



COVID-19 Recovery Roadmap

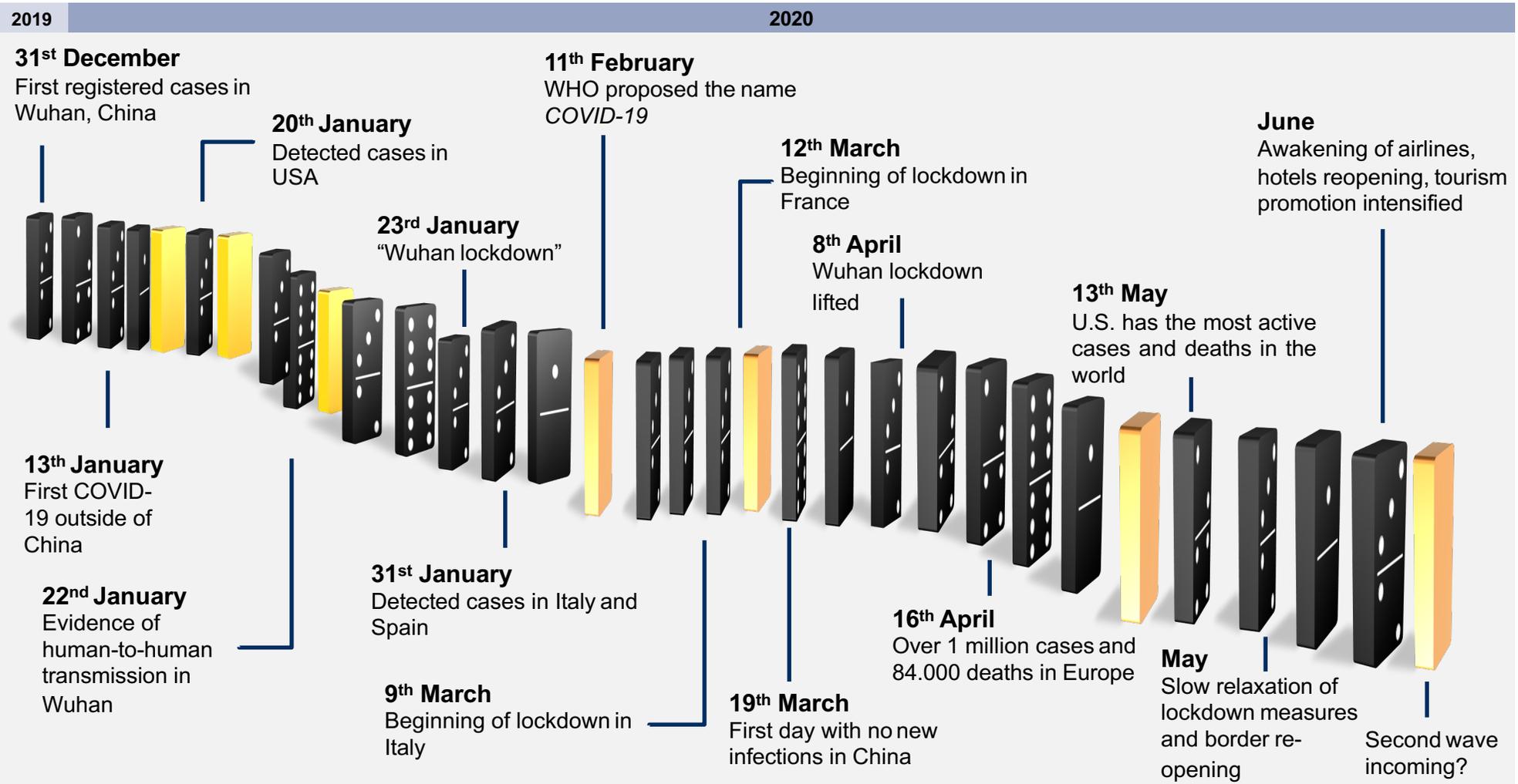
Destination Management & Marketing Perspective

