Travel, Tourism & Leisure: Seeking to be Stronger

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VIRGINIA IS FOR LOVERS®

COVID-19's Impact on Virginia's Visitor Economy

PREPARED FOR:

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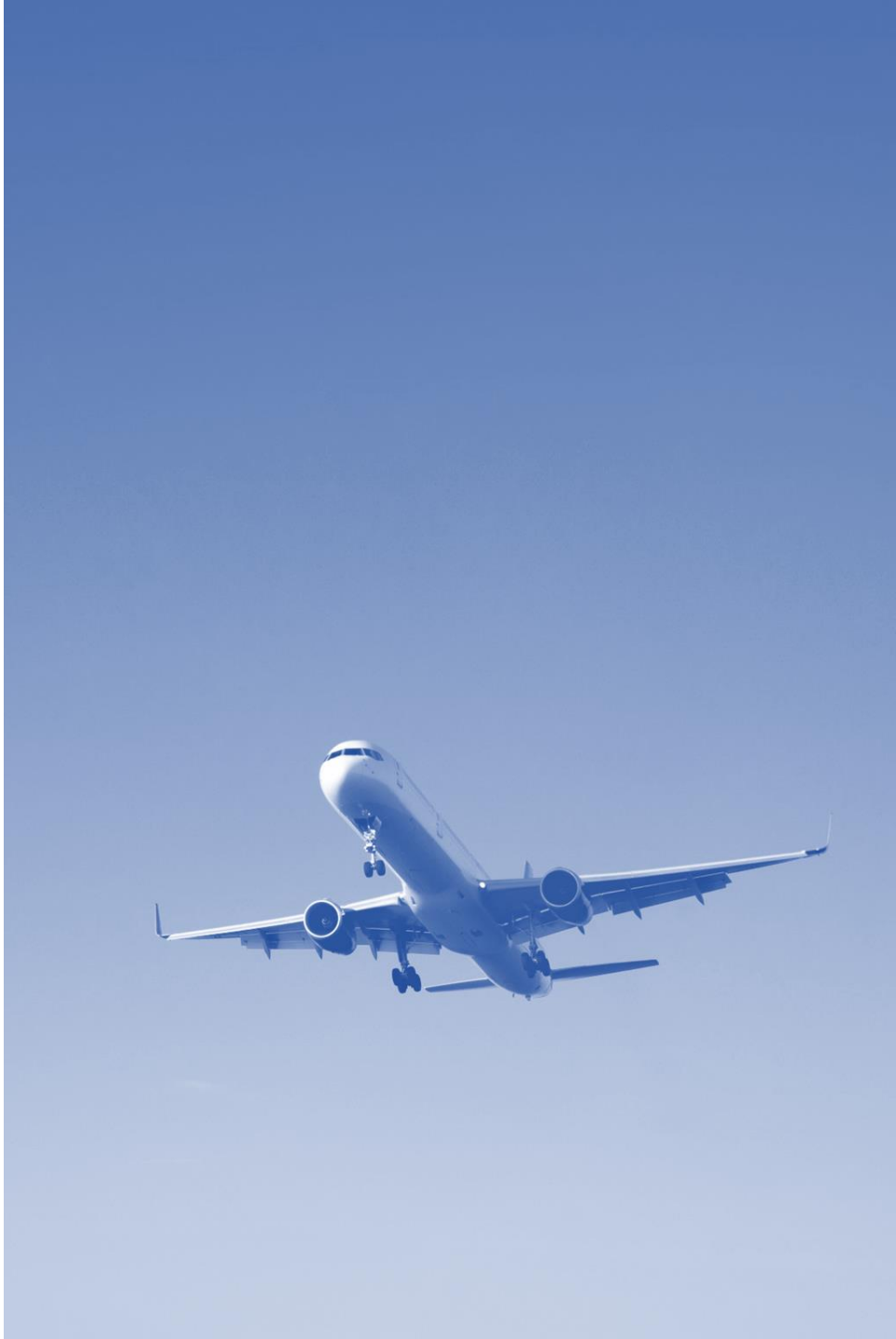


REPORT HIGHLIGHTS

KEY DRIVERS

The crisis will be profound, pervasive and persistent

1 Profound

Travel sector revenue will average 81% below normal in April and May. Gradually lessening declines are expected in the summer as travel restrictions are loosened regionally. However, losses will continue through the rest of the year.

2 Pervasive

Group/transient, leisure/business/VFR, day/overnight segments will all be impacted. We already see similar sharp downturns across different segments in ADARA's booking data. In both Scenarios, all types of travel are deeply impacted.

