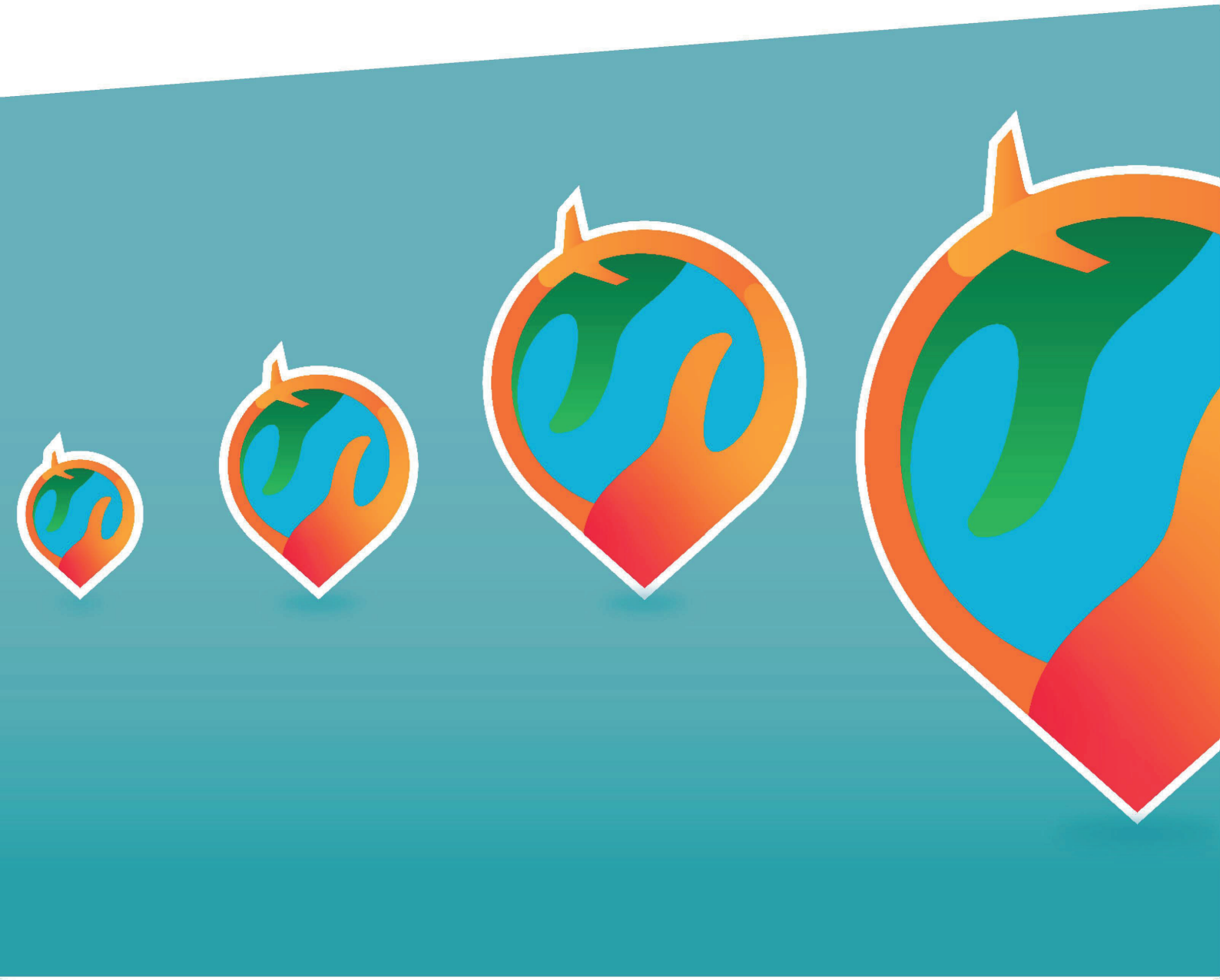
Tourism Recovery and Resilience Dialogue

Executive summary of event 1 on 18.11.2020
on how to restore consumers' trust and confidence

by Tourism for Sustainable Development
A Global Initiantive for Public and Private Sector Executives



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Executive Summary

The first high-level event of the Tourism Recovery and Resilience Dialogue on November 18, 2020, was dedicated to the challenge of how to restore customers' trust and confidence. The protagonists of this event Mr. Abed Al Razzaq Arabiyat (Managing Director of the Jordan Tourism Board), Mr. Bud Darr (Vice President of MSC Group), Mr. Hassan Kadbi (CEO of Hapimag), Mr. Fabrizio Angelo Orlando (Associate Director of Tripadvisor) and Ms. Sabine Toplak (Vice President of Accor Central Europe).

