

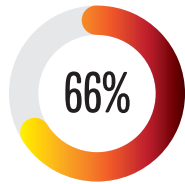
**ATTA**<sup>®</sup>

AFRICAN TRAVEL & TOURISM ASSOCIATION

**ADDRESSING  
THE FUTURE OF  
TERMS & CONDITIONS**



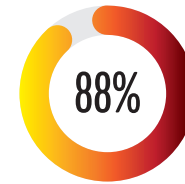
# Supplier > Immediate reaction to COVID-19



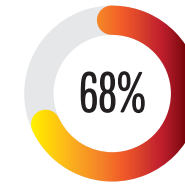
... changed T&C's in wake of COVID-19.



... are in the process of changing them.



... are either completely or partly flexible.



... of the changes are only short term



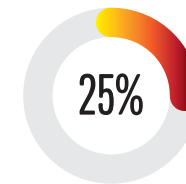
Accommodation providers immediately altered their operations in line with their **governments approved guidelines**.



Majority have T&C's reviewed till **mid '21** but whilst outlining that this is under **constant review** according to the **WHO** and in response to any **COVID-19** outbreaks.



implementing separate clause for COVID-19 / force majeure related issues.



**undecided** and would like to discuss with other accommodation suppliers.

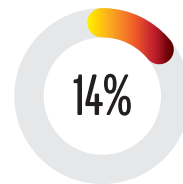
# DMC > Immediate reaction to COVID-19



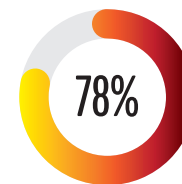
... of DMC's tailor their T&C's to the needs of their tour operator.



... have standard T&C's.



... have no signed contracts.



... have already, or will be changing their contracts with their Tour Operators in the future.

## THE MAIN AREAS OF CHANGE ARE / WILL BE:



**Deposit Requirements**



**Final Payment Policy**



**Cancellation Terms**



**Implementation of separate COVID-19/ Force Majeure policy**

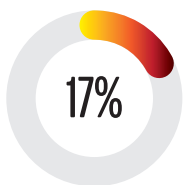
**45%** expect these changes to be permanent whilst **40%** remain undecided.  
The majority feel it's **too early** to say how long the changes might be in place for.

These changes will be in **response to supplier T&C's** and the **relationships** that are held through the supply chain.

There is a clear desire to **collaborate within the industry for mutual benefit.**



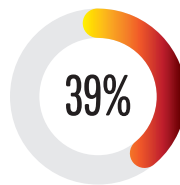
# Tour Operator > Immediate reaction to COVID-19



... changed their T&C's with immediate effect in March/April 2020.



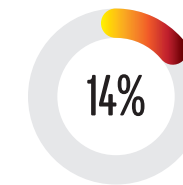
... have changed their T&C's with a separate COVID-19 clause.



... have not changed their T&C's managing every enquiry on a case by case basis.



... have not changed their T&C's but implemented a COVID-19 policy.



... have kept their T&C's the same.

## THERE IS A NEED FOR BOTH SUPPLIER & DMC UPDATES PRIOR TO IMPLEMENTING NEW T&C'S FOR THEIR CLIENTS

**32%** of respondents book predominantly through a DMC with **24%** booking both directly or through a DMC.

**69%** found that client expectations with regards to refunds the most challenging issue followed by cancellation terms

**64%** and deposits **60%**

**49%** are changing deposits and cancellation policies

**32%** are introducing COVID-19 / force majeure policy.

**30%** are still undecided and would like to discuss further.

**58%** plan to change their T&C's in the future.

**90%** feel new T&C's are needed from their suppliers / DMC's in response to the current situation to include a force majeure clause with refundable T&C's, reduced deposits and flexibility to reflect the pandemic.

**Package Travel Regulation and legal obligations need to be addressed and communicated throughout the supply chain.**

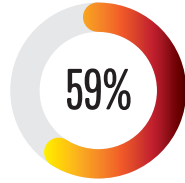
Insurance is going to play a more significant role in the future to protect the consumer in line with PTR's.

**65%** feel that the challenges around terms and conditions have not been overcome.

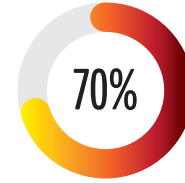
# Supplier > Postponements



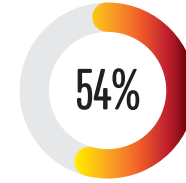
... are offering postponement due to COVID-19.



