



COVID-19 SITUATION REPORT


Updated Feb. 28, 2020



Executive Summary: Impact on Travel Industry

- Media in four countries covered SF's state of emergency declaration: Australia, India, Mexico, U.K.
- Fast rebound expected due to pent up demand
- Ministry of Culture and Tourism asks Chinese citizens not to travel to the U.S. due to U.S. action in response to China outbreak*
- ITB China and COTTM are postponed

**We believe impact will be limited as this alert could be considered a counter action to the U.S. reaction and current travel restriction.*



Visit California Executed Action

- Paused all paid China programs.
- Support letter and announcement to the industry, partners and consumers in China distributed Feb 3.
- Distributed recommended reply to Chinese consumers on our social platforms based on social media monitoring and one question.
- Repost of Lt. Governor's support message on Sina Weibo Feb. 8, reaching 25K views.
- Daily local intelligence updates and public sentiment monitoring.
- Postponed China Sales & Media mission.
- Delayed spring advertising campaign by two weeks, new launch date is April 6. Evaluating in early March to ensure travel ban will be lifted.
- Investigating loss of partner business in China due to cancellations.
- Evaluating airlift seats that have been suspended from China to California.



California industry China support video deployed in China across owned, earned and partner platforms Feb 26.



Lieutenant Governor's support post for China made California the first state in the U.S. to show support at the government level.



Global Outbreak Report

Outbreak being contained in China


- A recent study of more than 72,000 patients in China suggests that coronavirus illnesses may have peaked in early February. The study authors, who work at the Chinese Center for Disease Control and Prevention (China CDC), examined cases of the virus from December 8 to February 11. Their results showed that the largest number of coronavirus patients started exhibiting symptoms on February 1. Since then, the authors found that there haven't been as many new illnesses. ***That could be a sign that the outbreak in China is tapering off.***
 - More than **80%** of cases in China have been mild. **Less than 5%** of the cases in the study were critical and **only half** of the critical patients died.
 - On Feb 23, 24 Provinces in China including **Beijing and Shanghai** reported **0 increases** in confirmed COVID-19 cases.
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Rebound to Come

- A rebound surge in travel is expected due to pent up demand. Long-haul Chinese travelers' finances and desire to travel will not be diminished. Travel is expected to resume in May.
 - US Embassy and consulates opened visa appointment slots starting from: **Guangzhou May 12, Chengdu May 4, Shenyang May 4, Shanghai May 12 and Beijing May 18.**
 - Flights from U.S. carriers suspended through April 24. China carriers expected to resume March 30.
 - COVID-19 vaccine release making progress.
 - The number of active Ctrip university APP users **has increased 150%** to nearly 30,000 in just a few days since the course opened on February 5, with an average daily online time of 77 minutes.
 - Ministry of Culture and Tourism asks Chinese citizens not to travel to the US due to earlier over-reaction that the US has taken in response to the outbreak in China, but we believe this is posturing that will subside.
 - 68% of trips not cancelled but postponed. Travelers have been issued vouchers for future travel. Majority of rescheduled travel and rebookings are in May and June.
 - China is looking to create spending stimulus and may create additional shopping holidays like singles day.
 - International will rebound faster than domestic because it is perceived as safer.
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COVID-19 Status- Italy

Impact on Travel Industry

- All flights to and from China have been blocked for 90 days, which will impact visitation for Italian cities.
 - Registered outbound cancellations for worldwide destinations due to general safety concerns.
 - Media do not feel safe to travel.
 - Some countries are currently blocking passengers departing from Italy temporarily.
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COVID-19 Status- Japan

Impact on Travel Industry

- Club California Japan (Tokyo) in March has been cancelled.
 - MICE travel has seen an impact due to companies banning travel and holding appointments over the phone.
 - Japan tour operators are reporting approximately 20% of bookings being cancelled, signally a potential total outbound decline this year due to travel concerns.
 - U.S. are scheduled to inaugurate new flights at the end of March.
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COVID-19 Status- South Korea

Impact on Travel Industry

- Incheon airport has seen a decrease from 1.42 million weekly passengers to 0.80 million (43% decrease).
 - Hana Tour has seen 899 reservation cancellations on Western US products.
 - 17 countries have banned and 13 countries have restricted the entry of South Korean nationals.
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COVID-19 Status- Germany

Impact on Travel Industry

- The German Federal Government has formed a crisis committee and will meet Feb. 28 to discuss upcoming major events, including ITB Berlin.
 - Der Touristik no longer holding a partner event, and participants from certain countries are cancelling.
 - ITB requiring attendees to complete a release indicating visitation history to potentially affected areas.
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COVID-19 Status- India

