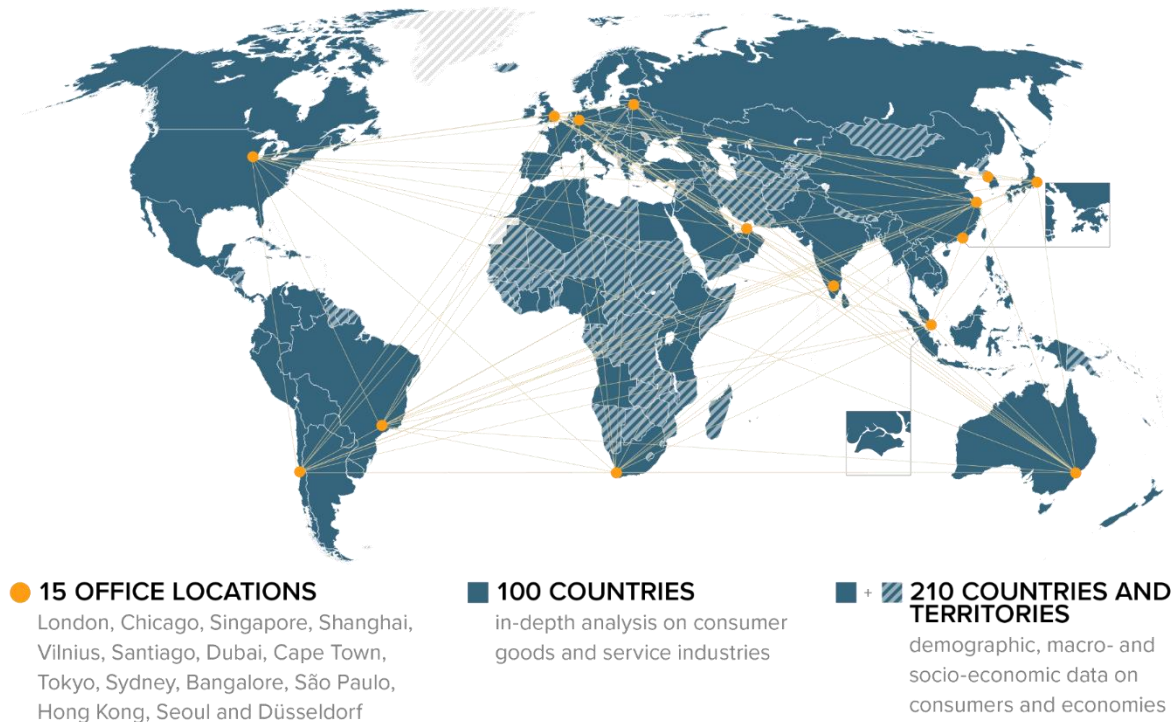


The Impact of COVID-19 on the Tourism Industry: New Reality and New Opportunities

Vitalij Vladykin, Research Manager – Services & Payments



Euromonitor International network and coverage



Overview



Macro outlook



Travel overview



Trends to watch



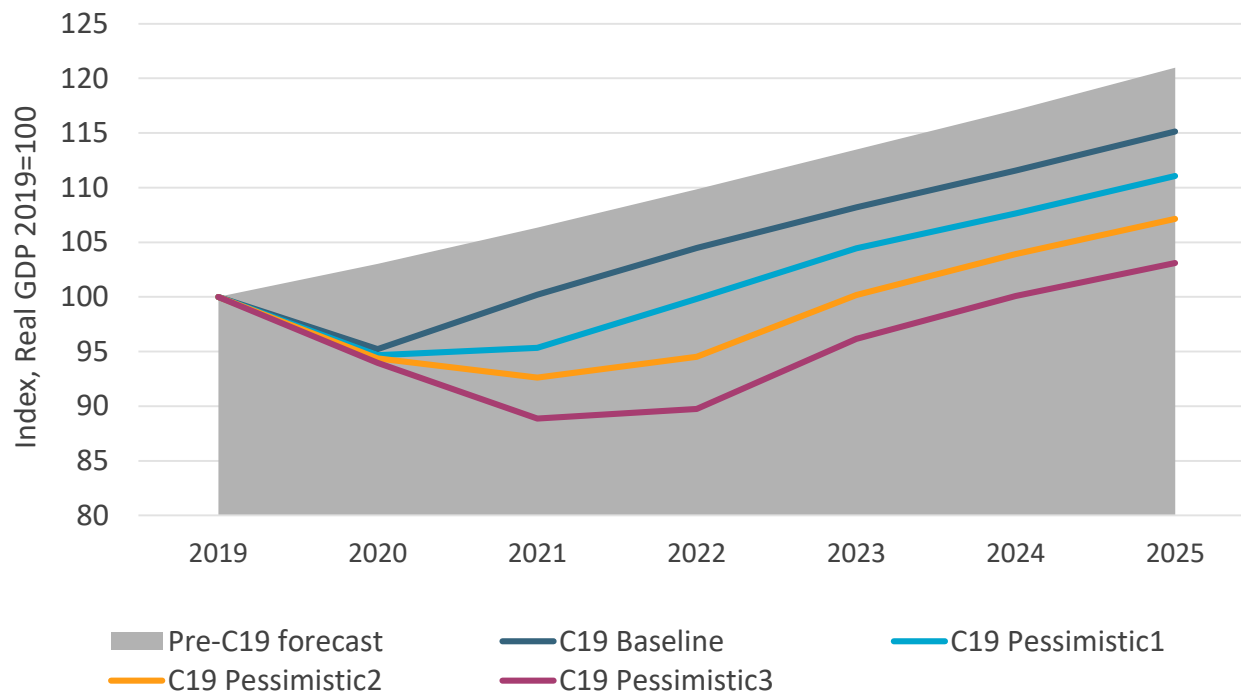
Takeaways

Macro Outlook



Global economy and scenarios

Global Real GDP Index, Baseline and Alternative Scenarios: 2019-2025



Baseline:

