

COVID-19 Tourism Impact Update



Falkland Islands Tourism Sector Information and Guidance Concerning the Impact of COVID-19

No. 15

January 8th 2021

INTRODUCTION

As we welcome in 2021, many of our thoughts are already on the 2021-2022 season and what it might bring. In this issue of *COVID-19 Update* we've tried to tackle this head on through a look at the latest progress on vaccination roll out, consumer sentiment in our two key source markets, and what all this is likely to mean for next season.

The coronavirus pandemic has taught us to expect the unexpected, with many twists and turns along the way. I am cautiously optimistic for next season, but as we have said in several previous issues, different countries will recover at different rates, due to their individual situations with respect to the vaccination roll out. Of course, as a remote island destination we are also reliant on airlines in Brazil and Chile that link us to our key source markets. This adds another layer of complication and uncertainty. And finally, for cruise visitors, the sector needs to get going again and regain the confidence of passengers.

As always, please don't hesitate to contact the Falkland Islands Tourist Board for more details or any further assistance.



Stephanie Middleton

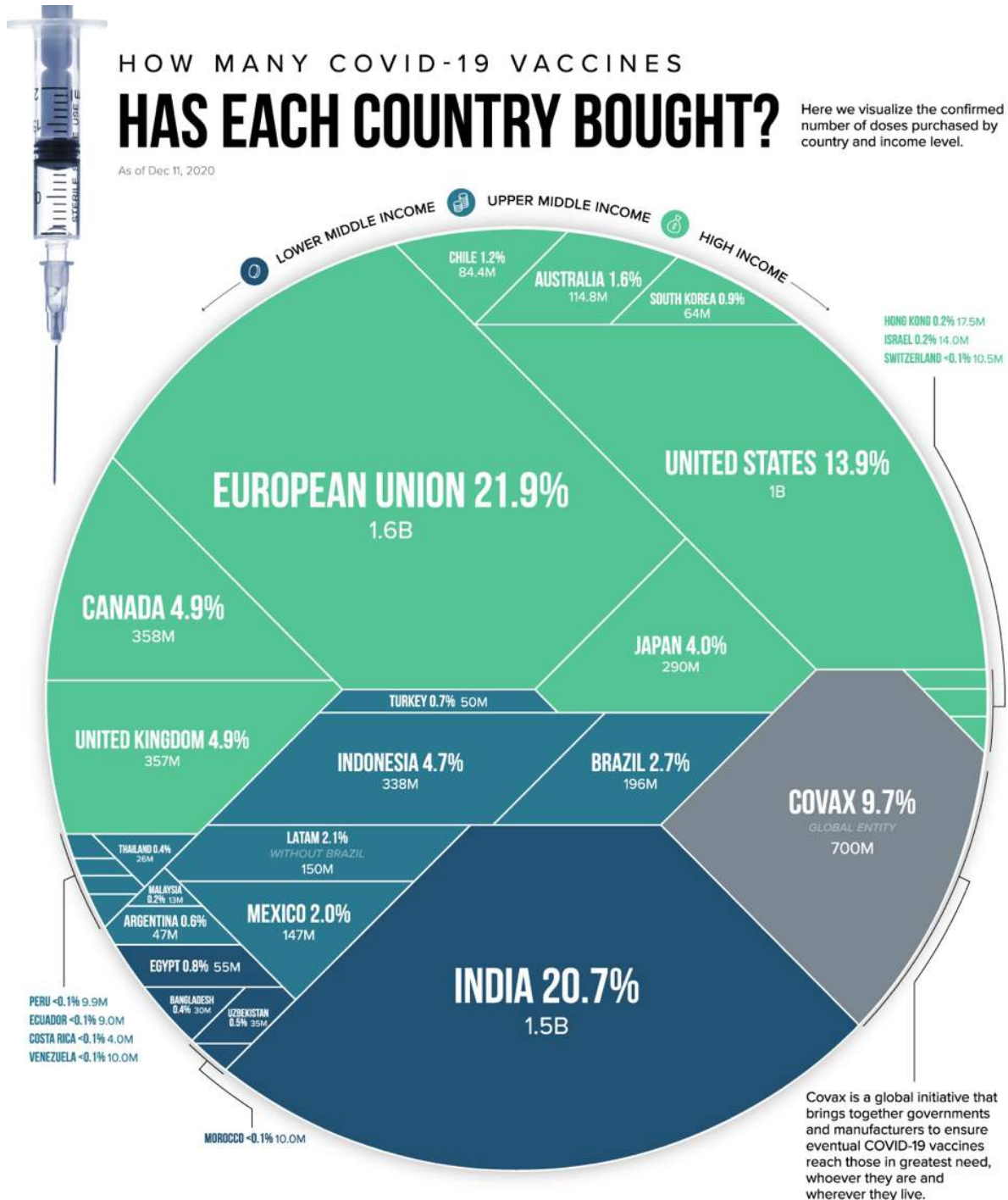
Executive Director

8th January 2021

Next Update: Friday 5th February 2021

VACCINATIONS...

The roll out of the various vaccination programmes is the big positive news story for 2021. However, in the race between new virulent strains of the virus and the vaccine roll-out, early victory is by no means assured. Even rich countries that have secured most of the available vaccines may fail to inoculate enough people to provide herd immunity until the end of 2021. In developing countries, where vaccines will generally be scarce, the virus is expected to spread further.



Latest Trends and Developments

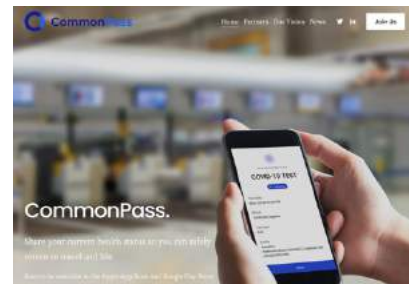
Of course what tourism businesses are most interested in is when these will make an impact on travel. Let's start with what we know at the moment.

