

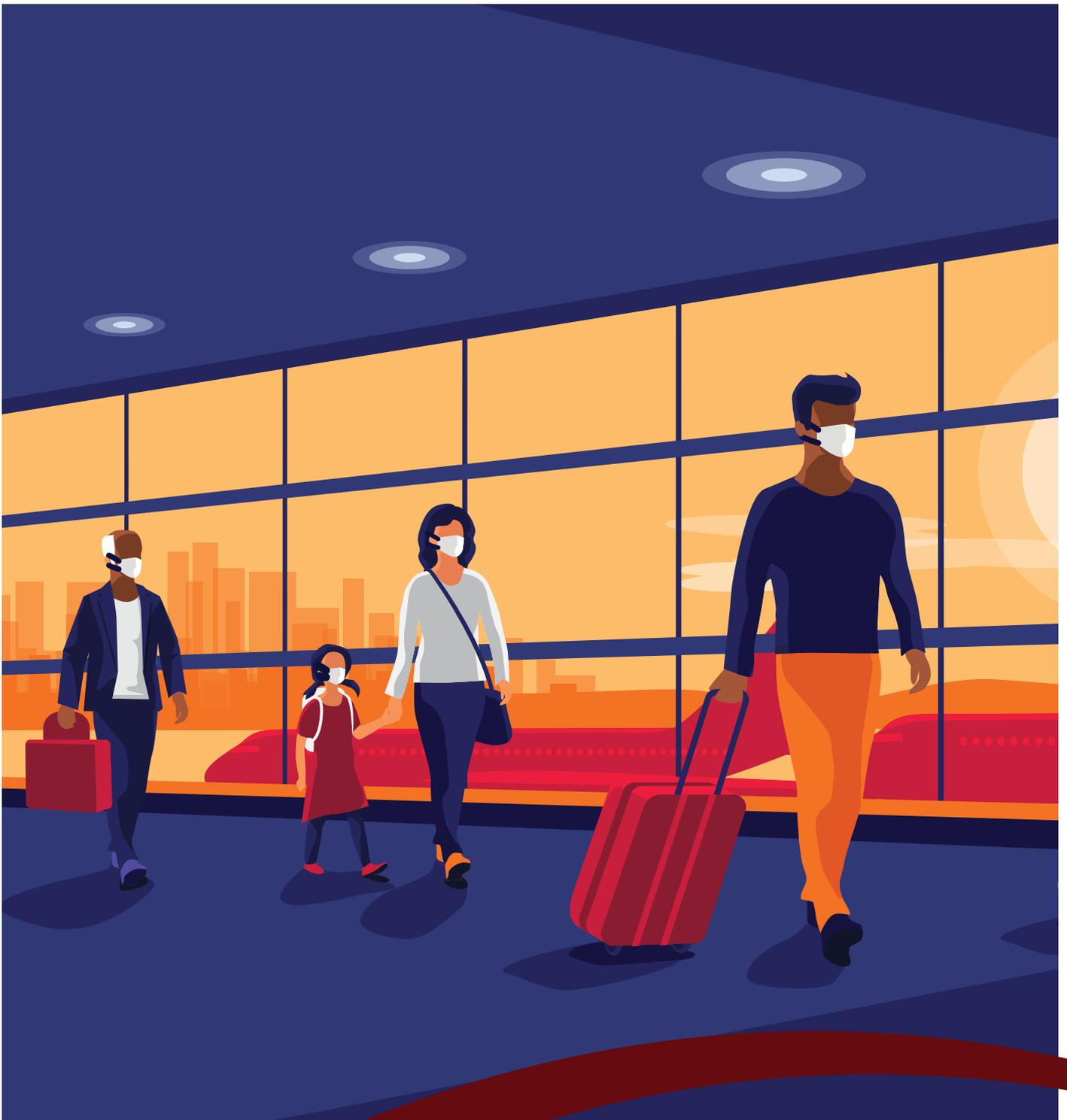
THE IMPACT OF HEALTH AND HYGIENE

PATA[®]

Pacific Asia Travel Association

**CRISIS RESOURCE
CENTER**

ON POST COVID-19 DESTINATION COMPETITIVENESS IN ASIA PACIFIC



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A PATA Insight Report with contributions from the Global Health Security Index, TCI Research, Tripadvisor, and the World Economic Forum.

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EXECUTIVE SUMMARY

Despite much remaining unknown and unknowable about the future of travel post COVID-19, we are seeing emerging trends about health and hygiene in travel and tourism (T&T) concerning traveller booking behaviour and resident sentiment. This means that destination managers and marketers need to rethink, rebuild, and reposition their destination's focus on health and hygiene accordingly.

As such, this report, published by the Pacific Asia Travel Association (PATA) with contributions from the cofounders of the Global Health Security (GHS) Index¹, TCI Research, Tripadvisor, and the World Economic Forum (WEF), examines health and hygiene trends in T&T to see if and how they might impact destination competitiveness in the future.

The methods of analysis used in the report include social listening, sentiment analysis, and surveying. Furthermore, Part III, which provides a destination competitiveness analysis, is a re-weighting of the "Health & Hygiene" pillar of the Forum's 2019 Travel and Tourism Competitiveness Index (TTCI). The TTCI is a world-leading T&T index comprising four subindexes, 14 pillars and 90 individual indicators that benchmarks T&T competitiveness of 140 economies to measure the factors and policies that enable the sustainable development of the sector.

Results of the data analysed show that many of the significant considerations taken into account by consumers when selecting travel destinations are indeed health-related. At the same time, there is an overall positive resident sentiment about T&T in the Asia Pacific region above global averages, with most residents ready to welcome visitors again with due attention to the traveller impact on environment and cleanliness.

Additionally, by re-weighting the Health and Hygiene pillar of the TTCI to accommodate the increased focus from both travellers and locals, this report uncovered that the Asia Pacific region as a whole remains the second-most competitive region in the world for tourism behind only Europe. However, some destinations in the region with a competitive edge built on natural and cultural wealth may diminish due to their underdeveloped health and hygiene conditions, while other regional destinations will be able to leverage their above-average health and hygiene infrastructure to enhance competitiveness.

This report, therefore, recommends that destination managers and other tourism stakeholders across the Asia Pacific region begin creating close partnerships with public health officials, tourism supply chain businesses, and local communities to commence a coordinated renewal of traveller confidence in the health and safety of their destination. Destinations that meet these expectations through investing in hygiene and safety measures and clearly communicate these changes to travellers and residents alike, will be well-positioned to win in the post COVID-19 travel era.

Source citations, methodologies, and limitations of the analysis are provided as footnotes throughout the publication.

¹ The GHS Index is a project of the Nuclear Threat Initiative (NTI) and the Johns Hopkins Center for Health Security (JHU).



INTRODUCTION

As consecutive waves of COVID-19 accelerate and deepen around many parts of the world, the global conversation surrounding the prolonged existential threat faced by the T&T industry is also taking on a new dimension. This is especially true now that we have passed through the peak summer booking season at a fractional level compared to past volumes, while border closures at the time of this writing are still in place for the majority of destinations globally.

In short, the discussion has shifted from the “rapid management and recovery” from COVID-19 to a longer-term “renewal and rethinking” of the industry as a whole, concerning its economic, social, environmental, and now health potential in the coming “new era of travel.”

Despite the lack of a precise date of when travel will fully reopen, the time to begin planning is now. Furthermore, given the complexity of reopening, and the multitude of stakeholders required in such planning, the need for impactful cross-sectoral partnerships has never been greater.

Thus, this report represents—albeit in micro—the precise kind partnerships that will be needed to advance the agenda for reopening a safer and more sustainable travel industry. To highlight, the contributing partners include an international organisation (IO), two private-sector organisations, an industry association, an NGO, and a university.

In the spirit of multiplying our individual efforts, the partners came together to explore research and insights each organisation was already conducting to see if and how to combine them into a larger, more impactful narrative.

What follows, then, is a highly informed thought experiment across diverse data sets. Throughout, documented shifts in traveller behaviour and resident sentiment (both observed and surveyed) regarding health and hygiene are analysed to ultimately understand how these early trends could impact the future competitiveness of the Asia Pacific region as a whole, as well as individual destinations therein.

Finally, this report could have never happened were it not for the “radical openness” of the contributing partners to not only share their research, but also, their willingness to publish ideas that are experimental in nature.

These preliminary findings are shared to provide an enhanced understanding of where the industry is heading, as well as an initial roadmap for how to get there.

PART I: TRAVELLERS ARE NOW MAKING BOOKING DECISIONS BASED ON HEALTH AND HYGIENE





With domestic tourism opening up in many destinations, the travel-planning habits of consumers all over the world are already providing early indications of what future travellers will expect of the destinations and the attractions they choose to visit.

Therefore, to capture consumer interest and convert to sales, destinations need to understand what future travellers will look for and how their mindsets are changing. Destination Marketing Organisations (DMOs) will need to both adapt to new consumer expectations and shape them to prosper when their borders fully open in due course.

To initiate the above, destinations will need to answer the following questions:

- How are travellers' behaviours and expectations changing, and by what degree?
- What are travellers looking at when selecting a destination?
- Will a new normal in consumer travel behaviour emerge to perpetuity, or will there be a tipping point, such as a vaccine, after which consumer behaviour will return to how it was pre-pandemic?