Impact on Travel Industry

- Travel agents have reported a softening in travel sentiment amongst overseas leisure travelers, but the U.S. is not included.
 - The media has highlighted the emergency declaration in San Francisco.
 - A few large trade partners (such as FCM) have started getting calls from business travelers asking if travel to SF is safe.
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COVID-19 Status- Australia

Impact on Travel Industry

- The Australian government halted all flights from China.
 - Qantas and Jetstar reduced capacity to Asia and Tasman.
 - 82% of travel agents are experiencing cancellations as a result of the virus.
 - The media has highlighted the emergency declaration in San Francisco.
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COVID-19 Status- Mexico


Impact on Travel Industry

- OTAs, hotels and cruise companies show 2-3.9% decrease in sales, with no impact on US travel.




COVID-19 Status- United Kingdom

Impact on Travel Industry

- There have been switches of bookings from Asia to the Caribbean and North America.
 - Some media have highlighted emergency declaration in San Francisco, but it does not have as much coverage as Italy regarding the virus.
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COVID-19 Status- Middle East

Impact on Travel Industry

- Arabian Travel Market on April 19-22 is taking place as scheduled with preventative measures in place in line with World Health Organization guidelines.
 - Media coverage on the virus in the Middle East covers Iran, and we work in the GCC countries.
 - Travel bans on China, Japan and South Korea.
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COVID-19 Status- Canada

Impact on Travel Industry

- Bookings out of Asia Pacific to Canada are down 11%.
 - Air Canada canceled all flights into China until April 10. They are increasing capacity into California due to cancellation of flights into Asia.
 - Asian operators and agencies in Vancouver have confirmed a drop in inquiries and bookings overall.
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COVID-19 Status- France

Impact on Travel Industry

- The last day of the “Carnaval de Nice” was canceled in the interests of preserving public health.



COVID-19 Status- Scandinavia

Impact on Travel Industry

- Discover America Travel Show on March 2 is continuing as scheduled with preventative measures to protect the attendees.



COVID-19 Status- Brazil

Impact on Travel Industry

- No current impact on the travel industry.





Coronavirus Outbreak Situation

Airlines

According to the latest statistics from the civil aviation administration of China (CAAC), **77 Chinese and foreign airlines** continue to operate **710 international routes** between China and 46 countries, connecting 120 cities around the world.

Compared with 4 weeks ago, China's three major airlines cut more than **half a million seats** a week on international flights. However, Spring Airlines lost only 6% of its capacity, and has 86,000 seats on international flights, ranking No.1 in China, followed by **Air China (70,000)**, **China Eastern (65,000)** and **China Southern (50,000)**. Previous experience has shown that capacity and demand will recover quickly after the epidemic.

On Feb. 14, Air China and China Southern released their main operating data for January 2020: The number of passengers on **Air China** was 9.2 million, down 4.1% YOY, and the average passenger load rate was 76.6% for all their routes, down **3.3%** YOY.

China Southern carried 9.5 million passengers, down 6.08% year on year; load factor was 76.70%, down 3.72 percentage points, including **-5.32%** on international routes.



Airlift | China – California

Still Operating – as of Feb.26

Airlines	Status	Weekly Seats
Air China	Shenzhen to Los Angeles route suspended until March 31; Still operating Beijing – Los Angeles – San Francisco, 4 flights per week	1,244
China Eastern	Only operating Shanghai – Los Angeles, 3 flights per week	948
China Southern	All flights suspended until March 28 with the exception of Shenyang to Los Angeles still operating (3 flights per week)	855
Xiamen Airlines	Still Operating Xiamen – Qingdao – Los Angeles, 2 flights per week	570
		Total 3,617

Airlift | China – California

Weekly suspension as for Feb.26

Airlines	Status	Suspended Weekly Seats to California
United Airlines	All flights suspended until April 24	8,049
Delta	All flights suspended until April 30	2,016
American Airlines	All flights suspended until April 24	3,633
China Southern	All flights suspended until March 28 with the exception of Shenyang to Los Angeles still operating (3 flights per week)	7,712
China Eastern	Only operating Shanghai – Los Angeles, 3 flights per week	7,026
Air China	Shenzhen to Los Angeles route suspended until March 31; Still operating Beijing – Los Angeles – San Francisco, 4 flights per week	6,017
Hainan Airlines	All flights suspended until March 28	3,440
Sichuan Airlines	All flights suspended until March 28	1,956
Xiamen Airlines	Still Operating Xiamen – Qingdao – Los Angeles, 2 flights per week	285
	Total	40,134

Potential Tourism Impact

Tourism Economics projects the following impact on travel from China to the U.S.:

- A **28%** drop in visitation to the US from China in 2020, compared to the pre-crisis forecast of 3% growth for 2020.
- A **\$10.3 billion** loss in Chinese visitor spending in 2020 and 2021
- **4.6 million** hotel room nights will be lost in 2020.
- **California** stands to lose the most Chinese travelers among all states in the U.S. given its pre-Coronavirus market share of 52% of Chinese arrivals to the U.S.

