COVID-19 CONSUMER SENTIMENT SNAPSHOT #10

MAY 14, 2020: THE TRIP BACK

By Lara Koslow, Jean Lee, Jason Guggenheim, Pranay Jhunjhunwala

Paused. A relaxing Mediterranean cruise; a let-loose weekend in Vegas; a family trip to a theme park; or a regular drill of a business trip. Paused. But for how long?

In many countries, consumers are anticipating the end of lockdown phase, and the percentage of those who believe that the worst of the virus lies ahead continues to drop. (See Exhibit 1.) With these points in mind, we focus this week on how consumers are thinking about travel and tourism—one of the sectors hit hardest by the pandemic—and what the journey back to pre-COVID-19 levels of activity might look like.

The Road Less Traveled

We are approaching not only the start of the summer, which is usually a strong period for leisure travel in most countries around the world, but also Memorial Day weekend in the US, which is normally one of the busiest travel weekends of the year, with more than 40 million Americans taking to the roads, rails, and skies.[1]

But COVID-19 has muted the allure of summer holidays and US Memorial Day travel this year. For many people, vacation plans have evolved into staycations or short-distance getaways—or fallen by the wayside altogether. The number of passengers going through TSA screenings is down by more than 90%, hotel and cruise bookings are down by more than 80%, and Las Vegas casinos are currently closed. (See Exhibit 2.)

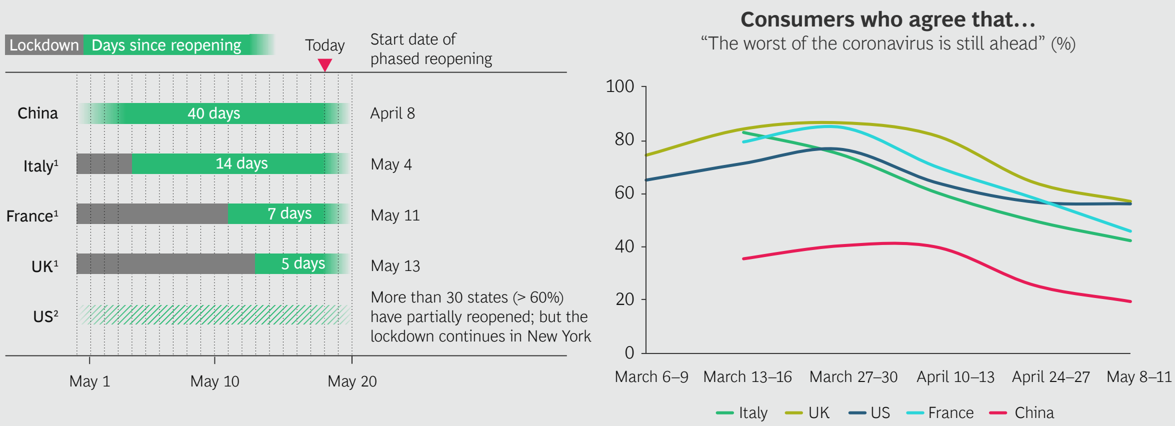
Despite these grim statistics, we are starting to see consumers' concerns about travel stabilize and even decline in some countries. Across various metrics, we see slow but steady improvements in daily numbers. In addition, although the number of airline tickets worldwide is still only a small fraction of last year's number, China's domestic travel rebound (which is now back up to about 50% compared with the same trailing 14-day rolling average in 2019) offers an encouraging sign for other countries' travel and tourism sectors. On the other hand, international travel remains limited, likely due to would-be travelers' concerns over the coronavirus risk in other countries, along with the fear of getting sick or stuck in a foreign country. (See Exhibit 3.)

Dormant Wanderlust?

When consumers identify the activities they miss most while waiting out the pandemic, they consistently rank leisure travel number one, across countries, age groups, and income levels, with over 60% agreeing that they "can't wait to start traveling again." (See Exhibit 4.) Although lockdowns are just starting to lift and concerns about catching the virus remain relatively high,