Using data collected from a July 2020 Tripadvisor Consumer Sentiment Tracking Survey, insight into these questions converge across two lines². First, we can start to understand how consumers generally feel about the impact of the pandemic on their lives and on travel to get an overall approximation of their mood and sentiment. Second, we can dig deeper to get a closer look at the criteria they are already using to evaluate and book destinations and accommodations.

² The data cited in this report was gathered and analysed from a Tripadvisor Consumer Sentiment Tracking Survey, based on data drawn from an online survey of consumers, in partnership with Qualtrics, conducted approximately every two weeks from 27/03 thru 30/07 across 6 countries worldwide. The data reported in this document is sourced from Wave 9, 2,800 respondents, U.S., U.K., Australia, Italy, Japan, Singapore; for this study only answers from consumers in Japan, Australia and Singapore have been considered.

HOW TRAVELLERS GENERALLY FEEL ABOUT THE PANDEMIC AND T&T

About the pandemic in general, 92.9% of consumers in Asia Pacific indicate that they are concerned about the impact of COVID-19 on their lives, with 40.9% expressing extreme concern. Furthermore, 70% of consumers in the Asia Pacific shared that they expect impacts on their daily lives for at least the next six to 12 months.

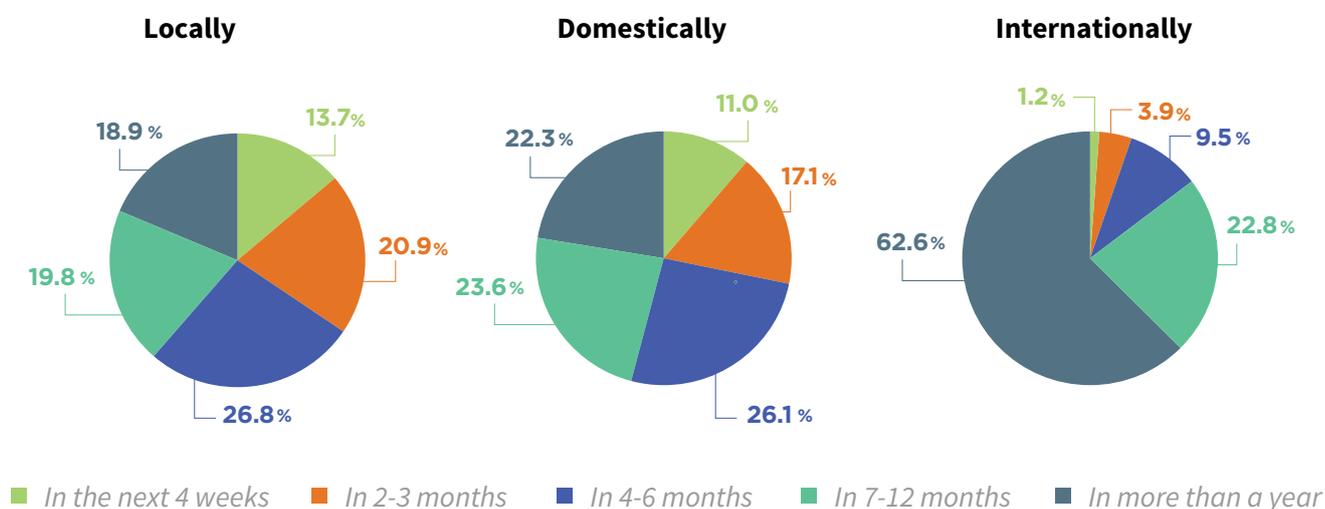
In light of this expectation for a prolonged lifestyle impact, consumers are similarly conservative in their expectations for the resumption of travel. 59.3% believe travel will be impacted for six to 12 months or longer and are unsure when it will return to normal, while 30.5% foresee impacts in the long term with people travelling much less.



However, despite general trepidations about lifestyle impact from COVID-19, consumers remain optimistic about travel and still plan trips in the near term.

For example, 68.2% of those polled expressed that travelling remained important to them, while 61.5% agreed that they were still thinking about travelling and where to go next. In fact, 61.3% of respondents mentioned that they expect to take a local trip in the next six months, and 54.2% planned to travel domestically in the same timeframe. Finally, it is essential to note that only 14.6% said they plan to travel internationally in the next six months, with 62.6% anticipating it will be more than a year before their next international trip.

FIG 1: WHEN IS THE NEXT TIME YOU BELIEVE YOU WILL TRAVEL



HEALTH AND HYGIENE CRITERIA DOMINATE HOW TRAVELLERS ARE EVALUATING FUTURE T&T EXPERIENCES

Taking a look next at the criteria consumers are using to evaluate and book specific destinations, regardless of where they intend to travel, there is one explicit constant that they shared: consumers want to go wherever they will feel safe.

In fact, many of the key factors consumers indicated they are taking into account when selecting their destination are indeed health-related.

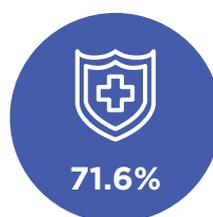
For example:



of consumers are concerned with how destinations contained the number of COVID-19 infections and fatalities



are watching the destinations' culture of social responsibility towards preventing the spread of the virus (e.g. self-quarantine, social distancing, wearing face masks)



are paying attention to the presence of businesses that have measures in place to prevent the spread of the virus



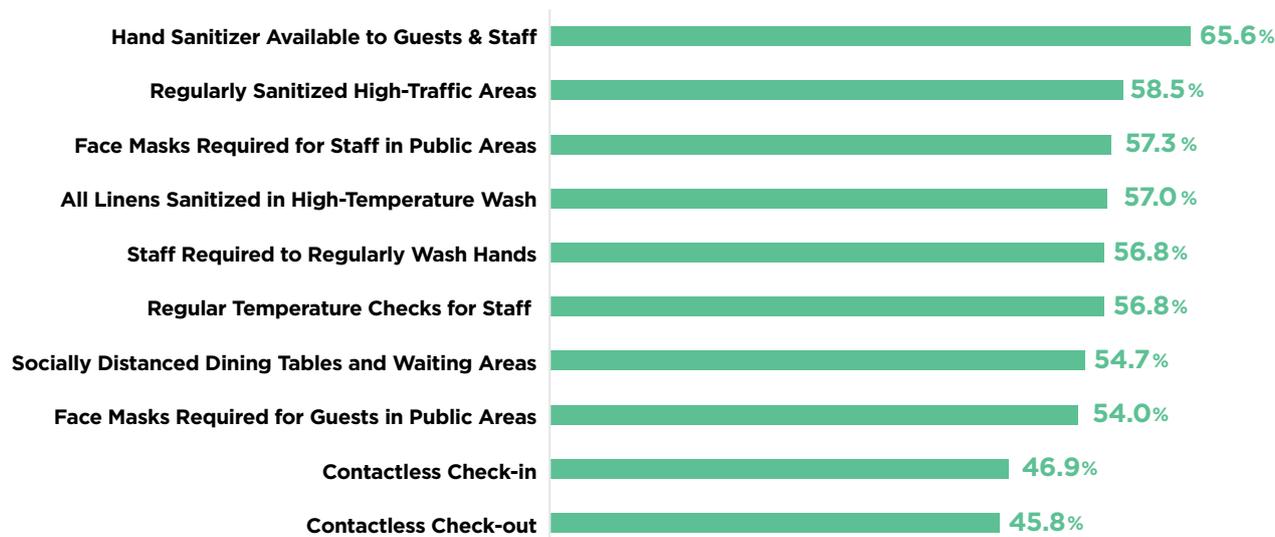
are looking for the opportunity to avoid crowded places when travelling

Thus, when selecting a destination, safety, as well as hygiene and cleanliness protocols, are top priorities for travellers. This trend is also reflected in their decision-making process when choosing where to stay and eat.

In fact, consumers in Asia Pacific reported that compared to trips taken before COVID-19, **clear health and safety precautions (72.8%)** are more important now than price (36.8%), location (46.3%) or exclusive offers (34.8%) when selecting an accommodation.

Going deeper into this line of questioning, 91% of consumers indicated that cleanliness is the main criteria when choosing an accommodation, with 79% saying it is important to publicly display compliance to government safety standards. Furthermore, when looking at specific precautions, travellers care about having hand sanitisers available for guests and staff (65.6%), regularly sanitising high-traffic areas (58.5%) and requiring face masks to be worn by staff (57.3%) and guests (54%) in public areas. Finally, safe distancing is also a priority, with 73.2% of travellers in the Asia Pacific expressing that one of the main criteria they will use to select a destination will be the opportunity to avoid crowded places.

FIG 2: WHICH PRECAUTIONS DO YOU WANT TO KNOW A HOTEL IS TAKING BEFORE YOU DECIDE TO BOOK?



While this survey provides significant insight into consumer preferences, early-stage observable consumer booking behaviour appears to corroborate the findings. For example, in addition to the surveys, Tripadvisor also launched its Travel Safe Initiative³ at the end of June 2020 to allow businesses to promote their properties by sharing the safety measures they have implemented, in order to help travellers make the best-informed decisions.

This initiative, which has already been adopted by more than 100,000 businesses, has achieved a result consistent with the survey findings. For example, at the time of this writing, click through rates (CTRs) on listings that have shared their safety measures have increased by 25%, while the revenue recovery rate due to the new safety filter has tripled in covered locations compared to uncovered locations.



