



Serve Your Guest with Trust & Confidence

KPMG in Sri Lanka

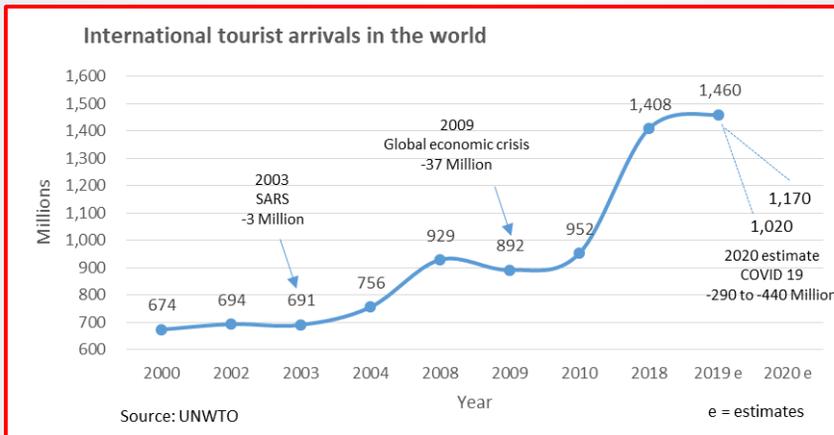


It can be unanimously agreed that global travel & tourism is one of the major pillars of an economy & a modern social system. Tourism is the reason for most of the human mobility in the modern world.

According to the World Tourism Organization (UNWTO) the international tourism has indicated continues growth for the tenth consecutive year reporting 1.5 billion international tourist arrivals in 2019 and continued to estimate 1.8 billion of international tourist arrivals by 2030.

In the past the travel & tourism Industry has been exposed to myriad risks and challenges, but coronavirus has resulted in direct and grave implications to the tourism industry.

Nevertheless, UNWTO estimates international tourist arrivals will drop by 20% to 30% in 2020 when compared with 2019 due to this pandemic. (see below graph)



The truth is that the current pandemic is temporary and shall pass. Therefore, the industry should continue to plan for the future and drive towards a faster recovery.

Being one of the most sensitive industry, overcoming impacts on travel & tourism industry will be extremely challenging. The tourism industry require to learn to function in a way not seen before in its progression and advancement.

In order to achieve this task, in a Next Reality, the industry must mobilize its initiatives to rebuild relationship between each brand and the guest. That process would eventually starts through the industry regaining the trust and confidence of the guest. This document discusses the challenges faced by the industry and smart strategies to overcome the challenges

Challenges - Are We Ready.....

Guest

Negative Perception of Guests

With the anticipation of a pattern of **thinking centered on hygiene, cleanliness and safety**, the guest may have **fears of returning** and that decision will impact the whole value chain within the industry

Low or No MICE Travelling

During the pandemic, business leaders realized that **modern technology** is **efficient in smart communication** and have experienced **reduced travel**

Social Distancing

Traditionally tourism industry is all about **reducing social distance**, people getting together to eat, drink and enjoy and that's exactly the **opposite of the expectation of the health and medical profession**.



Recovery of Tourism Value Chain

Recovery of destinations along with **value chain** is not easy

Disruption in Value Chain

The entire value chain is disrupted and some **parties within the value chain** may decide to relocate to other stable industries

Travel Restrictions

Any **travel restriction by source market** could severely impact the tourism industry



Value Chain

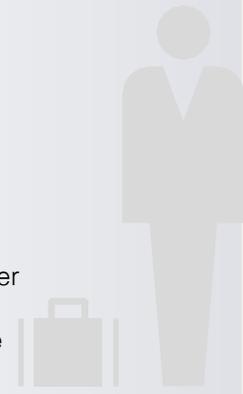
Investors

Retain/Attract Investors & Debt Servicing

Retaining existing **investors** and attracting new investors is becoming a **daunting task**. Investors and lenders are **challenging return on investment** and they are **struggling** without being able to **pay back their loans**.

Business Interruptions

The **loss of revenue** from business interruption is teetering towards economic disaster and may be catastrophic. While some businesses might have **pandemic coverage**, most companies will simply have **business interruption coverage** in their **insurance**



Talent Attraction & Retention

Plenty of **employees** would be **distanced** due to the disruption and may not be available at the time of resumption of the industry as they may have **relocated**

Limitation of Automation

Human interaction is the essence of tourism and the **level of automation** of processes may be **limited** to certain functions



Internal Focus

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Light at End of the Tunnel

Demonstrate benefit to the guest and provide them with a light at the end of the tunnel. Accordingly, new concepts have to be developed aiming to benefit the traveler or the Guest in need of **emotional retreats** and focusing on **psychological wellbeing**.

This includes trauma treatment to pandemic affected persons and relatives suffering due to sudden death of their loved ones. As millions have been affected, the industry must be cognizant of stress recovery, formal medical counselling, indigenous techniques - special therapies, healing & other treatments and life time event to manage emotions to relieve them as an alternative attractions of travel.



Alternate Tourism with Individual Consumerism

Industry needs to align its strategies more towards "**sustainable tourism**" such as eco-tourism, responsible tourism and community based tourism. Further industry may consider promoting **individual consumerism** instead of common consumerism as there will be more demands for private tours, yachts, private jets, small villas, bungalows etc.

