

Impact of Influenza A (H1N1)/ Swine Flu on Business Travel

According to the World Tourism Organization (UNTWO) in May 2009, international tourism is expected to decline by 2-3 percent this year due to a combination of the global economic crisis and the swine flu contagion that began in Mexico and has since spread to many other countries. Recognizing the serious spread of the swine flu virus, the World Health Organization (WHO) raised its alert to pandemic level on 27 April 2009, and also announced that this new influenza virus would henceforth be referred to as Influenza A (H1N1). BBC and other mainstream media reported that a number of countries in Asia and Latin America have started screening airport passengers for influenza symptoms. Among the measures being taken are:

Mexico - Mexico City has closed schools and universities until further notice. Restaurants have been instructed to serve only take-away meals to avoid gatherings of customers, while entertainment venues have been closed. Public transportation systems (buses and subway) have been temporarily closed. Citizens are advised to avoid crowds and stay at least six feet from one another. As a further safety measure, filter masks are being given out to city residents. The World Bank has offered \$205 million to deal with the pandemic.

Canada – The public health agency issued a travel health notice as it began to ‘track clusters of severe respiratory illness with deaths in Mexico’.

China – Authorities have banned pork imports from Mexico, and from California, Kansas and Texas in the USA.

India - Indian health officials advised its citizens to postpone non-essential travel to regions affected by the H1N1 virus, in addition to stepping up surveillance at ports and airports. Each state has been asked to review its preparedness.

Indonesia – Officials have increased surveillance and are monitoring the temperatures of travelers flying into the country.

Japan - The Foreign Ministry has suspended visa waivers for visitors from Mexico. Airport officials are checking passengers before they disembark.

Kenya - Passengers from Europe and the Americas are being screened at Jomo Kenyatta International Airport in Nairobi. The Government encourages Kenyans to defer traveling to Mexico. The 26 screening centers set up a few years ago to test people for avian flu will be used to test for Influenza A (H1N1).

Singapore - The Health Ministry has set up a system of isolating symptomatic patients and those who have been in contact with them within specially designated hospitals. Singaporeans have been advised to maintain personal hygiene at all times and to avoid non-essential travel to Mexico.

South Korea – The Government has suspended pork imports from Mexico, the United States and Canada. Inspections of passengers returning from affected areas have increased.

Thailand - The Ministry of Public Health has collaborated with Airports of Thailand to closely monitor passengers with flu-like symptoms, particularly those coming from countries affected by the virus. Thermal scanners have been installed at the country's main airports: Suvarnabhumi (in Bangkok), Chiang Mai, Phuket and Samui.

United Kingdom - The Foreign Office has advised against all but essential travel to Mexico.

United States - The Government has declared a public health emergency to free up the resources of federal, state and local agencies should they be required. Travelers are being urged to avoid non-essential trips to Mexico.

Influenza A (H1N1) has impacted the travel business as follows;












- *Share prices in airlines and travel companies have dropped* dramatically around the world, for example share prices in most UK-listed travel companies were lower with InterContinental Hotel Group down 4.2% and tour operator Thomas Cook falling 4.4%. Shares of Hong Kong's Cathay Pacific Airline ending down 8%, Australia's Qantas losing 4%, Germany's Lufthansa losing 9% and Air France down 7%, while Continental Airlines fell 16% in the USA. The declines in airline and travel stocks initially brought down most stock markets. However, European markets recovered thanks to pharmaceutical stocks rising on expectations of forthcoming H1N1 vaccines.
- *A significant fall in the numbers of airline passengers.* Cathay Pacific's passenger bookings for May 2009 were lower than the same period last year. A combination of factors from global economic downturn to the Influenza A (H1N1) outbreak led to a sharp drop in traffic to and from Japan with passengers in Hong Kong and other key markets showing an increased reluctance to travel. Singapore Airlines also reported falling passenger bookings, with opportunities for a sustained recovery inhibited by uncertainties arising from the Influenza A (H1N1) epidemic. The International Air Transport Association (IATA) and the US airline trade group announced that the effects of the Influenza A (H1N1) outbreak were hurting airline revenues and earnings, with passenger traffic on international routes plunging almost 13% in March 2009 compared to the same period last year and passenger revenues dropping by 22%. This latter was due to a disproportionate decline in first and business class fares. An initial survey of corporate travel managers by the Association of Corporate Travel Executives (ACTE) revealed that 37% of companies worldwide either cancel or restrict travel to meetings in order to avoid exposing their employees to possible infection from Influenza A (H1N1) virus. However, only a few companies canceled other business travel plans apart from meetings, merely restricting travel to Mexico.
- *Web seminars replace in-person group meetings.* Instead of in-person meetings with the possibility of germs spreading in an enclosed space, many companies are opting for meetings in the form of webinars, temporarily closing their buildings to outside visitors and restricting business visitors. Web seminars are just one of a number of actions taken by corporations to prevent the spread of Influenza A (H1N1) through direct person-to-person contact.

