Impact of COVID-19 on Travel Industry

April 21, 2020

To help share information about COVID-19 impacts to the travel industry, Travel Oregon's research team is compiling state and national data on a weekly basis to share with external partners. The data below is this week's summary and is for informational purposes only.

STR Weekly Data (Week of April 12)

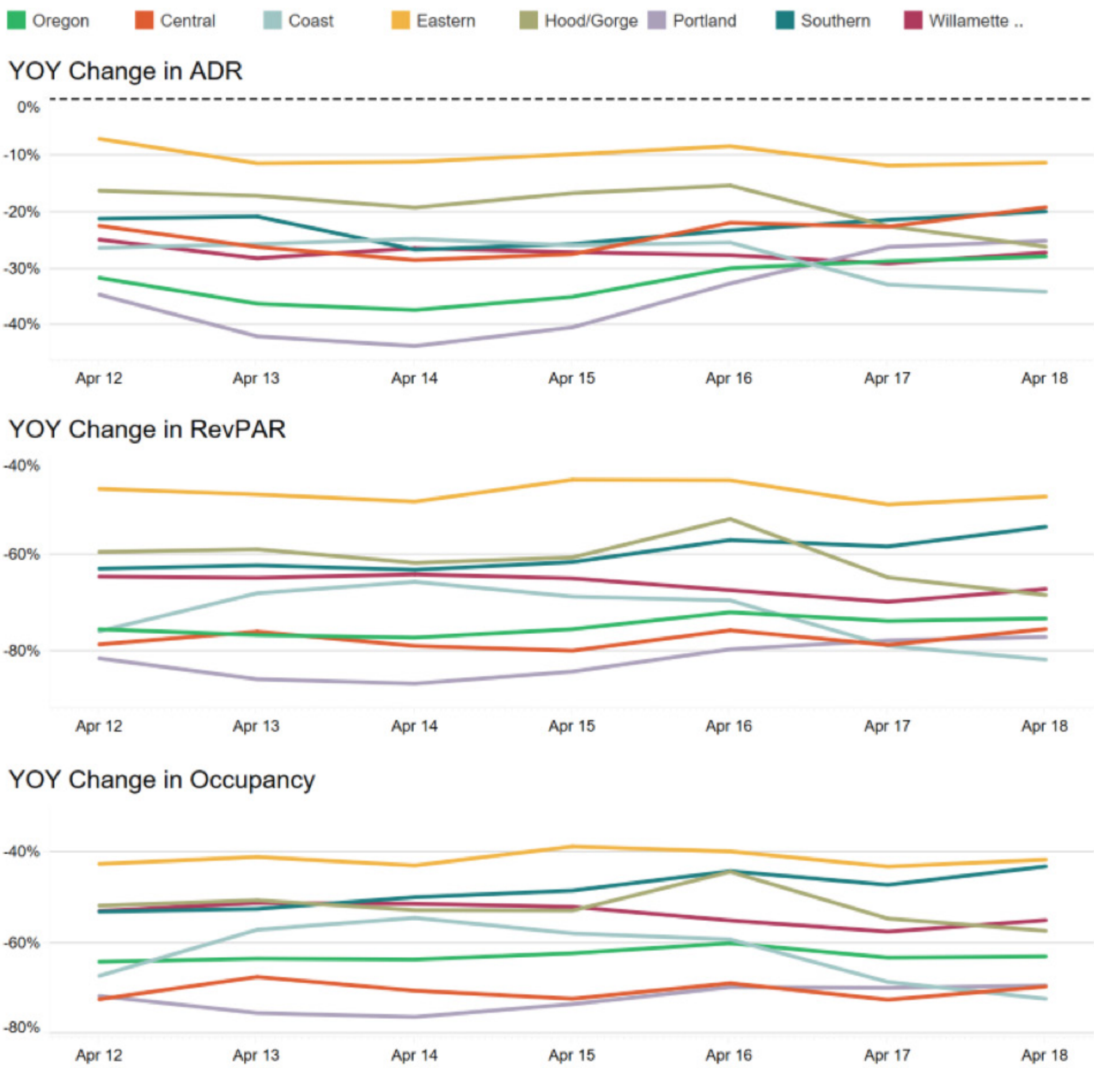
The chart below shows the year over year (YOY) change in Average Daily Rate (ADR), Revenue Per Available Room (RevPAR), and Occupancy statewide and per region in Oregon. This data is provided by STR, Inc.

