

Data-Driven Decisions

Summer BOD 2020 Breakout Discussion

TOP-LINE TAKEAWAY: The current state of travel and tourism—and the U.S. economy—is dire, and the industry's top research firms believe that a return to 2019 levels of travel volume, travel spending, RevPAR (revenue per available room), ADR (average daily rate) and international travel will not occur until three to four years from now.

Adam Sacks, president of Tourism Economics

- This year is a year to forget, most recently given the Q2 GDP decline of 33% announced in July.
- However, the worst is likely behind us—it is highly unlikely that another nationwide shutdown will occur, so we are not likely to see again the 80-90% declines in weekly travel spending year-over-year that we saw in April.
- Recovery is not invulnerable, but it IS inevitable: Tourism Economics expects to return to 2019 levels of travel volume by 2023 and travel spending by 2024.
- Scenario planning and forecasting are more important than ever as our industry has some difficult decisions to make moving forward.

Jan Freitag, senior vice president at STR

- Hotel and lodging industry has been hit hard across the board—quarterly RevPAR declined by a record 70% in Q2—and luxury hotels are experiencing sharper declines than economy and midscale hotels.
- While the industry likely bottomed out in early April, recovery has been stalling somewhat: the industry averaged 8% growth in later April and May but has been averaging just 3% in June and July.
- Looking ahead: For 2020 overall, demand is expected to decline by 40%, room rates by 20% and RevPAR by 50%.
- In 2021, occupancy will approach 2019 levels, but RevPAR and ADR will still have some catching up to do.

Chris Thompson, president and CEO of Brand USA

- International market recovery is expected in roughly 2023.
- Willingness to travel anywhere internationally is low, but has been plateauing in most countries—this is likely the lowest it will get.
- Brand USA is maintaining a state of readiness to ensure they are ready to go when international travel can safely resume and has a recovery marketing campaign ready to go.
- They will also hold the Brand USA Global Marketplace in October, a virtual platform intended to imitate a travel trade show.

Additional Resources

- U.S. Travel Association: [2020 Forecast](#) (prepared by Tourism Economics)
- Tourism Economics: [Weekly Analysis from July 30](#)
- STR: [U.S. Hotel Performance for Q2 2020](#)
- Brand USA: [COVID-19 Research Update from July 21](#)