The impact of Covid 19 on UK group tour operations

The impact of Covid 19 on UK group tour operations

Karl Bolton karl.bolton@uwl.ac.uk
University of West London
Social Media; https://www.linkedin.com/in/karl-bolton-96387916/ and @KarlBolton6

Word count including abstract, references, figures and tables 2753
Word count excluding abstract, references, figures and tables 1989

Abstract

This paper sets out to analyse the impact of the Covid-19 virus on the holidays provided by UK group tour operators. With tourism arrivals expected to fall by up to 30% in 2020 and the industry possibly suffering the loss of up to 100 million travel-related jobs (World Travel and Tourism, Council 2020), group tour operators will need to assess and possibly change the way they do business to initially survive and subsequently build up tourism numbers in the coming years.

This paper identifies how group tour operators could alter their holiday proposition to reassure travellers including; the challenges of operating international tours when airlines have reduced capacity, the need to consider alternative age demographics who are more likely to travel and assessing existing itineraries to visit rural or small town locations rather than cities where numerous itineraries travel to now.

Finally, the paper discusses and describes the significance of the findings with insights about possible opportunities based upon the approaches taken by various countries to target potential holidaymakers and the need to create a 'crisis management plan' for current and future countries. This may result in operational adjustments to meet these new requirements including; the changing outlook of potential customers and the possibility of offering domestic tours to meet the current demand.

Key Words

- Tourism
- Covid 19
- Group tour operators
- Tours
- Social distancing
- Coach tours

Main text Introduction

This paper analyses the impact of Covid-19 on holidays provided by UK group tour operators (GTO). Secondly, it identifies how specific countries have managed the pandemic well and the lessons from these strategies. Finally, the paper suggests how GTO could alter their holiday proposition which may result in operational and business approaches being adjusted.

Tour operators arrange, assemble and operate tours on a set itinerary which usually incorporate; transportation, accommodation, food, tour guides, and attractions for groups of 4-50 people and can be inbound based at the destination or outbound, with operators offering itineraries to numerous countries (Tourism Notes 2018).

The World Travel and Tourism, Council (2020) expects **international tourism to fall** by 30% in 2020 due to Covid-19 with $450 billion in tourism receipts being lost, equivalent to seven years of growth. This compares to a 4% reduction in 2009 after the global recession and 0.4% drop in 2003 after the SARS outbreak. The industry could lose 100 million **travel-related jobs** with Asia losing 63 million positions, costing the world economy USD 2.7 trillion of GDP as tourists decide not to travel (WTT Council 2020). A study from 'We Travel' suggests GTO have 30% of planned departures on sale and another 30% of companies have postponed all departures until 2021 (Fox 2020).

The impact of the pandemic can be compared to the SARS epidemic in Asia which reduced tourism arrivals by 12 million within the affected 23 countries and particularly in China, Hong Kong, Vietnam and Singapore. However, these countries learned from this experience and subsequently implemented **crisis management planning** approaches during the current pandemic, reducing its impact on the country and tourism. In particular, the Taiwanese and Chinese government's quick reaction assisted in containing the illness and its economic impacts (Hsiao-I, et el 2006). A quick and strict lockdown, suspending public transport, health checkpoints, school closures, volume testing, contact tracing, mask wearing and COVID 19 hospitals have all prevented 2 million infections and 56,000 deaths. In comparison, the UK allowed 150,000 people to attend Cheltenham Horseracing Festival and 460,000 Americans attended a motorcycle rally both close to lockdowns (Burki 2020).

Materials and methods

This section presents the rationale within the methods and tools that were used to undertake this research and explains the process of gathering and analysing information.

The study involved undertaking **secondary research** during 2020 with additional information added in April 2021 as the impacts continue to evolve. The aim is to identify strategies to manage this and future pandemics for GTO. Secondary research refers to collecting, summarising, and analysing previous subject information including data and theories from textbooks, tourism organisation's websites such as ABTA and IATA, travel and consumer media and published journal articles (Brunt et al., 2017). As the subject is constantly being updated, collecting secondary data is an ongoing process.

