Bloom Consulting
Countries Regions and Cities

COVID-19
The Impact
on Tourist Behaviours

Bloom Consulting

Bloom Consulting is an international nation and place branding consulting firm that works directly with countries, regions and cities from all around the world.

In light of the current pandemic, we launched a global research study to gain a better understanding of its impact on nation brands and all dimensions of our *Nation Brand Wheel*. Another key component of the study was to understand how effective countries have been in their crisis management of the situation and how this has affected nation brands.

With 16 years of experience in nation branding **and the help of our partners at the big data company, D2-Analytics,** our main objective was to provide extensive data and clear guidance to steer destinations towards the road to recovery.

www.bloom-consulting.com

Bloom Consulting
Countries Regions and Cities

Report #1

**COVID-19
The Impact
on Nation Brands**

Report #2

**COVID-19
The Impact on
Tourist Behaviours**

Available at bloom-consulting.com/journal

Report #2

COVID-19
The Impact on
Tourist Behaviours

Index

1 – Research objectives

Our global COVID-19 study aimed to highlight how the virus impacted destinations around the world. We set out to understand the new trends in tourism as we shift towards a new normal. Our methodology addresses the pandemic effect, impact of COVID-19 on world tourism, tourist perceptions and the roadmap to recovery through telling data.

2 - Research conclusions

The study is designed to address the underlying issues in tourism before COVID-19 and how to adjust its structure to strengthen the industry moving forward. Additionally it answers the burning questions on the global public's mind, from when tourists will travel again to what tourists will value most in destinations when travel resumes. Finally, we will address the importance of *Public Governance* and how it affects touristic appeal by revealing global public perceptions on the matter.

3 – Recommendations

The key recommendations include collaboration between Destination Market Organisations (DMO) and Governments. We detail how they can work together to monitor, measure, and ensure they are prepared for any unforeseen crises that may arise in the future.

1 - Research objectives

In efforts to overcome the challenges presented to countries, regions and cities by this pandemic we must address critical questions and develop a new approach towards place branding in our roadmap of recovery.

Depending on how countries and their governments have dealt with the emergency, have perceptions of them changed for the better or for the worse? Will those perceptions change the image of a country or will everything be back to what it was before the outbreak?

...and does this affect how tourists will choose their next travel destinations?

The report highlights the importance of using this pandemic as an opportunity to adapt to a new normal and redesign the industry from the bottom up.
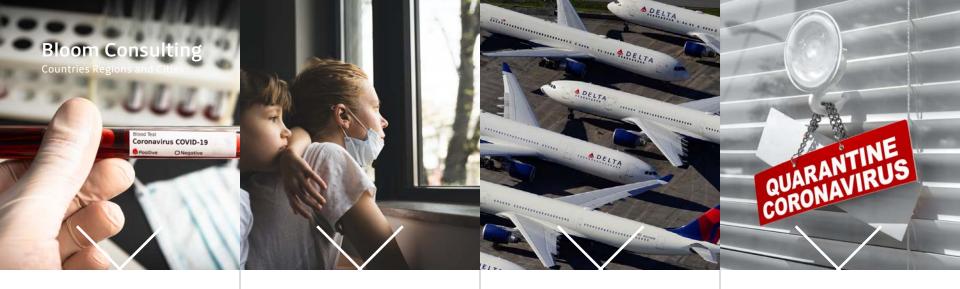
The pandemic effect

Real data analyses how health, mobility, tourism, and the economy have changed and what we can expect in the near future.

From nationwide lockdowns and millions infected to the uncertainty of when travel will resume and rising unemployment, this pandemic has impacted every aspect of our lives.

Its damage has set the world in overdrive, searching to find solutions and innovative strategies to overcome an extremely difficult time.

Health

The evolution and spread of the virus has had a significant impact on the normal way of life around the world.

Coronavirus has been spreading rapidly around the world. More than 180 Countries are affected, in lockdown or in a state of emergency.

More than 4 million people are reportedly infected, with more than 300 thousand dead.

Mobility

We are now confined at home with remote working restrictions, while many are not working at all. This affects our mood, income, and our lives.

