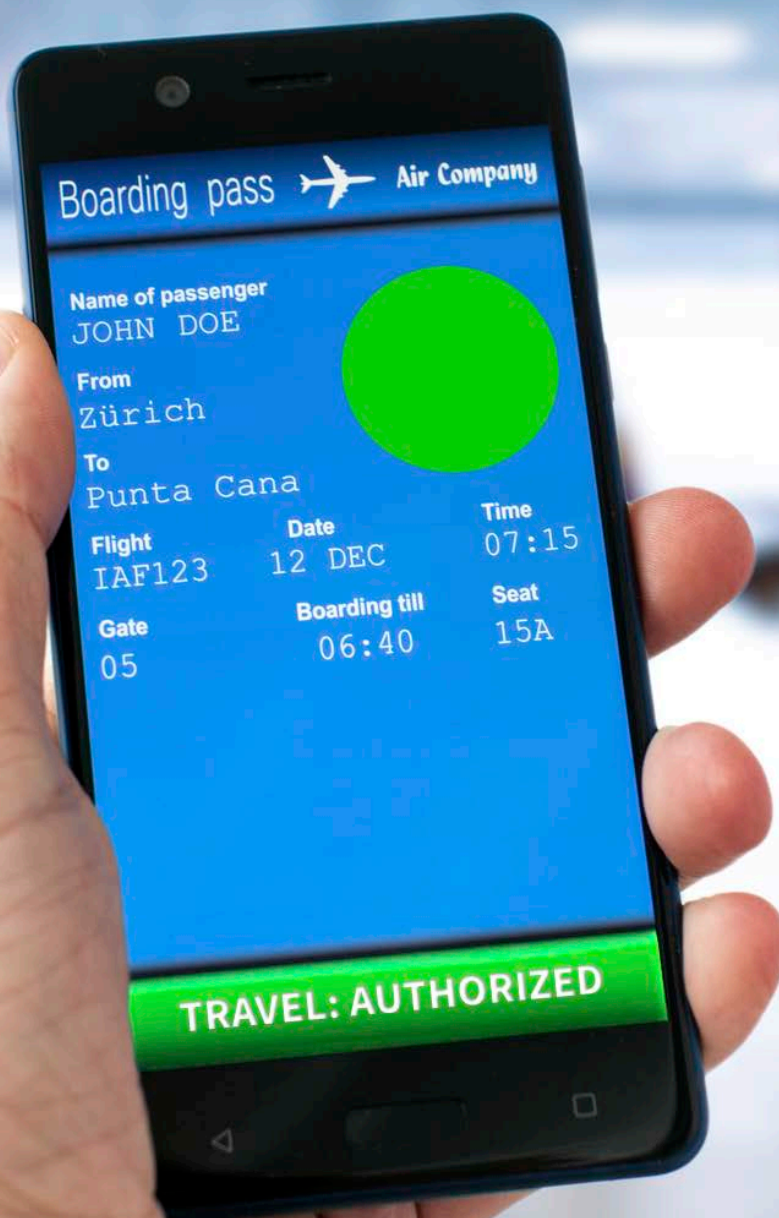


# A Post-Coronavirus Scenario for Travel and Hospitality: Where We Might be Going.

By **Woody Wade**, Scenario planning expert



**Author's note:**

In scenario planning - a foresight method for visualizing how your future business landscape could evolve - you sometimes create a “vignette”: a short, fictitious story that illustrates how this particular scenario might look and feel. A vignette can be any kind of story, from a day in the life of the CEO to the observations of a normal citizen driving to work in the morning. They're usually written to be a bit “over the top”, because exaggerating the future landscape's positive and negative features draws your attention to the differences between the present and the future.

Depending on the underlying scenario, some vignettes paint a rosy picture of the future, as it's assumed that the uncertainties will resolve themselves favorably. But other vignettes may showcase things that have not turned out so well: an indication of potential challenges ahead. Here is a vignette for our industry for the year 2023.

**Woody Wade**

Woody Wade is a specialist in scenario planning for the hospitality industry, helping companies identify and understand the trends that have the potential to change their future business landscape and thus affect their future competitiveness. He is the author of “Scenario Planning: A Field Guide to the Future” (Wiley, 2012) and “Hotel Yearbook 2036” which provocatively uses fiction as a framework for exploring the industry's very different competitive landscape two decades from now.