Primary research was also undertaken and follows an interpretative approach based upon discussions and opinions using individual's experiences. In-depth opinions were collected and involved building tentative hypotheses concerning opinions on the subject matter and exploring an inductive approach of data gathering, analyses and investigation (Brunt et at., 2017). To establish reliability of results when interviewing Professor Alexandros Paraskevas and Steve Endacott, the researcher planned explicit questions and standardised approaches including open-ended questions to allow current views and opinions to be expressed.

The study **limitations** include the need for further detailed quantitative research and additional interviewees being invited for further research to explore people's interest and motivation to travel in the future using mixed methods of qualitative and quantitative techniques.

Results

This section assesses the study's findings and provides an analysis of solutions including how Chinese travel operators, who have been able to promote holidays since 2020, have approached these challenges. Consequently, GTO can learn from China when making strategic decisions on future holiday offerings.

China's lockdown is now over, and domestic tourism and consumer confidence is building. Their **hotel** sector occupancy rates are improving with a 35% load factor in May 2020, compared to 80% in 2019. Economy hotels are outperforming luxury accommodation, which have additionally been affected by reduced international business and conference visitors (15% occupancy in May 2020). Also, hotels have closed buffets, increased restaurant table distances, encouraged staff to wear masks and switched air conditioning off (Enger et al 2020).

Chinese travellers, who historically travel on large group tours, are now attracted to domestic packages with **small groups** of less than ten people (31% of interviewees compared to 11% in 2019). Tourists' behaviours have altered with **train** travel popular to regional destinations versus flying. Furthermore, tourists' preference is to avoid crowded areas, including shopping, choosing to holiday in **outdoor scenic areas. Tourist attractions** have reduced capacity by 50% and use preregistration schemes to identify exposure to the virus (Enger et al 2020).

Chinese travel companies have instigated **marketing** promotions to stimulate demand with airline fares 30% lower than in 2019. Furthermore, younger people are more interested in travelling, resulting in increased marketing using channels such as TikTok and travel managers being 'advisors' on livestreaming platforms directed to this age group (Hsiao-I, et el 2006).

As travel restrictions are reduced within other countries, the demand for holidays, especially to nearby destinations and domestic travel, should initially return, with international travel, especially if involving flying, taking longer to recover (Mayling 2021)

The **market segment** of Baby boomers (56-76 years old) is an important customer demographic for numerous GTO, be it adventure companies such as Exodus, and Headwater to culturally focused such as Titan, Trafalgar and Travelsphere (Whitley 2019). However, this demographic could be nervous to travel, compared to Generation Z (under 24 years old) and Millennials (23-38 years old) who could be first to holiday again in volume. Research by Costin et al (2020) identified Baby boomers are least likely to **travel to an urban area,** with 32% stating 'nothing can make it more appealing' and they want to **avoid public transport** and **busy places** (Hotel Solutions 2020).

Further research by Sawday's identified **self-catering** holidays will be popular in 2021 with travellers wanting their own space, good hygiene standards and the ability to amend bookings (Hotel Solutions 2020). Also, properties and villas located in small towns and rural areas and hotels with private beaches will be popular. Hoteliers will need to consider **beach plots** and systems to accommodate social distancing such as erecting perspex glass barriers, sun loungers spacing out and time slots to use this facility. Spain have employed wardens to police social distancing along with restrictions in the numbers allowed on beaches (Urwin et al 2020).

Airlines may insist that facemasks are worn with Tui and Eurostar already implementing this approach (Clatworthy 2020). Emirates decided to leave the middle seat free which may result in increased fares with reduced capacity. However, Ryanair's boss, Michael O'Leary, stated this is pointless as passengers pass each other in the isle (Arlidge 2020).

Holidaymakers are likely to scrutinise **sanitation procedures and information** including; health situations of areas travelled too, travel insurance cover and social distancing practices on transport, restaurants and attractions (Costin et al 2020). **Tourist boards** have published guidelines for hotels and these protocols can be used to reassure travellers (Clatworthy 2020). Expedia have highlighted these practices on their website and Marriott, Hilton and Accor have created standardised cleanliness and hygiene policies (Scott et al 2020).