... offering postponement for up to 12 months with **20%** offering postponement for up to 18 months.



... will not be charging additional costs for postponement.



... are holding provisionals for more than 3 weeks and **31%** up to 2 weeks.

## PRICE INCREASES INCLUDE:



### Seasonal Price Differences

**43%** will increase pricing if postponement moves from Low to High Season

**31%** will match the seasonal rate (ie adjust down from high to low and up from low to high)

**28%** will remain the same if moving to a lower rated season



### Park / Reserve fee increases



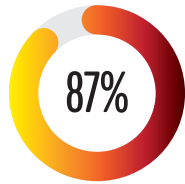
### Community / Conservation fee increases



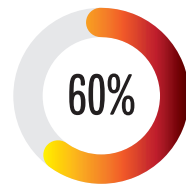
### Increases in Gov Levies / VAT

# DMC > Supplier Terms

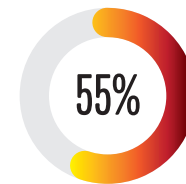
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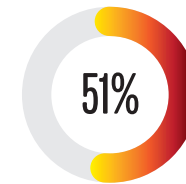
... feel new terms and conditions are required to safeguard the distribution channel to ensure both the client and the supplier are protected with a separate force majeure clause containing reasonable cancellation policies.



... negotiate separate contracts with their suppliers; **30%** adhere to the supplier contracts; **10%** work on historical relationships.



... have NOT been able to adhere to supplier terms & conditions. Most notably the reluctance to refund where they are sticking to terms & conditions when previously they were flexible based on relationships.



... found it not possible to adhere to terms & conditions almost entirely due to the Package Travel Regulations and requirements to refund in full in their tour operators country.

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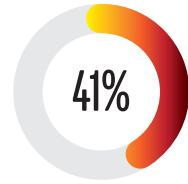
**THERE IS A GREATER NEED TO ACKNOWLEDGE THEIR CLIENTS CONSUMER CENTRIC TERMS**

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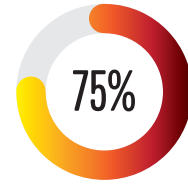
# Supplier > Deposits



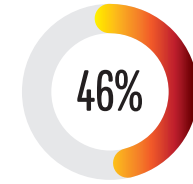
... feel the term deposit is correct; **29%** said commitment fee was the preferred alternative.



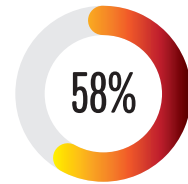
... require a deposit to confirm a booking; **38%** do not require a deposit in the current COVID-19 environment however **will require a deposit in a post COVID-19 environment.**



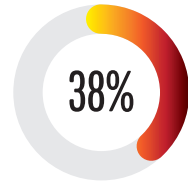
... feel the deposit should be refundable up to a fixed number of days; **25%** will have non refundable deposits.



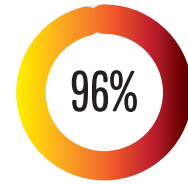
... are holding provisionals for more than 3 weeks and **31%** up to 2 weeks.



... felt a deposit should be held with the accommodation provider.



... believe that deposits should be in a separate 'trust' account; **31%** feel all in the chain should receive their portion equally **38%** are open to discussing the payment of deposits with clear credit checks.



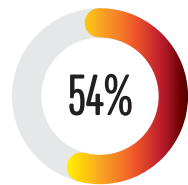
... are flexible with their cancellation fees on a case by case basis.



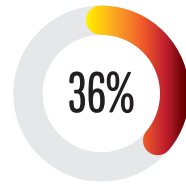
## DEPOSITS ARE ESSENTIAL TO:

1. Show Commitment
2. Manage Stock
3. Manage Operational costs for those in remote locations
4. Manage essential 3<sup>rd</sup> party costs ie. Gorilla Permits and Conservancy fees

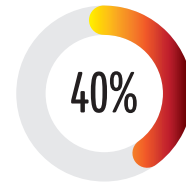
# DMC > Deposits



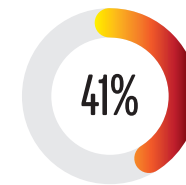
... feel the term deposit is correct.  
Commitment fee was the preferred alternative.