PR Campaign

Spread the word of hospitality to the entire world by sharing the **positive experience of guests** who were at the destinations during the pandemic. Surely, there may be so many cases with good experiences of hospitality and culture in-turn to attract potential guests from source markets.

It is also important to develop a **dialog with countries** which have enforced travel advisories. This may be carried-out through **diplomatic missions** as well as State to State dialogues to show-case **preventive measures** introduced on safety and hygiene of their citizens. Further deliberation may be required for **visa arrangements** and **medical status assessments**



Use Destination Advantages

Destinations with unique advantages such as **Island destinations** which may offer more safety compared to the destinations connected with landmasses. **Tropical destinations** near the equator may be preferred than the chilly or cold destinations. Destinations which have proved **strong national health infrastructure** would be in the minds of guests who wish to travel.

Strengthen Local Laws & Regulations

Local laws & regulations of a country need to be revisited & strengthened to withstand any kind of catastrophic situations

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Guest

Communicating with Guest

Communication takes the lead role in reaching out to the guests in a gentle manner from the initial point-of-contact of travel to **reassurance** of their **safety**. Every guest is welcomed on arrival at the port of destination by a **Digital Concierge** who will accompany him during the stay and provide every aspect of the guest's demands, his interests, activities, language barriers, prices, H&S requirements and all other precautionary measures.



Attracting Different Segment

Need to create avenues to attract more **high-spending tourists** from those source markets in the years to come. Also it is required to create attractive campaigns for **millennials** who may be ready to travel.

Secure Destination

Implement a comprehensive program to restore public confidence and plan to **comply** with "**safety**" requirements by getting businesses to **enforce stricter hygiene standards**. Further, medical attention shall be available for guests with the **assistance of a Digital Concierge** who will communicate and give direction to the guest. Certain medical assistance and treatments related to mild illness, change of climate etc. could be offered through the Digital Concierge.

In order to offer comprehensive in-house safety, all parties in the value chain should be brought into this equation. This includes but not limited to disinfecting laundrymen, security officers, spa, salon and shop staff as well as other subcontractors. Third party compliance process should be looked into and dealt with.

D to D Assurance

Industry should practice a **consistent health & safety mechanism** for the guest from **accepting at the port till they depart**. Moreover, a consistent guidelines should be enforced to **all service providers of the industry value chain**.

At the time of arrival to the port, before the guests are sent to the expected location, they should be transferred to nearby hotel for required screening. This could be consolidated with visa process and port health. Details of guest preferences such as foods & drinks, medicines, religious practices, baggage handling, customs, security etc., should be carefully addressed. The staff involved in this process should be equipped with PPEs. Nevertheless to reap the maximum benefit of this exercise safety measures must be taken from the point of boarding to the flight or ship.

Wellbeing of Guest

Destinations to demonstrate **post crisis rebranding** with **unique selling propositions** in innovative ways giving importance to **wellbeing of the guests**. Destinations will be able to confirm **disease preventive environment and controlled methods** for the health and safety of **both in-house guests and employees**. Also management should **strictly adhere to HACCP** (Hazard Analysis and Critical Control Point) standards and follow WHO, UNWTO guidelines on health & safety

Health & Safety

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Expanded BCP

BCP should be expanded to accommodate various conditions which may require extra efforts. However, under various conditions the results should be used for informed business decisions. In this situation, there is a trade-off between extra effort and informed decisions. Its paramount important to ensure **BCP actually works** rather than assurance of a written document as experienced by many in the recent past

Crisis Management Response

Have a **risk assessment process**, which is robust enough to **respond a crisis of any magnitude**

Scientific Response

Adopt Technology & Simplify Processes

Consider automation where possible from the point of **check-in, meal orders, service orders, self-service check-out systems to Digital Concierge** which can help engage with the guests with minimum personal contact.

Modification to Hotel Policies

Hotels should revisit their safety & hygiene, cancellation & no-show and various other policies and **be flexible & stricter where needed**. Traditional way of table lay out, accommodating at pool, tennis court & other common facilities should be revisited. In certain instances, number of covers should be reduced by half to maintain the social distance. This may go to the extent of selling 75 keys out of 100 keys. Hardest message is conveying to accept on social distancing within public areas of the property

Internal Focus

In summary, destinations cannot afford to hold on till everything be normalized, may focus on some of the key points to **bounce back faster** in the **next reality**. Moreover, destinations should plan themselves with **smarter strategies** and be ready to face even another eventuality. Most importantly, a comprehensive plan must be in place to secure **"Safety" compliance of the destination to build trust & confidence** of the guests.

Positive experiences of the guests who were at the destination during pandemic could be used extensively to promote a destination.

Industry should look at possibilities of automating with **smarter processes** from the initial point of contact till the departure to minimize personal contact. Adopt technology platforms such as **Digital Concierge** to achieve automation.

A **robust risk assessment process** may be considered to understand constraints and implement an effective contingency plan while ensuring **BCP** actually works in an eventuality.

Property policies need to be **aligned** with any new development in the external environment.

Contact us



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