Long-haul destinations that GTO traditionally offer, such as South America and Africa, may need to be reassessed with more focus on European, American and Asian trips in the short term. With a 82% reduction in flight demand and lost revenues of £250 billion, airlines have cut capacity and abandoned routes which challenges GTO when offering worldwide destinations (IATA 2020). However, GTO could promote tours to countries which have managed the virus well and consequently have fewer travel restrictions such as New Zealand, Australia, Asia, Costa Rica and the Caribbean (Fox 2020).

Discussion

The third section of this paper will discuss the significance of the findings and identify industry trends and its wider implications.

Taiwan has been successful in containing the pandemic outbreak although the country has still suffered an economic downturn including the tourism industry. However, Taiwanese Tourism recognised the importance of government help and planning, which were learnt from experiences of dealing with SARS. This has involved implementing a **Disaster Management Plan** which resulted in collaboration between government departments, industry and the population from the beginning of the crisis and specific action being implemented including international flights being grounded and communication to discourage cross-border movement Yeh, S. (2020). The wider implications include international governments creating these plans for future challenges and acting immediately with strict lockdowns and effective and clear communication and instructions. This approach is essential to manage future pandemics and allow the economy and tourism to recover quickly. The tourism industry should pressure government to plan accordingly.

GTO contract various **hotels** including meals at the establishment. However, these stakeholders need to consider operational approaches including; face masks worn in communal areas, replacing buffet style with table service, creating designated 'bubble' areas and a one way system of pathways, welcome kits of masks and sanitisers, apps for contactless check-in, temperature checks for staff and holidaymakers and a 24 hour period between stays allowing for deep cleaning (Hotel Solutions 2020). This trend should continue and consequently the travel industry needs to reassure travellers that guidelines are adhered too. The wider implications of these approaches include; additional costs and increases in staff to manage the above systems and further challenges to maintain profits and lower prices when making these physical changes that also needs to not detract from the holiday experience. Furthermore, smaller hotels and self-catering units may need to be considered within the itinerary which are not necessarily the traditional form of accommodation used on tours and demand for such lodging may cause challenges with availability and price increases.

Operators who traditionally promote larger group sizes of 30-50 holidaymakers (Trafalgar, Titan and Collette) need to rethink their business model with tourists concerned about travelling in **larger groups** (Hotelmize 2019). This industry trends could result in the demise of these larger groups with operators who do operate smaller group tours of 10-20 people, such as Back-Roads and Intrepid, having an opportunity to promote smaller 'bubbles' of tourists travelling. The wider implications of this approach could be more expensive tours with the fixed costs of a tour (coach transport and guides) being divided amongst fewer people and consequently higher costs.

The **domestic holiday** market could benefit from the pandemic with ABTA's "Travel Trends Report" identifying 35 million overnight UK holidays were taken in 2019 and 56% of residents planning a UK break in 2020 (ABTA 2020). GTO may not traditionally include the UK within their portfolio of destinations, but this industry trend offers an opportunity to promote potentially popular new trips.

<u>Conclusion</u>

In conclusion, the travel industry is currently in testing times but if GTO consider changing the way they operate and their itineraries content and work with tourism authorities, opportunities to target holidaymakers may arise. Tourists concern over safety could be directing holidaymakers to look for exclusive travel experiences within excursions and transportation or tours with small hotels and self-catering units.

The travel industry believes vaccine certificates are important to restore confidence with some companies, such as Qantas, introducing these measures even if governments do not (Lawson 2021).

This study has identified several impacts on the tourism industry, specifically how each affected component has changed the creation and marketing of group tours, possibly forever. These suggestions and recommendations could assist future tourism decision-makers on how to strategize and plan for future pandemics and to view the industry as a whole e.g. considering accommodation, excursions and transport providers.

Further research is necessary to provide continuing guidance for GTO stakeholders. Due to a limited timeframe and resources, this study has not included professionals and academics from a range of fields. It is recommended that future studies include other disciplines to lessen the impact of future crises.

Acknowledgments

The author would like to thank a number of individuals in the completion of this paper. Firstly, Professor Alexandros Paraskevas from the University of West London has provided input and advice on a range of subjects including the appropriate content to include and guidance to the application process. Also, Steve Endacott, the Non-Executive Chairman of Teletext Holidays and Alpha Rooms, has provided his thoughts on how the industry is changing and how tourism and tour operators will need to adapt to manage these challenges.

