



ARTICLE

Travel after COVID lockdown: Local is the New Normal

How travel trends have shifted to local destinations

Travel is part of our consultants' lives. We serve our clients in different cities, states and countries from where we live. Our friends and families are used to us hitting the road for weeks at a time. Some of our consultants look forward to travel time as their "own" time (i.e., fewer interruptions from 30,000 feet). When the current health crisis forced society to close and grounded planes across the world, it reshaped our work schedules and our longest travel ended up being our commute to our own home office spaces.

As some statewide lockdown measures begin to ease, travel is certainly on our minds after months of being confined to our homes. How is America gearing up for travel in a changed environment? Diving into multiple data sources allows us to uncover some emerging trends in how families are starting to plan for summer and beyond.



Growing Confidence and Hotel Booking Behaviors

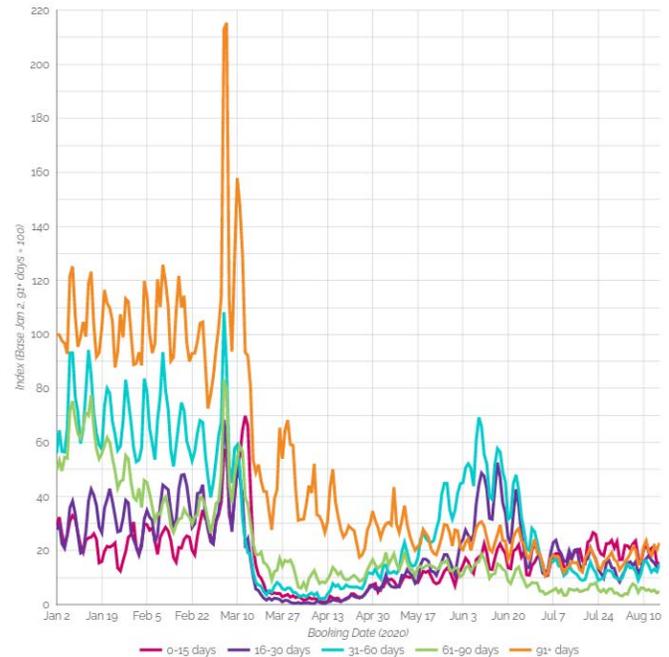
Despite the easing of the lockdown restrictions, American households are still cautious about travel. In a recent June survey,¹ four in 10 were not confident that they can travel safely in the current environment. However, looking ahead, 70 percent of American travelers are planning to take at least one leisure trip this year. Over three-quarters of them have a sense of when and where this trip will take place. One symbol of the current times: only a third plan to include people outside of their households in their travel party.

A closer look at the hotel booking momentum reveals that volumes in June in the U.S. are at about 60 percent compared to last year.² To put that into perspective, bookings in Italy are only at 17 percent of their 2019 volume. Interestingly enough, we notice a shift towards domestic reservations versus international reservations. In May, 96 percent of hotels booked were for domestic hotels – compared to an average of 75 percent before COVID-19.

Available hotel data on the booking horizon provides insight into when travel might return.³ Hotel reservations in June with a start date in the following 16-60 days are at comparable levels to what they were pre-COVID. We also note that bookings for last-minute travel are rising sharply. Besides the lockdown fatigue, this can probably be explained by flexible cancellation policies offered by hotels in response to the virus.⁴ But longer-term travel plans are still on pause with travel planned 61 days or more in advance at their lowest. This trend seems to indicate that Americans are ready to explore again and travel rather soon.



