



What to Expect During the Unexpected: A 10,000-Foot Look Ahead

Chris Cavanaugh

What to Expect During the Unexpected: A 10,000-Foot Look Ahead

- Where we've been the last eight months, and where we are now
- Where I think we're going in the next 6 – 24 months
- A look at meetings and events
- Ten takeaways







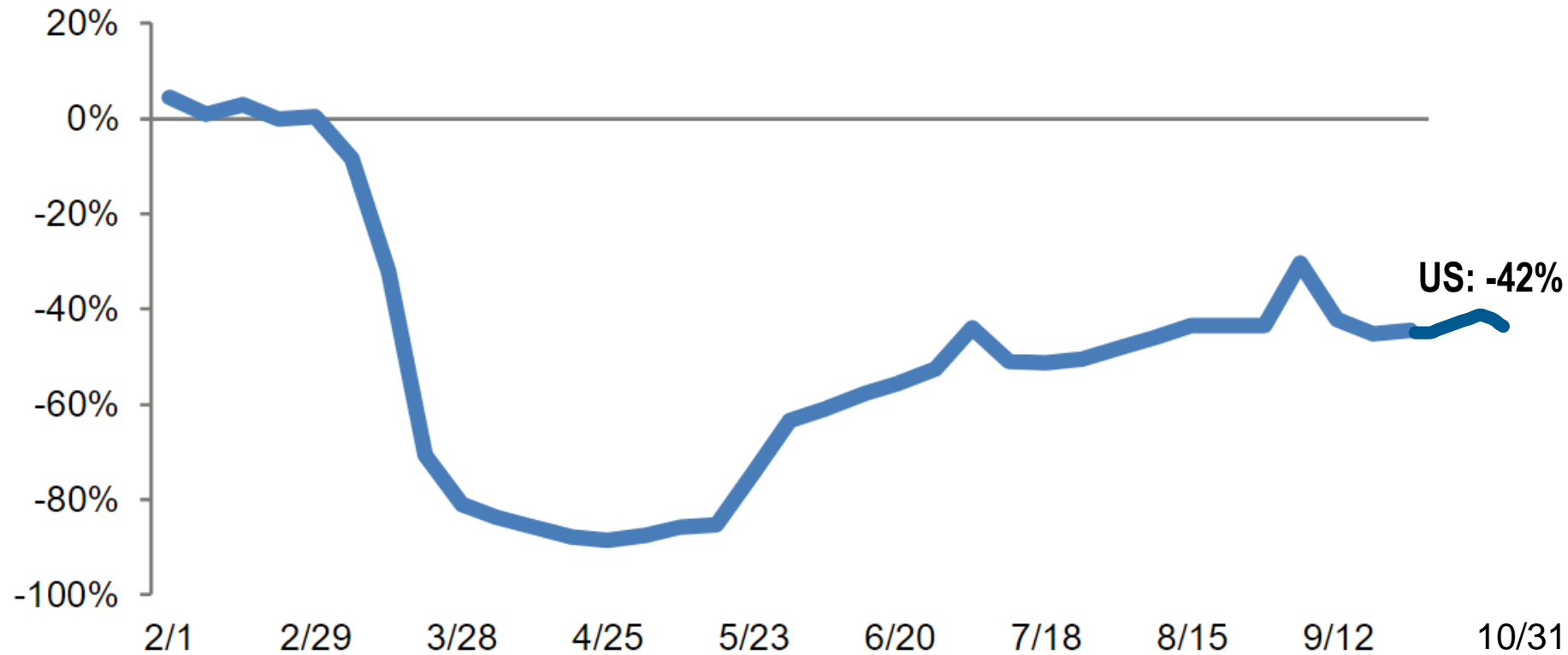


**WHERE WE'VE BEEN &
WHERE WE ARE NOW**



The decline in national travel spending has mostly leveled off, but remains well below 2019

National weekly travel spending year-over-year change



Source: Tourism Economics

Shutdown of group and corporate travel has dramatically affected demand for some hotel types

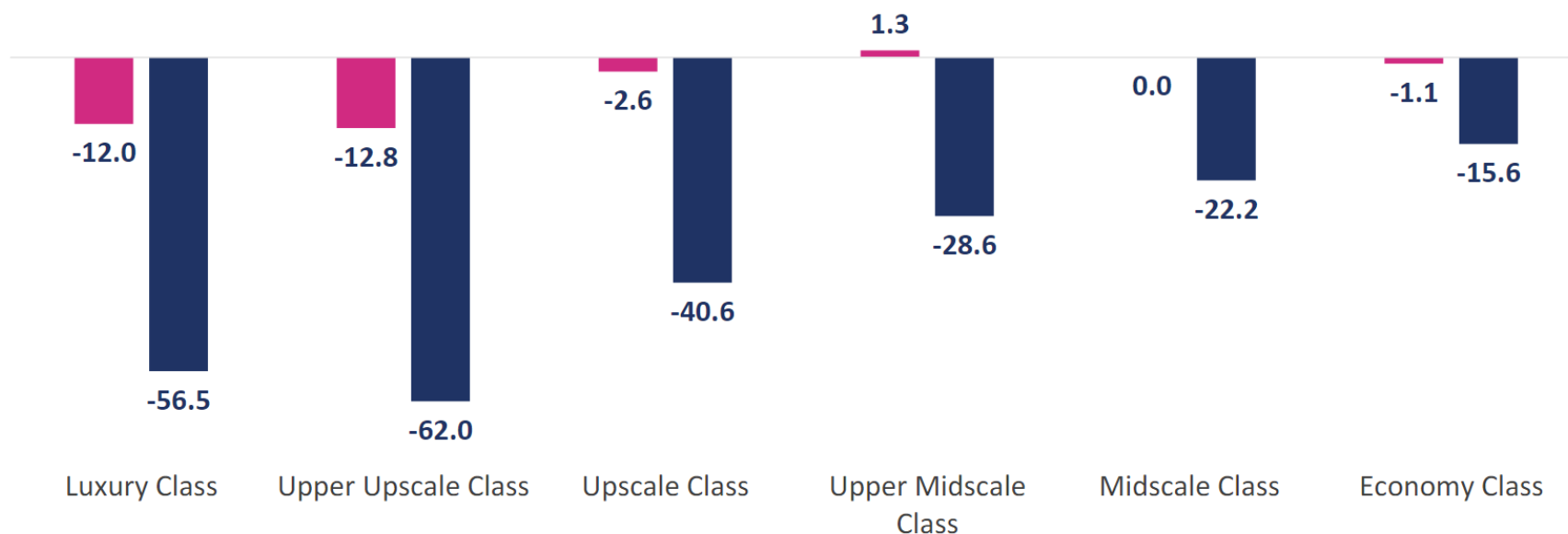
No Groups And Little Corporate Demand

August 2020



■ Supply % Change

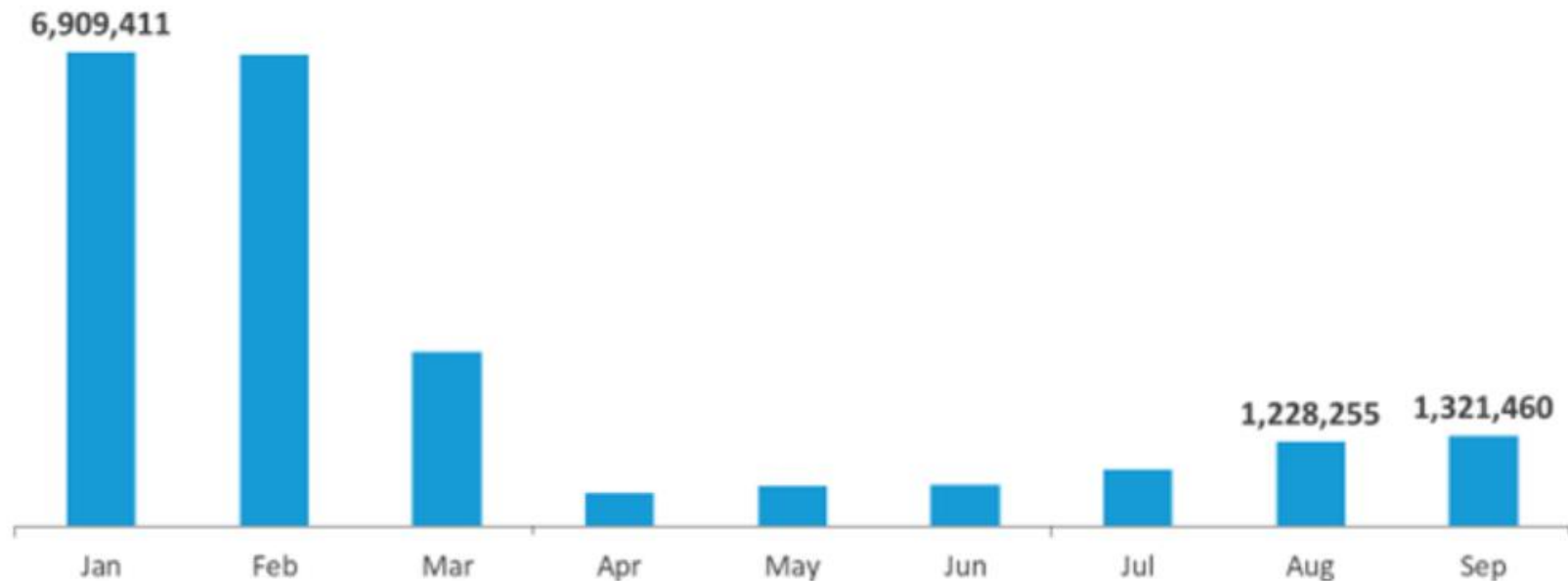
■ Demand % Change



Group business is starting to emerge from its slumber, but it will be a tough slog

Group demand starts the long, slow climb back

Group rooms sold, Luxury & Upper Upscale classes, 2020

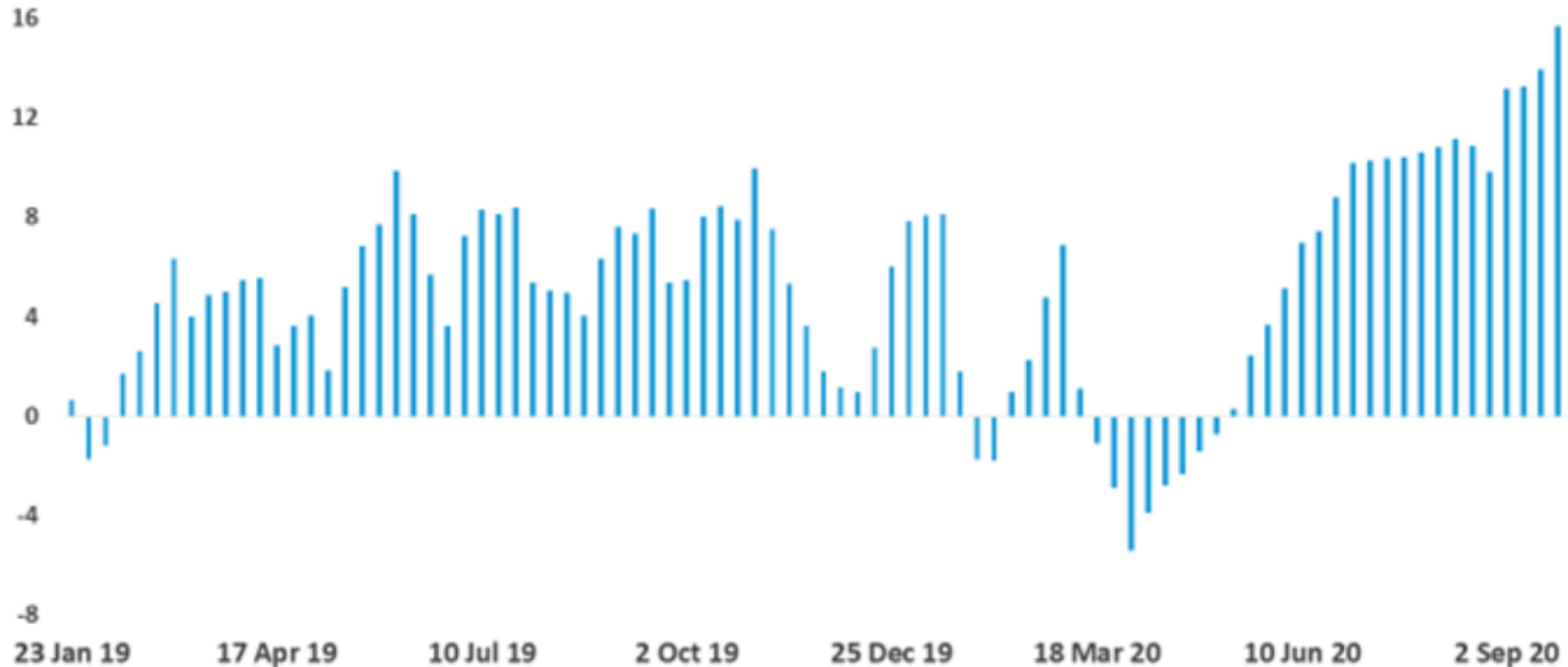


Source: STR, 2020 © CoStar Realty Information, Inc. 4

With little business travel and few meetings and events, weekends are crushing weekdays

Saturday occupancy point premium over Wednesdays is growing

Total U.S., 4-week avg., Occupancy point premium, Saturday over Wednesday



Urban destinations are particularly affected by a lack of corporate and group demand

Travel spending losses by state (Mar-Sep 26th, % change)

Ten least impacted states

1 Mississippi	-38%
2 South Dakota	-44%
3 Montana	-44%
4 Idaho	-44%
5 Wyoming	-45%
6 Alabama	-45%
7 Arkansas	-46%
8 Delaware	-47%
9 Kansas	-47%
10 Iowa	-48%

United States -58%

Ten most impacted states

43 Minnesota	-59%
44 Pennsylvania	-60%
45 California	-61%
46 Washington	-63%
47 Illinois	-66%
48 Puerto Rico	-68%
49 Massachusetts	-69%
50 New York	-73%
51 Washington DC	-78%
52 Hawaii	-81%



Rural and outdoor destinations are outperforming urban markets (and fly markets)

