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Covid 19 International Market Update

April 16, 2020



Chris Thompson
President & CEO





Carroll Rheem
VP, Research & Analytics

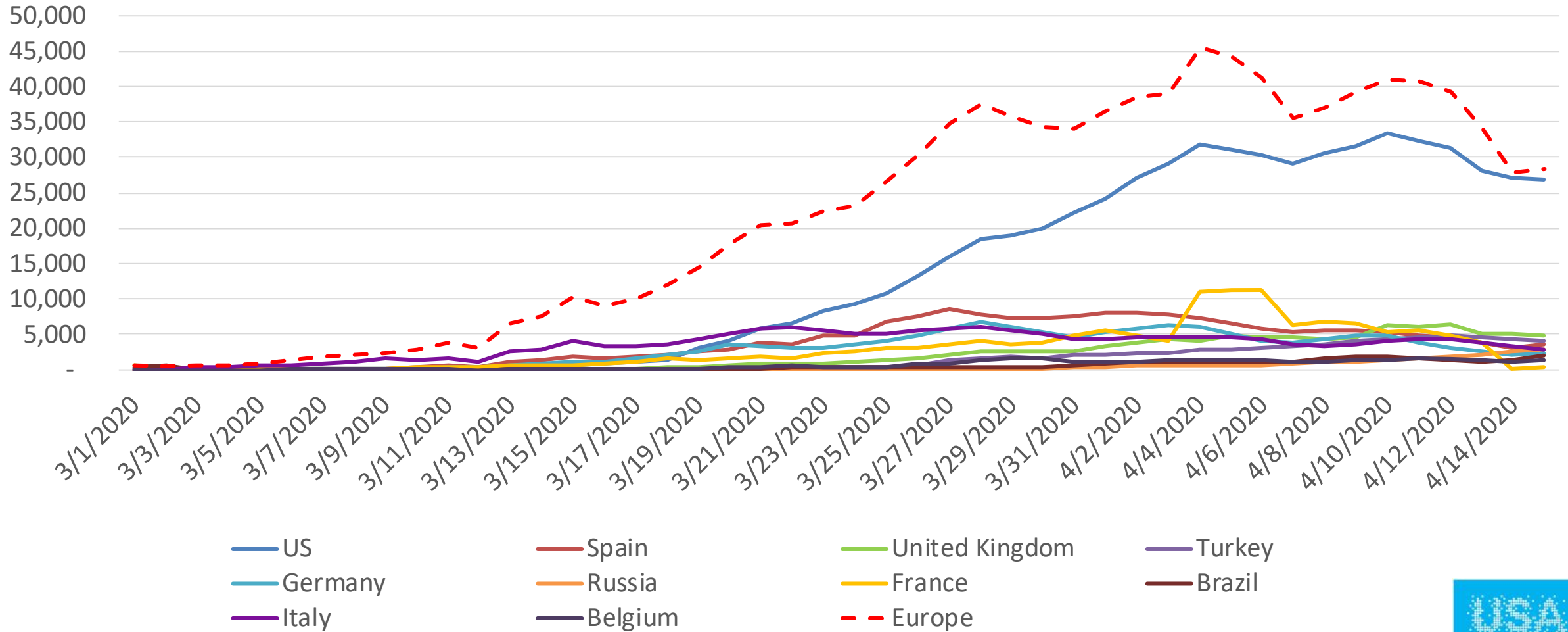




Pace of Coronavirus (Covid-19) Contagion

Daily New Confirmed Cases

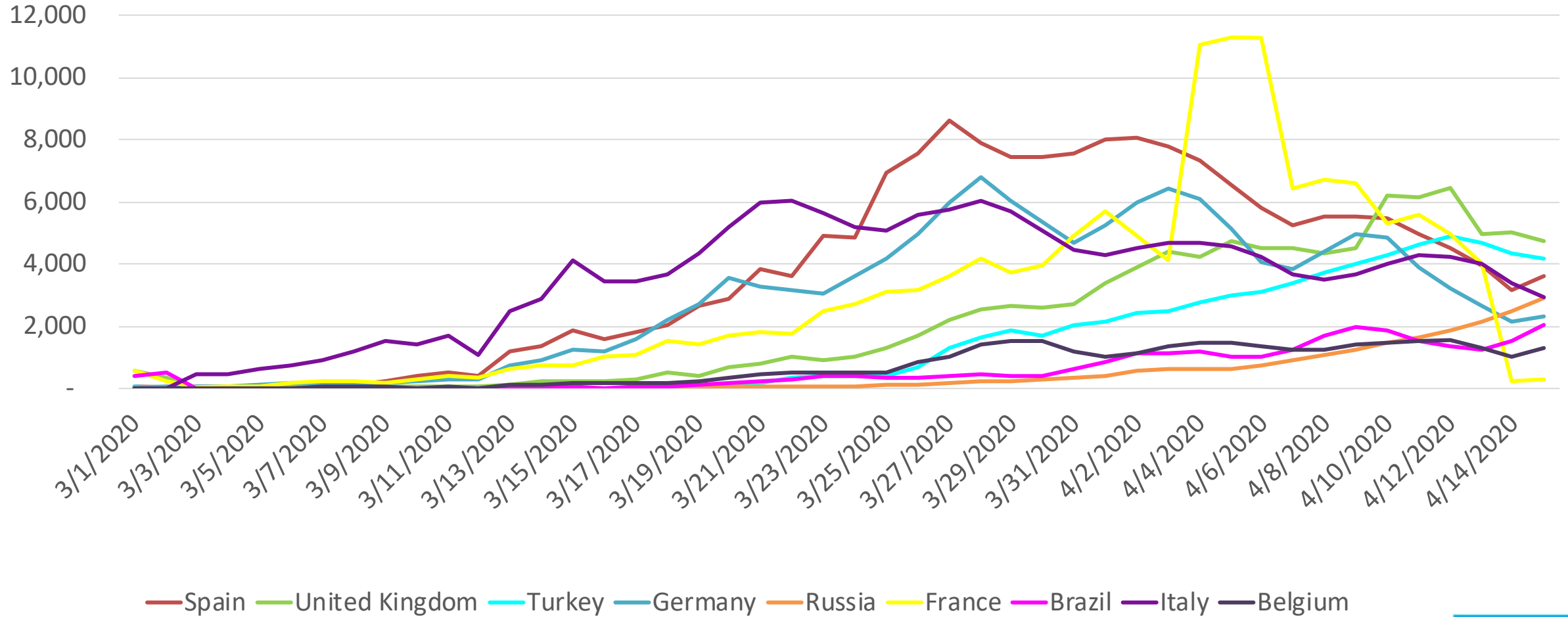
(rolling average over 3 days)



Source: Johns Hopkins



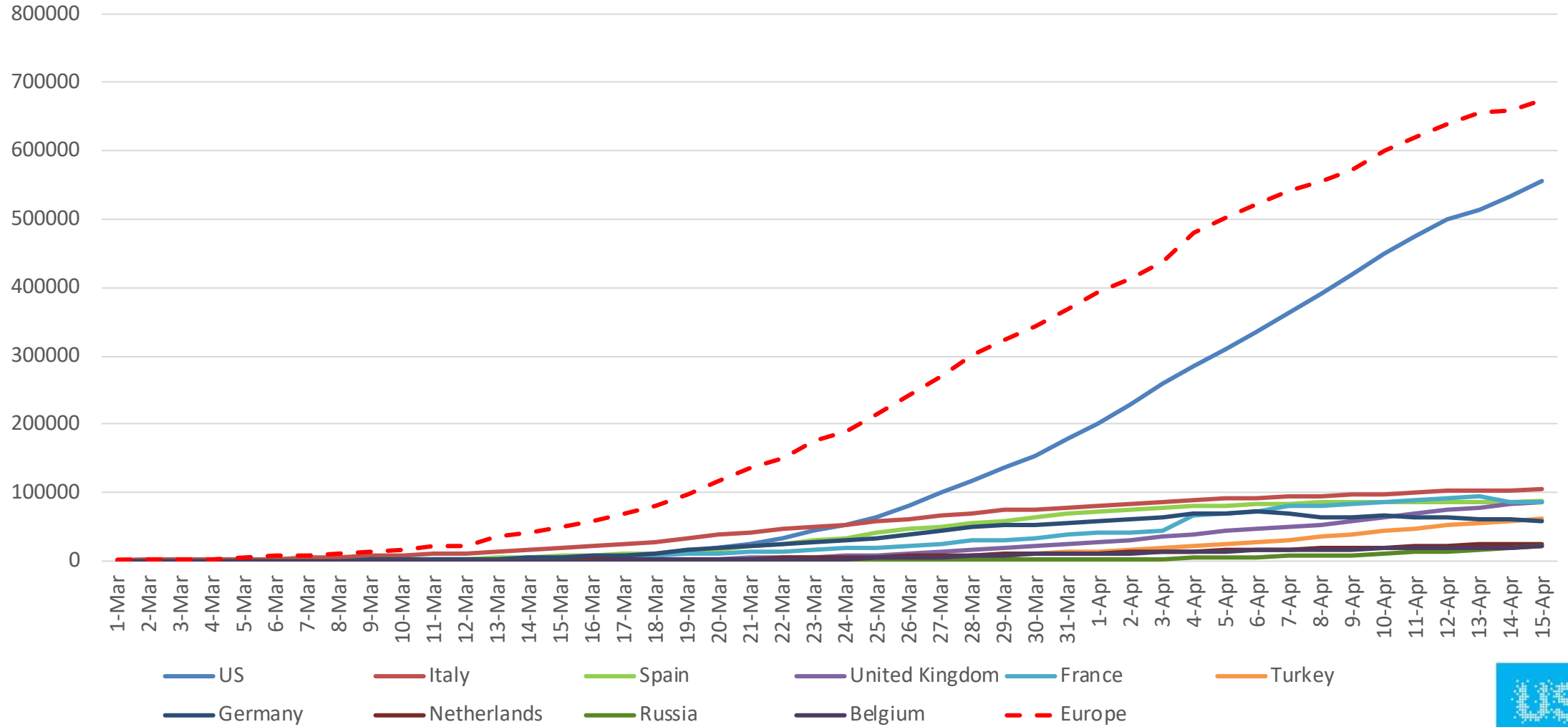
Daily New Confirmed Cases (rolling average over 3 days)



