

MYRANGGO

YOUR HOSPITALITY HUB

Status of the Philippine Hospitality & Tourism Industry September 2020

We surveyed Philippine Hospitality & Tourism owners to uncover how the Tourism Shutdown is affecting their business.

An illustration within a large dark grey circular frame. In the background is a multi-story hotel building with a sign that says "HOTEL". In the foreground, a woman with long red hair, wearing a teal top and black pants, and a man in a black suit and tie are walking. Both are wearing face masks. The woman is on the left, and the man is on the right, carrying a brown briefcase.

“Hoping to survive until the tourists come back”.

“We would like a loan but thinking how can we pay it back if there are no customers”.

Introduction

In September 2020 MY RANGGO launched its 2nd survey, specifically for Hospitality and Tourism owners to establish how the COVID-19 Tourism Shutdown is affecting their business.

8.26 Million Tourists visited the Philippines in 2019; a 15.24% growth on 2018's visitors. The tourism sector has, up until 2020, been a key economic driver of the Philippines with tourism revenue reaching a total of USD9.31 billion, in 2019.

Whilst a number of Tourism-based surveys have been launched in the Philippines, the majority focused on Industry Recovery or Confidence.

MY RANGGO felt it was equally important to hear the concerns, experiences and realities of the people who own Hospitality & Tourism Industry Businesses.

MY RANGGO is an internationally distributed in-print, online and digital magazine for the Hospitality & Tourism Industry in the Philippines.

You can read MY RANGGO's 1st Survey, undertaken in June and July 2020 here:

<https://myranggo.com/in-the-news/news-2020/sentiment-survey/>

“We would like to loan however we are also contemplating and thinking how we can payback if there are no customers”.



“Our land owner lets us pay half of the amount of the rent, and we will pay half of the rent when everything reopens”



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Status of the Philippine Hospitality & Tourism Industry September 2020

Following on from our first survey, which asked staff and owners how COVID-19 and ECQ had affected them, MY RANGGO wanted to gather further information from the businesses at the heart of the Philippines Hospitality and Tourism Industry.

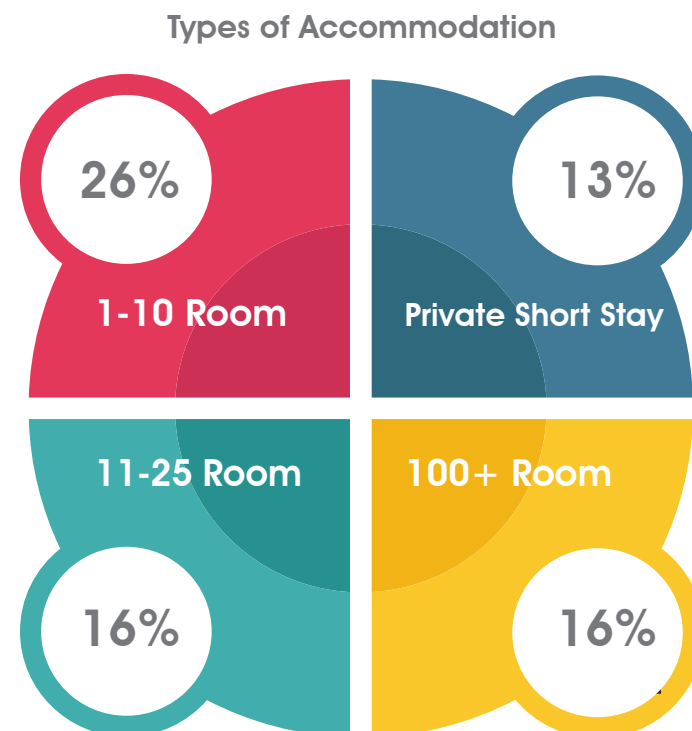
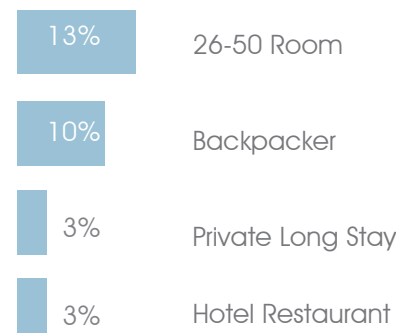
A total of 88 People took our second survey, with 81 survey completions. We had no responders for the following Regions:- Region 1 (North Luzon), Region 2 (Cagayan), Region 8 (Eastern Visayas), Region 9 (Zamboanga) or Region 11 (Southern Mindanao).

Only the 81 surveys completed in full are included in this report.

Business By Type

38 Hotel/Accommodation Business owners completed the survey. With businesses located in Region 3 Central Luzon, Region 4 MIMAROPA, Region 6 Western Visayas, Region 7 Central Visayas, Region 10 Northern Mindanao and Region 13 Caraga.

Types of Accommodation

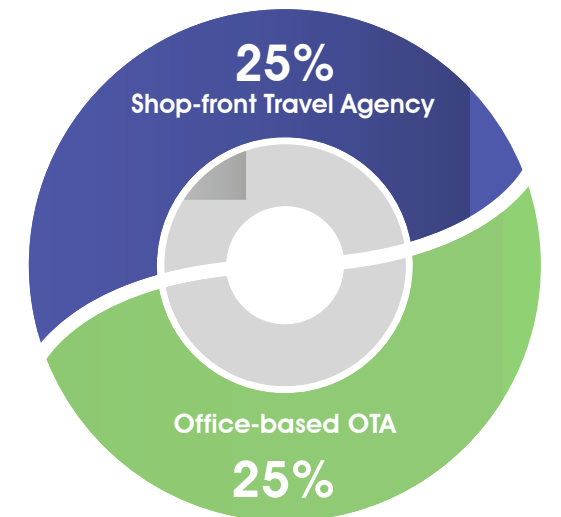


20 Travel Agencies completed the survey from Region 3 Central Luzon, Region 4 Calabarzon & MIMOROPA, Region 7 Central Visayas, Region 12 South Central Mindanao and NCR.

Travel Agency by Type



Travel Agency by Type



7 Tour Operators completed the survey from Region 4 Calabarzon & MIMOROPA, Region 5 Bicol, Region 6 Western Visayas and NCR.

7 Bars & Restaurants all from Region 6 Western Visayas completed the survey.

3 Shops, all from Region 6 Western Visayas took part; 2 Tattoo Shops and 1 Boutique Shop.

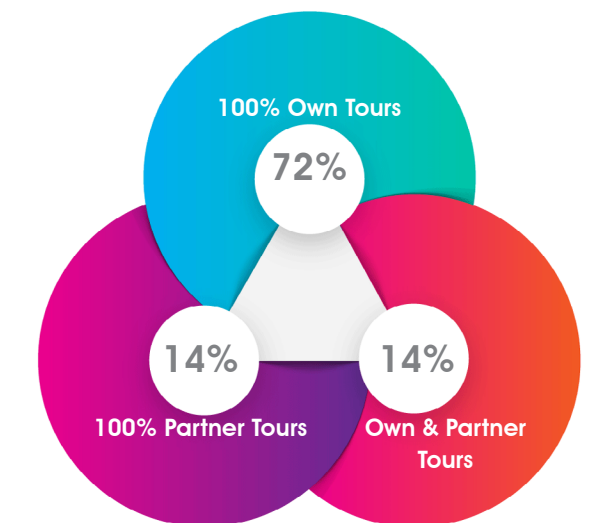
2 Event Photographers from Region 6 Western Visayas completed the survey; both conduct photos and videos for pre-nups, weddings, events, and on-location family photo shoots.

