

The Future of Tourism Industry in Arizona in the Era of COVID-19

Tourism Scenario Planning Focus Group

Summary Report

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The research team would like to thank all the participants for their valuable time to share their expert insights.

The Future of Tourism in Arizona

The world is experiencing unprecedented challenges from the COVID-19 pandemic that will likely reshape the global tourism landscape. There is much uncertainty about reopening the tourism industry during COVID-19, particularly in the absence of a vaccine. The post-COVID tourism environment is also currently ambiguous given the absence of comparable scenarios. To reduce uncertainty, society is anxiously awaiting greater levels of testing and an effective vaccine. Most U.S. states and many countries are slowly relaxing their stay-home-orders and lifting the lockdown to re-open the economy so that people can earn wages and businesses can generate revenues. Social/physical distancing, localized or partial lockdown, and other public health measures are the suggested protocols until an effective vaccine is manufactured for everyone. Given the level of uncertainty related to multiple dimensions, the future outlook for tourism in Arizona, like most states, is still unknown. The pandemic hit during Spring Break and the desirable spring climate and is lingering into the popular summer vacation season, which is particularly relied on by the northern part of the state that boasts popular attractions like the Grand Canyon, Navajo Nation sites, and Colorado River destinations such as Parker, Lake Havasu, and Page.

A virtual scenario planning session was conducted by a research team from the Center for Sustainable Tourism at ASU's School of Community Resources and Development to identify all possible uncertainties and develop possible scenarios. The session was attended by 24 participants. The scenario planning focus group participants represented various organizations, such as public land management agencies, the tourism industry, destination management organizations, and experts in various fields, including public health, transportation, travel and tourism, and epidemiology. During the focus group, participants engaged in brainstorming to decipher the essential factors that will determine the recovery and future of tourism in Arizona over the next one to two years. The responses were recorded and shared with the participants. Then through a guided process, we organized the factors into six critical drivers, including public health status, the performance of the economy, destination availability, government policy, consumer confidence, and leadership communication.

Table 1. Six Critical Drivers

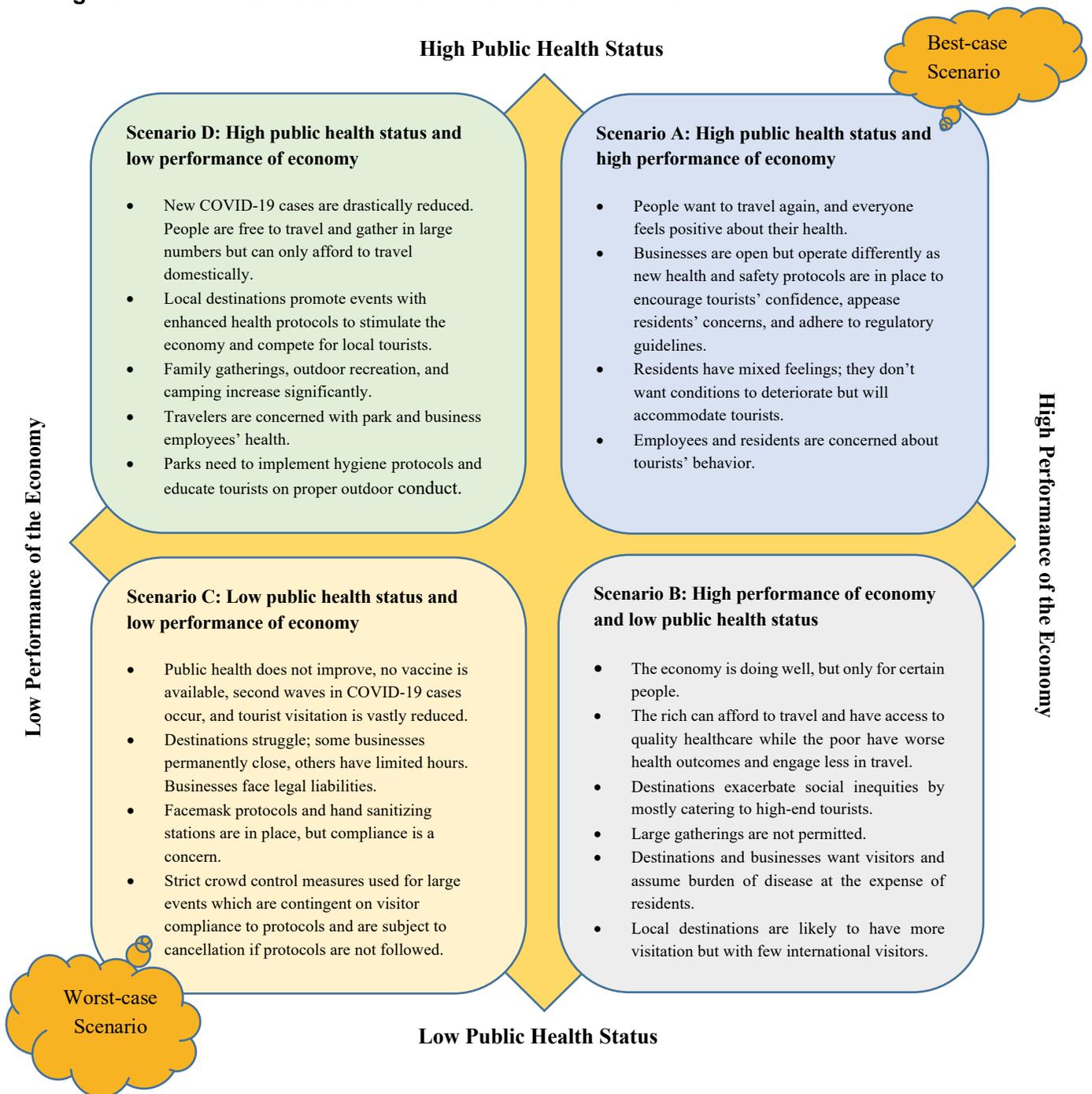
Critical Drivers	Related Factors Determining the Future of Tourism
Public Health Status	 <p>Development of an effective vaccine, decrease in cases, survival rate, local public health guidance, worker and resident safety, technology innovations, and airline protocol.</p>
Performance of the Economy	 <p>Prices, airline survival, disposable income for travel, small business resilience, and amount of business travel.</p>
Destination Availability	 <p>Resident and traveler perceptions, consumer trust, policies of private businesses, and availability of sporting events.</p>
Government Policy	 <p>Open borders, social distancing requirements, and number limits for gatherings.</p>
Consumer Confidence	 <p>Fear, psychology, decrease in cases, shift in visitor experience, validation loop, and trust.</p>
Leadership Communication	 <p>Travel etiquette, accuracy of information, leadership messaging, marketing, interagency collaboration, and trustworthiness of messaging.</p>