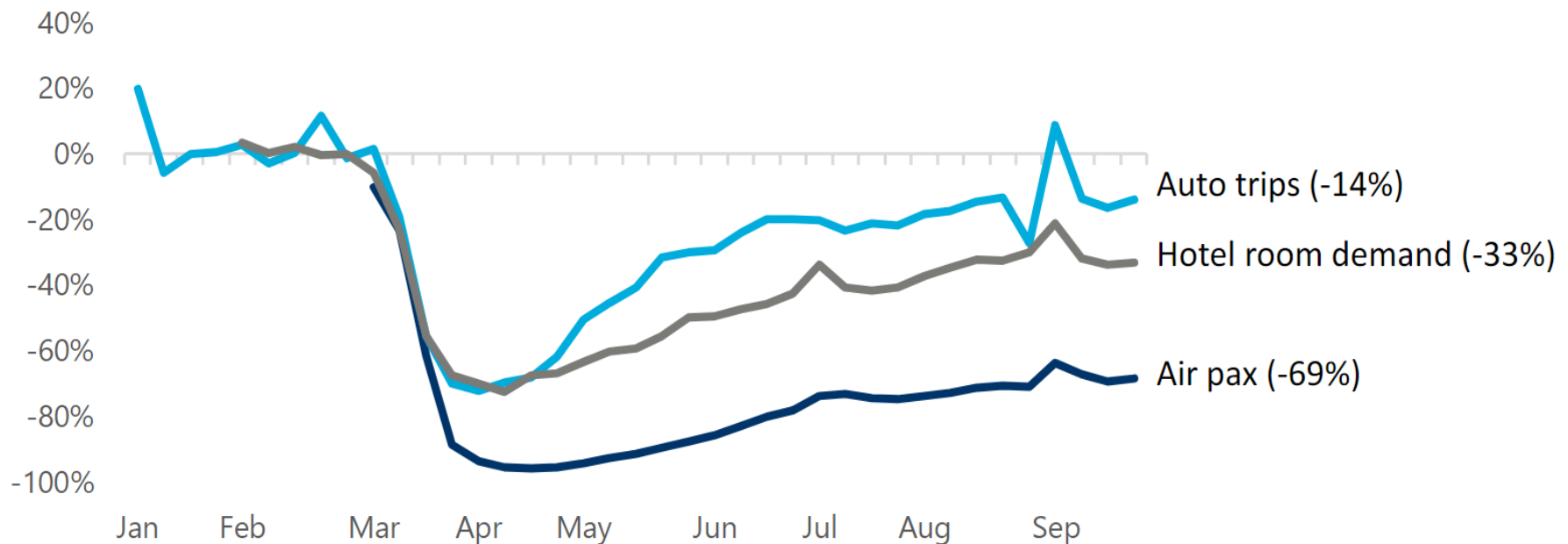
Cities with greater domestic leisure draw (and less group demand) are also recovering more quickly

There are glimmers of hope, especially among leisure travelers going by car

Three snapshots of the travel landscape

Travel performance

Year-over-year % change



Source: TSA, Arrivalist, STR

Air Travel High: TSA Screens 1 Million For 1st Time Since March

October 19, 2020 · 7:24 PM ET

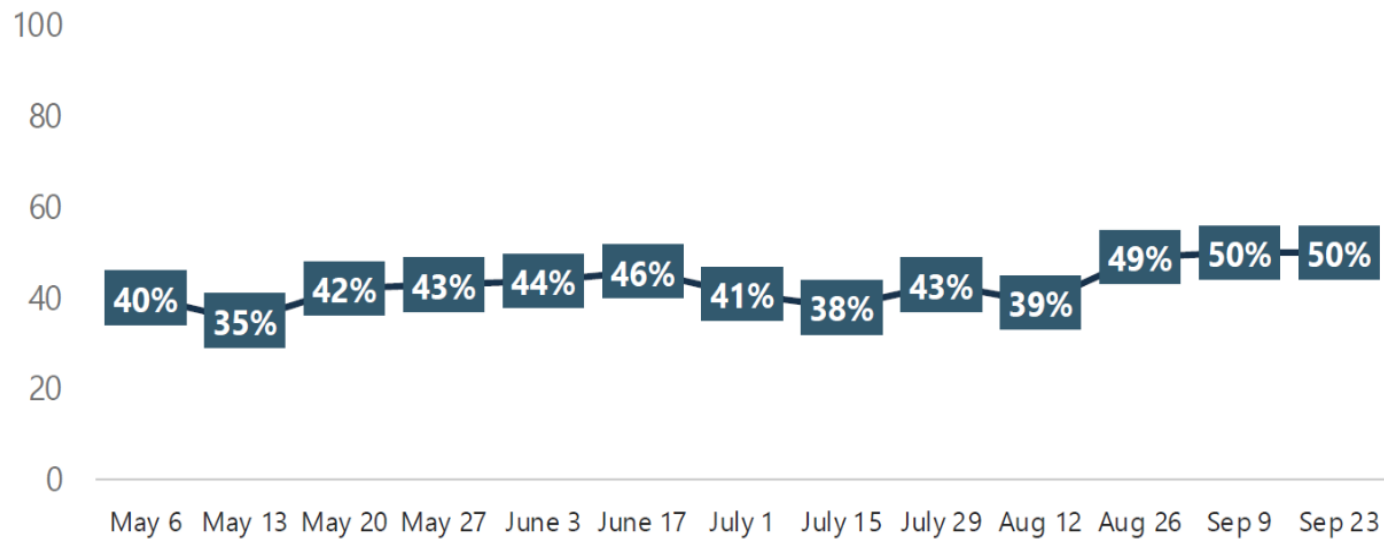
DAVID SCHAPER





The perception of travel safety has improved slightly in the last few weeks

I Feel Safe Traveling Outside My Community Comparison of Travelers Who Strongly Agree or Agree



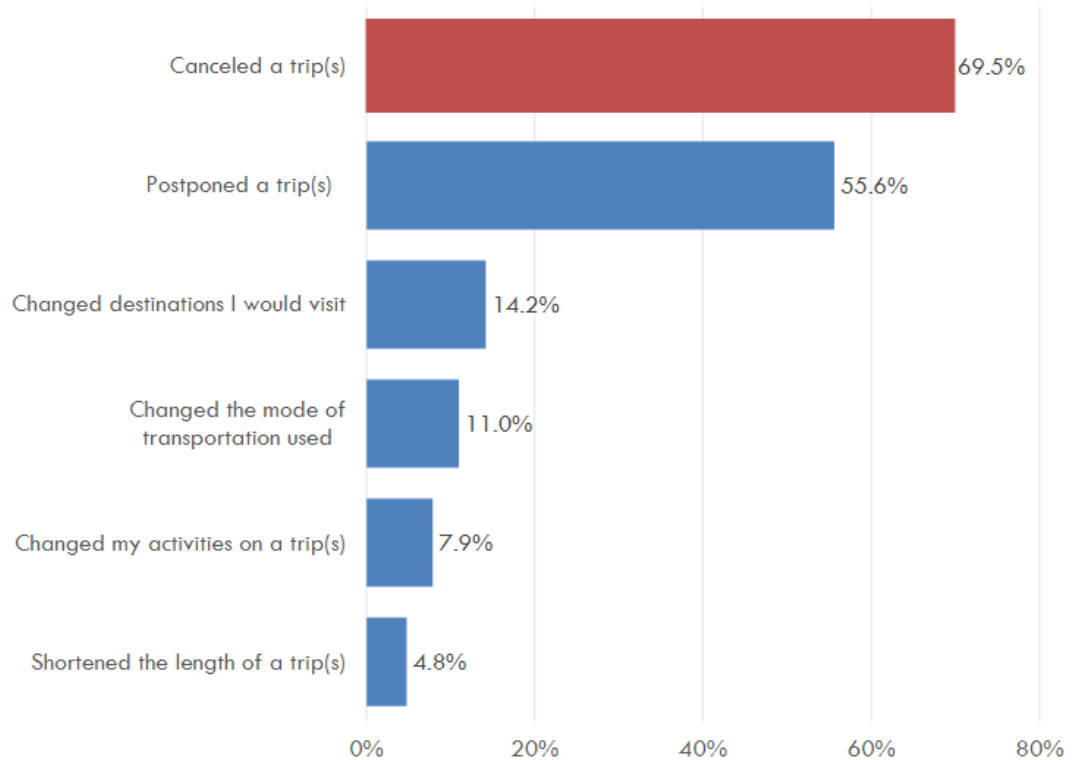
Travel Sentiment Study Wave 21

Over 2/3 of Americans have canceled a trip due to COVID, but 56% also simply *postponed* one

HOW THE CORONAVIRUS HAS IMPACTED TRAVEL

Question: How has the coronavirus situation affected your travel? (Select all that apply)

Due to the coronavirus situation, I have_____.



Who's Back in the Market?

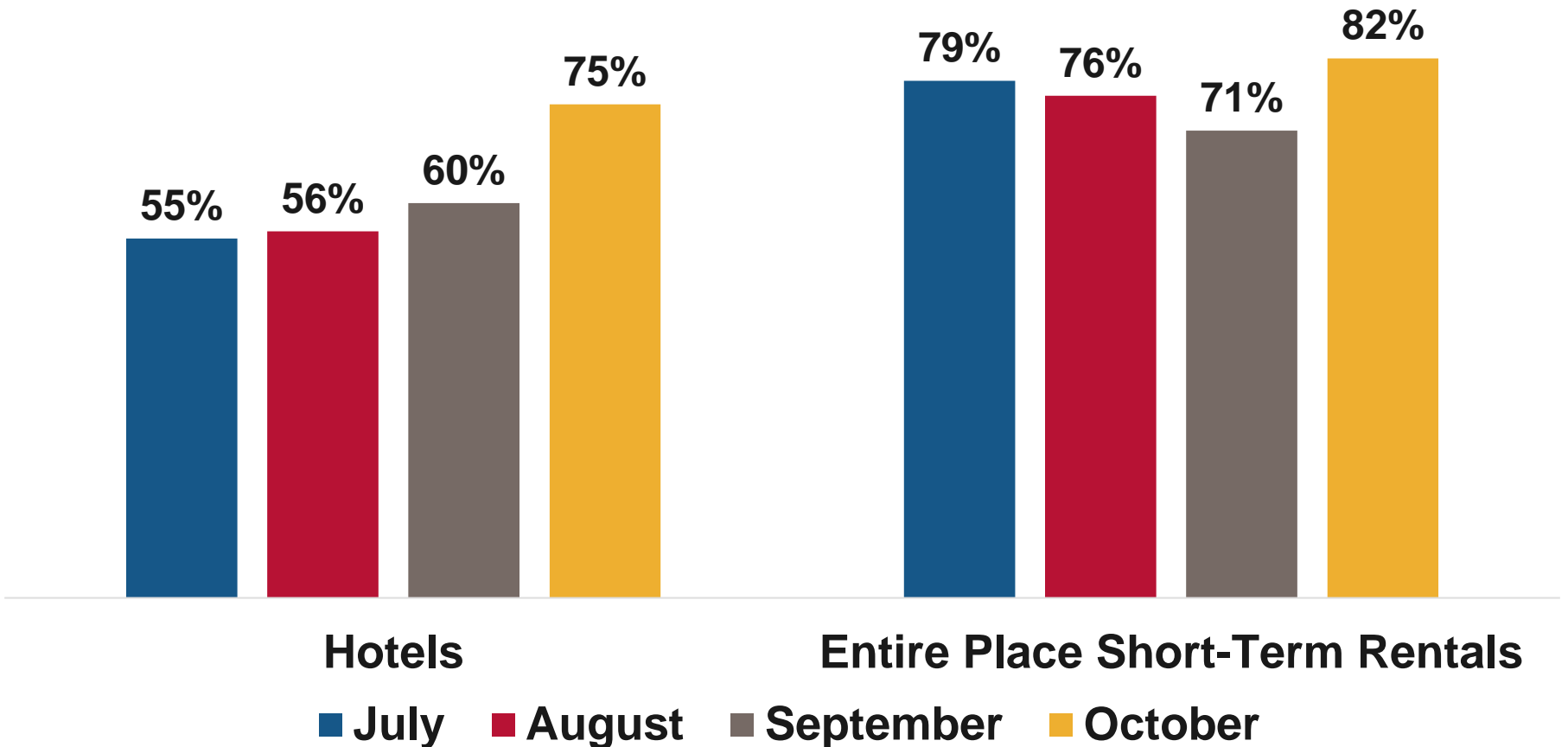
Leisure transient travelers

- **Outdoors enthusiasts (and non-enthusiasts)**
- **Roadtrippers**
- **Travelers interested in rural destinations**
- **Daytrippers**
- **Short-term renters**
- **Wealthy travelers**
- **Gatherings of friends and family**

Some youth sports



ASHEVILLE LODGING OCCUPANCY BY TYPE: HOTELS VS. SHORT TERM RENTALS BUNCOMBE COUNTY, JULY – SEPTEMBER 2020



Who's on the Fence, Ready to Come Back?

- **Weddings**
- **Association meetings**
- **Some SMERF events**
(**Social, Religious, Educational, Religious, Fraternal**)
- **The rest of the sports market**

Who's Not Back in the Market (Yet)?

- **Older travelers**
- **Air travelers**
- **Corporate**
- **International**
- **Motorcoach**
- **Travelers to urban destinations**

You must wear a face covering to enter our hotel.



A FACE COVERING CAN BE A BANDANA, FOLDED SHIRT, HAND-STITCHED MASK, OR MEDICAL GRADE MASK

A FACE COVERING MUST BE WORN BY ALL PERSONS TWELVE (12) YEARS OF AGE AND OLDER IN ALL INDOOR PUBLIC PLACES SERVING MEMBERS OF THE PUBLIC



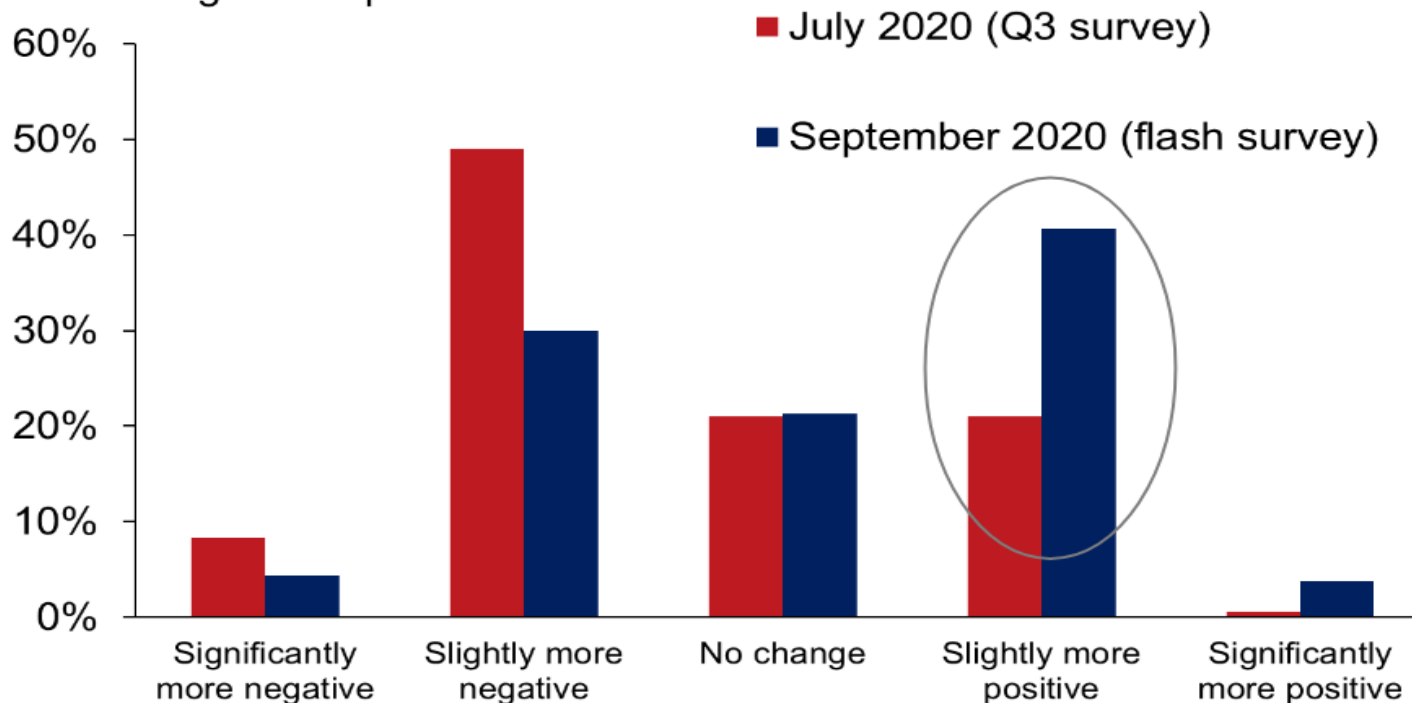
WHERE WE'RE GOING



Prospects for a global economic recovery over the next two years are improving

Looking ahead to the next two years, have you become more positive or more negative about global growth prospects over the past month?

