

# Indiana Covid-19 Business & Consumer Impacts & Sentiment Survey

Key Findings & Summary Results: Waves 1 Through 5



# Table of Contents



Background & Methodology	3
COVID19's Impact on Leisure & Travel-Related Businesses	5
Busines Survey Results	12
Consumer Survey Results	19
Appendix	30

## **About the Indiana Destination Development Corporation (IDDC):**

Established with the aim of expanding the tourism industry and encouraging economic growth in Indiana, this public-private partnership has the ability to raise funding to promote Indiana tourism.

**About the Indiana Office of Tourism Development (IOTD):** As the state's official tourism marketing and promotion agency, the office works to coordinate efforts to promote travel throughout Indiana. The IOTD also enhances the visitor experience by providing up-to-date travel information for pre-planning activities and for the duration of their vacation in Indiana.

## **About the Study**

On behalf of the IDDC and the IOTD, Rockport Analytics has constructed a composite index of several high frequency indicators that speak to the direction and pace of recovery in Indiana's leisure and travel-related sectors. One aspect of the Index included the development and deployment of two surveys to gather valuable insight regarding how Indiana residents and businesses have been impacted by the Covid-19 pandemic. These surveys were administered online in five weekly waves from May 5 to June 5.

The study was intended to achieve the following objectives.

1. To track the progression of the pandemic as Indiana searches for a bottom and begins to recover.
2. Understand how LT-R businesses in Indiana have been impacted by the pandemic and what their main concerns are as they move to reopen their establishments to the public.
3. Understand how Indiana residents have been impacted by the pandemic and what their sentiment is toward travel and other leisure and hospitality activities.

## Business Survey Methodology

Each week, a weekly Business Sentiment Survey was sent to a compiled list of Indiana LTR business owners/managers. The list contained around 3,700 Indiana restaurant, retail, accommodation, arts & entertainment, and transportation businesses. The questions covered several COVID19-related topics including financial impact, viability, stimulus receipt, reopening, and future expectations. Data from these businesses were collected in five weekly waves through online surveys administered between May 5 & June 5, 2020. Results from this analysis are based on responses from 987 completed surveys. The survey margin of error was +/- 3.1%.

	Wave 1: 5/5-5/8	Wave 2: 5/12-5/15	Wave 3: 5/19-5/22	Wave 4: 5/26-5/29	Wave 5: 6/2-6/5
Sample Size	235	174	190	207	181

## Consumer Survey Methodology

The online weekly Consumer Sentiment Survey was sent to a representative sample of Indiana residents asking a battery of questions about how COVID19 has effected their lives. Respondents were asked for their opinions on safety, restrictions, employment status, stimulus, and reopening. These questions were set up to allow for monitoring of trends, a few of which are directly included in the Indiana COVID19 LTR Sector Index. Data from residents were collected through online surveys administered between May 5<sup>th</sup>, 2020 and June 5<sup>th</sup>, 2020. Results from this analysis are based on responses from 1,752 completed surveys. The survey margin of error was +/- 2.4%.

One challenge with online surveys is collecting a sample that is representative of the population and does not include bias by underrepresenting or overrepresenting certain population subgroups. To account for bias we (1) set quotas on key demographic groups and (2) we applied post-stratification frequency weights based on census-reported demographic parameters for Indiana.

	Wave 1: 5/5-5/8	Wave 2: 5/12-5/15	Wave 3: 5/19-5/22	Wave 4: 5/26-5/29	Wave 5: 6/2-6/5
Sample Size	352	349	348	350	342



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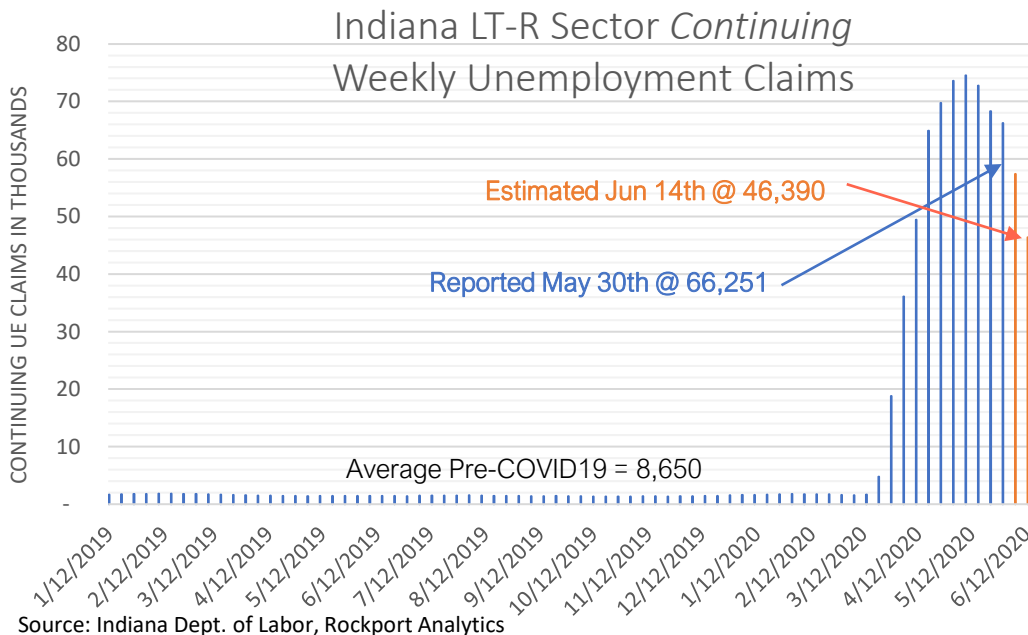
- Background, Methodology
- **COVID19's Impact on Leisure & Travel-Related Businesses**
- Business Survey Results
- Consumer Survey Results
- Appendix