This executive summary provides three kinds of information and insights:

1) conclusions and hypotheses derived from the live discussion between the five protagonists and the audience (pp. 2-3);
2) results from the survey conducted with the audience (pp. 4-5);
3) key statements from the individual interviews with the five protagonists (pp. 6-15).

Three conclusions and hypotheses from the live discussion

Small and medium-sized businesses need not necessarily worse in ensuring clients' trust and confidence

In the COVID-19 pandemic, especially when it comes to international tourism, big hospitality corporations like Accor have both the resources to implement internationally recognised safety labels and brands which make travellers feel safe and confident. However, small and medium-sized hotels can overcome this disadvantage. In the case of Jordan, they benefit from a standard operating protocol along the value chain coordinated and enforced by public authorities in cooperation with the tourism sector. An online platform such as Tripadvisor provides tools to individual hotels to market themselves as safe and clean. A medium-sized hospitality corporation such as Hapimag has intensified its communication with employees, customers and local authorities to a degree which may not be achievable for a big corporation.

COVID-19 is more of a driver for than an obstacle to a sustainable transformation of tourism

The COVID-19 pandemic has made tourism actors more aware of the sector's and society's vulnerability. According to the panelists, this has translated into an enhanced awareness of the importance of a sound environment and a more sustainable development in different dimensions. Examples are:

- guests have come to appreciate detailed and objective information on safety and hygiene measures as a basis for their decision-making; in the future, they will increasingly ask for such information also on a destination's or company's sustainability;
- employees' engagement and contentment must be actively encouraged as they are key for providing meaningful guest experiences;
- local businesses as well as natural and cultural assets form the basis of tourism and must be increasingly strengthened, protected and supported.

Moreover, tourism actors have been forced to show unprecedented flexibility, agility and innovation. This capacity and experience of change will benefit a sustainable transformation of the whole sector – even though in the short-run, safety and hygiene have replaced sustainability as top priority.

Strategic continuity, or: the not-so-new normal after COVID-19

For long-term oriented tourism businesses, COVID-19 has not triggered a strategic shift, but "only" affected the implementation of measures. Some have been brought forward and others postponed. Strategic continuity is particularly notable when it comes to sustainability. By the way: panelists such as Mr. Kadbi (hospitality) and Mr. Arabiyat (Jordan) expect 2021 to be a year of transition and 2022 to be the year of "normalisation".

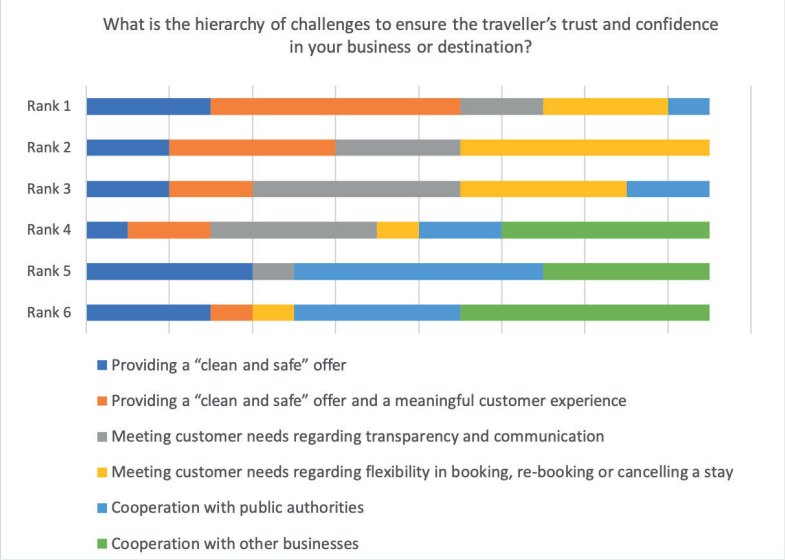
Survey results

At the event, 15 leading tourism executives participated in a little survey on recovery challenges and approaches.