Percentage of respondents



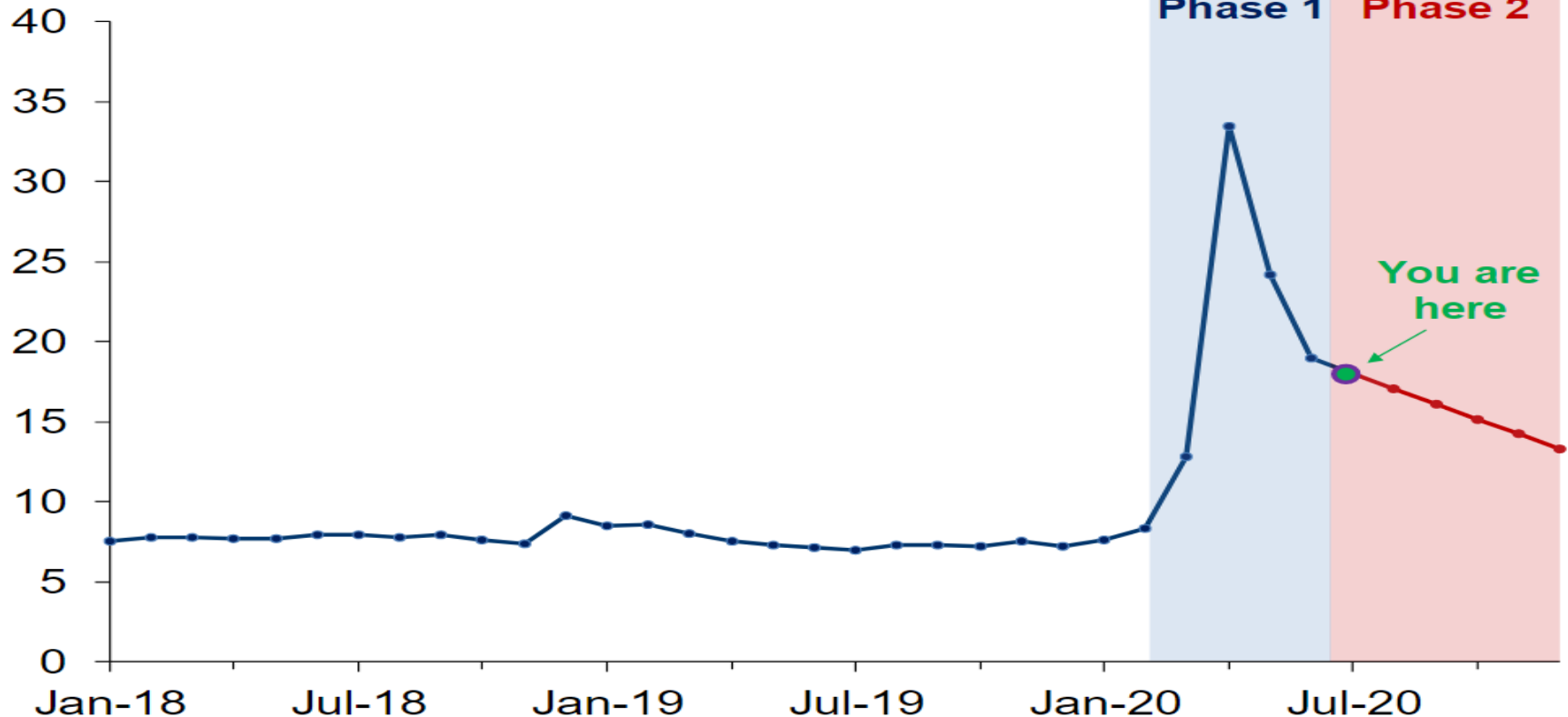
Source : *Oxford Economics Global Risk Survey*

Some categories have already benefited greatly from an increase in consumer savings

Rebound in spending supported by savings

US: Personal saving rate

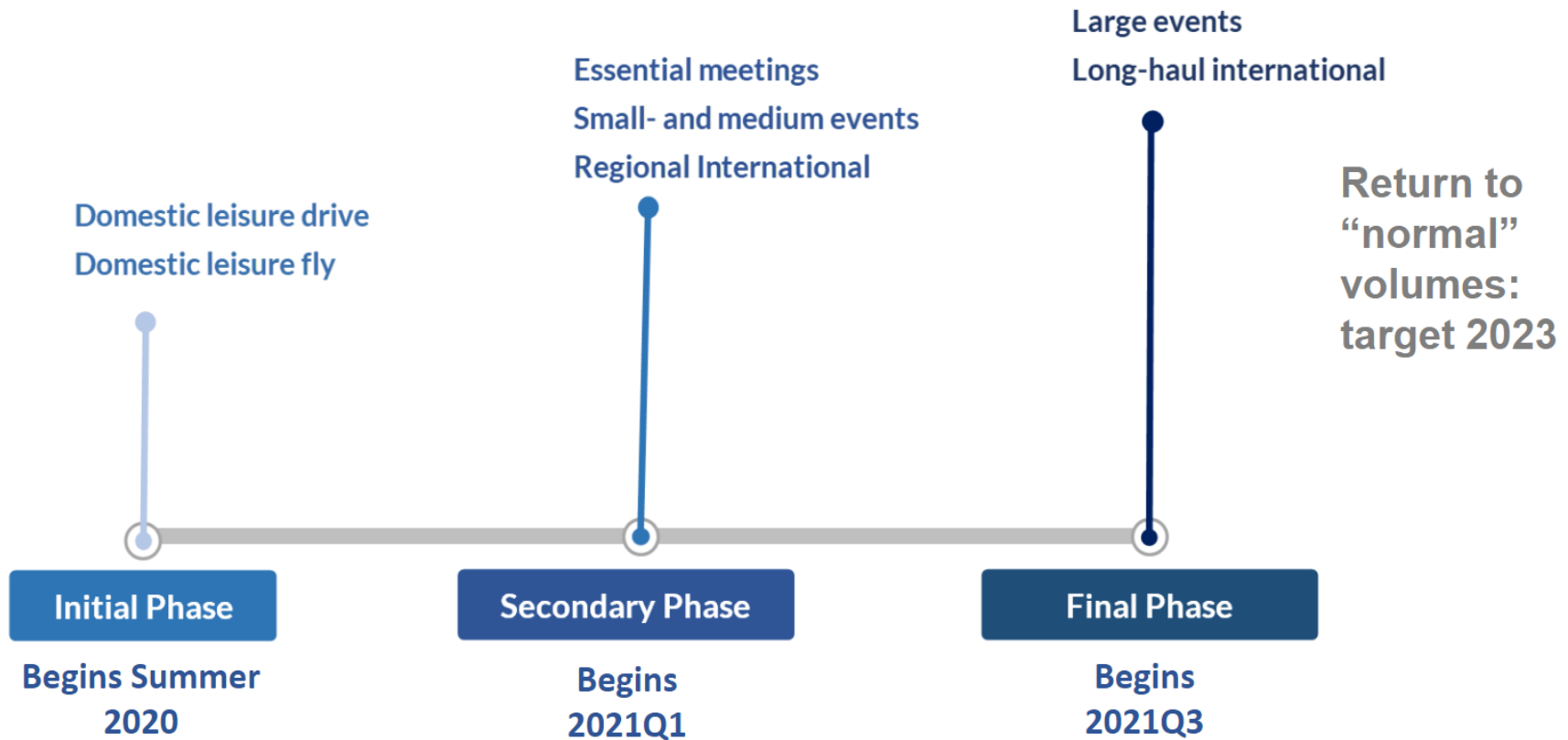
Share of disposable income, %



Source: Oxford Economics/Haver Analytics

But most experts don't see a complete return to "normal" for the entire sector until 2023 or 2024

Anatomy of a travel recovery

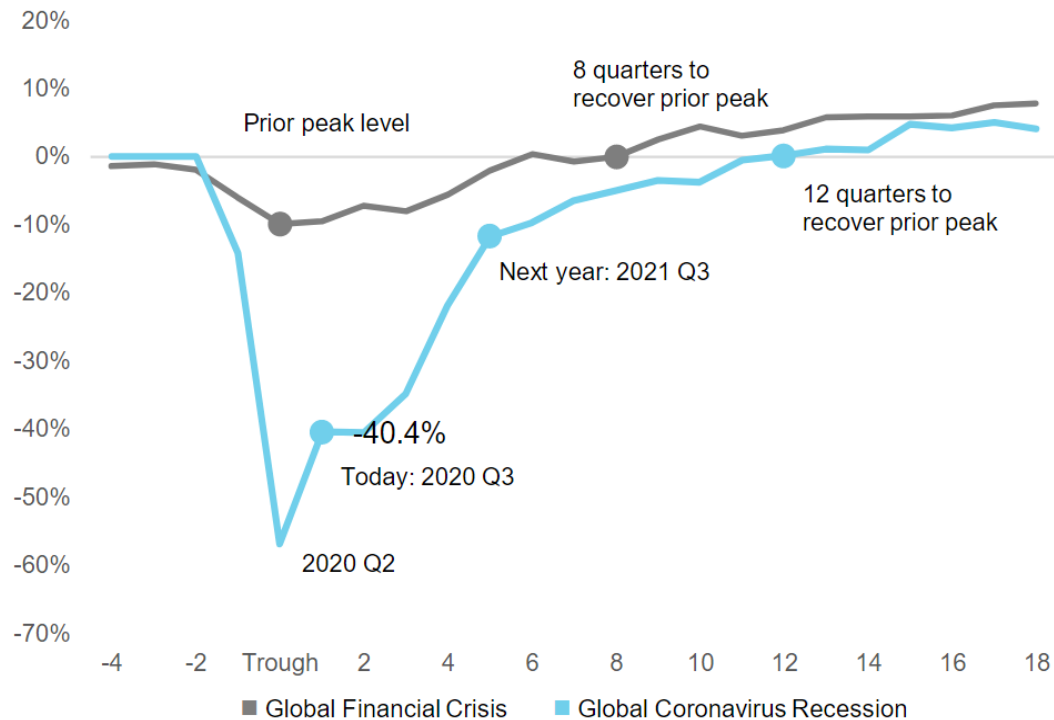


Total US hotel room demand is not expected to return to pre-pandemic levels until late '23

US hotel room demand: 3-year recovery period (2023Q3)

Room demand: US

Quarters relative to trough, level relative to prior peak



Compares to 2 years after GFC...

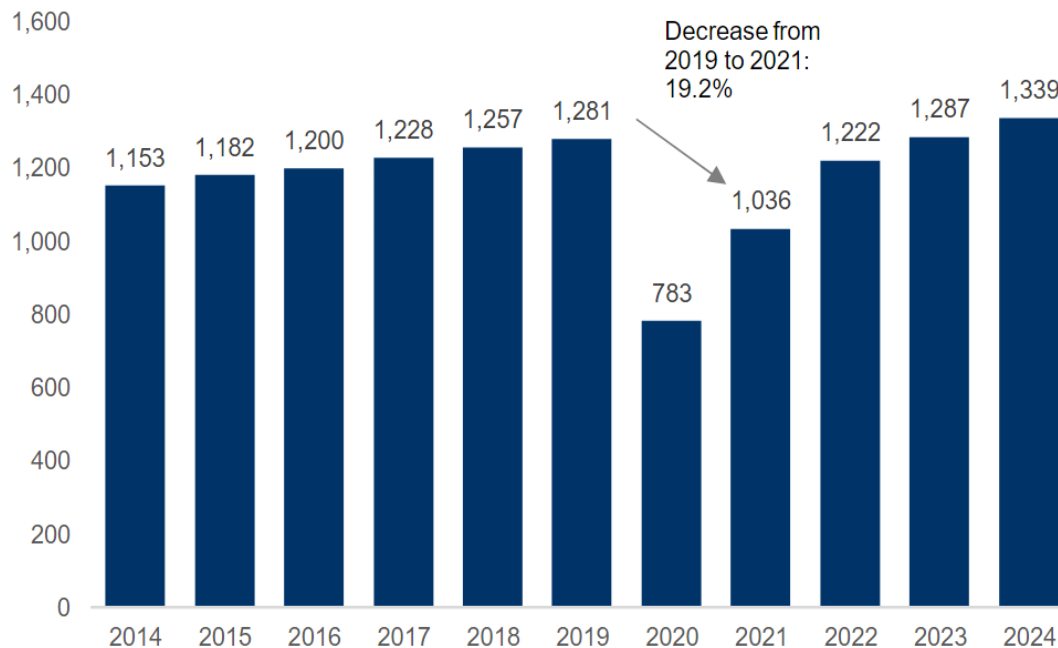
But we start the timer in 2021Q2 in a post-pandemic world

Next year should be a good year for many (but not all) destinations, especially leisure markets

US hotel room demand: down 39% this year

Demand

US, room nights, in millions



Source: STR; Tourism Economics

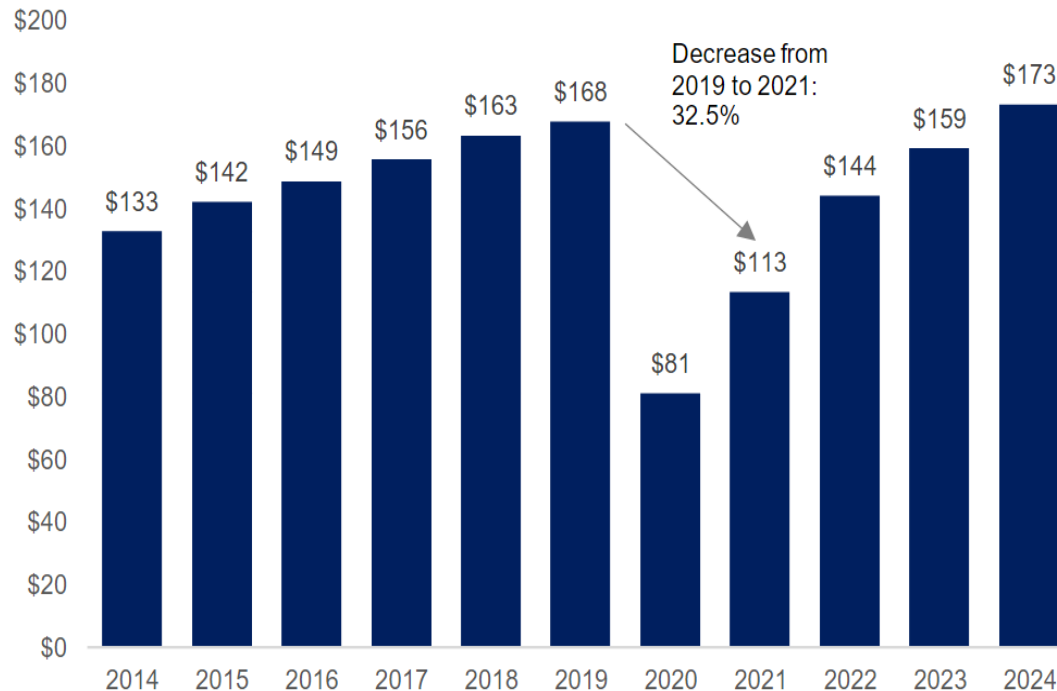
However, next year will recover to 81% of 2019 demand levels

Back to “par” in 2023

Room revenue is expected to return more slowly due to heavy discounting in some segments

Room revenue

US, in billions



Source: STR; Tourism Economics

Compares to 9 quarters after GFC...