The extreme measures of confinement by most Countries led us to rely on teleworking and staying at home to prevent a further spread of the virus and overwhelmed healthcare systems.
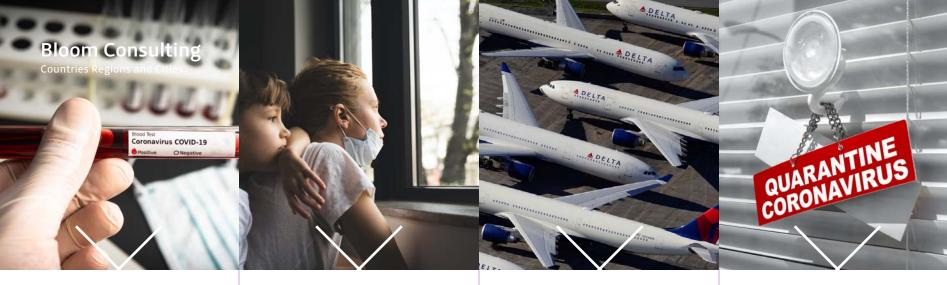
Tourism

Lockdown is happening globally with all travel now cancelled. When will it resume? At the moment, no one knows.

In just a few weeks, Covid-19 has completely devastated tourism. We have seen an estimated loss of up to 440 million international arrivals that has set us back 7 years. The virus has put world tourism at a loss of up to 450 billion dollars.
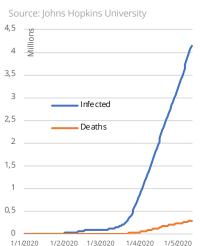
Economy

The Covid-19 impact on the economy will be extremely detrimental. How will we overcome this drastic step back? This is a question that has been on everyone's mind.
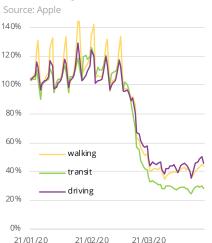
In the 2008 economic recession, 22 million jobs were destroyed globally. The forecast for the second quarter of 2020 is the loss of 195 million jobs around the world.

Health

Source: Johns Hopkins University

Millions

- Infected
- Deaths

4,5
4
3,5
3
2,5
2
1,5
1
0,5
0

1/1/2020 1/2/2020 1/3/2020 1/4/2020 1/5/2020

Mobility

Source: Apple

140%
120%
100%
80%
60%
40%
20%
0%

- walking
- transit
- driving

21/01/20 21/02/20 21/03/20

Tourism

Source: UNWTO

-290 to 440 millions
International Tourist Arrivals

5 to 7 years
Lost in number of tourists

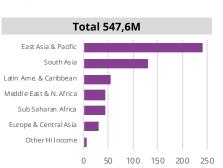**-300 to 450 $bn**
Tourism Exports (receipts)

1/3 of 1.5 $trillion
Lost in Tourism Exports
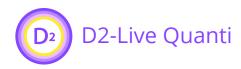
Economy

Source: International Labour Organization

**Covid-19 could push half
a billion people into poverty**
Additional people in poverty due to a 20% income drop caused
by a Covid-19 recession.
(earning below $5.5 per day)

Total 547,6M

East Asia & Pacific
South Asia
Latin Ame. & Caribbean
Meddle East & N. Africa
Sub Saharan Africa
Europe & Central Asia
Other Hi Income

0   50   100   150   200   250

Methodology and datasets used

D2-Live Quanti

To understand the different point of views, *Bloom Consulting* launched an international survey for tourists.

We questioned the way they perceive nations as well as touristic behaviours. We had 4.000 respondents from all over, including **USA**, **Italy**, **Australia**, and **China**; all were over the age of 18 and have travelled abroad at least once in the last two years for leisure.

