

# Group Tour Market Wellness Check

For the Louisiana Travel Association

Where we're at today

- Cancellations - buyers had to focus on handling the influx of cancellations.
  - Facing customers - helping them reschedule, rebook, get credit or refunds
  - Facing vendors - contract obligations, waivers, amendments, future contracting
    - Negotiating refunds w/ vendors - credit to passengers for ticketed flights, refunds, holding credits, etc.
  - Extending uncertainty - operators are trying to hold off cancellations until 60 days prior to travel.

"Wiped out my entire spring schedule."

"Lost 85% of my annual revenue."

"We've got no one going anywhere."

"We've had a hard time getting refunds for our customers, particularly from hotels that charged cancellation fees."

"100% of our international business has cancelled for the year."

"We've had to cut hours and furlough people throughout the company. Our contracting team was not affected much by these cuts, we're looking forward to next year while doing some internal pruning." - Francisco, Wholesale & Inbound Operator

- Vendor Concerns - companies have laid off their sales people, buyers have no one to speak with about their contracts & future needs or to follow up on previous conversations
  - "Hotels are not getting back to me in a timely manner because of furloughs." - Angelica, Inbound Operator
  - "We are worried about market compression and inflated rates. Right now, we're hoping for static rates for the time being." - Angelica, Inbound Operator
  - "A vendor told me that they couldn't return my \$700 deposit because they simply don't have the cash to do so." - Adult Leisure
  - Vendors that have gone out of business
  - "We anticipate having to swap out vendors for the 2021 season because of closings." - Francisco, Wholesale & Inbound Operator
  - "Will our customers be able to continue with quad occupancy or will social distancing require no more than double occupancy? And, how does this impact moving passengers by bus?" - Pat, Student Operator
- Reflecting on their customer base

- "I've been hearing that my clients have been furloughed, laid off or are now working from home." - Mike, Corporate Travel Agency
- "I've had customers demand refunds while also trying to cash in on their trip insurance. That refund money would have come from the deposits that my vendors haven't returned to me." - Tony, Student Market
- "I think our customers will be working with smaller budgets because of economic issues." Tony, Inbound Operator
- "I'm worried that international customers will not feel confident with the ways our country is handling this issue." - Diane, Adult Leisure
- Their own resilience...
  - "We're in a good spot even though we've cancelled everything through mid-summer. We had a really strong run for the past couple years and established a reserve to hold us through something like this. Our customers are loyal, engaged and talking about what they can do when things open." - Jen, Adult Leisure
  - "Beyond heartbreaking. Thank you to the entire Tour & Travel Industry for staying strong!! I know it is not easy. Many tears have been shed, many sleepless nights and I know firsthand how stressful it is!" - Maria, Adult Leisure
  - "We'll be able to act quickly when things get moving again." - Angelica, Inbound Operator

#### What travel professionals are doing now

- Focused on keeping their businesses afloat through the crisis or being able to remain dormant until markets resume.
- Planning ahead
  - "We're looking for special rates that will help us build promotions that we can offer as soon as travel resumes." - Frances, Inbound Asia
  - "We sent out our 2021 catalog early so that our customers could rebook with confidence." - Clayton, Adult Leisure
  - "We are looking for vendors who will be extremely flexible because we need that flexibility to support our customers. This means stronger relationships and loyalty." - Hayden, Student & Performance Operator
  - "We need sample itineraries and 2021 rates as soon as possible both for trip ideas and to see which vendors are planning to be in business next year." - Jen, Adult Leisure
  - "I'm looking to learn about new destinations & products." - Leland, Adult Leisure
- Innovating
  - "We're looking for product we can turn around quickly. Our sales reps are itching to sell." - Michael, Adult Leisure

- “We’re putting together domestic packages that echo the traits of the international itineraries we had been selling.” - Michael, Adult Leisure

What do travel professionals predict for their businesses going forward

- Market compression
  - Travel resumes, rebookings schedule and force demand while inventory may be lower leading to higher rates.
  - Vendors attempt to “make up for” losses with increased rates.
- Reassurances from vendors that their businesses are secure.
  - “I’m concerned with mom & pop operations and worried about the deposits we’ve already paid to them. We feel more comfortable with bigger companies that have the financial backing to withstand fluctuations.” - Virginia, Student Tour Operator
  - “Do our vendors use accrual accounting and escrow accounts or are they running cash businesses?” - Tony, Receptive Tour Operator
  - “We need safety & cleanliness reassurances from vendors. I foresee asking vendors what their overnight sanitizing procedures are.” - Pat, Student Tour Operator
  - “Our passenger counts for the fall are still strong. We’re hoping for a strong finish to the year.” Francisco, Inbound & Wholesale Operator
- Operators must prepare contingency plans.
  - “Insurance policies don’t cover pandemics.” - Pat, Student Operator
- Asking for more favorable terms.
  - Later cancellation dates.
  - Less deposits.

How will they be traveling? Where to? Who is the customer? Where from?

Four stages to travel resuming...

1. Locals with cabin fever. Folks will be looking for activities close to home that will require limited overnight accommodations. 1-2 nights max
  - a. Value-driven risk takers. Young travelers looking for a bargain. Backpackers will jump on international & multi-nights.
  - b. Local corporate & business. Team building. Companies are looking to re-engage employees that have been working from home.
  - c. Families with children. Parents want their kids to get out of the house.
2. Domestic multi-nights. This would include the student market and MICE audiences with pent up demand traveling to locations within their 500 mile radius.
  - a. Expect smaller groups because of economic issues impacting consumers and organizations.

- b. Fewer associations, meetings and incentives, increased liability concerns and how companies have adapted to digital formats
3. Milestone & International. Passengers who celebrated milestone moments during the crisis, the senior class trip and those who plan “once in a lifetime” trips. This crisis has been a reminder to them to get these trips in while they can and they’re impatient.
4. Full Recovery - both economic and public safety

What can suppliers do to be resilient and come out ahead?

- Focus on people
  - Check in on your customers, not your sales.
  - Relationships drive the business, ask your customers how you can be their number one vendor.
  - Stay connected. Don’t cancel your outreach because your business is impacted. Buyers want to hear from you.
- Focus on and build greater experiences
  - “Our people want to meet a member of the band.” - Jen, Adult Leisure
  - “Our customers are looking for a learned experience that gives a background understanding and creates value to their visit.” - Mike, Adult Leisure
- Empathy
  - Ask the customer how you can help them make the trip successful and demonstrate that you see the trip as a collaborative effort.

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