3 Persistent

Our pre-crisis forecast had the US economy growing at a slow but steady rate in 2020. In the Baseline Scenario, the pandemic leads to a GDP contraction of 6.9%% in 2020. This downturn curtails household discretionary spending through 2021.

KEY DRIVERS

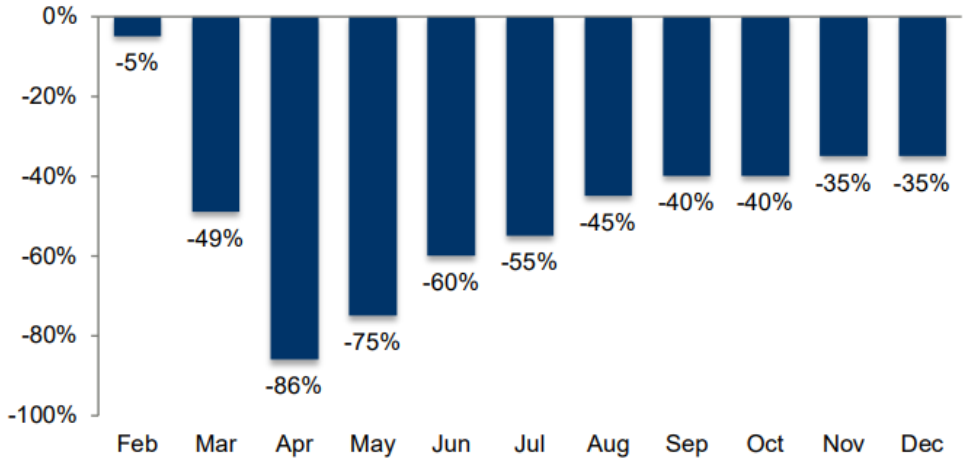
A profound, pervasive, and persistent impact

Profound – the crisis will severely impact the travel industry.

Travel sector revenue will average 81% below normal in April and May. Gradually lessening declines are expected in the summer as travel restrictions are loosened regionally. However, losses will continue through the rest of the year.

Projected COVID-19 impact on tourism industry revenue

y/y percent losses



Source: Tourism Economics

KEY DRIVERS

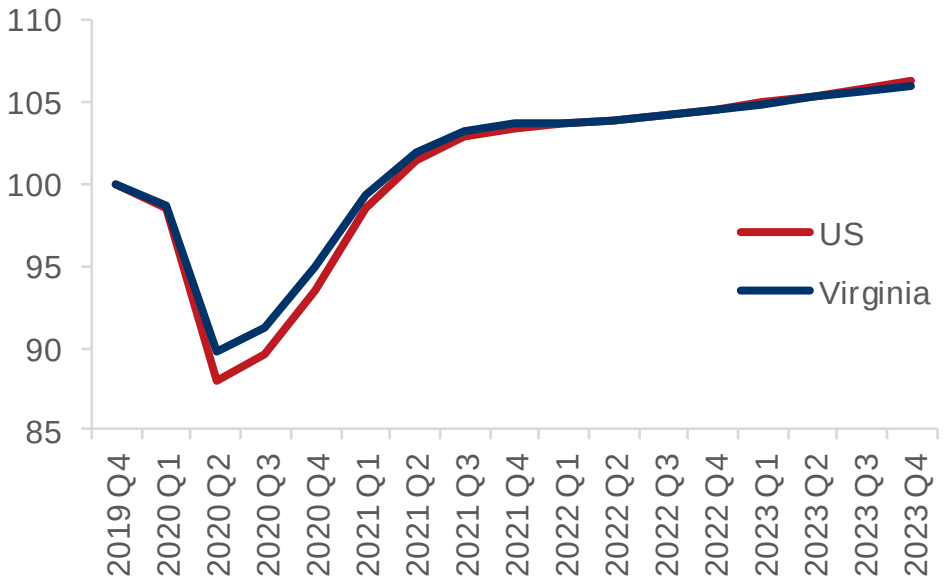
A profound, pervasive, and persistent impact

Persistent - the COVID-19 crisis will slow the economy and therefore hamper the post-crisis recovery.

Expect sharp contraction of real GDP in Q2, followed by a firm economic rebound in the second half of 2020, hinging on effective containment measures in coming months. Overall, real GDP decline of -6.9% in 2020, followed by 9.9% growth in 2021.

USA and Virginia Baseline Scenario GDP growth

Index (2019 Q4 =100)



Source: Oxford Economics

KEY UNKNOWNS

The questions that will determine the impact of the COVID-19 crisis on Virginia's visitor economy

When will the recovery start?