1 Software Solutions business for nationwide Hotels, Restaurants, Bars etc from Region 3 Central Luzon took part.

1 Digital Marketing Company for nationwide Hotels and Tour Operators, located in NCR.

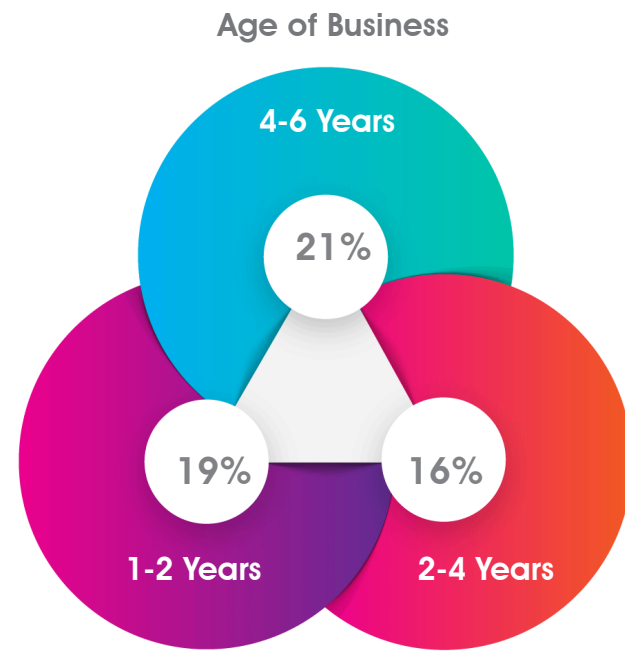
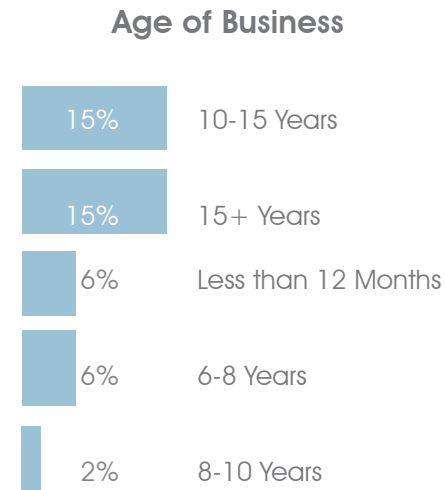
1 Spa Owner and 1 Supplier from Region 6 Western Visayas completed the survey

Tour Operator Type



Businesses By Length Of Operation

21% of the Businesses taking part had been operating for 4-6 Years, whilst 19% had only been open 1-2 Years.



Business experts give a guide of 2-3 years in operation, on average, before a business starts to break even. It can be surmised that 40% of those answering the survey, were either only just beginning to make a profit or hadn't even reached that status before COVID-19 hit, and they were required to shut down. Those businesses that have been open for less than 4 years could be considered most at risk, in terms of surviving closure for 7 months.

Only 2 out of 32 Businesses (6%), which fall into the category of 4 years operation or less have closed, or will close:

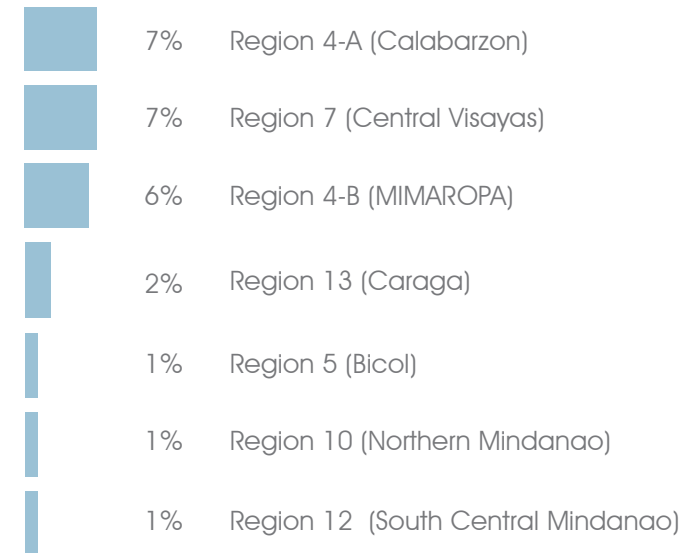
- A Region 3 Backpacker Resort, operating for 2-4 years
- A Region 4b Shop-front Travel Agency open less than 12 months

The older businesses were more likely to have closed permanently, 7 out of 25 businesses (28%) that had been in operation for 8 years or more. All were located in Region 6 (Western Visayas). More than half of those who took part in the survey have a business in Region 6.

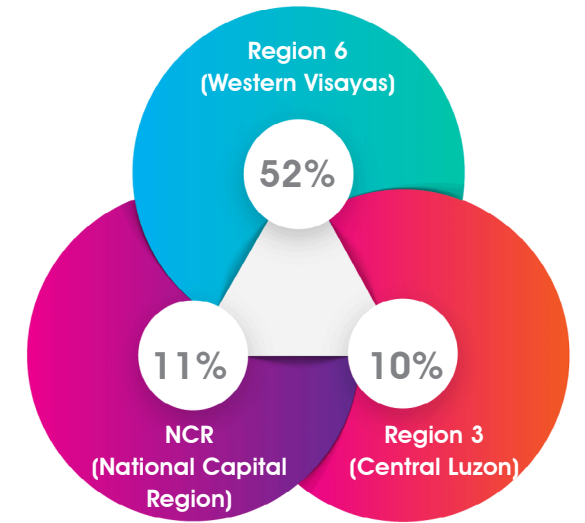
- A 15+ year old Hotel (1-10 bedrooms) plans to close permanently
- A 15+ year old hotel (1-10 bedrooms) plans to close permanently
- A 15+ year old hotel (11-25 bedrooms) plans to close and sell their building
- A 10-15 Year old Hotel (11-25 Bedrooms) is trying to sell their business and the remaining years on their land lease.
- A 15+ year old hotel (26-50) is selling their land and premises and intend to close their business.
- A 15+ year old Tour Operator, is selling their land and premises and intend to close their business.
- A 15+ year old Long-stay Accommodation business is selling their land and premises and intend to close.

Businesses By Region

The following Tourism & Hospitality Business owners took part in this survey.



Top 3 Regions



Region 3 - Central Luzon: Eight Businesses completed the survey

- 1 Backpacker 2-4 Years
- 1 1-10 Bed Hotel, 2-4 Years
- 1 11-25 Bed Hotel, 6-8 Years
- 2 Home-based Online Travel Agents, less than 12 Months & 4-6 Years
- 1 Shop-front Travel Agent, 6-8 Years
- 1 Shop-front & Office based Online Travel Agent, 1-2 Years
- 1 Software Solutions, 10-15 Years

Region 4A - Calabarzon: Six businesses took part in the survey from Region 4A.

- 1 Tour Operator; 2-4 Years, 100% Own Tours, 41-60 pax a day
- 2 Office-Based Online Travel Agencies, 2-4 Years & 4-6 Years
- 1 Office & Home-based Online Travel Agency, 4-6 years
- 1 Shop-front Travel Agency, 2-4 Years
- 1 Shop-front & Online Travel Agency 4-6 years

Region 4B - MIMAROPA: Five business owners took part in the survey.

- 1 Tour Operator; 15+Years, 100% Own Tours, 1-10 pax a day
- 1 Shop-front Travel Agency, less than 12 months
- 2 1-10 Bed Hotels, 1-2 & 2-4 years
- 1 26-50 Bed Hotel, 2-4 years

Region 5 - Bicol: Only one owner completed the survey in full; a Tour Operator, offering 100% own tours and activities, which has been in business for 1-2 years and sees 1-10 tourists taking their tours a day.

