



RESPONSE TO CORONONA VIRUS – COVID-19
HCI PRALLY CALLS
877-256-0794

PTO RALLY CALL - March 25, 2020

Purpose of the call:

Identify ways that PTOs are being affected by the Covid-19 crisis.

Everyone agreed that the bankers are very easy to work with and seem to be very understanding of the challenges the PTOs face in making changes and refunding payments. Generally speaking, all trips are cancelled through April 30, 2020 with the expectation that this will likely continue through the rest of the Spring. Most of our PTOs are recommending booking into Q4 – 2020 or 2021. While they hope they will not have to cancel trips in Q3 – 2020, they would rather move later to avoid having to change again.

We had 9 PTOS on the call representing 7 PTOs addressing these questions:

I What decisions are HCI bankers making about their cancelled trips?

- ✓ Anywhere from 70%-50% are rebooking the cancelled trip for a future date and the rest are getting full refunds.
- ✓ Most are rebooking for Q4 – 2020 at the earliest.
- ✓ At least three things that were discussed with longer term rebooking efforts:
 - China remains very difficult. As China has opened up some of its own domestic travel, they have closed their borders to any inbound business from outside China.
 - Oberammergau – The Passion Play held in Germany every 10 years has been postponed to 2022
 - Large Cruise Ship cruising will likely take longer for the market to return, which is driving small ship and river cruising to be better.
- ✓ The banks appreciated that the PTOs contacted them early and often to keep them informed.

II What options are you giving HCI bankers for their cancelled trips?

It is important to understand that every time a trip cancels, the PTOs suffer losses. At the least, it is any profit they would have made on the trip. At worst, it may be many deposits and payments they have made that they can't get back.

All of our PTOs want all of our bankers to rebook any trip that needs to be cancelled. Or, at the very least, book another tour to another destination that might substitute for the losses for the cancellations.

Having said that, all of our PTOs understand that the customers will ultimately make the final decision if they want to travel at a different time once a trip cancels. They also understand that the bankers expect to be able to get a cash refund for those guests. While each PTO has its own policies, they are united in trying to do what is best for our bankers.

In general, these are the options our PTOs are giving our bankers:

- ✓ Rebook the same trip at a later date. In most cases this includes protecting the same price of the trip to the new dates. All monies would be applied to that new date.
- ✓ Book a new tour to another destination to substitute for the one that cancelled. All monies would be applied to that new trip.
- ✓ In some cases, PTOs are giving incentive to keep your money with the PTO and book on a future trip by applying a future value between 105% even as high as 125% in unusual cases.
- ✓ Last of the preferred choices for the PTOs is a cash refund. Some will give 100% cash refund with no exceptions. Some will deduct any cancellation protection insurance premiums that might have been paid. Some will provide airline credit when air tickets have already been purchased since the airlines are not providing cash refunds. And some may have other restrictions. Check with them individually to be certain you know what to expect.

III What is the pace of 2021, 2022 new bookings by HCI banks right now?

- ✓ Since 2021 is filling with moved 2020 business, there is only so much new business they can book
- ✓ then it might be that it will pick up 2022.
- ✓ It is slow to get bankers to respond to new business as there is just too much unknown
- ✓ Seeing a little uptick for 2021 – kind of hit or miss.
- ✓ Too soon for International travel. No idea how long this will take, especially Asia

IV What does your crystal ball tell you?

- ✓ Pent up travel demand will return as early as Q4 – 2020 and all of 2021
- ✓ HCI banks should be booking lots of new business for 2022 after all of their postponed business moved from 2020 to 2021.
- ✓ Those banks that did not suffer cancellations in 2020, should be on the same path for 2021.
- ✓ Generally, belief that Large ship cruising will be longer recovery. Paving the way for small ship cruises and river cruises to do well.
- ✓ One cause for concern is the new fear the older population feel due to COVID-19 being dangerous for that generation. As that is the generation that travels the most with our bankers, there may be some residual concerns about exposure to sicknesses like the Coronavirus.
- ✓ PTOs generally feel there will be lots of pent up demand for travel with the US and Canada doing particularly well as Europe, Asia, Australia recover.
- ✓ Travelers are likely to want to stay close to a health care system they trust.
- ✓ Including domestic travel especially – Freedom. Sees Canada doing very well also. I at least want good health care if I am going to travel

The PTOs remain very supportive of HCI and our member banks and are willing to almost anything to help in any way they can. This includes continuing to participate in the RALLY CALLS and being willing to join in on future calls with our bankers.