In short: when health and safety factors are known and well-communicated, consumers are exploring more and booking more, too.

Therefore, with more than two-thirds of respondents (68.4%) mentioning they will be doing more research when planning their next trip, and 66.8% saying they will not travel until they see actual physical changes that will make them safer, demand will only rebound when destination managers make traveller safety the highest priority. Consequently, the industry overall must ensure safety precautions and hygiene practices become the global norm.

³ Tripadvisor's COVID-19 Travel Safe tools are designed to help owners share the safety measures directly on their Tripadvisor listings, and to support travellers find properties offering these safety measures so they can feel more confident with their choices when travelling. Learn more by visiting: <https://www.tripadvisor.com/travel-safe>

PART II: THE IMPORTANCE OF HEALTH AND HYGIENE ON LOCAL SENTIMENT ABOUT T&T



**Stay Safe
Leave Space!
2m
(6ft 6")**

However, before rushing to make changes to a destination at the policy and infrastructure levels to allow for a safer and more attractive reopening of travel, destination managers need to consider the local sentiment toward T&T in the context of health and hygiene, safety, and the environment.



In particular destination managers must question:

- How residents generally feel about their destination’s response and management of COVID-19?
- How did residents feel about T&T before the pandemic? Are they prepared and welcoming of tourists to return to their destination at this time or in the near future?
- If they aren’t, what’s at stake for the tourism industry? If they are, how to harness this and leverage them as key drivers of the visitor experience?

Addressing these questions is not just good for politics; in the context of T&T, our analysis shows that this is also very good for businesses due to the strong correlation between resident sentiment and the attractiveness of the destination, and is predicted to grow given the increased attention from both locals and tourists on health and hygiene.

PRE- AND EARLY-COVID-19 GLOBAL SENTIMENT ABOUT T&T

Although it seems hard to believe given the current state of T&T, industry conversations in 2019 were dominated by the term “overtourism,” with a nascent “tourism-phobia” or “anti-tourism” sentiment fomenting in key destinations around the world. Such sentiment included flight shaming in Scandinavia, beach closures due to environmental degradation in Southeast Asia, and anti-tourist graffiti and messaging in places like Venice and Barcelona.

This sentiment was only exacerbated when travel was identified early during the pandemic as a key vector of transmission for the virus, necessitating the total global shut-down of the travel industry as social distancing and border closures came into effect. Since then, the COVID-19 lockdown has generated an enormous volume of social media conversations globally about the positive consequences of “tourism zero” on the environment, such as better air quality in regional tourism hubs and wildlife re-emergence in the absence of visitors.



HOW ASIA PACIFIC RESIDENTS IN MAJOR TOURISM HUBS FEEL ABOUT TOURISM TODAY

With the pandemic therefore potentially fuelling an increased risk of tourism-phobia in communities around the world, at the end of June 2020 TCI Research conducted 1,000 interviews with citizens in six iconic destinations in the Asia Pacific to better understand how they feel about T&T. Destinations surveyed were: Bangkok, Shanghai, Sidney, Singapore, Seoul, and Tokyo. The analysis employed the Resident Sentiment Index© (RSI) model, a global standard survey that measures residents' attitude and support for tourism development in their community.⁴

The RSI measures the positive vs negative opinion balance among residents in terms of tourism consequences overall for their city. With 61% saying tourism generates more positive than negative consequences, and only 11% stating the contrary, Asia Pacific residents surveyed demonstrate a positive perception about tourism, reaching a sentiment level comparable to the RSI average observed in 20 other global cities during the same period.



Next, looking at the tourism-phobia level defined as the percentage of residents outright rejecting tourism development in their city, the Asia Pacific cities surveyed reported an average of only 4%. This result is one percentage point better than the global average, and far below the 10% predictive threshold, above which tourism-phobia begins generating significant problems in the destination.

Moreover, Asia Pacific residents confirmed that they are proud to see visitors, happy to give them advice for their visit, and willing to be more involved in decisions concerning tourism at higher levels than in other world regions. They also feel well-considered by local authorities in the tourism development impact on their life.

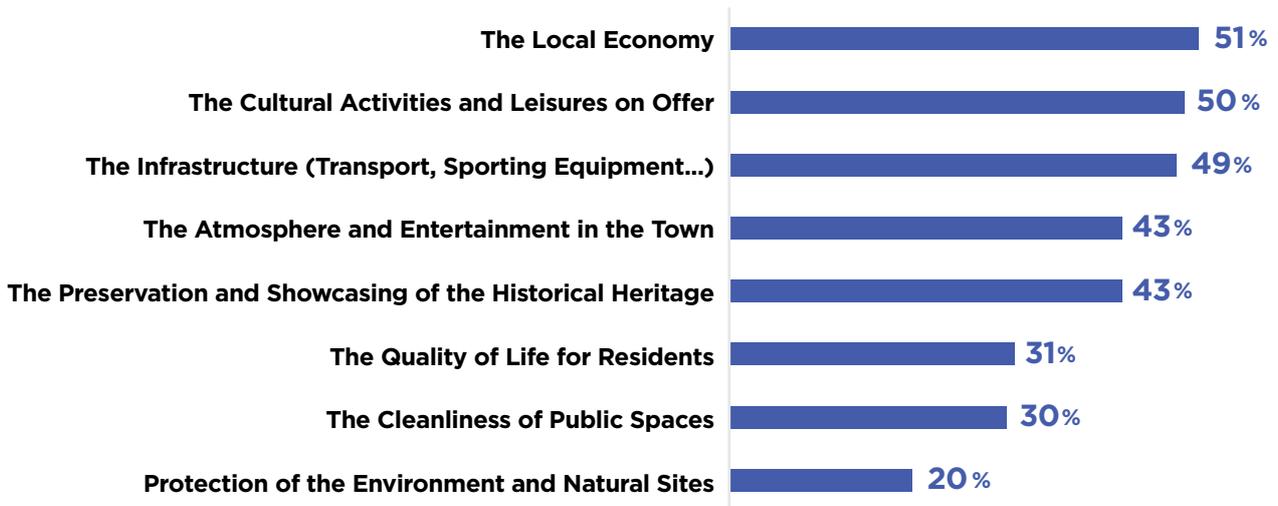
As a sign of relative optimism, a majority also stated that their city has proper sanitary guidance in place to be able to welcome visitors safely – a net score 22 points above the global average which suggests that tourism rebound is expected as soon as possible in this part of the world. At the same time, about seven in ten people polled would like their city to “cap the number of international visitors by the end of 2020.”

To summarise, the overall resident sentiment about T&T in the Asia Pacific remains positive, with most residents ready to welcome visitors again.

Harkening back to the first section of this report, this **“careful optimism” mirrors the same emerging sentiment about health and hygiene found in travellers’ mindsets, and further stresses the positive impact that robust sanitary protocols and tourism-driven health infrastructure could have on building community-level support of tourism in the post COVID-19 era.**

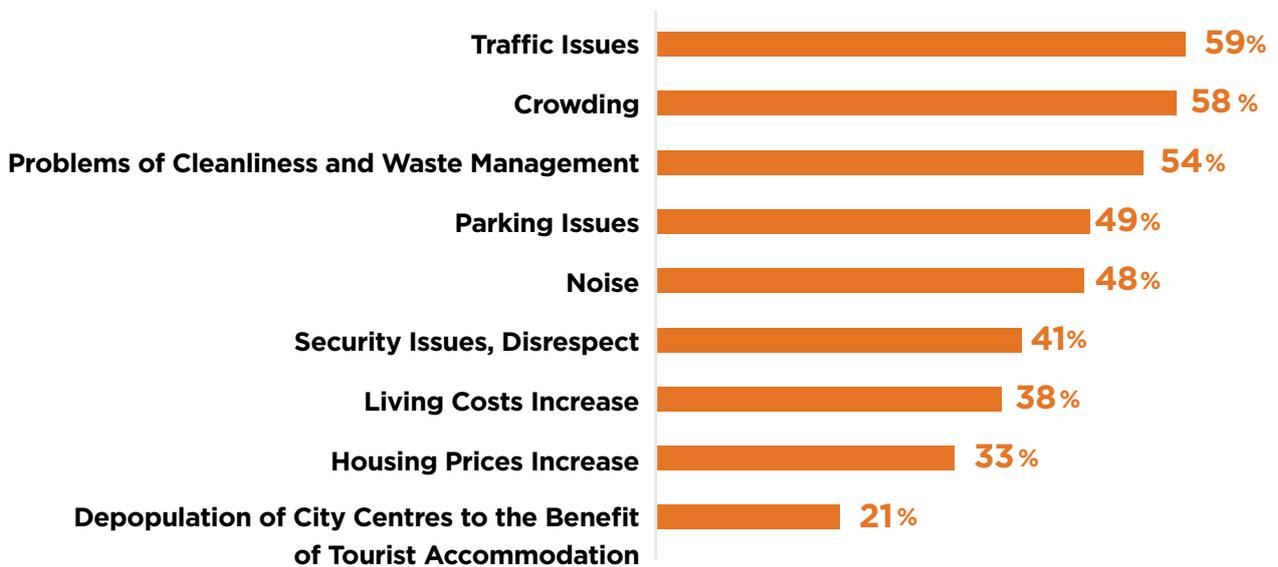
⁴ The standard survey comprises 30 key sentiment indicators, and a set of new specific COVID-19-related questions was developed to assist in mapping the future of tourism as envisaged by communities.

