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Introduction

As the lead regional organisation responsible for the coordinated and sustainable development of Pacific Tourism, SPTO adheres to the following strategic focal points as further detailed in the SPTO Strategic Plan 2020-2024:

- Marketing the Region
- Sustainable Tourism Planning
- Research and Statistics

In light of our vision to empower the Pacific to benefit from sustainable tourism and our mission to pursue this through innovative partnerships, SPTO has developed the SPTO COVID-19 Recovery Strategy as a means of guiding our members in the development of their respective recovery plans; whilst accounting for our shared goal of achieving economic growth to improve Pacific livelihoods and protecting our natural resources and cultural heritage through sustainable development.

Purpose

COVID-19 was declared a pandemic on 11th March 2020, with over 100,000 cases in 114 countries worldwide. To date, the World Health Organisation (WHO) has recorded over three million cases globally. Some 213 countries and/or territories have confirmed cases of the virus with many others imposing travel restrictions as a preventative measure. This unprecedented and widespread action has had significant economic effects which has left the global tourism industry reeling.

The varied impacts that COVID-19 continues to have on travel has highlighted the need for a Pacific Tourism recovery strategy, to guide and support the regional efforts of SPTO and its members post COVID-19.

In an effort to encompass SPTO’s diverse membership this strategy draws from various sources, including the SPTO Strategic Plan 2020-2024, the “Pacific Tourism: COVID19 Impact and Recovery Report” and “UNWTO: Supporting Jobs and Economies Through Travel and Tourism Report” which is underpinned by a commitment to strengthening

Pacific economies and improving livelihoods through overarching sustainable development in the region\textsuperscript{3}.

As a living document, this strategy will evolve alongside the relevant global developments in order to best serve the unique needs of our membership and to ensure relevance in this unprecedented situation.

### Objectives

The objectives of this plan are to:

- Engage, inspire and provide direction to SPTO and the members during these challenging times
- Accurately represent the key COVID-19 impacts and recovery needs to the Pacific Tourism sector, donors and development partners
- Coordinate information sharing to support informed and focused decision making across the board
- Prioritise the sustainable agenda; as a key focus area for development and a competitive advantage for the Pacific in the global tourism market.

\textit{“Managed responsibly, tourism can emerge from the current crisis as an even more important contributor to the SDGs, supporting livelihoods and creating opportunities for millions of people around the world and leaving nobody behind.”}

UNWTO: Supporting Jobs and Economies through Travel and Tourism – A call for action to mitigate the socio economic impact of COVID-19 and accelerate recovery (pp:6)

As COVID-19 continues to develop and evolve it is important to observe industry forecasts and trends that will ultimately shape recovery efforts.

Tourism is without a doubt, one of the hardest hit sectors. In late March the United Nations World Tourism Organisation (UNWTO) predicted a 20%-30% decline in international tourism arrivals worldwide, with a corresponding decline in international tourism receipts (exports) of between US$300-450 billion. Essentially, this would mean that between five and seven years’ worth of growth will be lost to COVID-19. To put that in context, in 2009, on the back of the global financial crisis, international tourist arrivals fell by 4%, while the SARS pandemic in 2003 led to a decline of just 0.4 per cent.

OECD estimates show that the lockdown will directly affect sectors amounting to up to one third of GDP in the major economies and that for each month of containment, there will be a loss of 2 percentage points in annual GDP growth. In addition, the tourism sector faces an output decrease as high as 70%.

Furthermore, it is expected that over 100 million jobs in the tourism and travel industries could be lost as a result of COVID-19. The Pacific Region, with an average of 10-12% shares in employment in tourism are particularly vulnerable, with the International Labour Organisation (ILO) forecasting industry job losses of at least 15.3 million. However,

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5 ibid


historical trends show that the tourism industry is resilient and can significantly contribute to job creation following crises\(^9\).

