Industry Report:
Business As Usual? Rebuilding Travel After September 11

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Although it has been stated many times, the events of September 11 will never be forgotten. They have changed the way the world views many things – travel and tourism among them. In the days immediately following, the minds of everyone was simply to get people home, safe and sound, and worry about business concerns later.

Now, it is later. After days of cancelled tours, refunds, future booking cancellations and more, companies are looking at their bottom-line and reevaluating their overall business plan for 2002. To accomplish any kind of recovery, the first goal of the travel industry has to be to get people moving again.

Just two weeks after the September 11 events, the Research and Development Council very appropriately met in New York City to discuss the ramifications of these actions and how NTA could help its members to move past this tragedy and rebuild business lost. The following is some research conducted immediately following the September 11 attacks and ideas to think about as business moves forward in this forever-changed world.

Industry and Consumer Research

NTA went out with a Member Needs Survey in the days following September 11. This survey was designed to provide a picture of what members were facing and to identify ways the association could help. The complete results are available on NTA Online, however the following statistics are helpful in understanding what NTA members are experiencing.

When asked what immediate effects tour operators were seeing, companies reported the following:

Cancellations – 90%
Slowed Bookings – 76%
Refunded Deposits – 58%
Tour Disruptions – 41%
Forfeited Deposits – 38%
No Effect – 4%

As for the percent of total trips cancelled, the following statistics were very encouraging at the time:

Immediate Aftermath (9/11 – 9/23) – 18% of trips
Next Thirty Days (9/24 – 10/31) – 18% of trips
Remainder of 2001 – 13% of trips
Next Year (2002) – 4% of trips

Although people were canceling trips from September 11 through the end of 2001, the prognosis for 2002 was still good. Also, when asked if tour operators had success in rebooking, 18 percent had success with alternative dates, 8 percent with alternative destinations and 35 percent had success with both.[1]

Tour suppliers were also seeing a great deal of cancellations early on, with a positive prognosis for 2002 as well. The immediate effects on tour supplier companies were reported as follows:

Cancellations – 95%
Slowed Bookings – 62%
Refunded Deposits – 44%
No Effect – 3%

The percentage of groups and independent travelers who had cancelled were:

Immediate Aftermath (9/11 – 9/23) – 39% - group; 22% - independent
Next Thirty days (9/24 – 10/31) – 24% - group; 15% - independent
Remainder of 2001 – 10% group; 6% independent
Next Year (2002) – 3% - group; 1% - independent

Both of these questions reflect the majority of travelers scheduled for 2002, at least for now, are not canceling.[2]

The DMO survey revealed the following:

Decrease in the number of leisure travelers to area – 71%
Decrease in the number of business travelers to area – 70%
Cancelled convention (scheduled between 9/11 – 12/31) – 54%
Cancelled convention (during 2002) – 5%
Decrease in visitor inquiries – 41%
Increase in visitor inquiries – 8%
No effect – 9%

[1] NTA Member Crisis Survey – Tour Operators, September 2001.
[2] NTA Member Crisis Survey – Tour Supplier, September 2001.

The majority of DMOs, 56 percent, have seen a decrease in their overall operating budget with 40 percent having a decrease in marketing budget and 17 percent expecting potential layoffs.[3]

While the picture for NTA operators is grim for the remainder of 2001, the outlook for 2002 is a little better. The biggest problem that poses is many operators depend on the third and fourth quarter of the year for the majority of their business.

Various organizations have conducted consumer surveys in regards to travel after the events on September 11. Some of the findings include:

- 63% of leisure travelers reported that the events of September 11 are not likely to influence their travel plans
- 67% of business travelers reported that they are not likely to change plans
- 35% of leisure travelers reported that they will cancel a domestic trip
- 38% of business travelers will cancel domestic trips
- 60% of leisure travelers will take fewer international trips
- 52% of business travelers will take fewer international trips[4]

A poll of consumers, conducted by ABC News, reveals that fewer than 25 percent are very worried about traveling by air. In addition, a survey conducted by *The Conference Board* revealed that Canadian intentions to take a winter vacation since the attack have not changed (48 percent compared with 48 percent prior to September 11). In addition, slightly more Canadians are planning a trip outside of Canada (52 percent versus 50 percent). The United States is a less popular destination (42 percent versus 51 percent) with Europe increasing by 4 percent.[5]

Keep in mind, all of this research can be very quickly outdated, depending on military actions, the threat of more terrorist action, etc. NTA will conduct a follow-up Member Crisis Survey in November. Those results will be updated on NTA Online immediately upon tabulation. In addition, as new and updated industry research is released, this entire report will be updated as needed.