Hotel occupancy rates in the US averaged 66% over the year in 2019. In April 2020 they fell close to 25%. How long will they remain there?

How long will recovery take?

Will the spread of COVID-19 slow in the summer months? How severely will the pandemic impact GDP growth and consumer spending? Will bankruptcies negatively impact air capacity and room supply well into the future?

How big could an August recovery be?

If the COVID-19 crisis begins to clear over the early summer, July and August may receive a massive amount of latent demand. However, these are already Virginia's most popular travel month, so will supply struggle to match demand?

Could the crisis get worse than we imagine?

There remains a great deal of uncertainty surrounding COVID-19, and the pandemic is moving quickly. While the Downside Scenario already represents an incredible loss, could an unforeseen twist cause the losses to mount at an even greater rate?

THE BASELINE SCENARIO

THE BASELINE SCENARIO

Summary data

Losses in 2020 amount to 47% of all spending or $12.6 billion.

Baseline Scenario COVID-19 related losses in Virginia

Dollar figures in millions

	2020	2021
Economic impacts		
Lost visitor spending, $	$12,611	$6,395
Lost visitors spending, %	47%	24%
Lost jobs	79,154	40,142
Lost wages	$2,942	$1,492
Lost state taxes	$526	$267
Lost local taxes	$342	$174
Hotel impacts		
Lost room demand (millions)	15.7	5.4
Lost room revenue	$2,310	$1,145

Sources: Tourism Economics; STR; US Travel

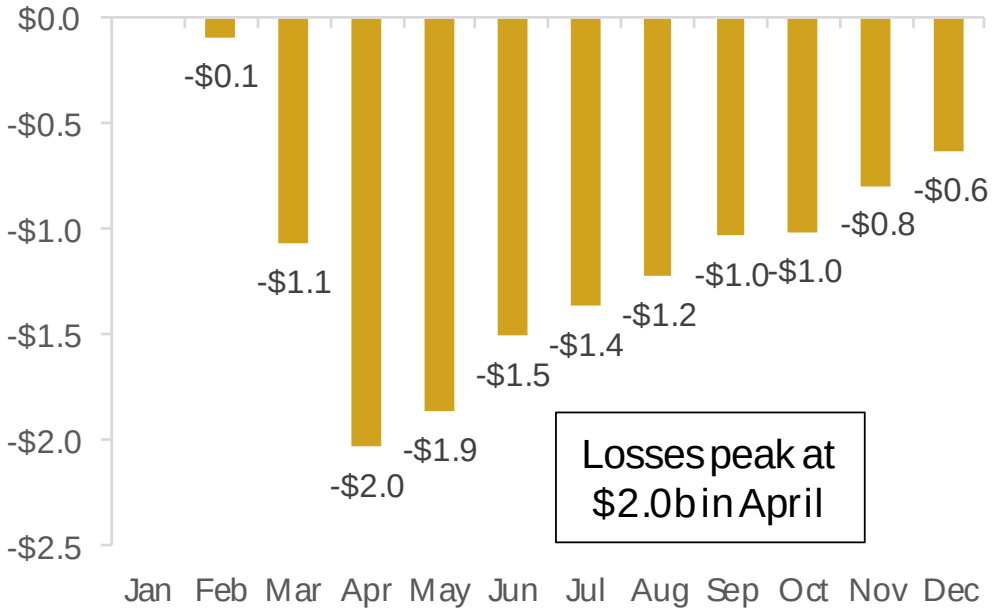
THE BASELINE SCENARIO

Monthly impacts

Dollar losses peak in April at $2.0 billion for the month.