Region 6 - Western Visayas: 52% of the 81 people taking part in the survey were people who have businesses in Region 6.

60% of those surveyed from Region 6 are owners of Accommodation, 17% own Bars (7%) or Restaurants (10%) and 12% are Tour Operators. One person owns a Spa, two own Tattoo Shops, one person owns a Boutique Shop, two people are Event/Engagement/Wedding Photographers and one person is a Supplier to hotels, bars and restaurants.

- 1 Watersports Tour Operator, 4-6 Years, 100% Own tours, 80+pax a day
- 1 Tour Operator, 8-10 Years, 100% Partner Tours, 41-60 pax a day
- 1 Tour Operator, 4-6 years, 100% Own Tours, 21-40 pax a day
- 6 Private/Airbnb Accommodations, 2x 1-2 Years, 4-6 Years, 10-15 Years & 2x 15+ Years
- 2 Backpacker Accommodations, 2-4 Years & 4-6 Years

- 6 1-10 Bed Hotels, 1-2 Years, 2-4 Years 4-6 Years, 6-8 Years, 10-15 Years & 15+ Years
- 5 11-25 Bed Hotels, 2x 1-2 Years, 4-6 Years, 10-15 Years & 15+ Years
- 3 26-50 Bed Hotels, 2-4 Years, 4-6 Years & 15+ Years
- 3 100+ Bed Hotels, 4-6 Years, 10-15 Years & 15+ years
- 1 Hotel Restaurant 1-2 Years, 26-40 Seating capacity
- 1 Bar/Restaurant/Club, 15+ Years
- 1 Bar 1-2 Years, 21-50 Pax Capacity
- 1 Bar 10-15 Years, 51-70 Pax, Capacity
- 1 Restaurant 1-2 Years, 1-25 Pax Capacity
- 1 Restaurant 4-6 Years, 1-25 pax Capacity
- 1 Restaurant, 6-8 Years, 60+ Pax Capacity
- 1 Restaurant 15+ Years, 60+Pax Capacity
- 1 Spa, 10-15 Years, 21+ Pax a day
- 2 Tattoo Shops, 2-4 Years & 10-15 Years
- 1 Boutique Shop, 6-8 Years
- 2 Event Photographers, 1-2 Years & 4-6 Years
- 1 Hotel/Bar/Restaurant Supplier, 4-6 Years

Region 7 – Central Visayas: 6 people from this region completed the survey.

- 1 Home-based Online Travel Agency, 4-6 Years
- 1 Travel Agency & Tourist Land Transfer, 15+ Years
- 1 Backpacker, 1-2 Years
- 1 26-50 Bed Hotel, 6-8 Years
- 1 100+ Bed Hotel, less than 12 months
- 1 100+ Bed Hotel, 15+ Years

Region 10 – Northern Mindanao: 1 Private Short-stay accommodation business open for between 10-15 years.

Region 12 – South Central Mindanao: One Online Travel Agent answered the survey. They are Home and Office-based and have been operating between 2- 4 Years.

Region 13 – Caraga: Two Hotel business owners contributed to the survey. One owns a 1-10 Bed Hotel open between 2-4 years. The other owns a 100+ Bed Hotel which has been operating less than 12 months.

NCR - Northern Capitol Region: 11% of the respondents have businesses in NCR. 78% of them are Travel or Online Travel Agencies.

- 1 Tour Operator 15+ Years, Own & Partner Tours, 11-20 Pax a day.
- 3 Office-based Online Travel Agencies, 2-4 Years, 10-15 Years and 15+ Years.
- 1 Home-based Online Travel Agent, 1-2 Years.
- 2 Shop-front Travel Agencies, less than 12 months & 15+ Years.
- 1 Shop-front Travel Agency & Office-based Online Travel Agency, 1-2 Years.
- 1 Marketing and Digital Software business, 10-15 years old

47% of all the businesses surveyed were in the Hotel or Accommodation Section, with the biggest number coming from Region 6 – Western Visayas. Western Visayas actually fielded the highest number of people taking part in the survey, at 52%.

Region 6 includes Boracay Island, which had previously been rocked by an extended closure in 2018 for rehabilitation. It is likely that many people in Region 6 wanted their voices heard regarding the impact of a second closure. Particularly when many of the businesses were only just starting to recover financially from that first 6 month closure.

It can be suggested that in one way Boracay Island businesses were the best placed to handle the impacts of an extended tourism shutdown, as they’d already navigated one and therefore had survival experience. However, it can also be argued that many businesses on the island are struggling more than others in the industry because it is a second closure; many owners already had depleted, or no savings, and are still paying off loans taken out to survive the 2018 closure.

Of the 25 Region 6 Businesses surveyed, where they have indicated they are a Boracay business (Premises: Region 6 - Western Visayas Page 14)

- 3 Hotel owners said they are planning to sell the land and hotel building (2 are hotels that have operated on the island for more than 15 years).
- A 10-15 year Hotel Business intends to sell the remaining years on the land lease and the Hotel Building.
- One Tattoo Shop will not be renewing its building lease.
- One Hotel of 15+ years won't be renewing the lease and will be closing permanently.
- And one Event Photographer has already been evicted from the building they owned, for failure to pay the land lease.

Not everyone from Region 6 disclosed their exact location in the region.

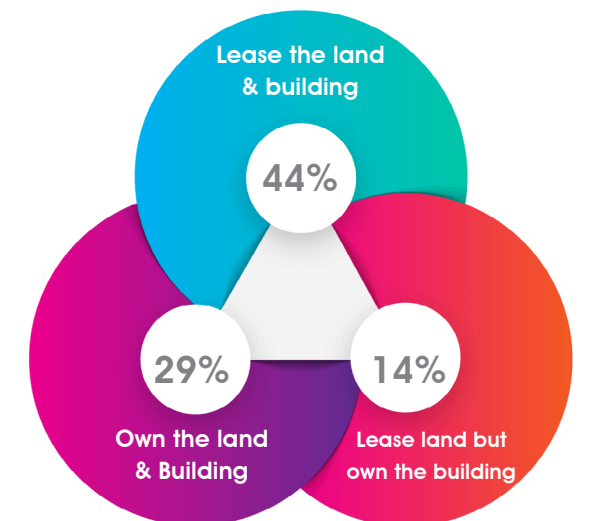
Premises: Leasing, Sharing or Owning

We wanted to determine how many of the businesses taking part were also affected by pressures regarding their business premises; businesses that were leasing or renting and were still required to pay the lease/rent.

Whilst meeting their lease or rental commitments are an added pressure to Hospitality and Tourism businesses when they have no income, it also gives an indication of the impact COVID-19 is having on Landlords, some of whom may rely on their rental payments to support their own businesses or living costs.

44% of businesses surveyed rent both the land and the building where they are located. Whilst 29% own both the land and the building. 14% Lease the land but own the building. 7% Rent or share an office space and 6% say they run their business from their home.

Top 3 building/ownership situations





When broken down by industry sector, **Hotel owners** are more likely to own the land and the building (47%), rather than leasing the land but owning the building (29%) or leasing the land and the building (18%).

Hotels/Resorts/Accommodation



Travel Agencies and Tour Operators were more likely to lease both the land and the building where the business was located; 70% and 43% respectively. Tour Operators were next more likely to own both the land and building (29%) or rent office space (14%). Whilst 25% of Travel Agencies were home-based, or shared office space (5%).

Travel Agencies & Tour Operators



The owners of **Restaurants** or **Bars** predominantly leased the land and the building (86%). Only one bar in Western Visayas owned the land and building.

