

COVID-19 Tourism Impact Update



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

No. 10
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INTRODUCTION

There is some irony to how the 2020-2021 season is likely to pan out. We had been expecting it to have been the best on record, largely due to it being the first full season with the São Paulo air link, and with a significant expansion of new expedition ships operating in the Antarctic region. Instead, FIG is busy looking at the best ways to assist businesses bridge what is expected to be a one season blip with few or even no tourists at all. At FITB we are also developing strategies to support businesses and ensure we use the coming months to make sure that 2021-2022 is the season that 2020-2021 never was, but only better.

This is our goal, and nothing less should be acceptable. You may already have noticed that other destinations are pushing the #booknowtravellater message, and we have already started doing the same with our Falklands 2021 campaigns, which are aimed at making the Islands the most appealing destination for long haul nature, adventure and military history tourists.

Despite the uncertainty and disappointment we've all been through over the last few months, I look forward to working with everyone in the tourism sector to make the most of this unusual and unfortunate gap, and make the Falklands more desired by tourists than ever before.

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



Stephanie Middleton

Executive Director

21st August 2020

Next Update: Friday 4th September 2020

THE CURRENT SITUATION

Since the last edition of COVID-19 Update we've had some clarity concerning the direction forward with regards to immigration, quarantine and international transport. Essentially the key facts are:

- LATAM: Link from Santiago/Punta Arenas is suspended until 7th November (but this could be extended depending on the situation in Chile). The link from Saõ Paulo will remain suspended until at least the end of September.
- The current restrictions on the issuing of visitor permits to the Falklands is likely to remain in place until at least 31st December 2020, but these will be reviewed every 30 days.
- The current requirement for permitted arrivals to the Falkland Islands to quarantine will likely remain in place until at least 31st December 2020, but these will be reviewed every 42 days.
- In October, Executive Council will consider whether there will be a change to visitor permits and/or quarantine regulations beyond 31st December 2020.
- Executive Council have approved the extension of the employment/self-employment, job retention, unemployment subsidy and direct grant schemes to 30th September. A further review of these schemes will take place before 23rd September.

So what does this mean for tourism?

In summary, the inbound land-based tourism season for 2020-2021 will not yield any visitors, or very few. Long-haul travellers tend not to travel spontaneously, and we know most leisure trips to the Falkland Islands are planned 6+ months in advance. Therefore, there are unlikely to be many visitors who will be prepared to wait to see whether restrictions are lifted in the new year.

It is still unclear how the cruise season will unfold, however based on the operational difficulties the large cruise operators are having in order to offer safe-cruising, it is expected that the season will, at best, consist of visits from expedition operators. We forecast anything between none and around half the number of ships that visited last season operating to the Falklands, depending on a number of factors both external and related to any restrictions FIG place on vessels wishing to visit the Falklands.

For accommodation operators in the 2020-2021 season, the only option left for generating business is through domestic tourism. For some accommodation (in particular self-catering) the domestic market should provide a reasonable revenue stream, and our research shows that many self-catering operators have strong forward bookings over the period to Christmas. However, serviced accommodation in Stanley and Camp is expected to suffer as the resident population is not sufficient in size to fill the gap left by the absence of international visitors.

DOMESTIC TOURISM

We have been involved in meetings with FIG and other stakeholders in the sector to discuss ways to encourage domestic tourism, and at least to go some way to filling the gap left by the international visitors. We appreciate that for most operators this will not generate their usual levels of income, however there is some potential from encouraging residents of the Falklands to take time away from their homes over the summer period.

Below are some tips for accommodation operators to make the most of the current situation:

- **Advertise:** this may seem obvious, and just because you think everyone in the Falklands knows you exist doesn't mean that you are on the top of their minds. People respond to advertising and spontaneously make bookings. Use the mediums that residents read or listen to: e.g. Facebook, Penguin News, FIRS.
- **Special Offers:** these can make the difference between a booking now and someone thinking they might book at some point in the future. Be creative, but think about when you most often have availability, such as midweek. Consider offering free nights, such as 3 nights for the price of 2 (maybe for weekdays only).
- **Location:** market your location, not just your accommodation. Talk about the things guests can do whilst staying at your accommodation. These might be activities (walks, riding, quad-biking, fishing, etc), or places to visit nearby.
- **Customer Loyalty Rewards:** don't laugh, you don't need to be a multi-national hotel chain to offer free nights for regular guests. Create a small card and mark it for every night someone spends in your accommodation, and offer them a free night for every 5 or 10, etc, nights they have stayed. It's a great way to encourage them to come back!
- **Get Online:** despite the ongoing problems with the Internet, there's never been a better time to get online, not just for domestic marketing but also for when international visitors return. Two areas in particular: Website – if you've not got one, get one set up as it's a great way to show off your accommodation and give people lots of good reasons to visit; TripAdvisor – get signed up, it's free! And encourage guests to leave a review.



INTERNATIONAL TOURISM

Season 2021-2022

Arguably, this is when inbound tourism to the Falklands will now resume. At FITB we have started marketing the Falklands as a desirable place to visit in 2021 (with the hashtag Falklands 2021), as this keeps open the possibility of visitors in the second half of the 2020-2021 season should there be an unexpected opening of borders and flights that strongly favours the resumption of tourism.