GLOBAL – WEEK 10 – MAY 8–11

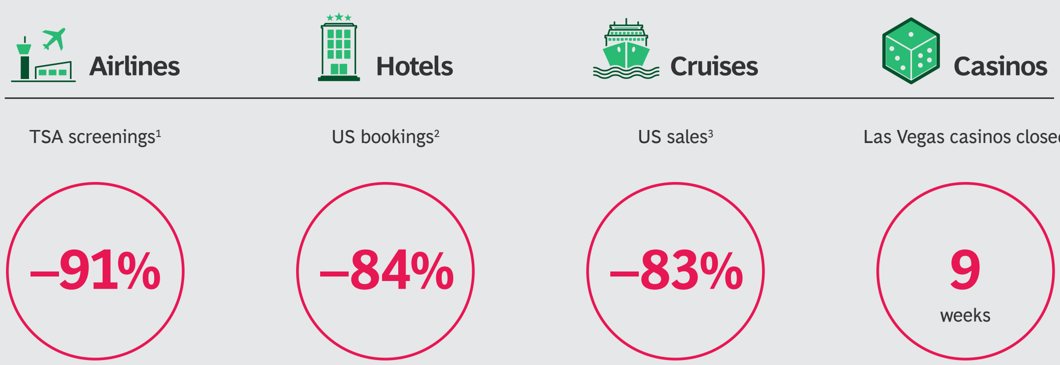
Exhibit 1 | As Most Countries Continue Their Transition out of Lockdown, Consumers' Level of Concern Declines in Most Countries



Sources: BCG COVID-19 Consumer Sentiment Survey, March 6–May 11, 2020 (N = 2,000–3,500), unweighted, representative within ±3% of census demographics; media reports.
Note: Question text: "How much do you agree with each of the following statements about the coronavirus?"
[1]Some parts of these countries may remain under tighter controls while nationwide restrictions ease.
[2]The national situation is complex and fluid, depending on each state's reopening plan and the subsequent impact of reopening on the coronavirus's spread. New York will use a criteria-based approach to reduce restrictions county by county; California will take a similar approach; states such as Washington that remain under statewide restrictions may loosen them for particular activities, areas, and low-risk businesses.

US – WEEK 10 – MAY 8–11

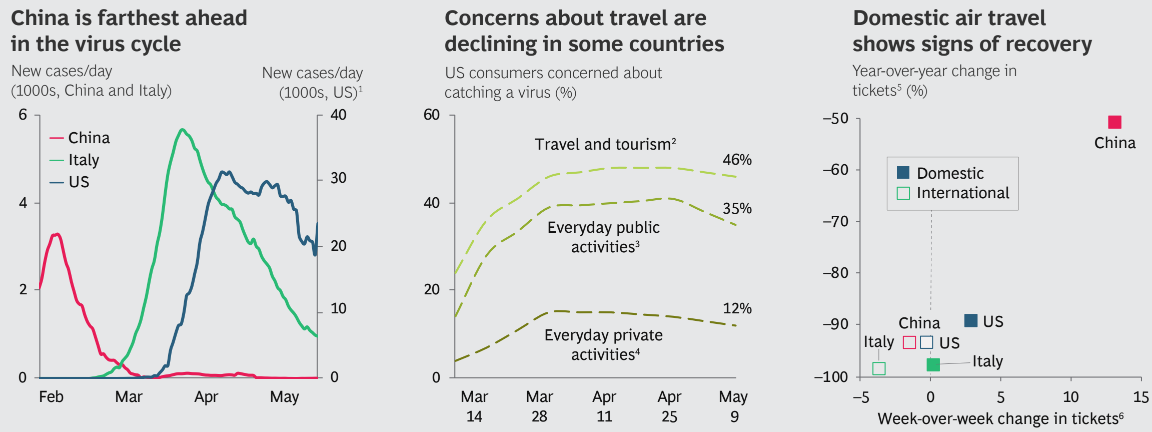
Exhibit 2 | The COVID-19 Pandemic Has Hit the Travel and Tourism Sector Especially Hard



Sources: TSA website; SiteMinder World Hotel Index; Earnest Research, May 6, 2020; BCG analysis.
Note: Spending data is based on consumer credit card/debit/checking account activity from a panel of US consumers from Earnest Research (reported figures exclude "cash/other").
[1]May 11–17, 2020, year-over-year change in TSA passenger screening volume.
[2]May 5, 2020, year-over-year change in booking volume.
[3]April 2020 average year-over-year change.