**FIG 3: TOURISM IMPACT PERCEPTION - NET SENTIMENT INDEX
(TOTAL AGREE % - TOTAL DISAGREE %)**



Moreover, the ranking of the most frequent tourism-related problems mentioned by residents reflects the importance of health and hygiene-related issues (traffic, crowding, waste management) in residents' mind on a daily basis.

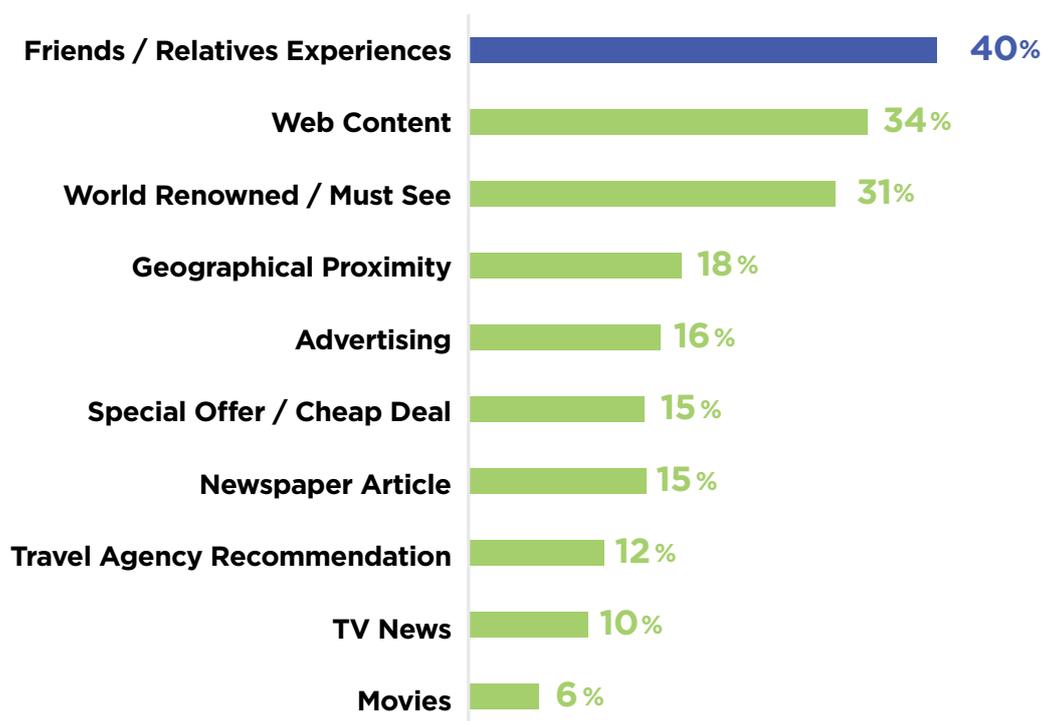
FIG 4: RANKING OF MOST FREQUENT TOURISM-RELATED PROBLEMS MENTIONED



AN IMPORTANT CORRELATION BETWEEN RESIDENT SENTIMENT AND DESTINATION ATTRACTIVENESS

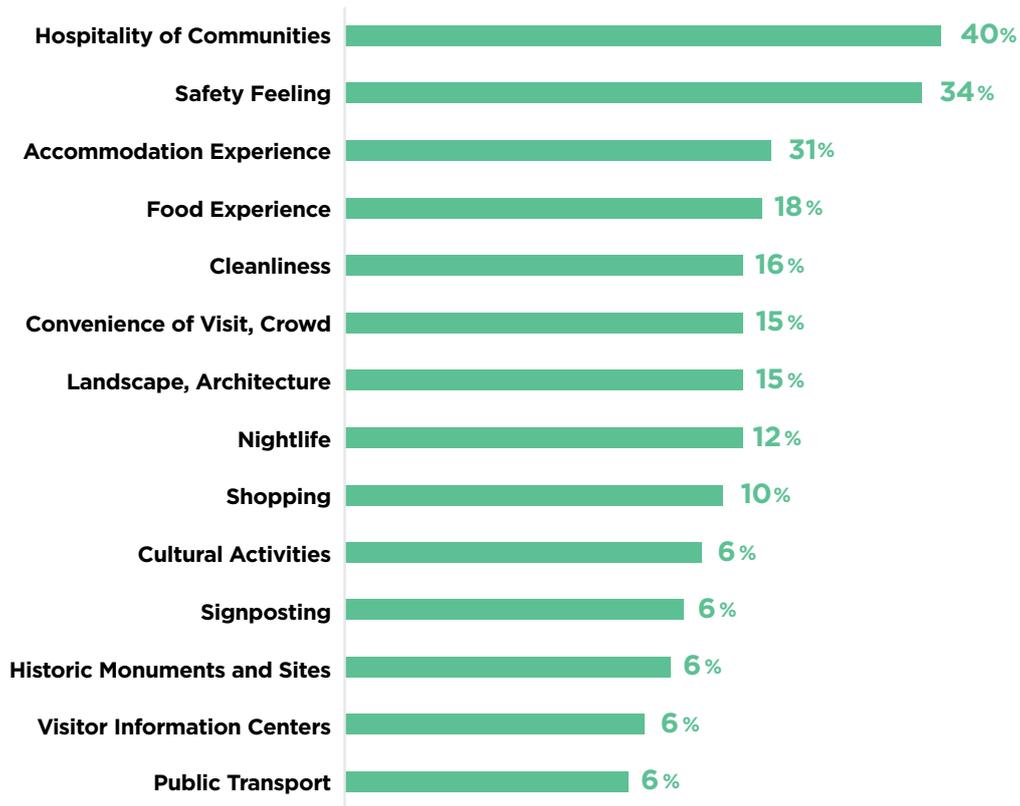
Shifting the focus back to travellers for a moment, the TCI - Travelsat Competitive Index 2019 for the Asia Pacific region, which covers all international markets and destinations, uncovered that the number one prompter of a first-time visit to regional destinations--far more than marketing and other promotional activities--was the experience of friends and relatives.

FIG 5



Given this channel's outsized influence on attracting future travellers, it is paramount for destination managers and marketers to understand better what drives positive experiences in their destinations, such that they can continue to inspire these "tourism ambassadors" on their behalf.

FIG 6



As it turns out, the “hospitality of local communities” is the most important factor contributing to visitor satisfaction, with safety, cleanliness, and convenience/crowding all listed as additional key ingredients in shaping the visitor experience. Indeed, approximately 28% of global travel-related web social conversations and reviews about Asia Pacific destinations and attractions analysed in June and July 2020 refer to sanitary conditions, stressing the considerable influence of health and hygiene in the destination experience.⁵

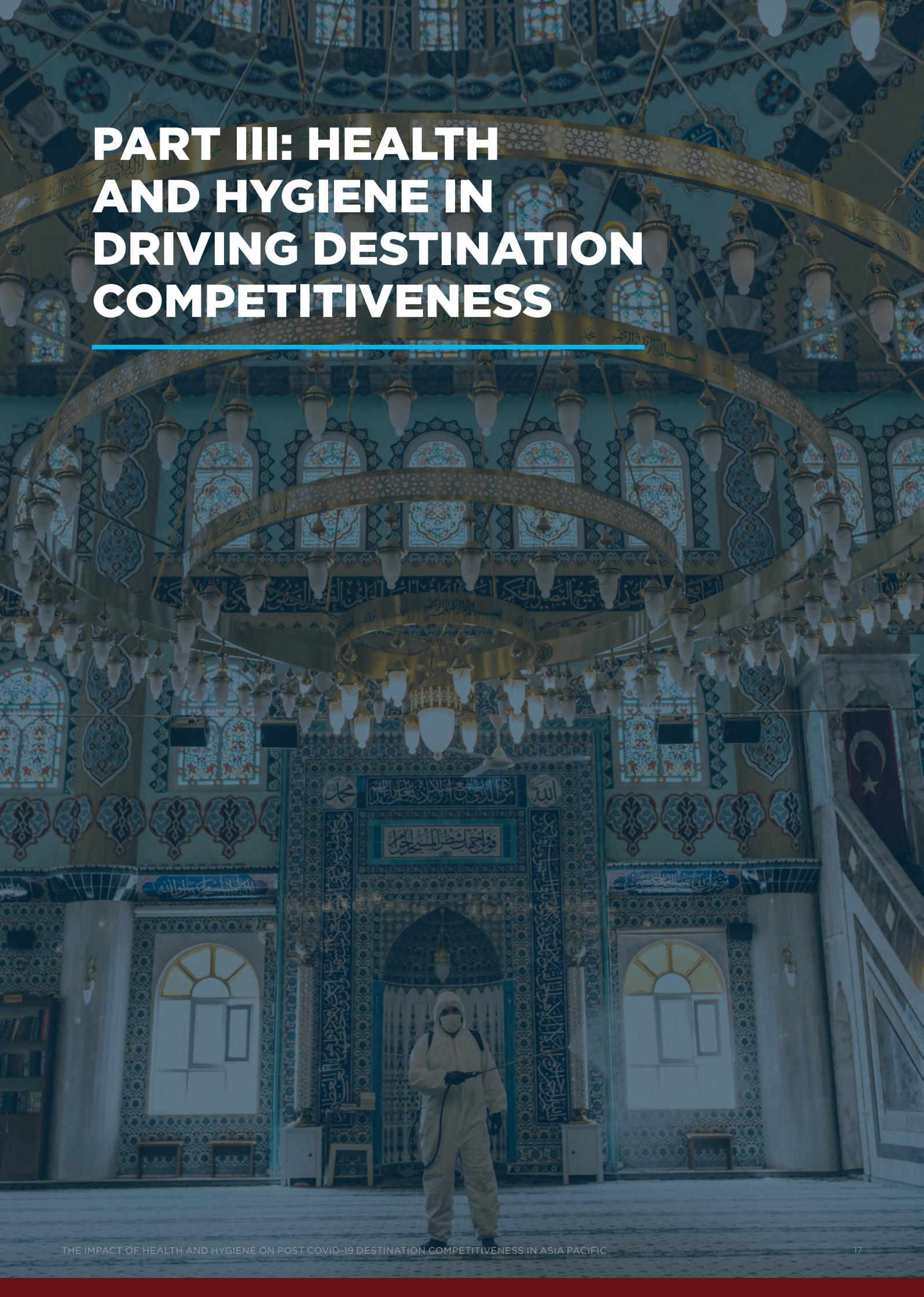
HEALTH AND HYGIENE - A LEVERAGE POINT TO DRIVE LOCAL SENTIMENT AND ATTRACT MORE TRAVELLERS