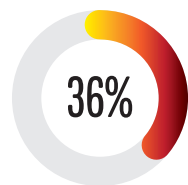
... collect deposits on account or within a set time from confirmation;  
**37%** collect a deposits when a specific supplier requires it to confirm the service.



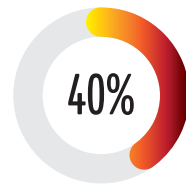
... will collect deposits in the future to confirm a booking;  
**42%** will collect deposits when elements of the booking are non refundable;  
**33%** will collect deposits in line with supplier terms & conditions.



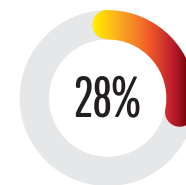
... believe that the deposit should be held with the DMC;  
**28%** with the tour operator;  
**14%** with the supplier  
Comments showed the need for monies to be held in a **separate trust account**.



... feel that deposits are **essential for all bookings**.



... feel deposits are essential for specific itineraries where deposits provide confirmation that a camp or experience can operate.

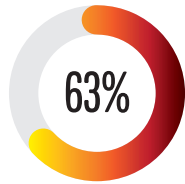


... agree on non refundable deposits;  
**33%** agree on non refundable deposits for specific types of accommodation;  
**38%** do not agree with non refundable deposits due to commitments with package travel regulations.

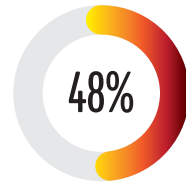
THE MAIN REASON FOR THESE ARE TO PROVIDE CLIENT COMMITMENT AND TO MANAGE INVENTORY



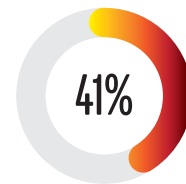
# Tour Operator > Deposits



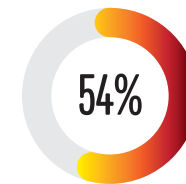
... feel the term deposit is correct booking or engagement fee are the preferred alternative.



... pay a deposit to supplier or DMC at the time of confirmation.

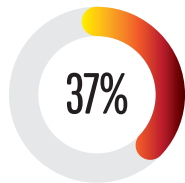


... only pay a deposit when a specific supplier requires it.  
**Additional Comment:**  
Payment of deposits is largely based around **historical relationships** and individually contracted terms & conditions.

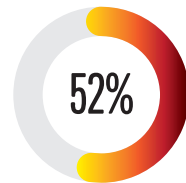


... feel the client deposit is best retained with the tour operator until final payment; **21%** feel it is best retained with the supplier.

**Additional comment:**  
Deposits should be kept in a **separate trust account**.  
Need to show transparency to the client that their money is safe.



feel **non refundable deposits** are acceptable depending on the **property and experience type** especially when it comes to smaller establishments. However, **35%** do not agree with **non refundable deposits especially in the current climate** but suggest a tightening on cancellation terms as time before travel shortens.



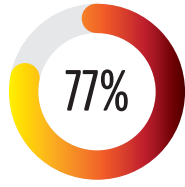
... feel in the future deposits are an essential part of securing a booking. There is need for clarity and fairness with online booking platforms.



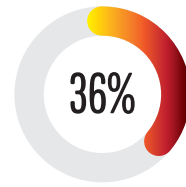
The main issue facing new bookings is the lack of consumer confidence in the ability to travel and uncertainty surrounding refunds / postponements.

# Supplier > Impact

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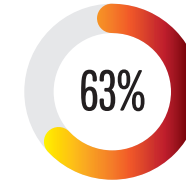
... of respondents indicated international tourism makes up **80–100%** of their total business.



... highlighted tourism accounts for **80–100%** of local business revenue.



Only **38%** receive local support from government. Less than **10%** are receiving private or charitable funding.



... have ongoing community and conservation commitments including but not limited to Education, Nutritional & Medical Support, Anti-Poaching, Conservation & Concession fees. **72%** are either no longer able to financially support these commitments or only support at a reduced level.



There is a **greater need for the traveller to understand the positive impact of their spend** on the wider communities that are supported by tourism on a day to day basis.

# DMC > Service Charge

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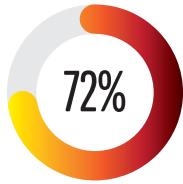


... feel it's appropriate for both the Tour Operator and DMC to charge for their service. Concerns were raised over being non competitive with OTA's.