The biggest challenges

Insight 1: customer needs represent bigger challenges than cooperation with authorities or other businesses

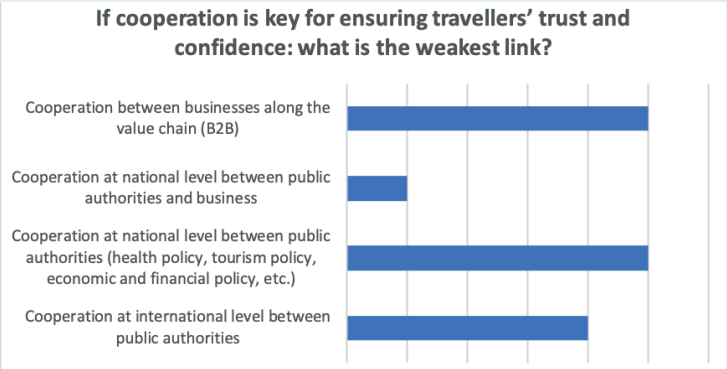
Insight 2: finding the right balance between health safety and customer experience as well as customers‘ need for flexibility represent the single most important challenges



The weakest link

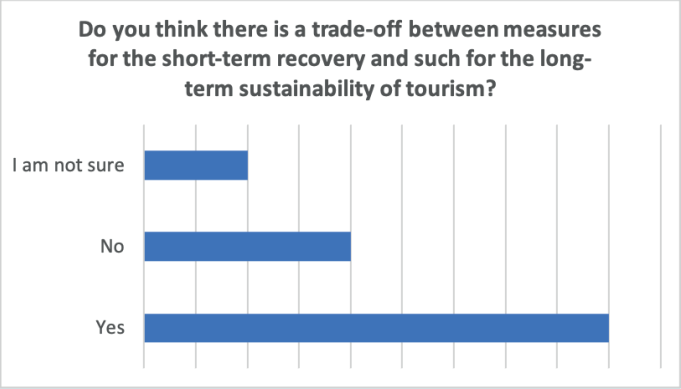
Insight 1: public-private cooperation at a national level is working relatively well

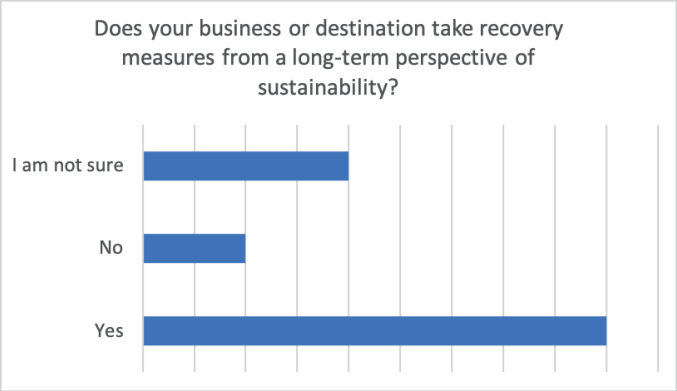
Insight 2: curiously, cooperation *within* the public and private sector,
respectively, is considered more problematic



Working on sustainability despite trade-off with short-term recovery

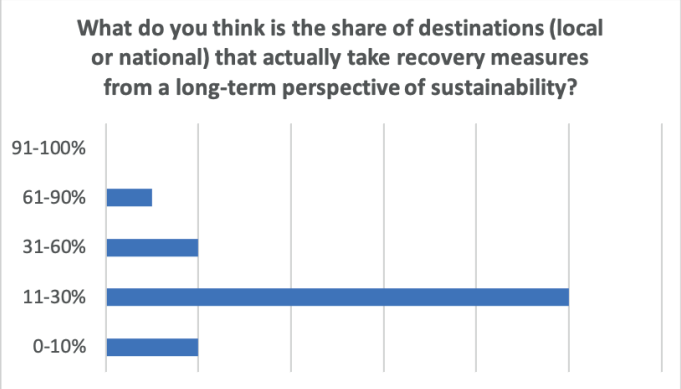
Insight: even though decision-makers participating in the TouRRD see a trade-off between recovery actions and sustainability in the short-run, they say that their business or destination works towards sustainability

