Tourism Advisory Group

Covid-19 Weekly Impact Bulletin

Issue 2

18th March, 2020

INDUSTRY EXECUTIVE SUMMARY

- Estimated up to 140,000 jobs may have already been lost within tourism, likely to rise to 200,000 by the end of this week.

- By last Friday we estimate that 50 to 60 hotels had closed with significantly more closing over the last few days.

- Vast majority of bars, attractions and activity providers are now shut. Most restaurants closed or closing, with some still offering takeaway and delivery services.

- Key issues for tourism businesses are 1) securing social welfare payment for teams and 2) securing financial sustainability such as moratorium on interest payments and securing low interest working capital more.

- Global and domestic outlook is very difficult with the Financial Times quoting an estimated -25% contraction of the global industry in 2020 assuming recovery in Q3 and Q4. Other estimates are more negative suggesting recovery may not happen until 2021.

FÁILTE IRELAND INDUSTRY SUPPORTS

Direct engagement

The sectoral and regional Fáilte Ireland teams are reaching out to hundreds of businesses across the country on a weekly basis to offer support and gather real time status updates. Responding to industry needs Failte Ireland has established a *Business Supports Taskforce* being led by Jenny De Saulles to support the tourism industry by providing key business responses.

Information and support

We continue to provide information and support to businesses on Continuity Planning. This includes practical operational guidelines as well as links to relevant COVID-19 advice developed in conjunction with the HSE and Department of Health.

The Fáilte Ireland Business Supports Taskforce has developed a suite of supports for tourism businesses to support them to **Manage Your Business in Unprecedented Times**. A series of webinars have been created to provide expert support and guidance, and to address the key challenges immediately facing the industry. These webinars and associated presentations/ expert guidance will be loaded onto failteireland.ie by lunchtime on Wednesday 18th March.

Campaign to raise awareness of and drive traffic to supports

A media and digital campaign is being devised to raise awareness and drive traffic to these supports. Links to these supports will also be pushed out through Fáilte Ireland's data base and through sectoral bodies.

This week's webinars are:

Topic	Delivered by
Business Liquidity	Mairea Doyle Balfe from Crowe. Covers: Cost Containment, Cashflow, Accessing Finance & Funding
Safeguarding future revenue sources	Oonagh Cremins, The Innovate Room.
Protecting sales contracts and business relationships	Helen O'Leary, The Innovate Room.
The Covid-19 Crisis, The Employer and The Employee	Caroline McEnery, The HR Suite. Caroline is a HR and Employment Law Expert.

We will be developing additional webinars next week.

Rescue and Restructuring

Fáilte Ireland is also activating remote advisory clinics and mentoring supports for impacted firms, providing consultancy support to undertake immediate financial reviews as well as business continuity preparedness and innovation.

Covid-19 section on Failteireland.ie

We have created a one stop shop of information for tourism businesses on Fáilte Ireland's corporate website. This contains links to all HSE advice.

Operational Procedures

At your request, we have created guidelines for operational procedures for Covid -19 in line with HSE guidance. These have been created for key sub-sectors. Feedback from industry on these guidance documents has been very positive. A number of businesses have asked us to support them in developing new SOPs which integrate these guidelines so that they can be used after the crisis, as the expectation is that this will be the new standard expected by visitors.

Advice on all supports available and how to access them

We are pulling together a list of all Government supports available to the industry, what they are and how to access them. See latest version here: https://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/COVID-19/Accessing-Government-Funds-and-Supports-March-16.pdf This data is changing daily and will be updated on our website accordingly.

Social Welfare Announcement

The announcement regarding social welfare was very welcome and is a step in the right direction. However, we appreciate that cash flow issues will prevent this from being implemented. Fáilte Ireland is working with the Department on potential solutions.

In the immediate term, clarity is needed on the process for implementing the social welfare scheme. Businesses need to understand how draw-down will be managed, what evidence eligibility will be needed, what are the levels of payment for part time staff etc. Fáilte Ireland is working with Dermot Coates from the Welfare Department on this.

Access to Finance

Separately Fáilte Ireland has made contact with pillar banks to highlight key areas of concern for the industry regarding access to finance. Banking & Payments Federation Ireland (BPFI) has also been consulted.