For the remaining participants:

- The Spa owns the building but leases the land it's on.
- One Tattoo shop rents space while the other owns the building but leases the land it's on.
- The Software Solutions and the Digital Marketing companies both rent office space.
- One Event Photographer is home-based, while the other owns the building but leases the land (but has already been evicted from his building for failure to pay the Land Lease).
- The Supplier leases the land and the building

We next asked participants if they intended to make any changes to the status of their current business premises, as a direct impact of closure due to the COVID 19 Pandemic.

43 out of the 81 Owners provided an answer to this question. More than half of them (26) have said they have already broken or terminated their lease, or will be doing so. This also almost equates to 1/3rd (31%) of the total number of owners who took part in this survey.

2 Business owners have said they are trying to sell their Land and Building Lease on, and 2 owners in Region 6 advise they have already been evicted; one Photographer owned the building but leased the land it stood on (Boracay). The other owned a restaurant in Aklan, leasing the land and building. Both were evicted for failure to pay the rent.

If the 1/3rd of Hospitality & Tourism business owners who have said they have broken or will break their lease is indicative of the industry as a whole, this will mean that the impact of a Tourism Lockdown will not just be directly felt by the Tourism and Hospitality Industry but also other businesses such as realtor and landlords.

Region 3 – Central Luzon:

1 out of the 8 Businesses Closed Permanently

A 1-10 Bedroom Hotel, operating for 2-4 years and currently leasing the land and building advises they will not be renewing the lease. In the meantime, they are processing their papers to re-open, so do intend to continue to operate until the lease comes to an end.

One Shop-front Travel Agency intends to break their shop lease and will continue as an Online Travel Agency (OTA).

One Backpacker Resort, operating for 2-4 years, has already broken their lease and closed permanently.

Region 4-A Calabarzon:

3 out of the 6 Businesses have either already broken their lease or plan to but all will continue operating online.

One Shop-front Travel Agency, which also operates an office-based OTA, intends to break the lease and revert the whole business to Online.

One Office-based OTA and One Shop-front Travel Agency, have both broken their leases and are working online.

Region 4-B MIMAROPA:

1 out of the 5 Businesses has already terminated their lease and closed permanently.

One Tour Operator, in business for more than 15 years, is selling their land and business premises but is preparing their papers to re-open to tourists until they have sold.

One Shop-front Travel Agency, operating for less than 1 year, has terminated their lease and closed their business permanently.

One 1-10 Bedroom Hotel of 2-4 years, which leases the land but owns the hotel building states:



"Hoping to survive until the tourists come back".

Region 6 – Western Visayas:

9 out of the 19 businesses have already closed permanently, are planning to close permanently, or are selling their land/building/lease to leave the industry.

Selling the Land & Building – 3 Boracay-based Hotels are selling their land and buildings; 2 beach-front properties which have operated for more than 15 years each, and a 1-10 Bedroom Hotel operating for only 1-2 years.

A 11-25 Bedroom Hotel, operating between 10-15 years is selling the remaining years of their land lease, and their hotel building.

Not Renewing The Lease: A Private short-stay Accommodation Business operating for less than 2 years, will not be renewing their lease. Neither will a Spa, operating for between 10-15 years, or a Boracay-based Tattoo Shop, operating for between 2-4 years.

Three business advised that they won't be renewing their lease and will be closing; one 11-25 Bedroom Hotel in operation for more than 15 years, One Restaurant which has been operating for between 6-8 years, and one 1-10 Bedroom Hotel, operating for more than 15 years on Boracay. One 26-50 Bedroom Hotel, operating for between 2-4 years, has already broken their lease and closed permanently.

One Boracay Tour Operator intends to break their lease early and look for cheaper premises. Another Tour Operator has already broken their lease and will continue operating but online.

One Boracay Restaurant will break their building lease early and revert to being an online business, for orders and deliveries only.

Evictions: Two businesses have already been evicted for failure to pay their lease/rent. 1 Event Photographer from Boracay who leased the land but owned the building on it, and one Restaurant owner located just over from Boracay in Aklan.



"We will continue to pay our lease until we will be bankrupt."

- 1-10 Bed Hotel, operating 2-4 Years



"Operating with long term guests until normal business can return."

- Backpacker Resort, operating 2-4 years owns land and building

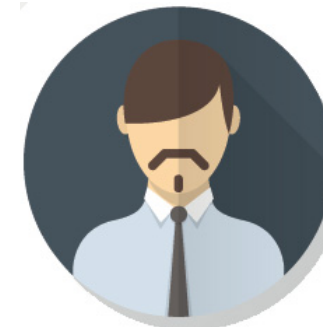


"We are unable to pay lease, no resolution yet."

- Private Short-stay, 4-6 years

Region 7 – Central Visayas:

One Tour Operator will not renew their lease and will instead move in to their own property. It is not clear if they will be evicting existing tenants to move in to their own building or if they have recently built or purchased a building.



"Our land owner lets us pay half of the amount of the rent, and we will pay half of the rent when everything reopens."

- 1-2 year old Backpacker Resort

Region 12 - South Central Mindanao:

One Travel Agency has already terminated their lease and will work online.

Region 13 – Caraga

2 out of the 2 Hotels answering this question will break their lease. One is closing permanently. One 100 Bedroom Hotel, open less than 12 months, is closing permanently. They plan to sell their land lease on and sell the hotel building, which they own.

A 1-10 Bedroom Hotel business, which owns the building and has been operating for 2-4 years, will be breaking their land lease early but are processing papers to open in the meantime.

Northern Capitol Region:

5 out of the 6 businesses who answered this question will either not renew or have already terminated their lease.

Two Office-based Online Travel Agencies will not be renewing their office lease. One Shop-front & Office-based Travel Agency, One Office-Based Online Travel Agency and one Office-based Digital Marketing business have already broken their lease and now work online from home.



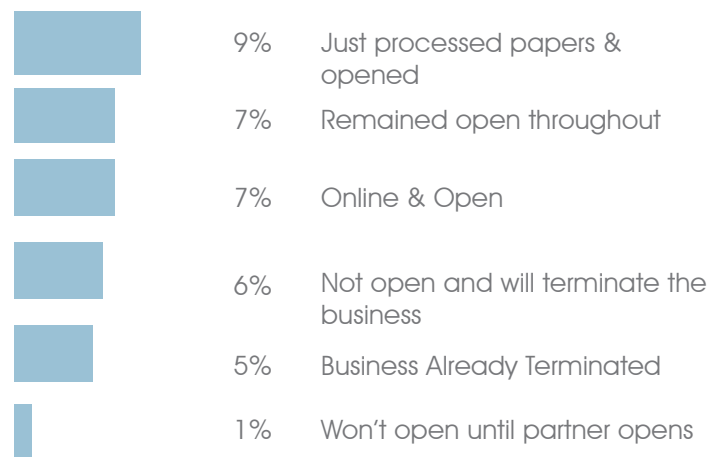
“The lessors are giving us consideration and not collecting rent since we are still temporarily closed.”

- 15+ year Shop-front Travel Agent

Bouncing Back: Are You Open for business?

We asked all survey respondents if they were open already, planning to open or if they would wait until 2021 to open. 1 restaurant owner in Region 6, who has already been evicted from their premises, declined to answer this question.