Source: Johns Hopkins



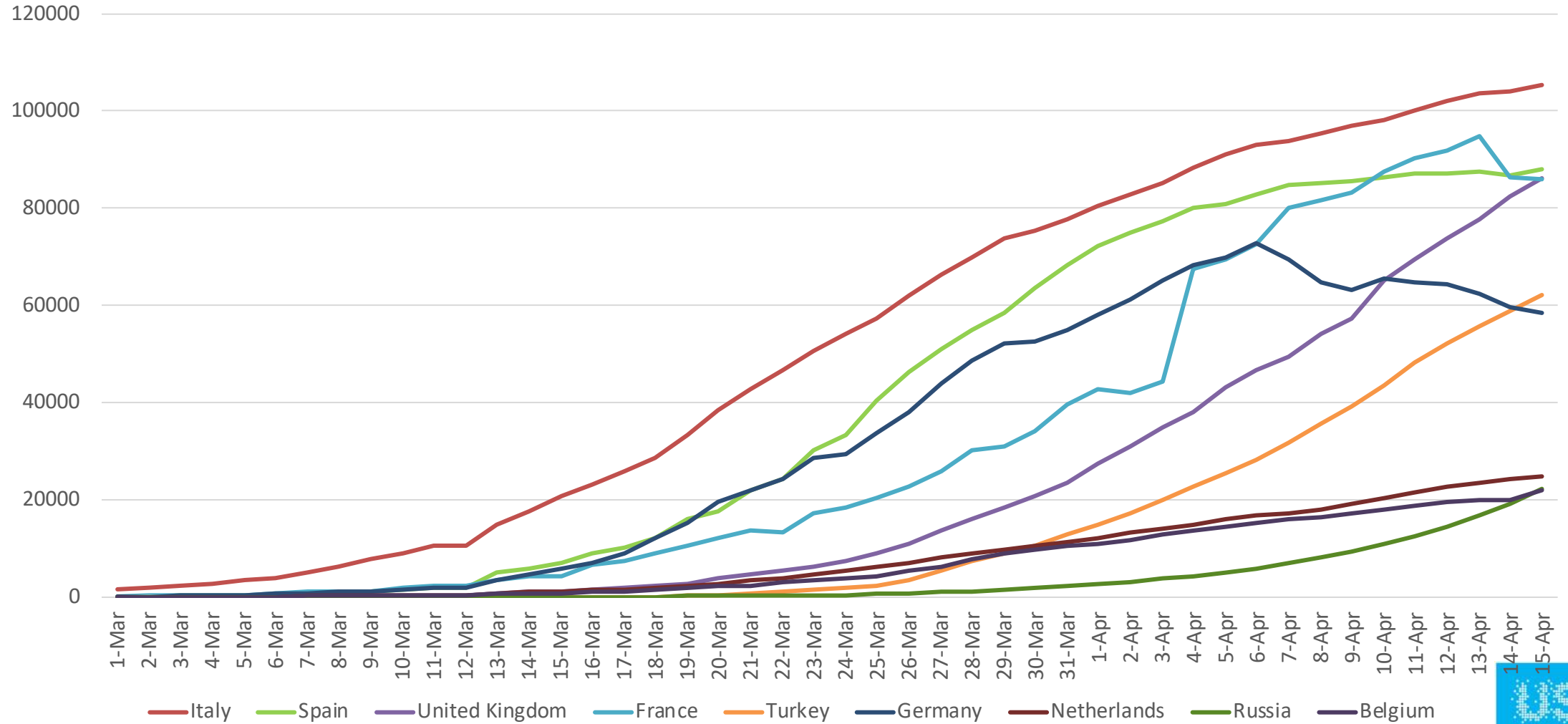
Active Cases (Total Confirmed - Recovered - Fatalities)



Source: Johns Hopkins



Active Cases (Total Confirmed - Recovered - Fatalities)



Source: Johns Hopkins



Restriction Easing Prerequisites

Hospital capacity normalization

- Hospitals must be able to accommodate all patients without resorting to crisis level standards of care