Other supports being developed

Following direct requests from industry some other areas we are developing advice on are:

1) HR how to avoid manage layoffs and manage redundancy queries
2) How do I keep my brand alive during the crisis. The question is around reaching out via CRM to key customers. What messages are appropriate to send and how often, is there any way to add value?
3) How do I communicate with my team staff during the crisis? Specifically, advice on how to support them mentally and ways to avoid social isolation.

CONSUMER UPDATE

Omnibus Data Table

Weekly research tracker with consumers living in ROI and NI

The lead indicators on the impact of the virus, in particular intent, show the increased vulnerability of domestic travel, with the results for the week of the 16th March expected to be see strong negative shifts in the data as a result of recent calls for social distancing.

KPI	06 March	13 March	20 March	27 March	03 April	Commentary
How likely is it that the coronavirus (Covid 19) will impact your domestic travel (that is travel in Ireland) to each of the following in the next 3 months? • General Leisure (Top 2 boxes)	37%	43% ↑				There has been a significant increase in the number of consumers claiming that domestic travel will be impacted by the coronavirus.
What, if any, behaviour changes do you think you will make/are you making as a result of this new coronavirus • Postponing/cancelling travel plans in Ireland	13%	16%↑				Consumers are starting to consider cancelling or postponing planned domestic travel.
When do you intend taking this short break in Ireland? • Next 2 months • 3 - 4 months	23% 33%	16%↓ 25%↓				Intention is one of the strongest lead indicators in tracking and the data trend is shifting significantly downwards.
How likely would you be to consider replacing your trip abroad with a holiday at home? (Top 2 boxes)	37%	30%↓				Conversion opportunities are slowing down –i.e., as consumers travel abroad less they are not converting their travel plans into domestic trips.

See Appendix for more detailed results from last week's consumer research.

CONSUMER UPDATE

Domestic Online Trends –
Last 7 days versus same week last year

Online activity based on traffic to websites and social conversation indicates a sustained slow-down in interest for domestic travel.

Websites (Last 7 Days Traffic comparisons to the previous year)

Websites	Organic Traffic	Trade Referrals
Discover Ireland	↓-28%	↓-38%
Wild Atlantic Way	↓-21%	n/a
Visit Dublin	↓-37%	↓-32%
Total (including smaller sites IHH and IAE)	**↓-28%**	**↓-29%**

- Overall decline of -28% in organic traffic across all Fáilte Ireland websites, resulting in a decline of -29% in industry referrals, broadly similar to last week.
- Increasing decline in monthly trade referrals across Discover Ireland and Visit Dublin v's last week.

Domestic Search Trend Observations

- Significant surge in queries around travelling restrictions from Ireland to other destinations.
- Over the past 7 days search trends around 'Hotels Ireland' have remained stable. However, analysis of what users are searching for in relation to this query is predominantly around hotel closures e.g. "*Are hotels closed in Ireland?*".

Social Media

- Conversation levels are very low on owned social media channels. A small number of people are sharing generic statements around personal impact of COVID-19 on future travel plans.
- Since the Government announcement, a large spike in themes related to school closures has dominated conversations domestically.
- Other key domestic theme dominating is hotel cancellations, particularly in focus destinations – Galway, Limerick and Dublin.

INDUSTRY UPDATE

Corporate Travel

Huge loss of corporate business with individual businesses reporting declines ranging from from €70k up to €500k in the past week.

Business Websites	Organic Traffic
Meet in Ireland	↓20%
DCB.com	↓31%

The value of the 44 cancellations lost this week is €19.5m, and last year in this week we lost €1.9m over 7 events. None of these events were confirmed. Of the 44 cancelled this week that we know of, at least 30 cancelled due to Covid.

Table below outlines YOY comparison and values.

Activity	WC 9/3 2019 Last year	WC 9/3 2020 This year
Leads Generated	15	12
Leads Converted	6	11 *(2 of these were deferrals)*
Deferrals	0	4
Cancellations	7	44 *(30 attributed to Covid)*

Week 9/3 – cancellations… this only includes those we have been informed about.

Overseas Leisure

- Significant cancellations of March/April and leisure business. What started as a decline of -20% the week of the 24th February, is now at -70% for the week of the 9th March.

- Some operators have suspended operations until the end of April i.e. no more groups will come in until then. These are being done on a "deferment" basis i.e. come in later in year.