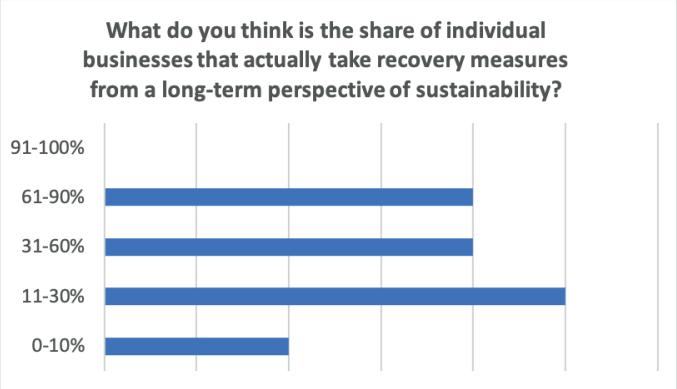




More businesses than destinations said to have a long-term perspective

Insight: less than a third of destinations are considered to take recovery actions from a long-term perspective of sustainability, which is considerably less than the respective share attributed to businesses





Sabine Toplak
Vice President Sales
Accor Central Europe
(Austria, Germany, Switzerland)

Accor

Hospitality industry

Headquarters:
Paris (group)
Wien (Sales Central Europe)

Operations in 110 countries

Sales: EUR 1245 m. (Q1-Q3 2020)
vs. EUR 2975 m. (Q1-Q3 2019)

Employees: approx. 300'000 (2019)

https://www.linkedin.com/in/sabinetoplak/

Strategy and measures to restore consumers' trust and confidence

1. Consumers' trust and confidence goes hand in hand with our employees' trust and confidence. Therefore, in a first phase, we had to take care of the latter ones. E.g. in Austria, Germany and Switzerland, we applied for "Kurzarbeit" (governmental financial support to maintain employment during a limited amount of time). Moreover, Accor as a group used 25% of its suspended dividend payment for the All Heartist Fund dedicated to assist Accor employees with particular needs around the world.
2. In the second phase, as one of the first hotel groups worldwide, we introduced the All Safe Label in cooperation with Bureau Veritas. It contains a completely new protocol on hygiene and cleanliness in our hotels. Moreover, we cooperate with the SGS Institut Fresenius as an independent verification body to ensure that our hotels actually apply the new protocol. For us, it has been clear from the beginning that consumers' trust and confidence required such cooperation with external partners.
3. Through e-mailing, social media, and advertisement, we have intensified communication with our guests all along the customer journey. Our survey and data analysis demonstrate that information regarding safety and security is clearly the most relevant.
4. For our corporate clients, we have developed a new hybrid meeting package, which includes rapid COVID-19 testing.

How to ensure the availability and communication of data on trust-relevant issues

1. Accor does not store in health data of its guests or employees. We have country-specific protocols what is to be done in case of a COVID-19 infection. They all state as first thing to do informing the local authorities.
2. We have established a cooperation with the insurance company AXA, which provides our customers – upon request – with the possibility to ask via telephone for medical advice in case they do not feel well.

Recommendations and requirements

1. Be agile! It is the time to innovate.
2. Be flexible, especially with booking conditions! Circumstances change every day.
3. We are all in the same boat. Let's play fair! For instance, intermediaries should not try to benefit from the hospitality sector's difficult situation.
4. In Europe, medium-haul travels by train could and should increase in the mid- and long-term. Train companies should cooperate better in order to facilitate international travels.

Hassan Kadbi
CEO & member of the Board of Directors of Hapimag

Hapimag AG (founded in 1963)

Hospitality & sharing economy

Headquarter:
Steinhausen (Canton of Zug), Switzerland

Operations in 58 resorts in 16 countries (5175 accommodation units)

Sales: EUR 163.6 m. (2019)