**Keep in mind: This is not a prediction!  
It's just a story, food for thought.**



**Scenario:**

**THE YEAR**  
**2023**

**THE PLACE**

**A hotel industry conference in Berlin**

**THE EVENT**

**A panel discussion between the heads of the WTO, a global hotel group and a major hedge fund**

**DAVE JOHNSON, Moderator:** *Good morning, ladies and gentlemen. Welcome to the Industry Leaders Panel here at the 2023 Berlin Conference. [Squints out across the room.] I see that several dozen of you have physically made it to Berlin this year - thanks for your courage! We also have over 4,000 delegates participating on Zoom, an amazing shift in the way this conference is held compared to five years ago. Let's get started! José, my first question is for you. Can you briefly bring us up to date on the current state of world tourism?*

**JOSÉ FERNANDEZ, DIRECTOR GENERAL, UNWTO:** *Well, there is some good news and some bad news. The good news is that over 90 million people have now joined the Global Travel Passport Program that we set up last year. So we're doing a good job penetrating the worldwide population of travelers, as we had hoped. We'll hit our targets this year, both in numbers of travelers and revenues.*

**MODERATOR:** *This is the program you initiated with Google, Apple and the WHO, right?*

**FERNANDEZ, WTO:** *Yes, that's right. The WHO owns and manages the worldwide database of*

*people who have been infected, tested, treated, or have the required antibodies. Our friends in Silicon Valley developed the tech aspects of the passport, and the WTO is marketing it, mainly through the remaining airlines.*

**MODERATOR:** *"Marketing" is an interesting choice of words. Isn't it mandatory to have the Travel Passport if you want to fly?*

**FERNANDEZ, WTO:** *For most airlines, yes, it is. And that is a good thing, for safety and peace of mind but also because the price of joining helps subsidize the travel sector, and they still need help.*

**MODERATOR:** *Remind us again - what does it cost?*

**FERNANDEZ, WTO:** *For a single traveler, it's 950 US dollars per year, or \$2500 for a family.*

**MODERATOR:** *Everybody here who came to Berlin by air this year will already have seen how it works, but for those watching online who haven't yet joined, tell us briefly what the program does.*

**FERNANDEZ, WTO:** *When you join, you download an app on your phone which retrieves your real-time personal health file from the WHO, which gets the data either from your local doctor or hospital, or from the NHS and similar organizations in other countries. The app has an algorithm that assesses if you can travel or not. For example, if the app shows that you've already had COVID19, COVID20 or COVID21, or if you've tested negative for any of the 3 COVIDs in the previous five days, or tested positive for the antibodies, then you are given a "green" code and are free to travel.*

**MODERATOR:** *By air, you mean.*

**FERNANDEZ, WTO:** *Air, rail or ship. Of course, you can always travel by private car even if the app codes you as "red". You shouldn't, but you are allowed to.*

**MODERATOR:** *So you flash your phone at the gate when you're boarding your plane...?*

**FERNANDEZ, WTO:** *Well, no: before that, actually. You must show that you're green when booking the trip - but the app does that for you automatically. You see, the ingenious thing is that it's also a booking engine. When you reserve a flight, it enters your personal color code, and if it's green you can continue with the booking.*

**MODERATOR:** *What happens if you're red?*

**FERNANDEZ, WTO:** *Well, when booking, the process just stops. It's like having an expired credit card. Or, if you were green at the time you booked, but by the time you check in at the airport, you've turned red, you cannot receive a boarding pass.*

**MODERATOR:** *So the idea is to keep infectious people off the plane...*

**FERNANDEZ, WTO:** *That's right.*

**MODERATOR:** *Are all the airlines still in business participating?*

**FERNANDEZ, WTO:** *About 75% so far. But there's a huge incentive for them to join, because it gives passengers confidence. Nobody wants to fly on an airline that doesn't give you these assurances! Otherwise, you could be seated next to Patient Zero for the next pandemic.*

**MODERATOR:** *Do the airlines have to pay to join the program?*

**FERNANDEZ, WTO:** *Yes, three million dollars annually - a modest amount compared to the value of knowing the passengers and crew are all uninfected.*

**MODERATOR:** *You may well be right. Now I want to ask you about another feature. I joined the program in order to make this trip to Berlin, and I noticed yesterday at the airport, the app on my phone was flashing a yellow alert all the time. Once I got on the plane, it calmed down. And then here in Berlin, it started again. My taxi driver, for example, was apparently full of the bug, as the phone never stopped flashing. I wonder, did anyone else experience something like this?*