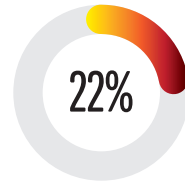
# Tour Operator > Service Charge

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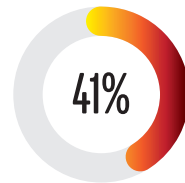


... do not charge a service charge; **23%** intend to implement for the future.

Those currently implementing a service charge operate on a fixed fee basis.



... would pay a service charge to the DMC; **37%** would not.



... have never considered paying their DMC a service charge however are open to further discussion.



When asking about service charges, respondents answered equally with **30%** ...

- ✓ **1/3 said:** Yes Tour Operators should charge
- ✓ **1/3 said:** Yes Both Tour Operators and DMC's
- ✓ **1/3 said:** No we should not charge

A strong feeling to do this – however uncertainty remains how to do this, as 100% refunds are required by package travel regulations.

# Supplier > Future Booking Challenges

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Uncertainty around  
border reopening



Lack of confidence  
to travel



Global Government  
restrictions and advisories



Payments  
of deposits

## To unlock these challenges:

- Governments in destination countries **need to be engaged** to allow businesses to operate
- Governments **need to be engaged** to lift restrictions
- Insurance companies need to be able to **provide adequate COVID-19 cover** and therefore confidence to the traveller

# Quotes

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## Tour Operator

- “ We are living in a time where there can be change, very quickly. We have “normal” times and “unprecedented” times. Needs to be a clear understanding as to how we operate during each that can be interchangeable.”
- “ TOs need to operate within their PTRs and have T&C's to reflect this, negotiating with their supplier / DMC.”

## DMC

- “ All the links in the value chain have to be protected, but the money belongs to the customer at the end of the day, not the DMC or Retail agent or the vendor.”

## Supplier

- “ A safari without a deposit is not a safari ... this is not booking a meal in a restaurant. This is a low volume high quality product with a great deal of upfront expense.”
- “ A deposit allows outfitters (especially smaller ones) to commit to camp sites and build the appropriate infrastructure to service clients safaris. This was always the traditional way and reasoning for requiring a deposit. If this was to change then there will be a lack of reliability especially amongst the smaller owner run businesses.”

# **FUTURE OF TERMS & CONDITIONS**



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## T&C's

- An **understanding** of the **challenges** faced at **each part of the chain** is essential to ensure smooth flowing business in the future.
- Standard T&C's remain constant whilst a **separate COVID-19 clause** is needed at all levels of the chain for the future.
- Individual agreements and relationships remain essential to reflect the accommodation type, DMC and tour operators business.

## COVID-19 Clause

- A COVID-19 clause should clearly outline **all variables to the standard T&C's** in the booking process throughout the chain.
- Awareness of **local government regulations** are essential.

## Deposits

- **Held separately** from cash flow.
- Ideally held in a **trust account** (or similar).
- COVID-19 policy dictates more flexible T&C's in times of COVID-19.
- Deposits should be held in agreement with all parties in such a way that adhere to **all regulatory requirements**.
- **Non refundable** deposits are **essential** for certain types of camps / lodges. These camps need to clearly **outline why** the deposit is non refundable. TO needs to clearly explain to the client elements that are non refundable.
- More discussion needs to happen on where in the chain deposits are kept, and when there are refundable / non refundable deposits to consider.



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## Service Charge

- Ideally yes!
- Why no? **Fear of competition**, need to work together as an industry to change consumer expectation.
- Decide ... **how much is your knowledge worth?**