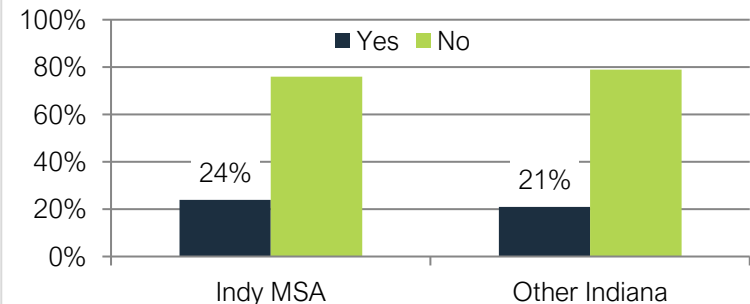
## Indiana Leisure & Travel-Related (LTR) Sectors in Perspective

	(in billions \$)	
Total IN GDP (2018)	\$366.0	
Leisure & Travel Related Sector GDP	\$37.2	10%
Visitor-Initiated GDP	\$5.5	15%
Resident LT-R GDP	\$31.7	85%
Average Annual LT-R GDP per Capita	\$5,526	

- Indiana Leisure & Travel- Related Sector GDP reached \$37.2 billion in 2018. This was 10% of total state GDP.
- Of that \$37.2B, visitors provide 15% and residents contributed the remaining 85%.
- Indiana's LTR Sector supports about 26% of all non-farm Hoosier jobs.
- As of May 30th, more than 234,000 Hoosiers were collecting unemployment benefits, more than 66k were LTR workers (28%). The long-term average for LTR UE Claims is about 8,600 per week.



### Have you been laid off or furloughed because of the coronavirus outbreak?



## Contributions to Nominal GDP

In millions	Total Nonfarm	Leisure & Travel-Related (LTR)	LTR % of Total	All Other Industries
<b>US</b>	\$20,580,223	<b>\$2,645,600</b>	12.8%	\$17,934,400
<b>Indiana</b>	\$366,800.5	<b>\$46,818.8</b>	12.7%	\$319,981.7
<b>Indy MSA</b>	\$140,762.2	<b>\$18,453.3</b>	13.1%	\$122,308.9

Source: Bureau of Economic Analysis, Rockport Analytics

- LTR contributed around 13% to GDP in 2018. Under normal conditions, IN LTR jobs would comprise about 26% of total non-farm employment. As of May, this number has dropped to 24%.
- Total U.S. job losses through May reached 16.7 million, of which 5.7 million were in LT-R sectors. **After a partial snap-back in May, Indiana total job losses were 343,000, with 37% coming from LT-R sectors.**

## COVID19 Employment\* Losses (Feb through May)

(x1000)	Total Nonfarm	Leisure & Travel-Related (LTR)	LTR % of Total	All Other Industries
<b>US</b>	<b>(16,731)</b>	<b>(5,736)</b>	34%	<b>(10,995)</b>
<b>Indiana</b>	<b>(343)</b>	<b>(127)</b>	37%	<b>(216)</b>
<b>Indy MSA</b>	<b>(117)</b>	<b>(49)</b>	41%	<b>(68)</b>