Opening Status by Industry



What is your opening status



Region 3 – Central Luzon: Business Opening Status

2 Remained open throughout ECQ: a Home-based Online Travel Agent and the Software Solutions business

1 Open but not fully operational: a Shop-front & Office-based Online Travel Agent

1 Just Processed Papers & Opened: an 11-25 Bedroom Hotel

2 Processing Papers to Open: a Shop-front Travel Agency and a 1-10 Bedroom Hotel

1 Won't open until 2021/until tourists come back: a Home-based Online Travel Agent

1 Business Already Closed Permanently: a Backpacker Accommodation

Region 4-A Calabarzon: Business Opening Status

1 Remained Open Throughout ECQ: An Office-based Online Travel Agency

2 Online & Open: A Shop-front & Office-based Online Travel Agent and an Office & Home-based Online Travel Agent

2 Open But Not Fully Operational: An Office-based Online Travel Agent and a Shop-front Travel Agent

1 Processing Papers To Open: a Tour Operator

Region 4-B MIMAROPA: Business Opening Status

2 Processing Papers To Open: a Tour Operator and a 1-10 Bedroom Hotel

2 Won't Open Until 2021/Tourists Come: a 1-10 Bedroom Hotel and a 26-50 Bedroom Hotel

1 Not Open And Will Terminate The Business: a Shop-front Travel Agency

Region 5 Bicol: Business Opening Status

1 Won't Open Until 2021/Tourists Come: a Tour Operator

Region 6 Western Visaya's: Business Opening Status

2 Remained open throughout ECQ: Two 1-10 Bedroom Hotels

2 Online & Open: One Bar and one Restaurant (online food orders and delivery)

8 Open but not fully operational: One Boutique Shop, One Supplier, One Hotel Restaurant, Two Tour operators, One photographer, One 1-10 Bedroom Hotel and One 26-50 Bedroom Hotel.

5 Just Processed Papers & Opened: One Private Short-stay Accommodation, Two 11-25 Bedroom Hotels, One 26-50 Bedroom Hotel and One Tattoo Shop

5 Processing Papers to Open: One Private Short-stay Accommodation, One Long Stay Accommodation, One Backpacker Accommodation, One 11-25 Bedroom Hotel and One 100+ Bedroom Hotel

13 Won't Open Until 2021/Tourists Come Back: One Restaurant Bar & Club, One Restaurant, One Spa, Two Private Short-stay Accommodations, One Backpacker Resort, Two 1-10 Bedroom Hotels, One 11-25 Bedroom Hotel (waiting on International Tourists), Two 100+ Bedroom Hotels, One Watersports Tour Operator and One Tattoo shop.

1 Won't Open Until Their Partner Business Does: a Bar located within a Hotel

3 Won't Open & Will Terminate the Business: a 1-10 Bedroom Hotel, an 11-25 Bedroom Hotel and a Restaurant.

2 Businesses Already Closed Permanently: a 26-50 Bedroom Hotel and a Restaurant.

Region 7 Central Visayas: Business Opening Status

1 Open but not fully operational: One 26-50 Bedroom

1 Just Processed Papers & Opened: One Backpacker Resort

1 Processing Papers to Open: One Private Short-stay Accommodation

3 Won't Open Until 2021/Tourists Come Back: One 100+ Bedroom Hotel, One Travel Agency & Land Transfer business and One Home-based Online Travel Agent

Region 10 Northern Mindanao: Business Opening Status

1 Processing Papers to Open: a Private Short-stay Accommodation

Region 12 South Central Mindanao: Business Opening Status

1 Won't Open & Will Terminate Business: an Office & Home-based Online Travel Agent

Region 13 Caraga: Business Opening Status

1 Processing Papers to Open: a 1-10 Bedroom Hotel

1 Won't Open & Will Terminate Business: a 100+ Bedroom Hotel

NCR: Business Opening Status

1 Remained open throughout ECQ: One Digital Marketing Company

2 Online & Open: a Shop-front Travel Agent and a Shop-front & Office-based Online Travel Agent

1 Open but not fully operational: a Home-based Travel Agent

2 Processing Papers to Open: a Shop-front Travel Agent and a Tour Operator

3 Won't Open Until 2021/Tourists Come Back: Three Office-based Online Travel Agents.

In total 22% of the Hospitality & Tourism Businesses who took part have either already closed their business for good (4) or will be closing their business for good (14).

30% (24) Businesses will not re-open until either 2021, until Tourists are allowed to visit their destination or until International Tourists can visit.

22% of Hospitality & Tourism Businesses (22) have processed their papers and opened, or are processing their papers so they can open. This includes 5 businesses which are either already offering their land and premises for sale or won't be renewing the lease when it's up and will terminate their business; One 1-10 Bedroom Hotel, One 26-50 Bedroom Hotel, One Private Short-Stay Accommodations, One Long-stay Accommodations and One Tour Operator.

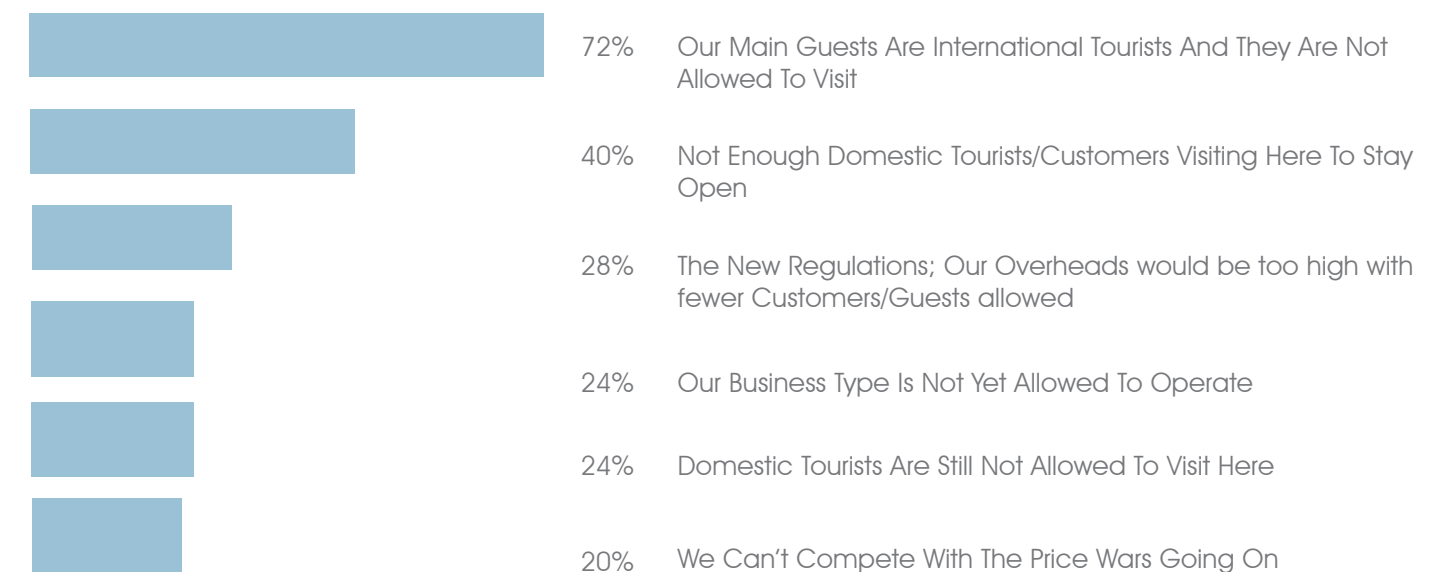
Reasons For Staying Closed

We asked the 24 Business Owners, who said they would be staying closed, why they had decided not to re-open.

72% advised that their main demographic is International Tourists who are still denied entry to the Philippines and 40% said that there are not enough Domestic Tourists visiting their area for it to be financially viable to stay open.

28% said that with the new regulations and protocols required, resulting in fewer guests in their establishment, their overheads would be too high for it to be financially viable to open. And 20% said that they can't compete with the "Price Wars" that are already going on between their local competitors.