#### **YOU MAY ALSO LIKE**

**The Most Powerful Passports In The World In 2020**

**The Future of Hotel Marketing: A Conversation with Tomorrow's Industry Leaders**

**Kerten Hospitality brings 'Talent Tank' to the Middle East**

**view all**

**[Every hand in the room goes up.]**

**FERNANDEZ, WTO:** *This is a very important function. The Passport app uses geo-location to assess your risk of getting the infection in real time. It does this based on your proximity to someone who is also in the program and*

who, according to our data, might already have the virus. It's very simple. Whenever your phone is within 2 meters of someone who is "red" in our database, you receive a risk alert. This doesn't mean you're red now, too, but can see, in real time, whether you're safe or at increased risk, and can take appropriate measures.

**MODERATOR:** Like jumping out of a moving taxi!

**MICHAEL CAPPUCCIO, MARLTON HOTELS & RESORTS:** If I can interrupt for a second...

**MODERATOR:** Yes, of course. Michael... Michael Cappuccio, CEO of Marlton Hotels & Resorts, please.

**CAPPUCCIO, MARLTON:** Marlton was one of the first hotel groups to sign on to the Passport Program, and although it's expensive, we do find it very helpful. At our hotels, you also have to be green to book a room. And we've taken this a step further: if you're red, you cannot even enter the hotel. We monitor the app of everyone right at the entrance, and even if you're green, we also take your temperature.

**MODERATOR:** How many people do you turn away?

**CAPPUCCIO, MARLTON:** It varies from place to place, but the average is about 1 out of 30.

**MODERATOR:** Is it possible to cheat, José? If I know I'm red and I borrow someone else's phone to get onto a plane or past security at the hotel...

**FERNANDEZ, WTO:** Not with facial recognition, no.

**MODERATOR:** Michael, back to you. What happens if a guest arrives, flashes a green code but he has a fever?

**CAPPUCCIO, MARLTON:** If you're green but have a fever over 38° C, we send you to a special testing station located on the hotel premises, but not in the building. It's the new one-minute test. If you're negative, you can check in. If you're positive, I'm afraid you can't.

**MODERATOR:** But Michael, based on your company's "asset light" strategy, you actually only own a relative handful of the properties that fly the Marlton flag around the world. The vast majority are owned by franchisees and other investors. Do they have no say in who at least is allowed to come through the door?

**CAPPUCCIO, MARLTON:** No. This process is now written into our standards, across all 14 of our brands, worldwide.

**MODERATOR:** Interesting. And very thorough! Let's come back to you, José. You said you had good news and bad news. I forget now - was this the good or the bad?

**FERNANDEZ, WTO [laughing nervously]:** That was the good news. The Global Travel Passport Program is up and running - and it is making us all safer!

**MODERATOR:** All that was the good news?? Whoa! So what is the bad news?

**FERNANDEZ, WTO:** Well, before the Travel Passport system went live, we had a couple years where - as you'll all remember - the world divided into two camps. One couldn't wait to get back on a plane and fly off on vacation. But the second camp was quite reluctant. We believe these people were weighed down by a whole raft of anxieties. They had legitimate concerns for the spread of the virus, but according to some studies we commissioned, they also felt jealousy and resentment toward those who wanted to get back in the game. They saw travelers as rich, entitled folks who were endangering the rest of us - and they

*believed most travel simply should not be allowed. This was the camp that we witnessed demonstrating at airports and hotels back in 2020 and 2021... It was an interesting - and*

*frustrating - psychological reaction.*

**MODERATOR:** *Back then, most people in the travel industry expected demand would bounce*



*back quickly - we just had to get through COVID19....*

**FERNANDEZ, WTO:** *Yes, and it did start to pick up again - and then we got hit with the COVID20 wave. People were afraid to sit in a long metal tube for eight hours with 200 other people who might be sick.*

**MODERATOR:** *Yes. How many airlines ended up going out of business? What's the latest number?*

**FERNANDEZ, WTO:** *I can't say exactly, but counting smaller regional airlines, it's around seventy or eighty.*

**MODERATOR:** *Terrible for that industry. And for travelers. What about the travel destinations themselves?*

**FERNANDEZ, WTO:** *Countries that have been dependent on the tourism industry but are geographically isolated and can usually only be reached by long-haul flights: well, they've suffered terribly. Especially popular island destinations like the countries of the Caribbean, the Canaries, Bali, Maldives, Seychelles... Arrivals in some of those places dropped by over 95%. Thousands of hotels and restaurants closed and never reopened. You can imagine the jolt to the local economies.*