July 2020

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COVID-19 Timeline

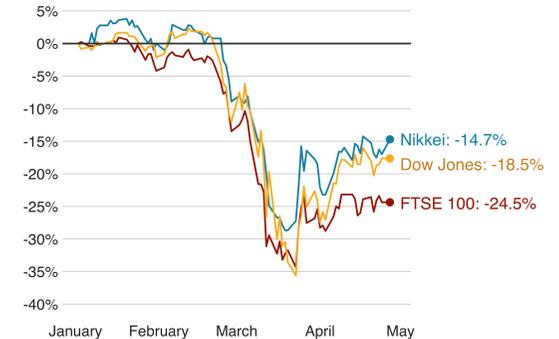


Strong multi-dimensional COVID-19 impact on global economy

Drop of share value globally

FTSE, Dow Jones Industrial and Nikkei all recorded a period of steep decline in stock index value. Stock indexes the FTSE and Dow recorded the highest daily fall in value since 1987. Investment market is currently in state of concern related to implementation of necessary measures in order to protect national economies. Furthermore, even the safest investment categories have experienced a decline in value. Gold experienced a significant drop in value in just a few weeks, from nearly \$ 1,700 to \$ 1,476. The price of oil is also at historically lowest levels since 2001.

The impact of coronavirus on stock markets since the start of the outbreak



Chinese exports to the rest of the world



Crippled industries

Ongoing restrictions of movement have strongly impacted the flow and distribution of goods resulting in a slowdown of industrial manufacturing. Since China amounts to one-third of global production and is the worldwide leader in export of goods, 13.5% drop in industrial manufacturing in the first two months of 2020 is a strong signal of a global economic slowdown.

Projected economy growth rates are being reduced

OECD has issued the first correction of projected growth rates for leading economies with the obvious reduction trend. The projected global growth rate has been set at around 2.4% while projections for most of the other economies are now lower than the recorded growths in 2019. The worldwide recession could have an impact similar to or more substantial than the one experienced during the global recession of 2008/09.

Real GDP growth

% year-on-year. Arrows indicate the direction of revisions since the November 2019 Economic Outlook

	2019	2020	2021		2019	2020	2021
World	2.9	2.4	3.3	G20	3.1	2.7	3.5
Australia	1.7	1.8	2.6	Argentina	-2.7	-2.0	0.7
Canada	1.6	1.3	1.9	Brazil	1.1	1.7	1.8
Euro area	1.2	0.8	1.2	China	6.1	4.9	6.4
Germany	0.6	0.3	0.9	India ¹	4.9	5.1	5.6
France	1.3	0.9	1.4	Indonesia	5.0	4.8	5.1
Italy	0.2	0.0	0.5	Mexico	-0.1	0.7	1.4
Japan	0.7	0.2	0.7	Russia	1.0	1.2	1.3
Korea	2.0	2.0	2.3	Saudi Arabia	0.0	1.4	1.9
United Kingdom	1.4	0.8	0.8	South Africa	0.3	0.6	1.0
United States	2.3	1.9	2.1	Turkey	0.9	2.7	3.3

➔ downward by 0.3 pp and more
 ➔ downward by less than 0.3 pp
 ➔ no change
 ➔ upward by less than 0.3 pp
 ➔ upward by 0.3 pp and more

COVID-19 impact on global economy is seen in various fields

Fall of expenditure

Due to the lockdown, expenditure in most of the economic categories is showing unprecedented short-term declines.

The Tourism industry (including food and beverages, accommodation, travel and transportation) is under heavy pressure with negative expenditure forecasts for 2020 compared to 2019. Expenditure drop ratios widely vary from one region/state to another. However, as the infographic from the beginning of May 2020 shows, there are visible signs of recovery in Chinese and Far Eastern markets which is fuelling optimistic scenarios for the travel industry in the rest of the world.

Expected spending per category over the next two weeks compared to usual

Net Intent (%)



Job (in)security

With several governments implementing strong measures for securing employment, the full impact of the crisis is yet to be seen.

The US market is a prime showcase of crisis impact with 5.3 newly unemployed citizens in March and more than 20 million employees applying for benefits. The US economy has had the sharpest contraction since World War II.

According to UNWTO, YTD change in international tourist arrivals is negative in all subregions, with NE Asia recording strongest decline



Tourism industry impact overview



The airline industry is one of the most affected and is projected to lag other economic activities, with global GDP recovering faster than global RPK (Revenue Passenger Kilometres). Due to the slow recovery of consumer confidence, global RPK is expected to recover in 2023. Up to 30th June 2020, 4.5 million flights all over the world have been cancelled.