In light of the above analysis, future tourism investments achieved in sanitary, health, and environmental infrastructures will have a direct influence on a destination’s competitiveness. Beyond generating higher trust among anxious travellers, such investments activate a virtuous circle by boosting stronger community’ support for tourism, which in turn will fuel a friendlier attitude towards visitors, thus increasing visitor satisfaction and advocacy, which ultimately will drive visitors attracted by favourable word-of-mouth, before finally feeding back into the local visitor economy.

In this equation, communities and visitors share a joint interest, making health and hygiene an essential component of future destination competitiveness.

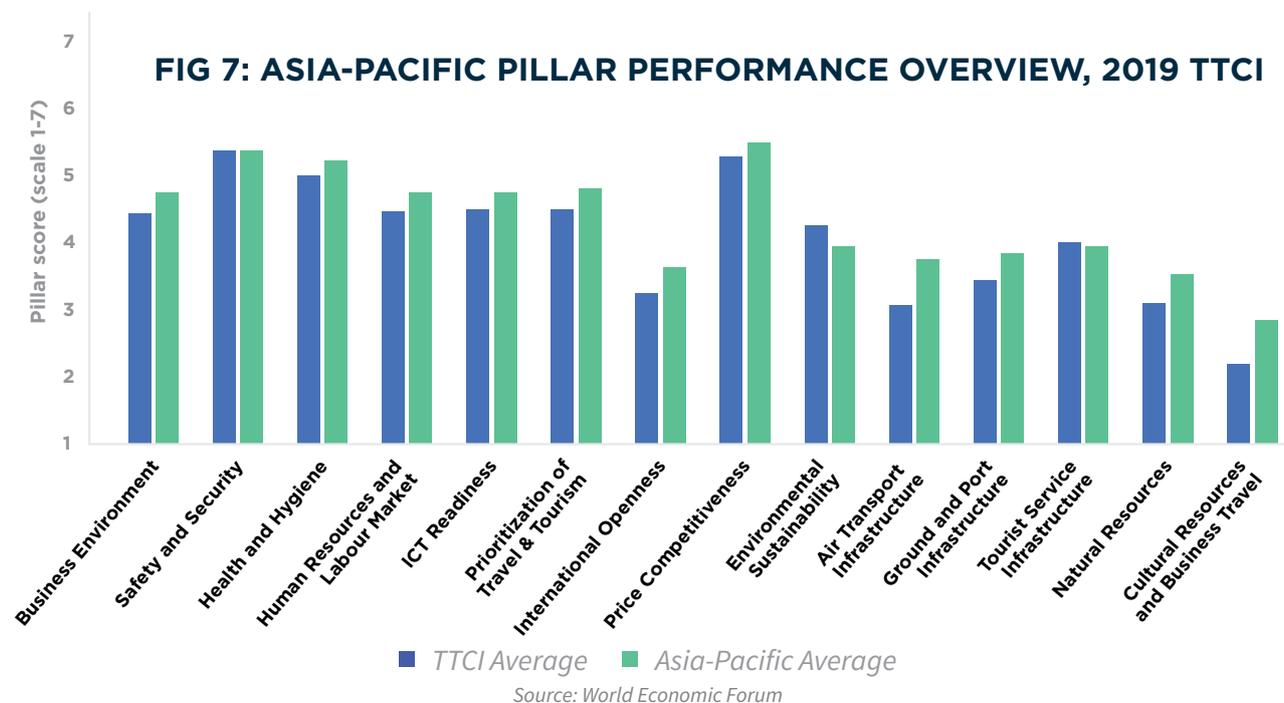
⁵ Source: *Travelsat Pulse 2020 – Social listening analytics based on APAC destinations and a selection of leisure attractions and airports reviews.*

PART III: HEALTH AND HYGIENE IN DRIVING DESTINATION COMPETITIVENESS



Previous sections of this report quantify how health, hygiene and cleanliness are an increasingly important consideration in travel decisions. The report further highlights the complimentary influence of local sentiment on T&T. Consequently, it is essential to understand how these factors affect the broader T&T competitiveness landscape for the Asia Pacific⁸ as a whole, as well as specific destinations therein.

COMPETITIVENESS LANDSCAPE ANALYSIS



Before the COVID-19 pandemic, the Asia Pacific region was a key driver of global T&T. According to the World Tourism Organization (UNWTO), in the ten years to 2019, the region had the world's fastest rate of growth in inbound and outbound international tourist arrivals, increasing its share of international tourist arrivals from 21.9% in 2010 to nearly 25% in 2019.⁶ Boosted by relatively strong economic growth, a rapidly growing middle class was able to spend more on travel, often for the first time. Helping underpin this growth in demand was the region's increasing T&T competitiveness.



According to the 2019 results of the World Economic Forum's Travel & Tourism Competitiveness Index (TTCI), the Asia Pacific region is only second to Europe when it comes to overall T&T competitiveness.⁷ Furthermore, out of the 22 individual Asia Pacific economies covered by the Index, seven scored among the TTCI's top 20. As Figure 7 shows, before the pandemic, Asia Pacific T&T was backed by above global average levels of international openness and T&T prioritisation, highlighting the region's commitment to strengthening the travel economy. Moreover, infrastructure continued to improve in most economies, with exceptional growth in air-route capacity and the number of airlines offering services to travellers.

⁶ https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-01/UNWTO_Barom20_01_January_excerpt_0.pdf

⁷ The Travel & Tourism Competitiveness Index (TTCI) benchmarks the T&T competitiveness of 140 economies and measures "the set of factors and policies that enable the sustainable development of the Travel & Tourism (T&T) sector, which in turn, contributes to the development and competitiveness of a country. For more information on the TTCI and its results, please visit <http://reports.weforum.org/ttcr>.

⁸ The purposes of the TTCI Asia Pacific consists of the following economies; Australia, Bangladesh, Brunei Darussalam, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Lao PDR, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Singapore, Korea ROK, Sri Lanka, Chinese Taipei, Thailand and Vietnam



However, the region's most significant advantage comes from its rich mix of natural and cultural resources that attract visitors. Only the Americas outscore Asia Pacific in natural resources, which include some of the most biodiverse environments in the world and nearly 30% of the UNESCO World Heritage natural sites covered by the TCI. On average, the region's economies also have some of the highest scores for cultural heritage. Many Asia Pacific countries have large numbers of UNESCO World Heritage cultural sites and protected intangible heritage, stadiums, and strong demand for cultural activities.



Nevertheless, Asia Pacific economies face several challenges, with competitiveness results varying significantly between countries and subregions. For instance, while tourist service infrastructure has improved, most destinations outside Eastern Asia-Pacific score below the global average. Additionally, environmental sustainability remains the region's most significant competitiveness constraint. Many economies suffer from high air pollution, water stress, below-average levels of wastewater treatment, endangered wildlife and forest loss. Moreover, elements like favourable business environment, labour skills, ICT readiness and high-quality hard infrastructure such as roads are concentrated in more developed Eastern Asia-Pacific economies and, to a lesser degree Southeast Asia. On the other hand, South Asian economies still have more work to do in many of these areas.

ASIA PACIFIC HEALTH AND HYGIENE CONDITIONS

A destination's health environment has always played an essential role in its T&T competitiveness, with COVID-19 only reinforcing this relationship. While not determinative, 2019 TTCI results do show a nearly 60% correlation between the Health and Hygiene pillar and international tourist arrivals.¹⁰¹¹



As can be assumed, health and hygiene scores tend to increase as destinations become more economically developed (Figure 8). However, variability in scores declines among more developed economies, indicating a potential diminishing impact on competitiveness once reaching certain income levels. For instance, as Figure 8 highlights, once per capita GDP reaches US\$20,000, the range for Health and Hygiene pillar scores drastically narrows. On the other hand, this also means that lower-income economies with relatively good healthcare conditions may be able to differentiate themselves from their income group competition.

