## Recommendations and strategies that might assist SME tourism companies during and post the COVID-19 crisis

(18th May 2020)

The tourism industry is particularly hard hit by the effects of the COVID-19 outbreak. This applies both to tourism companies in the source markets and in the destinations, with tourism related SMEs and small tourism suppliers in particular being threatened with severe financial losses due to missing or cancelled bookings or due to declines in the supply of goods and services. There is a risk that many guesthouses, tour operators, travel agencies, eateries, etc. will be faced with bankruptcy in the short term. The consolidation of the tourism industry can be expected.

However, the tourism sector has always been sensitive to external events (terror, earthquakes, social unrest, etc.), but has also always recovered quickly.

As sad as it will be to see some tourism companies facing bankruptcy - after this crisis, some of your competitors might be gone which might leave new business opportunities for you - if you manage to keep your business running.

On the other hand, a lot of clients might feel the need to get out after being in quarantine for a long time and want to use their airline vouchers, so the tourism might recover even from this crisis quickly if COVID-19 is under control.

### Phases of Crisis

1. **Pre-event and predictive**: No indication as yet of the impending crisis, but time to be prepared and have a crisis management plan in place in the eventuality that an incident occurs

2. **Prodromal (early symptoms)**: In most cases, early warning signs are evident, but are ignored or misinterpreted. Screening of media outlets can identify early warning signs. Now is the time to prepare/update plans and activate them, update training, prepare to respond.

3. **Emergency**: The key rule of thumb does not make it worse. The safety of guests and staff is critical. Accurate and effective communications are important. Strategies and actions to protect the business need to be implemented. Its employees and the community it operates in must be considered.

4. **Crisis continuity**: The crisis is ongoing. What are short term solutions that can be implemented? Care for staff and clients is essential. Monitor the situation to see what the longer-term implications and/or predicted duration will be. Prepare resilience plans.

5. **Recovery**: Establish recovery objectives and timelines. Stratify and prioritize target markets. Work with intermediaries and the public. Be positive and honest in communication. Implement plans. Treat media, including social media as an ally. Demonstrate appreciation to others

**Resolution**: What actions to take to recover as quickly as possible? What lessons have been learned? Are you prepared for the next crisis? Rapid recovery often occurs after an event.
**Crisis Management**

+ If possible, ensure your clients in your country can reach their return flights safely (if this hasn’t happened already by now).
+ Cooperate with embassies and your tourism board to inform them about tourists stuck in country and their options.
+ Make sure your clients are aware of and comply with hygiene rules (masks/ hand sanitizer) to minimize infection risk of your driver/ driver/ airport staff.
+ Check with your tourism board/ destination management organization if there is an information helpdesk/ hotline with up-to-date information on the COVID-19 crisis for both industry and tourists. Ask for advice on topics such as: internal/external communication, financial issues, insurances, legal advice, etc.
+ Set-up industry network to share experiences/ best practices with regards to crisis management.
+ Manage your suppliers. Relationship management with suppliers (mainly local) and service providers. In the case of suppliers, assess whether they need to renegotiate payments and prioritize, taking into account the impact of the crisis on each one.
+ Arrange mutually beneficial terms and conditions with suppliers. Make them part of the problem and the solution. Work out smart solutions and make real-time rearrangements.
+ Stay informed about the current situation in your own country but also in your target markets.

**Handling of cancellations**

You are probably all facing cash flow issues because your clients are asking you for refunds of already paid bookings.

Ask your Tourism Board/ DMO for advice on:

+ how to deal with cancellations of clients
+ when to offer (full/ partial) refunds to clients
+ when to offer voucher (with what validity) to clients
+ how to deal with suppliers and payments outstanding to them

**Example from Europe**

+ Legal situation in Europe: Tour Operators are legally bound to refund their clients. They will of course try to get a refund from you. We would nevertheless recommend you try to negotiate with your longstanding partners - maybe they can have a credit with you for the future and you don’t have to refund them now.
+ EU Tour Operators are offering their clients vouchers instead of refunds valid until the end of 2021.
+ Some are adding value if clients accept a voucher (e.g. voucher is valid 100 USD more than value of original booking). Try to negotiate with suppliers (e.g. accommodation) to reduce/ waiver cancellation fees