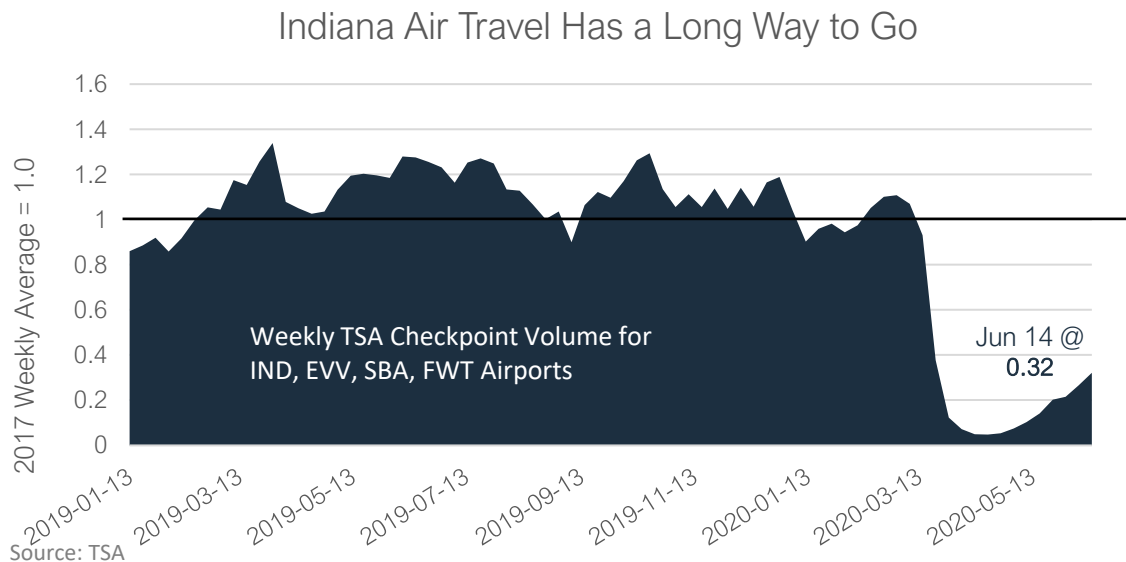
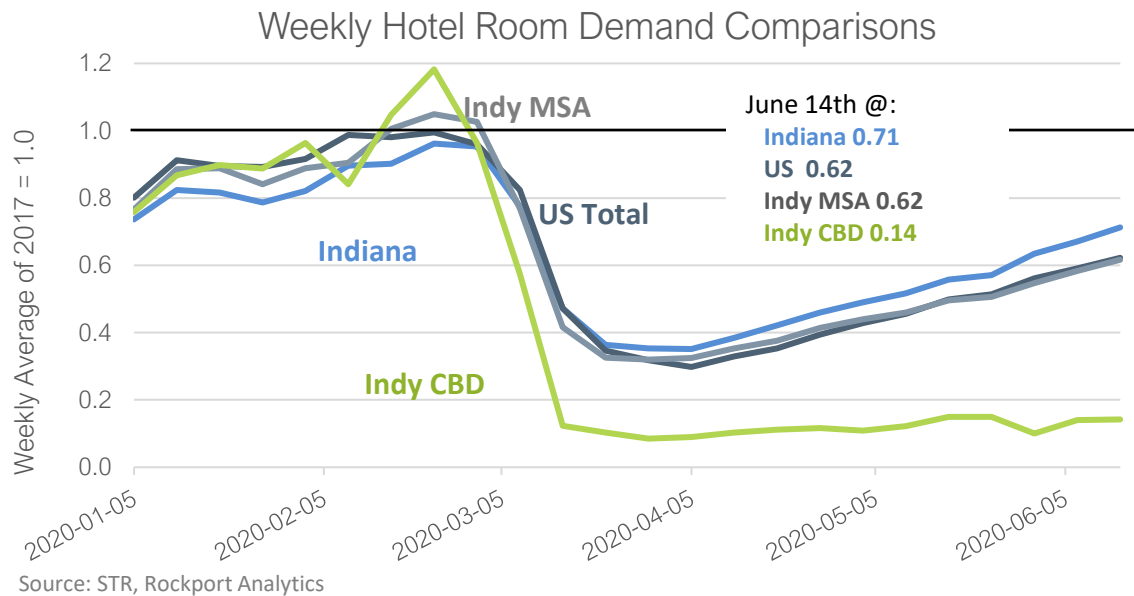
\* Seasonally Adjusted

Source: Bureau of Labor Statistics, Rockport Analytics

- The May Indiana LTR Unemployment Rate is estimated at about 11% (insured only).
- Bottom line is that LTR continues to bear a disproportionate share of the COVID19 economic burden.

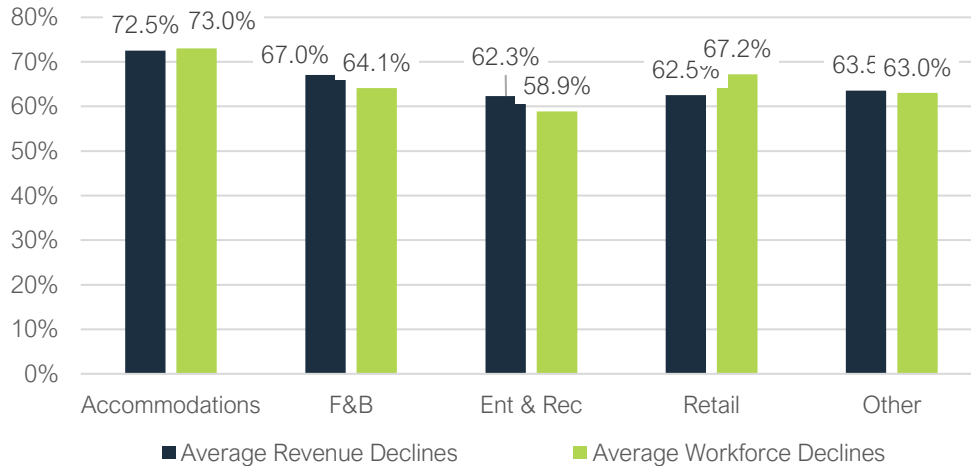
# COVID19 Travel Impact Arguably Worse

- Indiana room demand fell by 61% due to COVID19. The state has since clawed back about 60% of that loss through last week.
- Indiana is tracking better than the U.S. in road ahead.
- Meanwhile, with its dependence on convention, group, and event activities and the impact of ongoing protests, the Indianapolis Central Business District (CBD) is navigating through the perfect storm. CBD hotels are currently running at about 14% of normal demand.
- Indiana air traffic essentially stopped in mid-April falling by 96% vs its March 1<sup>st</sup> peak.
- As of June 14<sup>th</sup>, IN airports have regained only about a third of that volume loss