Revenue will recover to 68% of 2019 levels in 2021

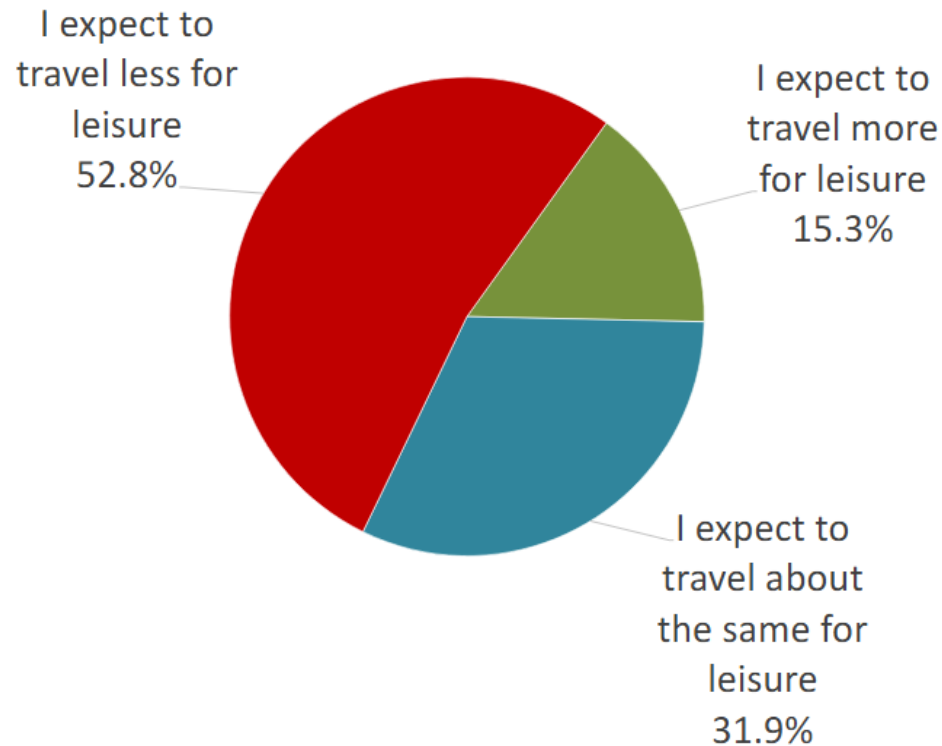
...86% of prior peaks in 2022



Glass half full? Nearly 50% of travelers expect to travel as much or as more in the next 12 months

TRAVEL IN THE NEXT TWELVE MONTHS: TRIPS

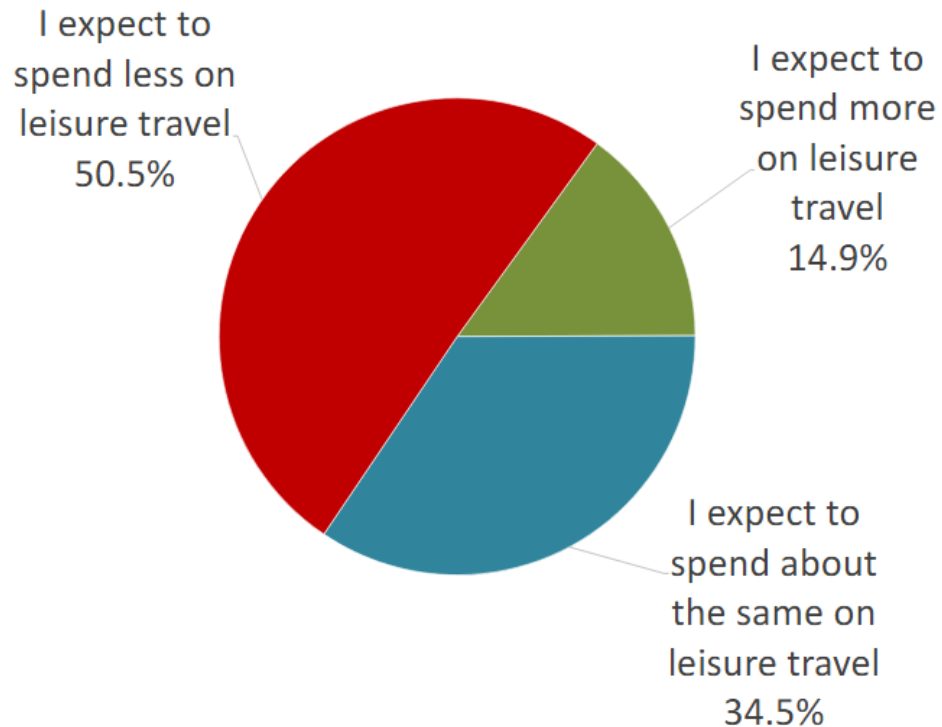
Question: In the next 12 months, do you expect to travel more or less for leisure than you did in the most recent 12-month period?



And spending by those travelers is expected to be in line with their travel behaviors

TRAVEL IN THE NEXT TWELVE MONTHS: SPENDING

Question: In the next 12 months, do you expect to spend more or less for leisure travel than you did in the most recent 12-month period?

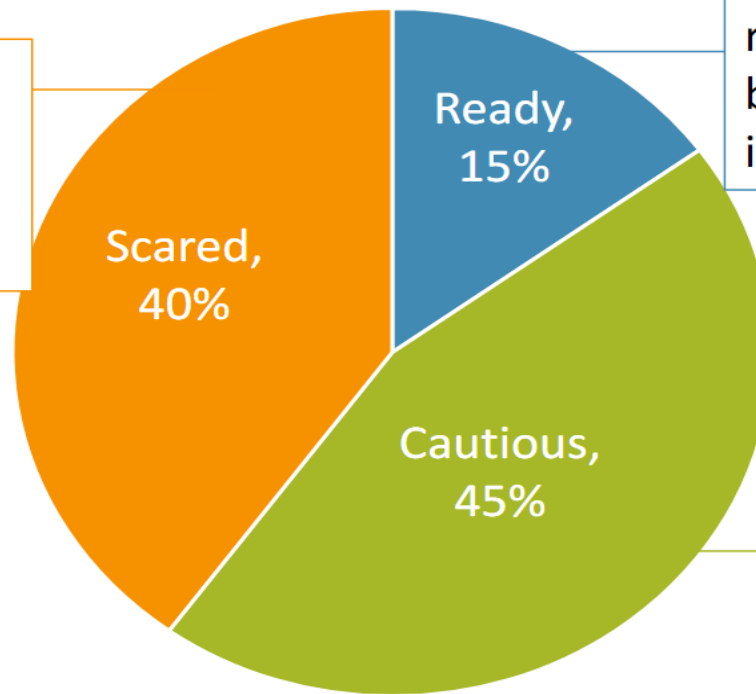


Other research shows similar segmentation of American travelers

Three Groups Emerged

- Defined by reported behaviors
- The size of these groups changed slightly from week to week – but not in a steady progression

Say they are mostly staying at home and venturing out as little as possible



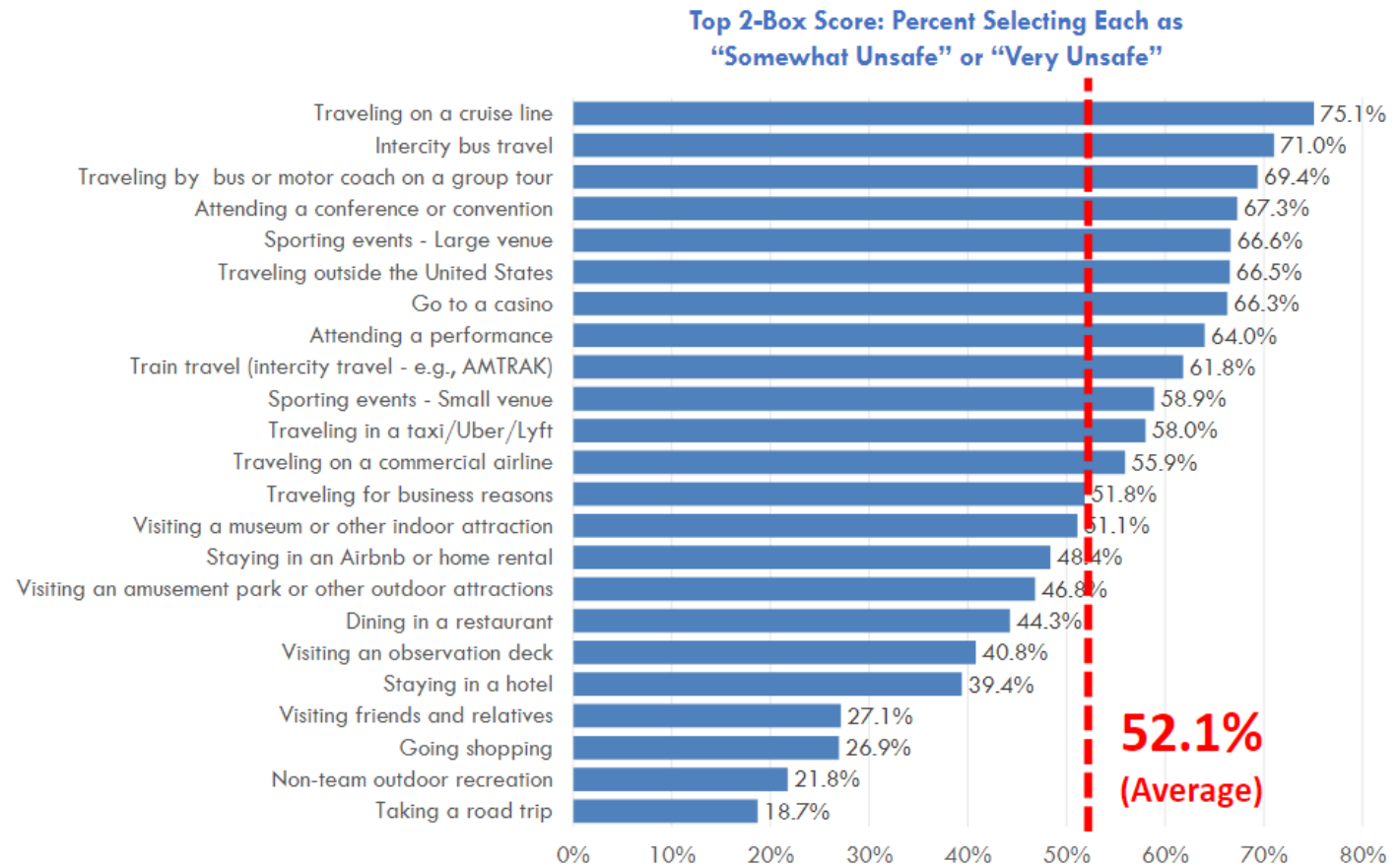
Say they are resuming normal behavior day-to-day, including travel

Say they are resuming activities, but concerned about the safety of places and activities

Travelers continue to feel good about certain types of travel activities, but very wary of others

PERCEIVED SAFETY OF TRAVEL ACTIVITIES (WAVE 30)

Question: At this moment, how safe would you feel doing each type of travel activity?

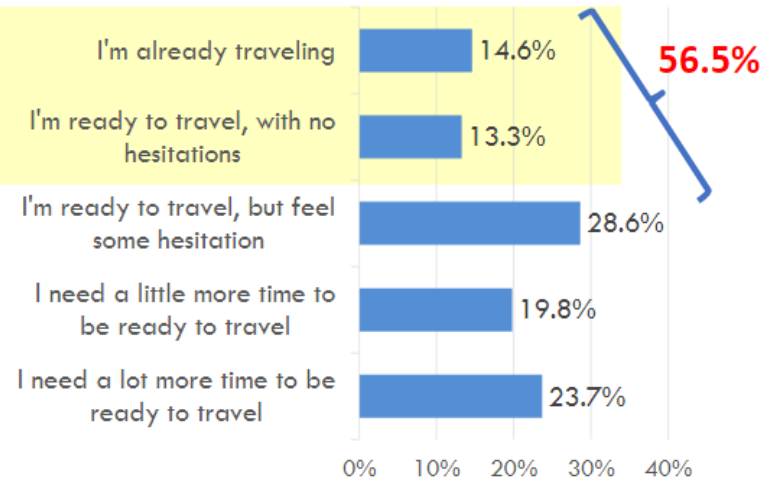


57% of travelers now say they are ready to travel again, the highest it has been since March

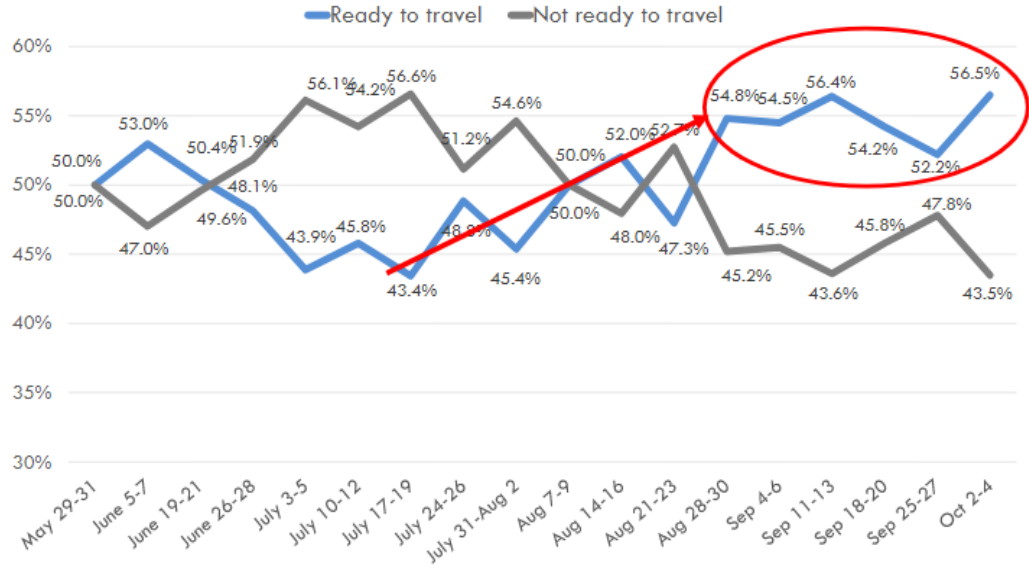


TRAVEL STATE-OF-MIND

Question: When it comes to getting back out and traveling again, which best describes your current state of mind? (Select one)