- Future bookings - "Phones have simply stopped ringing" during week commencing 9th March. This is very much in the group segment, with some FIT bookings still coming in, but with cancellation policies being much shorter in FIT, there is a genuine fear that this business will not be realized.

- Some operators have implemented 3 day weeks for staff already. Offices are busier than ever, but handling deferments and cancellations and all the logistical challenges that comes with doing that.

- Some isolated issues of contractual agreements with suppliers, but vast majority of operators speak about a great deal of flexibility from the supply side regarding deferments and cancellations

- Across the board, significant cancellations in tour business with one hotel reporting a 200% increase in cancellations YOY, another lost a tour series valued at €250k. Tour companies are pushing to have a 14-day cancellation period down from 28 days.

- Tour operator cancellations coming on an hourly basis.

Domestic Leisure

- A lot of concern around wedding business and the 100+ gatherings but this has obviously been overtaken by subsequent HSE advice around bar closures

- F&B down significantly, one hotel reporting up to 80% due to loss of events, conferences and slow down in domestic and passing trade

- At the start of the week, some hotels reporting occupancy at only 20% to 30%. This got worse as the week progressed.

- Activity providers reporting huge drop in summer bookings that would normally be in place by now.

- School and student group cancellations.

OTAs

Discussions with several OTAs has highlighted significant decline in bookings into Ireland.

Sales Performance YOY	<u>Bookings to Ireland week of the 9th March</u>. Change versus same week last year. • Overall down -50% • Dublin down -60% • Regions outside Dublin down -40% • Cancellations up +65% On the online channels, hotels are slashing rates. Many OTAs actively encouraging properties to hold rate as demand is on the floor at present anyway. Instead they are encouraging hotels to prepare for Q3 & Q4. Still bookings coming in for Q3 & Q4. OTA bookings are similar to FIT, with generally short cancellation times, so whether bookings equal arrivals, remains to be seen.

General Business Operations

- Business Closures – Seasonal businesses, that include hotels, B&Bs, activities, etc, may not open until next year. Other highly leveraged well established businesses now at risk. As we reached the end of the week the trickle of closures became a torrent.

- Cash Flow – Immediate priority across all sectors to keep businesses open and viable in the short term. Sense that banks aren't as engaged as they need to be.

- Staffing and Payroll – Reduced hours and layoffs being experienced across all types of tourism businesses.

- Capital Investment – We are writing to all Platforms for Growth applicants offering a 2 month extension, to the 30th June for their Stage 3 applications, and we will continue to monitor the situation and review the timelines again (and well before the end of June) if necessary.

INTERNATIONAL IMPACT REPORTS

World Travel & Tourism Council (WTTC)

The Council says up to 50 million jobs in the Travel & Tourism sector are at risk due to the global COVID-19 pandemic. It called for a series of measures to be taken, to enable the swift recover, once COVID-19 is under control. They include (a) relief and incentives to support business continuity and (b) destination supports, i.e., marketing and product development.

"The Travel & Tourism sector has a proven track record of resilience in the face of crises and this ability to bounce back has improved significantly in recent years."

US Transatlantic Travel Ban

The US Administration announced a 30 day ban on travel by non-US citizens from the Schengen Area. It was extended to inculde Ireland and the UK.

According to OAG:

- Effects over 2 million passengers arriving in the US on around 8,000 flights over the next 4 weeks.

- Prior to the crisis, 133 US to Ireland weekly departures (winter schedule to March 28): Aer Lingus 109, Delta 14, American 7, United 7.

Impact on Airlines

- The CEO of British Airways, Alex Cruz, told staff that the airline is in a fight for survival and expects to make job cuts and ground an unprecedented number of planes.

- Norwegian Air decided to ground 40% of its long-haul fleet and cancel up to a quarter of its short-haul flights.

- Michael Duff, Managing Director of The Airline Analyst, predicts that many carriers will go into administration – noting that "secondary players and regional and national European carriers are definitely facing severe survivability risk".

Air Capacity Changes Internationally

Global Scheduled Capacity Change year-over-year

Week compared with equivalent week in previous year i.e.
Monday 6 January 2020 vs. Monday 7 January 2019.