Estimated revenue loss for the 2020 is 314 billion USD, a 55% decline compared to 2019



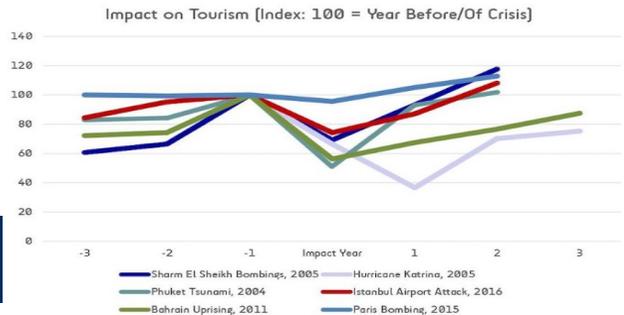
Bookings across accommodation industry have plummeted significantly. Uncertainty of safe travel has been the main factor for cancelling reservations. Hotels' occupancy rates rarely crossed 10% with most of the hotels providing emergency accommodation or turning into hospitals.

Most European destinations have experienced decline of revenue per available room between 30% and 80% YTD



All across the tourism value chain, various points of interest have had to adjust to the extreme conditions, whether health-related or market-related. Adjustment of working hours, longer periods with no income, staff reorganization and layoffs are just some of the factors which have significantly impacted all stakeholders and forced them to find new solutions to survive through the crisis.

Tourist attractions may opt for the lower price strategy in the period of reopening, thus primarily initiating domestic demand



Tourism industry impact overview



Restaurants have been one of the hardest hit industries worldwide, with occupancy rates declining by almost 70%. Experiencing sudden drops in revenue, restaurant owners worldwide are trying to redefine business concepts, moving towards take-away models in order to retain some income. Some of reinvented solutions may remain in the business as accepted by market.

60% of the jobs lost in March in USA have been in the food and beverage sector



Wall Street analysts expect that the top seven publicly-traded online travel companies will lose \$11.5 billion of revenue globally due to COVID-19. Due to their geographic diversity and big share of variable costs, large OTAs are in a far less vulnerable position than their travel supplier peers like hotels and airlines. Moreover, OTAs focused on short-term rentals seem to be outperforming the hotel-focused service peers.

As per the estimates, Booking.com could earn \$4.2 billion less in 2020 due to COVID-19

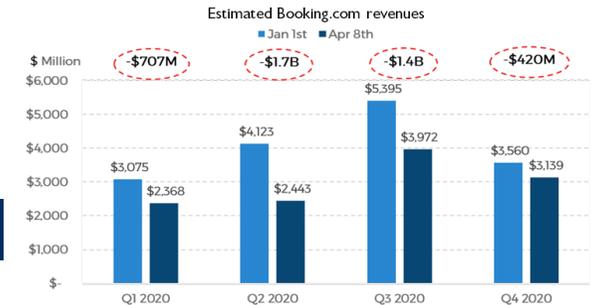


The main challenge most of the DMOs face during the crisis is exercise restraint due to budget cuts. DMO's are under pressure from industry stakeholders to perform and initiate tourism recovery. DMOs have to restart themselves and come up with innovative solutions to ensure continuance of tourism activities, once the conditions allow it.

The latest research suggests that nearly 90% of DMOs have cut their marketing budgets due to COVID-19

Change in restaurant occupancy, from 2019 to 2020

	Saturday, Feb. 29	Saturday, March 7	Saturday, March 14
Boston	22%	-1%	-64%
New York	-2%	-10%	-64%
Seattle	0%	-35%	-63%
San Francisco	-10%	-18%	-58%
Indianapolis	3%	1%	-58%
Columbus	-15%	-5%	-53%
Louisville	2%	-5%	-52%
Cincinnati	-11%	-14%	-52%
Chicago	-3%	4%	-49%
Philadelphia	7%	1%	-48%



Tourism industry impact overview



Stock prices of hotel companies/brands have taken a significant hit since the virus outbreak, with decreases of up to 60% in some cases. However, after initial hit, the market has shown some signals of recovery. If the H1N1 epidemic of 2009 can serve as a case study for current situation, prices of hotel companies will bounce back strongly, once the crisis subsides.