It is essential that, as a destination, we market ourselves as open for business in the 2021-2022 season, without any hint of doubt. Obviously, businesses should ensure their cancellation policies are in place and favour consumers so they are encouraged to make bookings, however, aside from that the message should be one without mention of COVID or possible travel disruption. Most international destinations are now starting to market with a “2021” message.

We had expected that the 2020-2021 season was going to be the best ever for both land-based and cruise tourism on account of the Saõ Paulo air link and the huge expansion of new expedition vessels operating in the region.



Whilst this tragically has not been the case, there is still every reason to believe the 2021-2022 season can replace it as the best yet. In addition to the Brazil air link and the rapidly expanding expedition cruise sector, the following offer reasons to be optimistic:

- Vaccines: whilst there are over 170 teams of researchers working on a COVID-19 vaccine, seven of these are in *phase 3 large scale efficacy* trials. One of these, the Oxford University/AstraZeneca vaccine, could be available later this year, but most of the leading teams are optimistic for early-mid 2021 for distribution of their vaccines.
- UNWTO (United Nations World Tourism Organization) is forecasting a strong bounce-back for tourism in 2021. It should be noted that destinations in South America are least positive (of all the world regions) of a strong growth of tourism in early 2021, mainly due to the situation many destinations are currently in with high infection rates.
- There is strong evidence from surveys that there is a significant pent-up demand from consumers for travel in 2021, having missed out on trips in 2020. Of course this will be tempered to a degree by a global recession that will mean significant increases in unemployment in many countries, in particular those in Europe and North America which are the key outbound tourist markets.

However it must be remembered that the Falklands are a little different to most destinations, and world norms do not always apply to us! Our main markets are thousands of miles away, so short-haul tourism barely exists. Our visitor numbers are small, so our sector is heavily dependent on:

- Maintaining our weekly air links open with minimum disruption.
- Niche market demand from key markets that have interests in birdwatching, nature-based tourism, wilderness tourism and military history.
- Cruise operators maintaining an interest in visiting the Falklands as part of their itineraries.

However, the growth of land-based tourism is also dependent on encouraging tourists across the entire season. Most accommodation operators will know that certain times of the year they can sell their beds five times over. To make the most of 2021-2022 (and going forward) we need to focus more than ever on selling the Falklands for as many months as possible, by offering different products, not just focussing on the wildlife returning-breeding-hatching cycle.

Finally, there is scope to increase revenues from tourism by charging more. The Falklands are special, however there is a balance between price and quality, and we have to remember we are in competition with many other destinations around the world. If we use this period to invest and improve, the financial rewards will happen.

Our Markets - Sentiment

Whilst the current sentiment amongst our main source markets (UK, USA, other Europe, and Australia) is less important right now, with inbound tourism being some months away, it is useful to keep a track of how the markets are reacting. The key points at the end of August 2020 are:



- General confidence about travelling is at its lowest level for several weeks, mainly due to the continual re-imposition of quarantine regulations at short notice between many European countries.
- The majority of consumers expect that things will return “close to normal” after April 2021. This shows a general lack of confidence in travelling during the first quarter of 2021 (which is significant for the Falklands).
- People are increasingly looking for accommodation providers that have in place measures to reduce contamination (e.g. hand sanitisers and enhanced cleaning regimes), as well as booking incentives such as free cancellation.

Proposed FITB Responses

FITB is working on a number of responses which are aimed at long-term tourism growth as well as assisting with short-term COVID-19 impacts. Whilst we will provide further information about these in due course, they include:

- Increased digital marketing: ideally, we would like to see every tourism business in the Falklands having a website and to be registered on TripAdvisor. This would increase the Falklands' visibility online. Our website has been a stand-out feature of our marketing in recent years (on average there were 39,000 page views per month in 2017, it is now up to 91,000). The more websites there are of tourism businesses the better we can promote the islands. We are looking at providing technical assistance and financial support to get businesses online.
- Arguably, COVID-19 has pushed the tourism sector on five years in terms of its use of technology. In addition to more online communication and bookings there has been a significant drop in the use of cash for payments. In the UK, the use of cash as dropped by 40% since the pandemic started and many people are now so used to using plastic that they will not go back to notes and coins. We are committed to encouraging and helping businesses switch to online payment systems such as Square.
- It is clear that consumers are increasingly expecting hygiene schemes to be in place in serviced and self-catering accommodation, if only for the additional confidence that cleaning between guests has a higher level of importance at this time. This is likely to be something that will remain after the pandemic passes, as awareness of hygiene has increased. We believe that visitors to the Falklands next year will expect to see such a scheme, which could be an extension of our existing grading schemes.

FURTHER INFORMATION

Economic Support Packages

FIG and FIDC are now ready to take applications for the Job Retention Scheme, Self-Employed Income Supplement Scheme, and the Business Grant Scheme. FIDC is administering the latter. More details can be found at:

<https://www.fig.gov.fk/covid-19/information/support-package-applications>

<http://www.fidc.co.fk/library/covid-19>.

A new unemployment subsidy scheme has also been announced, targeted at workers who have lost their jobs as a result of the crisis. The websites provide clear advice regarding the eligibility of each.

FIG Guidance and Information

For guidance and information for individual businesses operating in a COVID-19 environment, including restaurants, public houses and retail, see:

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

<https://fig.gov.fk/covid-19/information/general-information>