## Hinderance to Progress

**Across the whole chain it was widely agreed that our industry has been impacted by:**

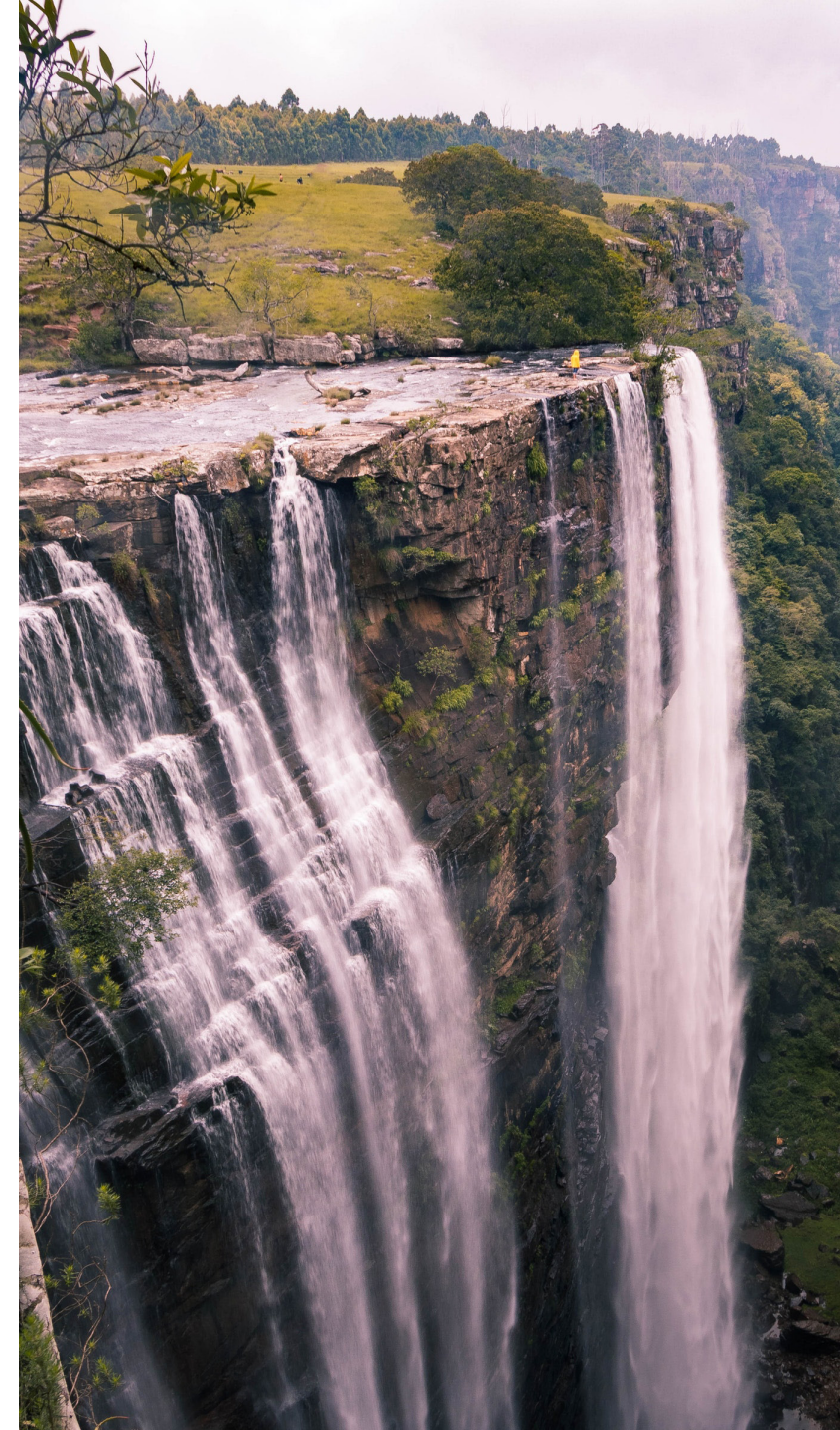
- Contracts not aligning to Government regulations.
- Lack of relevant insurance cover for today's environment.

**How to address this:**

- An understanding of government regulations throughout the supply chain is essential to ensure a smooth booking process. This will require negotiation when contracts are released from suppliers.

**Engage with insurance companies to understand:**

- What is / is not covered currently.
- What is being developed for the future to minimise risk.





# Thank You

all for taking your time to fill in the survey.

It is clear there is no “best” way forward, but there is willingness to work together through the short term and openness on what is needed for the future. Many in the industry have operated successfully on strong working relationships and gentlemen’s agreements but it is now clear that these need to be solidified with collaborative contracts.

Following on from the survey ATTA will be hosting a series of Q&A based sessions with our 3<sup>rd</sup> party professional advisors to help address key concerns such as trust accounts & insurance policies.

Please reach out to us if you would like us to facilitate an open discussion on any areas covered in this survey.

\*When referring to COVID-19, we are also referring to a global pandemic.



PROMOTING TOURISM TO **AFRICA**  
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