The National Business Travel Association (NBTA) presented its findings on the impact of the outbreak of the H1N1 Virus from a survey conducted online during the last week of April 2009 with 113 US-based corporate travel managers. The findings are summarized as follows:

EFFECTS OF THE H1N1 OUTBREAK ON CORPORATE TRAVEL

Corporate travel divisions are focused on disseminating information on the illness and how to prepare for it. The biggest change in behavior is the massive cancellation of business trips to Mexico. Outside of travel to Mexico, there has been no major impact on business travel overall.

- 61% of travel managers indicated that their travelers are canceling trips to Mexico, with another 10% canceling trips to other infected areas.
- 44% are proactively informing both employees and travelers about the virus and the necessary precautions they should take.

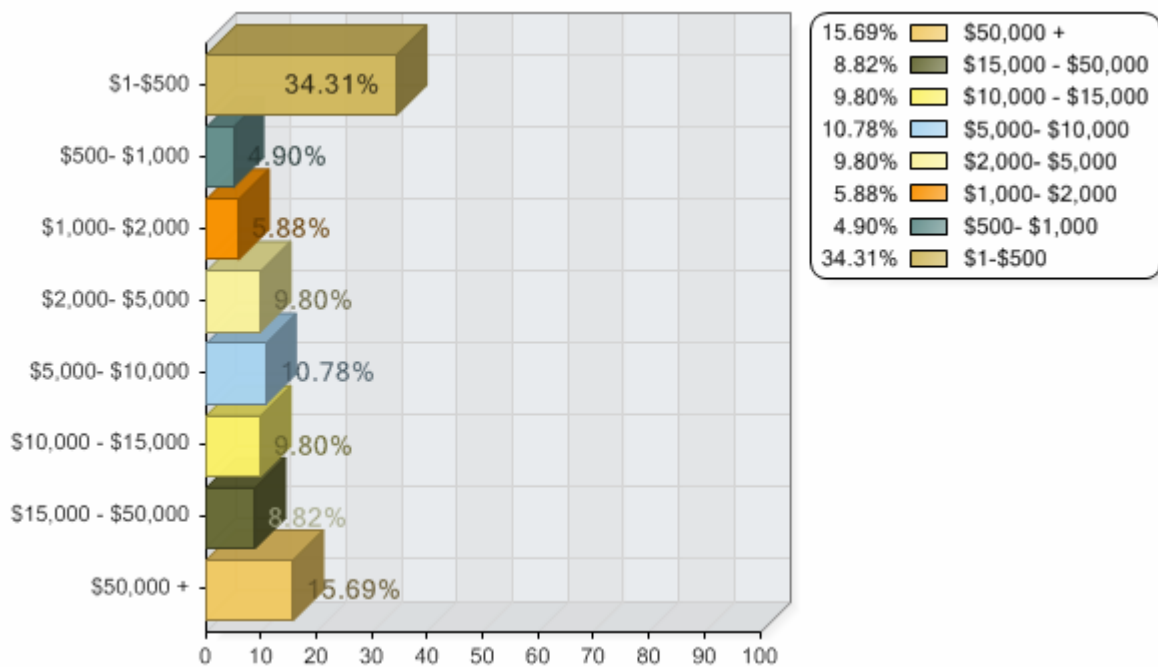
How has the Swine Flu (H1N1 Virus) outbreak affected your company and travel management? (select all that apply)		
Responses	%	Percentage of total respondents
No changes so far/ Evaluating the situation	15.93%	
Not worried	3.54%	
Doesn't affect us	2.65%	
Canceling non-essential travel to Mexico	59.29%	
Canceling non-essential travel to every infected area	10.62%	
Suggesting avoidance of travel to infected areas	30.97%	
Warning all travelers about the illness	46.90%	
Asking travelers to take precautions (wear masks, wash hands, use emergency help line, etc.)	24.78%	
As it may be pandemic, company wide warnings issued to all employees (not limited to travelers)	45.13%	
Travelers with recent trips from Mexico working from home/staying home	17.70%	
Other (please specify)	6.19%	
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

TRAVEL COSTS OF THE OUTBREAK, SO FAR

Estimated cost impacts of Influenza A (H1N1) to date vary widely from company to company:

- 34% of respondents estimate that changes, cancellations and loss of business have cost their companies less than US\$500.
- 16% estimate expenses to be higher than US\$50,000 when loss of business opportunities are taken into consideration on top of the cancellation and changes costs.