After recording stock price decreases of 56% at the beginning of April, Marriott International Inc. stock price has slightly recovered and is recording around 30% decline mid May



The Cruising industry has been one of the most severely hit by the pandemic. Some of the market leaders have requested multibillion financing efforts in order to avoid bankruptcy. Bookings for 2020 have almost completely been cancelled seriously endangering businesses existence. Moreover, stock market values have fallen drastically with over an 80% prices decrease.

Norwegian recorded the strongest decline of stock prices among top industry leaders, registering an 85% fall mid-March



A brief glimpse of what is ahead

As travel shows the first signs of recovery and is slowly rebounding in some regions, there are still many questions remaining:

- *Is vaccination or medicine going to be ready for launch by end 2020, H1 2021 or H2 2021?*
- *How deep an impact will the emerging economic crisis have on major source markets?*
- *How will various service providers will adjust their service concepts to adhere to health standards?*
- *How are countries going to regulate cross-border traffic and visitor flows (for instance EU has no unison approach, even within Schengen zone)?*

Many challenges are yet to occur and responsible entities have to **be agile and adamant in adjusting tourism destinations** to 'new normal'. Therefore, DMOs are identified as the vital industry stakeholder bearing **great responsibility of post-crisis tourism success**.

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Destination management is now more important than ever – *there is no room for error if you want to stay on top of the wave*

Destination management activities

- The crisis has given significant responsibility and increased expectations on destination managers.
- In order to ensure proper management of the crisis and accelerated tourism recovery, the following 7 activities are essential for savvy destination managers:
 - Communicate transparently;
 - Empower industry stakeholders;
 - Integrate locals;
 - Improve internal business efficiency;
 - Adapt tourism strategies & plans;
 - Advocate adaptation of new health standards;
 - Advocate contactless technology.
- Efficient destination crisis management inseparably involves broad range of destination stakeholders.



#1 Communicate transparently

Providing timely and precise information to tourists is of the utmost importance for a successful and swift market recovery

As the tourism industry is experiencing a lot of uncertainty, destination managers should always lead with accurate, reliable and timely information. Destination managers should provide relevant information for every detail of the trip – current epidemiologic situation, how to reach the destination, when the destination is open for business, how to behave in the destination; addressing visitor's concerns and uncertainties.

DO

- Share accurate, complete, reliable relevant and timely information;
- Constantly provide updates;
- Active and prompt response to inquires;
- Adjust official website;
- Activate & communicate through all channels disposable (web, social media, etc.).



DON'T

- Remain mute and inactive;
- Fail to gather and present relevant information (border crossing, airports, train stations, mandatory self-isolation, etc.);
- Just copy and paste share national information without adapting for tourists;
- Provide incorrect and misleading information.

#2 Empower industry stakeholders

Supporting key industry stakeholders will significantly accelerate destination restarts as owners will be more coordinated and consistent

Destination managers should develop a specially designed online communication platform for all information relevant for industry stakeholders, helping them make informed and timely business decisions. The platform should include latest updates from the source markets (epidemiological situation, recovery measures, economic situation, etc.) and other information such as industry best practice examples, guidelines for recovery, etc.

DO

- Create B2B online communication platform;
- Communicate intensively with industry stakeholders;
- Closely follow and share market insights on source markets;
- Share helpful and valuable information.



DON'T

- Fail to provide assistance to industry stakeholders;
- Ignore source market information;
- Fail to share recovery guidelines from the government;
- Isolate your destination management from the industry.

#3 Integrate locals

Locals should also be included in the process of tourism recovery, through a role of destination ambassadors and information providers

A key part of any destination, local residents must be included in tourism regeneration activities. Destination management should find ways to include locals into the process by inviting them to share inspiring content on their social media channels, motivating them to support local stakeholders, inviting them to share ideas and solutions, enabling them to become destination ambassadors by complying with the COVID-19 measures, etc.