In terms of the impact on aviation, April estimates from the International Air Transport Association (IATA) indicate a worsening of the country impact from the COVID-19 crisis in the Asia Pacific region\(^10\). It is expected that Asia-Pacific will see the largest revenue drop of US$113 billion in 2020 and a 50% fall in passenger demand for the same period\(^11\). These estimates are based on a scenario of severe travel restrictions lasting for three months, with a gradual lifting of restrictions in domestic markets, followed by regional and intercontinental\(^12\). According to Conrad Clifford, IATA’s Regional Vice President, Asia-Pacific, the provision of support for airlines has broad economic implications; with every airline job believed to support another 24 in the travel and tourism value chain\(^13\).

Additionally, all major cruise line groups are faced with huge losses. As a result, capital costs and operational expenses are being slashed; thousands of staff have been laid off and many others are facing pay cuts of up to 20%\(^14\). Before any resumption of cruising the industry will need to liaise with over 600 ports and up to 200 governments and these discussions will need to account for protocols for crew members, the screening of passengers upon embarking to ensure that they are COVID-19 free and so forth.

With all of the above in mind, it is increasingly apparent that the UNWTO’s call for well-coordinated political and financial commitments are well founded and are key to ensuring tourism’s role as a driver of wider

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\(^11\) ibid

\(^12\) ibid

\(^13\) ibid

economic and social recovery\textsuperscript{15}. Moreover, the tourism sector is uniquely placed to lead national and regional contributions to the sustainable development agenda which has the potential to strengthen resilience by learning from the lessons of the current crisis\textsuperscript{16}.

### Expected Future Trends

Consumer behaviour is evolving, as a result of the outbreak and social distancing guidelines\textsuperscript{17}. These trends, some of which are highlighted below, need to be taken into consideration when preparing for recovery\textsuperscript{18}.

- Middle class consumers are becoming more value conscious.
- Luxury consumers are becoming more discerning as they want to make their travel choices count when it’s safe to travel again.
- After COVID-19 subsides, many consumers plan to make up for lost time by not only taking trips but also indulging to a greater extent.
- As the world recovers, consumers are going to expect brands to give more, be more supportive, and give back more to the consumer and to the greater good.
- Consumers will want to be put at ease and want to know that brands are taking proper measures.
- Consumers are searching for more experiential packages and offers because they are unable to travel.
- Selling too hard will likely damage your brand.
- Be prepared to shift Unique Selling Points that you’re highlighting with the changing needs and times.
- A high level of demand from the consumers for tourism service and products standards of cleanliness and other preventative measures.

\textsuperscript{16} ibid
\textsuperscript{18} ibid
• Indicators below forecast that travel demand is picking up. It is important to note that benchmarks stated below will vary depending on external factors such as marketing being live, impact of COVID-19 on the destination, etc.

• 15-20% increase in organic website traffic
• 10-15% increase in booking initiated
• 25-30% increase in search volume for relevant keywords & Google trends data for the destination
• 10-15% increase in flight searches to the destination (indicated by first party travel data).

Further to the above the following predictions for the travel and tourism industry provide a general insight into the expected changes in the industry including the growth of green travel and experiential vacations\textsuperscript{19}. These are based on experiences in Asia, however it is important to note that the tourism sector is a global industry with global ramifications\textsuperscript{20}.

• COVID-19 will dissipate becoming less deadly but will not disappear entirely.
• Rebounds are a very real danger and countries such as New Zealand and Australia are already discussing keeping borders closed for 12 months to avoid any rebound. They will not be alone – other countries will restrict access also.
• Domestic tourism and travel is set to explode.
• Family travel will also boom. The decision makers – will be the kids! Gear activities and menus around the decision makers.
• Activity and experiential vacations will be key.
• Hotels will take firmer control of room inventory – having best available rates only on their websites for direct bookings and their own social media platforms.

\textsuperscript{20} ibid
• Online Travel Agents (OTAs) will finally lose their stronghold on hotel bookings and their huge 25% commissions.

• Travel Agents regrettably will see even further business declines in their business volumes post COVID-19. Potential travellers will continue to “do-it on-your own (D-I-Y) digitally” as they are becoming increasingly computer proficient and savvy.

• Green travel and care of the environment will see record volume growth as the travelling public now ‘get-it’ after the effects of a virus that stopped the world in its tracks.