Testing

- At least all those with symptoms must be able to get tested

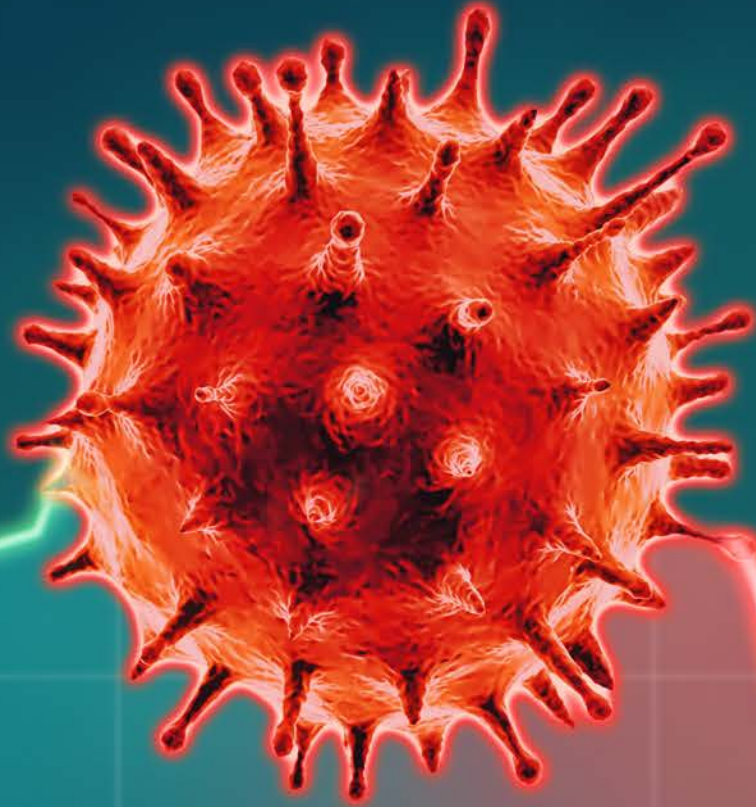
Monitoring

- Ability to trace confirmed cases and contacts

Sustained Case Reduction

- At least 14 days of sustained reduction in cases

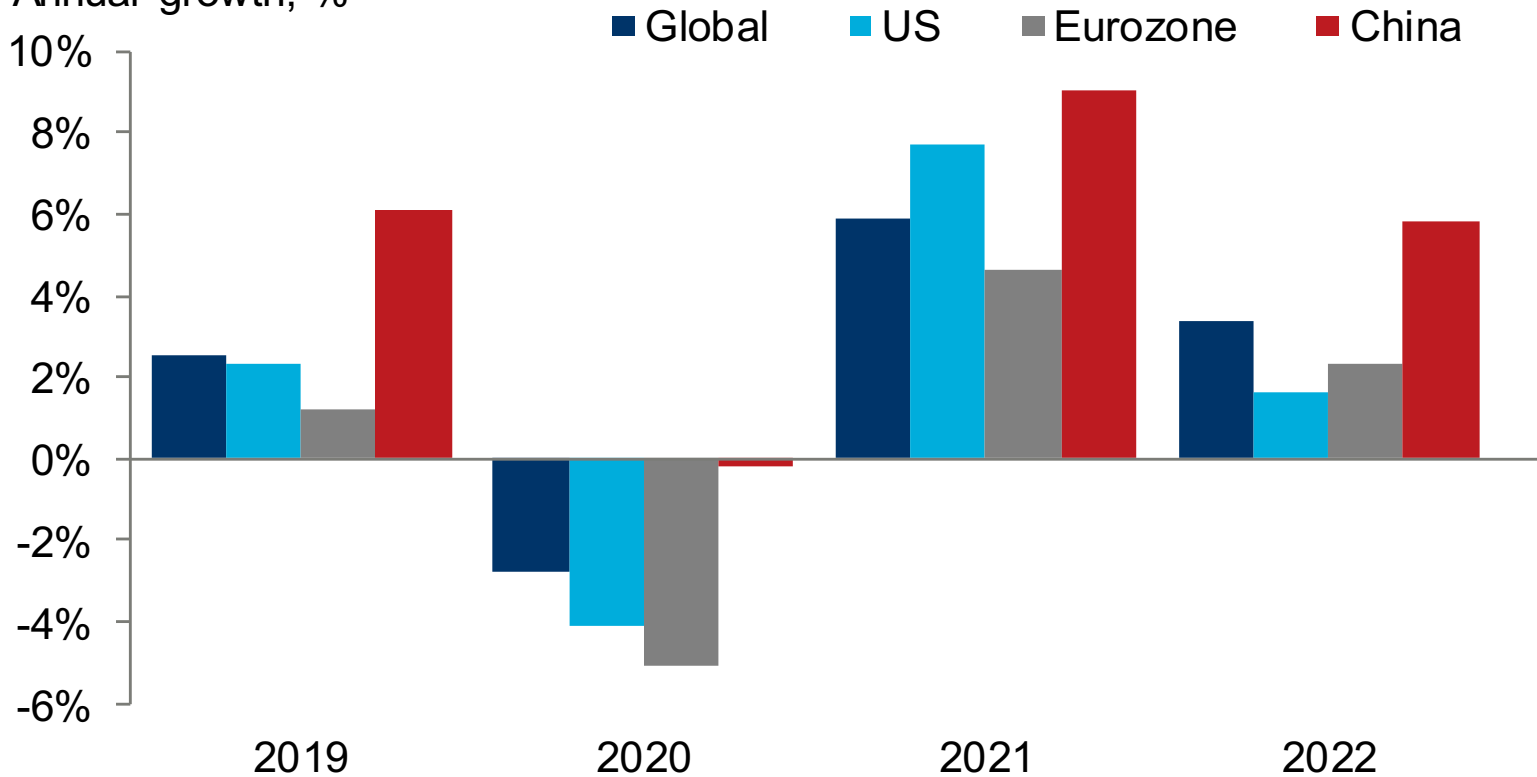
Economic Impact



GDP Growth

Global GDP Outlook

Annual growth, %



Source: Oxford Economics

A large degree of uncertainty

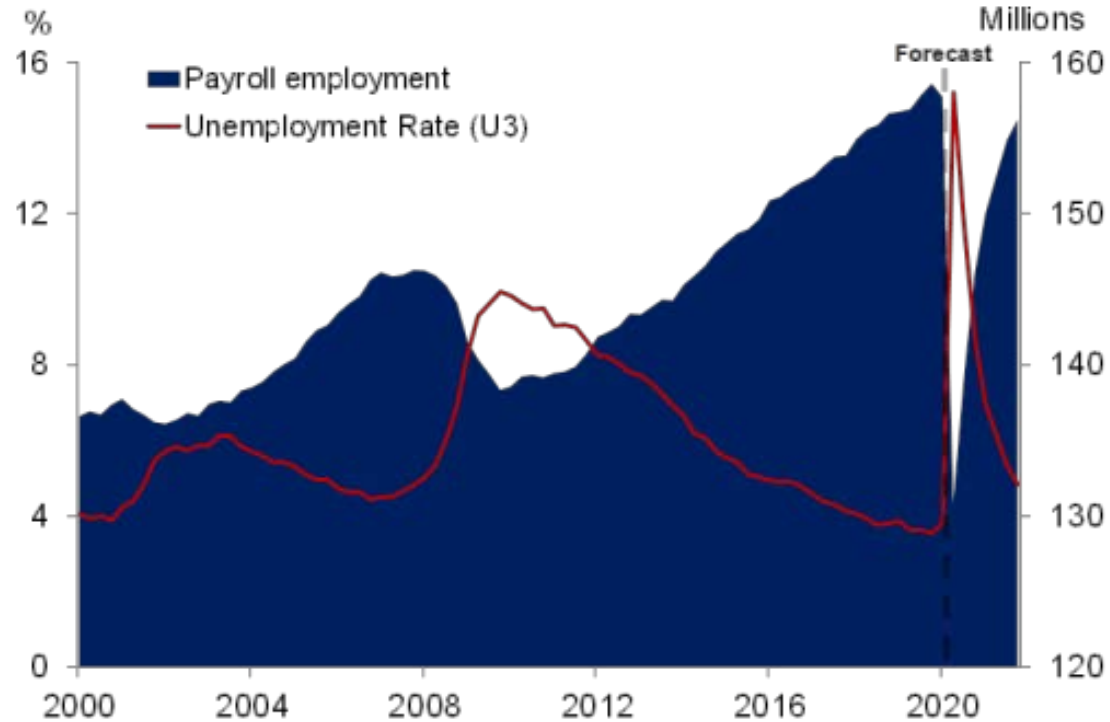
Estimating the impact of a US lockdown			
Impact of x weeks lockdown on:	10-12 weeks	15-18 weeks	20-24 weeks
Real consumer spending growth in 2020	-9ppt	-12ppt	-16ppt
Real business investment in 2020	-8ppt	-10ppt	-13ppt
Real GDP growth in 2020	-6ppt	-9ppt	-13ppt
Impact of government policy response:			
Fiscal stimulus in 2020	+2ppt	2ppt+?	+2ppt+?
Federal Reserve stimulus in 2020	Backstop from rate cuts, QE and lending facilities		
Real GDP growth range (middle)	-4%	-8%	-10%
Source: Oxford Economics			