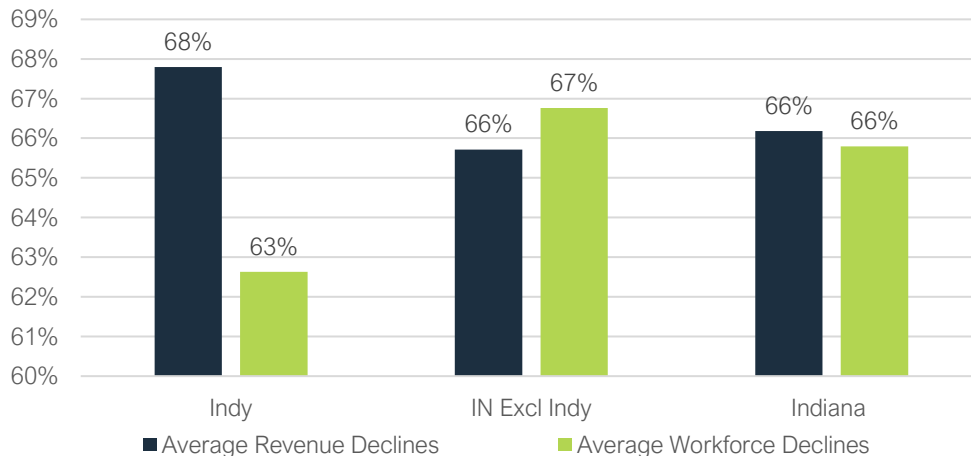




### LTR Sectors: What's Been Lost?

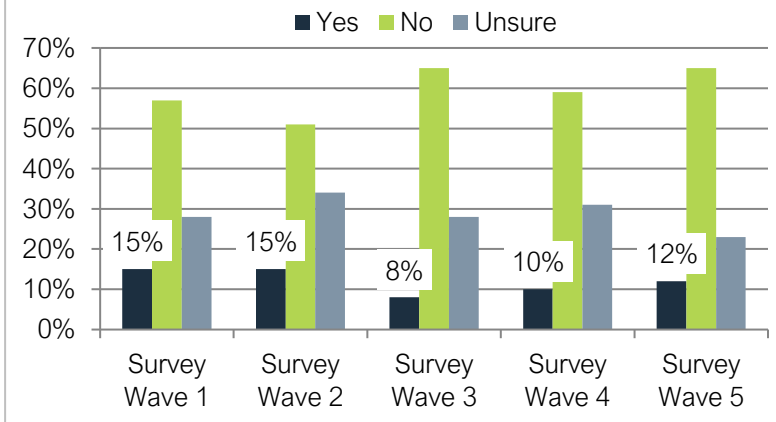


### LTR Locations: What's Been Lost



- Average LTR revenue losses due to COVID19 were 66% at businesses across the state, 68% for the Indy MSA. Labor force reductions were 66% and 68%, respectively.
- With the economic reopening underway and PPP in hand, only 52% of LTR business say they can survive for 6 months or more. If stay-at-home orders are reinstated, 53% will last less than 2 months.
- In the immediate term, its more a question of survival than recovery.