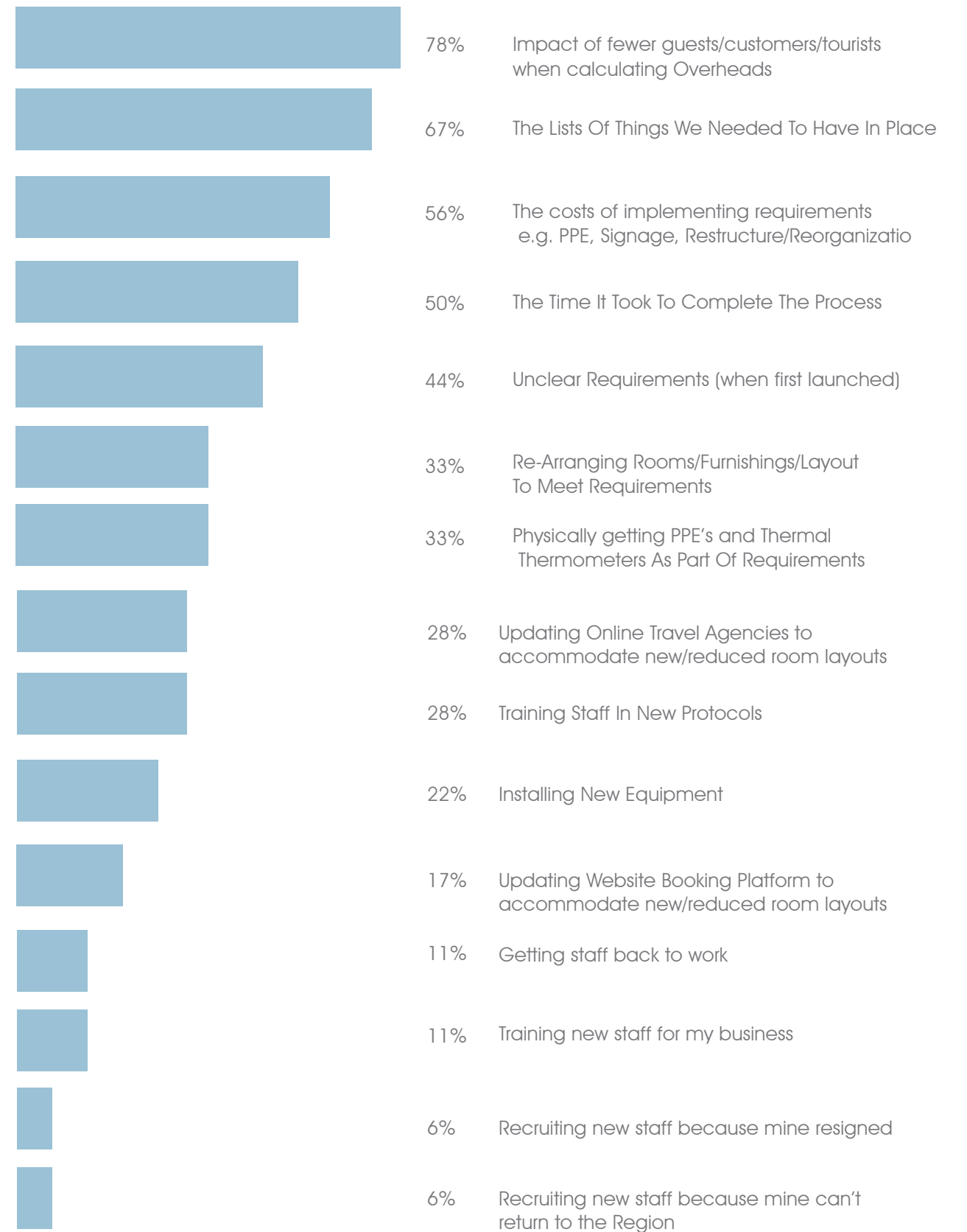
Why Have You Decided To Remain Closed



Why Have You Decided To Remain Closed (continued)



Why Was it Difficult?



Processing Paperwork And Meeting Requirements

We asked the 32 Businesses that had either already processed their Papers and opened, or were doing so at the time of the survey, how easy they found this process. 18 Business Owners said that they found the process Difficult or Really Difficult.

We then asked the 18 Owners why they had found the Paperwork and Requirement process Difficult or Really Difficult.

One Region 6 Restaurant Owner didn't give any indication why they found the process Really Difficult. Eight business owners from Region 6 advised that the requirements were really unclear when it was first launched (Boracay was one of the first destinations considered for re-opening as it had remained COVID-free).

How Easy Was It To Process The Papers & Meet The Requirements To Open



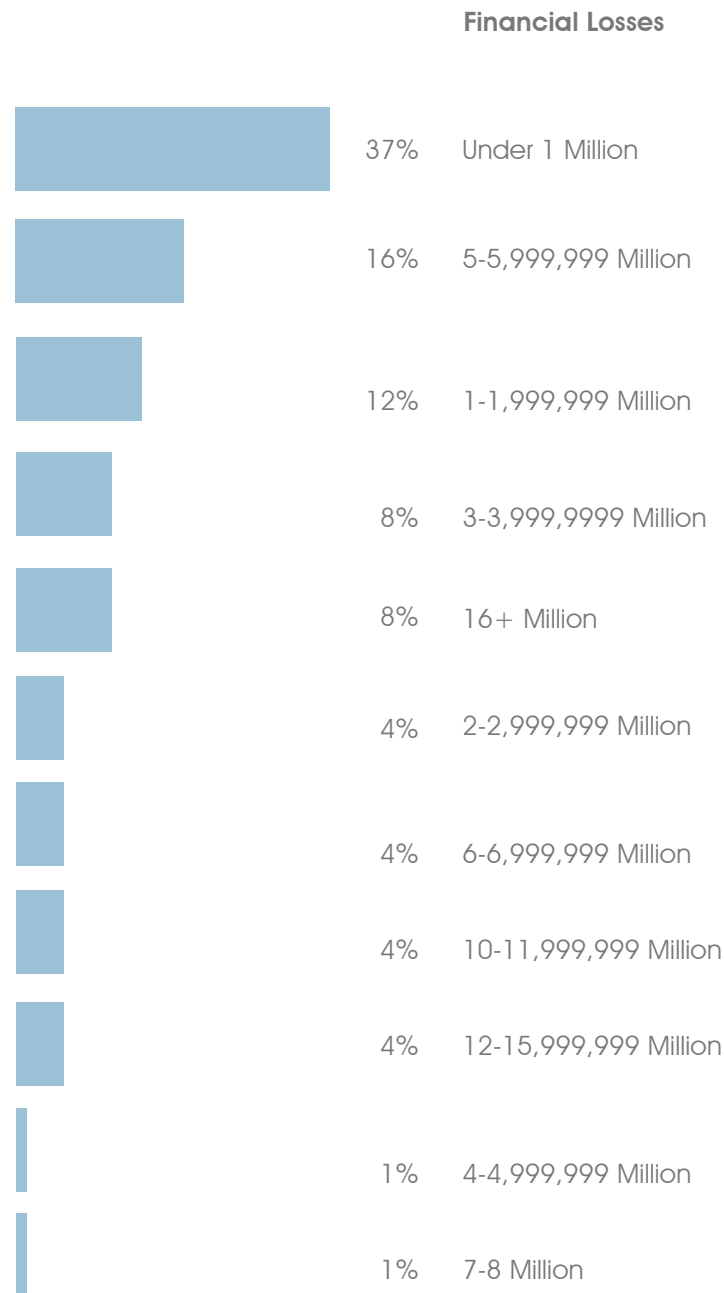
The biggest hurdle for many are the limits placed on the numbers of guests allowed for their business when calculating overheads (78%), followed by the list of everything needed to be in place to re-open (67%).