OAG

Region	6 Jan	13 Jan	20 Jan	27 Jan	3 Feb	10 Feb	17 Feb	24 Feb	2 Mar	9 Mar
All	1.5%	1.3%	0.5%	0.1%	-3.6%	-10.0%	-10.7%	-10.1%	-7.9%	-10.1%
China	7.8%	8.8%	1.6%	-0.5%	-22.7%	-63.3%	-70.8%	-62.3%	-41.6%	-42.9%
South Korea	1.8%	2.1%	3.4%	1.4%	-3.4%	-9.3%	-15.7%	-17.9%	-34.1%	-52.1%
Japan	2.6%	2.3%	2.6%	2.1%	-0.8%	-3.2%	-4.6%	-5.6%	-7.6%	-15.0%
USA	1.6%	1.3%	1.5%	2.2%	1.5%	1.3%	1.5%	0.6%	-2.1%	-1.3%
France	0.5%	-2.3%	-2.7%	-2.1%	-1.1%	-0.2%	0.8%	-1.3%	-2.8%	-3.8%
Germany	-8.6%	-8.8%	-8.4%	-8.5%	-7.9%	-8.0%	-6.6%	-5.1%	-5.0%	-15.4%
UK	-1.8%	-4.1%	-4.2%	-5.1%	-4.3%	-4.0%	-3.0%	-1.9%	-2.7%	-15.5%
Italy	0.8%	-5.0%	-4.2%	-4.8%	-4.3%	-3.5%	-2.8%	-6.2%	-8.8%	-21.6%
Hong Kong	-11.3%	-10.8%	-8.0%	-8.7%	-20.6%	-44.7%	-57.7%	-63.3%	-70.4%	-77.5%

Source: Schedules Analyser

Accommodation Performance

Note: Data from two weeks ago.
Weekly report from STR 1st on hotel performance, for the 1st week of March

Fáilte Ireland									
For the Week of March 01, 2020 to March 07, 2020									
	Current Week - TY vs. LY								
	Occ %		ADR		RevPAR		Percent Change		
	2020	2019	2020	2019	2020	2019	Occ	ADR	RevPAR
Dublin	63.9	79.3	130.85	146.95	83.64	116.47	-19.3	-11.0	-28.2
Cork	63.7	68.9	110.97	112.49	70.67	77.53	-7.6	-1.4	-8.9
County Galway	55.8	61.0	104.88	101.34	58.57	61.82	-8.5	3.5	-5.3

APPENDIX –
Detailed Omnibus Research Results

Fāilte Ireland
National Tourism Development Authority

COVID-19 Consumer Sentiment and Behaviour: Lead Indicators
13 March 2020

Key lead indicators indicate that domestic travel is being negatively affected by the coronavirus.

Research Objectives
- To track intention to take domestic short breaks.
- To understand the role of perceived health risks and how they impact on short breaks.
- To track consumer sentiment and behaviour as regards the coronavirus and domestic breaks.

Perceived health risks and travel in general
- Health risks in general are identified by 60% of consumers as having the potential to stop travel.
- 37% of consumers will postpone a planned trip in light of a health risk, but they will not re-book or commit to a new date.
- 33% claim that they will postpone or cancel travel to affected areas.

Coronavirus and Travel in IOI
- 43% claim that their domestic leisure travel will be negatively affected by the presence of the virus – a trend that is significantly up.
- 52% are actively avoiding large gatherings as a result of the virus and 53% claim that their travel to public events, festivals etc. will all in likelihood be affected.
- Domestic travel is down with 16% of consumers planning a trip in the next two months and 25% planning a trip in the next 3 – 4 months.
- The horizon for a claimed change in behaviour is in the next 5 – 6 months as when they will start travelling again, which is up to 32% from 21% last week.

1

Fāilte Ireland
National Tourism Development Authority

Health and personal risks are the largest barriers to travel in general and in the Covid 19 scenario become fundamental reasons why people will not travel. Only when travel is perceived to be safe will consideration and intent become meaningful.