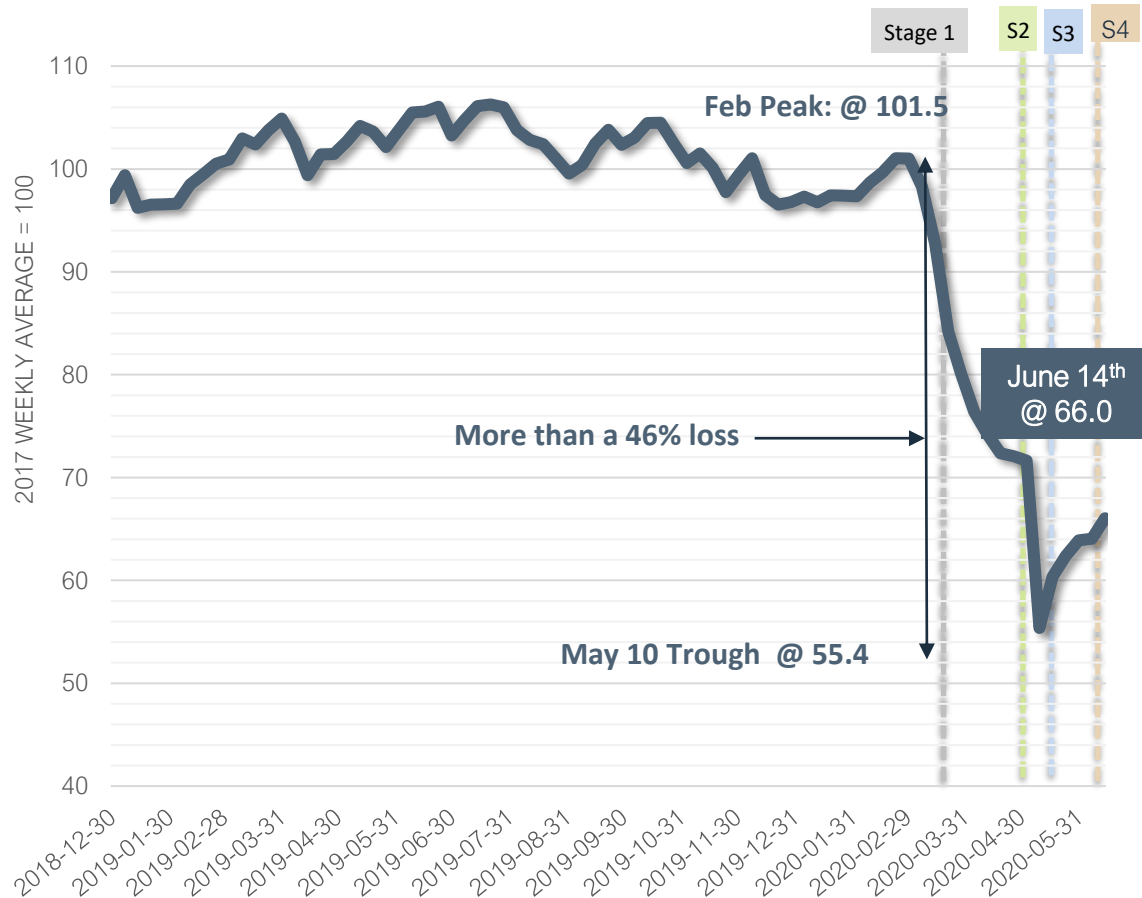
### Do you expect to lay off or furlough any staff over the next month?



Source: IDDC/Rockport Analytics, IN sample of 230+ per week, May 5 –Jun 6, 2020

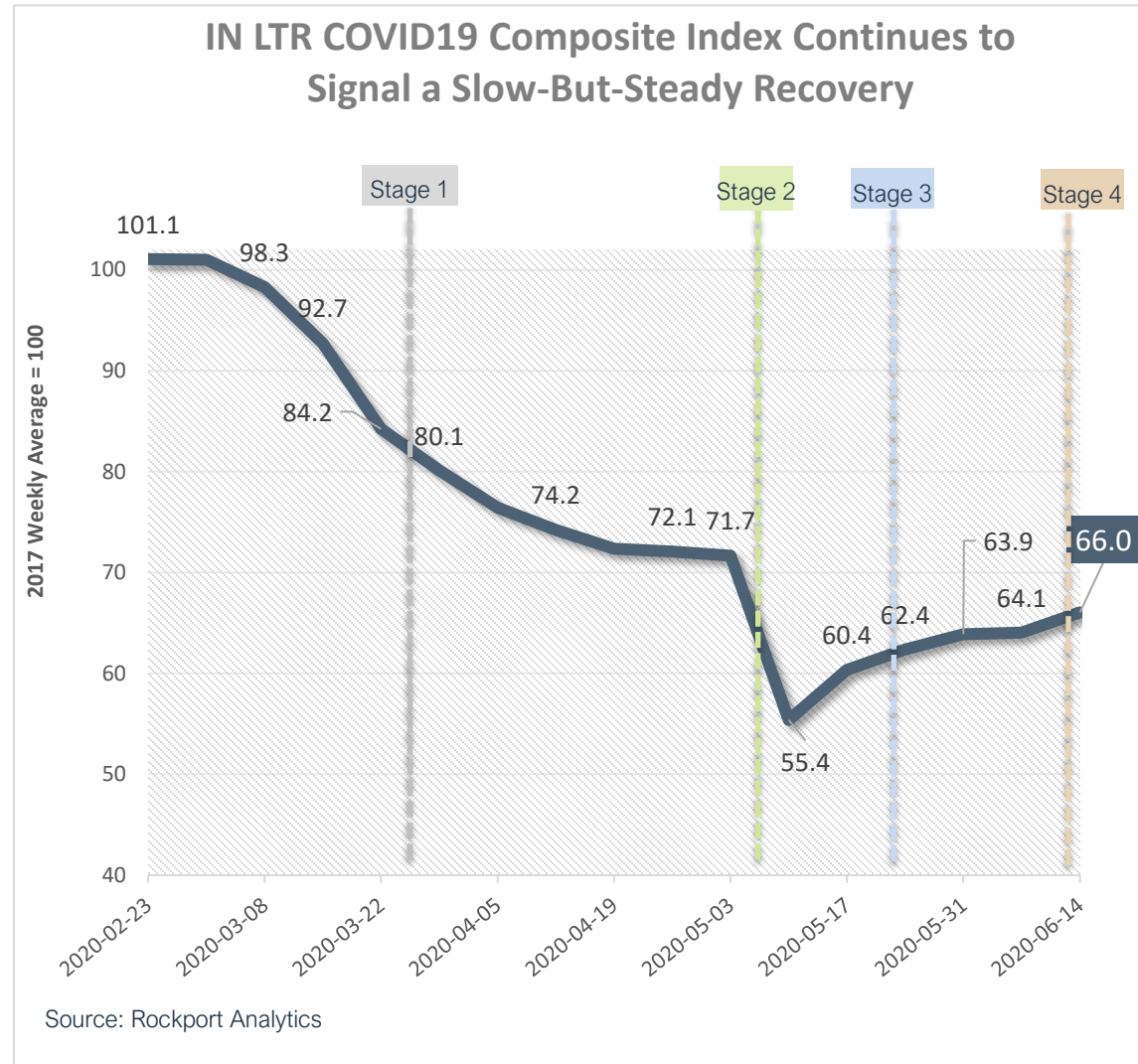
- In order to provide additional insight into the pace of Indiana's COVID19 economic recovery, Rockport Analytics has constructed a composite index of several high frequency indicators that speak to the direction and pace of recovery in Indiana's leisure and travel-related sectors.
- Last week, Indiana reached a total of 39,909 total COVID19 cases, adding another 2,588 from the previous week. As of June 13th, 2,240 Indiana lives have been lost to COVID19.
- As of June 11th, all the state's counties have entered Stage 3 of reopening. Stage 4 began on June 12th.
- The graph to the right tracks the Indiana COVID19 LT-R Sector Index. **As of June 14<sup>th</sup>, the index stands at 66.0.** This is relative to average weekly values for 2017, a period designated as "normal". We are currently operating at 34% below normal. Previous week's values were revised slightly upward to reflect new/better employment and unemployment claims data, as well as better than expected travel activity data.