In total, there were 140 countries mentioned while all the domestic opinions were removed from the sample.
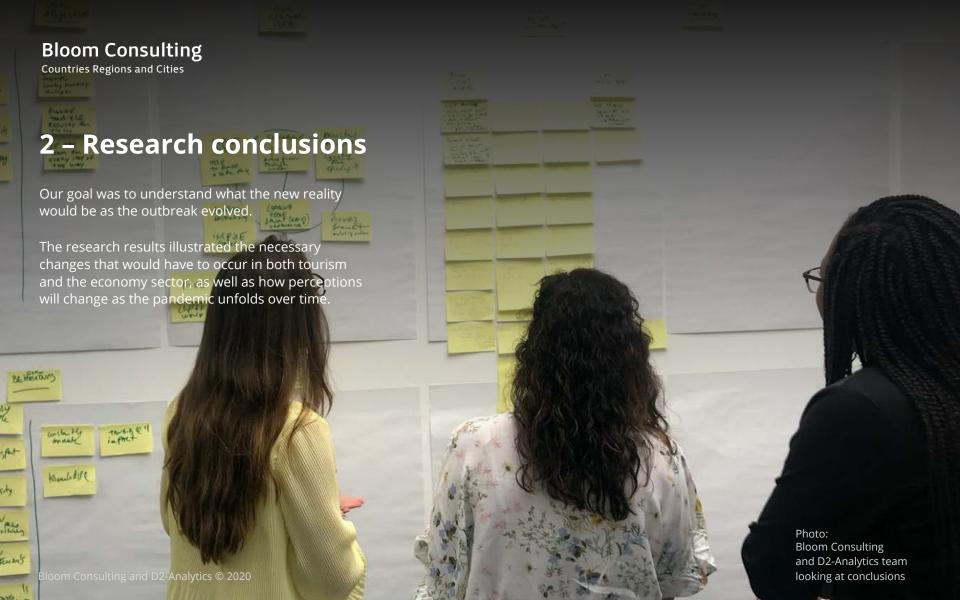
The survey was conducted from March 30th to April 2nd.

D2-Digital Demand

Simultaneously, we analysed global online searches of every country in the world using our *Digital Demand* software.

The extensive amount of data has provided us with a unique perspective of online behaviours and trends over the last few months.

The big data was gathered in May 2020.

2 – Research conclusions

Our goal was to understand what the new reality would be as the outbreak evolved.

The research results illustrated the necessary changes that would have to occur in both tourism and the economy sector, as well as how perceptions will change as the pandemic unfolds over time.

Photo:
Bloom Consulting
and D2-Analytics team
looking at conclusions

Bloom Consulting

Tourism was growing rapidly...

2019 was another record breaking year. Tourism spending amounted to more than 4700 billion USD.

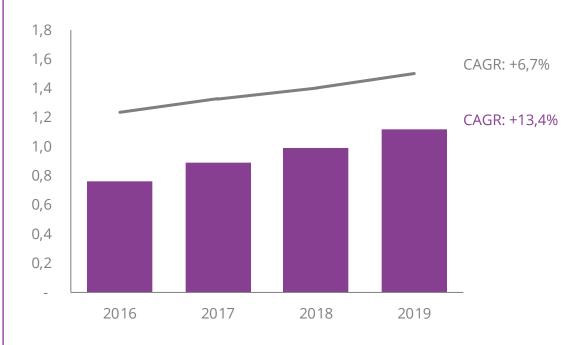The industry's momentum was building with a drastic spike in revenue and travel arrivals around the world.

UNWTO expected tourism to continue its upward trend of yet another 4% in 2020.

47% of their confidence index participants anticipated that 2020 would surpass 2019, bringing far more progress than the previous year.

Source: World Tourism Organization

International tourism global trend (2016-2019)

■ Searches (million)   --- International tourism Arrivals (billion)

CAGR: +6,7%

CAGR: +13,4%

Source: D2-Analytics and World Tourism Organization
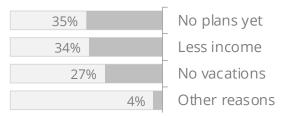
78% had made plans for 2020

78% of tourists had already made plans for their leisure travel in 2020. 42% of respondents had planned for the summer and 16% for the spring season.
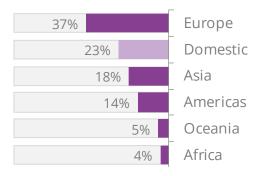
From the 22% that had made no plans for travel in 2020, only 35% would eventually travel the same year. The remaining would not travel for neither financial nor personal reasons.

37% of international travellers were heading to Europe, while 22% intended to be tourists in their own Country.

18% planned to visit Asia and 14% were set on the Americas.

22%

78%
Planning
to travel

35%	No plans yet
34%	Less income
27%	No vacations
4%	Other reasons

37%	Europe
23%	Domestic
18%	Asia
14%	Americas
5%	Oceania
4%	Africa

Source: Bloom Consulting and D2-Analytics

More than half had already booked

54% of respondents already had made bookings for their vacations. According to *Bloom Consulting* and *D2 Analytics,* this estimate should not be far off from the reality of the total market share.

Whether it was for international or domestic travel, the 2020 market was ready for tourism.