What Would Stop Me From Taking a Short Break: Top 2 Box, Very / Fairly Likely

	06 March	13 March	20 March	27 March	04 April
Cost	29%	41%⬆			
Health Risks	**60%**	**60%**			
Personal safety	**54%**	**54%**			
Environmental impacts of travel	15%	15%			
Travel time to get to destinations	13%	14%			

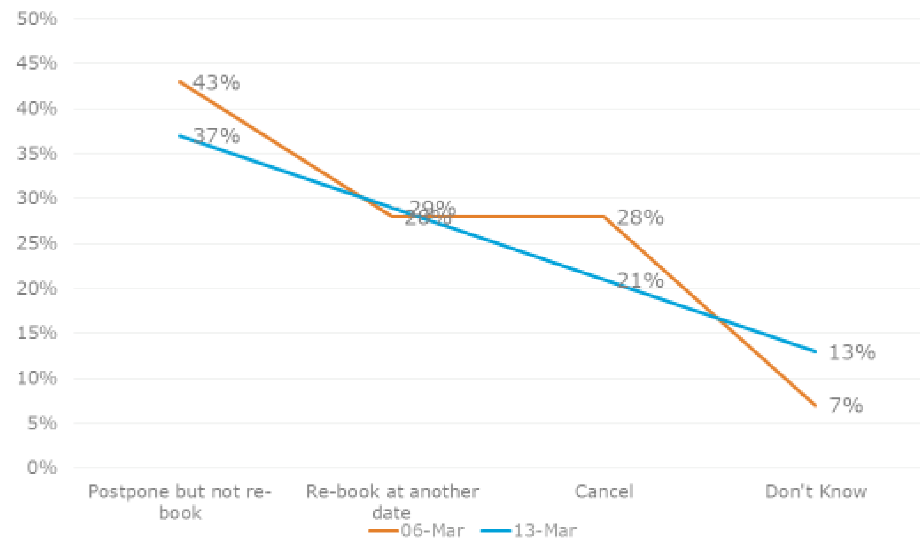
CP&I 2020

2

Fáilte Ireland
National Tourism Development Authority

At this time visitors are postponing travel and many are keeping their options open and not re-booking. It is an opportunity to consider how to keep the planning phase of the consumer journey relevant.

If Health Given as a Reason Not to Take a Short Break The Action Is....



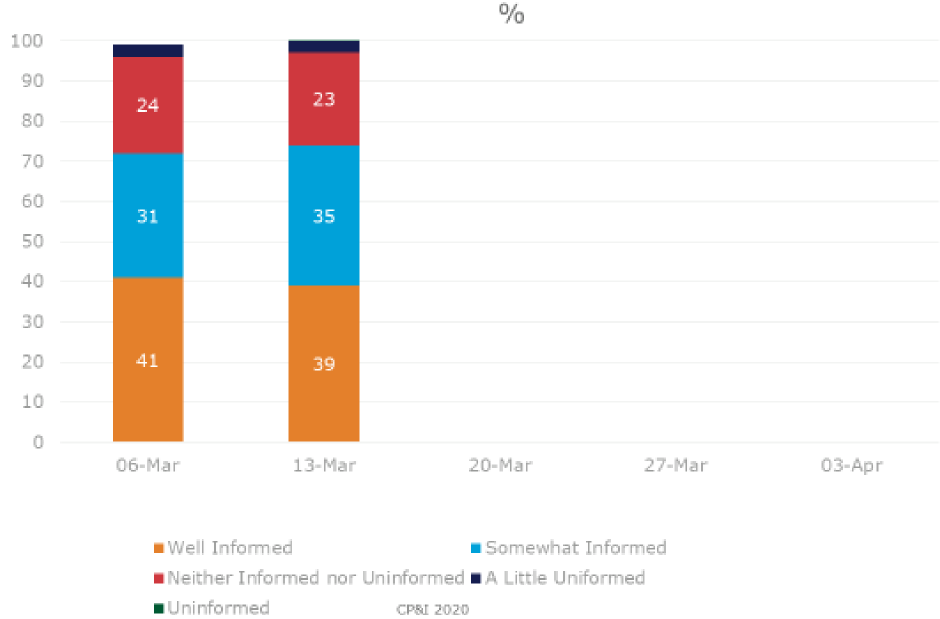
CP&I 2020

3

Fáilte Ireland
National Tourism Development Authority

The majority of consumers consider themselves to have a level of information about the coronavirus with a slight change in the data indicating an opportunity to keep them feeling informed.