DO

- Create guidelines for online communication (e.g. photos of the pleasant environment in the destination, etc.);
- Organize information sharing events and provide locals with useful information they can attach to their guest reservation confirmations;
- Support the creation of programmes for the promotion of local tourism experiences.



DON'T

- Fail to engage locals in the process of tourism recovery;
- Fail to include activities conducted by locals in recovery strategies;
- Fail to inform locals on recovery phasing and developments.

#4 Improve internal business efficiency

In order to achieve maximum organisational efficiency adjusted to “new normal”, DMOs should optimize their activities and processes in order to become “lean and mean” organisations

Achieving maximum organisational efficiency is the priority, not only because of impacted tourism budgets, but also due to DMO’s increased responsibilities in tourism marketing, industry support and product development. DMOs should put special emphasis on accelerating business processes and, to the extent needed, adjusting organisational structures. Business processes digitalisation is an extremely important component of the success formula.

DO

- Adjust organisational structures and reevaluate objectives and tasks of each department;
- Digitalise business processes;
- Prioritise activities – focus on digital excellence, value creation and industry support.



DON'T

- Stay still and not react;
- Carry out previously planned activities with no or minor adjustments;
- Insist on bureaucratic procedures;
- Hire new personnel.

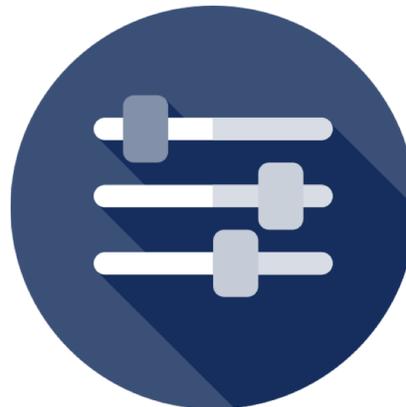
#5 Adapt tourism strategies & plans

Readjusted strategic documents should mirror new circumstances and focus on the tourism experience least affected by the pandemic

Strategic documents that were developed before the pandemic have to be adjusted in line with new circumstances. Nevertheless, if the overall destination vision and value system were properly defined, minor adjustments are needed. Being considered as ever evolving documents, tourism strategies and plans should be revised by the destination managers.

DO

- Identify critical points of the strategic documents that need to be adjusted (growth projections, investment plan, marketing plan, etc.);
- Adjust affected segments of strategic documents;
- Refocus activities on preparation and development of attainable and “safe” experiences.



DON'T

- Carry on with activities from the strategies and plans ignoring new conditions;
- Fail to adjust affected components of strategies;
- Fail to identify most appropriate products and experiences for the given situation.

#6 Advocate adoption of new health standards

Destination managers should become key advocates for adjusting to new health standards

As the virus has significantly impacted tourism, certain health standards that allow resumption will need to be implemented. Therefore, destination managers should be active in preparing the destination for visitors by informing stakeholders about the required measures and operationally supporting their implementation. They should prioritise and facilitate overall adoption of new health standards.

DO

- Follow government instructions and promote adjustments;
- Involve industry stakeholders in defining new standards;
- Consider integrating new health standards into existing/new endorsement programs and destination labels.



DON'T

- Advocate more strict measures and health standards than defined by health experts,
- Withhold support to industry stakeholders;
- Fail to become an information hub for health standards adjustments;
- Fail to actively involve the tourism sector in the process.

#7 Advocate contactless technology

Implementation of contactless technology throughout the travel journey should ensure a safer environment for tourism

As social distancing is suggested for all, the entire travel journey has to be rethought to adhere to these new rules. Destination managers can facilitate by identifying areas for contactless technology solutions throughout the tourism value chain such as RFID technology for contactless paying, contactless check-in/check-out process, QR codes in the restaurants to access menus, checkout technology in shops, etc.

DO

- Advocate contactless technology in DMO's operations;
- Identify areas for implementation within DMO's scope of work (destination events, tourism info points, etc.);
- Operationally and strategically support implementation.



DON'T

- Fail to identify areas in tourism value chain suitable for implementation of contactless technology;
- Ignore importance of imposing contactless technology.