TRIP PURPOSE: LEISURE – FAMILY



Source: ADARA Traveler Trends Tracker

Cloudy Skies Ahead, but Roads are Clear

With the number of U.S. scheduled flights down 66 percent compared to last year,⁵ airlines are undeniably suffering from the COVID-19 pandemic. The Transportation Security Administration reports lower volume at airport checkpoints,⁶ down 79 percent from last year. On the bright side, the number of travelers passing through TSA on June 14 reached 544,046, a 500 percent increase compared to the lowest traffic day in April with 87,534 travelers. In order to boost confidence in air travel, the Department of Transportation is planning on distributing 90 million masks in airports.⁷

When analyzing domestic flight bookings,⁸ we observe that reservations have not yet significantly picked up. Most notably, bookings to fly in the next 16-60 days are only seeing a slight increase. But last-minute flights are still at low levels. The spike in March for flights booked more than 90 days in advance is likely due to a drop in airfare prices as the virus was spreading, combined with flexible ticketing policies allowing for future modifications.

¹ <https://www.destinationanalysts.com/blog-update-on-american-travel-in-the-period-of-coronavirus-week-of-june-15th/>

² <https://www.siteminder.com/world-hotel-index/data/>

³ <https://adara.com/traveler-trends-tracker/>

⁴ <https://www.cntraveler.com/story/coronavirus-hotel-cancellation-policy>

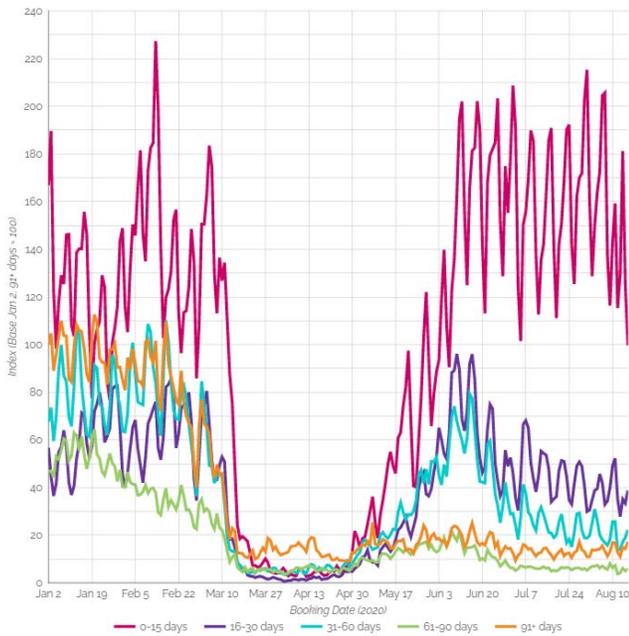
⁵ <https://www.oag.com/coronavirus-airline-schedules-data>

⁶ <https://www.tsa.gov/coronavirus/passenger-throughput>

⁷ <https://www.transportation.gov/briefing-room/federal-government-distribute-nearly-100-million-cloth-facial-coverings>

⁸ <https://adara.com/traveler-trends-tracker/>

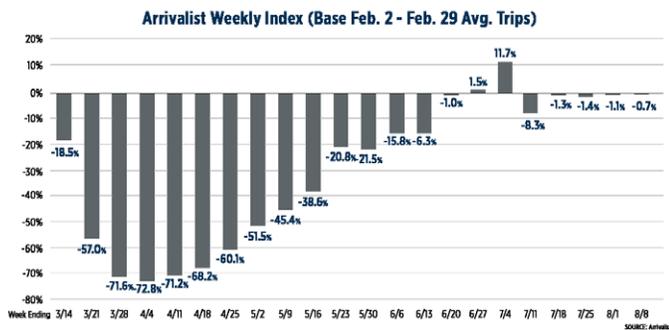
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Source: ADARA Traveler Trends Tracker

With planes not flying or flying empty, another favorite mode of transportation has emerged. According to a Harris Poll survey from June 6-7,⁹ 90 percent of Americans consider cars as the safest means of transportation right now and three months from now as well. In contrast, even three months from now, commercial flights are viewed as safe by only half of all Americans.

Not surprisingly, consumer car data confirms this trend away from flying. Consumer road trips of 50 miles or more in all 50 U.S. states are on the rise.¹⁰ The last week of July was only 1.1 percent lower than right before COVID-19 and consistent throughout July 2020.