How Informed Do You Consider Yourself About The Coronavirus %



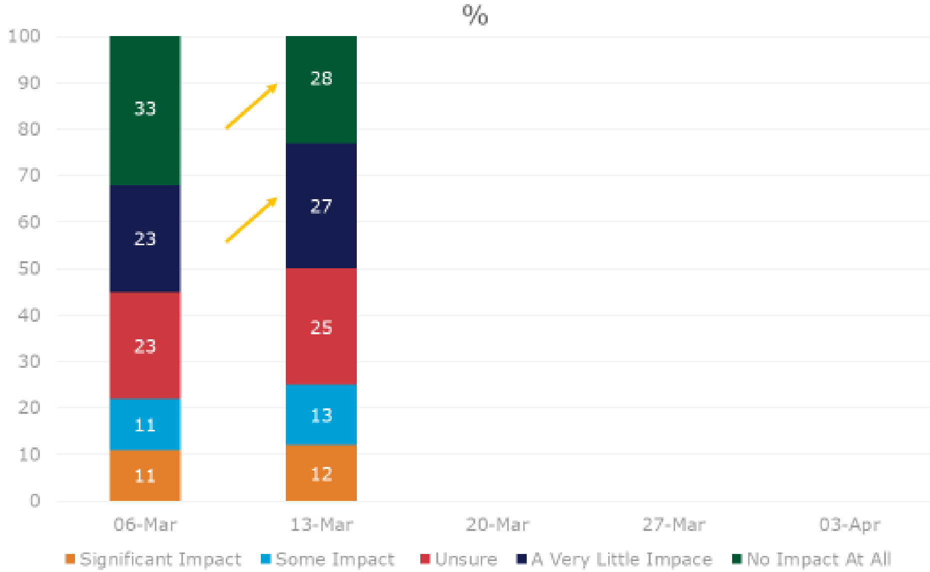
CP&I 2020

4

Fāilte Ireland
National Tourism Development Authority

Fewer people are now saying that the virus is having little or no impact on them in their daily lives.

What Level of Impact is The Coronavirus Having on You



CP&I 2020

5

Fāilte Ireland
National Tourism Development Authority

Apart from basic hygiene and preventative measures travel is a key area of impact, with more consumers cancelling domestic travel plans and avoiding crowed places and gatherings.

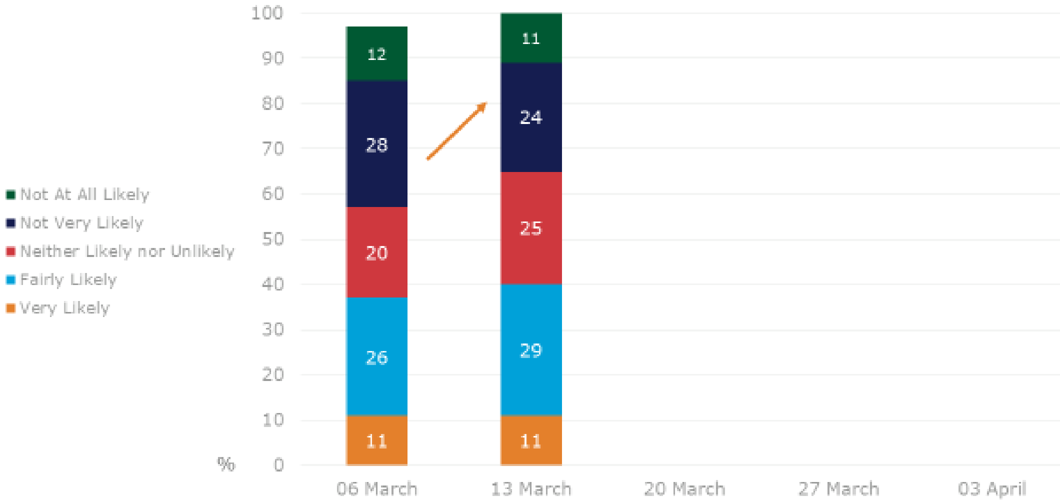
Change in Behaviour Driven by Coronavirus

	06 March	13 March	20 March	27 March	03 April
Using hand sanitiser/Washing my hands more often/more thoroughly	74%	77%			
Trying to avoid crowded places/large gatherings	**52%**	**55%**			
Postponing/ cancelling travel plans to affected areas	**33%**	**34%**			
Postponing/ cancelling travel plans abroad in general	**24%**	**25%**			
Postponing/ cancelling travel plans in Ireland	**13%**	**16%** ⬆			
Trying to avoid public transport	32%	35%			
Keeping my distance from anyone coughing or sneezing	56%	58%			
Wearing a mask when I'm out	-				
None/no changes so far	12%	10%			

Fāilte Ireland
National Tourism Development Authority

Consumers are becoming less likely to replace a trip abroad with a domestic trip.

