

COVID-19 Tourism Impact Update



Falkland Islands Tourism Sector Information and
Guidance Concerning the Impact of COVID-19

No. 1
April 8th 2020

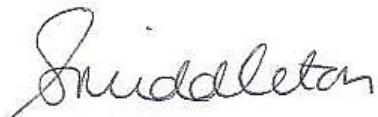
INTRODUCTION

COVID-19 is, first and foremost, a global humanitarian challenge. Thousands of health professionals are battling the virus putting their own lives at risk. Both governments and industry are working together to understand and address the challenge, support victims, their families and communities, and search for treatments and a vaccine.

This fortnightly publication is aimed at helping anyone who works in the tourism sector or is connected to it in some way, to provide an understanding of the COVID-19 situation and how it might affect the Falkland Islands. We hope that its contents will provide useful information that will assist those dealing with the current crisis, and help them to be ready for when it is over, and demand for the Falkland Islands as an attractive and sought-after tourism destination returns.

In each edition we will provide an update on the global situation and our key source markets. We will also try to provide some insight into what is likely to happen next and how it might affect your (and our) planning and marketing. Finally, it includes some ideas and resources to help you prepare and make the most out of the 2020-2021 season.

As always, please don't hesitate to contact the Falkland Islands Tourist Board for more details or any further assistance.



Stephanie Middleton
Executive Director
9th April 2020

Next Update: Friday 24th April 2020

GLOBAL SITUATION

Globally, demand for travel and tourism has collapsed and there has been an unprecedented decline in air traffic, falling from almost 200,000 flights daily on 21st February to just 64,000 by the end of March. The World Tourism Organisation's (UNWTO) latest estimate is that international tourist arrivals could fall by 20-30% in 2020, with other economic forecasters putting it close to 40%, translating to a decline in international tourist arrivals of up to half a billion.

While the current situation remains severe, it is anticipated that the spread of COVID-19 will be halted and countries' economies will recover relatively quickly. Consequently, everyone in the tourism sector should be ready to do business once travel restrictions have been lifted and the public feels safe to travel again.

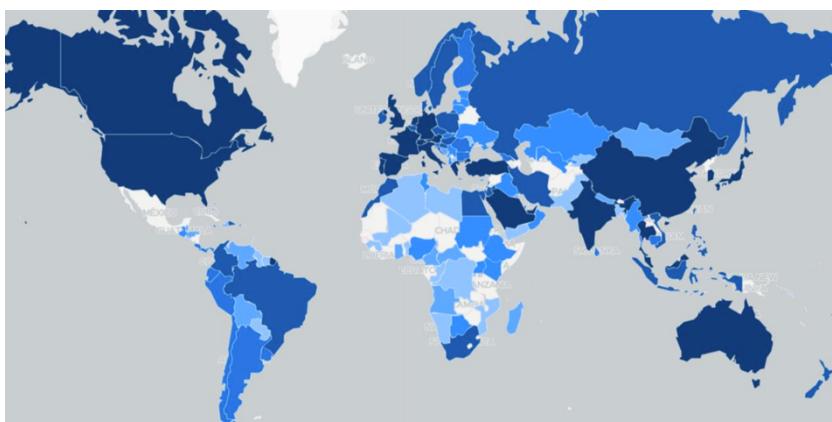
As of 8th April there were over 1.3 million confirmed cases of COVID-19 worldwide, and over 72,000 reported deaths. The majority of confirmed cases (almost 700,000) are in Europe, with the Americas (mainly the USA) accounting for almost 400,000. So the key source markets for the Falklands are currently at the epicentre of this pandemic.

Currently...