Weekly STR Report 2020 vs 2019

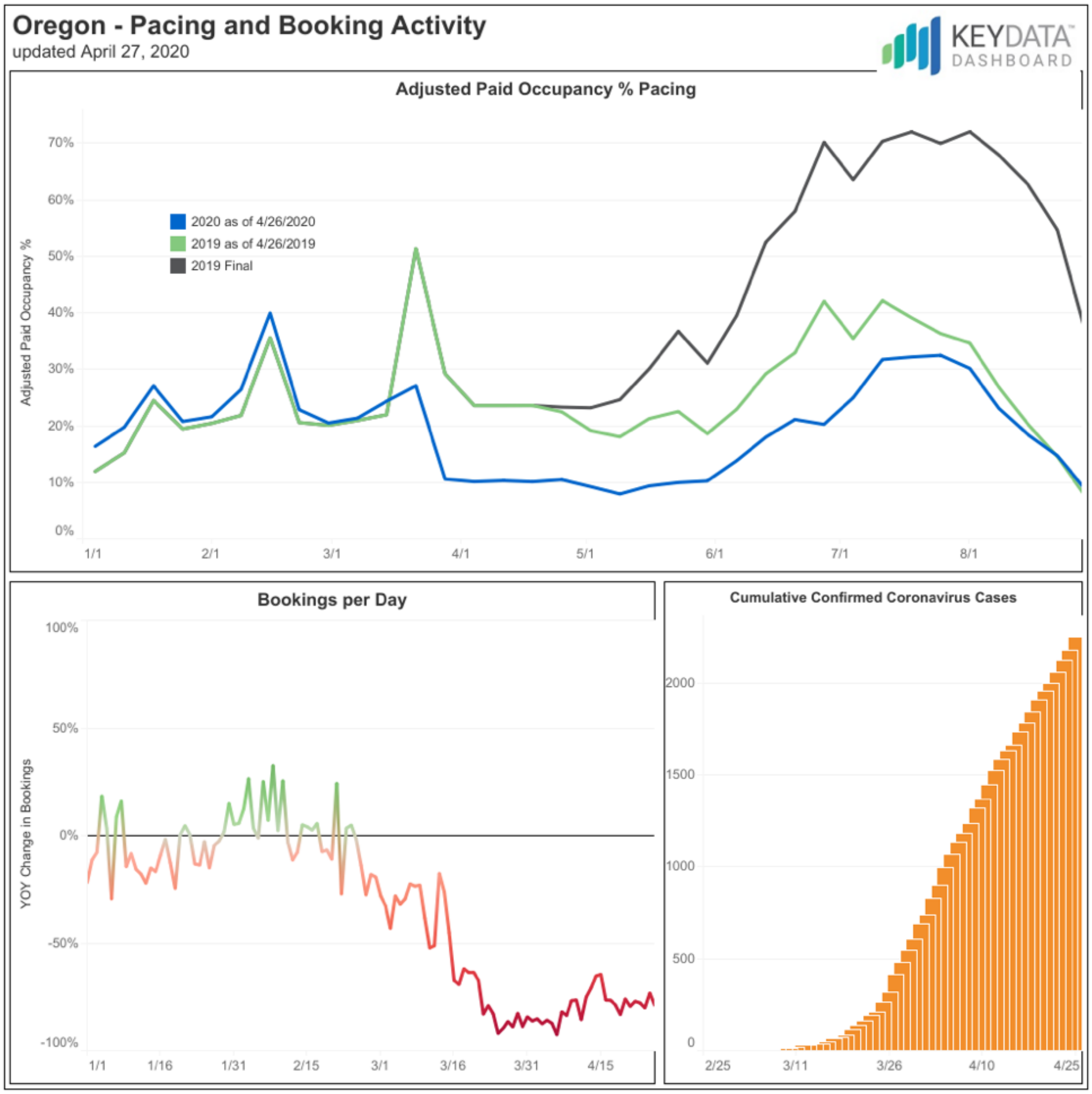
(April 12 to April 18)

Region
All

	ADR			RevPAR			Occupancy		
Oregon	$77.29	$114.59	-32.5%	$18.37	$73.20	-74.9%	23.7%	63.7%	-62.8%
Central	$82.56	$108.80	-24.1%	$15.96	$71.37	-77.6%	19.3%	65.3%	-70.5%
Coast	$75.38	$104.78	-28.1%	$15.25	$57.30	-73.4%	20.2%	54.2%	-62.3%
Eastern	$70.96	$78.99	-10.2%	$22.92	$43.47	-47.3%	32.2%	54.8%	-41.3%
Hood/Gorge	$78.02	$96.56	-19.2%	$22.76	$58.75	-61.3%	29.1%	60.7%	-52.0%
Portland	$84.66	$131.58	-35.7%	$16.85	$95.77	-82.4%	19.9%	72.2%	-72.2%
Southern	$68.05	$88.11	-22.8%	$19.98	$50.05	-60.1%	29.3%	56.6%	-48.3%
Willamette Valley	$74.07	$101.81	-27.2%	$21.68	$64.35	-66.3%	29.2%	63.0%	-53.5%