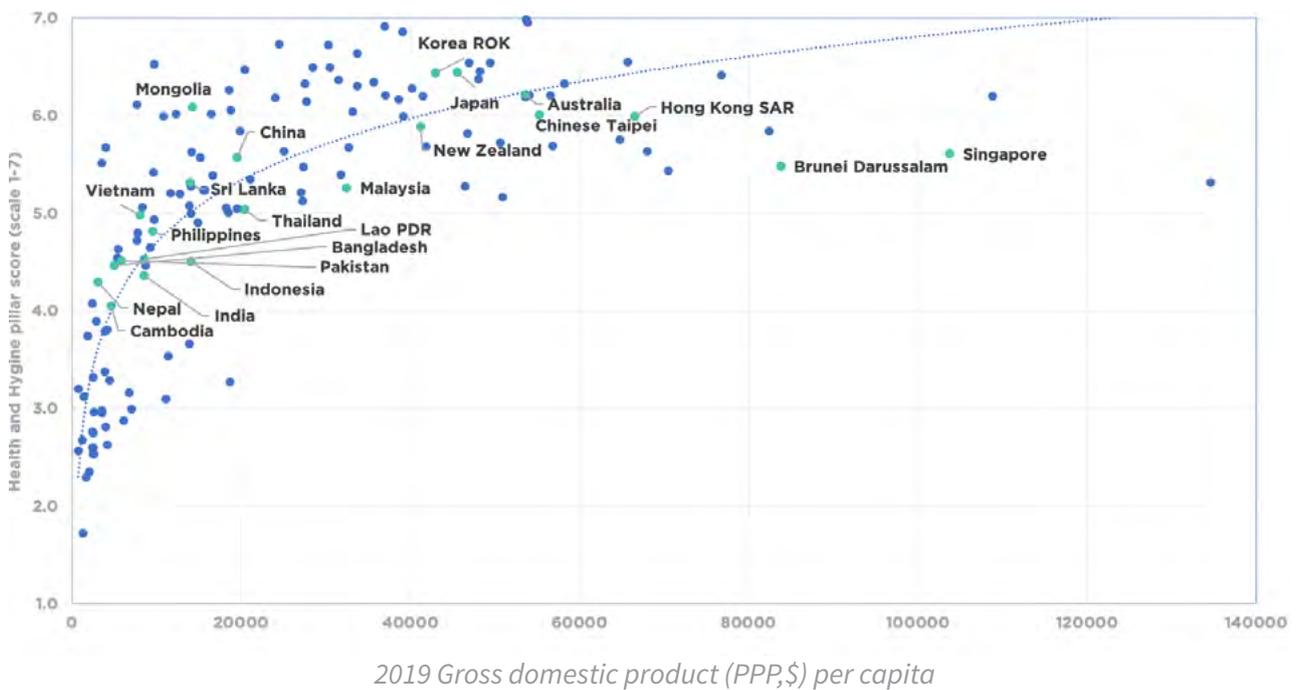
Of course, the importance of health and hygiene also goes beyond making a destination safer for tourism. For example, a robust healthcare system is better prepared to mitigate and control the impact of future pandemics, leading to faster T&T recovery and border reopening and potentially even greater confidence among residents that their destination can accept visitors from around the world. Conclusion below expands this discussion.

¹⁰ The TTCI Health and Hygiene pillar and component indicators are designed to be simple proxy metrics and by no means do they provide a comprehensive assessment of an economy's health and hygiene conditions.

¹¹ Log of international tourist arrivals (2017 or latest available). Source: World Tourism Organization (UNWTO).



FIG 8: ECONOMIC DEVELOPMENT VS. HEALTH AND HYGIENE CONDITIONS

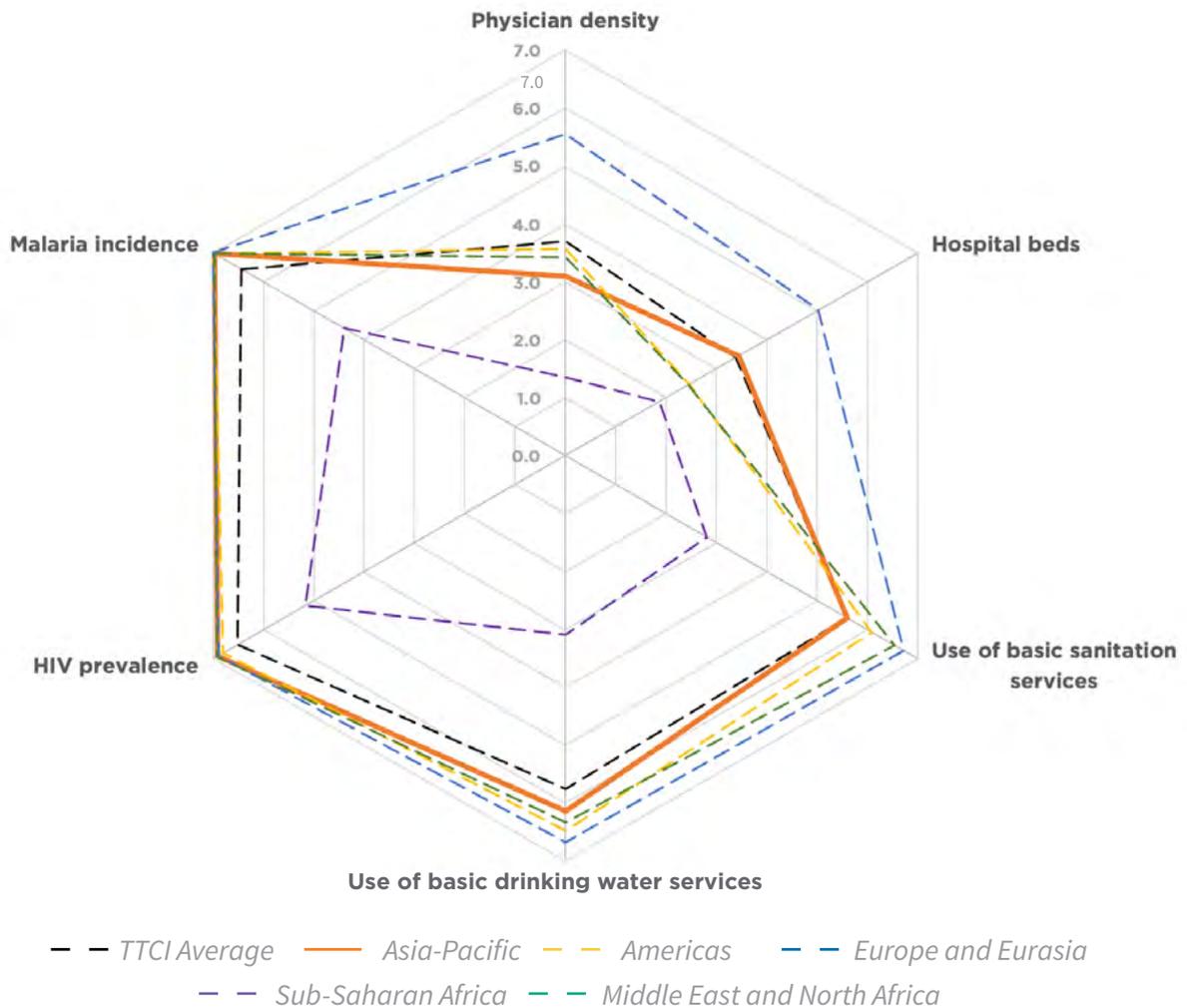


Source: World Economic Forum and International Monetary Fund, World Economic Outlook Database, April 2019

While the Asia Pacific average score for the Health and Hygiene pillar is the second highest in the world, it is only marginally above West Asia, North Africa and the Americas. In particular, there should be concern over below-average figures for health and hygiene infrastructure ranging from hospital beds availability to access to sanitation services. While this infrastructure tends to be more developed in Eastern Asia-Pacific, Southeast and South Asia continue to face challenges in this area.