What Does This Mean?

The surveys of consumers and travel professionals conducted in the aftermath of September 11 revealed a desire to travel in the near future. Although cancellations and refunds were rampant in the immediate aftermath, much of this was due to logistical problems such as the closure of U.S. airports.

[3] NTA Member Crisis Survey – DMO, September 2001.
[4] U.S. Traveler Survey, *Yesawich, Pepperdine & Brown,* September 2001.
[5] Canadian Tourism Commission, “Situation Analysis and Outlook Scenarios,” October 2001.

Naturally, these surveys were conducted in late September and were under the assumption that there would be no more direct terrorist attacks on the United States, particularly on U.S. soil. As everyone would agree, more devastating attacks like the ones we saw on September 11 would certainly change the statistics presented above. Additionally, most of the world is on a "wait and see" timetable. Yes, consumers state that they plan to travel in 2002, however they haven't necessarily booked their trip. The numbers aren't there to support the statistics of possible travelers, because when asked almost any question these days, whether related to travel or another issue, the answer is most probably "it depends."

Many in the industry are banking on the need people have to travel as a release from the stress of not only recent events, but everyday life. The last 40-hour work week in the United States was in 1972. [6] Therefore, Americans in particular believe it is their birthright to travel and take vacations.

American Demographics asked a number of experts to predict the effects that September 11 will have as far as changing attitudes among Americans. John Zogby, president and CEO of Zogby International, a public opinion polling firm in Utica, NY, stated. "In the short run, people will travel less and avoid airplanes. But in the long run, it will [and has to] get back to where it was. The global economy depends on it. The technology is there to bring people to all spots on the globe, and people will spend their discretionary income to do so."

Daniel Yankelovich, chairman, Public Agenda in New York and Viewpoint Learning Inc. of La Jolla, Calif. added, "I don't think consumers are going to close their pocketbooks. I don't think consumer behavior is going to be affected as much as political attitudes and behavior."[7]

This is positive news. The consumer behavioral experts are predicting a quicker than expected turnaround in attitudes. Add to this the fact that many U.S. consumers are exhibiting a preference for the all-inclusive, value priced vacation (57 percent in 2001 as compared to 45 percent in 2000), packaged travel has a great opportunity.[8]

As for Canada, scenarios that include reduction in travel to Canada in the fourth quarter of 2001, and continuing into 2002, yield projections of $422 million lost from U.S. tourists arriving in Canada by plane, $446 million from overseas tourists arriving in Canada directly and $160 million from overseas visitors arriving in Canada via the U.S. The direct effects of this loss would reduce tourism GDP by $390.6 million and eliminate 10,500 jobs. The total effects (direct and indirect) would reduce tourism GDP by $650.9 million and eliminate 14,600 jobs. The direct attacks on the United States will certainly impact Canadian

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[6] *Yesawich, Pepperdine & Brown,* 2001.
[7] *American Demographics Forecast,* "The Aftermath of Tragedy," October 1, 2001, Volume 21, Number 16.
[8] Ibid.

tourism. The crisis in the United States can be considered by many as an export shock to the tourism industry in Canada. [9]

Finally, one of the most telling statistics for NTA members to keep in mind when planning their 2002 product line, 54 percent of leisure trips are weekend getaways –
less than four nights including a Saturday stay. Therefore Sunday – Thursday or Thursday – Sunday packages offer a huge potential[10], especially now with people experiencing the need to travel but not too far from home. Again, get people moving – no matter how far or how long.

Ideas for NTA Members

The following are some marketing/product development ideas that NTA members can keep in mind as they move past the tragedy of September 11 and begin to rebuild their business.

Safety:

Although always a very important part of any company's product planning, safety is now a bigger factor than ever. Everyone is talking about it and everyone is questioning procedures. Now, more than ever, the first question travelers are asking travel professionals is "if I travel, will I be able to get home?"