54%

already booked

Source: Bloom Consulting and D2-Analytics

Bloom Consulting

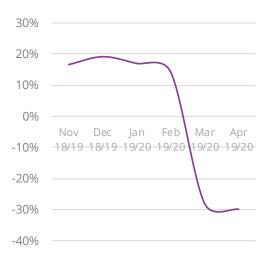# Suddenly, the world stopped…

There was an 80% drop in commercial flights around the world. The drastic standstill in travel and tourism was unheard of, not even in war times.

Proactive searches from potential tourists have also experienced a relative drop of 50% in April 2020 when compared to the volume of February 2020, prior to the Covid-19 crisis.

Commercial Flights Jan – May 2020
■ number of flights

100%	
80%	
60%	
40%	
20%	
0%	

20-Jan 10-Feb 02-Mar 23-Mar 13-Apr 04-May

Source: Flight radar

D2© Digital Demand
■ growth (%) for the last 6 months

30%	
20%	
10%	
0%	
-10%	
-20%	
-30%	
-40%	

Nov   Dec   Jan   Feb   Mar   Apr
18/19 18/19 19/20 19/20 19/20 19/20

Source: D2 Analytics

How has all of this impacted tourist behaviours?
What will tourists value most from here on out?
Will people travel again and when?

Bloom Consulting

A large % may not travel in the medium term for leisure purposes

Bloom Consulting conducted surveys for three scenarios and the results were disturbing.

The market loss of tourists who will not travel again unless the virus is fully eradicated will be from 35% to 45%. Regardless, 15% will still not travel at all.

This will force destinations to rethink and redesign their entire business model.

Scenario 1 Virus is **controlled** and becomes part of our lives.

Travel restrictions are over, and you are sure there will be no quarantine upon entering your chosen destination.

Question: Will you travel again in the next 12 months for leisure purposes?

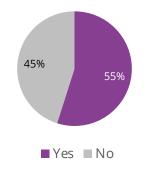**Scenario 2** Virus is **nearly eradicated**, a treatment is found.

Finally, the light at the end of the tunnel. A cure is found, you can get sick, but medication is now available to treat you.
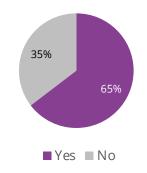
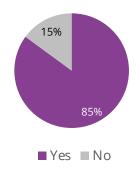Question: Will you travel again in the next 12 months for leisure purposes?

Scenario 3 Virus is now **fully eradicated**.

Yuppie, everything is ok now, the Covid-19 virus is contained and fully eradicated. That's a sure reality.

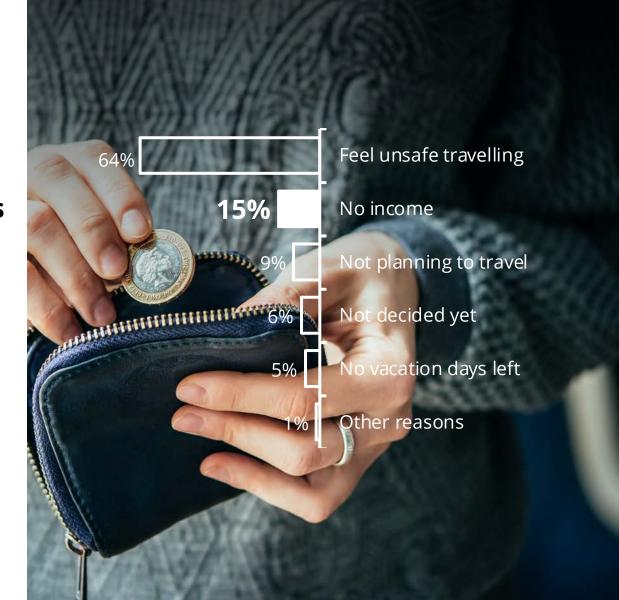Question: Will you travel again in the next 12 months for leisure purposes?

45% 55%

■ Yes ■ No

35% 65%

■ Yes ■ No

15% 85%

■ Yes ■ No

Source: Bloom Consulting and D2-Analytics

Why?

Less income will not be the main reason for less tourists

Although the reduction of disposable income is a major consequence of this crisis, it will not be the main reason behind tourists refusing to travel.