GLOBAL – WEEK 10 – MAY 8–11

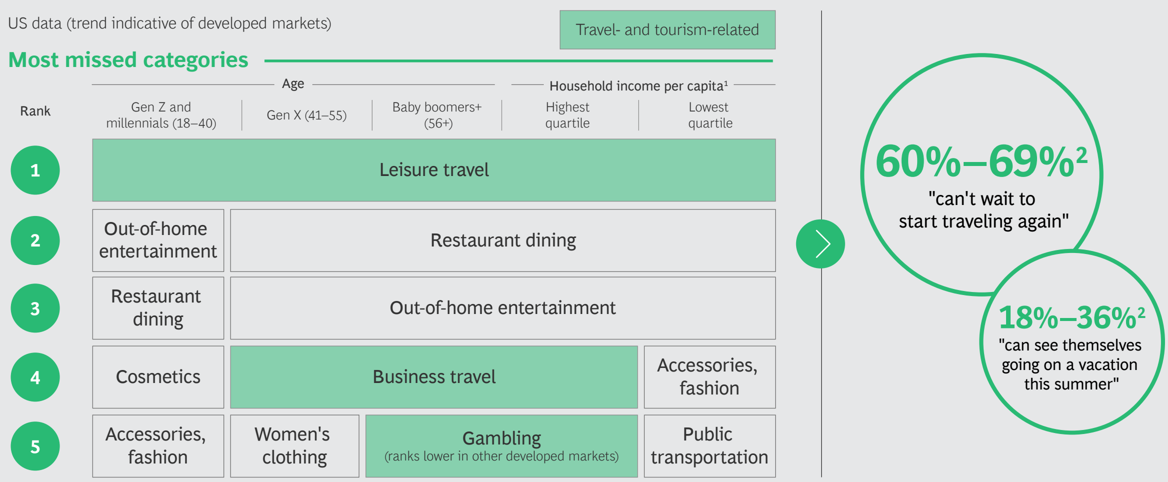
EXHIBIT 3 | China Is Well Ahead in the Virus Cycle and Is Showing Positive Signs of Recovery



Sources: BCG COVID-19 Consumer Sentiment Survey, March 6–May 11, 2020 (N = 2,000–3,500), unweighted, representative within ±3% of census demographics; WHO data reports.
Note: Question text: “You mentioned you would be concerned about [activity]. What part of the experience concerns you? Select all that apply.”
[1]Seven-day rolling average; a February 16 outlier in the data for China that had resulted from a change in case-reporting criteria was removed.
[2]Category includes “Staying at a hotel,” “Staying at an Airbnb,” “Taking a domestic flight,” “Traveling internationally,” “Taking a cruise,” and “Visiting a casino.”
[3]Category includes “Going to a local store,” “Going to a local restaurant,” and “Taking a bus, subway, or train.”
[4]Category includes “Cooking at a friend’s house,” “Ordering food for delivery,” “Shopping online,” and “Taking an Uber.”
[5]As of May 1, 2020 (trailing 14-day average).
[6]Trailing 14-day average vs. prior 14 days.

US, UK, ITALY, FRANCE – WEEK 10 – MAY 8–11

EXHIBIT 4 | Across the Board, Consumers Report That They Miss Traveling More Than Anything Else



Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: In Italy, the 56+ age group identified “Savings” as the fourth-most missed category. Question text: “Of the categories you plan to spend less in, what do/will you miss the most?” and “How much do you agree with each of the following statements about your future travel habits?”
[1]Calculated by dividing household income by number of people within household.
[2]This range reflects the variation in percentages among France, Italy, the UK, and the US.

36% of US consumers say that they can envision themselves going on a vacation this summer—indicating that some level of activity is possible, depending on how infection rates and government restrictions evolve over the coming months. In addition, business travel ranks in the top five most missed activities for older and higher-income consumers around the world, and gambling makes the list for mature (baby boomers and older) and high-income US consumers. This pent-up intent to travel is undoubtedly good news for travel companies in the long term, but when will the good news shift from inclination to action?