Global Real GDP decline of 4.8 in 2020 and growth of 5.2% in 2021

Pessimistic 1:

Global Real GDP decline of 5.3 in 2020 and growth of 0.7% in 2021

Pessimistic 2:

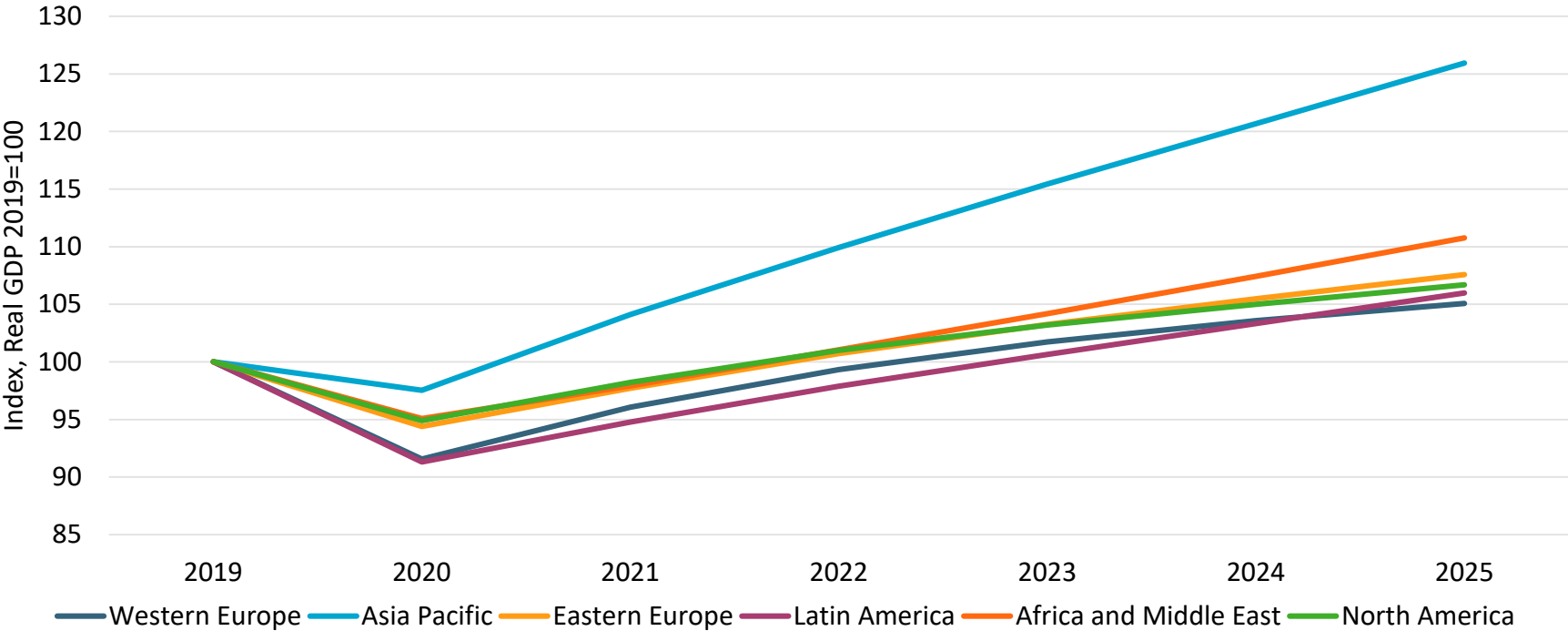
Global Real GDP decline of 5.6 in 2020 and decline of 1.9% in 2021