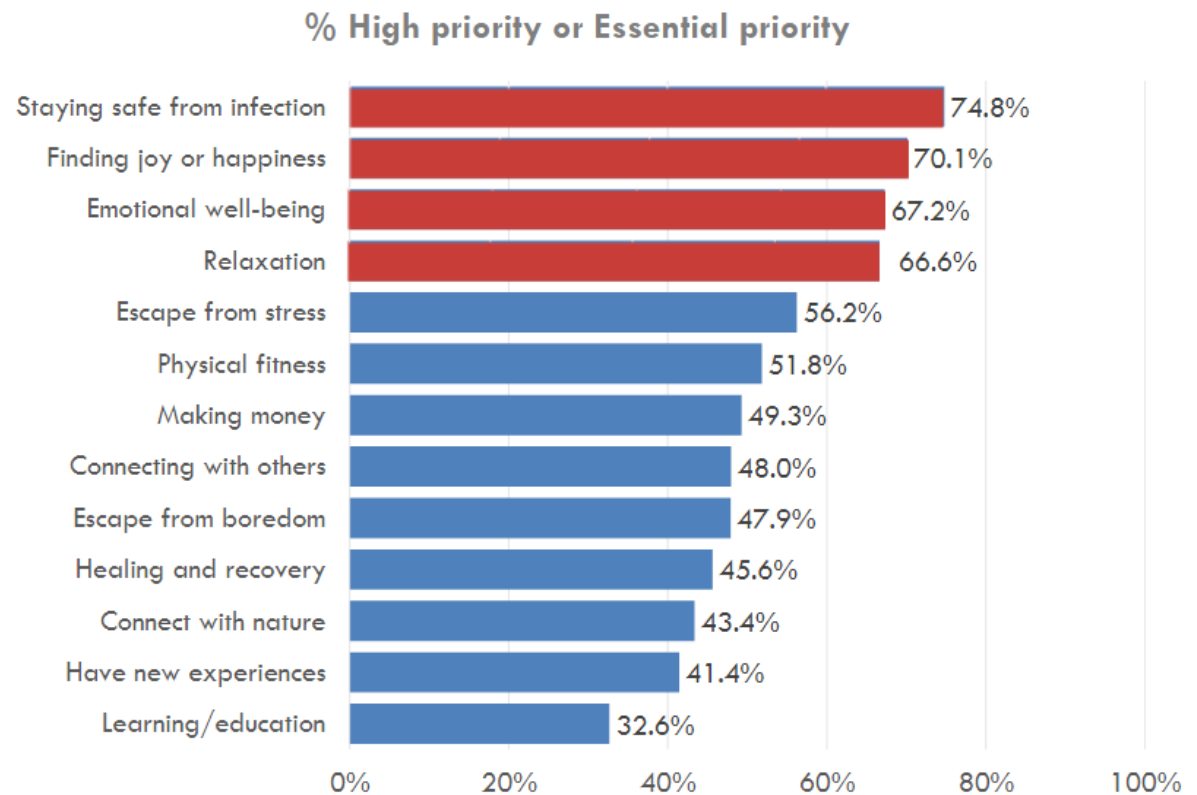
Historical data



Short-term consumer lifestyle preferences are clearly established versus other motivations...

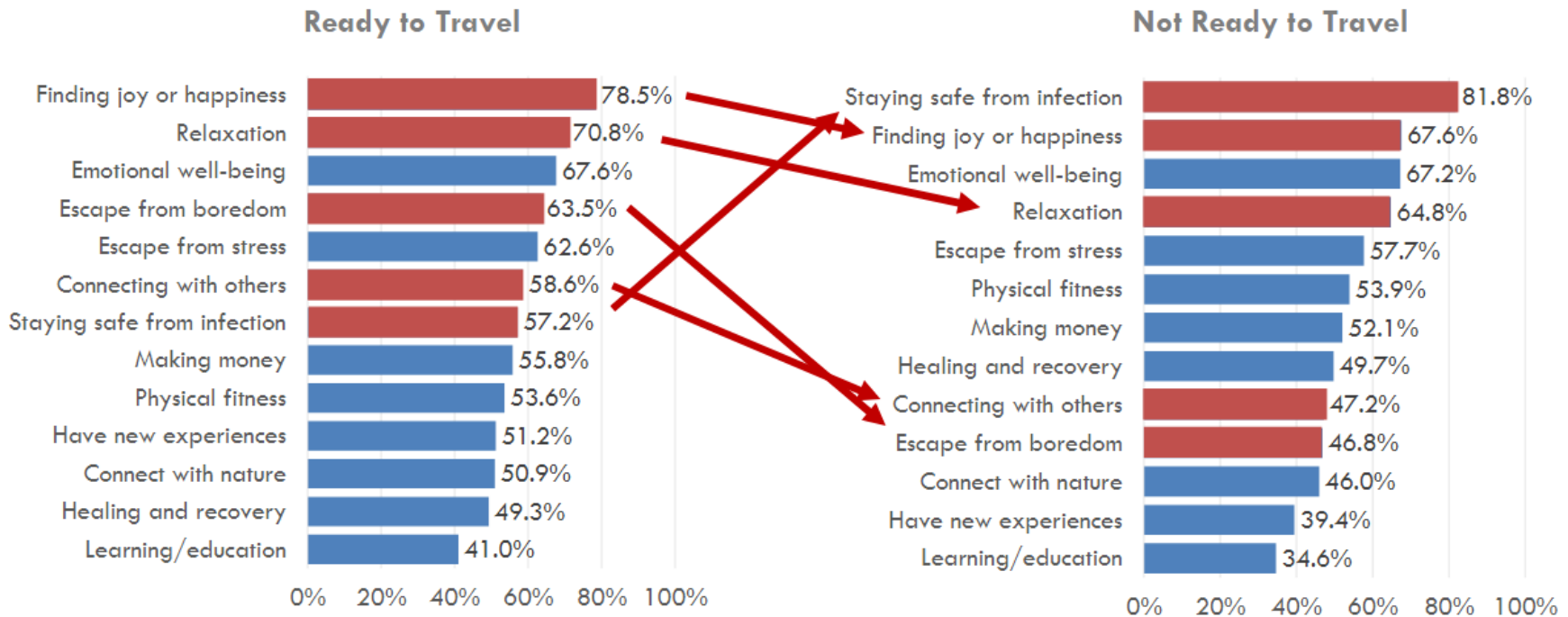
LIFESTYLE PRIORITIES

Question: Tell us about your lifestyle priorities in the next six months. However you personally define each, use the scale provided to indicate how you will prioritize these in the next SIX (6) MONTHS.



But there is a clear difference in priorities between those who are ready to travel and those who aren't

LIFESTYLE PRIORITIES: BY READINESS TO TRAVEL



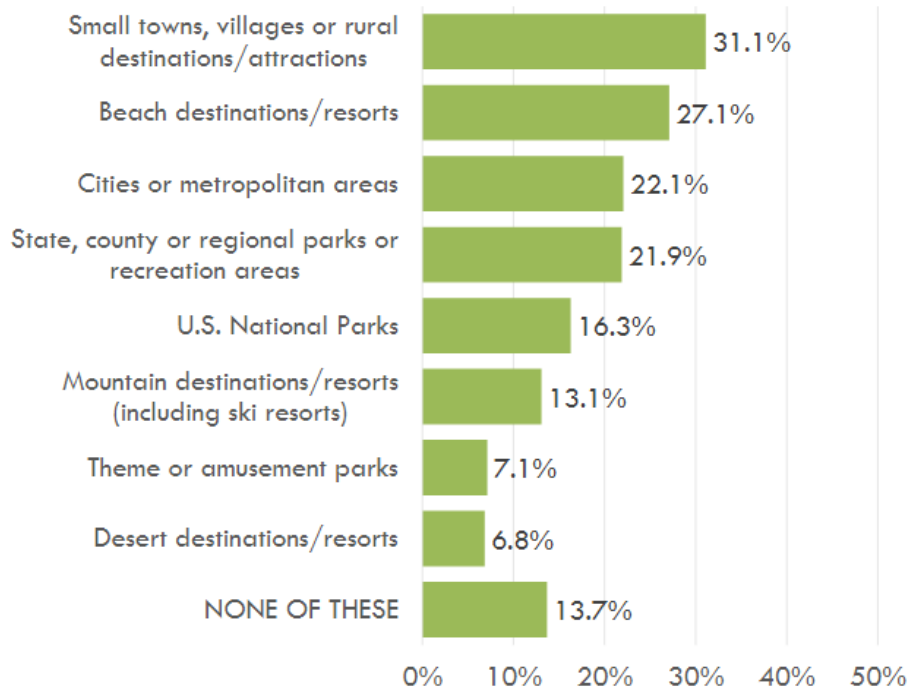
% High priority or Essential priority

Question: Tell us about your lifestyle priorities in the next six months. However you personally define each, use the scale provided to indicate how you will prioritize these in the next SIX (6) MONTHS.

Travelers have preferred small towns and beaches for their trips this summer & fall...

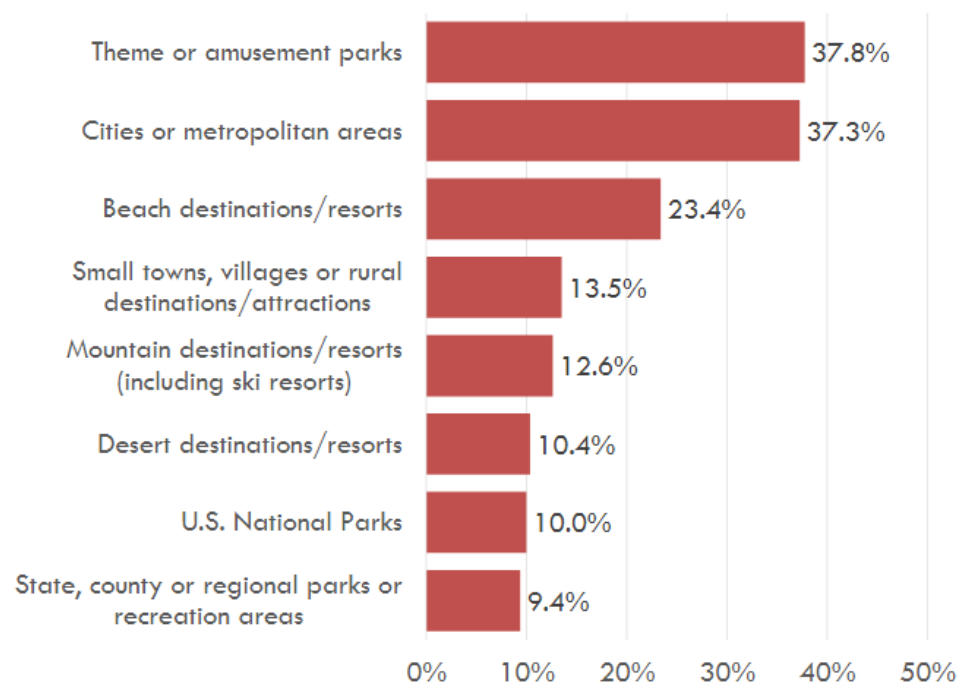
DESTINATION TYPES VISITED AND AVOIDED

Visited



Question: Which types of destinations did you visit on your most recent summer leisure trip(s)? (Select all that apply)

Avoided

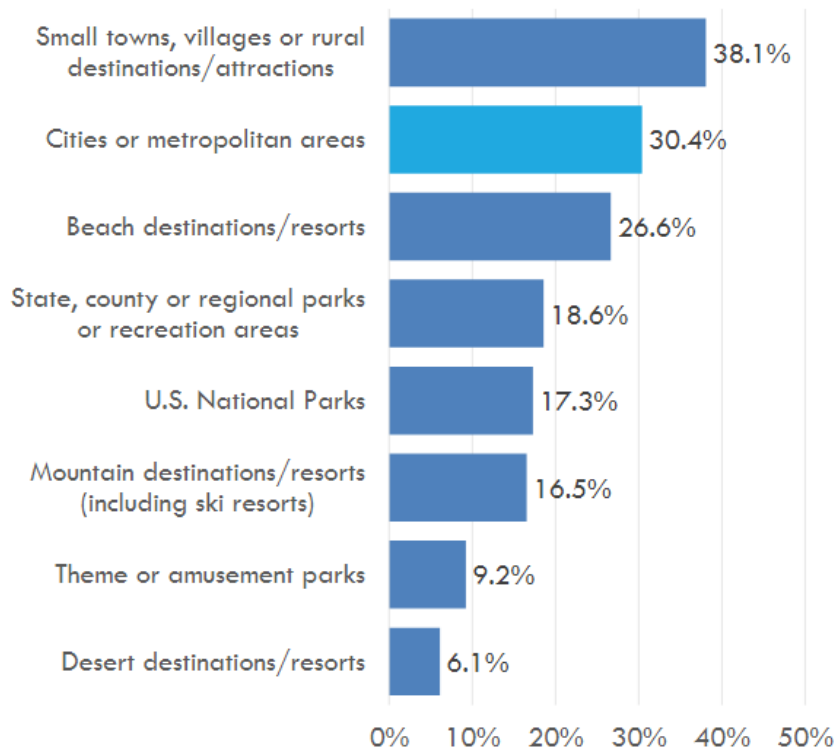


Question: Did you SPECIFICALLY AVOID any of these destination types this summer due to the Coronavirus situation? (Select all that apply)

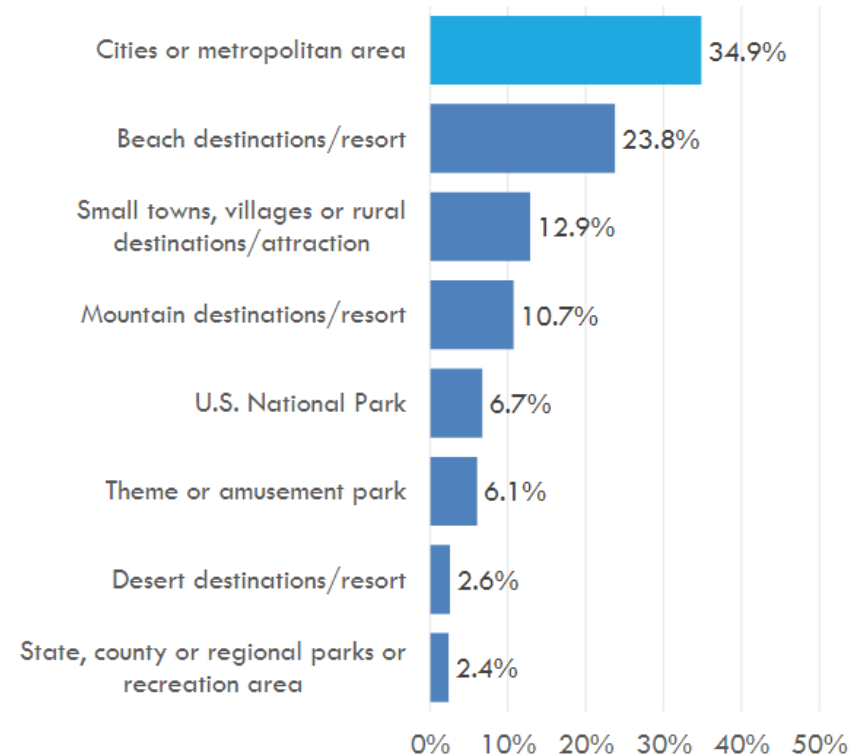
But there is also pent-up demand for visiting cities over the next year

MOST DESIRED DESTINATION TYPES

On Fall Trips



In the Next 12 Months



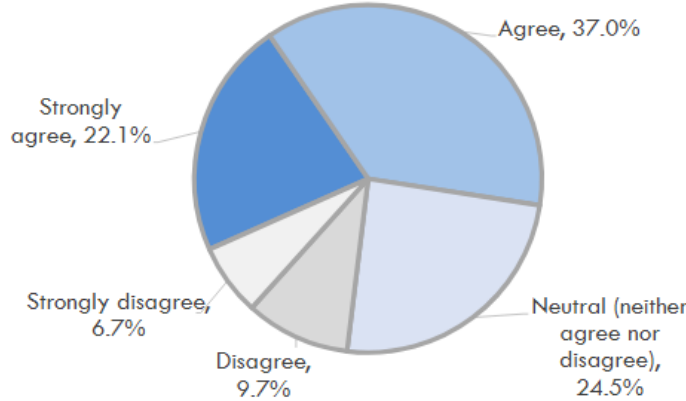
Simply planning a trip over the next 6 months is enough to make 59% of people happy...