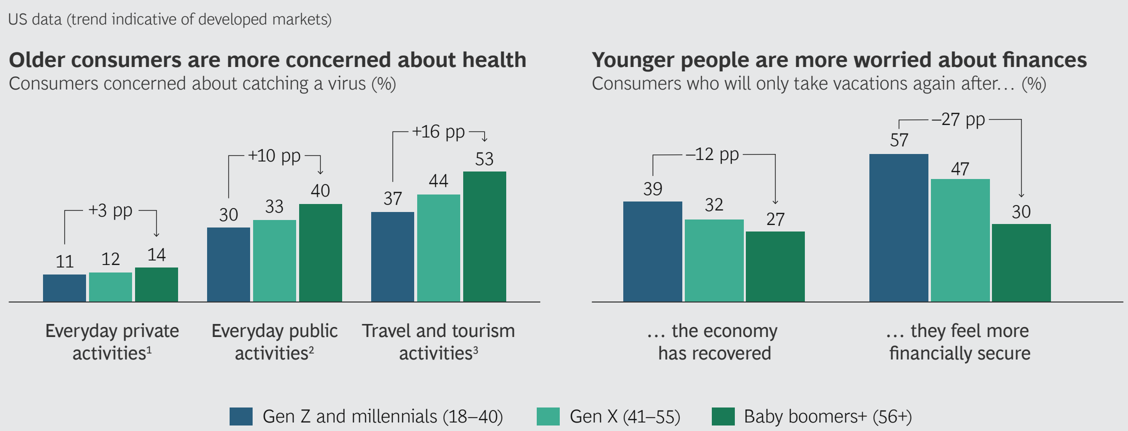
Boarding the Plane

The barriers to consumers' readiness to follow through on their intent to travel are real. In general, baby boomer+ consumers (ages 56 and up) are more concerned about catching the virus while traveling, and younger groups (Gen Z and millennials) are more stressed economically and may be inclined to hold off on travel until they feel more financially secure. (See Exhibit 5.) Taken together, these concerns suggest that Gen X may be the sweet spot for companies to target, since they have enough disposable income to afford travel, but more moderate concerns over catching COVID-19.

Their lower level of concern about contracting the coronavirus may be fueling younger consumers' desire to return to travel sooner. (See Exhibit 6.) Across age groups, however, consumers are more likely to resume flying and hotel stays before visiting a casino or going on a cruise. Still, past frequency and recency do seem to have an impact on the timing of a consumer's return to each activity. (See Exhibit 7.) Frequent travelers are more likely to return sooner to the skies and to hotel rooms, and people who have visited a casino or gone on a cruise in the past three years are more likely to engage in those activities sooner. Not surprisingly, all of these observations point toward engaging one's "best guests" early and assiduously to accelerate demand in the recovery.

US, UK, ITALY, FRANCE – WEEK 10 – MAY 8–11

EXHIBIT 5 | Concern About Catching COVID-19 Increases with Age Across All Activities, While Younger People Tend to Be More Worried About Finances



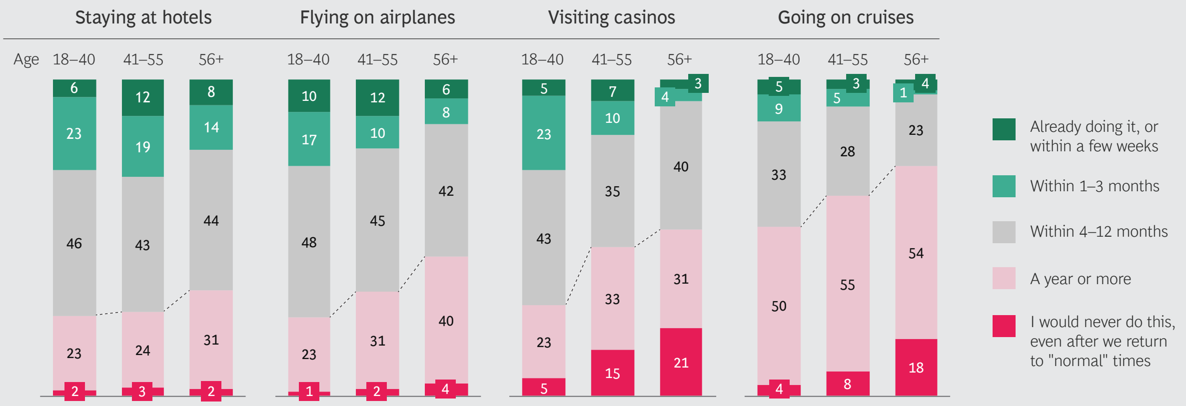
Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: Question text: "You mentioned you would be concerned about [activity]. What part of the experience concerns you? Select all that apply." and "How much do you agree with each of the following statements about your future travel habits?" pp = percentage points.
[1]Category includes "Cooking at a friend's house," "Ordering food for delivery," "Shopping online," and "Taking an Uber."
[2]Category includes "Going to a local store," "Going to a local restaurant," and "Taking a bus, subway, or train."
[3]Category includes "Staying at a hotel", "Staying at an Airbnb," "Taking a domestic flight," "Traveling internationally," "Taking a cruise," and "Visiting a casino."