Scenario Development

The focus group participants ultimately agreed that the two most important and most uncertain critical drivers for the future of tourism in Arizona were **public health status** and **performance of the economy**. Using these two critical drivers, four possible scenarios were developed to describe what tourism might look like under such circumstances. The four scenarios included a best-case scenario where both performance of the economy and public health status were high,

two mid-level scenarios where either performance of the economy is high and public health status is low or economic performance is low and public health status is high, and a worst-case scenario where both performance of the economy and public health status are low (Figure 1).

Figure 1. Four Possible Scenarios for the Future of Tourism in Arizona



Scenario Descriptions

Scenario A: High public health status and high performance of economy

In this best-case scenario, people generally feel positive about their health and want to travel again. At tourist destinations, businesses are operating at normal hours, employees are coming back to work, and new health and safety protocols encourage consumer confidence. Residents enjoyed the peace and quiet during the lockdowns and have mixed feelings about tourists returning, as do local employees, but are willing to accept resumption of tourism activities. Residents and employees are worried about further outbreaks and whether tourists will behave responsibly. Business owners are cognizant of these mixed feelings and strive to balance the needs of both tourists and residents. All industry sectors must abide by new health and safety guidelines and businesses communicate their compliance to these guidelines with the public. Capacity limits are still gradually being removed which have reduced customer numbers in business establishments and the movement of people using various transportation services. Business revenues are expected to be lower than pre-crisis levels for the present time. Heavy impacts on public lands are also expected as people look more to outdoor recreation activities.

Scenario B: High performance of economy and low public health status

In this scenario, the high performance of the economy and low public health status result in social inequalities where the rich have better health outcomes due to their higher access to quality healthcare and can afford to engage in travel while the poor have much worse health outcomes due to low access to healthcare and cannot afford to engage in travel. Product availability at destinations reflect these social inequities as destinations cater to wealthy travelers with high-end products. Poor health outcomes are disproportionately present among the lower economic strata of society where people need to work and save their money for

medical treatments, impeding their ability to travel. Large gatherings, such as sporting events, are not permitted because of the low public health status. As destinations want to attract tourism dollars, businesses are open, and destinations assume the burden of disease at the expense of many residents who do not benefit from tourism. Some large tourism businesses, such as Disneyland, may need to help to reduce this burden of disease by offering their own medical clinics to service tourists.

Scenario C: Low public health status and low performance of economy

According to this worst-case scenario, COVID-19 cases and their associated deaths continue to mount as a “second wave” of infections occurs and the death count in Arizona surpasses 3,000 by October 2020. Exacerbating the low public health status is a severe economic recession where many businesses, including restaurants, bars, and hotels, have either closed or need to operate under limited hours. Many hotels that were under construction prior to the pandemic are now finished and have hired staff but need to delay their opening date while waiting for conditions to improve. To contain the virus, strict regulations that require people to wear facemasks, businesses to install hand sanitizer stations, and large events to strictly control crowds are in place, yet only 25% of the general public complies with these regulations while the other 75% do not comply, which forces governments to consider more strict policies. Higher hotel prices are also now in place to offset the higher cost of doing businesses in a pandemic and research is needed to better understand consumers and the potential market within driving distance. The airport is still open though fewer travelers are choosing to travel by air and airlines are fearing possible bankruptcy.

Scenario D: High public health status and low performance of economy

Since public health status is high but economic performance is low in this scenario, many Arizona residents must cancel their international travel plans and instead travel domestically to save money. Local destinations try to attract visitors in this kind of situation from the local market and must compete with each other. To build customer loyalty, destinations offer discounts and vacation packages that involve local businesses and cooperate with other nearby destinations. Camping and other outdoor recreation activities are substantially increasing as would-be international travelers are deciding to travel closer to home and explore the outdoors. Residents of destination communities are more willing to accommodate tourist crowds given the slow economy and are even seeking jobs in the industry. As a means to stimulate more visitor spending, local destinations are promoting more events with added social distancing protocols. This shift in travel behavior has resulted in increased traffic to local parks and other recreation areas, increased safety and hygiene protocols, and concerns among travelers about employees' adherence to these protocols.