Employees: ca. 1400 (in full time positions), as well as seasonally employed workers

https://www.linkedin.com/in/hassankadbi/

Strategy and measures to restore consumers' trust and confidence

1. *Transparency and communication.* Since the outbreak of COVID-19 in Europe, we have established a regular contact with the customers through a CEO Blog, a COVID Newsletter (at the beginning weekly, by now integrated into the normal monthly newsletter), and video messages sent to the customers and the apartments at the resorts.
2. *Customer inclusion.* The customer is smart and wants to be a part of the decision. In the tourism industry we often ask our customers how satisfied they were with their stay and how we can improve. What we need to do more of, is asking them what they would like before they book. So the procedure is: we inform, ask, include, and then inspire our customers.
3. *Flexibility and pricing.* Price yielding has been driving the offering mainly through online platforms. I believe transparency and quality - as in right value for money -should now drive the offering, not the price yielding. Due to uncertainty, flexibility becomes extremely important, specifically when it comes to booking, re-booking and canceling a stay.
4. *Embracing uncertainty and reacting fast.* This measure has to do with corporate culture. Our strategy has been to support all our teams to enable them to act accordingly. Additionally, we make this a topic for our weekly briefs, employee meetings, etc. We want to reduce the fear of uncertainty, and eventually turn it to a moving forward momentum.

How to ensure the availability and communication of data on trust-relevant issues

1. Data is extremely important, but not all. We must never forget that we are a soft-skills industry.
2. We distinguish between data of general relevance, which is collected and interpreted centrally, and local information. This information is collected from market reports, government information, but also through our questionnaires and focus group interviews.
3. The exchange of information with our peers is personal and informal. We need platforms to organise it.

Recommendations and requirements

1. Make great transparency and flexibility the new normal in both B2C and B2B relationships.
2. Improve our digital services, but never forget that digitalisation is not a goal on its own and needs to add customer value.
3. Take sustainability and responsibility more seriously. Science will not solve our problems!
4. Authorities' provision and communication of data and regulations needs to be more consistent.
5. We need to stay optimistic!

Additional information about the company

Business model: By purchasing shares you become part of thecommunity and receive access to the holiday world of Hapimag.

Number of shareholders & members: around 125'000

Abed Al Razzaq Arabiyat
Managing Director
Jordan Tourism Board

Jordan Tourism Board

National tourism organization supported by government und private sector

Headquarter:
Amman, Jordan

Inbound tourists (2019): 5,4 m.
(-77% until Oct. 2020 year over year)

Foreign exchange revenues from tourism (2019): 4,108 m. Jordan Dinars

Employees in tourism sector:
53,488 (2019)

https://www.linkedin.com/in/abdelrazzak-arabiyat-2810aa10/

Strategy and measures to restore consumers' trust and confidence

1. The government set up an inter-ministerial crisis management cell in March which in cooperation with businesses developed a Standard operational procedure (SOP) and according control mechanisms to ensure health safety along the whole tourism value chain (which was rewarded with the Safe Travels Stamp of the World Travel & Tourism Council).
2. The government and JTB invested 10 m. Jordan dinar to promote domestic tourism, following the SOPs set in place.
3. JTB invested in the digitalization of touristic experiences e.g. through the production of virtual reality, 360-degree-videos (visitjordanfromhome.com) and the direct communication with local service providers (e.g. distance-learning on how to cook traditional Jordan food), in order to keep Jordan in customers' minds and generate new cash-flow sources.

How to ensure the availability and communication of data on trust-relevant issues

1. Governmental coordination of all stakeholders within Jordan.
2. JTB coordination with airlines, tour operators and other foreign stakeholders.

Recommendations and requirements

1. Communicate as actively and transparent as possible with your customers about your safety and health measures.
2. Make social media key in your communication strategy to keep the destination in travellers' minds (like the YouTube video „Jordan will wait for you" and "Jordan: a Land of Timeless Beauty".
3. Make use of governmental instruments (social security, soft loans or grants, etc.) to keep service providers in business and workers in tourism so that they survive until the sector recovers (do not lose the investments made in their education!).
4. Open the country gradually, with pilot projects, because any mistake can have serious reputational effects.