Source: Oxford Economics



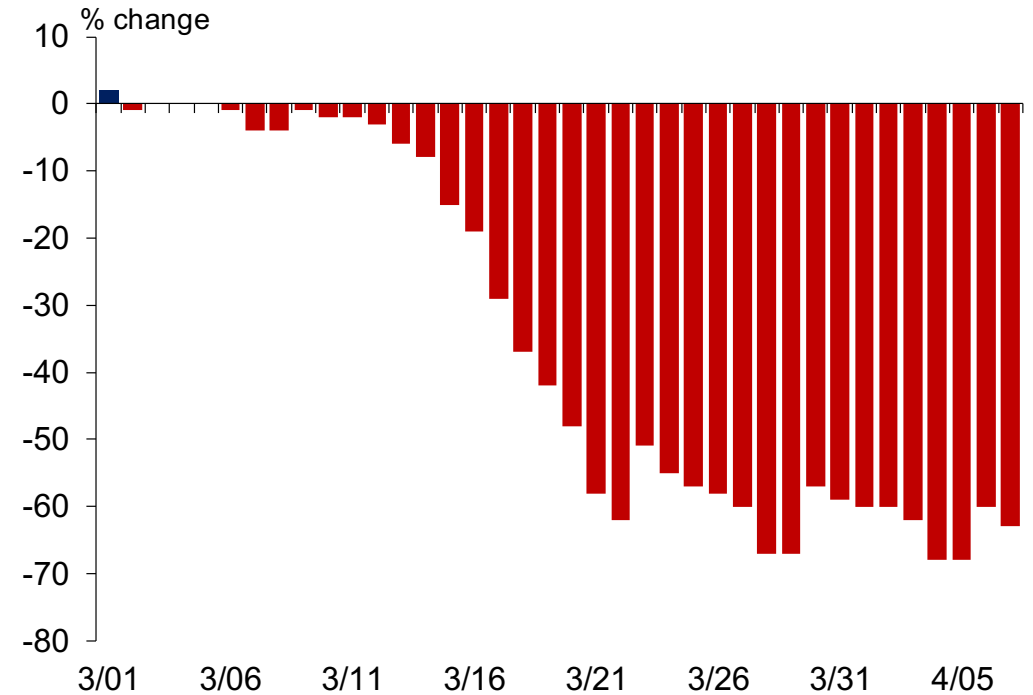
Unemployment rate ~15%

US: Nearly 30 million job losses over 3 months



Source : Oxford Economics/Haver Analytics

US: Hours worked by hourly employees

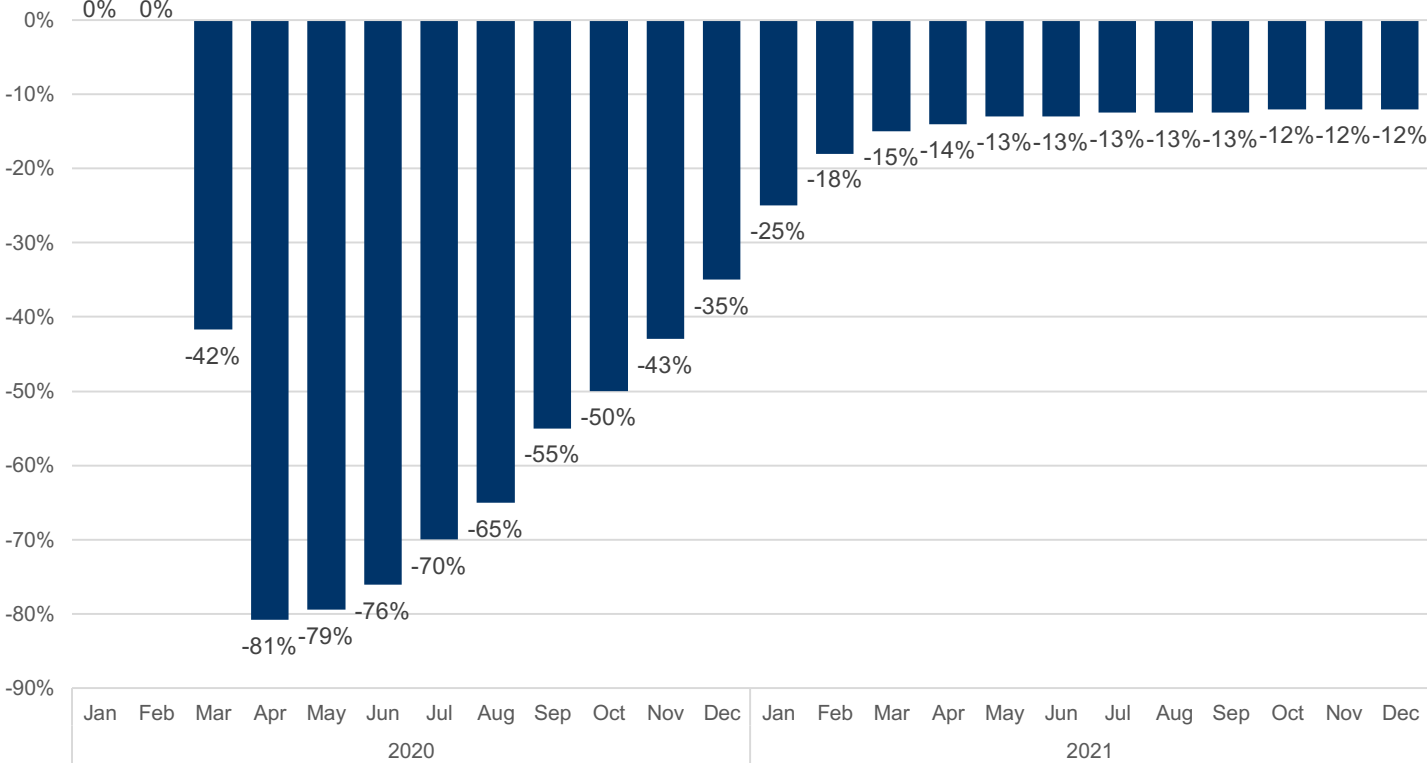


Source: Homebase/Oxford Economics

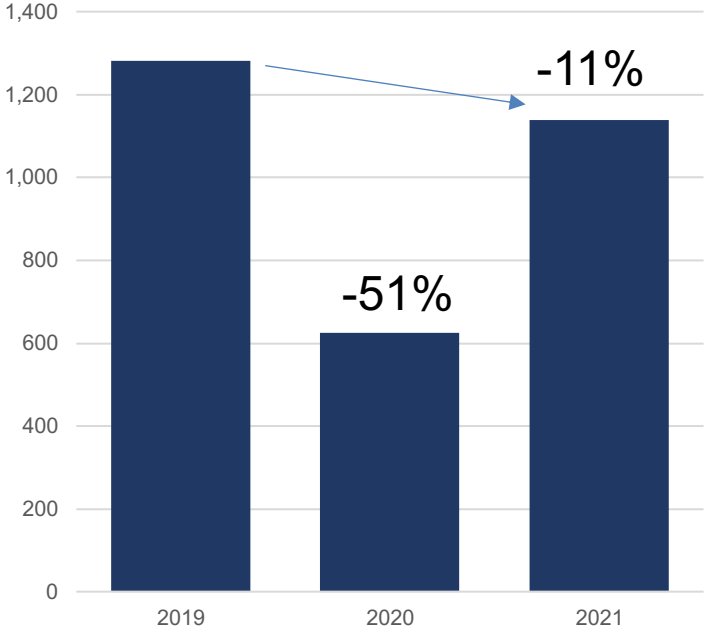
Profile of latest TE / STR forecast

Covid-19 scenario losses: Demand

Percentage difference from counterfactual



Demand (million room nights)



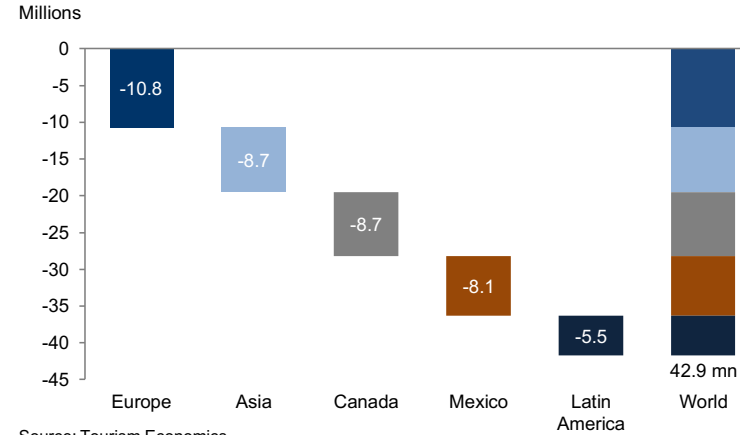
International markets will be hard hit

43 million fewer travelers will visit the US in 2020 than in 2019.

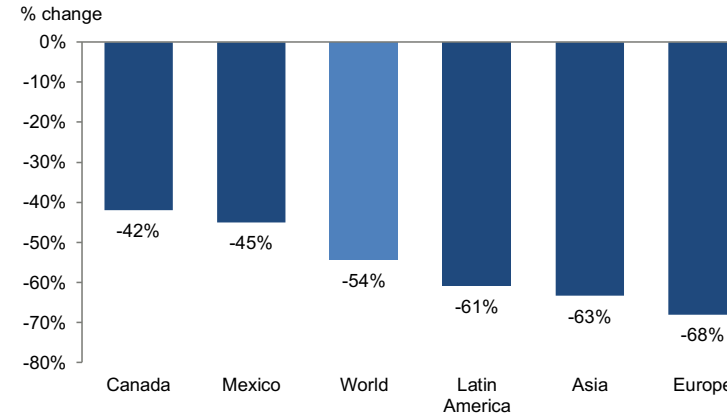
These losses span all markets with the largest declines from Asia and Europe.

International visits to the US will decline 54% this year assuming partial opening of borders in the second half of 2020.