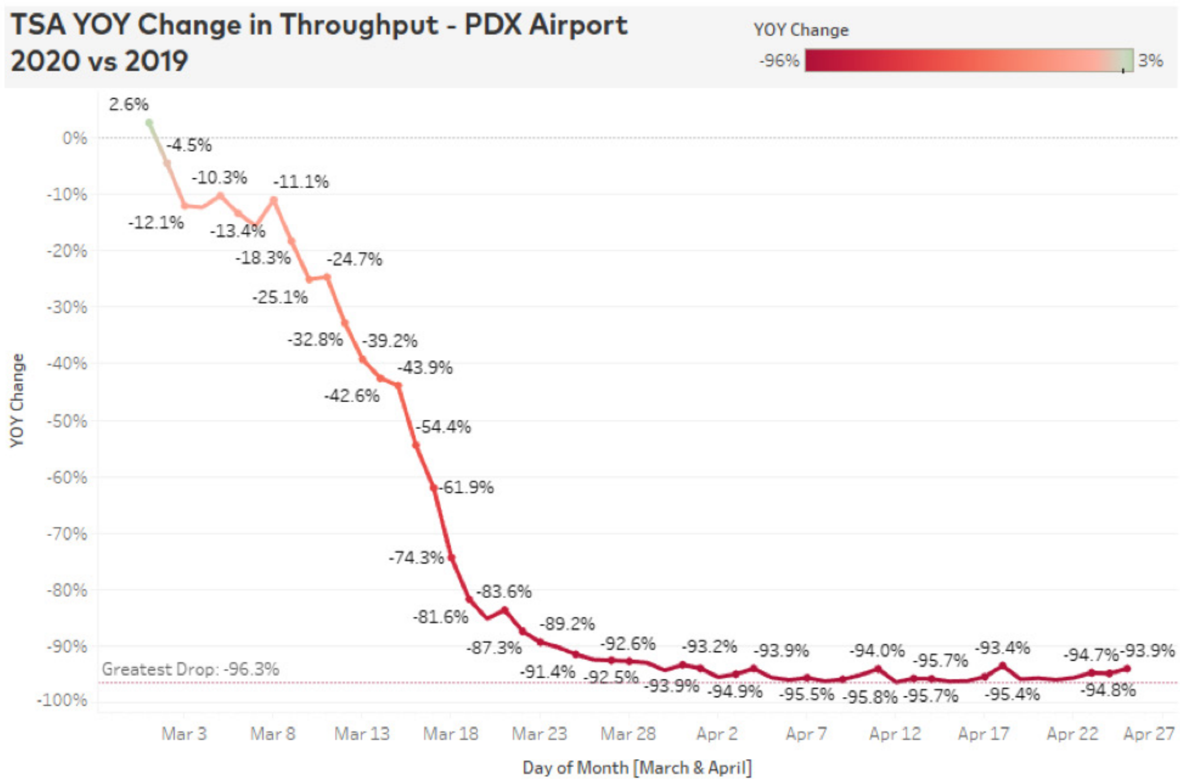
Oregon Vacation Rentals



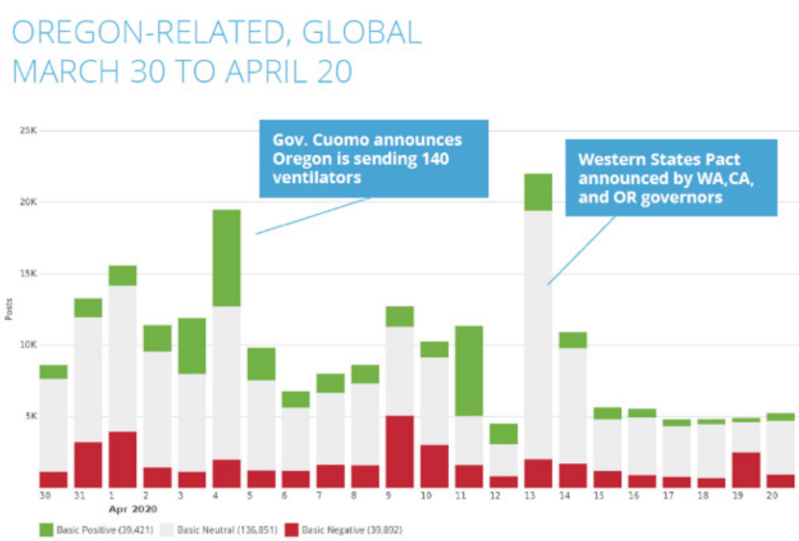
PDX Airport Data

April 25th, the PDX passenger throughput was 18,761 passengers below (93.9%) the same day, last year and month to date, April 2020, passenger throughput is 567,8722 (95.27%) below last year. This data is provided by Port of Portland.

On Saturday, 4/25, the throughput for PDX was 1,213 vs 19,974 last year.
* Throughput is the count of people going through the TSA checkpoint.