FIG 9: REGIONAL HEALTH AND HYGIENE INDICATOR SCORES, (SCALE 1-7)

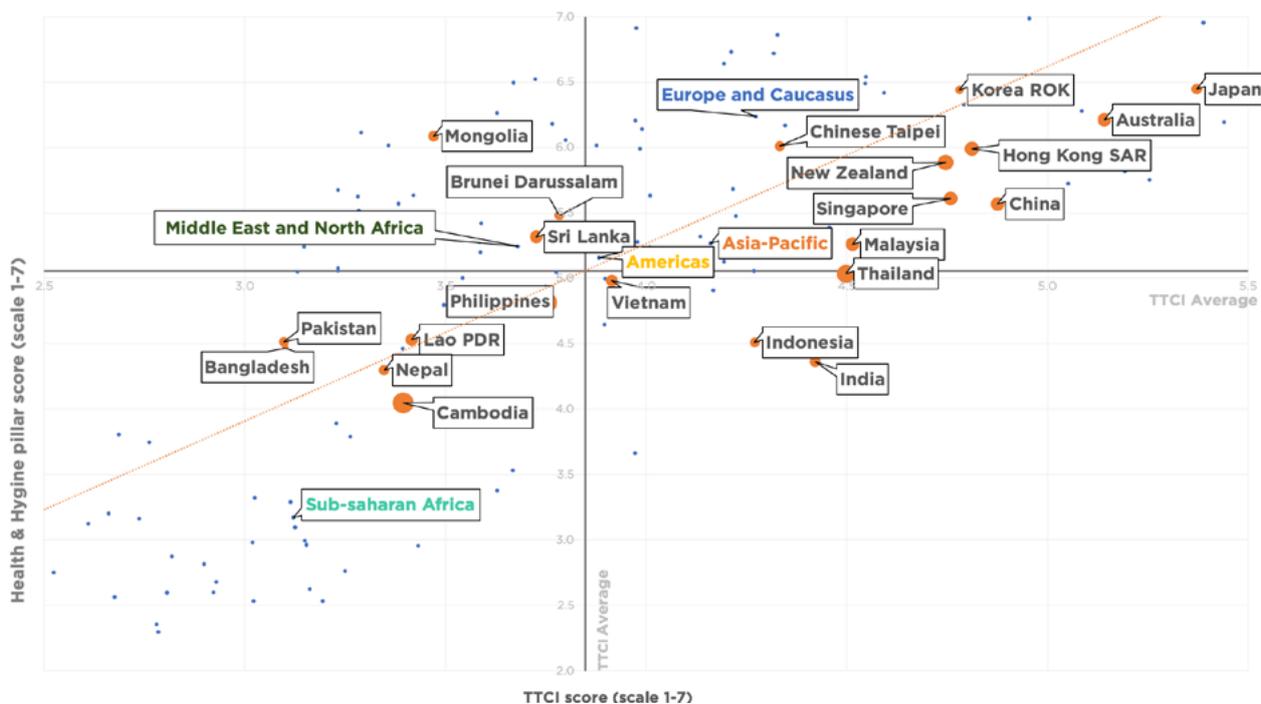


Source: World Economic Forum

Note: See methodology section of the Travel & Tourism Competitiveness Report 2019 for more information on indicators.

HEALTH AND HYGIENE IN THE CONTEXT OF TOURISM COMPETITIVENESS

FIG 10: HEALTH AND HYGIENE VS TRAVEL AND TOURISM COMPETITIVENESS



Source: World Economic Forum and World Travel & Tourism Council (WTTC)

Note: Size of circle is based on the 2019 total travel and tourism industry share of GDP per country (applied to only Asia-Pacific economies).

Figure 10 shows the positive correlation between the Health and Hygiene pillar and overall TTCI scores as well as where Asia Pacific economies stand compared to each other and the global mean. Therefore, it provides an overview of how an increase in health and hygiene in tourism might impact competitiveness dynamics in the region and beyond.



Nearly half of the destinations examined score above average for both health and hygiene, and T&T competitiveness. Most of these destinations are well developed and have relatively good infrastructure, with many also being home to diverse cultural and natural resources. The combination of these factors and more favourable health and hygiene conditions puts them in a better position to benefit from the increasing role of health in a post COVID world. This bodes well for the Asia Pacific as a whole as these economies account for the majority of the region's T&T sector GDP. For instance, Korea (ROK) and Japan are essentially tied for Asia Pacific's top score in health and hygiene. Both destinations boast quality infrastructure, rich cultural resources and the seventh and tenth highest scores for ICT readiness, respectively. As a result, both destinations have the pull to bring in tourists, the infrastructure and digital capacity to make travel more seamless, and healthcare systems better equipped to deal with future emergencies and make visitors feel safe.

¹⁰ <https://www.e-unwto.org/doi/pdf/10.18111/9789284421152>

Destinations on the bottom-right are less developed but have above-average T&T competitiveness in large part due to the combination of rich natural and cultural resources with price competitiveness. However, if investment in health and hygiene does not increase, they may lose some of their competitiveness in the years to come, given the shift in traveller expectations discussed above. India is an excellent example of this. The destination has the eighth and fourteenth highest scores for cultural and natural resources, respectively. Combined with the thirteenth best price competitiveness, it is not a surprise that international tourist arrivals to India have jumped from 5.8 million in 2010 to 17.4 million in 2018.¹⁰ However, the destination ranks 105th for health and hygiene, which includes insufficient access to basic sanitation services and limited physicians and hospital beds relative to population. Consequently, future tourists might not consider the destination's sites and price value worth the risk.



Destinations on the bottom-left are among the least developed in the region, with below-average scores for health and hygiene and T&T competitiveness. As a result, these economies may lose out the most in the new era of tourism, requiring significant investment in healthcare, sanitation and tourism, preferably as part of a comprehensive post COVID-19 development strategy. For instance, in addition to health and hygiene, Pakistan needs comprehensive improvement, from safety and security to ICT readiness and air transport infrastructure, to become truly competitive in T&T.

Finally, destinations in the top-left are in a better position to use their above-average health and hygiene conditions to attract travellers and investment, helping narrow their gap in overall T&T competitiveness. For example, given its level of economic development, Mongolia scores well for health and hygiene. Combined with its price competitiveness, a thinly populated countryside which includes an above-average share of attractive protected areas, the nation is better positioned to advertise itself as a safe and clean tourist destination. In turn, this could encourage reforms in the business environment, its international openness and investment in infrastructure, which in turn would further strengthen its competitiveness as a destination of choice.

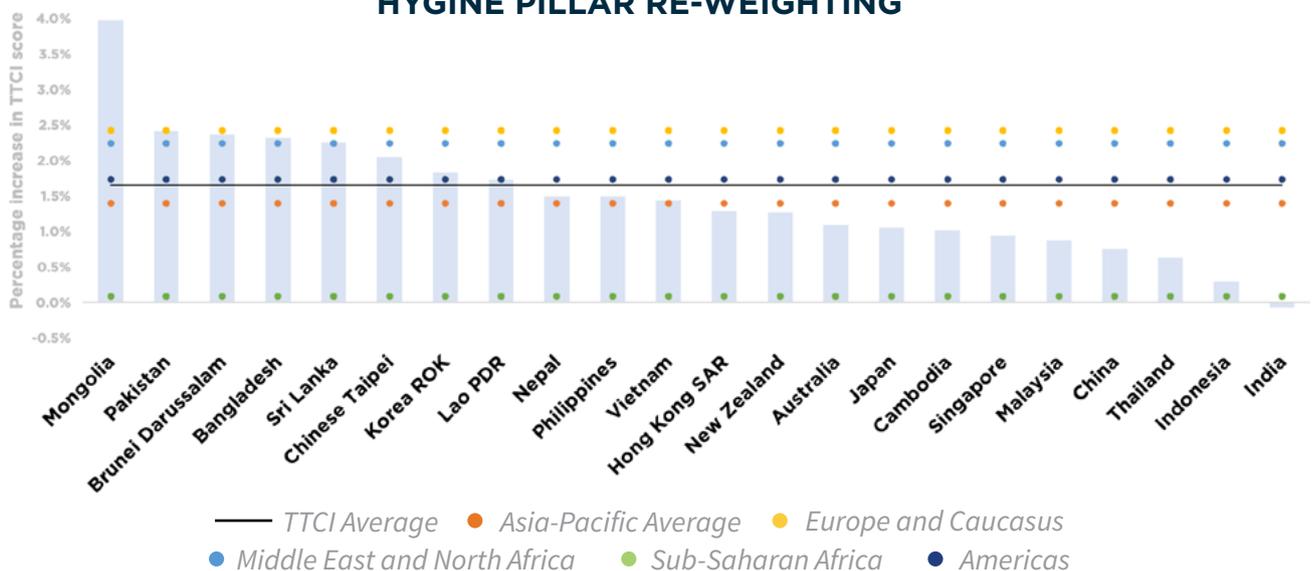
HOW INCREASED FOCUS ON HEALTH & HYGIENE CHANGES THE COMPETITIVE LANDSCAPE

A re-weighting exercise might further help understand the impact of health and hygiene's increased role in T&T competitiveness. Therefore, a simple scenario was applied which doubled the weight of the TTCI Health and Hygiene pillar from 5% to 10%.

ASSUMPTIONS OF THE RE-WEIGHTING EXERCISE

- The re-weighting exercise is for illustrative purposes only. Further research and data are required to determine what impact changing perceptions of health and hygiene will have on tourism demand and competitiveness.
- Re-weighting exercise underlying assumptions:
 - The Health and Hygiene pillar weight was increased from 5% to 10%. The increase in weight is not based on hard data but was instead chosen to demonstrate what impact a significant increase in health and hygiene role in T&T competitiveness would signify. The original 5% weight is the share given to all pillars of the Enabling Environment subindex. Please see index methodology: <http://reports.weforum.org/travel-and-tourism-competitiveness-report-2019/methodology2/>.
 - The scenario is based on a post COVID-19 environment in which travel barriers and other conditions have returned to pre COVID-19 levels. As a result, in order to account for the rise in Health and Hygiene pillar weight, the weight of all other TTCI pillars was decreased in proportion to their initial weight.
 - The re-weighting was applied to all 140 economies covered by TTCI. Therefore, an assumption was made that perceptions and the importance of health and hygiene will be similar around the world.

FIG 11: TTCI PERFORMANCE WITH HEALTH AND HYGIENE PILLAR RE-WEIGHTING



Source: World Economic Forum

Overall, almost all Asia Pacific economies increased in T&T competitiveness, while the region remained the second most competitive in the world. However, given that no country competes in a vacuum, it is necessary to compare the rise in competitiveness to various competitor groupings.