Bud Darr
Executive Vice President, Maritime Policy and Government Affairs
MSC Group

MSC Cruises (a subsidiary of the MSC Group)

Cruising industry

Headquarter: Geneva

Operations: 17 ships of 5 different ship classes called on 102 countries (2019)

Sales: EUR 3232 m. (2019)

Employees: 22'468 (2019)

https://www.linkedin.com/in/bud-darr-87088319/

Strategy and measures to restore consumers' trust and confidence

1. The point of departure of our reflections was: we need to find a balance between still providing a meaningful guest experience and ensuring the safety of our employees, the local population where we call, and of course the customers themselves.
2. Some of the measures we took and applied as of the restart on August 16 were the following: a) development of a robust safety protocol of approx. 200 pages in cooperation with external experts; b) compulsory introduction of masks and social distancing; no buffet; lower guest loading; etc.; c) intense training of the staff; d) information and education of the guests prior to booking so that they take an informed decision; e) embarkation and excursions are done in a "bubble environment" (guests stay within one and the same group); f) effective enforcement of safety measures (in few cases, we actually were forced to not let guests back onto the ship because they did not respect the requirements while visiting a destination).
3. Close cooperation with European authorities to develop standards and safety protocols (e.g. for the EU Healthy Gateways Project and the EMSA/ECDC Guidance), which can serve as an example for operations in other parts of the world.

How to ensure the availability and communication of data on trust-relevant issues

1. Multiple layers of testing (e.g. 100% testing of all crew members and guests when embarking; each guest is tested at least once a day for temperature).
2. Consultation of official epidemiological data (where guests come from; where we call).
3. Adaptation of an existing IT system to locate children on board in order to develop an effective contact tracing tool (all guests have to wear a device).
4. Integration of guests' location and health data into one single IT platform (destruction of all data after approx. 14 days).
5. Exchange of data *trends* (not actual data) between the cruise lines and with the local authorities.

Recommendations and requirements

1. Apply universal testing of the guests.
2. Take real good care of the crew.
3. Look for gaps in your safety net (just one gap can make the whole difference!).
4. Be in constant evolution of your thinking, continuously review reality and your solutions.

Fabrizio Angelo Orlando
Global Industry Relations
Associate Director of Tripadvisor

Tripadvisor

Travel planning platform

Headquarter:
Needham, Massachusetts (USA)

Operations: Tripadvisor is available in 49 markets and 28 languages

Sales: USD 151 m. (Q1-Q3 2020) vs. USD 428 m. (Q1-Q3 2019)

Employees: from 4000 (2019) to 3000+ (2020)

https://www.linkedin.com/in/fabrizio-angelo-orlando-70018083/

Strategy and measures to restore consumers' trust and confidence

1. It is our responsibility to give travellers all the information available to allow them to make informed decisions on their trips and to make them feel safe. This is why in June we launched "Tripadvisor Travel Safe", an initiative aiming at helping users find, filter for, and validate health and safety information, and toggle relevant traveller reviews about health and safety protocols.
2. Travel Safe is helpful in building confidence also with owners, as they can use it to inform travellers about the sanitization practices and safety measures they have in place. Businesses with Travel Safe information live on their Tripadvisor listings have a Click-Through rate that is 16% higher than properties that do not, and they recover up to three times faster.
3. Further measures were webinars for travellers and owners and several initiatives such as #LoveYourLocal, a campaign to collect funds for restaurants, and "Hotels for Health", a project with the goal of connecting healthcare and government agencies around the world with lodging providers who can supply rooms to healthcare providers during the COVID-19 pandemic.

How to ensure the availability and communication of data on trust-relevant issues

1. Analysis of behavioural user data on our website and biweekly consumer surveys.
2. Whitepapers "Beyond COVID-19: The Road to Recovery for the Travel Industry" and "The Impact of Health and Hygiene on Post-COVID-19 Destination Competitiveness in Asia Pacific".
3. Insights: more than 9 out of 10 (92%) users said cleanliness is the most important factor in selecting accommodations; more than 8 in 10 (84%) said cleanliness or sanitization certificates are important when booking a travel experience; nearly 8 in 10 (79%) said it's important to publicly display compliance to government safety standards.