The first thing to remember is that no person or company can ***guarantee*** a customer's safety. Companies can take every step necessary to ensure that all guidelines are met and every possible precaution has been exercised. However, it is this fact that makes advertising and promoting safety and utilizing that as a selling point dangerous.

Yes, safety should be promoted. But, it should be done in a more subliminal manner. If discussed too often, it can only serve to offer a false belief that safety is guaranteed and it can bring up issues to customers that had not been questioned or feared previously.

Emphasize business as usual and share travel experiences. Discuss how having a tour operator making travel plans ensures that travelers have someone to contact, no matter what happens. There is a travel professional working behind the scenes to make certain their trip is fun, relaxing and secure. Talk about group travel and how sharing experiences with travelers of similar interests can enhance the entire experience. This promotes safety in numbers, without actually invoking thoughts of fearful situations.

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[9] Canadian Tourism Commission, "Situation Analysis and Outlook Scenarios," October 2001.
[10] *American Demographics Forecast,* "The Aftermath of Tragedy," October 1, 2001, Volume 21, Number 16.

Tour operators can also work with suppliers, destinations and attractions to understand any extra steps they are taking to ensure traveler safety. In return, operators should let the people they work with to develop product know any measure they have taken to make their individual tours as safe as possible. In addition, operators can discuss contingency plans for helping travelers return home if previous plans are diverted or changed.

It is also important that NTA members support all federal and local efforts to increase safety. Enhancing security at U.S. borders, airports and other places of concern is necessary to head off future problems.

Refer to “Restoring Confidence in Travel and Tourism,” a document developed by Travel Industry Association of America. It has been placed on NTA Online and offers excellent speaking points and public relations ideas.

Product Development:

The current change in the mindset of travelers offers some immediate, short-term opportunities for NTA members. However, these short-term solutions will be more reflective of business plans from 10 years ago – a return to the roots of packaged travel. The immediate focus will be on drive markets and tours with a regional theme that don’t go too far from home.

People still want to travel and, as research has shown, one of the most popular trips (even before September 11 with our time-impoverished society) was the shorter, weekend getaway. Places to which people can drive and still have time to relax and enjoy their free time.

One thing that people hear over and over is the fact that one never really explores their own backyard. Someone may live in a particular area for years and never experience the things that others travel hours to see. Regional theatre, cultural events, sporting events, tours of historic homes and other points of interest can all be used to promote travel of any kind. Even if it is just a day trip – it gets people moving.

The idea of tours with a patriotic theme is one that has been discussed often as of late. It is a great idea to utilize the feeling of patriotism associated with travel in today’s climate, however you must be very careful not to be too political in nature or appear to be taking advantage of a national tragedy. Perhaps it is better to focus on the freedom to travel and the feeling it creates and stay clear of political overtones and symbols that could possibly offend consumers.

Now is a great time to promote alternative means of travel. Motorcoach, rail, paddleboats and more all offer a fun, different way to travel while staying away from the current fear of flying that is keeping many travelers at home. Although this fear must eventually be overcome for the industry to fully recover, getting people moving in the short-term is the first goal.

Partnerships:

Everyone in the travel industry – from tour operators to suppliers, destinations, travel agents and others – have a stake in the revitalization of this industry. Now is a time to work together. NTA members can form partnerships with each other, or organizations such as ASTA or GLAMER, to get people traveling and the industry back on track.

With the current state of the travel industry and the uncertainty of what is to come, it is survival of the fittest. NTA members have the tools and the opportunities to survive and come out of this stronger. Look to your fellow NTA members to partner like never before. Work with unique destinations to create new and different tours. Pool resources for advertising and media coverage. Utilize NTA hometown press releases, ads, etc. and work with regional partners to get the best and most comprehensive media coverage. Look for any way to partner, work together and build on current relationships – this is positive for everyone.

International Travel:

Overseas travel stands to suffer the most from the events of September 11. During the Gulf War, outbound travel was almost non-existent. At that time, it took almost 18 months for it to completely recover.[11] The events of September 11 and the promised war on terrorism may cause an even slower recovery for outbound travel. Past experience might suggest that dollars budgeted to promote outbound be refocused in 2002 on creating more domestic product.

