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A Leisure Travel Recovery Is Being Held Back By A Lack Of Standardized Testing And Foreign Entry Rules

This article is based upon a report issued by IdeaWorksCompany.

The slow pace of development of a single global system for tracking and certifying the Covid-19 vaccination status of the world's 7.8 billion people is delaying the beginning of a meaningful recovery of air travel demand.

No one is expecting business travel to begin recovering until late this year, and probably not even then. But the travel industry is desperately hoping to see the beginnings of a significant pickup in leisure-oriented travel this spring or summer. True, vacationers spend far less money on average than business travelers, but their typically huge numbers could help cash-starved travel service companies staunch the flow of red ink, bring back many of their laid-off workers and keep some of them out of bankruptcy.

Yet, even people who are tired of being cooped up by the pandemic, and who are eager to travel for fun again, likely won't do so in large numbers until the industry and governments settle on a clear set of virus testing protocols and rules for crossing international, or even state borders. That's according to a new study from travel consultancy IdeaWorks called 2021: How Airlines and Travelers Will Adapt as the Pandemic Recedes. It is a deep analysis of historical trends in human responses to major pandemics as far back as the 12th Century, and an analysis of current efforts to rekindle travel demand and the challenges that must be overcome to achieve that goal.

In a prior report the consulting firm projected that somewhere between 19% and 36% percent of the business travel traffic aboard the world's airlines prior to the pandemic may never come back at all, or at least will take many years to do so. That's because of adaptations businesses have made and continue to make in the absence of their ability to travel. The use of video conferencing tools like Zoom, Microsoft Teams and others, new ways of providing support, sales and training services online rather than in person, and other behavioral changes will continue to erode demand for certain types of business travel, it asserted.

While governments are intent on distributing vaccines as quickly as possible, "much of the world is unprepared for electronic health passports from technical and cultural perspectives," the report says. "Creating a mobile application (to serve as an electronic health passport) is doable and deliverable. However, feeding that system with verified data from field locations throughout an entire country is a significant hurdle. This is an admirable and beneficial objective, but one that won't be meaningfully achieved during 2021."

Unlike most other economic sectors, which are expected to rebound strongly over the first four years after the current pandemic is perceived to be under control or eliminated, IdeaWorks' analysis suggests that many of the effects of the Covid-19 pandemic on travel demand will linger for years. Business travel demand will be most heavily and negatively affected, and those affects will endure much longer than the pandemic's affects on leisure travel.

That's why, IdeaWorks suggests, travel service companies in general, and especially airlines now need to give serious thought to ways of attracting as many leisure travelers as possible. Though business travel is the motive behind just 29% of all passenger trips globally (and the motivation for as much as 50% of all trips on major global airlines that target business customers), business travelers tend to spend almost twice as much on their trips as the average leisure traveler. Thus, going forward airlines and other travel companies will need lots and lots of additional leisure travelers in the years ahead to partially make up for the lost revenue associated with whatever portion of business travel does not come back.

Jay Sorensen, IdeaWorks' president, wrote in his prior report in December, "Recognizing that something significant and permanent is happening to our business culture is not a popular topic. The airline industry really wants a return to pre-pandemic spending on higher yield airline tickets for business trips. Most of this activity will return, but it's crucial to realize that some will not."

Changing the interior configurations of certain planes, especially widebody jets aimed at long haul and international routes, to increase the number of economy and "premium economy" seats – and reducing the number of premium class "suites" and lie-flat business class seats should be up for serious consideration at conventional airlines. Doing so could generate more revenue per plane load over the next few years – or longer. Currently, most big conventional airlines allocate larger-than-historically-normal amounts of space on their planes to seats typically bought by high fare-paying business travelers. Prior to the pandemic, and in most cases still today, conventional airlines' business or first class seats feature spacious mini-office surroundings and/or seats that convert into lie-flat beds with partitions that enhance privacy.

"Consumers all over the world will continue their love of travel for vacations, adventure, relaxation, and to connect with family and friends," Sorensen wrote in the new study. "Leisure travel has a significant advantage over business trips, because technology is no substitute for the sounds, tastes, and smells of being on a beach, in a forest, or on a mountaintop." He suggests that the willingness people showed this past year to engage in outdoor recreational activities should grow and drive more demand for outdoor-focused travel later this year.

Accordingly, the preferred means of travel as leisure travel begins to recover, IdeaWorks suggests, will be the family car (or a rented vehicle), not the airplane. A preference for staying relatively close to home and still somewhat isolated from other people makes trips by car both a conservative and logical choices. The study suggests car travel fits well with other kinds of trips that early returning leisure travelers are likely to take: "VFR" (Visiting Friends & Relatives) and "rural, recreational and beach vacations."