• Business travel and daily commuting will decline as we embrace working from home.

• Video conferencing and webinars will increase but face-to-face meetings and conferences along with trade shows and congresses will survive. We are human and we like human interaction.

• As domestic and family travel grows, 5-star hotel occupancies will decline. Mid-range hotels will see the fastest growth.

“By staying home today, we can travel tomorrow. And travelling tomorrow will support jobs, celebrate culture and promote international friendship and understanding.”

Mr. Zurab Pololikashvili, UNWTO Secretary-General
The Impact

An effective strategy must hinge on a good understanding of the overall impact of COVID-19 on the Pacific Tourism Industry and the relevant SPTO members concerns and challenges. By ensuring as much, we can confidently paint the right picture which in turn will inform decision making.

Pacific Tourism Overview

This analysis is largely based on the “Pacific Tourism: COVID19 Impact and Recovery Report” which accounts for several Pacific Island countries, all of whom are SPTO members.

- At this time, all tourism in the Pacific has ceased.
- All borders to Pacific countries including New Zealand are closed to commercial air traffic and cruise ships.
- There are currently no commercial air services, and global tourism has halted. Flights are operating on a charter basis only.
- Currently there are no cases of COVID-19 in 14 of SPTO’s Pacific member countries– except Fiji, French Polynesia, New Caledonia, Papua New Guinea, Rapanui and Timor Leste.
- Impact on all Pacific nations is significant, with the tourism sector and all associated businesses and sectors effectively shut down commercially and in maintenance mode at best.
- The most vulnerable countries are those that are highly dependent on tourism such as the Cook Islands where tourism accounts for 87% of GDP and Niue and Vanuatu where tourism accounts for over 40% of GDP.
- Sector resilience varies from country to country but all are vulnerable.
- Air connectivity, local and international, is a key sector risk for all Pacific countries with local and international airlines and Pacific routes not financially viable.

Most countries have established crisis response packages, however many do not include wage support and the ability to support these initiatives over time is limited. Overall financial support is limited and may not be sustainable for an extended period.

There is a key opportunity to enable cross Pacific recovery cooperation, sharing initiatives to elevate total Pacific destination capability, impact and build a stronger future sector sustainability and resilience.

The Private sector, small and medium enterprises (SMEs) in particular, play an important role in the Pacific’s tourism sector. The information provided below is a summary of the private sector survey conducted by SPTO in April. The survey was sent to 246 private sector participants; both past and present members of SPTO. The total response as at 30th April was approximately 70 which translates to a 25% participation rate.

Financial issues:

- No incoming revenue is a huge concern for business continuity and survival
- Low consumer confidence has impacted the ability to sell domestically and internationally
- Overwhelming economic uncertainty, particularly in relation to the government’s ability to support SME’s
- Over 90% cancellations for 2020 and also loss of potential bookings, making it difficult to forecast future income and planning.
- Ongoing financial obligations; rent, lease payments etc
- Cancellations in the cruise market which means for most there will be no revenue in 2020 from major shore excursions from large companies like Carnival Australia, P&O and Paul Gaugin etc.
- Lack of charged cancellation fees so suppliers have not been able to recoup revenue to help during these challenging times.

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• Advertising revenue is affected for publishing companies whose major clients were from the tourism industry
• No income for retail shops in hotels and resorts
• Inability to complete business reinvestment plans which were contingent on generating revenue during this challenging period
• Loss of revenue from events like weddings, workshops, birthdays etc
• Loss of revenue for bookings made by third parties.
• The loss of revenue is not only felt by tourism industry members but also their supplier’s; especially local communities who supply local produce, products and services
• Food stock will have to be written off which will be a huge revenue loss

Human Resource issues:
• Most operators have reduced 90% or more of their staff and there is no or very limited ability to provide assurances about job security
• Many staff are on leave without pay, meaning financial hardship for families.
• Maintaining staff morale is a challenge as they have living costs to deal with.