US, UK, ITALY, FRANCE – WEEK 10 – MAY 8–11

EXHIBIT 6 | Across Western Countries, Younger People Are Likely to Resume Travel Activities Sooner Than Older People

Question: When do you think you will begin doing the following?

Consumers expecting to resume within the specified time interval (%)



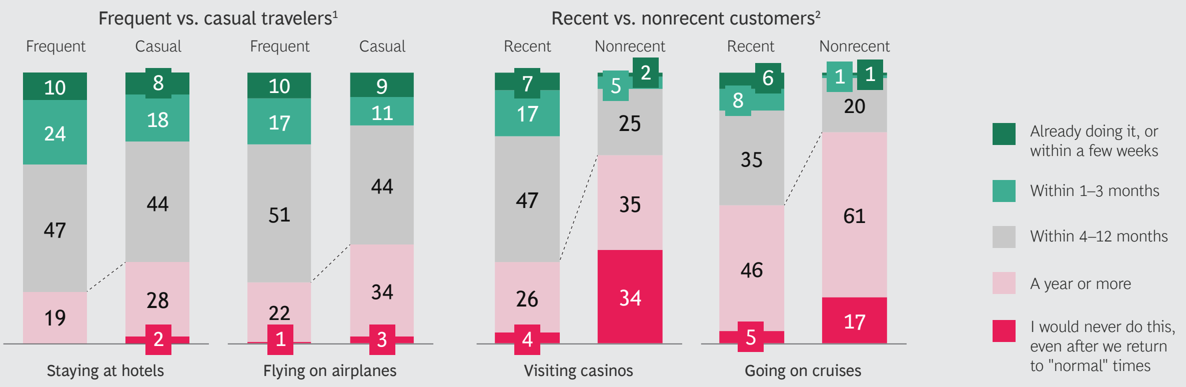
Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: People who have not done each activity in the past were excluded. People who selected "N/A – I never/rarely did this, even before the coronavirus" were excluded. Question text: "When do you think you will begin [doing activity] again?" Because of rounding, some bar chart totals do not equal 100%.

US, UK, ITALY, FRANCE – WEEK 10 – MAY 8–11

EXHIBIT 7 | Across Western Countries, Frequent and Recent Travelers Are Likely to Be the Quickest to Resume Travel

Question: When do you think you will begin doing the following?

Consumers expecting to start within the specified time interval (%)



Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: People who have not done each activity in the past were excluded. People who selected "N/A – I never/rarely did this, even before the coronavirus" were excluded. Question text: "When do you think you will begin [doing activity] again?" Because of rounding, some bar chart totals do not equal 100%.
[1]"Frequent travelers" are defined as those with 17 or more nights spent at hotels or with nine or more round-trip flights taken in the past year.
[2]"Recent customers" are defined as those who visited a casino or went on a cruise in 2017 or later.

When we look at how long consumers will take to move from intention to action, the majority still assert that they will not travel until things are "normal," and 70% or more across countries believe that it is irresponsible to travel until the virus is under control. (See Exhibit 8.) As we have noted in prior Snapshots, opinions about what key indicators would signal that the virus is under control vary widely among consumers who are theoretically willing to travel again under certain conditions but are not yet actively doing it. Many are waiting for their governments to announce that it is acceptable to resume everyday activities, while others (especially for cruises) are holding out until a vaccine is available.

Although this may sound like dire news for travel companies, consumers may actually be ready to hit the road sooner. When asked to estimate the likely timing of their return to travel in weeks or months, rather than in relation to indicators that the virus is under control, about 40% of those who say that they are awaiting a vaccine also say that they expect to travel *within* the next year, despite best estimates of a vaccine first being available at 12 to 18 months or longer.[2]