Social Sentiment



OREGON'S LEADERSHIP, ALONG WITH ITS BORDERING STATES, SET THE TONE

- From March 30th to April 20th, the volume of conversation about Oregon decreased except for a few major peaks.
- Oregon's donation of ventilators and the Western States Pact not only made headlines for multiple days, but the conversation reverberated far beyond with commenters praising the comrady and how leaders should be acting and partnering at this time.
- These headlines highlight the fact that when we come together and support each other, the partisan politics and finger pointing fade to the background.
- Feel good stories about Oregon continued with William Lapschies 104th birthday and beating COVID-19 and 95 year-old Bill Kelly beating COVID-19.

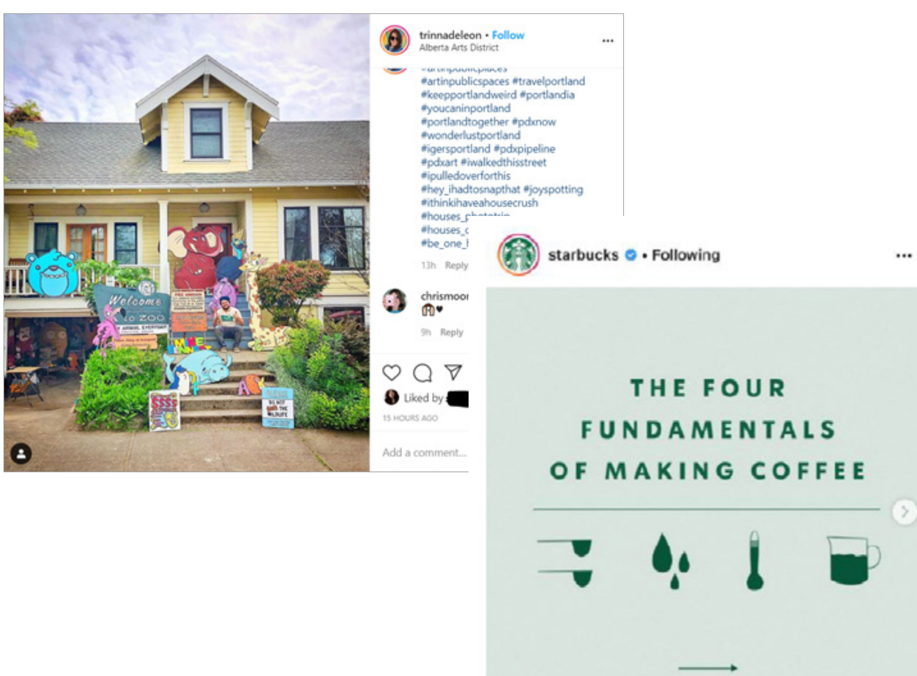
- Over the last month, there has been an overall drop in COVID-19 related conversation across social media (globally and in Oregon).
- With stay home and social distancing becoming the norm, conversation about rules have dropped and people are coping by looking for ways to pass the time, adapt to working from home, and ways to support small businesses.

- Oregon's efforts to flattening the curve and the plans to reopen the state are hot topics.
- Travelers are frustrated with disrupted vacations, inadequate customer service and refund policies that are not being honored.
- Overall negative sentiment continued to be levied towards improper federal preparedness for the pandemic and frustration with PPE not being available to frontline healthcare workers.

Messaging Recommendations:

- **Community Resource:** Continue to share accurate, timely public safety and health messages from official sources. This will be important as the state assesses a gradual re-opening.
- **Solidarity:** Keep demonstrating solidarity with the efforts to fight COVID-19 and prioritize social responsibility over immediate profit or sales.

- **Living Your Best Quarantine Life:** Self-improvement and seamless adjustment are the new reality. Self-care related search is surging (yoga and meditation routines, baking recipes etc.). content to allow your users to live their best life.
- **Lifestyle Streaming and Good News:** TikTok, Snap and Netflix usage has surged. Live streaming of dance parties, virtual tours and usage of dating apps is also up.



Re-Opening Trends from Media and Travel

Chief executives in the media and travel sectors continue to predict a slower return to business:

