Covid-19 Caribbean Tourism Impact and Outlook Survey

April 2020
The following represents the results from a random member survey undertaken by the Caribbean Hotel and Tourism Association between April 10th and 15th, 2020 to:

(1) better assess the impact of the Covid-19 pandemic on the region’s tourism industry and economies;
(2) provide an indication of the industry’s outlook for the future; and
(3) help guide regional and local tourism and economic recovery efforts.

A sampling of 111 businesses participated in the survey, with 63% representing the hotel accommodations sector and 37% representing other tourism-related businesses. Fifty-five percent of the hotels were independently owned and operated and 65% of the hotels reported having 75 or fewer rooms.
BUSINESS OPERATING STATUS AND OUTLOOK
By Mid-April 2020…

- 13% Reported being open and conducting business
- 61% Reported being closed and not accepting guests
- 26% Reported being partially open but not accepting guests
If your business is closed or partially open, what functions are still operational?

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>50%</td>
</tr>
<tr>
<td>Maintenance/ Engineering</td>
<td>46%</td>
</tr>
<tr>
<td>Accounting</td>
<td>44%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>40%</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>28%</td>
</tr>
<tr>
<td>Front Office</td>
<td>19%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>18%</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>11%</td>
</tr>
</tbody>
</table>
If your business is presently closed, at the present time when do you anticipate reopening?

- April: 7%
- May: 18%
- June: 23%
- July: 21%
- August: 6%
- September: 3%
- October: 5%
- November: 10%
- December: 6%
Please indicate the number of months you anticipate it will take before consumers are again willing to travel to the Caribbean.

- **Cruise Ship Travel**: 10 months
- **Land-Based - Leisure Travel from Caribbean**: 5 months
- **Land-Based - Group Travel**: 7 months
- **Land-Based - Business Travel**: 5 months
- **Land-Based - Leisure Travel from UK/Europe**: 8 months
- **Land-Based - Leisure Travel from US/Canada**: 7 months
How confident are you in the Caribbean tourism industry's ability to recover from the impact of the pandemic and by when? (Level of Confidence: 1 = Not Confident; 5 = Highly Confident)

<table>
<thead>
<tr>
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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of Q2 2022</td>
<td>7%</td>
<td>2%</td>
<td>4%</td>
<td>16%</td>
<td>72%</td>
</tr>
<tr>
<td>End of 2021</td>
<td>5%</td>
<td>4%</td>
<td>7%</td>
<td>23%</td>
<td>61%</td>
</tr>
<tr>
<td>End of Q2 2021</td>
<td>4%</td>
<td>8%</td>
<td>19%</td>
<td>20%</td>
<td>48%</td>
</tr>
<tr>
<td>End of Q1 2021</td>
<td>5%</td>
<td>16%</td>
<td>22%</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>End of 2020</td>
<td>18%</td>
<td>25%</td>
<td>28%</td>
<td>15%</td>
<td>13%</td>
</tr>
</tbody>
</table>
If you are closed or partially closed, are you continuing to pay any employees a percentage of their salary?

- Yes: 64%
- No: 36%
Do you anticipate being legally obligated to provide severance to employees who have been laid off?

- Uncertain: 48%
- No: 38%
- Yes: 14%
FINANCIAL IMPACT
What measures have you put in place to address your 2020 revenue shortfall?

Other Measures Include:
- Business Restructuring
- Business Closing Down
- Searching for Alternatives
- Debt Moratorium
- Energy Management Program and Efficiency Solutions
- Governmental Support and Loans
- Reduce capital investments
What average room occupancy percentage do you require based on your history to reach a break-even point?

52%

Avg. Occ% Needed by Hotels to Break-even
TREATMENT OF CANCELLATIONS
What percentage of cancellations do you expect to re-book with your company?

43%

Avg. % of Cancellations Expected to Re-Book
How have you modified your cancellation policy for direct bookings during the pandemic?

- Waived penalties for all cancellations: 65.42%
- Waived penalties only for those who re-book or intend to re-book: 24.30%
- Other (please specify): 15.89%
- No changes to cancellation policy; Penalties still apply to any pandemic-related cancellation: 1.87%
CHALLENGES WITH TOUR OPERATORS
Challenge with Tour Operators

Please indicate the difficulty with restrictions placed upon cancellations, if any, by the following.

<table>
<thead>
<tr>
<th></th>
<th>Booking.com</th>
<th>Expedia</th>
<th>Tour Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required to offer full refund</td>
<td>67%</td>
<td>69%</td>
<td>52%</td>
</tr>
<tr>
<td>No difficulty with restrictions</td>
<td>71%</td>
<td>69%</td>
<td>75%</td>
</tr>
<tr>
<td>Lack of flexibility to rebook</td>
<td>68%</td>
<td>63%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Challenges with Tour Operators

Delayed Reimbursements by Some Traditional Tour Operators

- **69%**
  - Of Hotels Report Not Receiving Reimbursements for Services Rendered During Q1 2020

- **$219,000**
  - The average amount owed to hotels by tour operations for Q1 services rendered with highest reported amount owed at $15,000,000

- **60-120 Days**
  - The additional time hotels expect before receiving reimbursement based upon tour operator feedback.
Challenges with Tour Operators

If “Payments have been delayed”, what has the tour operator indicated?