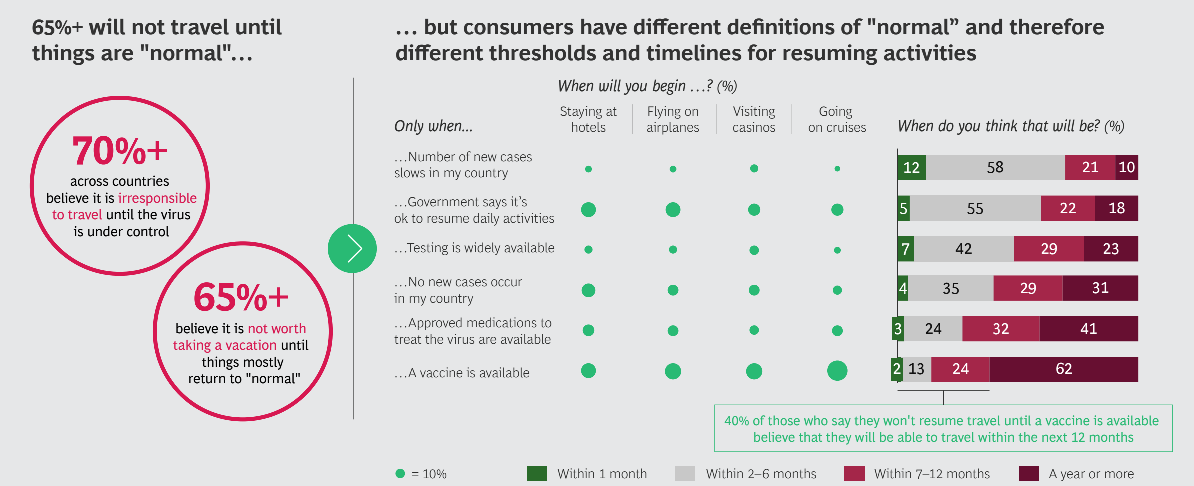
Packing Our Bags

What type of trips do consumers expect to take when they return to leisure travel? Most express an interest in using their first post-COVID-19 trip to relax and get away or to visit family and friends. (See Exhibit 9.) In countries that remain in or only recently left lockdown, such as the US and France, consumers are more focused on visiting family and friends—an activity that the lockdown likely impeded.

Among travelers who are interested in taking a trip to relax and get away, we find that the most frequent trips planned are visits to a beach/resort or to nature and the outdoors, followed by trips to big cities and to casinos (for the US only). (See Exhibit 10.) Couples are planning to take the largest percentage of these trips, followed by families. The trips are likely to be no more than a few days long and to be to domestic

US, UK, ITALY, FRANCE – WEEK 10 – MAY 8–11

EXHIBIT 8 | Meaningful Travel Recovery Is Unlikely to Occur Until COVID-19 Is Under Control—and Estimates of How Long It Will Take Vary Widely



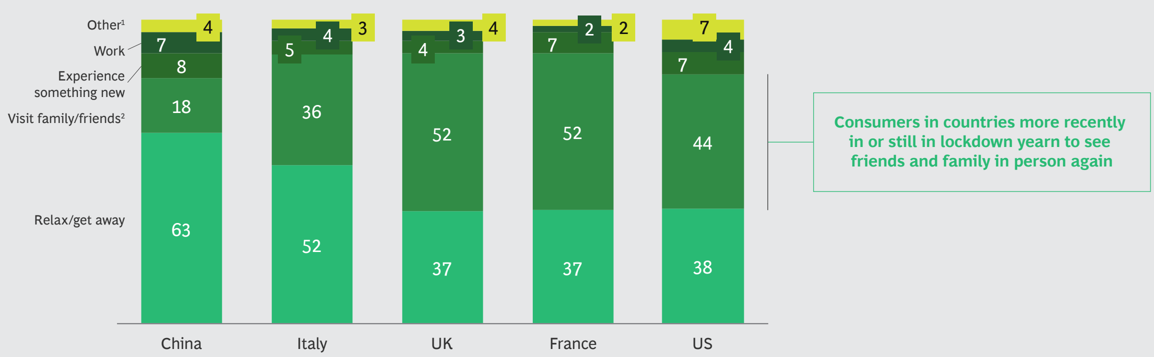
Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: Question text: "How much do you agree with each of the following statements about your future travel habits?" and "When will you begin [doing activity] again?" and "When do you think you will begin [doing activity] again?" Because of rounding, some bar chart totals do not equal 100%.

GLOBAL – WEEK 10 – MAY 8–11

EXHIBIT 9 | For Their First Trip After the Outbreak, Most Consumers Are Planning to Take Relaxing Getaways or Visit Loved Ones

Question: When you start to travel again, what will likely be the main purpose for the first trip you take?