As for inbound travel, it may be softer but a quicker rebound is predicted. For many countries, travel to North America had slowed because of sputtering economies. But now, the current devaluation of the dollar due to the slowed economy in the U.S., helps to increase travel to the states in 2002 with the creation of more favorable exchange rates.

The UK, one of the strongest inbound markets, is expected to continue in that way. 2001 projections initially had the number of travelers from the UK to reach levels from 1995. Although growth projections are lower, they are still expecting a good number of travelers in 2002. With a projected growth of 21 percent, a complete recovery in the number of travelers from the UK is expected by 2005.[12]

[11] Canadian Tourism Commission, "Situation Analysis and Outlook Scenarios," October 2001.
[12] www.tinet.ita.doc.gov, United Kingdom statistics.

Keep in mind, Canada is number one and Mexico is number two in international arrivals to the United States. During the Gulf War, the United States saw double-digit growth in these markets.[13] Experts are projecting only a slight decline in travelers from these markets, mostly due to the economy, and are expecting growth from both in 2002. It makes sense that these two neighbors would not be as effected in their travel to the U.S. as overseas travelers.

Now is not the time to stop marketing to inbound travelers. As many presenters at the October 2001 TIA Market Outlook Forum suggested, travelers from other countries are not as frightened by the prospect of potential terrorist activities as Americans – they are more accustomed to such threats. In addition, the current U.S. economy makes travel here more attractive than ever. If marketing dollars were devoted to promotion of your product or destination to international visitors, it has been suggested that now is not the time to pull from that budget – there remains an opportunity.

Keep Informed:

Information is key in rebuilding the travel industry. Resources such as NTA Online, *Travel Management Daily* and *The Roper Report* provide invaluable information on the industry's changing climate.

Other valuable resources are NTA's Market Assessment Plans (MAPs) and Current Assessment Reports (CARs). Looking at the demographics and psychographics of various groups or generations can help identify how such travelers will respond to different events. Seniors, women, baby boomers, Gen Xers all have a different perspective on the world that is reflective of their upbringing. As Neil Howe, economist, historian and co-author of *Generations* stated, "While Generation X was very attracted to the city, Generation Y will likely want to live in a very protective community that is neither urban nor suburban. Gen Y is more likely to adopt the idea of controlled access communities – centers or areas where people are screened for weapons. This is not unlike what they go through now when they go to school. A lot of these kids don't even know they have civil liberties. In a way, you're taking away something they don't even know they have."[14]

This viewpoint, held by the younger generations, is vastly different from seniors or boomers who have lived through conflicts and wars before. For many, the events of September 11 are the first time they have experienced anything of this nature. Fear, resilience, acceptance of the state of the world – this all varies by generation, race and gender. Study the groups you market to, or are trying to attract, to understand their needs and why they may react a certain way to these and other events.

[13] Canadian and Mexican Market Outlook, TIA Market Outlook Forum, October 2001.
[14] *American Demographics Forecast,* "The Aftermath of Tragedy," October 1, 2001, Volume 21, Number 16.

The Human Factor

Customers, employees, yourself. Everyone was affected in a different way by the events of September 11. In turn, everyone will also react differently. A recent American Society of Association Executives (ASAE) Knowledge Network seminar titled “Supporting Staff and Association in Times of Stress and Emergency” offered some practical advice on dealing with such stress and how managers, business owners, etc. can understand why people are behaving in a certain way.

One point of particular interest was the fact that different generations deal with things very differently. Dealing with stress can be associated with other factors within a person’s life. For example, co-workers or customers who are baby boomers are concerned with:

- Life-cycle transitions such as a child entering puberty or going to college, becoming an “empty nester” or hitting 40
- Being “sandwiched” between caring for aging parents while raising children and dealing with caregivers for both
- Saving for retirement
- Problems with children, acute or chronic illnesses, academic problems, etc.
- Fearing the future for themselves and those for whom they love

Seniors are stressing over:

- Slowing down – simply feeling they can no longer do what they used to
- A concern for world conditions
- Loss of long-time friends, spouses, children
- Not having enough time with children or grandchildren
- Forgetfulness
- Fear of being away from home and what is familiar
- Constant and/or recurring pain and discomfort

Conversely, “GenX” co-workers, family or customers are worried with:

- Establishing, maintaining and losing social relationships
- Becoming a parent or spouse
- Being a first-time buyer or a car or home
- Living alone for the first time
- Having a demanding work schedule for the first time
- Being criticized
- Fear of the future – doing things right[15]

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[15] ASAE Knowledge Network, “Supporting Staff and Association in Times of Stress and Emergency,” Leinhard School of Nursing of Pace University Study, October 2001.