Source: Euromonitor International Macro Model

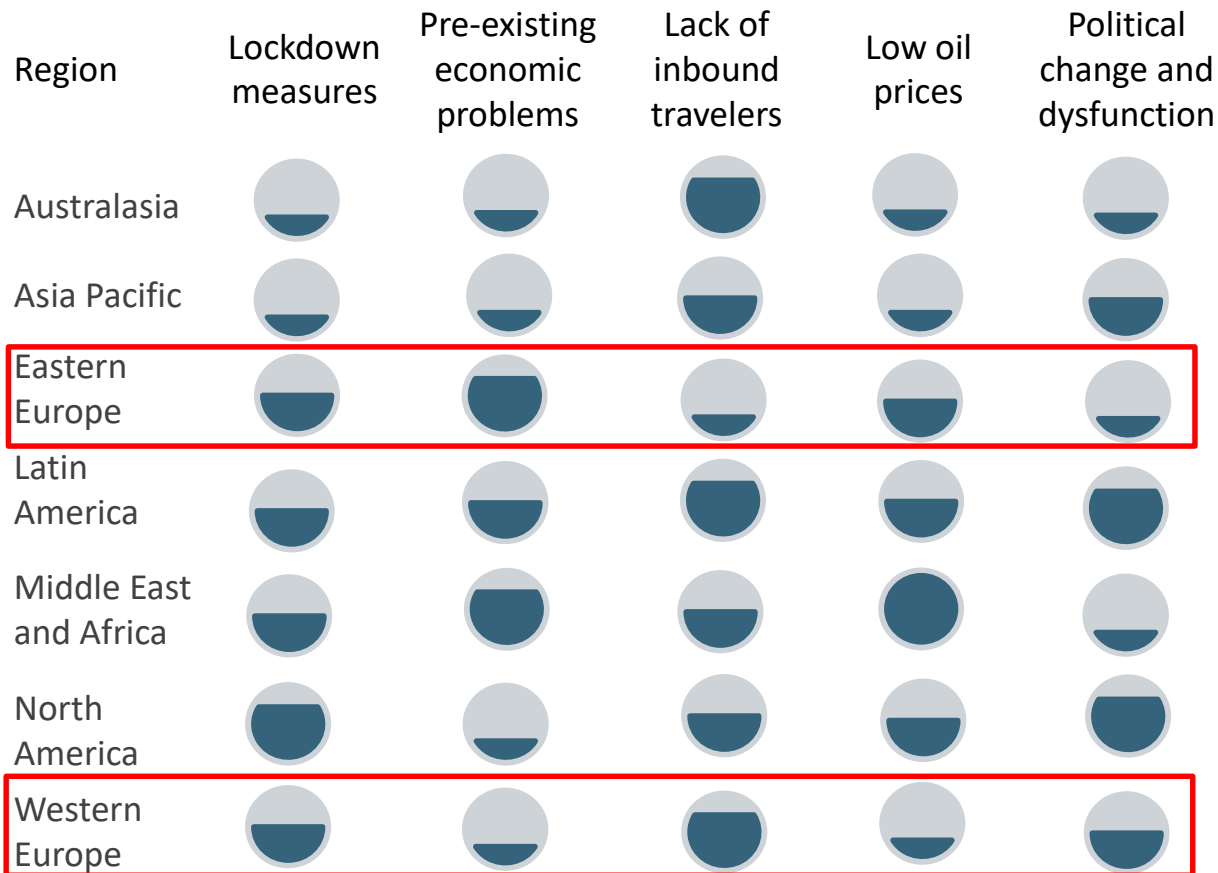
Asia Pacific will recover fastest



Real GDP Index under the Baseline Scenario: 2019-2025



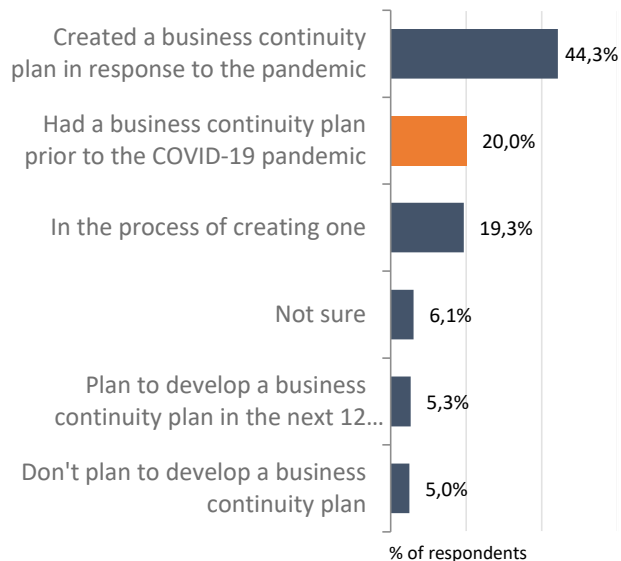
Source: Euromonitor International Macro model



Travel companies in most markets are facing multiple overlapping crises simultaneously in 2020

Quick business response required

Business Preparedness to Address Severe Disruptions in Day-to-day Operations as We Have Seen from the COVID-19 Pandemic



Source: Euromonitor Voice of the Industry survey 2020
Note: Fielded April 2020.



Hotels witness historic loss, adapt by:

- helping healthcare efforts to house patients
- offering long-terms workation packages
- Introducing new health and safety protocols