**Further Resources**

+ [Cancellation Policies in Times of COVID-19](#) (ATTA)
Further Information and Sources

- #Stranded In Nepal: Support Network For Travelers (Nepal Tourism Board)
- COVID-19 Tourism Response: An industry-led hub of resources and information on the impact and responses to this current global crisis (Think Digital)
- A Guide to developing Crisis Management Plans (National Tours Association)
- Managing the catastrophic effect of COVID-19 on the tourism industry (CBI)
- A Step by Step Guide for Tourism Recovery during and after COVID-19 (Safertourism.com)

Marketing and Communication

- Do not ignore the current situation. Stop regular marketing campaigns. Consumer confidence has been damaged and will not return until the event passes. Advertising and heavy discounts do not work if consumers are unwilling to travel.
- Communicate openly. Inform about COVID-19 situation in your country and challenges (and solutions found to prevent similar situations).
- Many countries worldwide advertise with: “Stay home now, travel later”
- Use empathetic and creative marketing campaigns, e.g. Digital Tunisian cooking class for families stuck with children at home in quarantine, learn a traditional Nepali dance or music instrument
- “Ecuador Challenge” on Facebook: e.g. my favourite place in Ecuador/my best experience in Ecuador was... (for people which have been to Ecuador before and want to inspire other to travel to Ecuador)
- Keep in touch with your employees, suppliers, direct customers, businesses and industry colleagues.
- Stay in regular contact with your existing business partners (international and national tour operators). Pay attention to the following three components:

(A) Empathy: the introduction should be very clear, this is a difficult time for everyone and security is the priority. You should avoid being ‘autistic’ about the tragic and stressful aspects of this global pandemic! Be human and real, rather than distant and corporate;

(B) Update: share your hygiene measures and what you are doing to fight the virus and to keep staff and guests safe;

(C) Remember: let us know when your company will be up and running and we will be happy to accept guests. Do not include a discount. Close the email with some positive sentences, which highlight your values proposal, the values of the company and what it represents.

Source: Responsible Tourism Institute: Business Recovery in the Tourism Sector
+ Don’t contact people in your database who you have not been in regular contact with in the past or who are not engaged.
+ Don’t contact people without a purpose. If you don’t have an update or information to communicate, don’t contact them. Review any new campaigns and decide if they are appropriate with regards to the situation.
+ Reduce and restructure advertising budgets.
+ Maintain channel promotions if costs are minimal as it will maintain a good relationship with suppliers.
+ Utilize social media effectively.
+ Refocus budget on domestic and nearby markets.
+ Tell the truth and be transparent. Stay on message and do not speculate.
+ Focus your communication on sustainability, nature, hygiene and health, especially in companies located in urban or rural areas, where the massification of tourism is not yet a reality.
+ Respond quickly to all requests.

**Good examples**

+ **Club Med at Home**: Club Med, whose animators on the website provide parents at home with activities and tips for entertaining the little ones.
+ **Rocco Forte Hotels**, whose cooks reveal tricks and recipes for recocking.

**Bad example of communication**

“Dear friends around the globe, Namaste and Welcome!
We are pleased to welcome you to XXX we’ve been around for three years now and specialise in sustainable ecotourism in Nepal, with affordable prices.
We’d like to thank our national and International travelers, who supported us during the establishment of XXX. We believe that good service and quality will make us stronger in the future. Our company is up to the standards dictated by Nepalese Government, Ministry of Culture, Tourism and Civil Aviation, Nepal Tourism Board (NTB) and Nepal Tours and Travel Agents Association (NATTA) to provide top quality services to our customers. We’re happy to share with them our extensive knowledge of what Nepal has to offer regarding trekking ad mountain-eering, rafting, historical landmark visits, jungle safaris, bungee jumping, mountain biking, paragliding, mountain flights, bird watching and community based programs, which include home stays with local Nepalese families as well as volunteering opportunities in Nepal. We will also assist with flight bookings, both domestic and international, as well as arranging accommodation and ground transportation. The staff at UNI will take care of all the work associated with planning a trip, allowing you to sit back, relax and enjoy your time.
For any information, feel free to contact us on our email, or step into our office.”