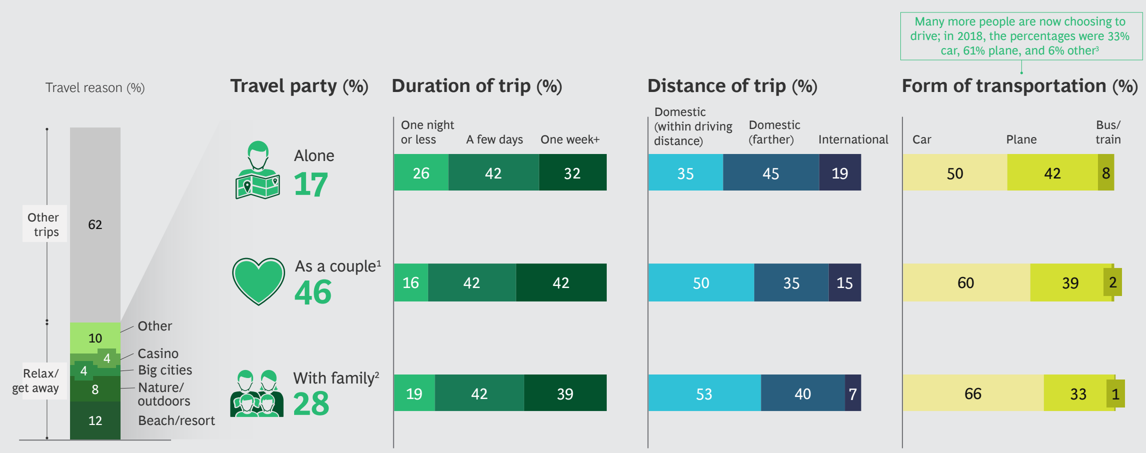
Consumers who identified the specified travel reason (%)



Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: Question text: "When you start to travel again, what will likely be the main purpose for the first trip you take? If you are already traveling, please think about your first trip since the coronavirus outbreak." Because of rounding, some bar chart totals do not equal 100%.
[1]Category includes the responses "Attend a special event" and "Other."
[2]Category includes the responses "Visit family/relatives" and "Visit friends."

US – WEEK 10 – MAY 8–11

EXHIBIT 10 | For Consumers Planning Getaways, the Bias Is Toward Domestic Travel by Car



Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of US census demographics.
Note: All of the questions used here included the clause "If you are already traveling, please think about your first trip since the coronavirus outbreak" for respondents who reported that they "have already started traveling again/never stopped traveling." Question text: "When you start to travel again, what will likely be the main purpose for the first trip you take?" and "Who will you go on this first trip with? Select all that apply." and "Where will you go on this first trip?" and "How will you likely get there?" and "How long would this first trip likely be?" The percentages for "Alone," "As a couple," and "With family" do not add up to 100% because the remaining 9% are people who selected other options such as "Friends," "Colleagues," or "Other." Other percentage totals may not add up to 100% because of rounding.
[1]People who chose only "My significant other."
[2]People who chose any combination of "My significant other," "My children," and "Other family members," but no other options. People who chose only "My significant other" are excluded.
[3]Phocuswright 2019 Consumer Travel Survey.

destinations within driving distance from home. In fact, the percentage of people who are choosing to drive in the post-pandemic era has grown substantially—to 50% or more compared with only 33% in the days prior to COVID-19.

Fueling Demand

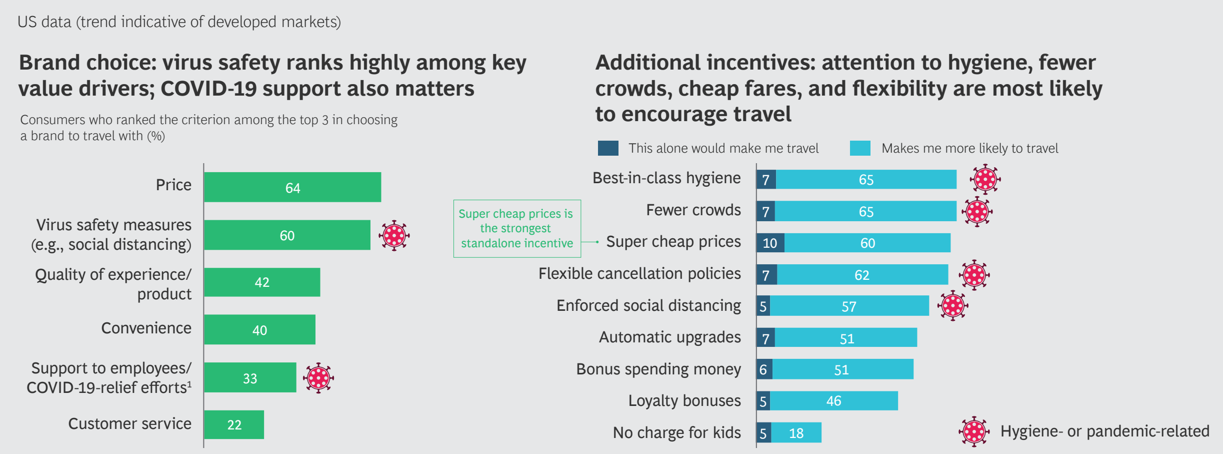
Despite the myriad changes to the travel environment due to COVID-19, many factors that are important to consumers when selecting a travel brand remain familiar, with price, the quality of the experience or product, and convenience topping the list. (See Exhibit 11.) But at least in the near term, several new drivers of choice in travel have emerged as well. Most notably, consumers cite virus safety measures as being nearly as critical as price. In addition, support for employees and COVID-19 relief efforts has become an important decision factor, as consumers recognize the significant impact that the health crisis is having on society and the people around them, and look for companies that are working to help soften that impact. Consumers also acknowledge that a number of additional incentives might sway them to travel—everything from cheap prices to health and safety measures such as best-in-class hygiene, fewer crowds, and enforced social distancing.