## Weekly Indiana COVID19 LT-R Sector Index



Source: Rockport Analytics

- The IN COVID19 LTR Composite Index is a combination of **high-frequency travel, epidemiology, labor stress, business strain, and sentiment indicators**
- **As of June 14<sup>th</sup>, the Index stands at 66.0.** This is relative to average weekly values for 2017, a period designated as “normal”.
- The index had experienced a loss of more than 46% since its recent (Feb 23<sup>rd</sup>) peak.
- Over the past 5 weeks, the Composite Index has since regained nearly 11% of that peak-to-trough loss.





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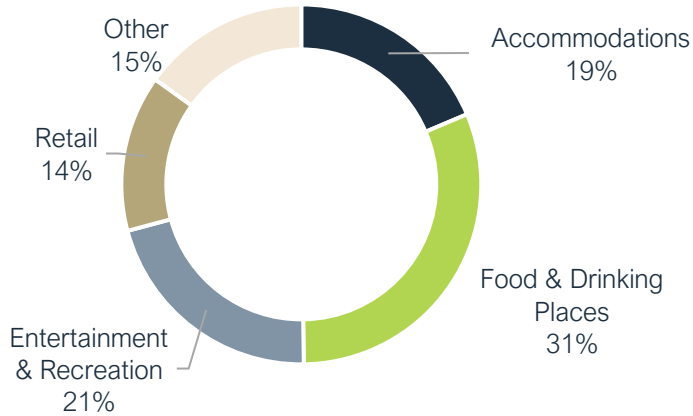
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Business Survey**



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- **Business Survey Results**
- Consumer Survey Results
- Appendix