**Further Information and Sources**

+ [Coronavirus Marketing Battle Plan: Marketing Through the Crisis](https://www.developmentmarketingsoftware.com/coronavirus-marketing-battle-plan/) (Tourism Marketing Agency UK)
+ [Comment gérer sa stratégie de communication - marketing à l’ère du COVID-19?](https://www.latraye-tech.com/article/comment-gerer-sa-strategie-de-communication-marketing-a-le-ere-du-covid-19/) (La Travel Tech, in French)
Insights that Matter in Challenging Times: Helping Operators of Tours, Activities and Attractions Weather the Downturn (ARIVAL Online)

+ Fast Facts: Traveler Sentiment in the Age of COVID-19 (Phocuswright)
+ Business Recovery in the Tourism Sector - Call to Action (Responsible Tourism Institute)
+ A Step by Step Guide for Tourism Recovery during and after COVID-19 (Safertourism.com)

**Finances**

+ Know your balances: current cash, receivables, and bills.
+ Try to minimize fixed costs.
+ Justify every expense: by going through every line item and vendor.
+ Talk to your employees: brainstorm ways to save costs.
+ Create a strategic planning map: draw up a strategic planning, revenue management and cost control map, foreseeing 3 scenarios: first recovery, medium and slow recovery and adjust the forecast according to each of these demand scenarios and see how this effect your cash flow.
+ Chase receivables: speed up collection what people owe and reviewing refund and cancellation policies.
+ Call vendors and lenders: to negotiate interest rates or payment terms.
+ **While price cuts can deliver a brief spike in volume, they can also result in long-term pain for any business that pursues this strategy.**
+ Get rid of stuff: sell down any inventories or equipment that is not needed while demand is low.
+ Ask your local tourism board/ DMO what local financial support is provided by your local government, this could be about taxes, loans, credits, emergency relief funds etc.

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<thead>
<tr>
<th><strong>Measures taken by Ecuadorian government</strong></th>
<th><strong>Measures taken by Tunisian government</strong></th>
<th><strong>Measures taken by NTB</strong></th>
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<tr>
<td>+ Tax and credit area: the creation of credit lines, debt refinancing, and tax and financial incentives</td>
<td>+ The government tries to limit the socio-economic impacts especially with subsidies for the benefit for private sector employees or the unemployed.</td>
<td>+ Currently lobbying with the Government for Relief measures for the tourism industry</td>
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<td>+ “Delta – ED-” and the contribution “Tourist Power – PT-“ are temporarily suspended</td>
<td>+ Concerning SMEs there are also financial measures (payment of credit deferral for 6 months, tax and social security declaration</td>
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<td>+ Publication of (more flexible) emergency laws:</td>
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<td>+ EMPLOYMENT: reduction of work hours 40 to30h /</td>
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**Employees / Human Resources**

- Protect your employees: by reviewing options such as remote working, short working hours and protecting their health by communication and support with health issues.
- Practice in Europe: employees work limited hours and receive limited pay (and get subsidized by the government) but still have a work contract.
- Try to keep your employees, they and their families depend on you! Remember how hard it was to find/train good staff. Do you really want to restart this process after the crisis is over?
- Empower them to make decisions and make mutually beneficial arrangements. Reassure and involve staff as essential stakeholders.
- Support staff development especially for people who have free time and can work from home.
- Monitor the mental health of staff and intervene if needed.
- Implement flexible working patterns, work remotely, staff self-isolation, reduced workdays, etc.
- Support teleconferencing and video conferencing technology.