It's All Business

Among the most critically valuable travelers to win back are business travelers—especially premium and high-frequency "road warriors." As we mentioned earlier in connection with Exhibit 4, a number of consumers say that they miss business travel, but the companies they work for will have a significant say in determining when they will return to the skies and to hotel rooms, and when travel-dependent meetings and conferences will resume. The timing and extent to which companies reinstate business travel remains to be seen. Many corporations have announced that their work-from-home models will remain in place for many months ahead, and both the desire of companies to protect their employees' health, and the potential liabilities surrounding COVID-19 transmission make it more likely that we will see a lag in

US, UK, ITALY, FRANCE – WEEK 10 – MAY 8–11

EXHIBIT 11 | The Travel Industry Can Encourage Demand by Investing in Virus Safety Measures, Experimenting with Incentives, and Supporting the Community



Source: BCG COVID-19 Consumer Sentiment Survey, May 8–11, 2020 (N = 2,500–3,000), unweighted, representative within ±3% of census demographics.
Note: Question text: "Next time you travel, what are the top things that you are looking for when deciding what brands (e.g., airlines, hotels, cruises, casinos) to travel/stay with? Please rank up to 3 criteria." and "How would each of the following influence your likelihood to travel in the near future?"
[1]Aggregated respondents who selected either "How the brand/company supported its employees during the outbreak" or "How the brand/company supported coronavirus relief efforts for essential workers during the outbreak" as one of the top 3 criteria.

business travel uptake in 2020—unless either testing availability or medical treatments progress more rapidly than currently anticipated.

Looking Ahead

In the near future, COVID-19's impact on the travel industry landscape will remain considerable, with many companies unable to survive, and others forced to sell or consolidate. Nevertheless, many will weather the storm and see travelers return. As our research findings indicate, despite the fear and negative impact that COVID-19 has generated in the travel industry, consumers have not lost their wanderlust.

Our next Snapshot will be published on June 1 (as your writer team looks to support the travel recovery over the US Memorial Day weekend). That Snapshot will further explore the New Normal Predictors (NNPs) that we introduced in Snapshot #8 and will assess which consumer behaviors and spending changes are likely to be lasting and which ones more evanescent.

NOTES

1. AAA (American Automobile Association).
2. Mayoclinic.org, *COVID-19 (Coronavirus): Get the Facts.* May 8, 2020, "Realistically, a vaccine will take 12 to 18 months or longer to develop and test in human clinical trials."

About the Research

BCG's COVID-19 Consumer Sentiment Snapshot series is based on data drawn from an online survey of consumers that is conducted every one to two weeks across multiple countries worldwide. Each Snapshot highlights a selection of insights from a comprehensive ongoing study that BCG provides to clients. The survey is produced by the authors, who are members of BCG's Center for Customer Insight (CCI), in partnership with coding and sampling provider Dynata, the world's largest first-party data and insights platform. The goal of the research is to provide our clients and businesses around the world with periodic barometer readings of COVID-19-related consumer sentiment and actual and anticipated consumer behavior and spending to inform critical crisis triage activities, as well as rebound planning and decision making. The research does not prompt consumers about the virus when asking many of the key questions, including questions about spending changes in the next six months, in order to avoid biasing the results. A team composed of BCG consultants and experts from CCI completes the survey analytics.

Legal Context

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