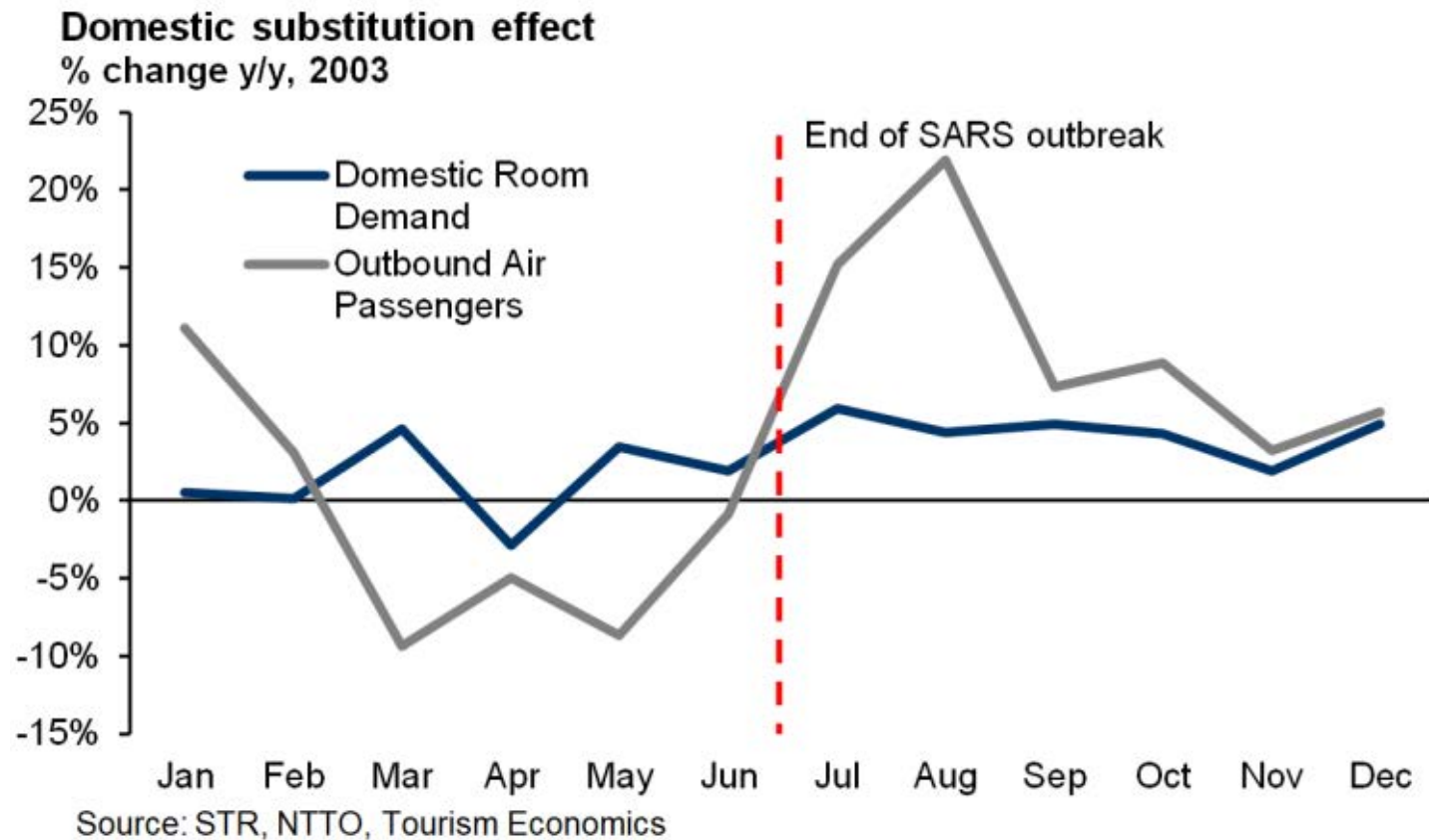
Decline in International Visitors to the US in 2020



Decline in International Visitors to the US in 2020



Once recovery begins, travel will surge



- US residents chose not to travel abroad in 2003 and outbound trips declined 5% in 2003. Meanwhile, domestic travel grew.
- A 50% drop in US outbound travel this year equals roughly 50 million trips—a share of which will convert to domestic.

