

Focus on the Factors That Will Drive a Travel Rebound

As we begin to hear estimates from public officials about reaching the peak of new cases of COVID-19 in the U.S., it will be important to filter out the white noise in the industry today and focus on the factors that will drive consumer response and an ultimate travel rebound. While previous travel downturns have been dictated by one prevailing issue (safety following 9/11, spending and unemployment during the economic downturn, etc.), the COVID-19 outbreak is different. We see three key factors dictating consumer willingness to travel:

1. Perception of safety will be key, both in the type of travel and the destinations travelers choose to visit. We are monitoring these perceptions in partnership with the [U.S. Travel Association every other week](#).
2. Economic factors will ultimately drive propensity to spend among travelers, with [some models suggesting](#) it will take years to return to the RevPAR levels we had reached through 2019.
3. There is a wild card factor being driven by shelter-in-place orders that may ultimately supercede the other two factors: Pent-up demand is a real consideration, especially for immediate, drive-market travel.

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To Hear Industry Leaders Discuss These Items and More

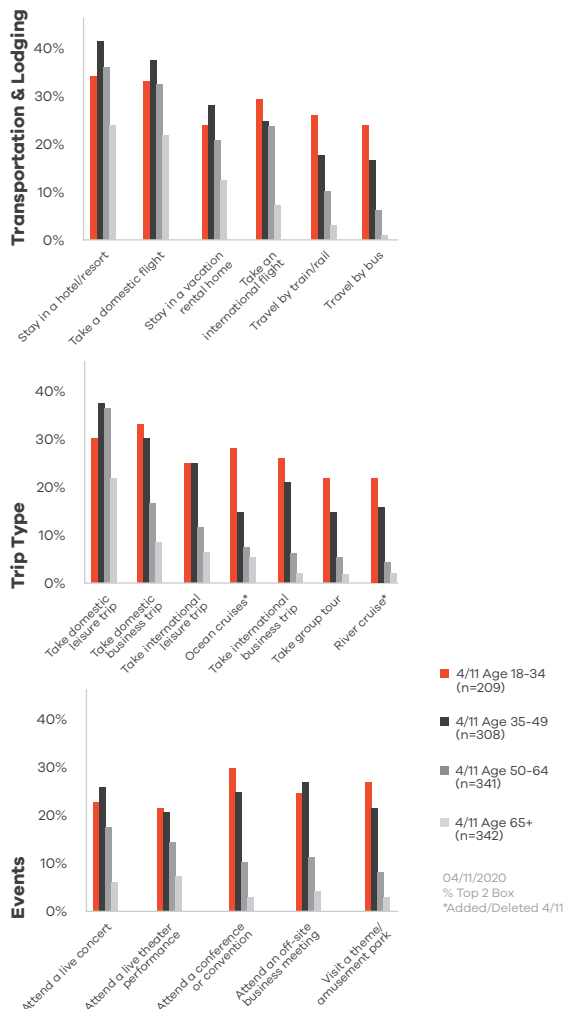
U.S. TRAVELER PULSE

In its second wave released last week, the U.S. Travel Association's Travel Intentions Pulse Survey has seen overall drops in travel sentiment. Yet more than half of travelers say they will be eager to travel again once the pandemic has passed, and one-third of travelers who had plans prior to the COVID-19 outbreak are suggesting that they have simply postponed those plans, giving travel brands reason to believe there will be a pent-up demand for travel when restrictions begin to be lifted.