% Likelihood of Replacing a Trip Abroad with a Domestic Trip



CP&I 2020

10

Fāilte Ireland
National Tourism Development Authority

General leisure domestic trips will in particular be affected by coronavirus. At the same time other trips to more public events are also driving a lack of travel.

How Will Coronavirus Impact Your Domestic Travel in the Next Three Months: Top 2 Box, Very / Fairly Likely

	06 March	13 March	20 March	27 March	03 April
Visits to friends and relatives	24%	29% ⬆			
Public events (e.g. sports event, concert, play, festival etc.)	46%	53% ⬆			
Private event/celebrations (e.g. wedding, anniversary, birthday etc.)	24%	31% ⬆			
General leisure, holiday, recreation	37%	43% ⬆			

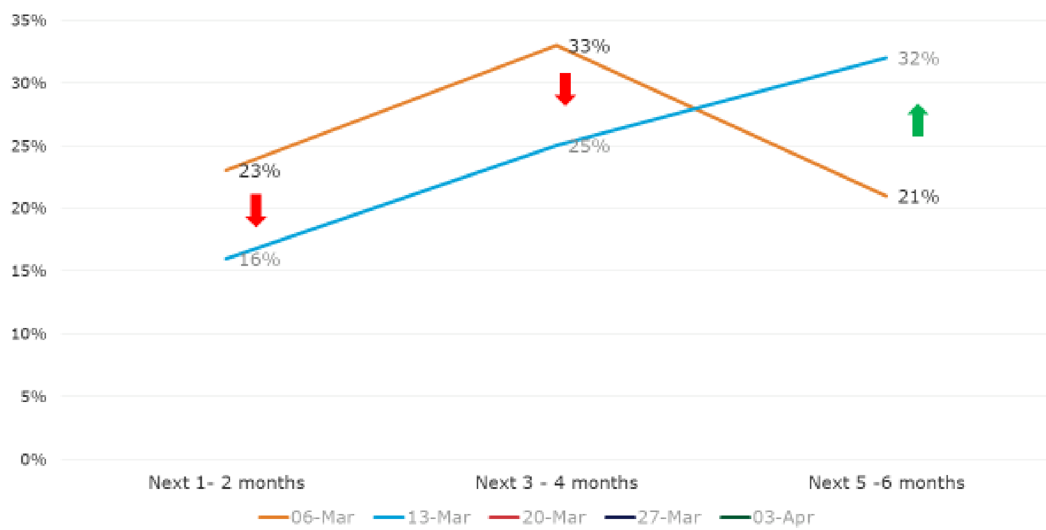
CP&I 2020

7

Fāilte Ireland
National Tourism Development Authority

Intention to take a short domestic break is trending downwards over the next four months. Consumers are however still planning for travel past that time, although claimed intent is still well below norm.

Intend to Take a Short Break in IOI



CP&I 2020

9

Fāilte Ireland
National Tourism Development Authority

The lead indictors on the impact of the virus, in particular intent, show the increased vulnerability of domestic travel, with the results for the week of the 16th March expected to be see strong negative shifts in the data as a result of recent calls for social distancing.

KPI	06 March	13 March	20 March	27 March	03 April	Commentary
How likely is it that the coronavirus (Covid 19) will impact your domestic travel (that is travel in Ireland) to each of the following in the next 3 months? • General Leisure (Top 2 boxes)	37%	43% ⬆				There has been a significant increase in the number of consumers claiming that domestic travel will be impacted by the coronavirus.
What, if any, behaviour changes do you think you will make/are you making as a result of this new coronavirus • Postponing/cancelling travel plans in Ireland	13%	16% ⬆				Consumers are starting to consider cancelling or postponing planned domestic travel.
When do you intend taking this short break in Ireland? • Next 2 months • 3 - 4 months	 23% 33%	 16% ⬇ 25% ⬇				Intention is one of the strongest lead indicators in tracking and the data trend is shifting significantly downwards.
How likely would you be to consider replacing your trip abroad with a holiday at home? (Top 2 boxes)	37%	30% ⬇				Conversion opportunities are slowing down –i.e., as consumers travel abroad less they are not converting their travel plans into domestic trips.

Failte Ireland / Kantar Covid 19 Tracker

CP&I 2020

11