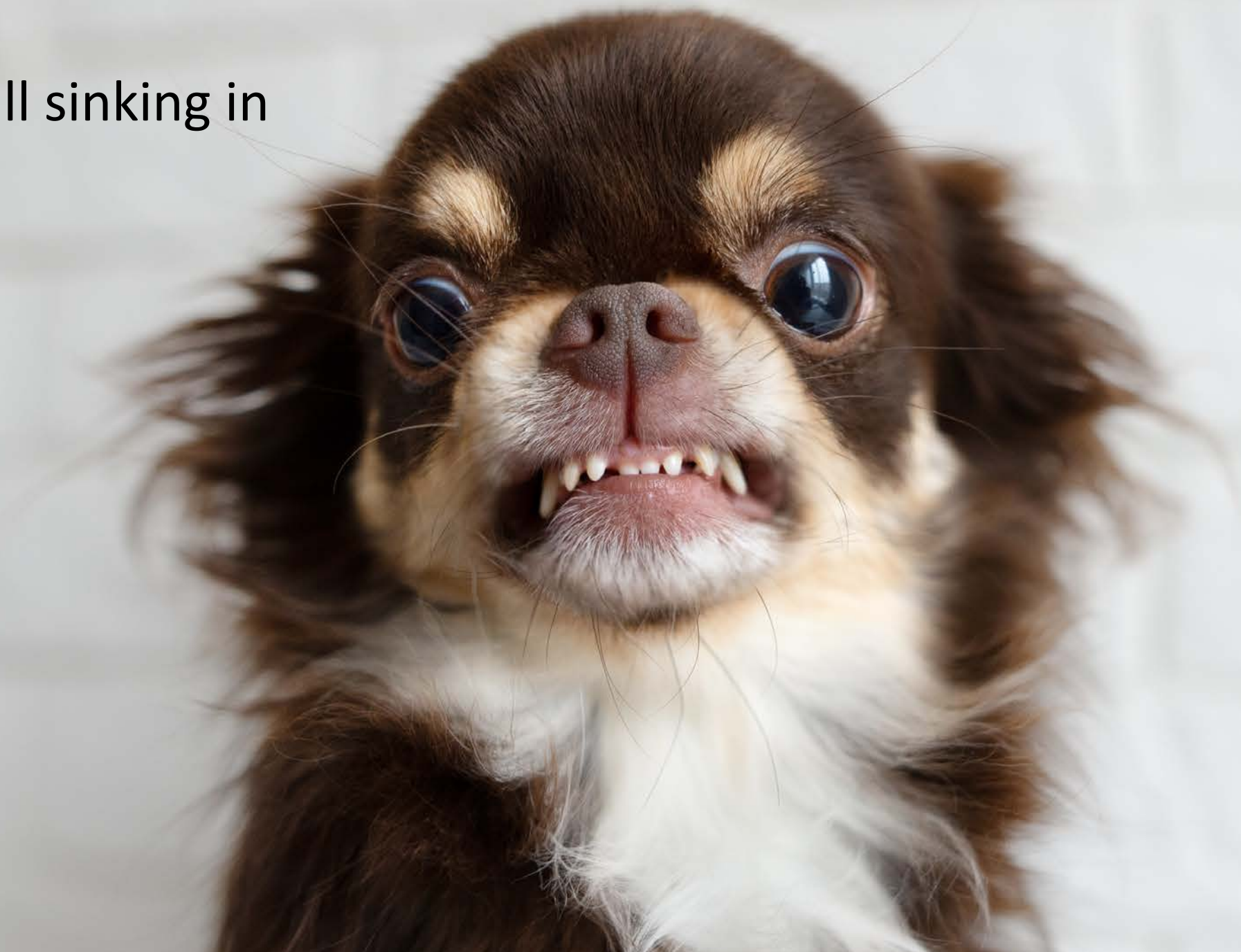


Consumer Impact

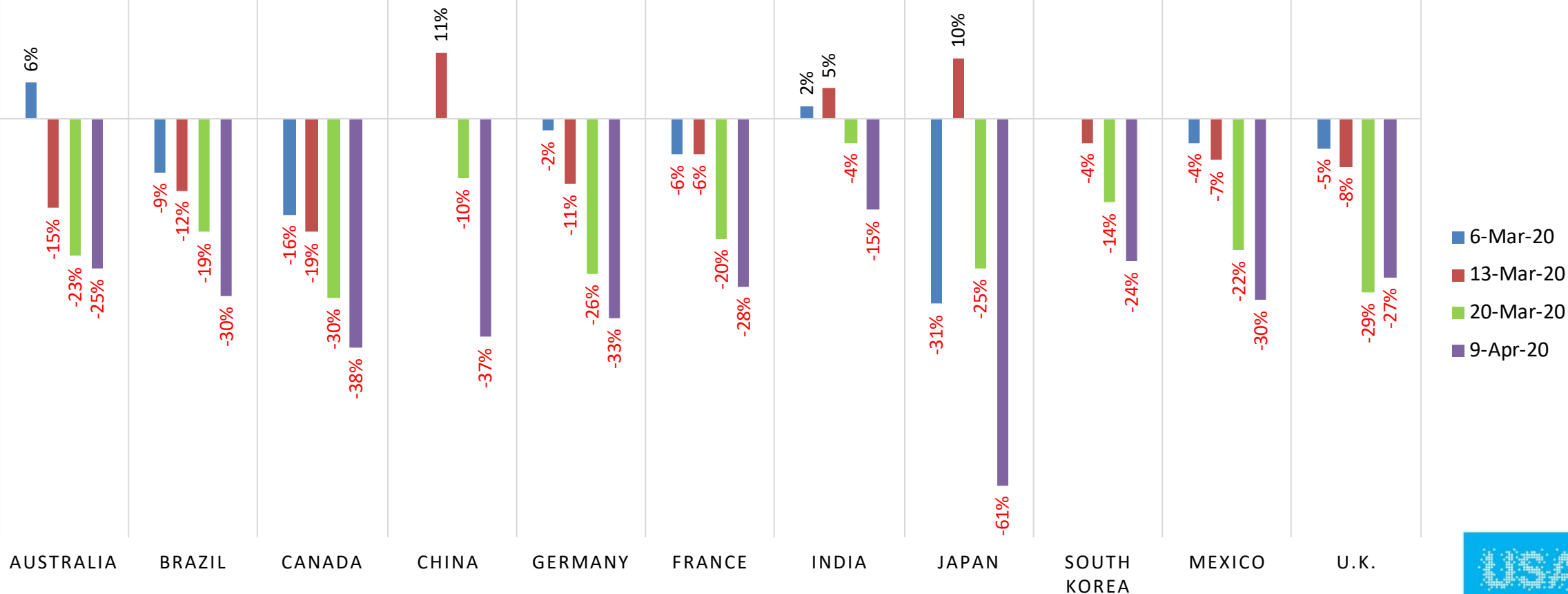
Some methodologies
have limited relevance
right now



It's still sinking in



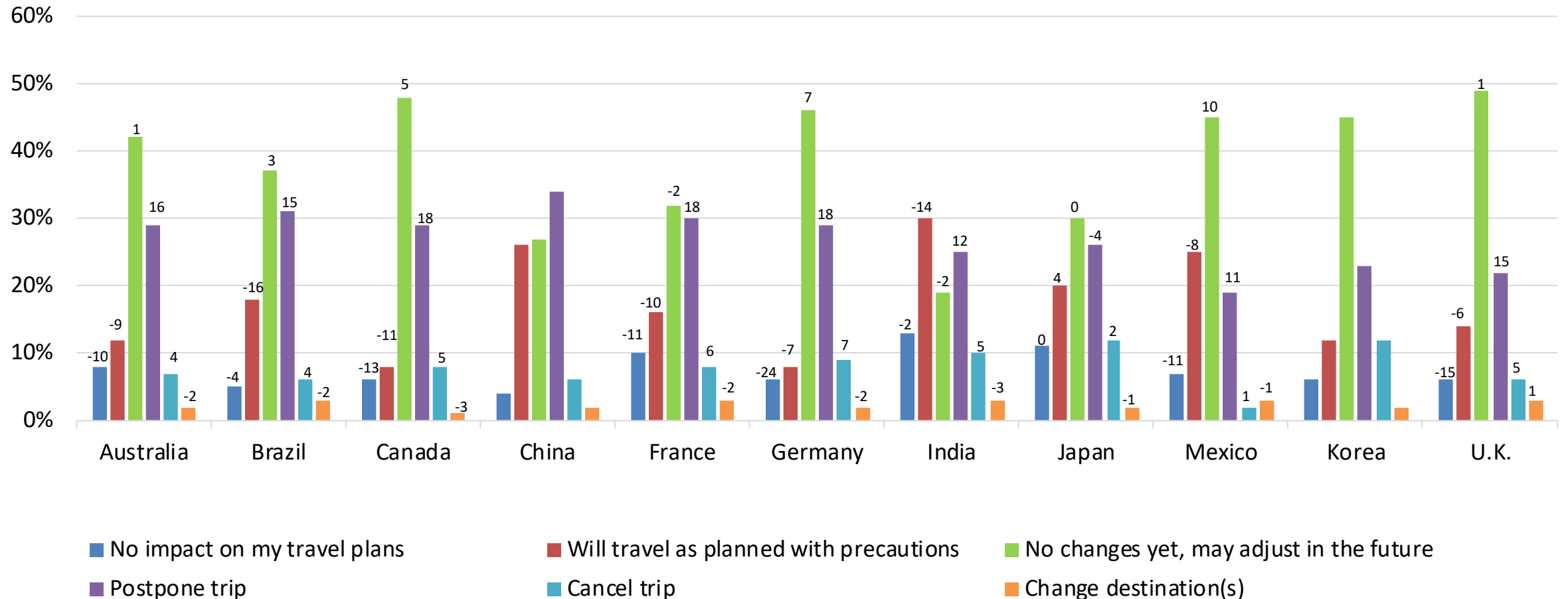
Likelihood to Travel Internationally in the Next 12 months (% Change over 2019 average)



Source: Engine/ORC Custom Study



Travel Changes due to Coronavirus (COVID-19): March 20 (PPS Difference Over March 6, 2020)

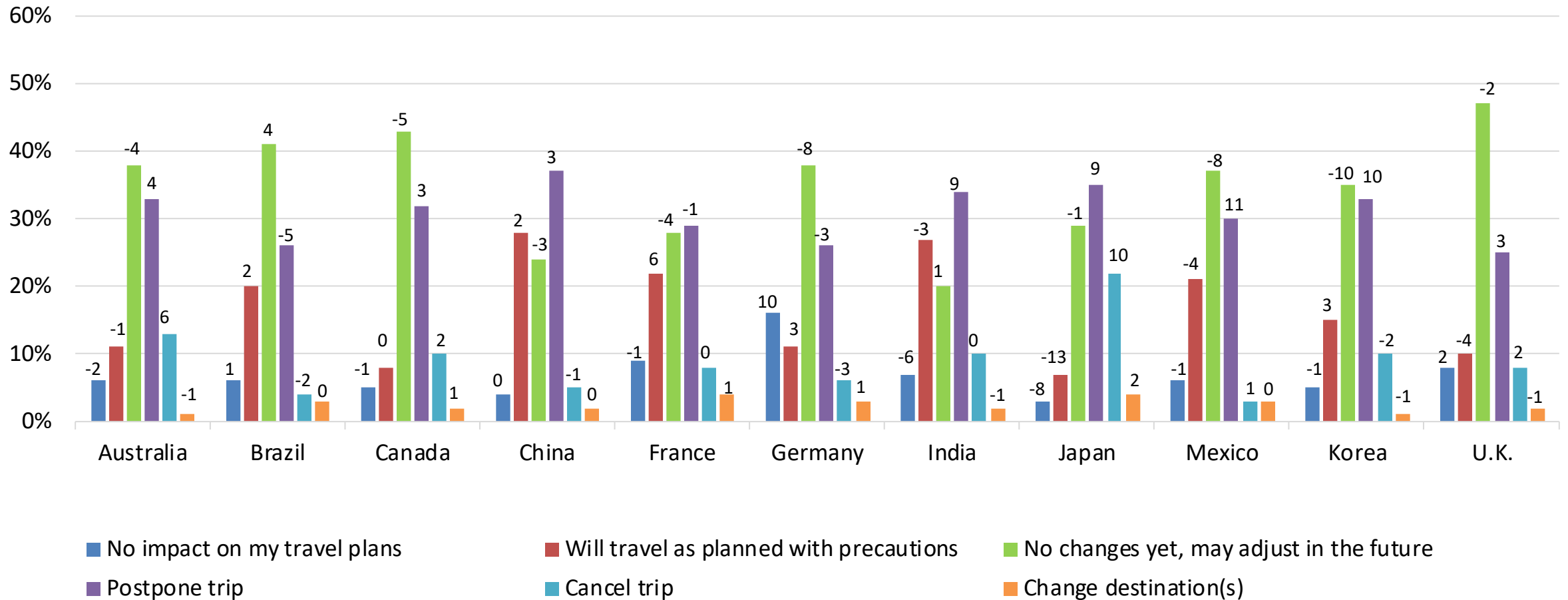


Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Travel Changes due to Coronavirus (COVID-19): April 9