**Further Information and Sources**

- [Business Recovery in the Tourism Sector - Call to Action](https://www.responsible-tourism.org) (Responsible Tourism Institute)
- [A Step by Step Guide for Tourism Recovery during and after COVID-19](https://safertourism.com) (Safertourism.com)
Improve your Business

+ Take this opportunity to restructure and open new avenues for business.
+ Let’s look on the bright side: Without the day to day operational business, you and your staff have time to work on topics they you usually don’t have the time to work on, e.g. quality improvements, analysis and improvement of internal processes and product development.
+ The situation is a good occasion to see how to develop differently and always more sustainably. If you have been working on/ thinking about a sustainability certification (e.g. Travelife, TourCert), you might have time now to restructure your business. It will also reflect positively on your business if a certification label proves you used the “time-out” during the crisis in a productive way. (Please contact IPD if you need advice on this topic.)
+ Check with your local tourism board/ DMO what capacity building measures/ webinars they can provide, e.g. the Ecuadorian Tourism Board free virtual trainings which can be accessed through its web page, aimed at tourism service providers who work in different areas of the sector.
+ Enhance experience: use the lower occupancy level to offer guests returning a better experience, without taking advantage of their position.
+ Integrate new local partners: identify potential new local partners to strengthen experiences and programs. Make sure you consider solutions outside the box and offer them some training on your operation, sustainability procedures (and don’t forget to communicate it).
+ Create new products and services. Plan out new product ideas and the new-normal when travel resumes.
+ Identify new market segments with the most potential to book with you in future once the crisis is over (e.g. couples, small families, single travellers).
+ Sharpen market research to identify strong segments likely to recover first, new markets or new segments in existing markets that can be actualized.
+ Revise your existing marketing strategy as your old one may be tarnished by the crisis.
+ Develop your marketing strategy based on the new situation.
+ Revise our website.
+ Work on your marketing material (e.g. flyer, brochure).
+ Work on your PowerPoint presentation to be ready for the next future meetings with buyers.
+ Provide more and better information to your B2B partners as well as to your B2C customers.
Business Recovery Strategies in the Tourism Sector

+ Focus on your national market as alternative source of income (after lock-down) as local tourists will be the first to return. Develop and adapt your products and prices to the needs of local tourists.
+ Strengthen personalised emails: send a specific and personalized email for the next reservations. When you start to have reservations, confirm with a personalized email, informing of the hygiene and health conditions, cancellations options, the benefits for being there, etc.
+ Look at ways of diversifying the market post-recovery if overly reliant on one source.
+ Work closely with industry to develop a series of packages that can be launched at short notice. Packages can include special rates for airfare, accommodation, food, and beverage, etc.
+ Wait and watch consumer sentiment to see when it changes.
+ Reassure consumers that you are doing all you can to make the destination/business safe.
+ Focus on the most cost-effective booking channels.
+ Focus on increasing revenue from every booking. Consider launching length of stay offers.
+ Promote safety to international tourists.

Further Information and Sources
+ A Step by Step Guide for Tourism Recovery during and after COVID-19 (Safertourism.com)

Source: Responsible Tourism Institute: Business Recovery in the Tourism Sector
Safety and Hygiene Guideline

- Ensure you and your employees are aware of safety measures to protect yourself/ themselves from COVID-19.
- Check the safety and hygiene regulations in your own country. Your tourism board should provide you with guidelines for the tourism industry/ for tourists during the crisis and after the crisis to prevent new infections and secure safety of tourists and tourism industry.

Recommendations in the European Union

- Provide and wear face masks.
- Provide hand washing instructions (with soap, 30 sec min).
- Do not touch your face.
- Social distancing (1,5m distance recommended)
- No gatherings of more than 2 people at the same time (exception: e.g. family sharing one household)
- Post-crisis: can restaurants/ lodges ensure more space e.g. between tables?

Further Information and Sources for Accommodation Providers

- All you need to improve resilience (Hotel Resilient)
- Cleaning guidelines to help prevent the spread of COVID-19 (AirBnB)
- Hotel Cleanliness after Corona virus (The Points Guy)

Further useful links

- Impact assessment of the COVID-19 outbreak on international tourism (UNWTO)
- What the future holds for post-covid-19 travels? (Tourism Review News)
- Crisis Resource Center (PATA)
- Risk Management For Tourism/ Additional Resources (GIZ/ Explore Wordwide)