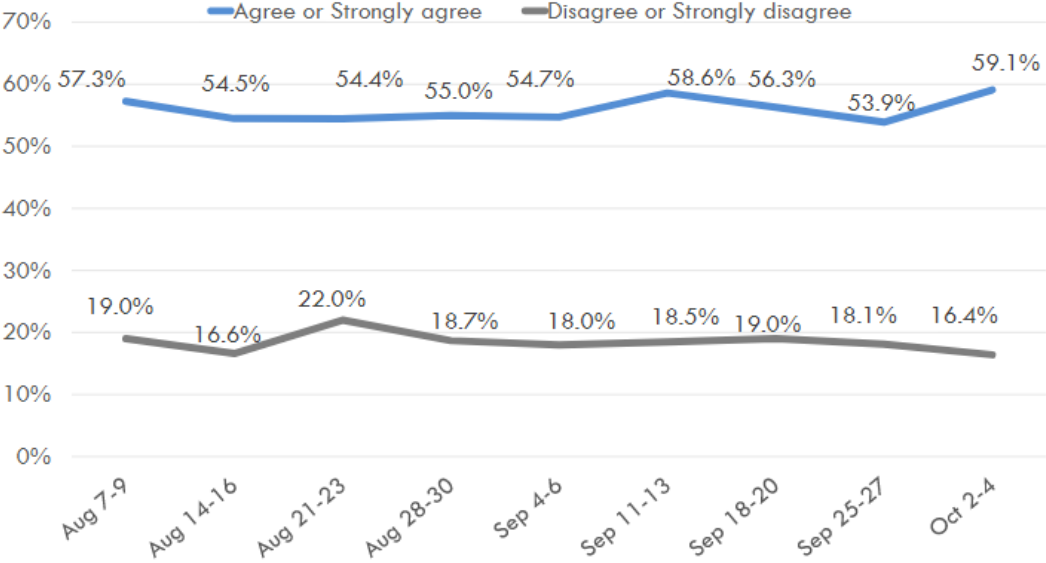
HAPPINESS PLANNING A VACATION WITHIN NEXT 6 MONTHS

How much do you agree with the following statement?

Statement: Planning a vacation for some time in the next six months would bring me happiness.



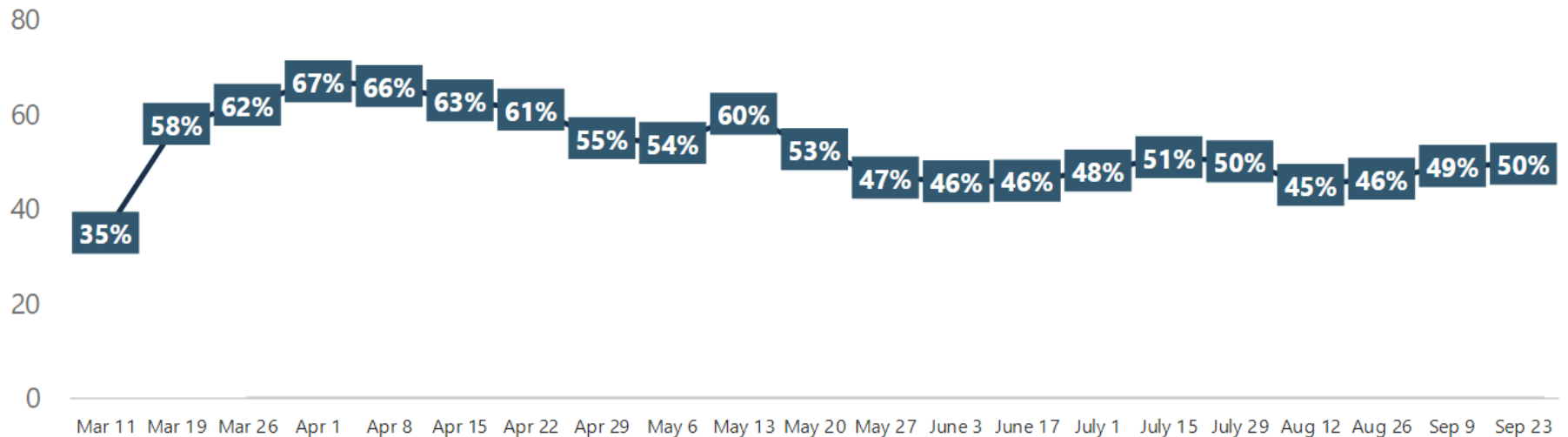
Historical data



But half of travelers say that coronavirus would impact decisions to travel in the next 6 months

IMPACT ON TRAVEL PLANS

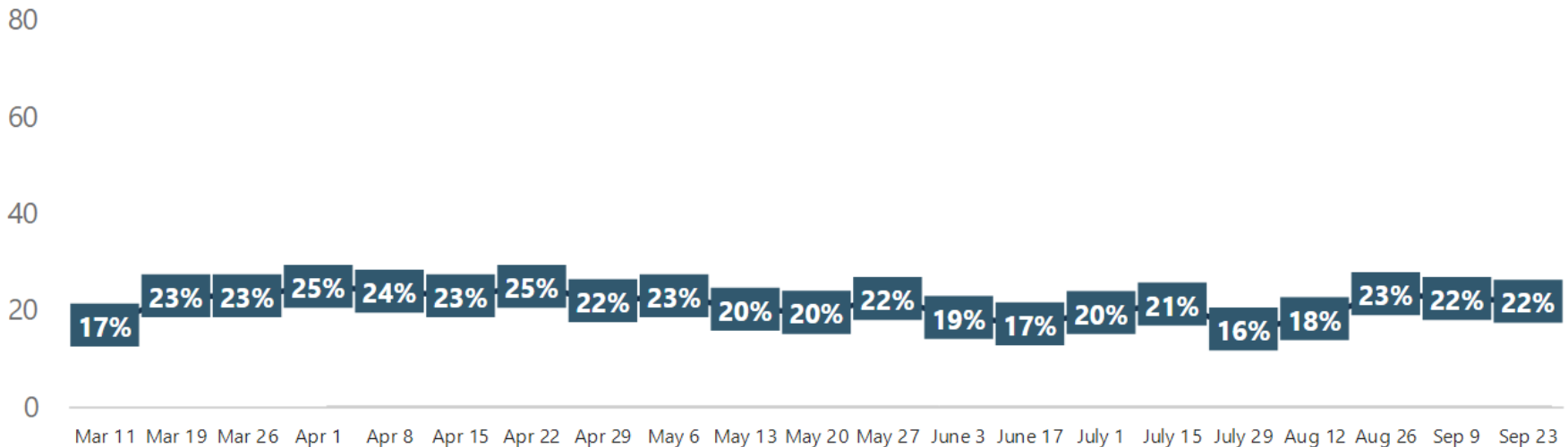
Indicated that Coronavirus Would Greatly Impact their Decision to Travel in the Next Six Months



The economy is relatively much less of a threat than the perception of health and safety risks

IMPACT ON TRAVEL PLANS

Indicated that the Economy Would Greatly Impact their Decision to Travel in the Next Six Months

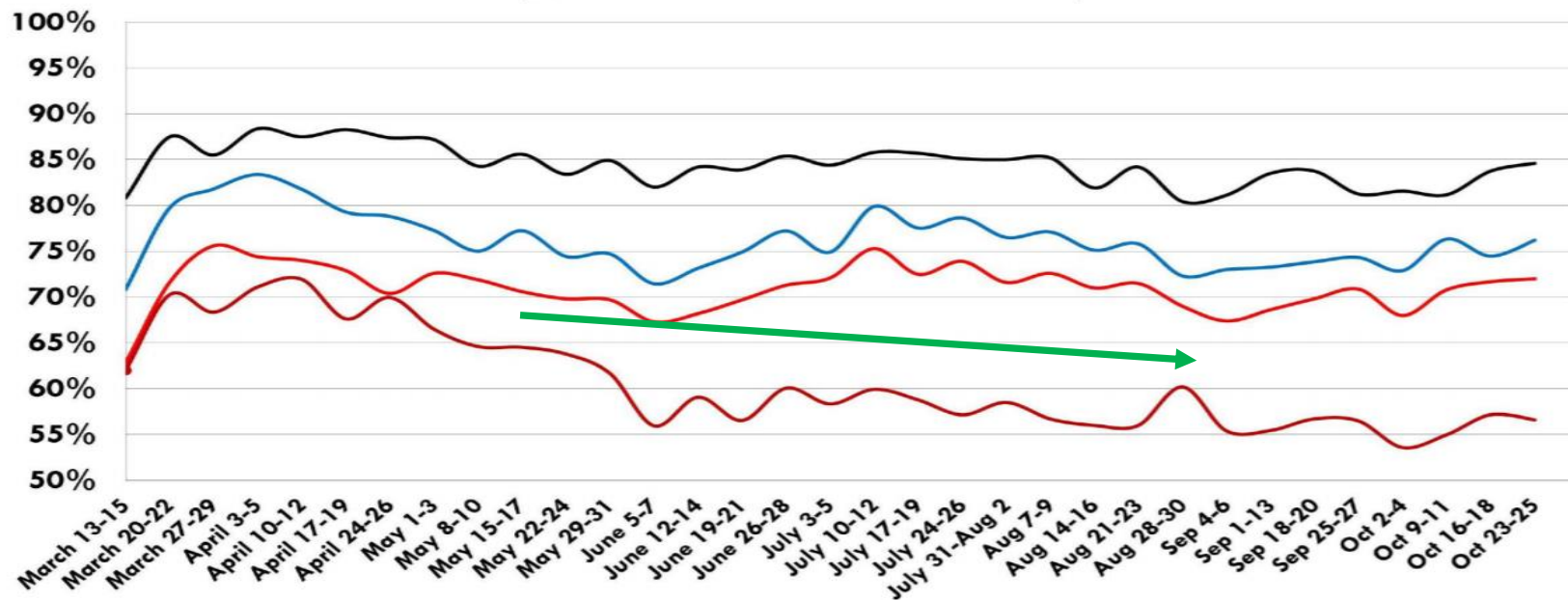


Personal finances are less of a threat than the perception of personal health risks

NATIONAL ANXIETY MAP: HIGH CONCERNS ABOUT COVID-19'S IMPACT AS OF OCTOBER 25TH



(% ANSWERING 10-6 ON 11-POINT SCALE)



Question: Thinking about the current coronavirus situation, how concerned are you about the impact it may have on the/your _____?

Travelers' hesitations reveal a variety of COVID-related concerns, many of which can be addressed

IMPACT ON TRAVEL PLANS

I am hesitant to travel because...



Base: Travelers with hesitations about traveling

*Travel quarantines, etc.

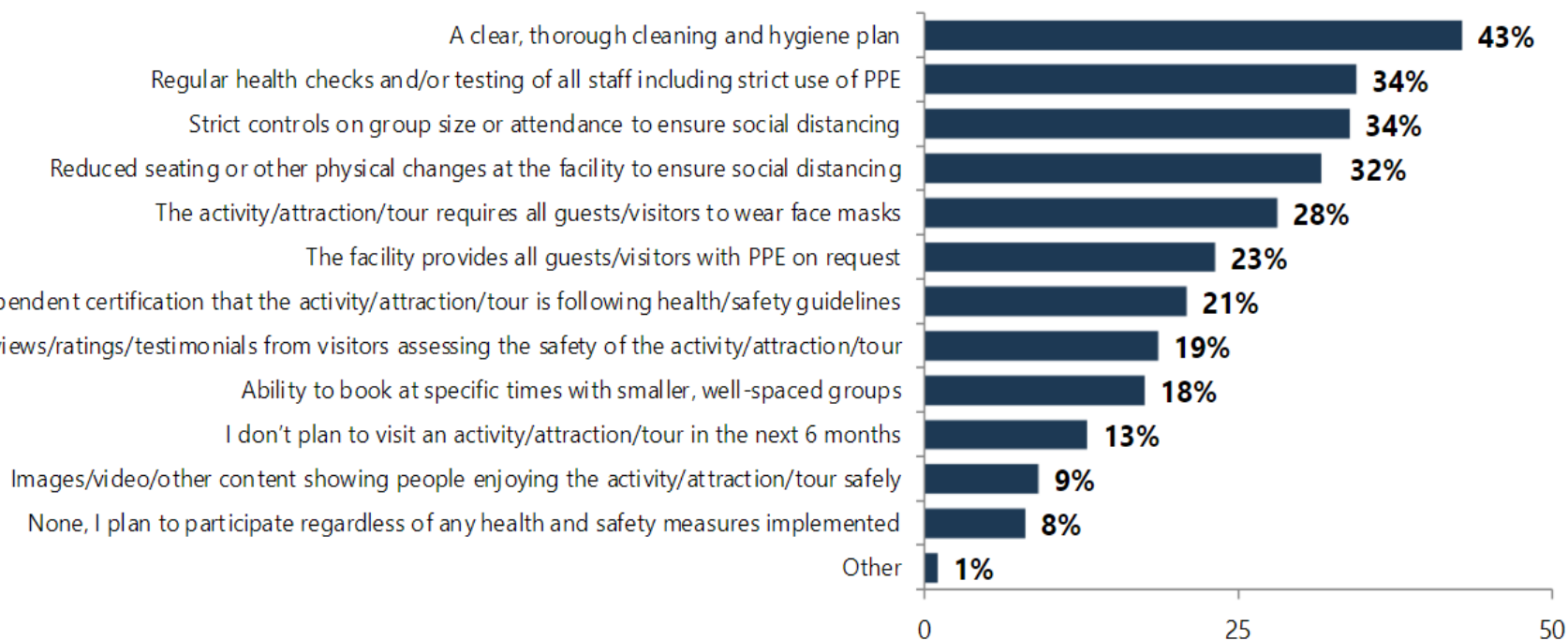
**Mask requirements, social distancing, etc.

Travel Sentiment Study Wave 18

Regular use and promotion of health and safety protocols are important to many travelers...