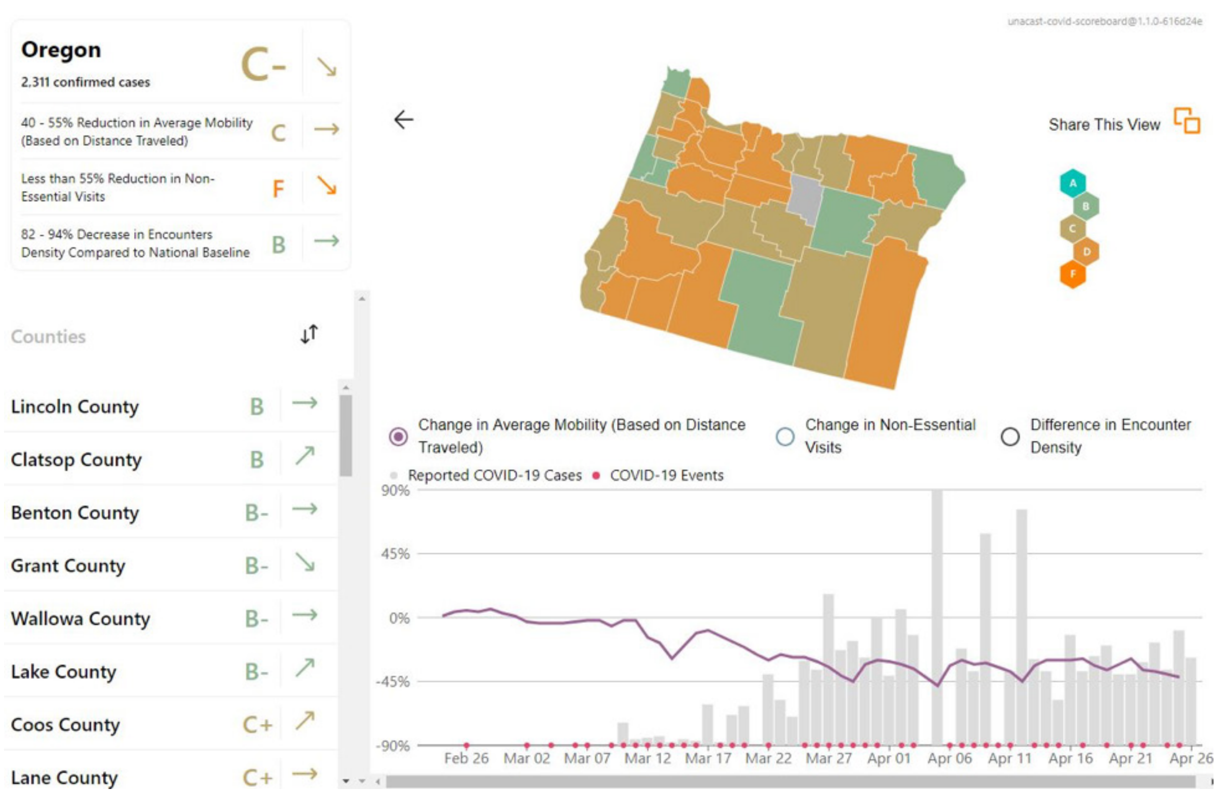
- Last week, a prominent UBS analyst, John Hodulik, predicted that Disney would not reopen U.S. theme parks until January 2021.
- Delta CEO Ed Bastian predicted that travel might not continue in its form prior to COVID-19, as people adjust to telecommuting, and online conferencing. He also stated that as travel comes back, customers were likely to place a higher premium on quality of service and personal safety. Delta did not rule out spacing passengers, less-packed flights or variable pricing.
- Multiple movie studios are shifting films away from this summer's planned release dates. The National Association of Theater Owners acknowledged this reality on Wednesday: "Until the majority of markets in the U.S. are open, and major markets in particular, new wide release movies are unlikely to be available."
- Last week, AT&T became the latest company to withdraw its financial guidance due to the pandemic. Randall Stephenson, the CEO of AT&T, on Wednesday's earnings call: "The range of possible outcomes just for the second quarter of 2020 is unbelievably wide. And then you begin to push that out for what the full year 2020 looks like, and it remains as wide."
- Top analyst Craig Moffett, reacting to the AT&T earnings:

  "Last week, the market was seemingly discounting a rapid re-opening and V-shaped recovery. This week, it seems to acknowledge a slower path, with high unemployment (and accompanying demand destruction) stretching through 2021 and into at least 2022."

How well are we social distancing?