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Destination marketing has to be rethought & optimised

Destination marketing activities

- Given reduced budgets, destination marketers need to adapt marketing strategies and allocate resources wisely, focusing predominantly on digital marketing and content creation.
- In order to reach target markets and reassure visitors arrival after the crisis subsides, **destination marketers** need to focus on conducting the following activities:
 - **Prioritise tourist experiences;**
 - **Re-evaluate target markets and segments;**
 - **Adapt marketing strategies and plans;**
 - **Build and fortify positive online image;**
 - **Activate B2B potential.**
- Every destination marketer is now running for the same goal – **capturing as much as possible of the existing demand potential in 2020 (and onwards).**



#1 Prioritise experiences

Destination marketers should focus promotion on tourist experiences that are least affected by COVID-19

Certain tourist experiences will fall out of favour with the measures of social distancing being imposed. In order to adapt to given circumstances, destination marketers should re-evaluate and identify experiences that are least affected by pandemic and that can be efficiently commercialised. Once prioritised, experiences should become the primary focus of promotion activities, ensuring prompt resurgence of tourism activities.

DO

- Re-evaluate destination's tourism products;
- Identify low hanging fruit - experiences that adhere to measures of social distancing;
- Focus on promotion of such experiences.



DON'T

- Promote tourist experiences that are not aligned to social distancing recommendations;
- Fail to prioritise tourist experiences that can be consumed in given circumstances;
- Fail to support promotion of least affected tourist experiences.

#2 Re-evaluate target markets and segments

Destination marketers should revisit their marketing segments and target markets in order to identify potential best performers

The tourism market has drastically changed with the emergence of the virus and therefore, destination marketers are advised to redefine target markets and segments. Primarily, they should conduct demographic and geographic marketing segmentation, at least based on geographic and socio-economic model (if not more advanced techniques) in order to identify markets and segments with highest potential of generating tourist flows.

DO

- Conduct market segmentation (primarily geographic and socio-economic or more advanced techniques);
- Define (new) target markets;
- Adjust marketing efforts according to target markets and segments specifics.



DON'T

- Continue with the promotion on previously established target markets without revaluation;
- Fail to refine priority market segments.

#3 Adapt marketing strategies and plans

Although budget restrictions are apparent, destination promotion should not be abandoned, with digital marketing being the first choice

After defining the tourism experiences/products, target markets and segments that are going to be targeted, destination marketers should define how to reach potential visitors, in line with the 'new normal' that is going to shape tourism marketing during 2020 and 2021. Taking into account available budgets, destination marketers should primarily focus on digital marketing activities with the emphasis on content creation. Now is great moment for switching more to digital.

DO

- Revise budget allocation;
- Define appropriate promotion activities;
- Identify channels that will be used;
- Measure and closely adjust to market specifics.



DON'T

- Continue with the previously planned marketing activities;
- Fail to adapt marketing activities to new environment;
- Spend budget and efforts on inefficient activities.

#4 Build and fortify positive image online

Destination marketers should increase online presence, communicating enticing and inviting content

In accordance with bespoke promotion activities, destination marketers should also build and maintain positive online image by sharing attractive, inspiring content through official web pages and social media channels. In that way, potential visitors will be enthused and motivated to visit the destination once the crisis is finished. Other aspects of online communication includes sharing latest updates regarding the virus and options for reaching the destination.

DO

- Adapt official web pages and social media communications according to current circumstances;
- Constantly create inspiring content;
- First hand stories on destination recovery (importance of influencers and ambassadors!);
- Intensively engage with web page visitors and social media followers.



DON'T

- Fail to update official web page;
- Continue with the posts that not reflect new circumstances;
- Remain silent and inactive on social media profiles;
- Create generic, uninspiring and low quality content.

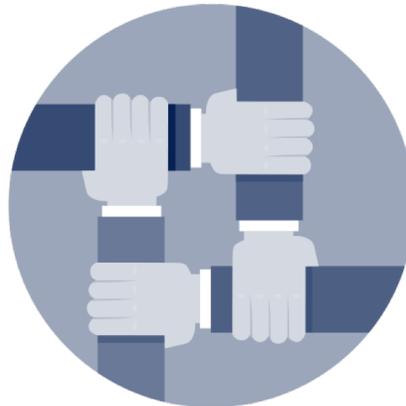
#5 Activate B2B potential

Destination marketers should actively explore the possibility of embarking into co-marketing activities in order to improve visibility and image

As economic activities are on the downturn, the timing is right to explore partnership possibilities with stakeholders that could improve visibility and positioning during and after the crisis. Destination marketers should identify which potential partners/brands are compatible with their destination positioning and could amplify the destination's image with joint marketing activities (co-branding, joint campaigns, co-sponsoring, endorsements).