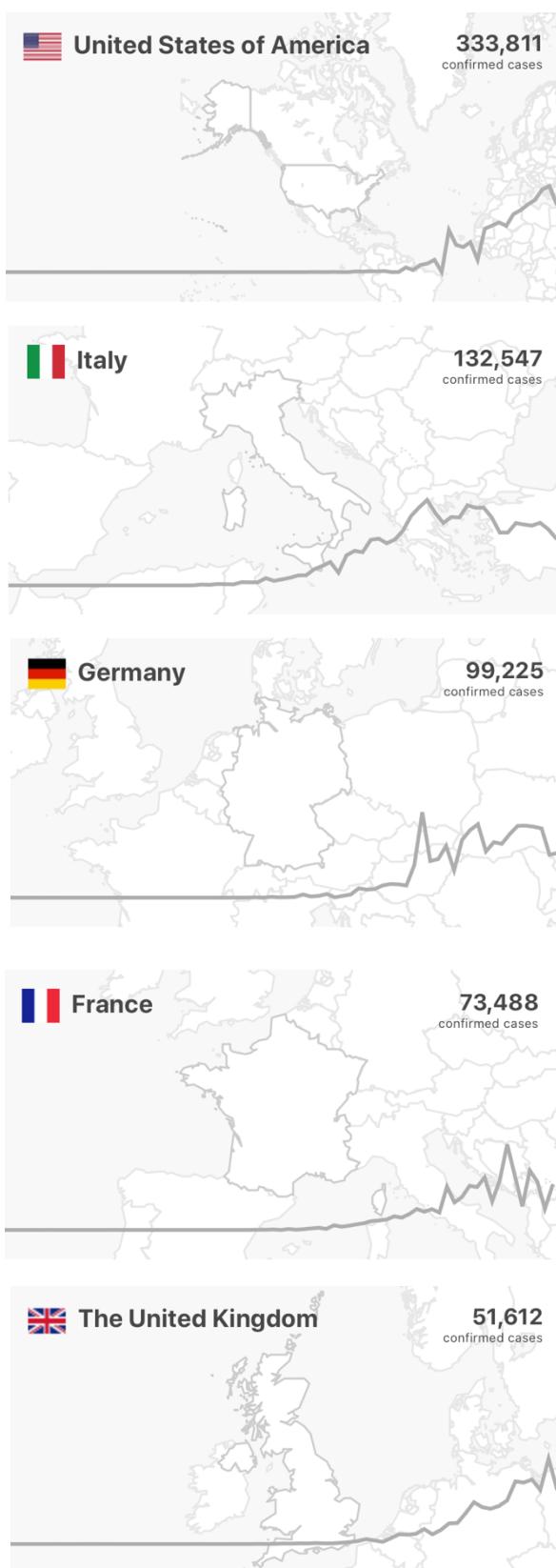
- Over 110 countries have bans on arrivals from affected countries/areas.
- Over 50 countries have travel bans on all foreign visitors.
- Over 60 countries operate a 14 day quarantine for travellers from affected areas.

In the Falklands, the *Business Impact of COVID-19 Survey* undertaken by FIG/Chamber of Commerce shows that 84% of businesses across all sectors have already experienced a negative and direct impact on their business, with the hospitality sector amongst the hardest hit. The financial impact on operations and/or liquidity and capital; decreasing consumer confidence and/or spending; and a global recession were the top three concerns. These reflect those in most countries surveyed in Europe, and show that the Falklands is feeling the effects of the global pandemic in the same ways as most countries around the world.

Travel restrictions have been imposed by most countries, instantly affecting global travel demand. The map below shows those countries with travel restrictions, shaded according to the size of their tourism industry (measured by tourist expenditure).



HOW OUR KEY MARKETS ARE AFFECTED



Data: WHO as of 8th April 2020
Charts show confirmed cases (largest first)

The **United States**, not surprisingly with its large population, has the highest number of confirmed cases of COVID-19. To date it has reported over 10,000 deaths. Despite a recent dip in confirmed cases, they are expected to rise for the next two weeks at least.

Italy has had a torrid time over the last few weeks with over 16,500 deaths. However both the infection rate and number deaths appears to be on the decline at last. Italy is thought to be 10-14 days ahead of UK and France in the infection cycle.

Despite having nearly 100,000 confirmed cases, **Germany** has one of the lowest death rates. Currently only around 1,600 have died from COVID-19 (it is thought due to early and extensive testing). It is hoped that the rate of infections has plateaued here, as in Italy.

The **UK** and **France** expect cases to peak in the week after Easter (mid-April) and then start to decline.

WHAT NEXT? – FIRST FORECASTS

Bounce-back is expected to be rapid when the crisis is over. There is considerable evidence from past crises (such as SARS in 2003 and the Global Financial Crisis in 2008) that tourism bounces back quickly with strong demand. Air passenger volumes usually return to 90% of their original levels within 10 months of a crisis or outbreak.