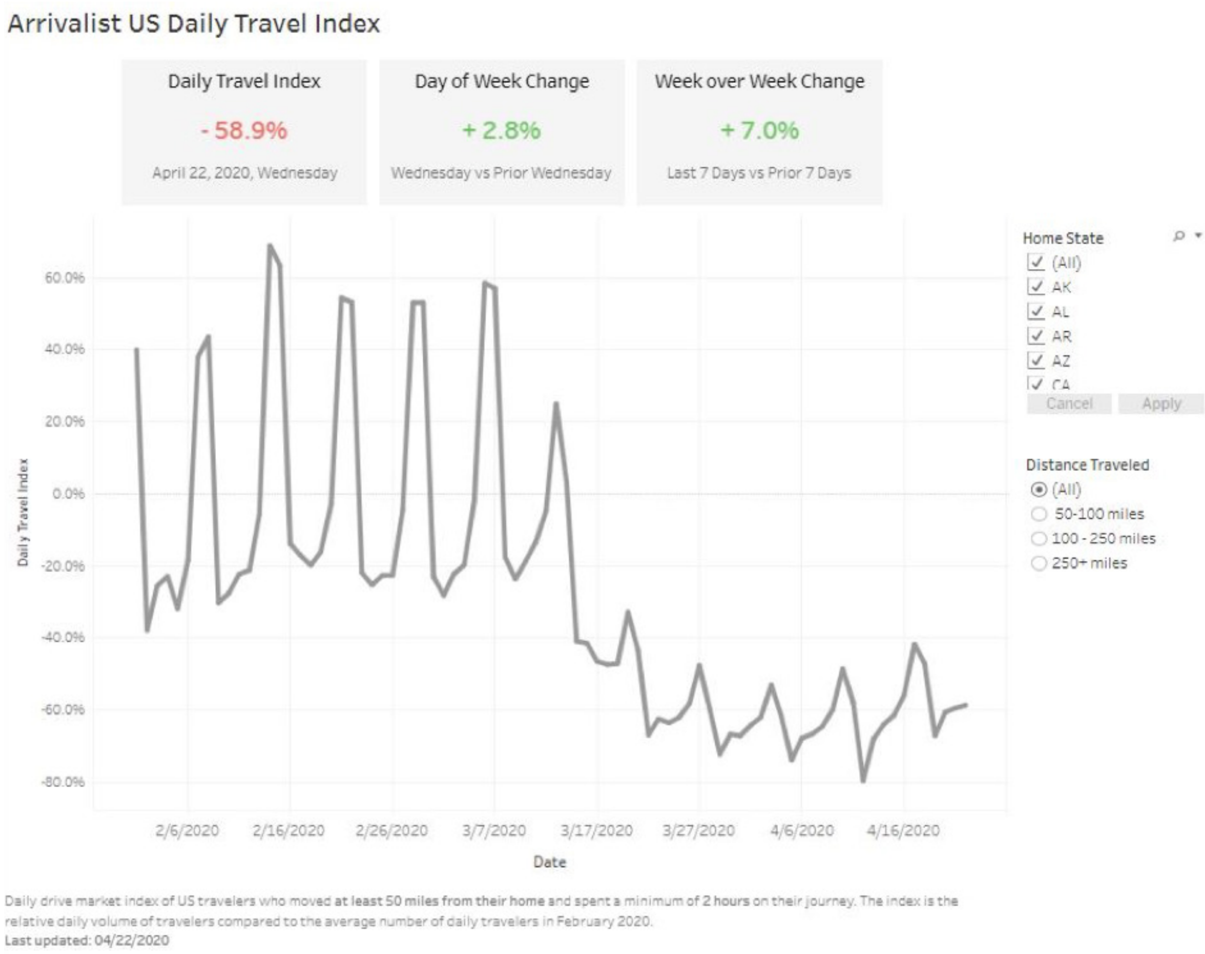
Unacast, a Norweigan company which collects and analyzes location data from various sources, released a study ranking all 50 states and the District of Columbia on a Social Distancing Scoreboard, updated daily, to empower organizations to measure and understand the efficacy of social distancing initiatives at the local level.

Oregon and Washington both received a C- (40-55% decline in average mobility).



Arrivalist's Daily Travel Index measures consumer road trips of 50 miles or more in all 50 U.S. states. The data is drawn from a panel of GPS signals representing road trips taken by car.

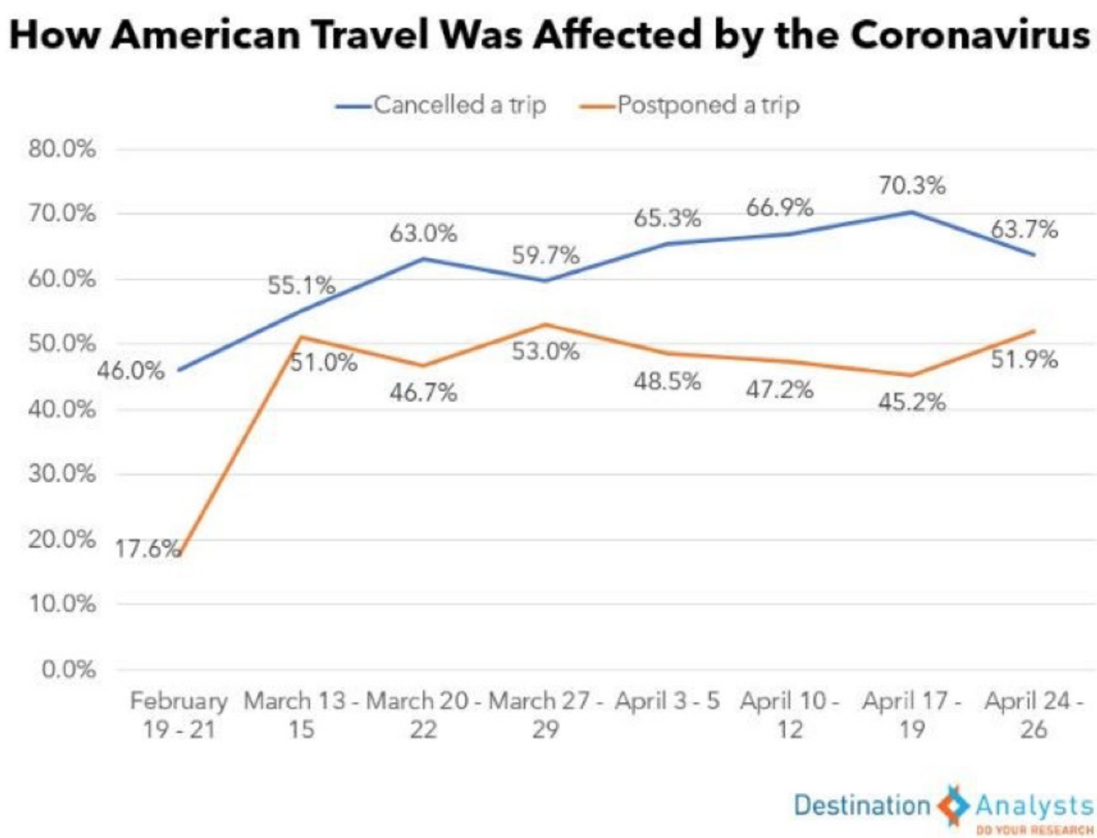
In Oregon, according to week of April 20 updates, trips of 50 miles or more were up 10% percent compared to prior week. However, April daily traffic compared to average daily traffic for month of February is down by 61.1 percent.