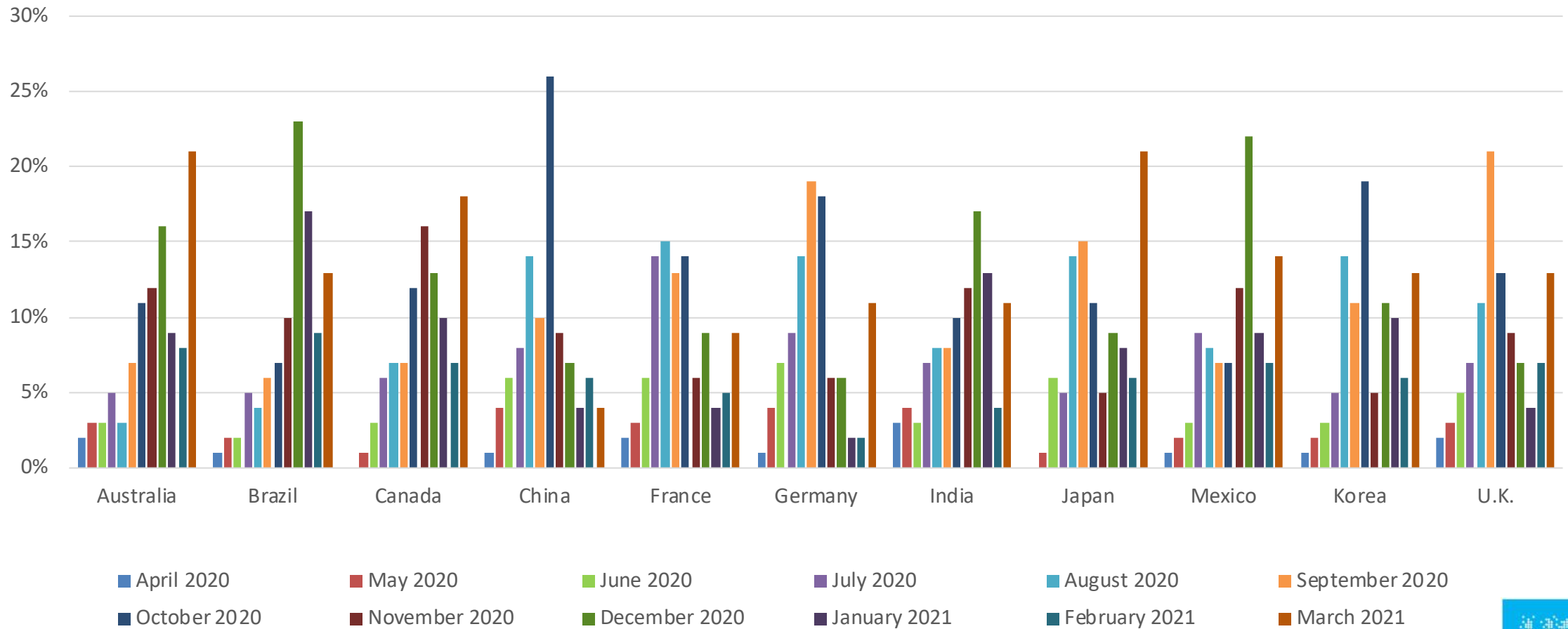
(PPS Difference Over March 20, 2020)



Base: Respondents who are likely to take an international trip in the next 12 months
 Source: Engine/ORC Custom Study



Planned Departure Month of Next International Trip (Next 12 Months)

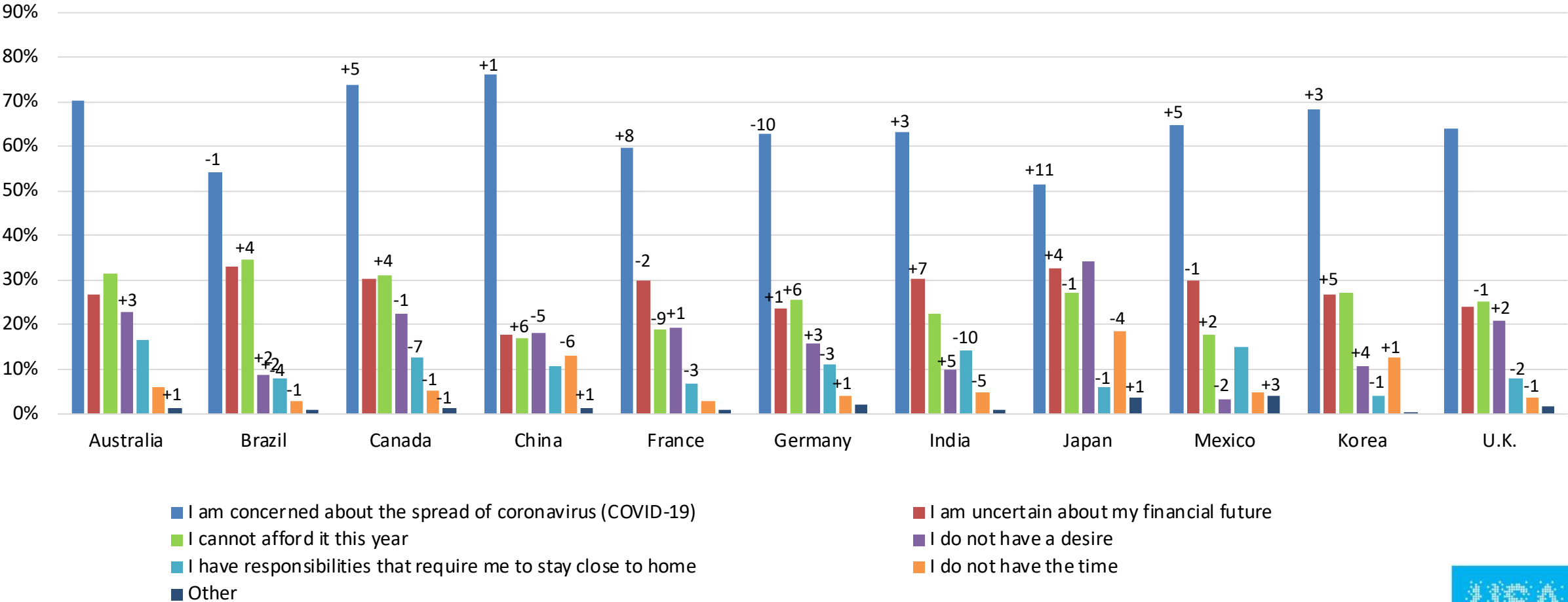


Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Reasons for Not Traveling in the Next 12 Months: April 9 (PPS Difference Over March 20, 2020)



Base: Respondents who are unsure/unlikely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study





Restriction Easing Prerequisites

Hospital capacity

- Hospitals must be able to accommodate all patients without resorting to crisis level standards of care

Testing

- At least all those with symptoms must be able to get tested

Monitoring

- Ability to trace confirmed cases and contacts

Sustained Case Reduction

- At least 14 days of sustained reduction in cases

International Travel Prerequisites

Freedom of Movement

- Lifting of restrictions and mandatory quarantines

Product Availability

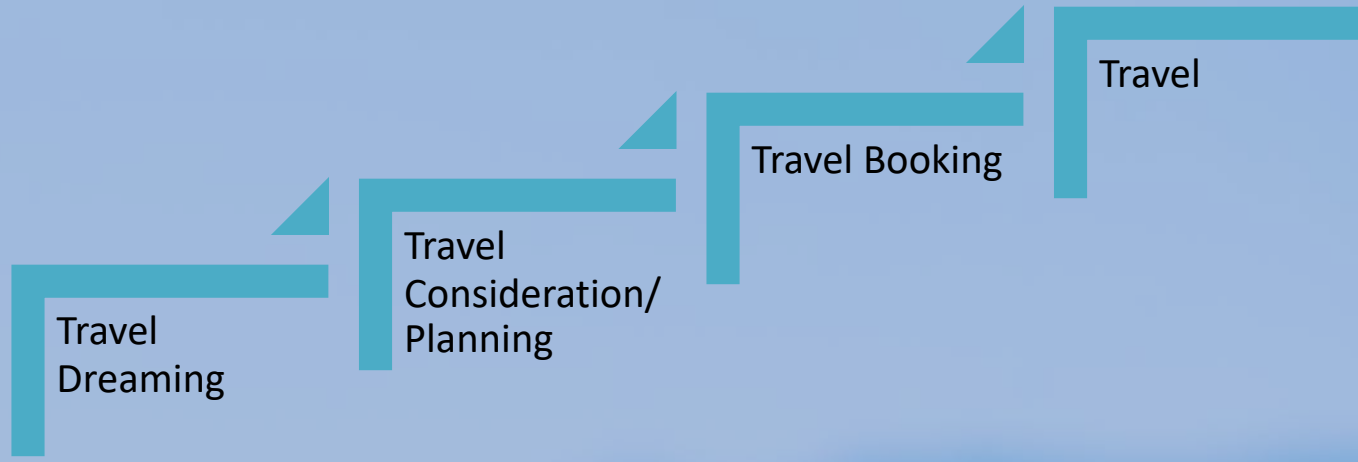
- Return of flight capacity
- Reopening of key attractions/activities