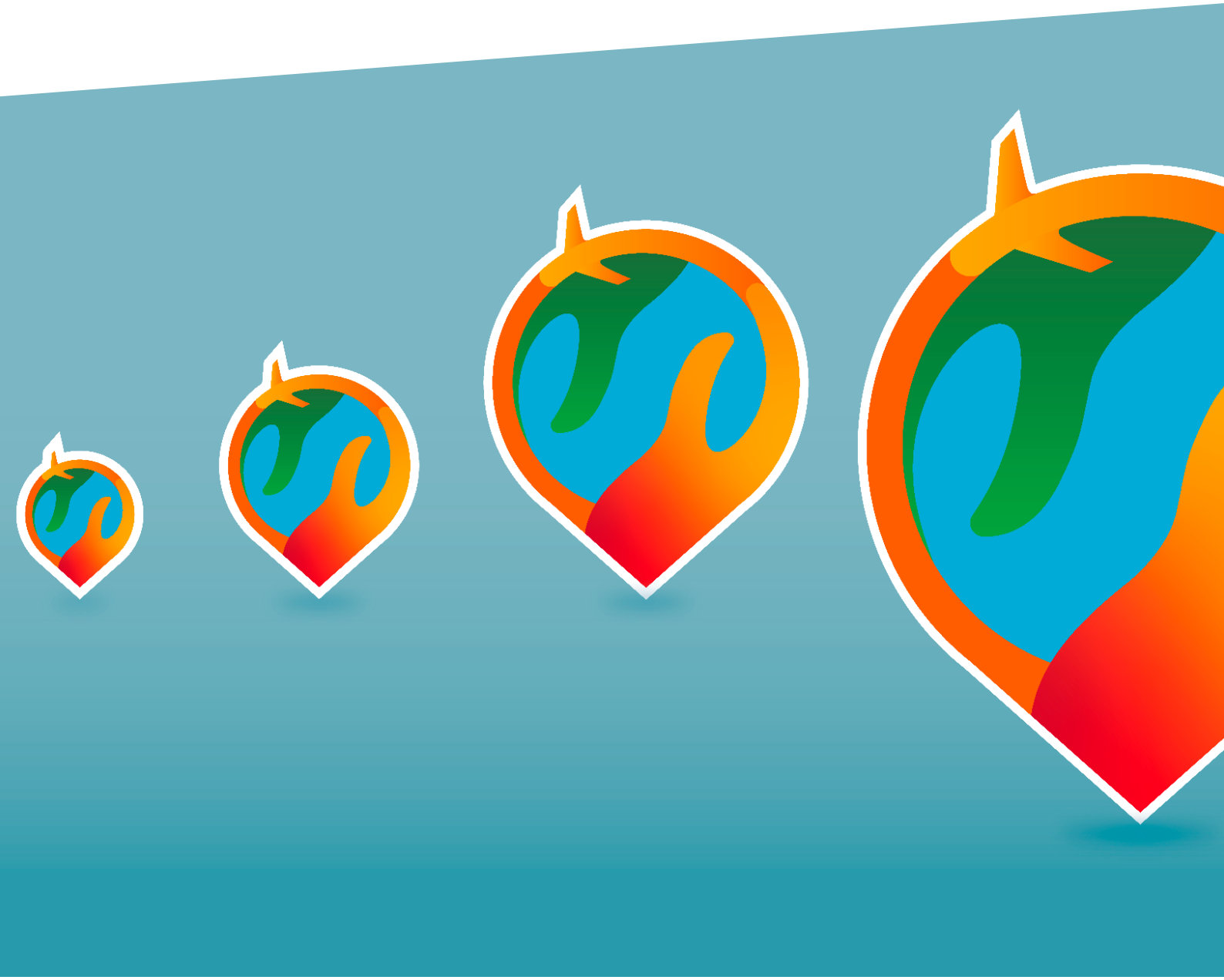
Recommendations and requirements

1. Interpret leadership differently. To some extent, business- and action-orientation has to give way to a more empathetic leadership. Put people's needs and wellbeing (also the psychological one!) first – both employees' and customers'.
2. Safety: prioritizing health and safety practices is key to giving tourists the confidence to return. Such practices are not simply a cost to be incurred, but rather a value proposition that should be front and centre in how destinations and businesses market themselves.
3. Sustainability: The COVID-19 pandemic offers an opportunity to reset and put sustainability and community needs first. Sustainable practices can be a differentiator from the competition and add value to the product.
4. Working synergies between the private and the public sector. Public health data and recommendations need to be complemented by such of the private sector. We know what customers' main concerns are and how to address them.

Additional Information about the company

Tourism sales "influenced" in 2018: USD 546 bn. (according to a study by TripAdvisor Strategic Insights and Oxford Economics)

Unique users per month (2019): 463 m.



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