How much would you estimate this situation is costing your company in canceled meetings, rebooked trips, lost business, etc?



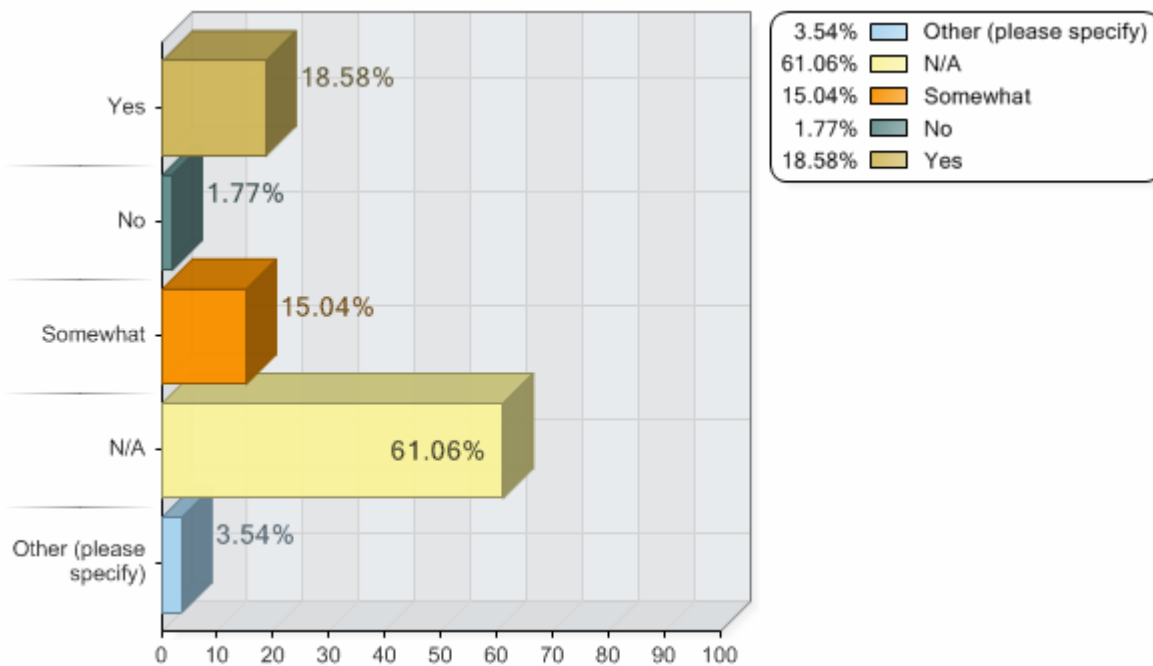
DEALING WITH VENDORS

The airlines have been very proactive in offering waivers and flexibility on changes and cancellations for travel to Mexico. Opinions on that added flexibility vary: 34% of the travel manager respondents indicate they expect to be able to work within the prescribed deadlines; 27% report that even with the relaxed rules, rescheduling trips and meetings is challenging due to the uncertainty of the progressing outbreak.

Are airlines' new rebooking policies for travel to Mexico flexible enough to help you minimize your losses?		
Responses	%	Percentage of total respondents
Yes, we are expecting to reissue tickets before the deadline	34.51%	
No, uncertainty of the severity of the outbreak won't allow us to rebook on time	26.55%	
Was not aware of such policies	5.31%	
Not applicable / Not affected	33.63%	

Hotels have also provided waivers on cancellation policies, but their impact has been minimal since most hotels normally offer more flexibility with cancellations and changes than the airlines do.

Have hotels and meeting planners being flexible enough with cancellation policies, offering refunds, adjusting meeting contracts and changing dates?



In Asia, a similar pattern in response to the H1N1 virus has been observed across the region, although some countries have noted adverse affects from the H1N1 outbreak.