That, however, is not an encouraging outlook for airlines or, for that matter, tourist attractions in urban locations, or high-end hotels that target big-spending business travelers.

In IdeaWorks' new report Sorensen contrasted the 2020s recovery from the Covid-19 pandemic against economic recovery after the global 1918 Flue pandemic – an economically over-heated period now known as the "Roaring Twenties." This time around, he says, pent-up demand for all sorts of goods and services should power a recovery in retail and other sectors. But even though people are eager to get out and to do something for fun, travel won't recover as much or as quickly. Both business and leisure travelers will resume traveling, at distinctively different rates, and only to the degree that they perceive that he right steps are being taken on a global basis to make it safe once again to travel.

Actually booking a trip on a plane will require, for most people, greater assurance that there is not at risk when they travel. And though there is now growing discussion of using technology to do that by tracking who has or has not been vaccinated, neither the global travel industry nor the world's governments have settled on a single system - or two - for doing so. Unfortunately, establishing one, or even a few global vaccination tracking systems to fight the spread of the virus is sure to raise a number of difficult-to-resolve legal, logistical, cost and technical issues. They include:

- Collecting the data. When a passenger is vaccinated, such a tracking system optimally would need that information to be captured digitally. Sorenson notes that that's a very difficult thing to do, technically, even in advanced Western nations, let alone on a global basis.

- Getting vaccines delivered to and injected to the entire global population and making all that data readily available. In addition to those with religious objections to being vaccinated and the relatively small number who cannot receive such injunctions because of allergies or other health issues, surveys suggest that between 25% and 40% of Westerners may refuse the vaccine because of doubts about its effectiveness, the security of their personal data, or other reasons.

- The cost. IdeaWorks calculated that an additional 500 or more people would have to be hired just to test all the passengers departing from just one of London Heathrow Airport's five terminals. Such a requirement is under consideration. If required at all international airports and at all of their terminals, the interim staffing requirements would be overwhelming and unworkable. Meanwhile, the cost of the additional testing equipment systems would be astronomical, with no source of funding identified, especially in poor countries.

- The logistical, legal and technology challenges. An international travel health tracking or "Health Passport" system such as the one now being promoted by the International Air Transport Association, would depend heavily on everyone being vaccinated in a relatively short period of time. That would require in most cases everyone getting two, or even three rounds of shots, capturing and storing all that data from all those individual inoculations, plus the creation of individual data accounts to the protect the privacy of the planet's 7.8 billion people. Then that data would have to be made available instantly whenever it is requested by travel health screeners at thousands of airports and other travel sales locations. On top of the difficulty of getting everyone to agree to use just one or two common technology platforms, the cost of setting up a global system, and the legal questions regarding the security of individuals' data likely could take years to resolve.

On top of those challenges, Covid-19 testing capabilities available currently are neither quick nor foolproof.

"Testing for active Covid-19 infection is an effective method to reduce viral spread but the complex nature of the process virtually ensures quick, efficient, and pervasive solutions will not develop this year," the new IdeaWorks report says.

Another barrier that will keep not only business travel but also international leisure travel from fully rebounding, the IdeaWorks report said, is the existence of tough health testing requirements to enter most nations. Such requirements have made it a practical impossibility for most people to enter the vast majority of nations other than their own, even if they have passed one or more the various virus detection tests. Beyond that, the complexity of navigating one's way across international borders when nations are imposing – and frequently changing – rules for entry is another significant deterrent to travel of any type across borders.

Sorensen, in an interview, said insecurity about what rules might change or be added while one is traveling is a big enough concern to keep nearly everyone from traveling.

"If you're in in Little Rock, and you fly to New York, and while you're away there's a sudden 1,000 case outbreak back in Little Rock, you couldn't go back home," Sorensen notes. "Or if you live in New York, would you fly to Little Rock knowing that if they have a break out there, New York may not let anyone who's been in Arkansas recently come in there? That would mean you couldn't go home."

Thus, he said, not only do nations – and U.S. states – need to settle on agreed-upon rules for travel during a pandemic and its eventual wind-down, they also need to standardize their Covid-19 testing and data reporting protocols before either leisure or business travel will begin to come back to something closer to pre-pandemic levels of demand.

"I try not to get into this business of predicting when travel demand will begin to recover," he added. "But I can say that it won't come back the way we all want it to until we all get on the same sheet of music. And that's not happening yet."