**MODERATOR:** *Have any destinations done well - relatively speaking?*

**FERNANDEZ, WTO:** *Tourism has been down everywhere, but there are some destinations like Switzerland or Dubai that haven't suffered too much because even though tourism is an important component to their economy, it's not the only sector that keeps the country afloat. Moreover, Switzerland can be reached by car - and that is how most Swiss-bound tourists arrived in the last two years. Our analysis shows that tourism has shifted from*

*intercontinental to regional. If you can't fly, some vacationers are willing to drive 12 hours or more to reach their holiday destination.*

**MODERATOR:** *Sure - just like when I was a kid! Every couple of years, my family loaded up the car and we drove from upstate New York to Florida. It took two days, but the drive was just part of the experience.*

**FERNANDEZ, WTO:** *It is doable, but it's not for everyone. With our Global Travel Passport scheme, people will eventually start to return to these places by air, but so much damage has already been done. Airlift has been slashed. On some Caribbean islands, there's not a single hotel open that anyone at this conference would probably want to stay in. Hotel inventory, restaurants, leisure activities - all wiped out.*

**MODERATOR:** *And is it coming back? Do investors at least see the potential for these places to become what they once were? Let me ask that question to you, Heinz Petersen. Your hedge fund is one of the biggest investors in the hotel industry worldwide. Are you investing, or planning to invest, in these destinations?*

**HEINZ PETERSEN, CEO, THE CRACKSTONE GROUP:** *We're looking closely at your sector, and speaking with industry leaders, but for now we aren't making any moves.*

**MODERATOR:** *So: nothing yet. Why not? There must be dozens, if not hundreds, of exquisite hotel properties - even entire companies - that you could buy now at fire sale prices.*

**PETERSEN, CRACKSTONE:** *If all we were looking for was a good hotel that we could buy and bring back to life, of course - such properties are sitting all over the world right now. But you have to understand that these hotels do not exist in a vacuum. The entire tourism ecosystem in their setting is broken and needs to be rebuilt. As investors, we*

have to look at this big picture. Like José said, you've got airlines that don't fly to these places any more. Can Crackstone fix that on our own, too? No. We're not in the airline business. Somebody else has to make that happen - and it's a chicken and egg scenario: who moves first? On the same note, many local economies are simply wrecked. They suffered a blow that will take years to recover from. Can Crackstone fix that? Get these places back on their feet, people employed again, restaurants functioning, services, local transport - all the things tourists need and want? No. Not alone. To top it all off, you've got governments in these places that have gone to the wall. They're broke. The virus took every resource they had, and more. There's going to be no infrastructure spending in some of these places for a generation. Roads, airports, bridges, hospitals, schools... Somebody might come in... the World Bank, the G7, I don't know. But even that will mostly be in the form of debt; and that will keep these places down for another forty years. I'm sorry to say, you can't just buy a beautiful hotel in these places, hire Marlton or some other great brand to flag it and operate it for you, and then sit back and watch the tourists roll in with their money. First, you have to repair the whole country. And as rich as Crackstone is, we aren't able to do that.

**MODERATOR:** What about other hotel investments? In places not quite as devastated as these destinations?

**PETERSEN, CRACKSTONE:** Travelers are coming back. We see growing demand, but it is not intercontinental travel right now. People want a vacation experience closer to home. Business travel - well, early on, it collapsed entirely, as we all know. We don't see it coming back very strong yet - and maybe it never will, thanks to virtual meetings and all those new ways of working we got used to the last couple of years. I think we'll be lucky if we see business travel get back to even 50% of what it used to be.

**MODERATOR:** Michael, let me ask you about that. Marlton is one of the biggest hotel companies in the world, with 6,000 properties worldwide. How much do your executives travel now?

**CAPPUCCIO, MARLTON:** I'll level with you all. Our own travel is down 70% compared to 2019. We learned to get by with virtual meetings, like everyone else did. And frankly, a lot of our executives said No to travel. They're just as concerned about health risks as anybody else.