64% Feel unsafe travelling

15% No income

9% Not planning to travel

6% Not decided yet

5% No vacation days left

1% Other reasons
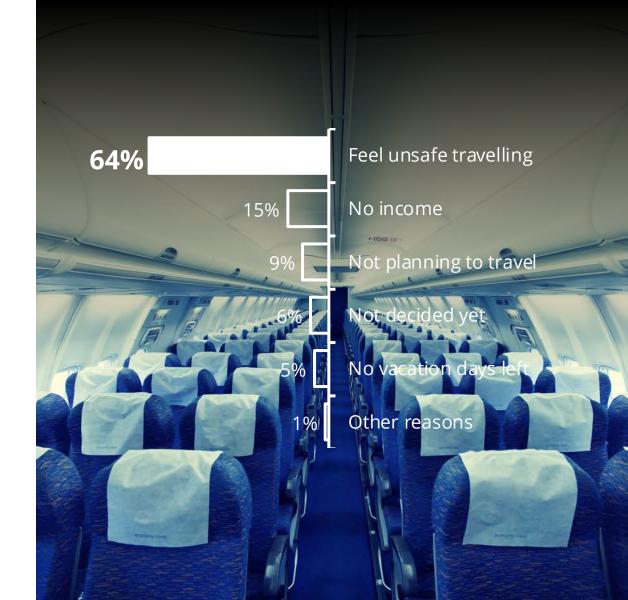
Bloom Consulting

Fear transcends desire

Every tourist that has responded to any of the three scenarios answereing that they will not travel, remarked that feeling unsafe was the overarching reason why.

Fear of catching the virus takes precedent over the desire to travel for leisure purposes.

This dynamic becomes the ultimate challenge for tourists and destinations.

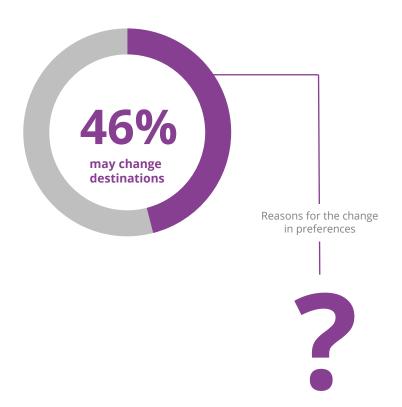However, we do not foresee this effect lasting long.

64% Feel unsafe travelling

15% No income

9% Not planning to travel

6% Not decided yet

5% No vacation days left

1% Other reasons

Tourists may choose a different type of destination

Nearly half of all respondents who will travel for leisure purposes said they may choose a different destination from the one originally planned or booked prior to the virus outbreak.

Our research does not imply that travellers will be prioritizing domestic destinations over international ones.

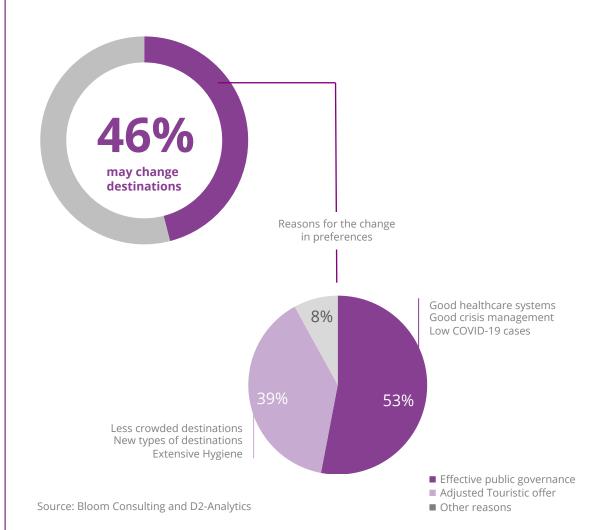Other factors will play a role in this.

46%
may change destinations

Reasons for the change in preferences

?

Source: Bloom Consulting and D2-Analytics

Bloom Consulting

Effective governance and adjusted touristic offers are the key

The most important factors for choosing any destination will be:

- Same offer but tailored to new needs and expectations as well as receiving new types of offers

- Effective public governance and good health infrastructure, i.e. good healthcare systems

The second factor is unrelated to tourism, but impacts tourism deeply.

46% may change destinations

Reasons for the change in preferences

Good healthcare systems
Good crisis management
Low COVID-19 cases

53%

39%

8%

Less crowded destinations
New types of destinations
Extensive Hygiene

■ Effective public governance
■ Adjusted Touristic offer
■ Other reasons

Source: Bloom Consulting and D2-Analytics

Bloom Consulting

Public Governance influences willingness to visit a destination

What does that mean? DMO's have the opportunity to capitalize on this crisis. If their *Public Governance* has been perceived positive, there is a major opportunity to capture market share as countries whose *Public Governance* has been perceived negatively will suffer in terms of visitation, as we can see to the right.

