

The route to resilience

Solid customer service will win the day

The past two years have seen businesses globally take a journey through unprecedented levels of uncertainty as they made sense of the Covid-19 pandemic and its impact on their business models.

The travel sector was no exception. Indeed, according to Gary Lewis, CEO of the UK's professional membership body, The Travel Network Group, travel agents and operators – along with airlines, airports and cruise lines – were at the forefront of the upheaval.

"Economically, our industry was the first into the crisis, and we have been the last out of the crisis," he says. "In February 2020, we were talking about it; yet by March we were contemplating losing 70% of our members forever if we had zero revenues for six months."

The introduction of furlough, grants and approved loan schemes enabled travel companies to simply survive, only for a second lockdown to take hold after Christmas 2020.



Case study

Gary argues that this was emotionally harder to deal with because the hope and expectation was a recovery by January 2021. "Other industries when locked down were able to benefit from furlough. Travel companies had no new customers but a huge legacy of cancellations and refunds that brought all the complexities of communicating, rebooking and refunding. Therefore, we had to keep employing our teams and only partially benefitted from furlough. A new lockdown meant more of the same and no immediate prospect of cash profits.

"It is important to remember the distinction between travel and nearly every other sector, that when travel stops, profits already accounted for and spent have to be refunded and the teams need to be working to complete those refunds."

Standing strong

Despite such pressure, the travel sector in the UK has remained remarkably resilient to date. CBIL loans, grants and furlough, says Gary, were essential for keeping businesses afloat. Refund credit notes, in particular, became essential to keeping businesses alive.

But how have businesses been responding strategically to ensure the sector remains firm?

"The most important thing is understanding your future cash requirement," says Gary. "This will take into account those bookings that are going to land, as well as your new bookings coming down the pipeline. Cash is even more important now, while the market returns."

A sense of realism is also required, Gary adds. "The whole market is under a layer of debt that is unprecedented. Many small businesses relied on bounce-back loans that had terms of repayment from early 2021 – when they still weren't earning any profit."

With the end of a number of amnesties in businesses' VAT, salary, tax and National Insurance liability, he says, there has already been a push across industry to ensure a structured repayment plan that is flexible enough to cope with the recovery.

The future is customer-led

After being confronted with the 2008 financial crisis, as well as the 2010 Iceland ash cloud crisis and instances of regional terrorism, the travel sector remained strong, according to Gary. The pandemic, he continues, has been the ultimate challenge for travel businesses, as customers still wanted to travel. However, their plans were often thwarted due to different lockdowns and restrictions imposed on international travel, as well as confusion given the many different entry requirements from the destination countries.

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There are a number of priorities he proposes to shore up the sector, to help cope with future headwinds. Cash and controlling costs are clearly high up the list, and always a key focus for individual travel businesses is how they gain market share.

"You can't control how big the market is, but you can control how well you are doing within it," he argues. "It's about listening and responding to your customers' needs and demands and making sure you can transition from the protect-and-survive behaviour into proactive customer engagement and business-as-usual practice.

"You have to be positive when competing in any market – and the fact the travel industry is opening back up with confidence and the pent-up demand is starting to materialise, means travel is once again a very exciting place to be."