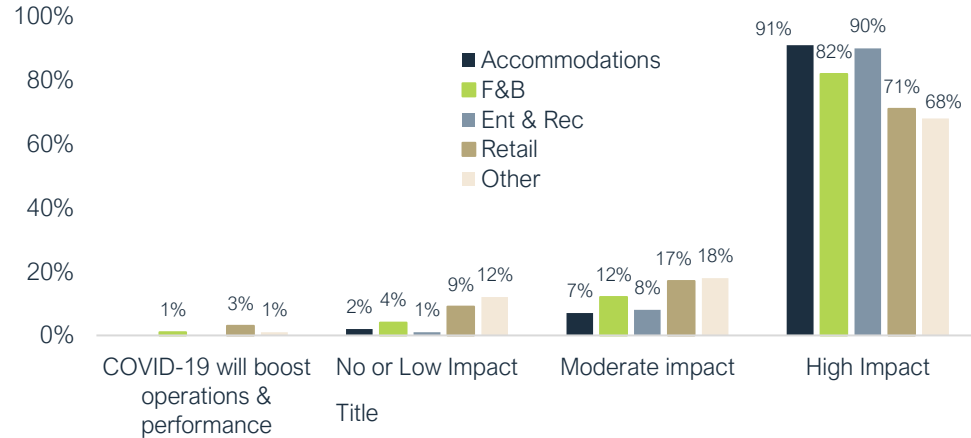


## The Majority of Survey Respondents Represent Food & Beverage Businesses



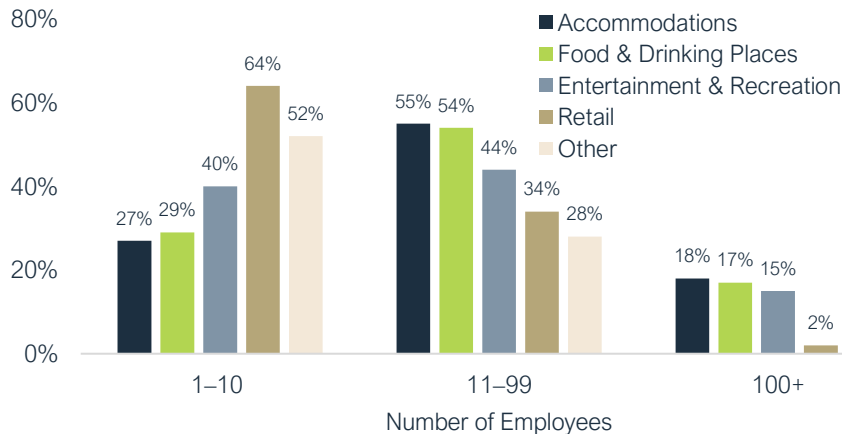
Q: Which industry most closely aligns with your company's primary line of business?

## Businesses Across all Industries Have Been Heavily Impacted



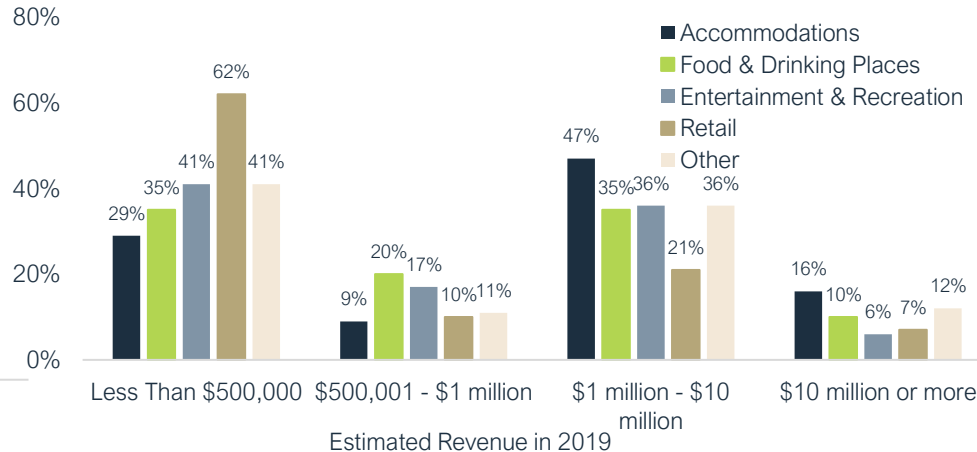
Q: What impact has Covid-19 had on your company's normal operations & performance?

## Across all Industries, Respondents were Primarily Small Businesses



Q: What was the size of your company's Indiana-based workforce at the end of 2019?

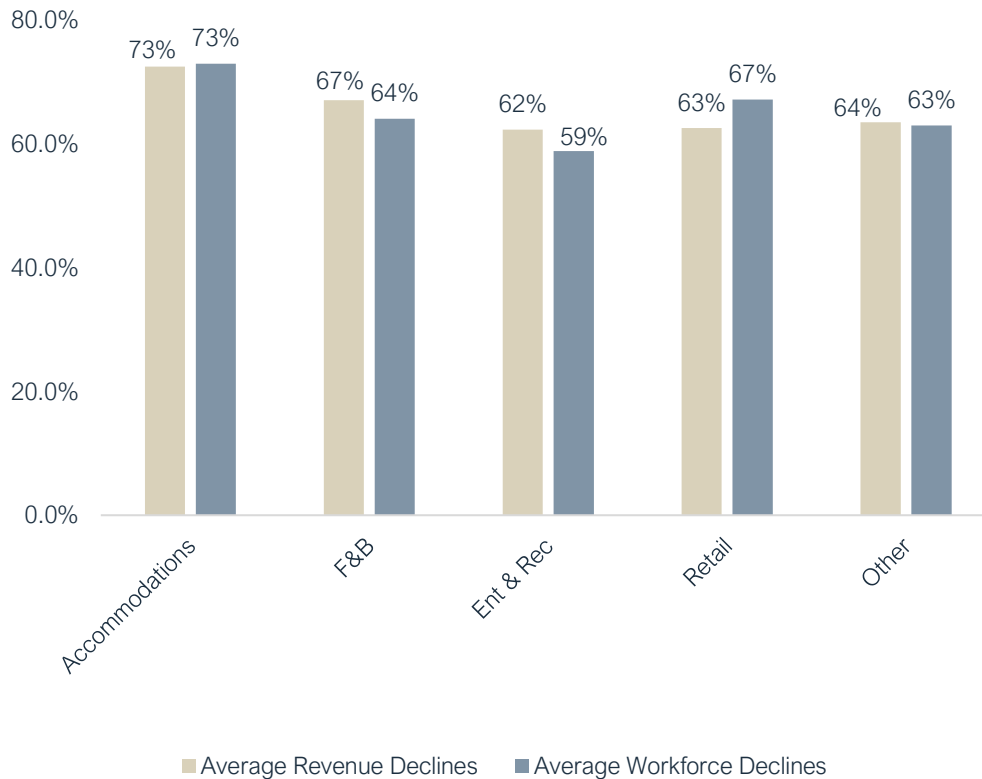
## Across all Industries, Most Respondents Had Revenues Under \$1 Million