Travel Overview

Travel before COVID-19

Travel boom



1.5 billion trips
in 2019



USD1.8 trillion
expenditures in 2019

Number of trips was expected to increase
by the CAGR of 4% in 2020-2024



1.8 billion trips
in 2024



Over USD2 trillion
expenditures in 2024

Experience and emotions

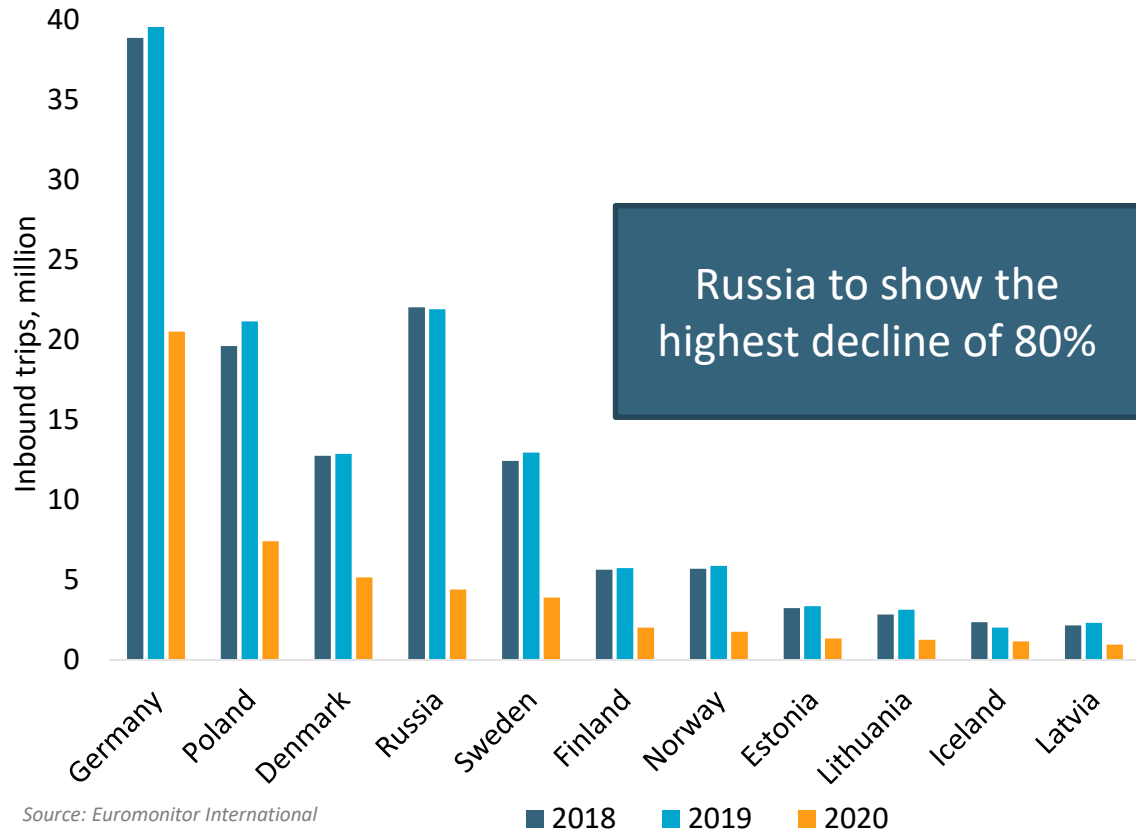


43% prefer experience
rather than owning things



78% value experience of
the real world

Baltic Sea states follow the extremely negative global incoming flows dynamics in 2020