National Trends

Destination Analysts: Update on Coronavirus' Impact on American Travel—Week of April 27

- As American travelers prioritize staying safe from infection over the coming six months, they most want businesses like restaurants, malls, theme parks and sports venues to provide hand sanitizer and disinfectant wipes, as well as clearly explain their cleaning/sanitizing procedures. Boomers want new policies like health screenings more than younger travelers.
- American Travelers are Gradually Feeling Safer: Personal concern about contracting the virus, the perceived safety of large events like professional sports games and live performances, and the avoidance of travel until the coronavirus situation is over have all improved.
- Some Effects Are Lessening: The percent cancelling a trip because of the coronavirus is at a 4-week low; meanwhile postponements are at a 4-week high. Agreement about staycationing is at a 3-week low, while taking more road trips this year to avoid air travel and avoiding travel outside the United States are both at a 6-week lows. The percent who say they will change the types of travel destinations they choose to visit is back down to 30.7%, although over half continue to say they will avoid crowded destinations when they travel again.



- Now Is Still Not the Time for Travel: Americans continue to largely associate fear and uncertainty with travel right now. This week 63.5% agree they don't want visitors coming to their community right now, although the strength of their agreement with this sentiment has lessened.

Engagious: Back-to-Normal Barometer

Engagious looked into what will it take to get back to normal? The results from the April 15 tracking study of consumer sentiment around leisure activities:

- Roughly one-third of customers would return right now to their regular activities (including hotels and airline travel) without hesitation if that was a possibility, while another third is waiting for a medical breakthrough (vaccine or treatment)
- Those who are ready to return now are more likely from the South and West, disproportionately (71%) male, more likely on either extreme edges of political philosophy, and disproportionately in the 35-44 age group (25-34 year olds need even more assurance than other ages)

How DMOs Are Shifting Their Response

According to findings from the most recent North American COVID-19 Barometer survey from Destinations International Foundation and MMGY Travel Intelligence, a shift is starting to take place among DMOs and travelers alike. The fourth wave of the study was in the market April 17-23, and key findings/takeaways include:

- There is growing optimism among destination organizations. Respondents who expect their local tourism economy to show improvement in the next 30 days went from 2% in Wave III to 14% in Wave IV.
- The percentage of respondents who expect their local economy to worsen fell from 72% in Wave III to 41% in Wave IV.

- DMOs continue to focus their current outreach to prospective travelers via informational emails, social media, and public relations efforts.
- Many organizations are clearly starting to plan for their shift from informational campaigns to promotional campaigns in the upcoming two months. Promotional email campaigns will likely be on the leading edge of this transition with 73% of respondents indicating they expect to employ this channel within the next two months, up from 62% in Wave III.
- And, while crisis communications remain an important effort for most (76% of respondents report investments in this area currently), this is expected to decline rapidly in the next 60 days, with the percentage of destination organizations expecting to be utilizing crisis communications messaging two months from now falling to 46%.