56% of respondents mentioned the costs involved in meeting the requirements e.g. PPE, Signage, Restructure/ Reorganization and 33% said it had actually been difficult sourcing the PPE's, thermometers etc required, often due to the impact of the on-going ECQ in Manila on suppliers delivery schedules and routes.

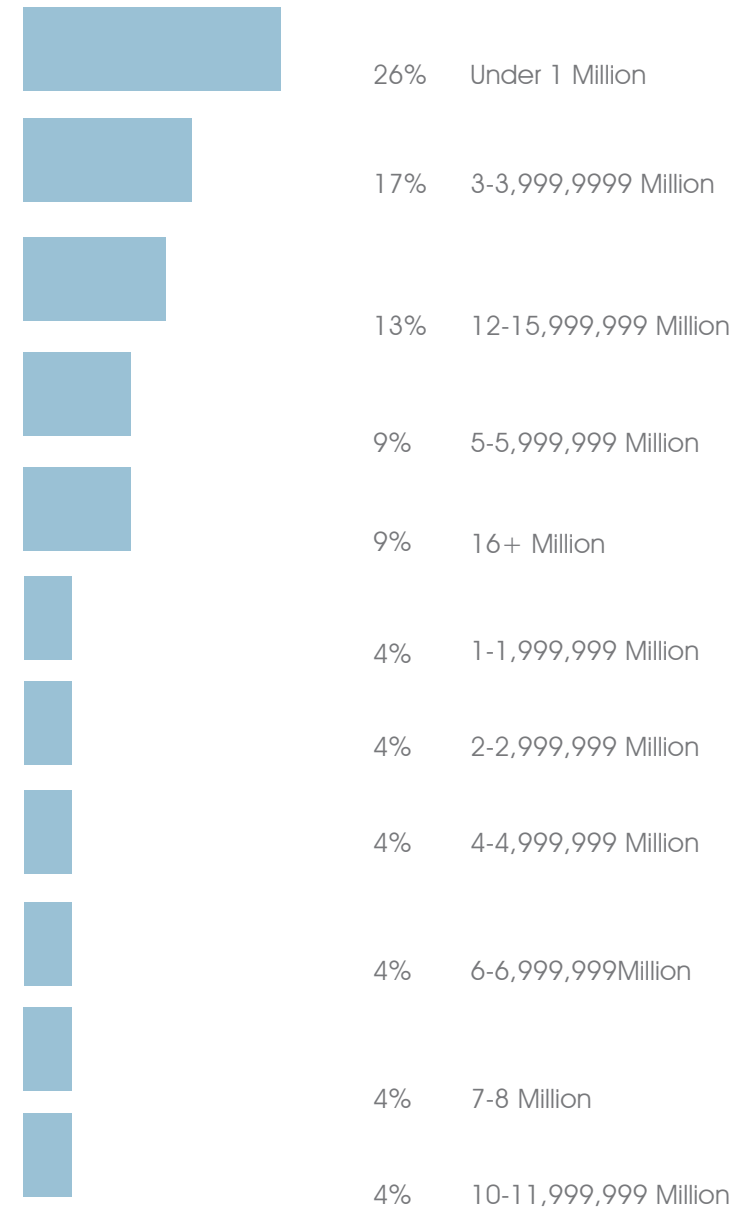
Financial Losses March-August 2020

37% of Business Owners declined to tell us what their financial losses due to closure were. Finances are a delicate subject and we understood that not everyone would wish to provide such sensitive data in a survey.

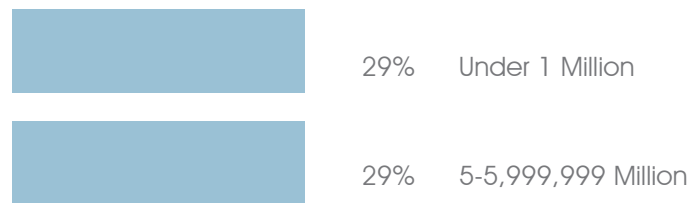
Some may also not have had the figures at their fingertips at the time they were answering the survey. The remaining 63% who did answer this question, advised the following



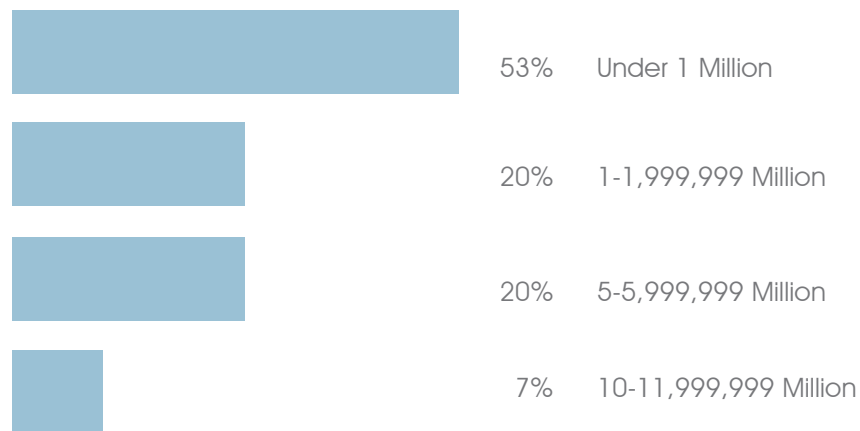
Financial Losses - Accommodation



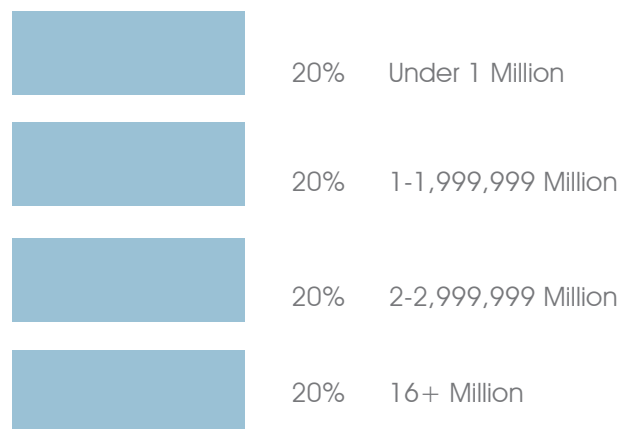
Financial Losses - Tour Operator



Financial Losses - Travel Agency/OTA



Financial Losses - Restaurant/Bar



Two hotels and one restaurant listed huge financial losses; One Region 6 (Western Visayas) 26-50 Bedroom Hotel owner said their losses for March to August 2020 were 20 Million. The second hotel, with more than 100 Bedrooms and located in Region 13 (Caraga) has seen 150 Million in financial losses. The restaurant, in Region 6 said they had lost 35 Million during March and August 2020.

Three hotels listed losses between 12 and 16 Million for the same period; one 1-10 Bedroom Hotel in Region 3 (Luzon), one 26-50 Bedroom Hotel in Region 4 (MIMAROPA) and one 26-50 Bedroom Hotel in Region 6 (Western Visayas).