Compared to average global improvement in T&T competitiveness, only Mongolia, Pakistan, Brunei Darussalam, Bangladesh, Sri Lanka, Chinese Taipei, Korea (ROK) and Lao PDR outperform. These economies have health and hygiene conditions that are greater than expected, given their level of T&T competitiveness (see trendline in Figure 10). Consequently, they gain a competitive edge relative to peers.

Nonetheless, on average, Asia Pacific economies show a lower rate of improvement in competitiveness compared to the global mean. Consequently, many regional players will lose some of their competitiveness, relative to the rest of the world. Most of the region's economies have lower than expected health and hygiene conditions, given their level of T&T competitiveness. This is often due to Asia Pacific economies achieving an overall above-average level of T&T competitiveness, despite scoring closer to the average for health and hygiene.

By comparison, other regions' scores for the Health and Hygiene pillar tend to be higher than than expected, given their overall T&T competitiveness. As alluded to earlier, this is in part due to the variance in health and hygiene conditions narrowing as destinations reach a certain level of development. Arguably a large portion of economies have achieved at least a primary degree of acceptable health and hygiene, while other aspects of competitiveness, like business environment, infrastructure and natural resources, remain less equitably distributed.

It is also important to note that even if the weight of the Health and Hygiene pillar doubles, all the outperforming economies, besides Chinese Taipei and Korea (ROK), will remain below the TPCI mean. Moreover, many of these destinations will still have below-average health and hygiene conditions. This is particularly important because consumers' minimally acceptable health environment for travel will only increase due to COVID-19. Therefore, it is safe to say that even economies that had an above-average improvement in competitiveness may not see any positive impact on tourism arrivals if their healthcare system still does not meet quality benchmarks. On the other hand, destinations like Japan, which have a below-average rate of improvement in competitiveness due to the exercise, but already had quality health and hygiene conditions, will likely continue to attract a disproportionate number of tourists.



In the end, the re-weighting exercise does show that the region, as a whole, may lose some relative competitiveness in a post COVID-19 world. Combined this with many Asia Pacific economies' health and hygiene conditions remaining unfavourable, reinforces the need for investment in this field. In particular, the region may lose ground to Europe and Caucasus region, whose standard of health and hygiene is high throughout the region, with all its economies scoring above the global average. Matched with an average lead in most T&T competitiveness categories (as represented by the TPCI), European economies may be best positioned to gain T&T market share in a post COVID-19 world, if the market appetite returns to pre-pandemic levels.

POLICY AND OTHER VARIABLES ARE JUST AS IMPORTANT AS HEALTH INFRASTRUCTURE



While the Health and Hygiene pillar may act as a proxy for basic health and hygiene conditions in an economy, COVID-19 has also shown that policy decisions and other variables may be even more important in dealing with pandemics. For instance, the correlation between the Health and Hygiene pillar and the number of COVID-19 cases per million people is relatively weak, at just about 47%¹¹. Out of the 20 destinations with the lowest number of cases, 19 do not rank better than 60th for the Health and Hygiene pillar. **Factors like policy actions, population density, air connectivity, distance to epicentres, and even cultural norms all play a role in the spread of viruses that healthcare infrastructure does not account for.**

For example, Vietnam and Thailand, both of whom rank below average for health and hygiene, currently have the second and eighth-lowest rate of per capita COVID-19 cases among the 140 economies covered by the TTCI. Some often mentioned reasons for this include strong public awareness campaigns, rapid detection and tracing, volunteers and established systems for fighting outbreaks following the SARS epidemic.¹² In this regard, newly developed benchmarks like the Global Health Security Index¹³ will become more important as it measures aspects of health security and pandemic readiness that have previously not been done on a global scale.

Aside from just assessing the impact of the re-weighting, it is also important to recognise the dynamic nature and relationship of the various components of T&T competitiveness and how COVID-19 will impact them. For example, in light of these new health and hygiene preferences, visitors and residents may have a greater preference for less densely populated nature destinations, a great benefit for the nature rich Asia Pacific region. However, to protect this market, regional players will have to pay more attention to their often poor and therefore, less competitive environmental sustainability records. Similarly, it is hard to overestimate the growing importance of ICT readiness—another area where the whole region requires improvement—as digitalisation of industry services is now more vital than ever as face-to-face interactions may remain limited or less preferred by future travellers.

Moreover, to build T&T resiliency and competitiveness, destinations will need to use an integrated, multi-stakeholder approach to industry development. Travel policy, infrastructure, digitalisation and now health and hygiene systems will all have to be aligned. Furthermore, new metrics and data sources need to be developed to assist with tracking and mitigating future pandemics. Additionally, some of the data and tools created for tracking the pandemic can also be used for broader tourism management, an improvement that will lead to better decisions regarding future headwinds such as overcrowding and environmental degradation in tourism hot spots around the region.

¹¹ Correlation is based on the log of COVID-19 cases per million people sourced from Worldmeter.com, uploaded on August 7th, 2020.

¹² <https://www.theguardian.com/world/2020/jun/14/thailand-malaysia-vietnam-how-some-countries-kept-covid-at-bay>

¹³ Cameron E, Nuzzo J, Bell J, Nalabandian M, O'Brien J, League A, et al. *Global Health Security Index: Building Collective Action and Accountability*. Washington, D.C. 2019. Available from: <https://www.ghsindex.org/wp-content/uploads/2020/04/2019-Global-Health-Security-Index.pdf>.

CONCLUSION: HOW TO BUILD MEANINGFUL HEALTH POLICY FROM CONSUMER TRENDS AND COMPETITIVE INDICES



Although preceding parts of this report have focused on the potential tourism impacts of the pandemic on travellers and destination managers, COVID-19 remains first and foremost an ongoing and severe public health crisis. For T&T to resume in a post COVID-19 world, consumers must have renewed trust and confidence in a destination's health security and the ability of its leaders and health systems to prepare for and manage these types of public health emergencies going forward.

To achieve this, national leaders must prioritise funding and action around outbreak prevention, detection, and response; support safe and secure socioeconomic environments; build and maintain robust health systems, and make commitments to international standards. Multi-sectoral coordination between ministries of health, agriculture, tourism, and trade, and communication of the outcomes of these policy actions to the broader community, including travellers, will be critical to meeting these goals and restoring confidence in the tourism industry.

Recent publications, such as the Global Health Security (GHS) Index, highlight the need for policy recommendations towards understanding, measuring, and improving national-level health security capacities. T&T practitioners must utilise such tools to inform their policy planning and multi-ministerial lobbying to help reduce the future impacts of pandemics on local tourism supply chains.

For example, the GHS Index is the first comprehensive assessment and benchmarking of health security and related capabilities across the 195 countries that make up the States Parties to the 2005 International Health Regulations. Released in 2019, **the inaugural Index found that no country is sufficiently prepared for epidemics or pandemics**. With the average overall score at 40.2 out of a possible 100, and high-income countries reporting an average score of just 51.9, the Index shows that collectively, international preparedness for epidemics and pandemics remains very weak.

The GHS Index highlights that economies with effective governance and political systems have higher overall scores. This indicates that the strength of a destination's leadership and the confidence of its people in their government and leaders is just as important as their technical capacities and capabilities to prevent, detect, and respond to health threats. Understanding and creating long-term policy solutions to address gaps in each of these areas at the national level can have positive impacts on many industries, including tourism and trade, as it shows commitment to a safer and more secure health environment.

The purpose behind publishing this Index was not to critique governments and health systems but to promote multi-sectoral and international dialogue on the weaknesses in national-level systems to bolster more robust and sustainable health security capacities in every destination. As a benchmarking and measuring tool, indices like the GHS Index exist specifically to promote meaningful multi-sectoral engagement to complement existing processes for national health security needs assessment, prioritisation, planning, and financing.

As such, findings from the GHS Index and the re-weighted TCI index in the preceding section could help catalyse political will to fill gaps in health security and hygiene capacity. They can be powerful tools for measuring and motivating sustainable financing at national, regional, and global levels, or complement ongoing efforts to build accountability for national preparedness, such as the Global Preparedness Monitoring Board, the Global Health Security Agenda, and the World Bank Health Emergency Preparedness and Response Multi-Donor Fund.

Knowing the risks, however, is not enough. Political will and policy change are needed to protect people from the consequences of disease outbreaks, to take action to save lives, and to build a safer and more secure world, in which travel and tourism flows will again be open and free.

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Founded in 1951, the Pacific Asia Travel Association (PATA) is a not-for-profit membership association that acts as a catalyst for the responsible development of travel and tourism to, from and within the Asia Pacific region. Learn more by visiting: <https://www.pata.org/>

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Executive Summary and Introduction

THE GLOBAL HEALTH SECURITY (GHS) INDEX

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Part II: The Importance of Health and Hygiene On Local Sentiment About T&T

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*Source: Jumpshot for Tripadvisor Sites, worldwide, November 2019

** Source: Tripadvisor internal log files, average monthly unique visitors, Q3 2019

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Tripadvisor has contributed to the Part I of this whitepaper: Travellers are now making booking decisions based on health and hygiene, but is not responsible for contributing or editing the content from any other section.

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Part I: Travellers Are Now Making Booking Decisions Based On Health and Hygiene

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