RETURN TO A TRAVEL MINDSET

For the foreseeable future and potentially much longer than that, it is generally accepted that additional health and safety measures will need to be in place when it comes to travel. These measures include but are certainly not limited to practices like more frequent and meticulous cleaning of common areas, table/seating limitations at restaurants, leaving middle seats of aircraft unoccupied, and enhanced screenings at airports, borders, and events. But until a vaccine is approved and widespread vaccinations can take place, travel will resume in increments and likely with a few setbacks along the way. Assuming there are no major setbacks in recovery, travelers will generally fall into four primary categories and we can expect to see the following:

- **Early Adopters** – Almost all Americans have some level of desire to travel right now, but the first wave of travelers will come from those who are considered the early adopters. They have greater confidence that social distancing and other protective measures, combined with their own vigilance, can and will make traveling safe. While their choice of destinations, and their behaviors within the destination may have changed, they will be the first to hit the road once it is deemed safe and acceptable to do so.
- **Proof of Concept** – Following closely on the heels of the Early Adopters will be those seeking Proof of Concept, who will wait for others to demonstrate that travel can be safe, enjoyable, and fulfilling even in the earlier stages of recovery. These individuals will want to see firsthand that Americans can in fact travel, and return home healthy before doing so themselves.
- **Wait and See** – Similar to the Proof of Concept audience, the Wait and See traveler will require a larger sample size before they commit to traveling. These people will watch the news and track the situation more closely, wanting to see broader acceptance of travel and consistently increasing numbers of travelers before travel becomes a viable option for them.
- **General Acceptance** – For the most part, the General Acceptance audience is the remainder of the traveling public and will be the last to return to travel. These individuals are in no hurry to jump back in or take unnecessary risks – whether real or perceived – associated with health and safety. To this audience, travel is viewed as more of a privilege than a right, and until they are almost certain that it is safe to do so, they will stay close to home and wait it out.

BEHAVIORAL CHANGES AMONG TRAVELERS

Regardless of which of the aforementioned categories a traveler fits into, their travel behaviors moving forward will likely be similar with a few exceptions.

- **Last-minute decisions** – With recovery broken out into phases, which vary from state to state, and with no clear timeframes established, Americans will increasingly make last-minute decisions about where and when to travel.
- **Drive destinations** – Americans will increasingly take to the road this summer and fall as opposed to flying to a destination, and will be willing to drive greater distances in lieu of hopping on an airplane.

- **Aversion to crowds** – Even as restrictions on gatherings start to lessen and events resume with proper protocols in place, travelers will avoid crowded destinations, attractions, and activities in favor of open spaces, secluded hotels, and outdoor activities.
- **Shorter stays** – In an effort to minimize their risk and exposure from extended stays, travelers will opt for shorter getaways closer to home. That's not to say they won't venture farther afield, but the majority of their trips, at least initially, will be within an 8-10 hour drive radius.
- **Protocol minded** – Travelers will be likely to make decisions and favor destinations and businesses that not only have extensive safety, cleaning, and sanitization practices in place, but that provide added reassurance by communicating those practices clearly.
- **Vigilance** – Increased health and safety measures will be expected, and even demanded, by travelers, but their own vigilance will be more prevalent than ever before when it comes to their behaviors and actions while traveling.
- **Gratitude & appreciation** – Travel is something many of us take for granted, and losing the privilege to do so will create a greater sense of gratitude and appreciation among travelers for the places they visit and the people they meet.

TRENDS TO WATCH

While the "new normal" will continue to sort itself out for some time as it pertains to travel, new trends will emerge and some existing trends will be strengthened. Among some of the early trends we are seeing include:

- **Private travel** – Think private jets, private yachts, and private islands as a means to avoid crowds and minimize risk of exposure. But also more approachable private luxury such as private tours and activities, private rental homes, and private transportation (car vs. airplane, rental car vs. rideshare, etc.).
- **Slow travel** – The concept of doing less on vacation, as opposed to trying to cram in as many activities as possible, will be particularly appealing to travelers in the post COVID-19 climate.
- **Wellness** – Wellness travel is already a growing trend, but expect things like health awareness, mindfulness, and wellbeing to become even more popular for the remainder of 2020 and into 2021.
- **Staycations** – As Americans' concerns over air travel continue, expect staycations to remain a popular trend.

Tourism Economics

New analysis by Tourism Economics shows a week by week outlook on travel spending in the U.S. including a look at regional and state-by-state breakdown. Findings from the April 22 report:

- National weekly travel spending fell to $2.5 billion last week—marking the seventh consecutive week of contraction
- In the week ending April 18, the travel economy fell 89% below last year's levels, the strongest year-over-year decline to date
- Since the beginning of March, the COVID-19 pandemic has resulted in $99 billion in losses for the U.S. travel economy
- Alaska, Arkansas, and Mississippi are the only states to experience a decline in travel spending of less than 80% last week, while Rhode Island, Hawaii, West Virginia, and Washington, D.C. endured declines of more than 95%
- Declines in travel spending have caused a loss of $12.8 billion in federal, state and local tax revenue since March 1

Research and Analytics Resources

https://ttra.com/resources/covid-19-travel-and-tourism-research-resources/

https://str.com/event/covid-19-webinar-us-canada-hotel-weekly-performance-analysis

https://www.mmgyglobal.com/covid-19/

https://www.ustravel.org/toolkit/covid-19-travel-industry-research

https://keydatadashboard.com/covid-19-impact-report-on-short-term-vacation-rentals-in-oregon/

https://covid19.ubermedia.com/

If you have any questions, please direct them to: ladan@traveloregon.com