The vaccine has led to a big surge in travel bookings from UK consumers, with long haul holidays in the Maldives and Mediterranean beach breaks being particularly popular. Also, the reduction of quarantine days to 5-7 for returning residents has also led to a boost in bookings.

There is an expectation that some countries and/or airlines will only accept passengers who have received the vaccine, and that travellers will be expected to hold a "Vaccine Passport". Qantas has stated that it will demand passengers provide proof that they have received the COVID-19 vaccination before they can fly. It is likely that airline stances on passenger proof of vaccine will initially reflect their national governance (in other words, if Australia makes vaccination a requirement for entry, the airline will make it a requirement to fly). This of course becomes complicated when an airline is serving destinations around the world with varying entry restrictions. So the solution is not simple.

Border restrictions are more-simple to administer, at least for island destinations. From March 2021, Cyprus will scrap the need for arrivals to prove they have had a negative COVID test if they can show they have been vaccinated. This sort of approach is likely to be replicated in many other countries in 2021.

Several vaccine passports are being marketed, with CommonPass (commonpass.org) looking like it will be the most successful. It is a collaboration between the World Economic Forum and the non-profit The Commons Project, and provides a secure way to validate COVID tests and vaccination credentials.



United Kingdom

Within the UK, there is relatively strong optimism about the resumption of travel in 2021:

- 93% welcome the need for having the vaccine as a prerequisite to travel.
- 36% indicate that they intend to book a holiday in the near future, with most saying they are likely to travel to Europe or closer to home.
- At the moment, May is the most popular month for trip bookings, followed by April and then June.

For the Falklands, the research shows that the demographic that makes up the majority of our visitors (over 45 year olds) is most likely to agree to a COVID vaccination for travel, and most likely to travel if they have had the vaccine. So post-vaccine confidence to travel is high amongst this group.

United States

The picture is a little different amongst consumers in our second largest market, the US, where Americans appear to be more anxious about travel and at present are reluctant to plan future trips:

- 49% of consumers say they will travel less in 2021 due to concern of exposure to other people.
- 34% say they do not expect to travel more in 2021 to make up for the lack of trips in 2020.
- 42% say they will feel safest travelling to wilderness areas than urban areas (that is a positive for the Falklands).

Most Likely Scenario

The COVID pandemic has taught us to expect the unexpected at all times, so making predictions is difficult. However, based on what we know at the moment there are some likely scenarios:

- The duration of the pandemic is becoming more and more significant as the longer it goes on, the bigger impact it is likely to have on future traveller behaviour. It is now expected that restrictions on travel, and the taking of precautions such as using masks, limited numbers of people in bars and restaurants, etc, will continue to varying degrees throughout 2021. Consequently the legacy of COVID is likely to be more stark than originally expected.
- Vaccinations in most of the Falklands' key markets are expected to roll out relatively effectively in 2021 and by the start of the 2021 season in October, a significant proportion of the population in most of these markets are likely to be vaccinated. The Falklands population should also be vaccinated by then. It should, therefore, be safe to restart tourism, although restrictions such as vaccination certificates may be imposed. These are unlikely to dampen demand.
- The biggest risks to the 2021-2022 season (aside from a catastrophic new strain that is vaccine resistant) are the reopening of the LATAM routes (which will be largely dependent on the COVID situation in Brazil and Chile), and consumer readiness to travel in Q4 2021 and Q1 2022. We know that between them, Chile and Brazil have ordered over 275 million vaccines, however the effectiveness of their governments to roll out the immunisation process is uncertain. With regards to consumer readiness, the concern is that having had 12+ months of plans being changed and cancelled, consumers are becoming increasingly wary of making bookings. For us in the Falklands, the best way of assessing this is through checks with ITT, FIH and the key outer island destinations with regards to forward bookings, and where they all are for the 2021-2022 season compared to usual. We will be looking into this in a future *COVID-19 Update* report.



UPDATE ON THIS SEASON

The TRIP scheme appears to be working well, which is a significant achievement in a destination with such a small population. Whilst it may not work for everyone, it has certainly given domestic tourism a timely boost. Although we (at FITB) are still finalising our fourth quarter (Q4) data, preliminary figures from the accommodation sector show a drop in occupancy in serviced accommodation whilst there was significant growth in self-catering.

Serviced occupancy in Q4 2019 was 53.6% but only 33.2% was achieved in Q4 2020. Whilst the drop in demand for Stanley accommodation is partly responsible for this, Carcass Island (usually a popular destination) is only offering self-catering this year, so is not included in the serviced accommodation data.



Occupancy in self-catering accommodation appears to have had a significant boost with it jumping from 39.4% in Q4 2019 to 63.9% in Q4 2020.

Flights Update

There are still no changes to the FIG announcement on the 20th November which stated that due to the ongoing prevalence of the pandemic both LATAM flights, from Punta Arenas and Sao Paulo, are suspended until **at least** 31st March 2021.



FURTHER INFORMATION

Tourism Recovery Incentive Programme

TRIP is a domestic tourism stimulus scheme that is open to everyone who is ordinarily resident in the Falkland Islands and will run from 1st October 2020 until 31st March 2021. More details can be found at:

<https://www.fig.gov.fk/covid-19/tourismscheme/trip-scheme>

FIG Guidance and Information

For guidance and information for individual businesses operating in a COVID-19 environment, including restaurants, public houses and retail, as well as frequently asked questions see:

<https://fig.gov.fk/covid-19/>

<https://fig.gov.fk/covid-19/information/general-information>

<https://fig.gov.fk/covid-19/faq>