Source: U.S. Travel Association, COVID-19 Travel Industry Research¹¹

⁹ <https://theharrispoll.com/the-harris-poll-covid19-tracker/>

¹⁰ <https://www.arrivalist.com/daily-travel-index/>

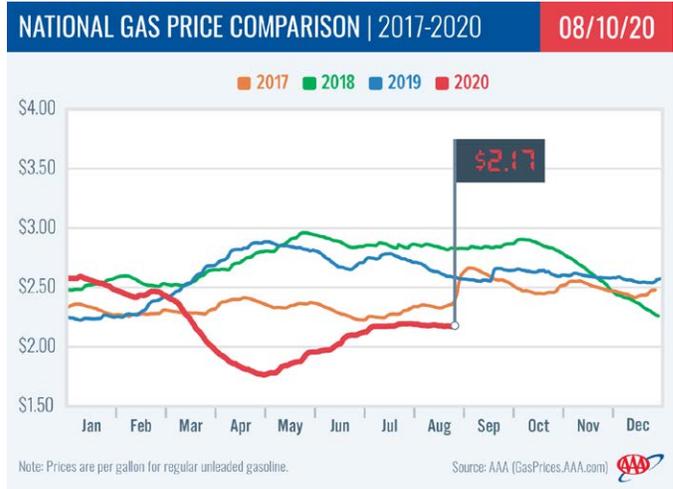
¹¹ <https://www.ustravel.org/toolkit/covid-19-travel-industry-research>

¹² <https://gasprices.aaa.com/gas-pump-prices-pushing-cheaper-again/>

¹³ <https://gasprices.aaa.com/gas-pump-prices-pushing-cheaper-again/>

¹⁴ <https://www.bloomberg.com/news/articles/2020-06-07/airbnb-joins-vacation-rental-sites-seeing-surge-in-summer-demand>

The Energy Information Administration (EIA) highlights that since mid-May, gasoline demand has increased 18 percent to 7.9 million barrels per day. That, in turn, pushed pump prices higher by 23 percent to \$2.17 on August 10 from a low of \$1.77 on April 27. Gas prices at their four-year low make road trips even more appealing for families.¹²



Source: The American Automobile Association (AAA) Newsroom¹³

Vacation Rentals on the Rise

Airbnb recorded more nights booked for U.S. listings between May 17 and June 3 than during the same period last year. The top destinations in the U.S. on Airbnb were mostly traditional holiday destinations such as Big Bear Lake in California, the Smoky Mountains in Tennessee and Port Aransas in Texas.¹⁴ The percentage of Airbnb bookings within 200 miles – roundtrip distance that can be completed on one tank of gas – has grown from one-third in February to more than 50 percent in May. Stacked with consumer road trips findings, this increase in domestic vacation rental reservations suggests that travel after COVID-19 is geared towards domestic getaways within driving range. Staycations and local attractions are the latest ways for American families to escape the COVID boredom.



Conclusion

At a roundtable with restaurant executives and industry leaders in May, President Trump suggested that an “Explore America” tax credit should be created for domestic travel, including visits to restaurants.¹⁵ On June 22, Senator Martha McSally introduced the American Tax Rebate and Incentive Program (TRIP) Act which includes a \$4,000 tax credit per adult of up to 50 percent of a household’s spending on expenses including airfares, car rentals, hotels, theme parks, and restaurants for vacation at least 50 miles away from home.¹⁶ With health concerns in travelers’ minds, data shows that travel habits have indeed shifted to road trips and local destinations for families in need of excitement. If such federal fiscal incentives are implemented, these new travel trends might last even longer.



¹⁵ <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-roundtable-restaurant-executives-industry-leaders>

¹⁶ <https://www.mcsally.senate.gov/imo/media/doc/American%20Tax%20Rebate%20and%20Incentive%20Program.pdf>

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