- Among those surveyed, leisure travel leads business travel – which would repeat patterns we've seen in the past during travel rebounds. Thirty-one percent believe they are likely to take a leisure trip in the next six months, while 21% believe they will travel for business in the next six months.
- More than one-third of those who regularly travel for business are more likely to not only travel for business but also for leisure in the next six months. This points to a target audience that may have more confidence and/or ability to travel when restrictions are lifted.
- The potential impact of travel deals to help stimulate bookings fell 9 percentage points from Wave 1 to Wave II, as travelers first and foremost seek personal safety before committing to travel.
- As the COVID-19 impact grew between the first and second waves of the survey, consumer confidence around personal safety related to travel dropped. Travel brands in the lodging industry in particular will want to track that safety sentiment, as more survey respondents feel safe today in vacation rental homes and condos (19%) than those who feel safe staying in a hotel or a resort (13%).
- While overall personal concern for contracting COVID-19 has increased marginally from 32% in Wave 1 to 34% in Wave II, the level of personal concern among young travelers 18–34 has increased from 56% to 63%. This is likely due to recent news indicating that younger people are more vulnerable to the virus than originally thought.
- And while younger travelers say they are more likely to participate in the next six months in activities that tend to have higher density like cruises, concerts and theater performances, the age groups of 35–49 and 50–64 are suggesting a greater likelihood to travel domestically or stay in a hotel in the next six months.

[Click here for the full report.](#)

Likelihood of Travel in Next 6 Months



SUPPORT BUILDS TO PROVIDE ECONOMIC RELIEF FOR DESTINATION ORGANIZATIONS

Advocates from the U.S. Travel Association, Destinations International and a coalition of 600 travel industry organizations have called upon Congress and the Department of the Treasury to provide Paycheck Protection Program (PPP) relief in the next CARES Act package – specifically citing 501(c) organizations and travel-related quasi-governmental organizations. The PPP, which has already run out of funding after receiving a crush of applications, provides loan forgiveness for payroll costs, group healthcare benefits and other expenses related to operations through June 30, 2020. But because the act delineates between a 501(c)(3) – a charitable non-profit – and a 501(c)(6), which operates to promote a common business interest, it didn't apply for many DMOs and CVBs.

In the current package, destination organizations may be eligible for other types of relief from the CARES Act.

- SBA Disaster Loans has the broadest level of eligibility for DMOs organized as 501(c)(6) or 501(c)(3) organizations, along with small businesses such as tour operators, meeting and event services, hotels, attractions, restaurants, wineries and more.
- The Exchange Stabilization Fund makes DMOs eligible as an instrument of government, along with sports teams, major hoteliers, rental cars and more.
- Business Tax Relief applies to DMOs organized as a 501(c)(6) or 501(c)(3) organization to reduce their tax burden and delay the tax payment and filing deadline.

The U.S. Travel Association has a [resource page](#) specifically dedicated for destination organizations seeking more information on this issue.

NORTH AMERICAN DMO BAROMETER

This week, we are releasing the fourth wave report from the Destinations International Foundation and MMGY Travel Intelligence. This multiwave survey measures the impact of COVID-19 across the travel industry and assesses how partners around the globe are preparing for next steps.

[Full Wave I, II and III Reports can be accessed here.](#)

INDUSTRYWIDE COLLABORATION SIGNALS SHIFT IN MESSAGING

In earlier issues of this weekly report, MMGY Global has suggested a four-phased approach to message recovery: Wait. Ready. Set. Go. Within the last week, industry organizations have taken a more proactive approach to driving messages of inspiration and travel. While not yet driving a call-to-action for travel planning and booking, the increased activity within the marketplace signals that the industry is reacting to measures of pent-up demand from consumers and moving into the “Ready” phase of strategic messaging:

- Today the WTTC, in partnership with MMGY Hills Balfour, launched a global initiative to drive user-generated messages around the positive impacts of travel through a [campaign called #TogetherInTravel](#).
- Last week, destination organizations including the Los Angeles Tourism & Convention Board, NYC & Company and San Francisco Travel partnered to launch a new social campaign encouraging residents to showcase inspiring content for their hometowns [called #ThroughMyWindow](#).
- Discover Puerto Rico [announced an eight-part video series](#) inviting travelers to discover the destination virtually with Lin-Manuel Miranda.