Attracting visitors:
• COVID-19 has had a significant economic impact on the region’s major source markets: New Zealand and Australia which will cause a reluctance to travel
• Inability to adequately prepare for the 2020 peak season will have huge financial implications in 2021
• Difficulty of attracting long haul markets; the financial impact in Europe, Asia and North America will likely result in a reluctance to travel to the Pacific.
• Tourists who travel to Pacific as an add-on to their travel to Australia and New Zealand will be lost to us if Australia and New Zealand borders remain closed
When and if the borders open up, will it be done incrementally or completely? Will all the airlines commence their services and at the same frequency? Will there still be added restrictions in transiting through certain countries?

Consumer confidence; will people be willing to travel overseas without a cure/vaccine for COVID-19, will people have enough disposable income for travel and will they prioritize domestic travel to boost the national economy?

How do we encourage key markets to travel again after a long period of lockdown and potential financial hardship? Also, how willing will employers to grant annual leave after long periods of lockdown? People may want to take a holiday, but will they be permitted to do so?

Will the major travel agencies like Flight Centre, Hello world, House of Travel and other agents/tour operators survive due to COVID 19? How ready are the Pacific hotels and businesses for direct marketing?

How will the cruise companies react especially Carnival and P&O who had cases of COVID 19 on board? Will cruise travellers continue to buy packages?

The collapse of Virgin Australia will significantly impact visitor numbers to Pacific countries serviced by Virgin

Much of the selling season has been compromised, leaving peak season with much lighter occupancy

### Pacific Strengths and Opportunities

Pacific tourism sector strengths and opportunities are highlighted below along with the overall risks and immediate needs of the industry. This information has been drawn mainly from the [“Pacific Tourism: COVID19 Impact and Recovery Report”](#) while also encompassing information from other sources.

- The majority of SPTO member countries are COVID-19 free and those with cases of COVID-19 have managed it well with very low mortality rates. This can position the Pacific as a market leader during global recovery.

- Our isolation from the rest of the world has been advantageous and will appeal to travellers seeking off the beaten track destinations.

- Australians and New Zealanders are willing to travel to the Pacific when restrictions permit and so long as the Pacific continues to properly manage COVID-19.
The Unique Selling Points of the 20 SPTO PICs remains a competitive advantage.
The Pacific tourism industry is resilient having previously rebounded from significant shocks.
Family is very important in all Pacific cultures and will be a key driver for domestic travel and regional tourism within the Pacific and from Australia and New Zealand.

### Overall Risks

- Loss of skills and capability – at all levels and particularly in skilled management and operations
- Loss of core successful tourism sector businesses – accommodation, experiences and other services
- Loss of critical mass in the sector overall to enable responsive recovery
- Potential loss of local ownership and control of core tourism infrastructure
- Impact on the wider economy, community and society
- Pacific’s major sources markets keep their borders closed for a longer period because COVID 19 does not disappear
- COVID 19 free Pacific Islands get infected with the second wave of the pandemic

### Immediate Needs

- Plans to ensure that the Pacific is protected and maintained as a safe and COVID-19 free destination to travel.
- Depending on Pacific Island Countries’ readiness to lift borders and capability to manage COVID 19, they may consider lobbying the Australian and New Zealand

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24 SPTO, “Analysis of the Pacific Wave Recovery feedback from SPTO Private Sector Members”,
Governments for an Australia NZ- Pacific Travel Bubble or developing travel bubbles with targeted source markets of their choice.

- While travel is at ground zero, strengthen brand relationship by staying connected with past and future travellers through social media, email and editorial content that entertains and adds value.

- Air access to the Pacific is an important key to recovery. There needs to be stimulus packages provided by government, donors or development partners to local domestic and regional air carriers to support their survival.

- Public Private Partnership; boost partnerships and cooperation such as creation of public/private tourism action groups to plan and implement recovery.

- Market Intelligence; conduct and provide market research on major source markets, latest trends and industry outlooks to understand the market and respond rapidly by way of setting up of monitoring systems, partnerships with private sector.