IMPACT ON TRAVEL PLANS

Health and Safety Factors Important to Travelers When Considering Activities, Attractions, or Tours



And can significantly impact lodging choices in the next few months

IMPACT ON TRAVEL PLANS - LODGING

Practices, Programs, and Facilities Important to Travelers Considering Where to Stay in the Next Six Months





A LOOK AT MEETINGS AND EVENTS



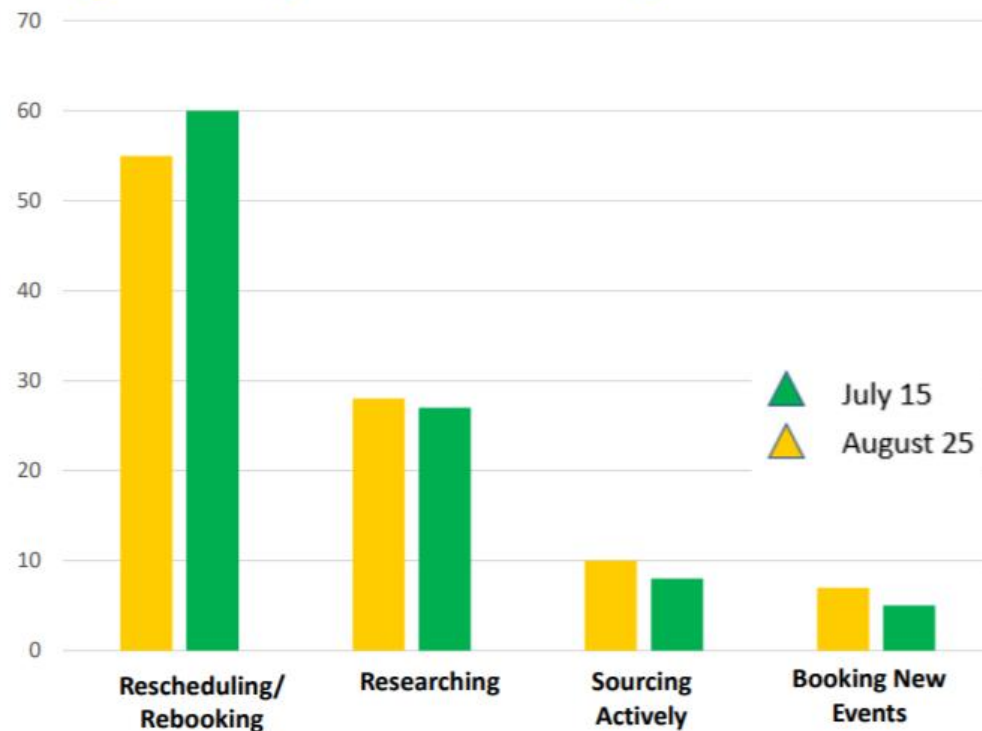
The focus of most planners is still upon rebooking events, rather than booking new ones

PULSE SURVEY

Rebooking Continues to Be the Primary Focus Though New Booking and Sourcing Activity Rises from July's Low

August 25 Responses

I am rescheduling or rebooking events.	54.96%
I am researching potential new events, but not ready to issue an RFP or lead.	27.84%
I am actively sourcing (issuing RFPs or leads) for new events.	9.93%
I am booking new events.	7.27%



The focus of most planners has been to push events into 2Q 2021 and beyond

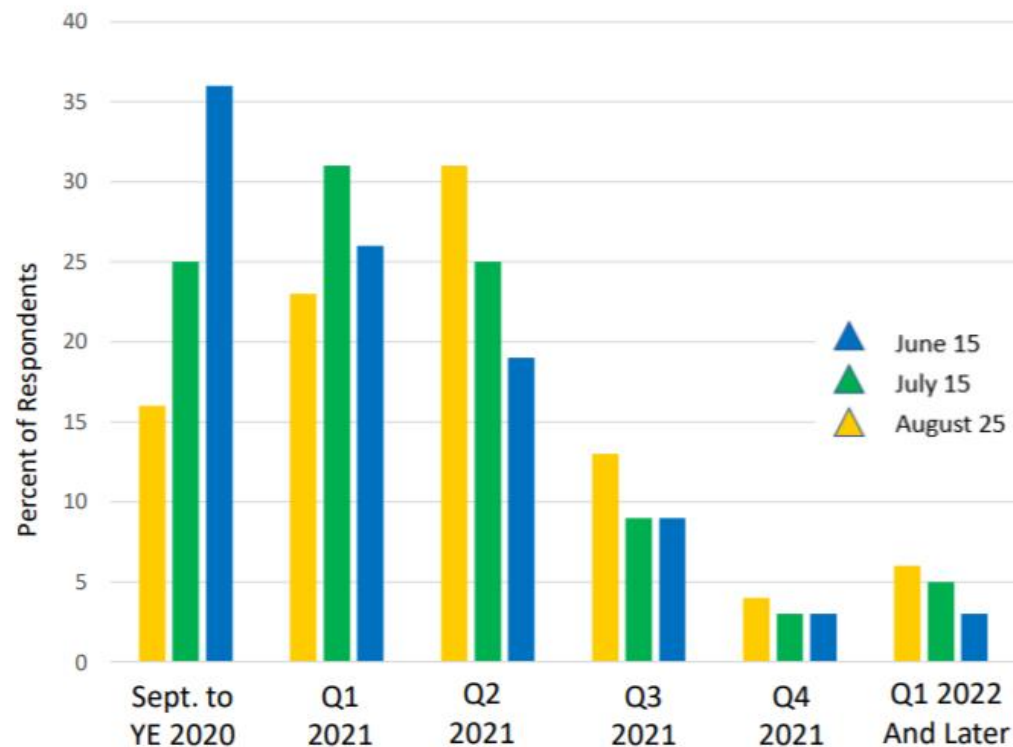
PULSE SURVEY

Majority of Planners Rescheduling for Q2 '21

When is the earliest you are scheduling
RESCHEDULED meetings and events?

August 25 Responses

September to Year-End 2020	16.23%
Q1 2021	23.28%
Q2 2021	31.39%
Q3 2021	12.70%
Q4 2021	3.70%
Q1 2022 and later	6.00%



Planners still have a fair amount of confidence in the future of the meetings and events industry

PULSE SURVEY

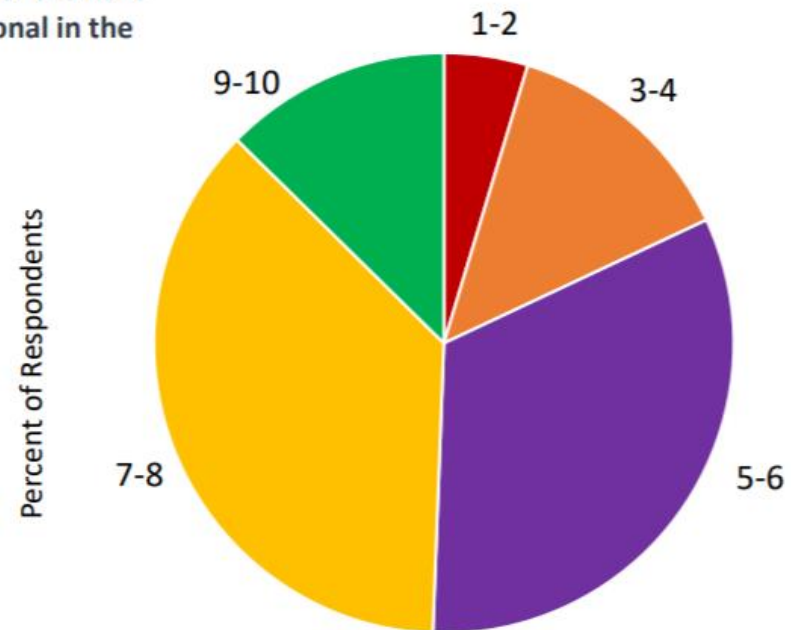
Light at the End of the Tunnel: Is the Expectation for '21 and '22 Boosting Planner Confidence?

On a scale of 1 to 10, how confident are you about the near-term future (over the next five years) for the meetings and events industry, and your role as a professional in the industry. (1 being not at all confident, 10 being highly confident.)

On a Scale of 1-10:

6.25

As of August 25, 2020



Local and regional events continue to be the focus of most planners

PULSE SURVEY

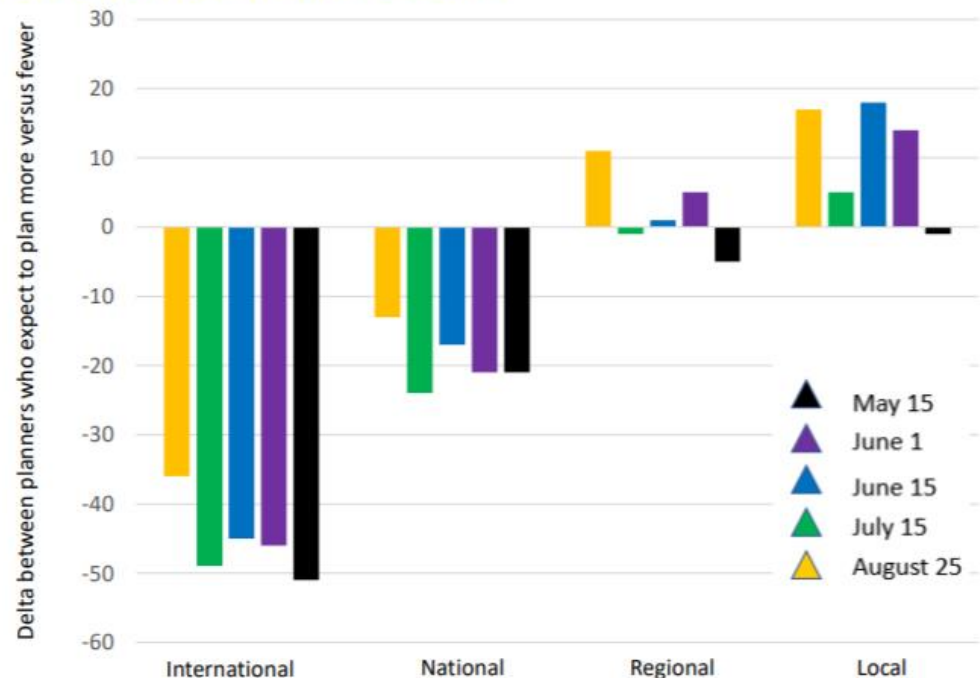
More or Fewer?

Planners anticipate more local and regional events (again), and gain confidence in national and international events

Once the threat of COVID-19 has passed, will you plan more or fewer meetings over the next 12-18 months?

August 25 Responses

	MORE	FEWER
International	9.45% 31	45.43% 149
National	12.63% 59	25.48% 119
Regional	28.22% 127	17.56% 79
Local	31.22% 128	13.90% 57



Events with 100 or fewer attendees are the current focus for most planners

PULSE SURVEY

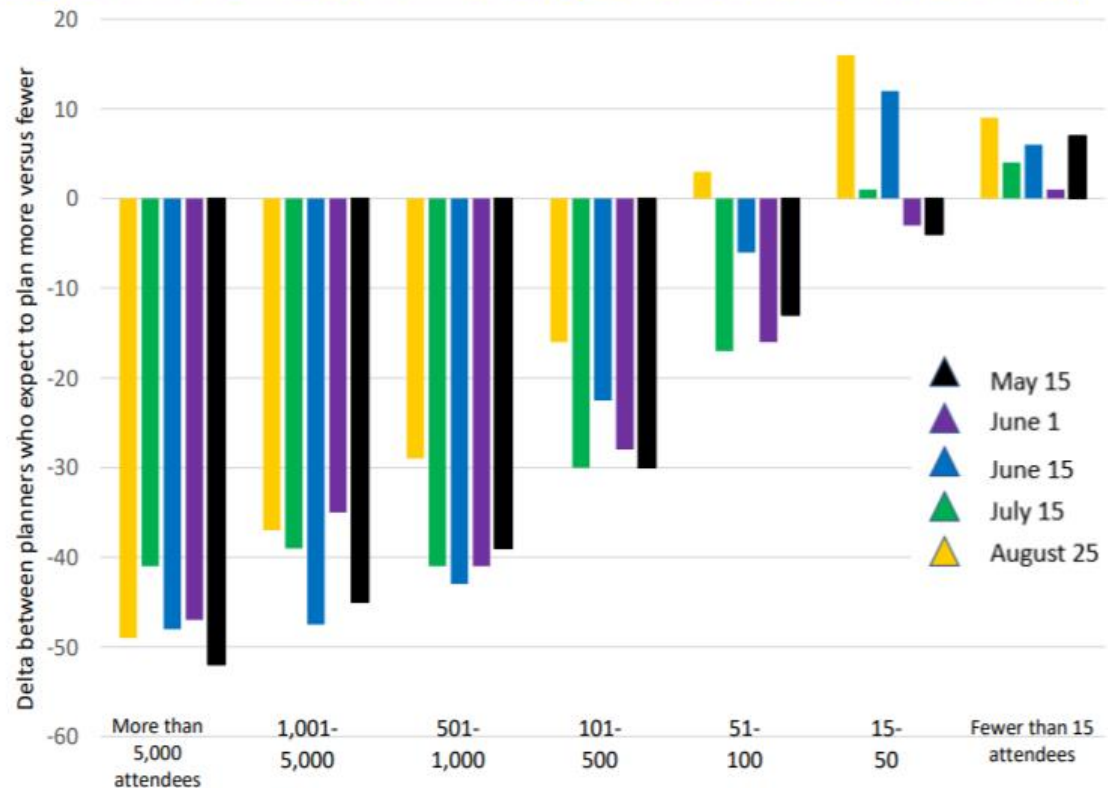
More or Fewer?

Meetings < 100 attendees expected to grow in number, while large events remain less likely

Once the threat of COVID-19 has passed, will you plan more or fewer meetings over the next 12-18 months?

August 25 responses

	MORE	FEWER
More than 5,000 attendees	5.46% 10	54.10% 99
1,001-5,000 attendees	4.81% 13	42.22% 114
501-1,000 attendees	8.88% 31	38.11% 133
101-500 attendees	11.40% 57	27.60% 138
51-100 attendees	21.67% 101	18.67% 87
15-50 attendees	30.51% 144	14.83% 70
Fewer than 15 attendees	26.58% 97	18.08% 66



Planners have the highest optimism for SMERF and sports events over the next 12-18 months

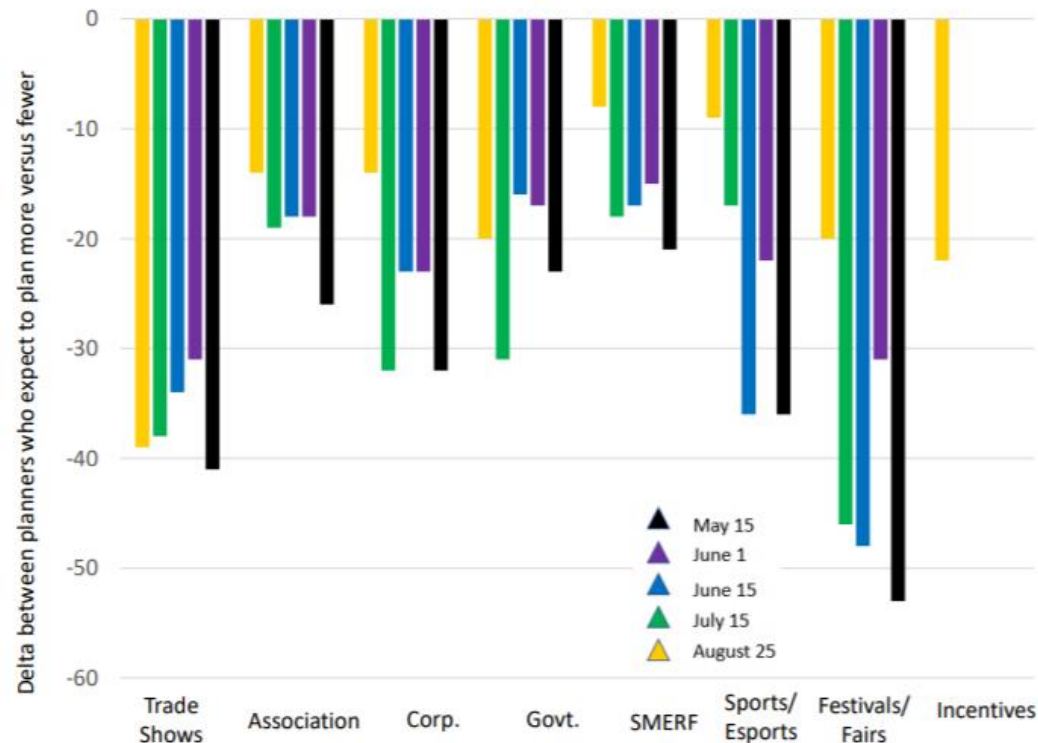
PULSE SURVEY

Prospects for Trade Shows Approach Lowest Levels Though Expectations Remain Low, All Other Event Categories Show Gains

Once the threat of COVID-19 has passed, will you plan more or fewer events over the next 12-18 months?