The profile and type of visitor that characterises destinations will also determine the impact on the tourism sectors in each country. It is expected that **in the Falklands we will be less affected** as our visitors tend to be in the higher income brackets and socio-demographic groups.

It is difficult to forecast what the impact will be to global tourism, and indeed the Falkland Islands as we head into the 2020-2021 season.

Let's start with the global impact. Most commentators agree that the most likely scenario is that there will be an 8-month period of disruption in the key source markets (Europe and North America), from February 2020 to September 2020. Current restrictions to travel are expected to be in place for around 4 months of this 8 month period. Based on this it is expected the **global tourist arrivals will fall by 40% in 2020**, so decreasing from around 1.4 billion in 2019 to around 0.9 billion in 2020.

However, in the Falklands we don't expect a 40% fall in arrivals in 2020-2021. Globally, long haul travel will be less affected than short haul travel, which is expected to **decline by around 20%**. As things stand, that is our current prediction for the decline in inbound overnight visitors to the Falklands next season. But this pandemic has still not played all of its cards, so it's early days for making firm predictions.

How the **cruise industry** will look next season is also still uncertain. All we know at the moment is how the various cruise lines are reacting. Many are relaxing cancellation and charge policies, although some (e.g. Viking) are only allowing changes. Some are also allowing passenger substitutions and payment delays (e.g. Norwegian, MSC). Several cruise lines have cancelled routes and/or changing sailing itineraries and preventing passengers/crew from affected countries from boarding.

WHAT TO DO NEXT...

Bookings and Cancellations

Make sure you have your terms and conditions for all your bookings very clear – whether these are bookings you have made with visitors or with other companies (on or off the Falklands) selling your services. The situation is still very unpredictable. We will feel the impact of COVID-19, with the downturn in land-based tourists likely to be between 5% and 20%, so there will be cancellations.

For more guidance on *Communicating and Responding to Customers*, FITB has compiled a short guide. Call FITB or see www.falklandislands.com/trade for more details.

Start thinking Domestic Tourism

Most countries expect domestic tourism to bounce back quickest as things get back to normal, and are changing their marketing tactics to focus on this market whilst international travel gradually picks up demand.

Unlike many other countries, we have limited scope for domestic tourism. However, if we experience a 20% decline in overseas visitors in 2020-2021 there will be a lot of beds available. It is better to sell these at a discount than to have them empty. Maybe 2020-2021 can be the *Season of Domestic Tourism in the Falklands?* Whilst East and West Falkland can rely on domestic tourists arriving by car, the outer islands could look at opportunities to develop attractive packages with FIGAS.

Social Media and the Internet

Travel continues to play a role in inspiring people – especially during times of isolation. On social media there has been a 57% increase in people talking about *dreaming of a vacation* over the last 30 days, as compared to the same time last year, and the Internet is showing a 12% increase in people searching for vacations. So there's clearly an opportunity out there to generate interest in travel to the Falklands, if not actually selling at this stage.

If you are active on social media or have a website, try to develop effective messaging during the various phases of the crisis recovery period. If you think of them as: *Wait – Get Ready - Get Set – Go*, we are in the *Wait* phase at the moment, but potentially soon (in the next two weeks) we might move into the *Get Ready* phase when there are clear signs that social distancing in Europe is having a positive effect and governments start to ease lockdown measures. During the current *Wait* phase, generating an interest in the Falklands or your services is the key message. Posts should create a desire to travel to the Falklands and kindle an interest in the Islands.

Business Income and Support Packages

FIG has put together a package of benefits for employers and those self-employed to cover loss of earnings from COVID-19. These include:

- Employers can seek reimbursement of wages for staff that are self-isolating due to symptoms or because they are vulnerable.
- Self-employed people can claim up to £2,500 per month who have to self-isolate due to symptoms or because they are vulnerable.

Full details can be found on the FIG website at: <https://fig.gov.fk/covid-19#SupportPackage>

Keeping Safe - Hygiene

Advice for restaurants, takeaways, and canteens and supermarkets regarding food hygiene can be found at:

<https://www.gov.uk/government/publications/covid-19-guidance-for-food-businesses/guidance-for-food-businesses-on-coronavirus-covid-19>

For the latest updates on the COVID-19 situation in the Falkland Islands:

<https://fig.gov.fk/covid-19#LatestUpdate>