- Malaysia was affected by the H1N1 outbreak when an Under 23 soccer tournament scheduled to take place in the country in June 2009 was cancelled by the Malaysian Football Association over fear for players' safety.
- The Philippines has not imposed restrictions on tourists from infected countries. Tourism secretary Joseph Ace Durano said the government will not reduce its efforts to entice tourists despite the outbreak of the H1N1 virus. "Our policy is vigilant monitoring and strict containment for suspected cases," Durano said, pointing out that the Philippines will be more attractive to tourists as a country free of the H1N1 virus. This view was supported by Rolando Canizal, director of the Department of Tourism's Office of Tourism Development Planning, who stated that the H1N1 scare may benefit domestic tourism as Filipinos may opt to travel within the country instead of going overseas.
- Taiwan's tourism industry has also reaped fruitful results from the situation. Cases of people infected with Influenza A (H1N1) virus in Asian countries, particularly Japan, have led to travelers canceling trips to affected areas and instead opting for domestic trips. The cancellation of bookings to certain parts of Japan coupled with increased tourist arrivals from Hong Kong and China helped raise hotel occupancies in Taiwan. Popular island destinations Kinmen and Matsu have actively moved to attract more Chinese tourists. Lee Chu-feng, Kinmen County magistrate, said Chinese tourists can use Kinmen as a transit and middle point for trips from various cities on the Chinese mainland to Taiwan, which will help to promote tourism cooperation with Chinese counterparts. Shares of hotels and companies in the tourism and transport sectors rose on Taiwan Stock Exchange.
- In India, president of the Indian Association of Tour Operators, Vijay Thakur, stated that 'outbound Indians are thinking twice before traveling abroad. Many are opting for domestic travel instead'. This view is supported by Regional Head-Western India, Ministry of Tourism, S Thakur, who stated that 'cancellations for travel abroad may boost domestic travel. People will either visit other foreign locations or exotic locations in India.'
- Vietnam reported that its inbound tourism sector has hardly been affected by the H1N1 virus, but several outbound tours were cancelled. Nonetheless, Vietnam's international arrivals in the first four months were reported 17.8% down due to the global economic downturn. It is hoped the growing domestic market will strengthen the industry. Hoi An, a World Heritage site, reported a 20% drop in international visitors offset by a 30% increase in domestic visitors for the first four months of the year.
- Other countries stated their preventative measures towards the swine flu as sample below;
 - o The director of the Cambodian Economic Association, Mr. Chan Sophal, stated on 29 April 2009 that Cambodia has not yet suffered any impact, but if the H1N1 virus spreads more widely, it will become a threat to the development of the economy as well as Cambodia as a whole. At present tourism in Cambodia is declining more from the financial crisis than the impact of H1N1 virus. However, Cambodia needs to promptly take preventative action to

avoid problems similar to those occurred during the SARS epidemic in 2003, stated Mr. Ho Vandy, chairperson of the Permanent Committee of the Cambodia Association of Travel Agents.

- Lao PDR's Ministry of Health announced that it would install a thermal imaging machine at Wattay International Airport to check the temperatures of arriving passengers so as to detect any presence of Influenza A (H1N1). Laos has prepared stockpiles of various resources including medication to treat viral illness.
- Acting Director of Health Services Maslina Hj Mohsin urged Bruneians to avoid traveling to affected countries and advised those who feel ill to postpone any travel.
- Hong Kong has been using infrared scanners since the SARS outbreak to monitor temperatures of visitors entering at airport and border crossings. Hong Kong officials warned residents not to go to Mexico and called for the immediate detention of persons arriving in Hong Kong with a fever and/or symptoms of a respiratory illness and coming from a city with a confirmed outbreak in the previous 7 days.

Thailand's Ministry of Public Health is ensuring that all industry sectors and individuals understand the dangers of the virus and the need for proper surveillance as key preventative measures. The ministry continues to update the public on WHO announcements of confirmed cases of influenza A (H1N1) around the world, the situation in Thailand, methods for prevention and control of the disease, advice for travelers departing for and returning from countries with on-going outbreaks of influenza A (H1N1) as well as advice for educational institutions and village health volunteers through their Public Health Advisories No.1-5. The information can be downloaded from www.moph.go.th.

Information sources

- 1) Thailand Convention and Exhibition Bureau statement on the Swine Influenza Situation
- 2) The Ministry of Health Public Health Advice No.1
- 3) The Ministry of Health Public Health Advice No.2
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- 5) The Ministry of Health Public Health Advice No.4
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- 7) The National Business Travel Association Survey Results and Analysis on Swine Flu Outbreak Impact On Business Travel

Related News

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