Disclosure statement

In accordance with Taylor & Francis policy and the ethical obligation as a researcher, I am reporting that I do not have financial and/or business interests in, or am a consultant to or receive funding from a company that may be affected by the research reported in the enclosed paper. I have disclosed those interests fully to Taylor & Francis, and I have in place an approved plan for managing any potential conflicts arising from that involvement.

References

ABTA (2020) *Travel Trends report* (on-line) https://www.abta.com/system/files/media/uploads/Travel%20Trends_digital%2026112018.pdf, (Accessed 24th[h] June 2020)

Arlidge, J. (2020) *Project Reboot.* The Sunday Times Magazine, 24th May 2020 p22

Arlidge, J. (2020) *Rich keep social distancing with £1m package holidays by private jet.* The Sunday Times, 28th June 2020 p7

Brunt, P., Horner. S., and Semley, N. (2017) Research Methods in Tourism, Hospitality & Events Management. London: Sage Publications Ltd.

Clatworthy, B. (2020) *Spain lifts quarantine to welcome back British.* The Sunday Times, 21 June 2020 p20

Costin, M. Hassan, S (2020) *Tracking consumer sentiment on the impact of COVID-19,* Alligator; BVA BRC

Enger, W., Saxon, S., Suo, P., and Yu, J. (2020) *The way back: What the world can learn from China's travel restart after COVID-19* (on-line) https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/the-way-back-what-the-world-can-learn-from-chinas-travel-restart-after-covid-19# (Accessed 9th April 2021)

Fox, L. (2020) *Specialist tours operators reveal impact of coronavirus on revenue and operations* https://www.phocuswire.com/wetravel-coronavirus-tour-operators, (Accessed 4th July 2020).

Hsiao-I, K., Chi-Chung, C., Wei-Chun, T., Lan-Fen, J., Bing-Wen, H. (2006) Assessing impacts of SARS and Avian Flu on international tourism demand to Asia *Tourism Management*. 29 (2008), p917-928

Hotelmize (2019) *TRENDS THAT COULD DEFINE THE FUTURE OF TOUR OPERATORS* https://www.hotelmize.com/blog/5-trends-that-could-define-the-future-of-tour-operators/ (Accessed 7th April 2020).

Hotel Solutions (2020) *Covid-19: from survival to recovery*, Hotel Solutions; the hotel development consultancy

IATA (2020) *Air Passenger Market Analysis* (online) https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---may-2020/ (Accessed 5th July 2020)

Lawson, D (2020) *If the WHO's no fan, I'm up for vaccine passports*, The Sunday Times, 11th April 2021

Mayling, S. (2021) *Demand for UK breaks will 'outstrip supply'* https://travelweekly.co.uk/news/tour-operators/demand-for-uk-breaks-will-outstrip-supply , (Accessed 12th March 2021).

Scott, A and Gratton, L. (2020) *The new normal: what life after the coronavirus.* The Sunday Times Magazine, 24th May 2020 p21

Tourism Notes (2018) *Definitions of Tour Operator* https://tourismnotes.com/tour-operators/, (Accessed 24th July 2020).

Urwin, R. and Clatworthy, B (2020) *Holiday firms reel under surge of bookings*, The Sunday Times, 28th June 2020 p7

Whitley, D. (2019) *Empty nesters: life begins at 50* https://www.nationalgeographic.co.uk/travel/2016/04/empty-nesters-life-begins-50 (Accessed 24th July 2020).

World Travel and Tourism, Council (2020) *WTTC now estimates over 100 million jobs losses in the Travel & Tourism sector and alerts G20 countries to the scale of the crisis* https://wttc.org/News-Article/WTTC-now-estimates-over-100-million-jobs-losses-in-the-Travel-&-Tourism-sector-and-alerts-G20-countries-to-the-scale-of-the-crisis, (Accessed 24thh June 2020).

Yeh, S. (2020) Tourism recovery strategy against COVID-19 Pandemic *Tourism Recreational Research* 10 (1080), p1-6