60%

Best case – world arrivals
decline in 2020

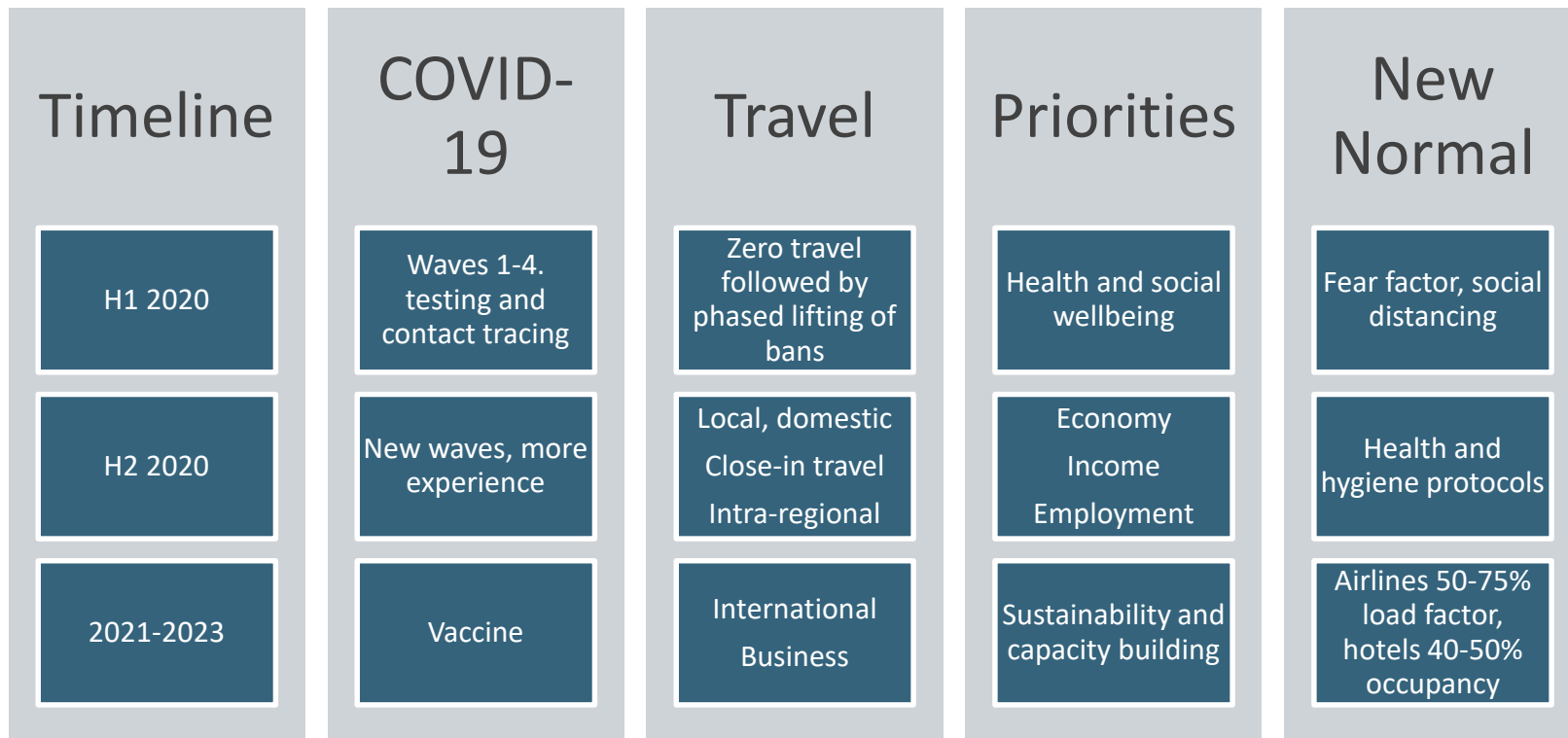
80%

Worst case – world arrivals
decline in 2020

3

Number of years to recover to
pre-crisis levels, minimum

Travel in the new normal



Domestic tourism is a safe haven

Hemester in Sweden



Sweden, the same as other countries in the region, experienced growing demand in staycation, as well as buying summer properties

‘Collect Lithuania’



Source: welovelithuania.com

‘Collect Lithuania’ (‘Surink Lietuva’) a project encouraging tourists to visit all parts of the country and collect magnetic puzzle pieces

Travel cash back in Russia



Local tourists can get 20% cash back or max USD250 for domestic packaged tours bought through the programme and paid by local payment card Mir

Case Study: Baltic states travel bubble in summer 2020

Number of visitors from Lithuania and Estonia almost doubled in July and August 2020 compared to the same period in 2019 in official accommodation establishments in Latvia



On the up

Adventure, wellness tourism

National parks, camping & eco-pods

Sustainable experiences

Gen Z and Y

Digital

On the down

Unsustainable business models

Mass tourism

MICE

Corporate business

Baby boomers



Trends to Watch

Immersive experiences – the Faroe Islands

- An autonomous archipelago in the Atlantic Ocean, under the jurisdiction of Denmark
- Like the rest of the world, the Faroe Islands have closed their doors to visitors and introduced remote tourism
- Visitors are able to remote control one of the locals, giving commands such as run or jump whilst exploring with a Go-Pro
- In a world of zero travel, immersive virtual reality experiences are being offered to entice future visitors



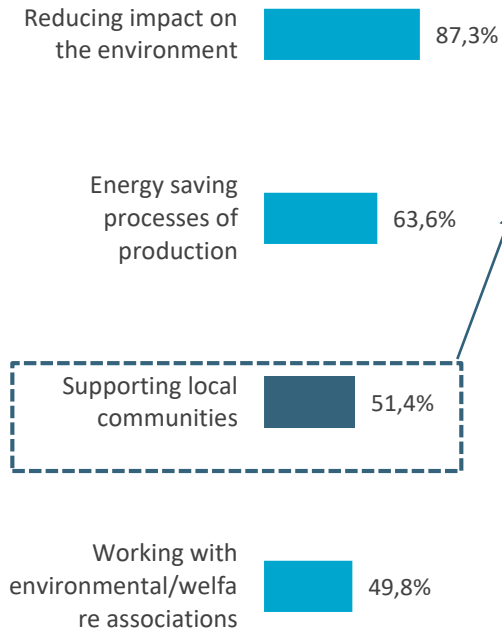
Finnair selling business class meals in local grocery stores