DO

- Define market segments you want to address with co-marketing activities;
- Identify right brands / partners;
- Define co-operation model;
- Prepare and execute joint marketing activities.



DON'T

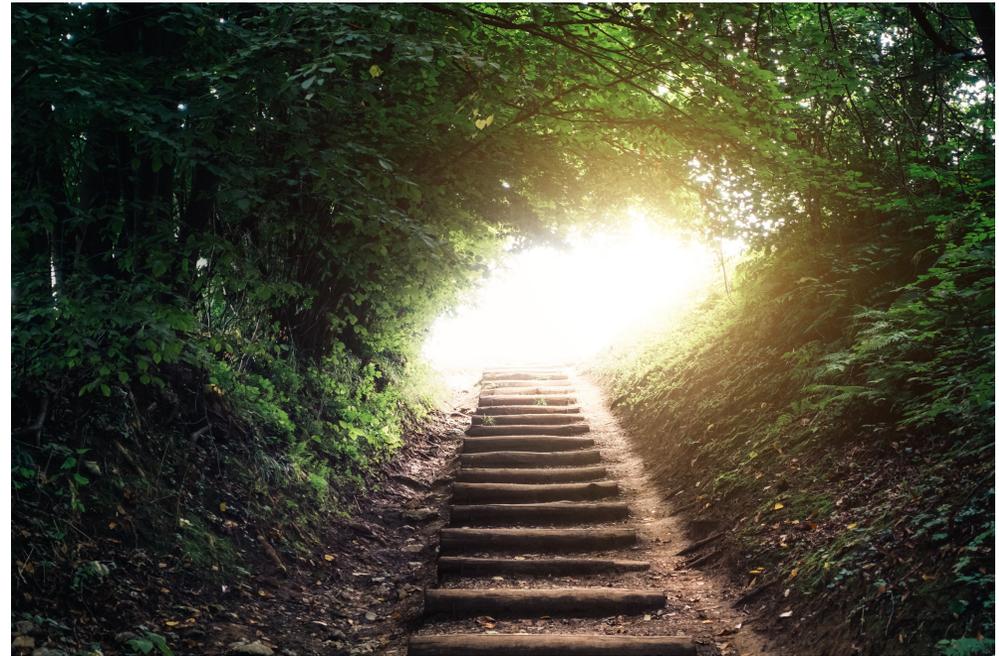
- Remain inactive and not pursue potential partnerships;
- Embark into partnership with no valuable outcome or poorly chosen brand / partner;
- Fail to identify possibilities of improving destination's visibility and positioning.

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Tough times call for determined leadership with vision. Times of crises are also opportunities for setting the scene for new growth.

- Period of operational uncertainty will continue until the vaccine or medicine is discovered, but until then, destination managers should prepare themselves adequately and respond proactively to new (and previous) challenges as **post-crisis times are going to be enriched with new layers of complexity in addition to the existing pre-crisis business landscape;**
- Determined, visionary, smart and dedicated leadership is the defining factor that will separate successful destination managers and marketers from the ineffective ones:
 - **Cooperation and synergy with destination stakeholders is more important than ever before,**
 - It will create foundations for quicker and **more efficient crisis management** and post-crisis growth of destinations;



Tough times call for determined leadership with vision. Times of crises are also opportunities for setting the scene for new growth.

- Each destination manager or marketer operates in a different environment and with different resources, meaning that there is no “*one size fits all*” approach, but:
 - Recognition of conducting **right and timely activities is instrumental** for destination’s success during 2020 and beyond,
 - Destination managers will have to **coordinate their activities in critical micro-moments** during 2020 in order to score best for their destinations;
- Destination managers and marketers that will be most successful and efficient in the implementation of the elaborated management and marketing activities will be the best prepared for hosting visitors, thus **recovering destinations and prepared for new growth cycle**.





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