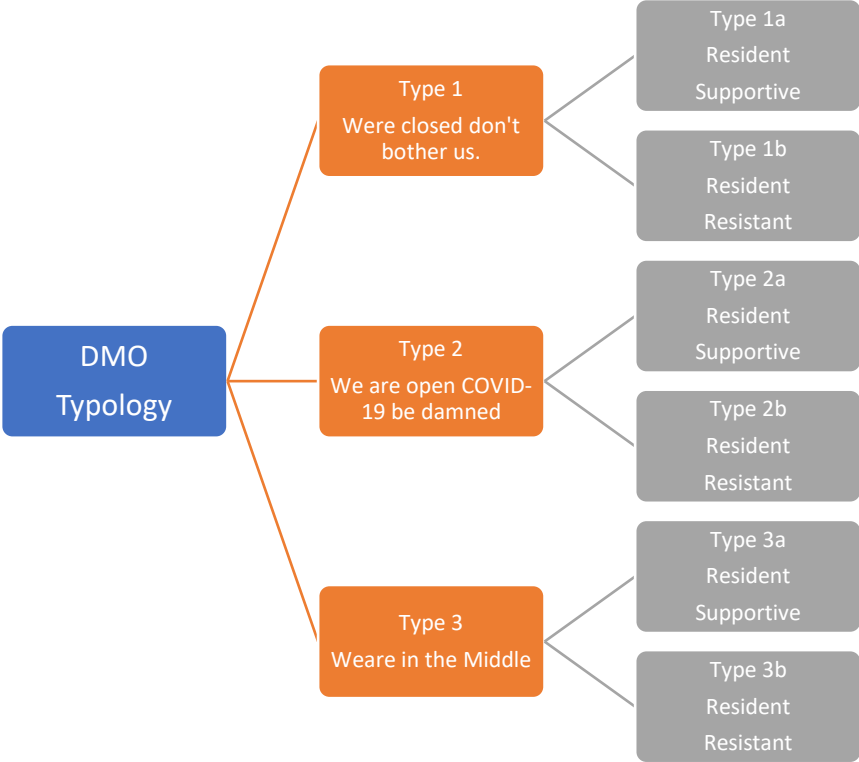


restrictions. But at the same time, local tourism organizations, government, businesses, and employees want things to return to normal. Where does that leave the DMO? The DMO, for the most part, is constrained by the need of the industry, the local government and tourism industry employees, and the resident community that has no clear and obvious connection to the industry. In the figure below, we identify three different types of DMO types and resident support scenarios.

These three types include closed destinations - don't bother us; and, open destinations - COVID 19 be damned with DMOs and destinations that are somewhere in the middle.

Within each type, there are two scenarios within the destination, whether residents are supportive, or they are resistant. We recognize this situation is not an either-or situation rather they may be a blend of resident perspectives and responses.

DMO/Destination Typology



On the following page, we have outlined different types of responses for a DMO that corresponds to the situation and both supportive and resistant element of the destination.

DMO Typology Strategy Framework

Type 1 Were closed, don't bother us.	<p style="text-align: center;">Type 1a.</p> <ul style="list-style-type: none"> • Work to ease resident fears. • Establish tight mask and social distancing policies • Communicate to visitors that now is not the time to visit. 	<p style="text-align: center;">Type 1b.</p> <ul style="list-style-type: none"> • Educate residents on the economic impacts and how important recovery is. • Reassure them on the management of the pandemic response as the situation opens up. • Open up the tourism economy safely and responsibly.
Type 2 We are open COVID-19 be damned	<p style="text-align: center;">Type 2a.</p> <ul style="list-style-type: none"> • Focus on communicating the destination is open for business. • Establish tight mask and social distancing policies 	<p style="text-align: center;">Type 2b.</p> <ul style="list-style-type: none"> • Communicate the need to get back to normal as soon as possible. • Educate residents on the economic impacts and how important recovery is
Type 3 We are in the Middle	<p style="text-align: center;">Type 3a.</p> <ul style="list-style-type: none"> • Work to ease resident fears. • Establish tight mask and social distancing policies • Communicate to visitors the need for masking, social distancing, etc. Create an expectation with visitors. 	<p style="text-align: center;">Type 3b.</p> <ul style="list-style-type: none"> • Educate residents on the economic impacts and how important recovery is. • Reassure them on the management of the pandemic response as the situation opens up.

If the DMO is looking to take advantage of the short-term, the typology is likely to be Type 2 or maybe a Type 3. If the DMO is looking over the longer-term, they are likely to be Type 1. The critical element is how to balance both the short term and the potential long term benefit we recommend a DMO focus on a Type 2 framework which is to be as rigorous as possible in setting up and implementing proper guidelines and communicating them and to create a positive image with the perception of a safe destination for those visitors that will be needed over the long-term until a vaccine is found. DMOs need to manage the perception of the destination in three dimensions, including residents, visitors interested in visiting in the short term, as was visitors that are risk-averse over the long term. It's an opportunity that can't be missed.

Summary

DMOs and destinations have to consider the impact of short-term COVID-19 management strategies in the destination as a factor in their long term competitiveness if they want to attract the more significant part of the risk-averse segment of the market. Those destinations that fail to address this concern are at risk during and up to the time it takes to develop and implement a vaccine.

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Insights Collective is the tourism industry think tank whose purpose is to assist the industry and solve complex and challenging questions and issues that arise. The Collective includes industry experts from across the country in a variety of specialty areas.

About the author

Carl Ribado

Carl is a strategic thinker, thought leader and innovator in the tourism industry. As the President and Chief Strategist of SMG Consulting, Carl has developed and implemented a wide range of services designed to improve the competitiveness of destinations. Most recently, he has developed programs to assist organizations and destinations in developing effective change strategies that link a DMOs capabilities to the ever-changing market environment.

He enjoys riding his BMW motorcycle on two-lane roads throughout the west, trap shooting, river rafting, and skiing.