Baseline Scenario COVID-19 related tourism spending losses in Virginia, 2020

Spending, billions



Sources: Tourism Economics; STR; US Travel

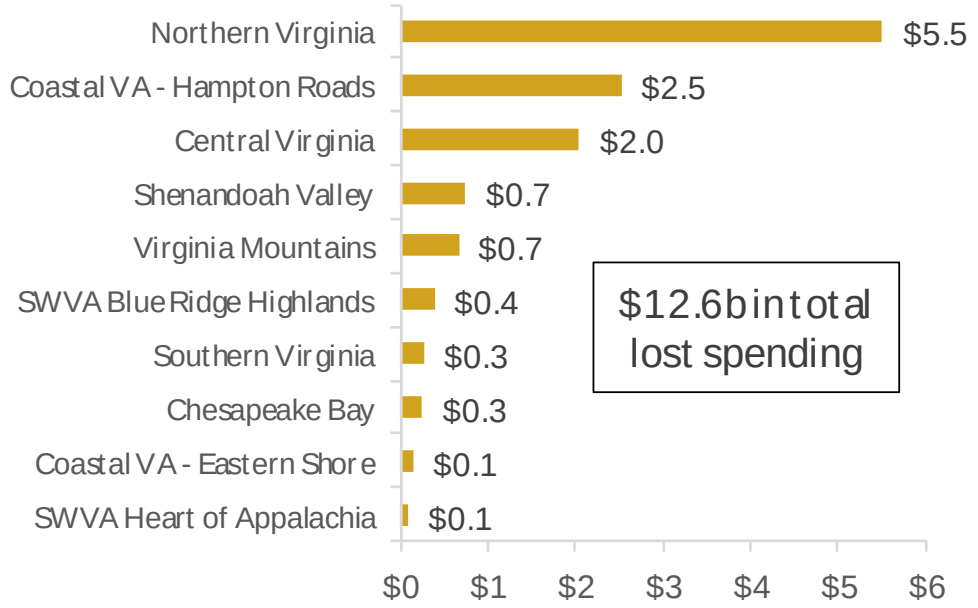
THE BASELINE SCENARIO

Regional spending losses

44% of all losses occur in Northern Virginia.

Baseline COVID-19 related tourism spending losses in Virginia's regions

Dollars, billions



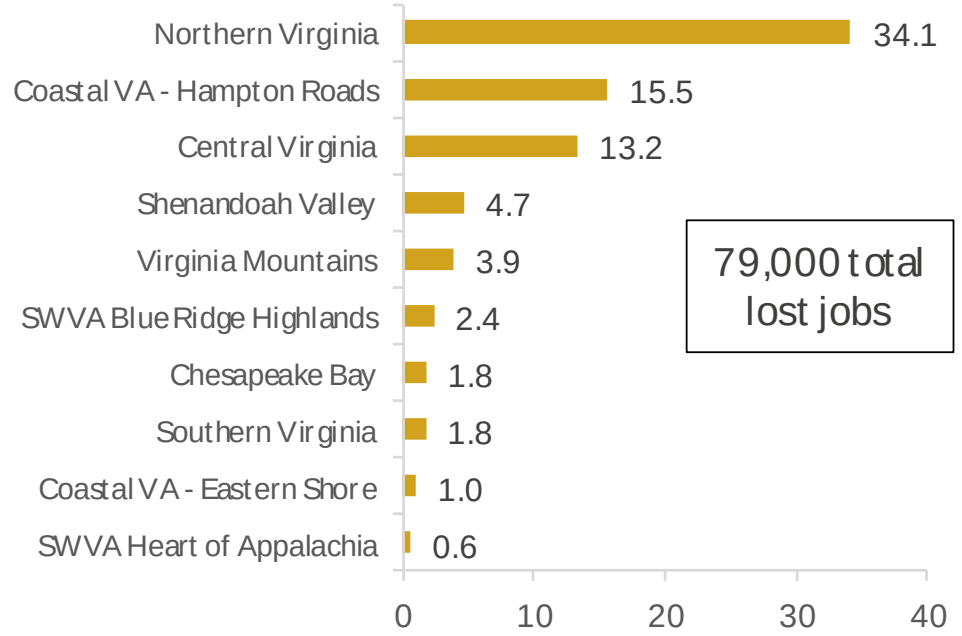
Sources: Tourism Economics; STR; US Travel

THE BASELINE SCENARIO

Regional job losses

43% of all losses occur in Northern Virginia.

Baseline Scenario COVID-19 related tourism spending losses by region, 2020



Sources: Tourism Economics; STR; US Travel

Campaign: WanderLove

COVID-19 BRAND RECOVERY

The coronavirus has had a devastating impact on our tourism and hospitality industries. But as restrictions are lifted in Virginia and across the nation, research indicates travelers will be gearing up for road trips – seeking safe, close-to-home destinations that allow for social distancing and access to open spaces like beach trips, outdoor recreation and rural experiences. In fact:

40 percent of Americans intend to take a road trip this year.

Thus, VTC has created a new integrated campaign, **WanderLove**, that will leverage Virginia's many

COVID-19 Toolkit

- CARES Act Guidance
- Research
- Messaging and Content Strategy
- Brand Response/Marketing
  - Campaign: WanderLove
  - Campaign: Share What You Love
- International Marketing
- Business Assistance Resources
- Case Studies
- Additional Resources
- State Agency Resource Links

Additional Links

- Governor of Virginia Updates
- Virginia Department of Health

Share what you Love
Fall 2020 Marketing Campaign

LOST CHESTNUT
TRAIL 1.4MI

LOVE

Thank you.