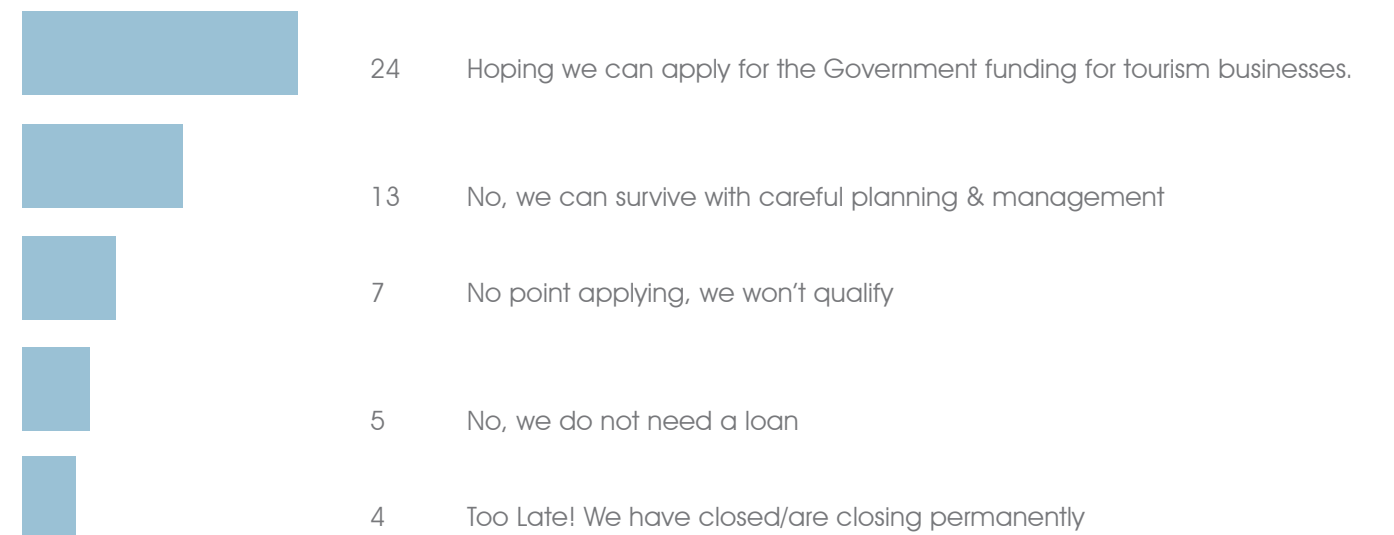
29% of the Tour Operators listed losses between 5 and 6 Million during March to August.

Accessing Loans

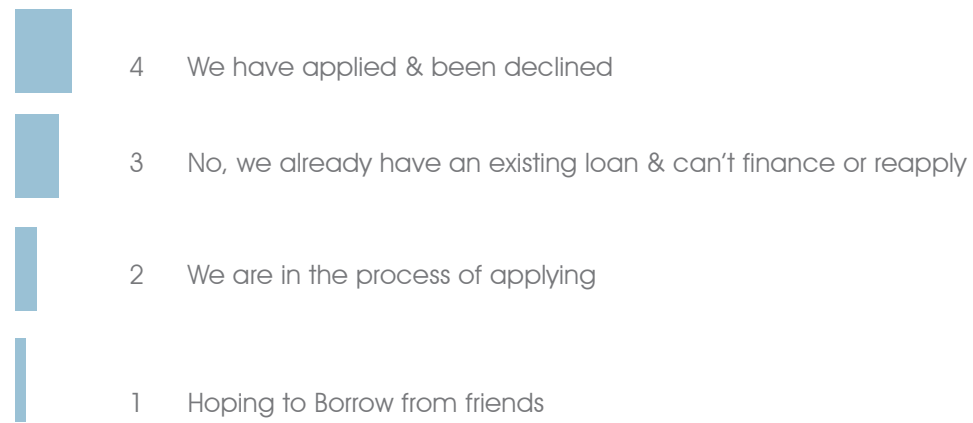
As we noted in our previous survey (**MY RANGGO Sentiment Survey: The Effects Of COVID-19 On Hospitality & Travel Industry Staff And Owners** – August 2020), almost 70% of Tourism Stakeholders fall within the MSME’s (Micro, Small, and Medium Enterprises) category.

And Senate.gov.ph acknowledges that most MSME’s have difficulty accessing funds through banks and government financial institutions because of: (1) insufficient collateral, limited credit histories and banking relationships; (2) inadequate financial records and business plans; and (3) high interest rates (<https://www.senate.gov.ph/publications/AG%202012-03%20-%20MSME.pdf>).

Do You Intend To Take Out A Bank Or Business Loan To Survive?



Do You Intend To Take Out A Bank Or Business Loan To Survive? (continued)



22% of those surveyed said that they didn't need a loan, with 16% saying they hoped to survive the Tourism Shutdown through careful planning and management.

7% were in the process of applying (2%), or had applied for a bank loan (5%). The 5%, however, had already been declined for the loan they applied for.

9% said they wouldn't bother applying for a loan as they wouldn't qualify and 4% advised that they can't apply for a loan as they already have one and are unable to reapply or refinance it.

2% wanted to apply for a loan but were worried they would not be able to make the repayments due to the uncertainty of the Tourism Industry at the moment.

30% of those surveyed said they were hoping they would be able to apply for the loans identified in Bill No. 1564; the Bayanihan to Recover as One Act, and 1% were hoping to borrow money from friends.

5% said it was too late and they had already closed their business permanently.

18% either declined to answer or selected Not Applicable.

Conclusions:

It is incredibly sad that 22% of the Hospitality & Tourism owners, who took part in this survey, have said that they have either already closed their business for good, or will be closing their business for good. We did not include a follow-up question in the survey to ask if they had been planning to close or sell prior to the COVID Pandemic. So it would not be accurate to claim that these decisions have been made only because of the impact of this 7 month tourism lock-down.

72% of those surveyed have stated that they do not intend to re-open until at least 2021 because their main demographic are International Tourists, who are currently denied entry to the Philippines. 40% said that there are not enough Domestic Tourists visiting their area for it to be financially viable to stay open.

28% said that with the new regulations and protocols required, resulting in fewer guests in their establishment, their overheads would be too high for it to be financially viable to open. And 20% said that they can't compete with the "Price Wars" that are already going on between their local competitors.

On the 21st October 2020 Department of Tourism Secretary Berna Romulo-Puyat announced a change in the opening regulations, applicable to hotels in GCQ and MGCQ areas. This change will allow hotels, in these areas, to operate at 100% capacity and bring back their full work-force. The hope is that Hotels that were holding off from opening, because it's not cost effective to open with reduced capacity, will reconsider this decision.

However, Boracay Island has been open to local and domestic tourists since the 1st October 2020 and in that time fewer than 1,800 people have visited and stayed on the island (period 1-24th October – source Malay Municipal Tourism Office). In contrast, such figures would be a below average number of daily arrivals when the island is fully open and operational.

Of course Boracay has its own set of issues, in particular that the majority of visitors either have to fly, or sail in to Caticlan, and can't just travel to Boracay by road unless they are from Region 6. The travel requirements of a negative test result not older than 72 hours from extraction date, when flights are being cancelled by airlines because there are not enough passengers, is also causing potential guests to rethink their Boracay plans.

There are no easy answers or decisions that can be made. The Corona Virus is Worldwide and every country is feeling the effects one way or another. In many ways the Philippines is relatively new to the tourism world, but had really been gaining a foothold on the tourism market over the last ten years. As a result new locations and businesses had opened up but all are now playing a waiting game and hoping they can survive through to the country's borders re-opening to International Tourists again.



"We would like to loan however we are also contemplating and thinking how we can payback if there are no customers."

- **NCR Shop-front Travel Agency**

"We are afraid to apply because of uncertainty that we might not be able to pay for a loan."

- **Region 6 (Western Visayas) Supplier**