August 25 Responses

	MORE	FEWER
Trade Shows/Exhibitions/Congresses	2.68% 11	40.98% 168
Association	7.51% 29	26.42% 102
Corporate	8.94% 38	40.94% 174
Government	10.71% 15	41.43% 58
Social, Military, Education, Religion, Fraternal	13.53% 28	31.40% 65
Sports/Esports	19.57% 27	36.96% 51
Festivals/Fairs	9.02% 12	54.89% 73



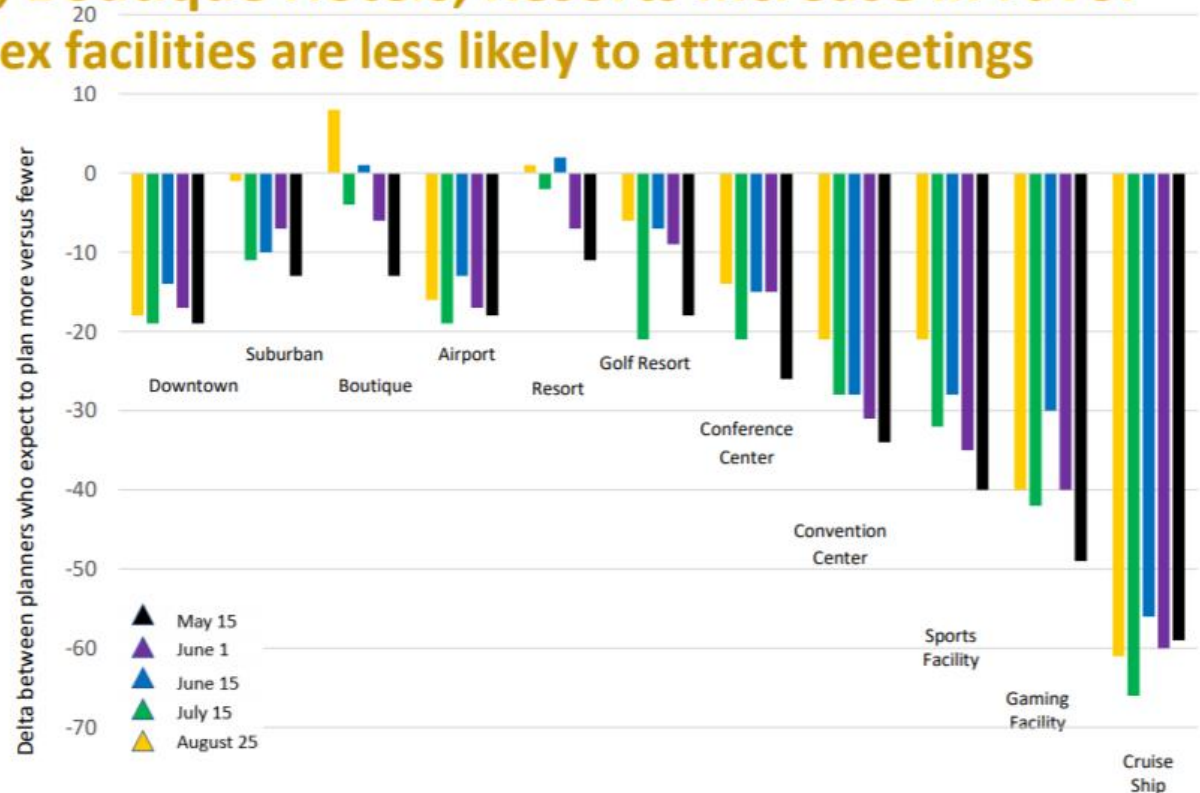
Boutique hotels and resorts are most likely to attract events, although the outlook for all venues except cruise ships and casinos has been improving

PULSE SURVEY

Among Venue Types, Boutique Hotels, Resorts Increase in Favor While large, complex facilities are less likely to attract meetings

August 25 Responses

	MORE	FEWER
Downtown Hotel	6.32% 32	23.91% 121
Suburban Hotel	16.43% 68	17.87% 74
Boutique Hotel	21.82% 84	14.29% 55
Airport Hotel	11.36% 35	26.82% 82
Resort	18.54% 79	17.84% 76
Golf Resort	13.95% 42	20.27% 61
Conference Center	11.03% 43	25.38% 99
Convention Center	9.97% 35	30.77% 108
Sports Facility/Stadium/Arena	13.69% 23	35.12% 59
Gaming Facility	5.80% 8	45.65% 63
Cruise Ship	6.96% 8	67.83% 78



Planners are likely to embrace most types of health and safety protocols, except testing

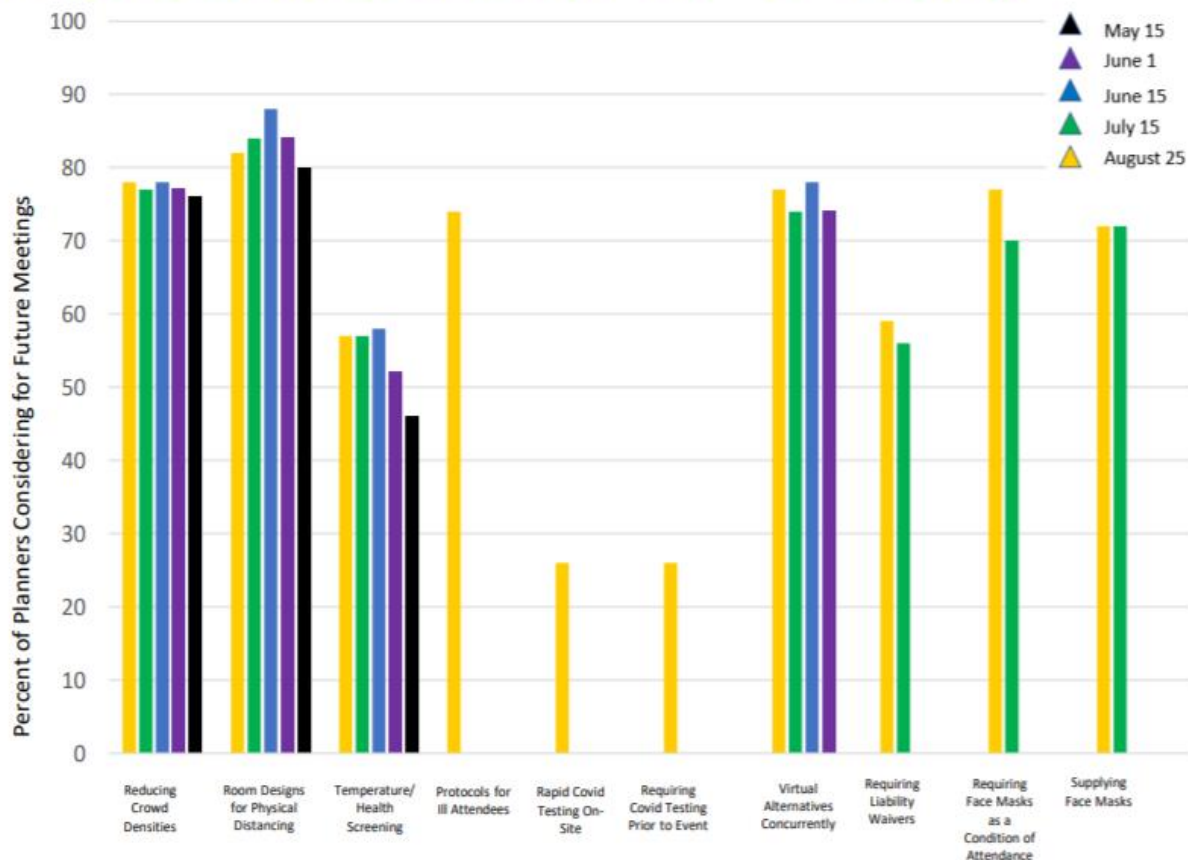
PULSE SURVEY

“Yes” to Distancing, Protocols, Face Masks; “No” to Testing

Are you considering any of the following in the planning of future events?

August 25 Responses

ANSWER CHOICES	RESPONSES
Reducing and managing crowd densities	78.28%
Developing meeting room designs to encourage physical distancing	82.24%
Establishing protocols for attendees who are ill	74.14%
Providing temperature checks	57.07%
Providing rapid Covid-19 testing	25.89%
Requiring Covid test prior to the meeting	26.38%
Providing virtual alternatives concurrently with physical events	76.55%
Requiring liability waivers as a condition of attendance	58.97%
Requiring face masks as a condition of attendance	77.07%
Supplying face masks for attendees	72.24%



Other Observations

- Expect to see more “hybrid” types of events, combining virtual and in-person gatherings.
- “*Meet safe*” pledges and protocols will be just as important as those aimed at leisure transient travelers.
- New tools enable planners to work remotely yet still “visit.”
- Third party planners becoming more important in the process.
- Venues are testing many innovations to allow for in-person gatherings.

ASHEVILLE CARES

MEET SAFE

Pledge



ACCESS NOW

3D VIRTUAL
MEETING HOTEL TOURS

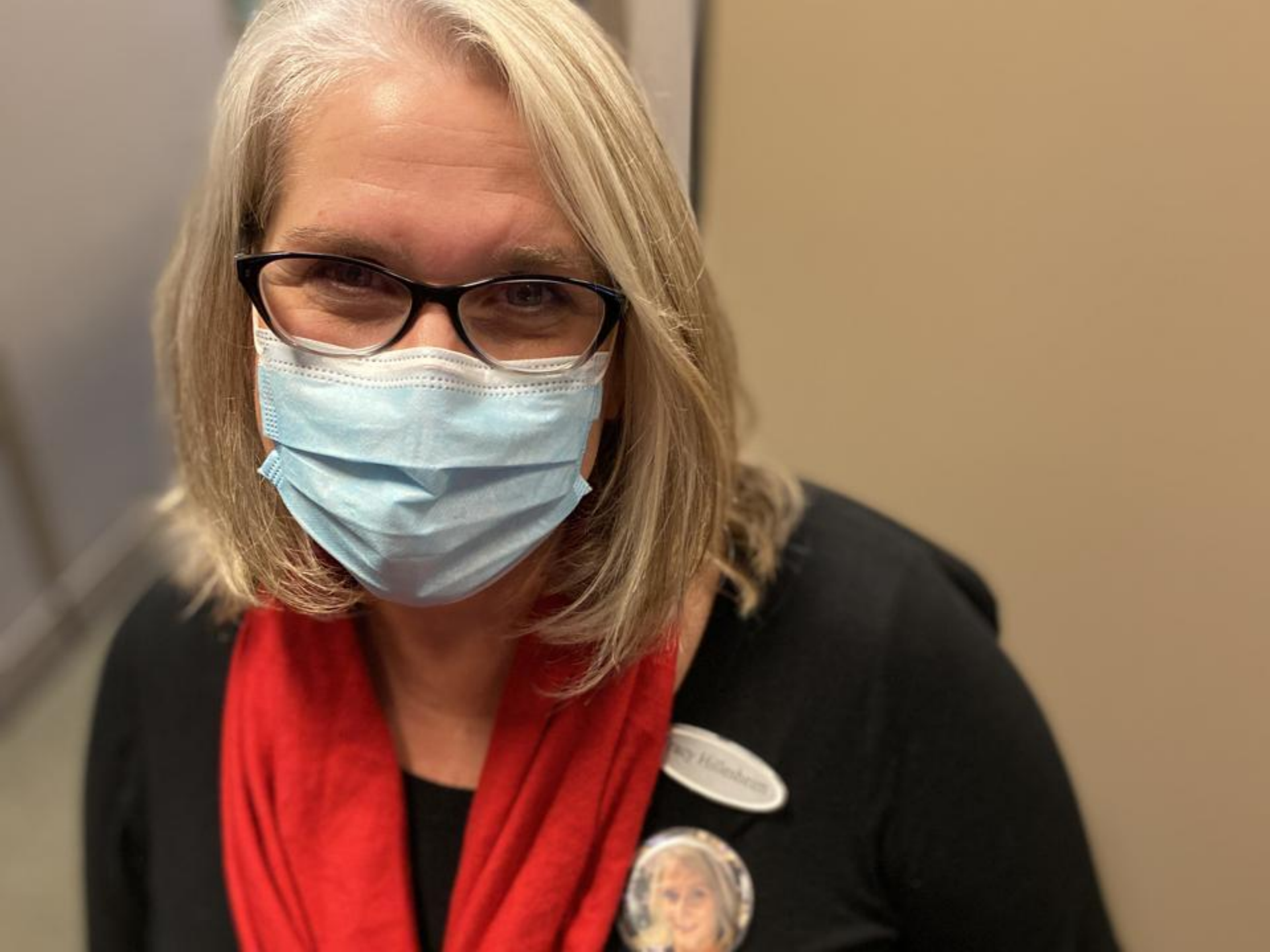
ASHEVILLE











Ten Takeaways

- 1. Some entities have rebounded much quicker than others.**
- 2. The recovery is going to be uneven for months to come and will be fragile, subject to the latest headlines.**
- 3. Resilience, innovation, and adaptation are the buzzwords of the day.**
- 4. Not all segments of travelers or meetings and events will return in the same numbers at the same time. Loyal and new customers will be crucial for replacing demand.**
- 5. Roughly half of American travelers are open to some kind of travel...right now. Health and safety protocols will be important for those people interested in and willing to travel.**

Ten Takeaways

- 6. Leisure drive markets and local/regional events will continue to drive demand through 2021.**
- 7. Caution against any “irrational autumnal exuberance.”**
- 8. The availability of a vaccine will help but is no guarantee of a quick return to pre-pandemic levels of activity.**
- 9. Many destinations are well positioned for recovery but will also face significant competition for time and dollars.**
- 10. The next few months will be challenging.**

**Stay Safe and
Stay Sane**



**WEAR
A DAMN
MASK**



What to Expect During the Unexpected: A 10,000-Foot Look Ahead

Chris Cavanaugh