Sightseeing flights to nowhere in Taiwan

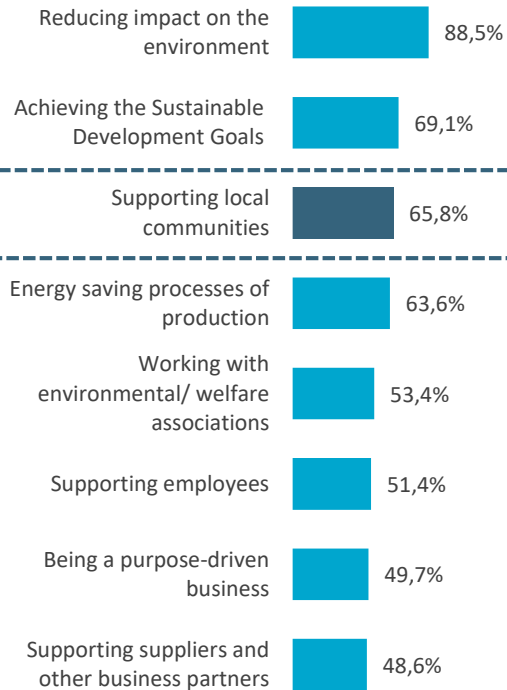


Pre-COVID-19: 2019



% of respondents

Post-COVID-19: 2020



% of respondents

Pandemic redefines sustainability with new social awareness

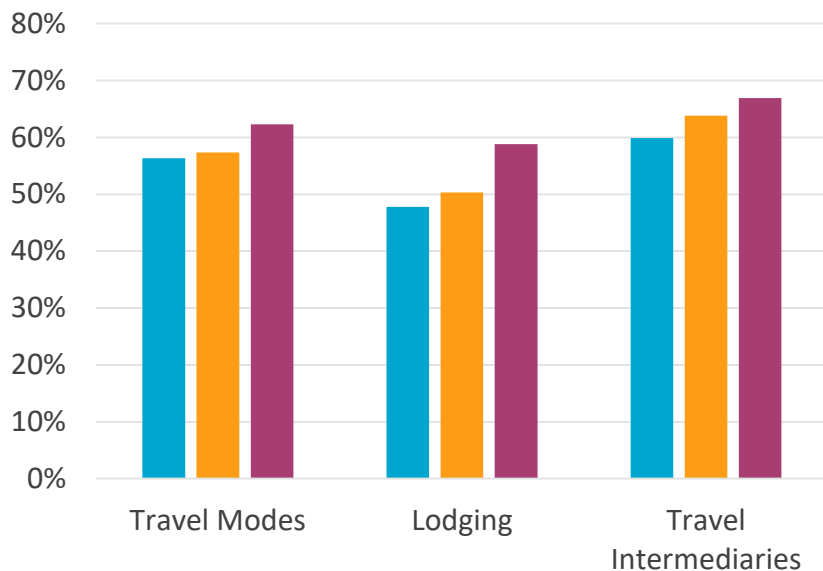
Transparency on carbon impact - Meravando

- A booking app that allows consumers to book cruises that are 100% climate neutral
- Partners with major cruise line companies including Aida, TUI Cruises, Costa and MSC
- The app calculates the carbon footprint and deducts the cost for offsetting from the commission

Source: bit.ly/2BdHwca

Online travel sales not immune to the crisis, but will continue to increase share