**FERNANDEZ, WTO:** You must sign up for the Global Travel Passport! Then there are no worries!

**CAPPUCCIO, MARLTON:** José, of course you're right, and as you know, our company supported it from the outset. But let's face it, one of the apparent consequences of all this - including the launch of your Passport Program, José - is that travel is once again going to be a perk enjoyed mainly by the wealthy. Pay an annual fee of 950 bucks just for the right to fly? Not everyone can afford that. You say you've got 90 million people already signed up, and I congratulate you. But as a percentage of the people who would like to fly, what is 90 million? Maybe 5%? I'm sure many more will eventually sign up, but how many of the world's previous travelers won't be able to? Half? I don't know, but I can tell you this: It won't be the wealthy half of the world that foregoes travel. It will be everyone else. We're un-democratizing travel. Even putting aside the Passport costs, travel is going to get more expensive. With the demise of literally all of the low-cost carriers and 60 or 70 other airlines, we all know that the cost of a plane ticket is going nowhere but up. Even with oil at \$8 a barrel. So our message for the people who used to fly is, "Into the car with you, and off to Florida! Drive safely!" Like you did as a kid, Dave. Once every couple of years, maybe. No, what we're seeing is that the



*relatively rich will be the travelers of the future. Everyone else - well, it was nice while it lasted.*

**MODERATOR:** *Surely there are wonderful travel experiences to be had that don't require a plane trip...?*

**CAPPUCCIO, MARLTON:** *Of course! But the whole trip is going to get pricier, not just air travel. You are also going to have to budget more for staying at a hotel now. Why? Because our revenues are going down and our costs are going up - way up. If we face a profit squeeze, we're going to put up our prices. And we can, because we know the wealthy can afford it.*

**MODERATOR:** *How are your profits being squeezed?*

**CAPPUCCIO, MARLTON:** *Lots of ways. We have a policy that a room needs to be empty for 48 hours between guest stays, so we can thoroughly clean and disinfect it - obviously, that reduces revenue. Money makers like buffets and mini-bars are all gone now. Banquets, weddings. On the cost side, testing, cleaning, disinfecting... a zillion gloves and face masks... this is all very expensive. Our companywide budget for virus testing alone is over 70 million dollars a year. Why so much? Because we have to have trained staff to do this properly, on call 24 hours a day - in 6,000 hotels.*

*Security and surveillance costs are higher. More people, more drones. And we've had to convert thousands of swimming pools to patios!*

*And lastly, we shouldn't forget that guests need to see all this cleaning and disinfecting happening in front of them, or they may not believe you've actually done it. So there's a kind of "security theater" we have to carry out that we've integrated into our standards - and that costs more in time, training, materials and additional*

*staff. All of this adds up, and it all means we have to charge higher room rates.*

**I'll also just add, our fee to be part of the WTO Global Travel Passport scheme is ten million dollars a year. (Thank you, José!)**

**MODERATOR:** *And legal costs, Michael? Tell us about this court case we've all been reading about.*

**CAPPUCCIO, MARLTON:** *Well, I can't comment on the case, as it's still ongoing, but the essence is this. About a year ago, 200 people who contracted COVID21 traced the infection back to one of our hotels. Although they all lived in different cities, they had all stayed at this particular hotel at approximately the same time. They filed a class-action lawsuit against us. Their experts are trying to show that the virus was spread through the hotel's air conditioning system. And that we were of course "negligent", and therefore liable.*

**MODERATOR:** *What happens if you lose that suit? How much will you have to pay?*

**CAPPUCCIO, MARLTON:** *You know I can't talk about that, Dave.*

**Author Woody Wade has developed a 1-hour e-course to help you use a scenario planning approach to visualize your company's potential post-Coronavirus landscape. For more information: <https://bit.ly/2wRMNUF>**

HospitalityNet is the world's #1 ranked website for the global hospitality community. Recognized as the most influential industry trade publication,



HospitalityNet attracts the largest number of unique visitors, page views and targeted subscribers through its unparalleled network of sites and partners. Since its inception in 1999, HospitalityNet has been regarded as the most trusted source for industry leaders and experts to connect, share, and learn. Content is distributed to a network of partner sites and associations including HFTP, HSMAI, and HITEC, and supports all facets of the business including opinion articles, press releases, appointments, events, job openings, webinars, reports, sponsored content, and digital advertising. HospitalityNet has the most innovative publishing and distribution technology, as well as robust reporting capabilities to ensure clients can maximize their marketing ROI and measure their success. [www.hospitalitynet.org](http://www.hospitalitynet.org).