- Company is Delayed with Payments: 37%
- Company is Short-Staffed: 5%
- Priority to Refund Clients: 5%
- In Process of Receiving Payment: 11%
- Waiting for Refund: 11%
- Difficulty Communicating: 21%
- Other: 11%
INSURANCE COVERAGE
Do you have business interruption insurance?

- Yes, 32%
- No, 68%
Does your property insurance policy provide coverage for "Civil Authority" and its impact on your operations (this coverage would typically be set forth in a separate paragraph in policies, not buried in an unidentified section):
Does your property policy have a contamination exclusion or an exclusion for loss caused by epidemics or pandemics?

- No Insurance: 54.39%
- Don't Know: 18.42%
- No: 16.67%
- Yes: 10.53%
What has your insurance company advised you regarding possible coverage for losses due to the pandemic?

- No Coverage: 93%
- Limited Coverage: 6%
- Full Coverage: 1%
To your knowledge have you had a guest or employee test positive for Covid-19?

- Yes, 2%
- No, 98%
What changes do you plan to put in place to address health safety concerns by guests and employees? (Check all that apply).

- Increase health safety training for all staff
- Elevated training for cleaning of guest rooms & public areas
- Increase health safety training for all front-line staff
- Establish new cleaning procedures in all hotel spaces
- Implement social distancing practices in public areas
- Review and adjustment to all areas of shared equipment & guest facilities
- Increase health safety training of F&B prep & service personnel
- Place new informational safety tips & materials around property
- Implement or elevate safety officer position
- Other (Please indicate)

Other Changes Include:
- Contingency Planning and Risk Analysis
- Daily Temperature Checks for All Employees
- Advocate through NHTA for Government Implementation of Restrictions
- Room Purification
- Closed Property
Please indicate the value level which you place on the following subject matter areas for training and information sharing to support your company's recovery efforts.

**Scored Above Average**

**HIGH Importance***
- Business Cost Saving Measures
- Health Safety Training for Front Line Workers
- Managing Rate Integrity thru a Crisis and Beyond
- New Company Policies and Procedures in a Contagion Environment
- Leveraging Resources to Conduct Destination Marketing
- Labor Management thru the Crisis
- Communications and Public Relations Strategies Now and thru Recovery
- Supervisory and Management Leadership to Guide Recovery and Beyond

**Scored Above Average**

**MEDIUM Importance***
- Stress Management for Employees
- Social Distancing in a Social Business
- Market Differentiation Out of a Crisis
- Leveraging Resources to Conduct Destination Marketing
- Communications and Public Relations Strategies Now and thru Recovery
- Strategies for a Caribbean Brand Marketing Approach
- Supervisory and Management Leadership to Guide Recovery and Beyond
- Refinancing and Debt Restructuring

* Ranked/listed by number of responses
Where will you seek guidance or other resources to implement the above?

Other Resources Include:

- RISC and Business Articles
- Tour Operators
- Local Government Ministry of Health
- NHTAs
- WTTC, WHO, CDC
- Self-Researching, Web and YouTube
- MPI
- American Rental Association
RECOVERY SUPPORT & STIMULUS MEASURES
The hospitality industry around the world is seeking relief and support to address the fallout and financial challenges from the pandemic to companies and employees, and to look at measures which could help with the recovery of the industry. Some measures will meet with receptivity, while others will require a strong case to secure support. Please indicate the level of importance you place on the following potential stimulus measures: (Level of Importance: 1 = Low Importance; 5 = High Importance)

<table>
<thead>
<tr>
<th>Scored Above Average in Importance (5) Category*</th>
<th>Scored Above Average in Importance (4) Category*</th>
<th>Scored Above Average in Importance (3) Category*</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Tax Relief – VAT or Equivalent</td>
<td>▪ Suppliers – Discounts, Deferred Payments</td>
<td>▪ Working Capital Support</td>
</tr>
<tr>
<td>▪ Aviation &amp; Airline Related Fees Reduction to Stimulate Lift Return</td>
<td>▪ Working Capital Support</td>
<td>▪ Suppliers – Discounts, Deferred Payments</td>
</tr>
<tr>
<td>▪ Unemployment Support for Furloughed Employees</td>
<td>▪ Employment Tax Credits or Payroll Support for Early Rehires</td>
<td>▪ Employment Tax Credits for Retention</td>
</tr>
<tr>
<td>▪ Utilities – Electricity Relief</td>
<td>▪ Utilities – Electricity Relief</td>
<td>▪ Employment Tax Credits for Early Rehires</td>
</tr>
<tr>
<td>▪ Tax Payment Deferral</td>
<td>▪ Employment Tax Credits for Early Rehires</td>
<td>▪ Tax Relief – Other</td>
</tr>
<tr>
<td>▪ Utilities – Electricity Peak Demand Adjustment</td>
<td>▪ Employment Tax Credits for Early Rehires</td>
<td>▪ Tax Payment Deferral</td>
</tr>
<tr>
<td></td>
<td>▪ Bank – Soft Loans/ Low Interest</td>
<td>▪ Bank – Soft Loans/ Low Interest</td>
</tr>
<tr>
<td></td>
<td>▪ Utilities – Electricity Peak Demand Adjustment</td>
<td>▪ Utilities – Electricity Peak Demand Adjustment</td>
</tr>
<tr>
<td></td>
<td>▪ Bank Loan Payment Deferral</td>
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