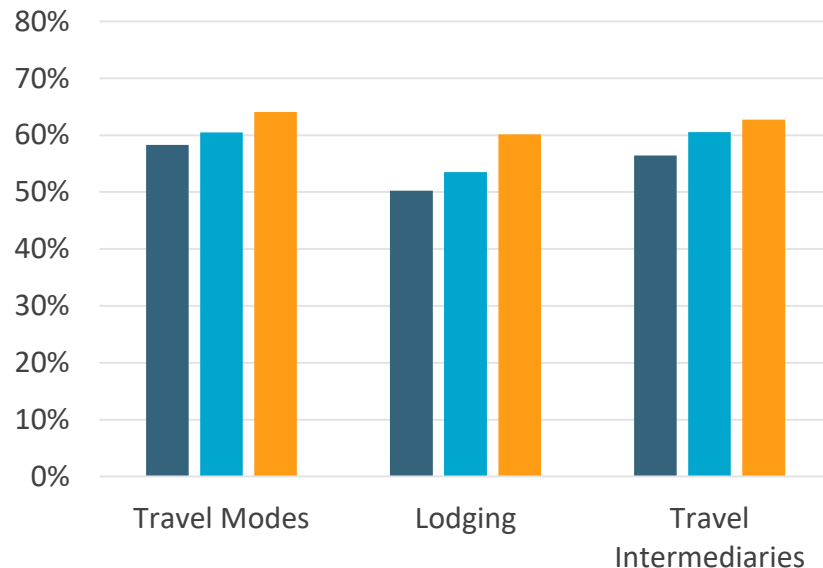
Online Sales Penetration Globally, %



■ 2019 ■ 2020 ■ 2025

Source: Euromonitor International

Online Sales Penetration In Europe, %



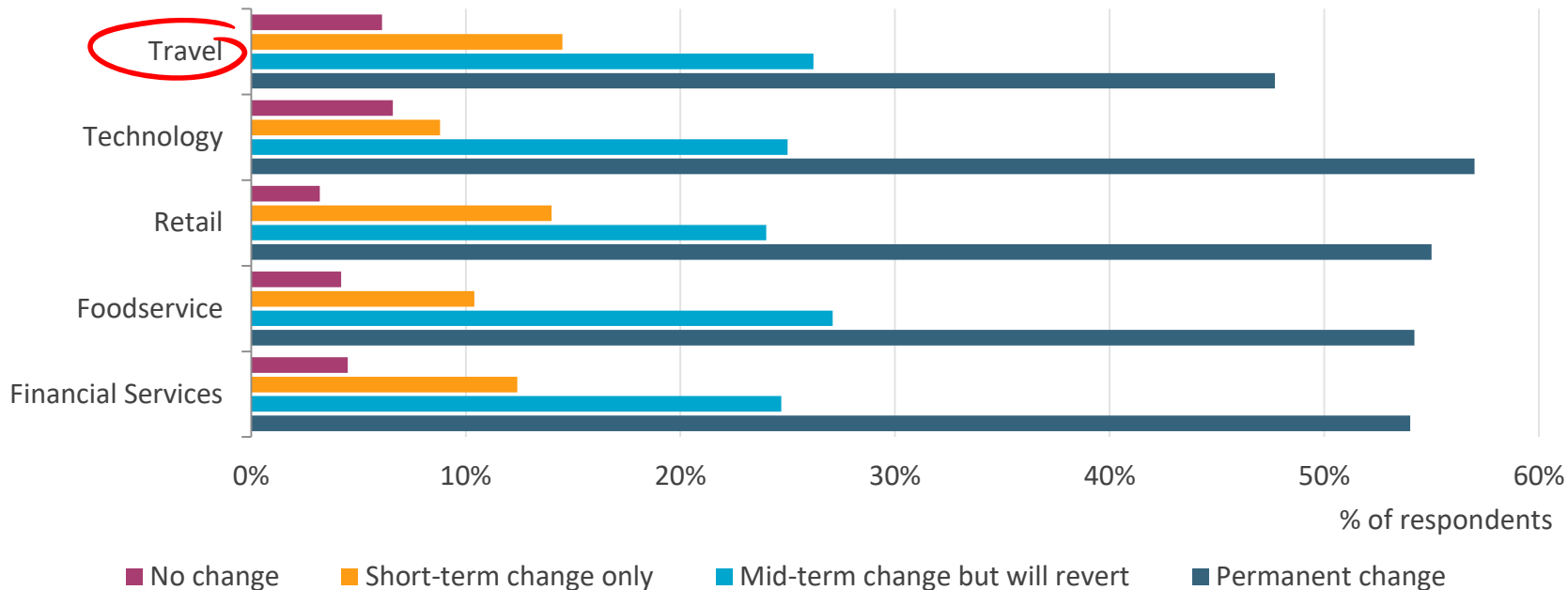
■ 2019 ■ 2020 ■ 2025

Xennials are leading the shift toward e-commerce during the crisis

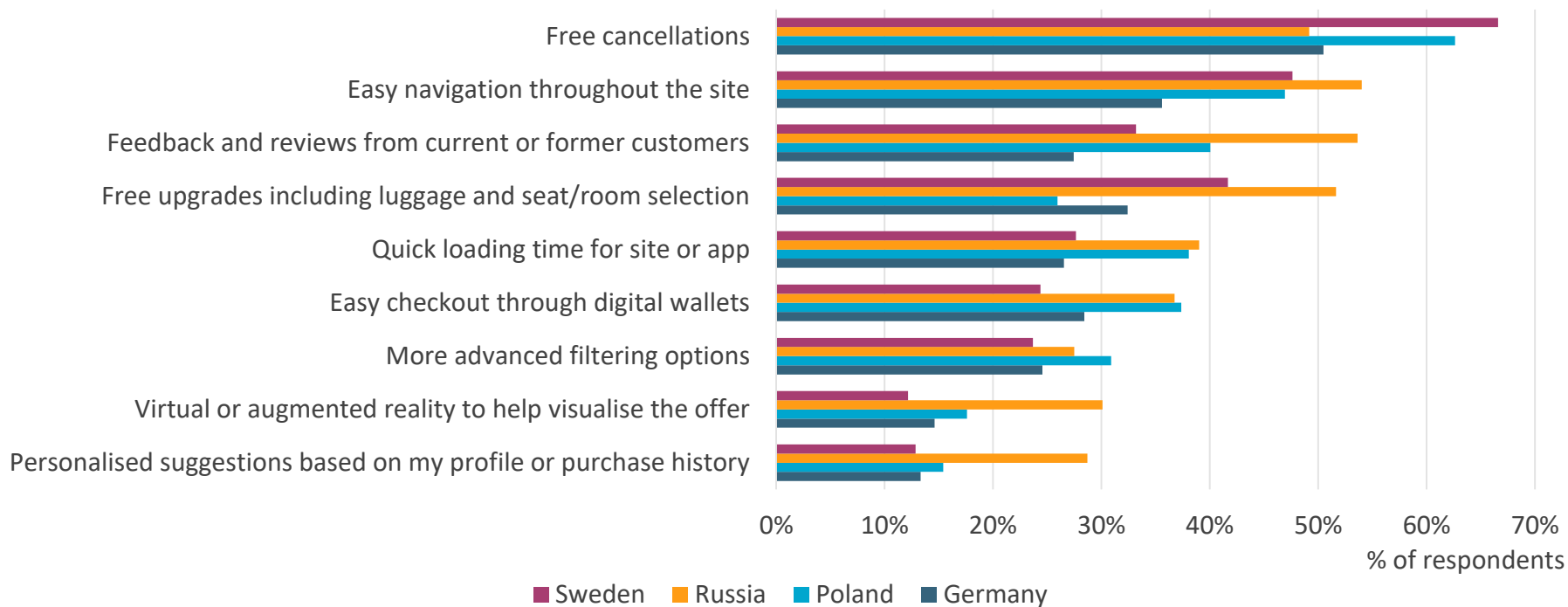
The 30-44 age group, which consists of the oldest Millennials and youngest Gen Xers, were the most frequent e-commerce users across all industries explored.