Consumer Confidence

- Conditions are understood and risks are at an acceptable level



Health/
Commerce
Prerequisites
Met



Risk Tolerance

Risk Matrix

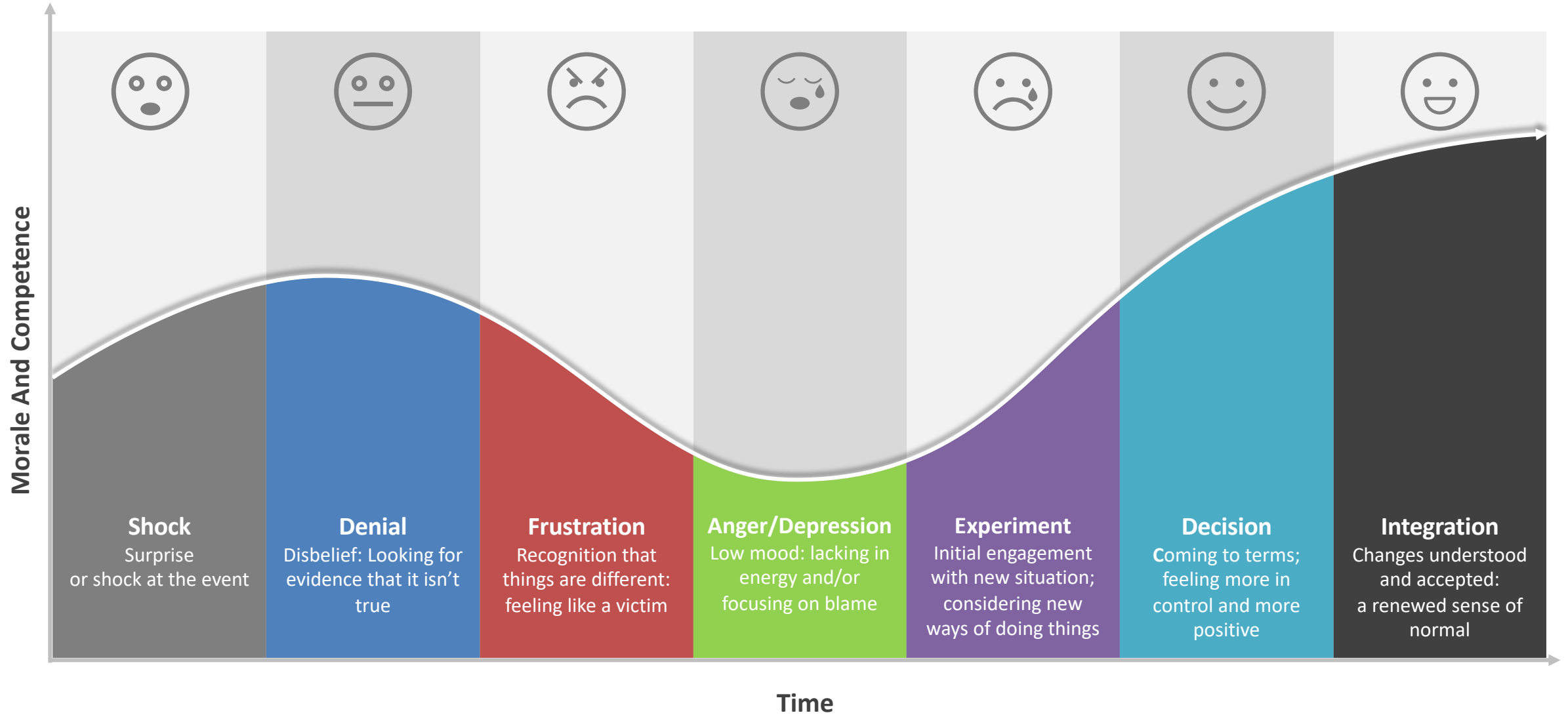
Severity



Likelihood

	Negligible	Minor	Moderate	Major	Catastrophic
Almost Certain	Green	Yellow	Red	Red	Red
Likely	Green	Yellow	Yellow	Red	Red
Probable	Green	Green	Yellow	Yellow	Red
Unlikely	Green	Green	Green	Yellow	Yellow
Rare	Green	Green	Green	Green	Yellow

Kübler-Ross Emotional Response to Change





Traveler Priority: Minimize Risk

Health/Hygiene

- Minimizing shared facility use
- Crowd avoidance

Flexibility/Control

- Cancellation/change policy, insurance
- Car versus air travel
- Familiar/tried & true experiences

Financial

- Expectation for deals/low prices

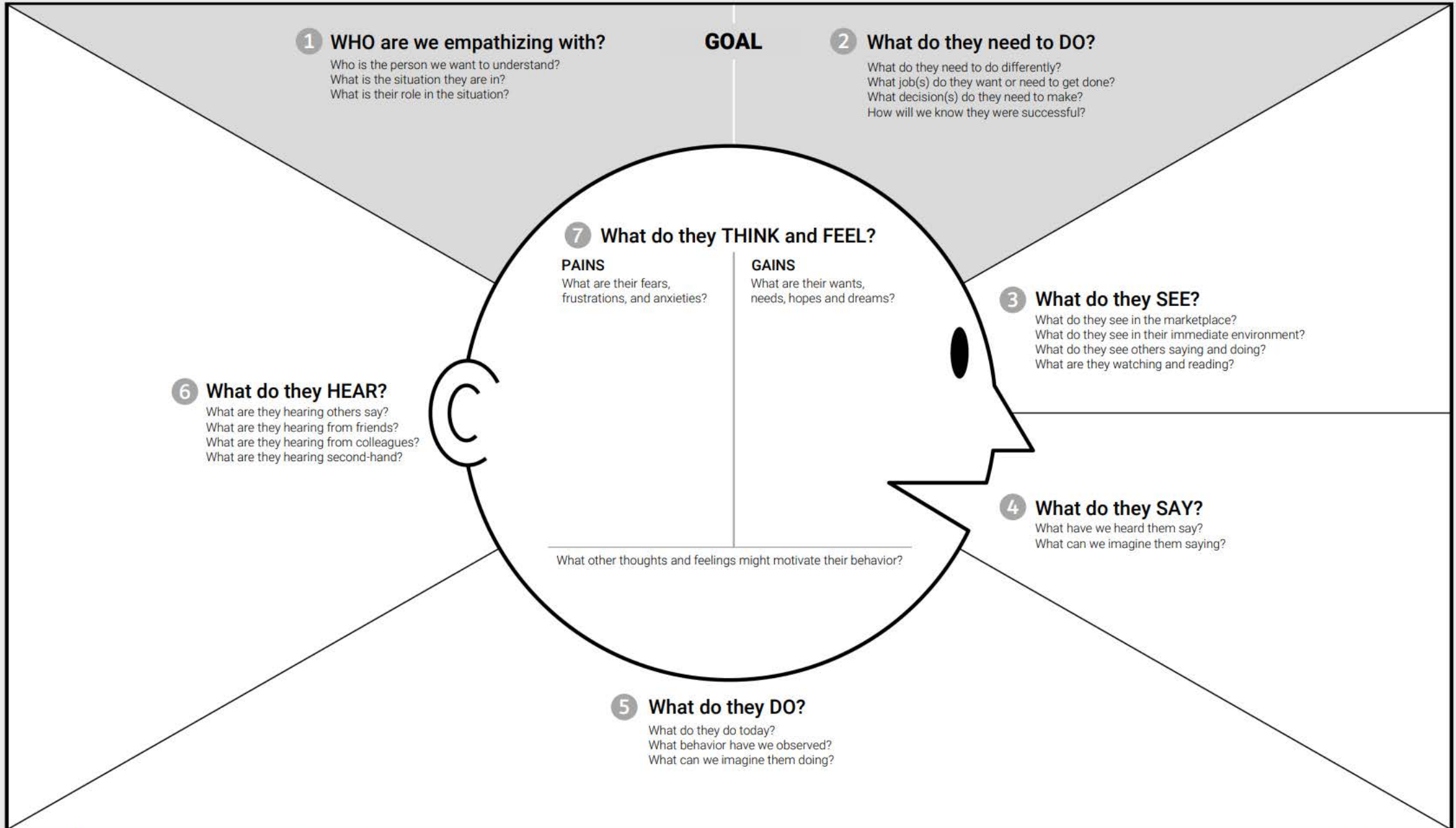
Empathy Map Canvas

Designed for:

Designed by:

Date:

Version:





Tom Garzilli
Chief Marketing Officer





Thank you!



Consumer

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