Although it was mentioned earlier when targeting product or marketing messages, studying various generations and understanding their needs and concerns is hugely beneficial. Not only can a more effective marketing program be developed to meet specific wants and needs, it can also help to understand varied reactions to events such as the tragedy on September 11 on buying patterns, work habits, etc.

Younger adults are experiencing a national tragedy for the first time, in conjunction with all of the other “firsts” they are dealing with in their life, while baby boomers are dealing with major changes in their life and the lives of their children. A senior, on the other hand, has a great deal of experience to fall back upon when dealing with a national tragedy and the onset of war, however they are also dealing with the feeling of slowing down and being unable to assist or help in any way.

Understanding how generations deal with stress is helpful in your business. Not just in selling, but in dealing with staffing issues and keeping employees happy and motivated. Reaction to stress can manifest itself in chronic absenteeism, irritability, self-absorption (it’s all about me) and memory loss. It is important to recognize these signs for what they are and confront them accordingly.

Some additional tips provided for dealing with situations of high stress like the one created by September 11 are:

- Be aware. Make a point of observing people’s reactions and overall work processes or habits. Make note of changes that might indicate problems.
- Lead by example – talk to people, be a good listener. Let people know how you feel.
- Be honest and caring with employees while recognizing the common business goal of making money and recovering from the losses being suffered. Make sure these goals are understood and everyone knows how to obtain them.
- Be prepared to address human resource questions on insurance coverages, beneficiary changes, etc.
- Be visible and available. Remember, an expression of thanks goes a long way.
- Many people are also dealing with what HASN’T happened – fear of the unknown is very powerful.
- Finally, during stressful times people interpret anger or criticism at a higher level than is really being projected. On a scale from one to 10, if your anger or criticism is at an eight, it should be presented at about a level of five – the recipient will hear it as an eight![16]

[16] ASAE Knowledge Network, “Supporting Staff and Association in Times of Stress and Emergency,” Leinhard School of Nursing of Pace University Study, October 2001.

Summary

The terrorist attacks in New York and Washington, D.C., on Tuesday, September 11, ended an era in American history – an era where many, if not most, of the United State's 281 million citizens felt safe from terrorist threats, whether in their offices, in the streets or in the skies.[17] The methods for carrying out these threats – by using commercial airliners – has served to impact the travel industry even more than would normally be expected.

The scope of this impact, and the future steps taken by the United States and other allies to combat this terrorist threat, remains uncertain. The research to date has shown that an immediate downturn could quickly recover in 2002, given no more horrific events. However, the immediate impact on companies in the travel industry can be devastating enough to cause irreparable harm. In addition, the "wait and see" or "it depends" mentality among consumers can quickly change a positive outlook for 2002 into everyone's greatest fear. Although the possibility for recovery is there, there are still a lot of factors at play that could change that prediction. On of those factors is the industry itself. As this report stated in the beginning, it is the job of the travel industry to get people moving and dissuade those fears.

There are opportunities that have presented themselves to NTA members and the packaged travel industry. Product is available that can get the country traveling again and that, for now, is the number-one goal. TIA expects negative growth of 5 percent for the fiscal year 2001 with a 1 percent growth in 2002 for U.S. tourism.[18] Although not the numbers anyone in the travel industry would like to see, it is a sign that the country can rebound.

Focus may have to be rerouted to more short-term solutions, putting longer-term projects and long-haul products on hold. Marketing plans written just weeks ago are being thrown out and replaced by plans that look more like they should be written for 1992, not 2002. A short-term solution is needed and necessary to help the industry rebound.

The above-mentioned research and suggestions can help NTA members to work together and see their companies through this trying time. Watch NTA Online for the most updated NTA survey information. Additionally, updates to this report may be released if needed.

[17] *American Demographics Forecast,* "The Aftermath of Tragedy," October 1, 2001, Volume 21, Number 16.
[18] TIA Outlook on U.S. Tourism, presented by Suzanne Cook, October 2001.