- Well defined and targeted marketing strategies promoting the Pacific as a safe destination and COVID 19 free to specific source markets such as Australia and New Zealand for the short term and the long haul markets for long term (particularly Asia because they have better managed COVID 19, compared to Europe and North America).

- Wage support to minimise skills losses and enable core staff to be retained.

25 Ibid
26 Ibid
27 Ibid
28 Ibid
29 Ibid
30 Ibid
• Financial micro grants and access to low cost finance, to enable targeted support of core high performing businesses and SMEs, to enable them to survive\textsuperscript{32}

• Review taxes, charges and levies to reduce ongoing costs where possible\textsuperscript{33}

• Training programmes – to up skill and enable the sector to improve capability to respond to the recovery – particularly focused around digital capability\textsuperscript{34}

• Scenario planning to better inform response options and enable more effective and timely response and pivoting to respond to changing demand. This is also important to manage expectations and recovery planning focus and invest realistically\textsuperscript{35}

\textbf{“My view is that it will take one year at least, so until the end of 2021, just for the industry to recover and we won’t see growth until at least 2022,”}

Mr. Tony Whitton, Managing Director, Rosie Holidays (Fiji Times, 24\textsuperscript{th} March, 2020)
Recovery

Once COVID-19 subsides and travel restrictions are lifted, the Pacific tourism sector needs to prepare for a quick turn-around to cater for the forecasted initial rise in the demand for travel. These efforts will need further strengthening and modification in the medium to long term in order to capitalize on the opportunity to strengthen the overall Pacific tourism sector attractiveness, accessibility, capability and resilience in working together to accelerate recovery.

Emerging Themes and Priorities

1. Pacific Tourism: Think regional Act local

Many challenges and the future drivers of a successful tourism sector recovery are common across the Pacific. Recovery will require both individual country responses and programmes as well as regional co-op programmes building regional efficiency impact and strength.

2. Building cross-Pacific alignment and cooperation

A political and operational forum for cooperation and strategic alliance will support identifying opportunities to reduce costs, enhance ease of doing business, enhance regional compliance, accessibility and potentially Pacific tourism destination impact and relevance to key markets.

3. Pacific tourism destination marketing with clear, targeted and differentiated experiences across and within the Pacific

Within this development of very clearly differentiated and targeted experience within the Pacific, both in terms of countries positioning and overall experience type.

4. Rebuilding Pacific connectivity

A degree of border access and policy alignment will enhance the ability to quickly establish concept of extended travel bubbles and regional Pacific tourism activation if appropriate, particularly local Pacific tourism, New Zealand and Australian extended bubbles. The challenges of rebuilding airline connectivity and the related need to build financially viable routes and airlines as quickly as possible may be enhanced with Pacific wide modelling.
5. **Building skills and capability together**

Sector skills building and sharing of best practice approaches and information could improve overall Pacific capability efficiently across all levels of the sector. Enabling skilled tourism sector employees to work across the Pacific could reduce the overall loss of skills to the Pacific over the rebuild period.

6. **Inform to focus options and decision-making effectively**

Information and data to inform decision-making is critical in a time of crisis. Ensuring access to timely and useful data to aid in all aspects of recovery planning and timing of initiatives is critical. Support to understand how to use and optimise data in decision making, especially around tourism reactivation timing, targeting, positioning, messaging and experience solutions.

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A Regional Approach to Accelerate Tourism Recovery from COVID-19

The initiatives outlined in this chart provide a framework for focusing sector rebuild and stimulating tourism recovery. The initiatives are a very important foundation to ensure the acceleration of recovery and are relevant regionally, locally and for individual businesses and sector organizations. Working together to establish processes, identify best practice and initiate regional programs may increase the speed of recovery from the impact of COVID-19.