With that said, if their *Public Governance* is perceived to have performed poorly in terms of crisis management, DMO's will need to adapt to recovery planning and contribute to mending negative perceptions.

Positive and negative perception affect willingness to visit

-1   -0,5   0   0,5   +1

Buy

Visit

Study

Live / Work

Source: Bloom Consulting and D2-Analytics   ■ – negative impact   ■ – positive impact
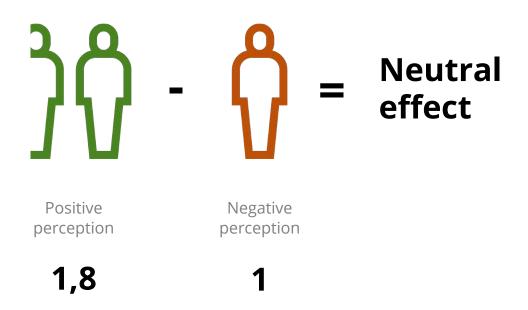
This crisis has a negative
Brand Nought (B0 -1,8)

DMO's need to monitor their *Brand-Nought* – that is, the ratio between positive and negative perceptions of destinations based on government actions in response to COVID-19.

The global average for the COVID-19 crisis is **B0= -1,8.**

This means that 1 negative perception can only be neutralised by 1,8 positive ones. If a country exceeds its *Brand-Nought*, it will have a positive impact on its nation brand.
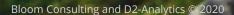
Ratio between positive and negative perceptions

Positive perception | Negative perception | Neutral effect

1,8 − **1** = **Neutral effect**

3 – Recommendations.
What should destinations do?

As we can see, the current crisis will take time to pass and the damage will be overwhelming.

In order to prepare for the aftermath of the pandemic and ensure we are prepared for any unexpected crises in the future, our report details four insightful recommendations for destinations to incorporate into their structures.

Bloom Consulting
Countries Regions and Cities

1 - Avoid competing over price

Avoid price competition. According to the Bloom Consulting study, only 15% of respondents chose money when asked what the main factor was for not travelling for leisure purposes.

Less crowded destinations and improved healthcare systems are tourist's main concerns.

Destinations should avoid price competition as the key distinguishing factor to attract tourists in the next year.

2 - Redesign and redefine your tourism offer

Redesign and redefine tourism. Tourist behaviours and preferences have changed. Make sure the brand strategy emphasizes that the destination is appealing and safe. The product offer must be adjusted to tourist's new expectations and needs. Tourists will be searching for new destinations where they can find less crowded places and good hygiene programs. This is an opportunity for smaller destinations to attract tourists too, creating a balance and preventing crowds gravitating towards larger ones. Previous tourism strategies must also be revisited as they may have become obsolete. The goal is to ensure a sustainable approach that is long term to show people the destination is prepared for any unforeseen events.

3 - Broaden your scope of influence and data

Broaden the scope of influence and data. Government action is at the core of how destinations are perceived and will play a leading role in its promotion. DMO's must monitor and measure perceptions, government actions, activities and policies. These perceptions impact tourist's preferences when choosing a destination. It is crucial that they work together to include solid healthcare for worried tourists in their offers as it is now increasingly valued. Governments and DMO's can begin assessing their *Brand-Nought* and measuring digital identity to prevent damage in the future, if other crises occur. The brand strategy must consider comprehensive information and data as the foundation of its ability to respond immediately.

4 – Adapt your current structure

Plan the crisis management structure. It is essential for DMO's to have a team or a plan in place that is ready to adapt, analyze and respond to a new normal or any arising crises. Moving forward, fear and uncertainty will be the central factors in a tourists' decision and whether they will visit a country or not.

One last thought…

Tourism was facing structural problems that had to be addressed.

This is a once in a lifetime opportunity.

We may not have another chance to rethink and redesign the tourism industry as it should be and correct past mistakes.

Bloom Consulting

Research perfomed by

Bloom Consulting
Countries Regions and Cities

Operating since 2003

Experts in:
- Nation and Place Branding

contact@bloom-consulting.com

www.bloom-consulting.com

D2-Analytics

Operating since 2015

Experts in:
- Big data, research and insights for Countries, Regions and Cities

hello@d2analytics.io