Tourism Impact to China

2020 Spring Festival Travel Season ended Feb. 18, which lasts for 40 days, 1.476 billion trips were made by railways, road transport, waterway transport and airlift, down **50.3%** compared with the same period last year.

Total volume of daily travelers during CNY 2020 is down **80%** from last year, according to a deputy transportation minister.

ITB China 2020, originally scheduled for May 13-15, 2020 at the Shanghai Expo Exhibition Hall, **will be postponed**. The specific date will be further announced.

COTTM – China Outbound Travel & Tourism Market 2020 has move to **9-11 September 2020** due the outbreak of the COVID-19.



Travel California Projections: Visits

Updated: January 2020

	2019	2020	2020 Feb 3 update
Domestic	+1.8%	+1.8%	+1.8%
International	-1.2%	+1.7%	-1.2%
Overseas	+0.1%	+2.0%	-4.2%
Mexico	-2.9%	+1.2%	1.2%
Canada	+0.6%	+2.6%	2.6%
China	-1.1%	+3.7%	-27.4%

Travel California Projections: Spending

Updated: January 2020

	2019	2020	2020 Feb 3 update
Total	+3.2%	+3.9%	2.9%
Domestic	+4.1%	+3.9%	+3.9%
International	-0.6%	+3.7%	-1.2%
China	-2.6%	5.0%	-26.5%

Asia Countries Downgraded for California

	Visits		Spend	
	Original Forecast	Revised	Original Forecast	Revised
Total Int'l	1.7%	-1.2%	3.7%	-1.2%
China	3.7%	-27.4%	5.0%	-26.5%
India	4.4%	2.3%	5.7%	3.6%
Japan	0.5%	-1.3%	1.7%	-0.1%
South Korea	2.4%	-2.3%	3.7%	-1.1%



VCA Programs and Action

VCA China Program Status

All Visit California China programs, including travel trade, public relations and direct to consumer, are paused or re-placed by online programs for now.

The China Sales and Media Mission has been postponed to a later date in 2020.

February and March China social content plan (tonality and posting frequency) is revised based on the current situation.

Spring advertising campaign delayed two weeks until April 6. Evaluating if this needs to be pushed out.



Short-term Action Plan

Now – End of February

- Monitor the epidemic and related status. Report information and updates weekly
 - Work with tour operators and team to collect the impact on trade industry from the outbreak
 - Work with partners to update industry partners regarding the status of trade and PR co-ops and programs, propose alternative plans and maintain contact with buy-in partners
 - While working towards a final adjustment to the spring advertising campaign, all communication and trade activities should be integrated in a recovery plan
 - Monitor the situation to release spring advertising campaign on schedule
 - Continue to post on social media and demonstrate our support
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Short-term Action Plan

March - April

- Launch brand advertising in April two weeks later than planned
- Continue to monitor the impacts of the epidemic and report weekly
- Keep active connection with Travel Trade and PR partners, do the best to have more engagement with partners in various ways for relationship maintenance and training using the downtime to upgrade and extend product in preparation for pent-up demand
- Execute revised travel trade programs with VCA industry partners and outcome evaluation

May – June

- Regularly report on the recovery
 - Work with tour operators on VCA new FY action plan and budget development
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China Media Scenarios

Option 1: Maintain Current Plan (Shifted Start Date)



Deadline for
cancellation

March 23

Kidifornia
campaign
launch

April 30

March 6-16

Contract
approvals due

April 6-8

OTV, Digital &
Outdoor media
launch

June 30

Media flight
ends



Option 2: Summer Flighting




Restriction on Travel Ads by Chinese Government

- So far there's no limitation. We believe that the local governments will resume business when the epidemic is contained. Compared to SARS, the government shows a more open attitude towards this situation.



Resuming Advertising Considerations

- Based on the SARS experience and supporting data, the pent-up desire of Chinese to travel may lead to a sharp increase in the second half of 2020.
 - Consumers will want to treat themselves after the crises, especially the affluent and those in the upper middle class. As soon as travel restrictions are lifted and flights resume, travelers will immediately take the opportunity to travel abroad. Messaging could be more tuned towards “treat yourself and refuel.”
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Media POV

Proceeding with our recommendation will serve the industry in 3 key ways:

- To recoup lost volume
 - To address consumer behavior
 - To keep California top of mind and win share of voice as some competitors might wait to resume advertising
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