*Stimulating tourism recovery is key – it pays massive returns to help drive recovery to other sectors in the economy.*

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<th>Manage the Crisis &amp; Mitigate Impact</th>
<th>Providing Stimulus &amp; Accelerating Recovery</th>
<th>Preparing for the Future</th>
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<tr>
<td>1. Incentivize job retention, sustain the self-employed and protect the most vulnerable groups</td>
<td>8. Provide financial stimulus for tourism investment and operations</td>
<td>17. Diversify markets, products and services</td>
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<td>2. Support companies’ liquidity</td>
<td>9. Review taxes, charges and regulations impacting travel and tourism</td>
<td>18. Invest in market intelligence systems and digital transformation</td>
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<td>3. Review taxes, charges, levies and regulations impacting transport and tourism</td>
<td>10. Advance travel facilitation</td>
<td>19. Reinforce tourism governance at all levels</td>
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<td>4. Ensure consumer protection and confidence</td>
<td>11. Promote new jobs and skills development, particularly digital ones</td>
<td>20. Prepare for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems</td>
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<td>6. Include tourism in national, regional and global economic emergency packages</td>
<td>13. Understand the market and act quickly to restore confidence and stimulate demand</td>
<td>22. Place sustainable tourism firmly on the national agenda</td>
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<tr>
<td>7. Create crisis management mechanisms and strategies</td>
<td>14. Boost marketing, events and meetings</td>
<td>23. Transition to the circular economy and embrace the SDGs</td>
</tr>
</tbody>
</table>
The above information is from the following source, which can be further utilised to consider additional and more detailed discussions on all of the above:

UNWTO: Supporting Jobs and Economies Through Travel and Tourism – A call for action to mitigate the socio economic impact of COVID-19 and accelerate recovery

“If numbers return only slowly, the obvious imperative will be to offer travellers such incentives that they remain in the destination longer and see more of what it has to offer. The metric should therefore shift from the number of arrivals, to time spent in any one destination and the dispersion across it. Receipts will then follow.”

Dr Mario Hardy, Pacific Asia Travel Association CEO (“PATA Asia Pacific Visitor Forecasts 2020-2024”)
This strategy is a critical consideration for crisis management. It provides a clear roadmap that sets the direction, establishes priorities and defines the required actions and considerations post COVID-19 recovery for SPTO and its members.

While we cannot accurately predict the end result of COVID-19, keeping a pulse on its evolution in the respective destinations and measuring the impact on target audiences is essential in order to quickly adjust and respond.

The COVID-19 pandemic will subside over time, and people will begin traveling again. In order to maximize revenue before and after travel demand picks up, the tourism sector in the Pacific need to continually engage with their existing and potential customers, be supportive, and follow through on recovery action plans.

These action plans should be supported by a monitoring, evaluation and learning (MEL) framework and sound financial budgets. Funding for the implementation of action plans will be highly dependent on financial resources provided by donors and development partners as well as the existing budgets of the implementing agencies. Thus, there is an urgent need for stronger engagement and partnerships between the Pacific’s tourism sector, donors and development partners.

On that note, SPTO launched the Pacific Wave Recovery Fund which we hope will engage, inspire and assist our Pacific Tourism family post COVID-19. The fund’s first donor was NZ Maori Tourism with a pledge of NZ$50,000 and further support from donors and development partners is being pursued by the secretariat.

The new way forward for Pacific tourism in the post COVID-19 world, is a recommitment to the development and promotion of sustainable tourism in our region. A robust and sustainable recovery plan, reflecting as much, can be achieved through innovative and well-coordinated collaboration.

“Tourism activities should respect the equality of men and women; they should promote human rights and, more particularly, the individual rights of the most vulnerable groups, notably children, the elderly, persons with disabilities, ethnic minorities and indigenous peoples.”

UNWTO Framework Convention on Tourism Ethics (Article 5, paragraph 2)
Acknowledgement

The following sources were particularly useful in the compilation of this strategy. As such, SPTO would like to acknowledge, with great gratitude, the support and information provided by the UNWTO, New Zealand Ministry of Foreign Affairs and Trade and the SPTO private sector members.

- **UNWTO: Supporting Jobs and Economies Through Travel and Tourism – A call for action to mitigate the socio economic impact of COVID-19 and accelerate recovery**
- **Pacific Tourism: COVID19 Impact and Recovery Report**
- **Analysis of the Pacific Wave Recovery feedback from SPTO Private Sector Members**