The new consumer behaviour is here to stay

How Do You Think Consumers Will Change Their Shopping Behaviour as a Result of the Pandemic: Increase Online Shopping (World)

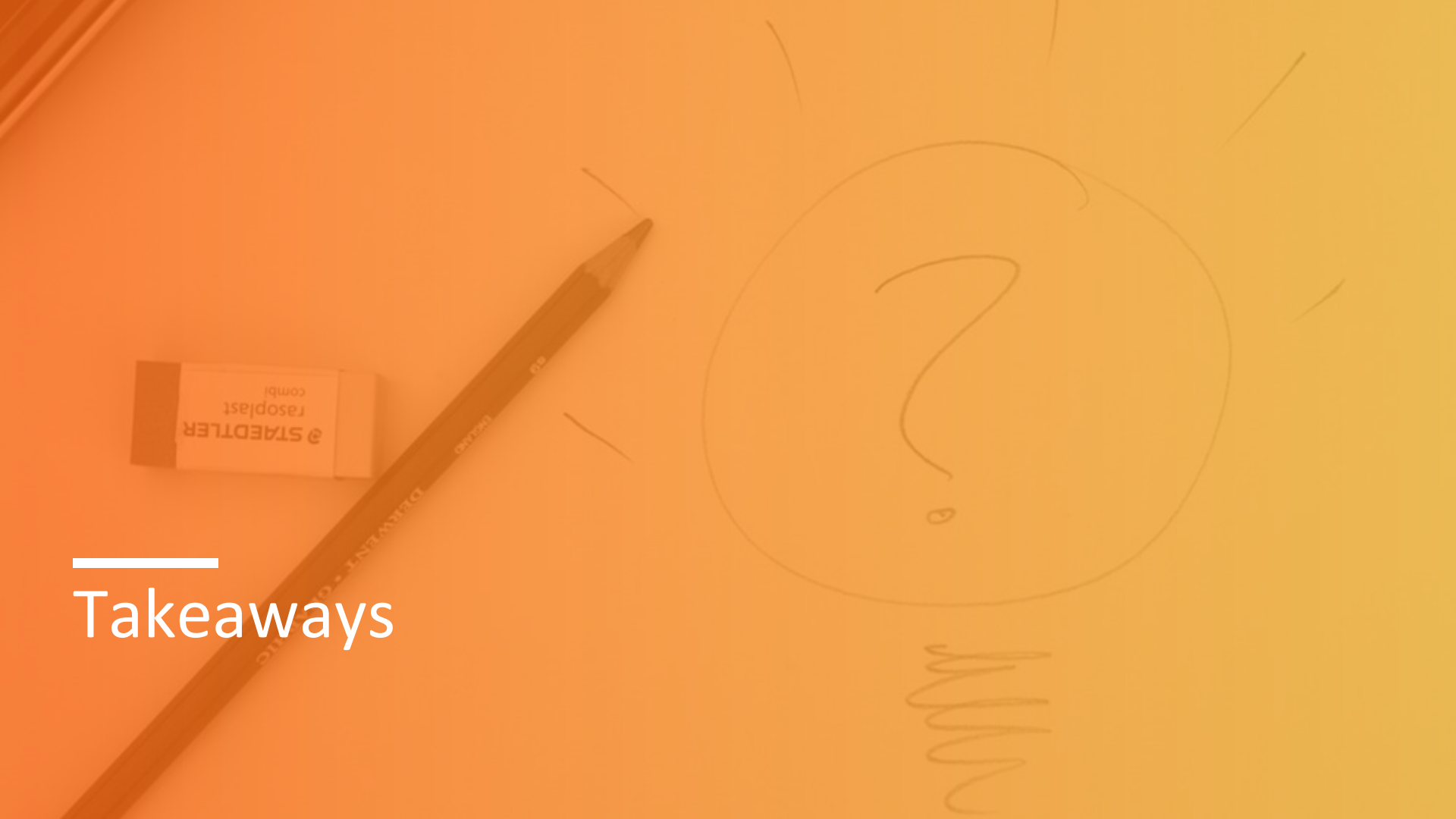


Important factors influencing digital travel purchase



Source: Euromonitor International Digital Consumer Survey, June 2020, 20,000 respondents in 20 countries, 1,000 respondents in each country

Takeaways



Navigating the COVID-19 uncertainty, the customer journey remains a top priority

Q: What do you see as the most important commerce-specific developments for your organization in the coming 12 months?

Commerce developments in the next 12 months	Europe
Improving the customer journey and user experience	56%
Integrating new technologies	50%
Creating a consistent brand experience across channels	45%
Providing information and advice to customers about COVID-19	45%
Enhancing customer service	44%
Becoming consumer centric	38%
Co-creating new products and services with consumers	37%
Shifting from physical to online platforms	37%
Building mobile presence	33%
Enhancing cybersecurity	30%
Deepening customer loyalty programmes	29%
Diversifying payment options	20%

Source: Voice of Industry Survey – Travel and Tourism, April 2020

Takeaways



COVID-19 is having an unprecedented impact on economies and how consumers live, work, shop and travel, impacting their behaviour, attitudes and income



Destinations and brands will have to work extra hard to reassure visitors that it is safe to travel, adapting to the new normal and touch-free customer journey



Digitalisation, automation and innovation will accelerate and fuel the future growth, whilst static business models will fail



Sustainability - remains key priority, and people in the focus

Thank You

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