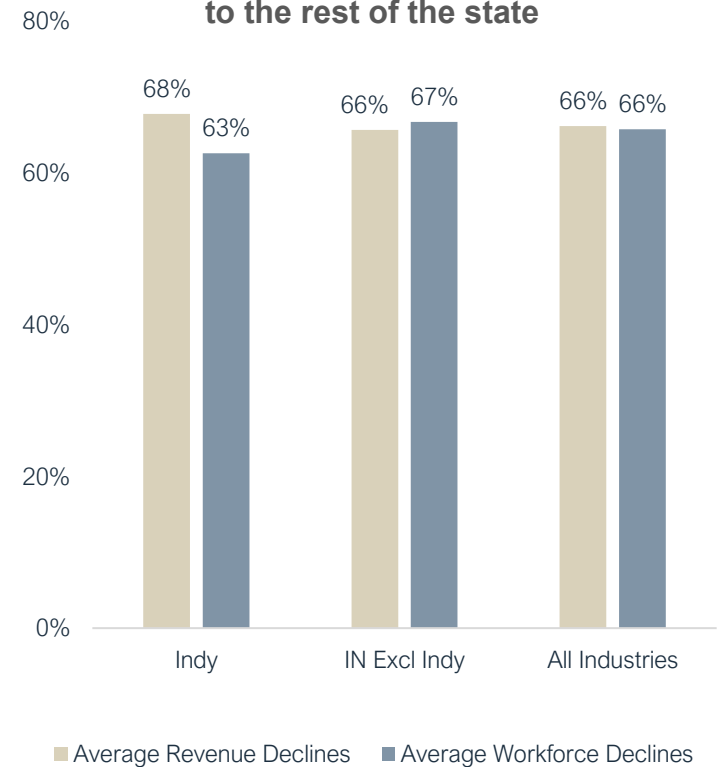
Q: What was your company's estimated annual revenue in 2019?

**On average, LT-R businesses have reduced their workforce by 66% and their revenues have also decreased by 66%**

**The accommodations industry has the largest average revenue and workforce declines**

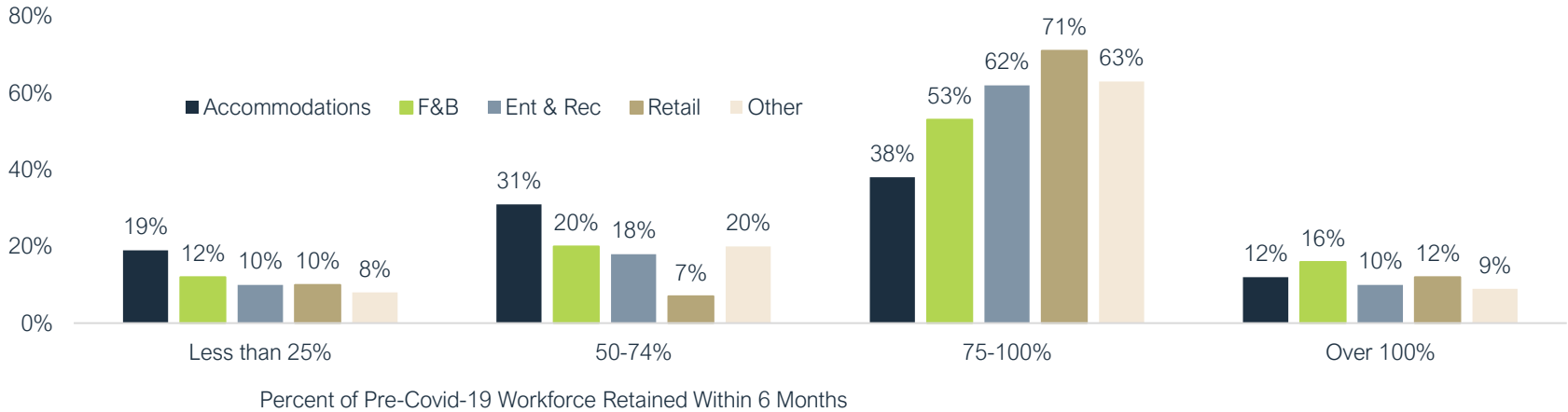


**Indy businesses have suffered larger revenue declines as employment losses are about equal to the rest of the state**



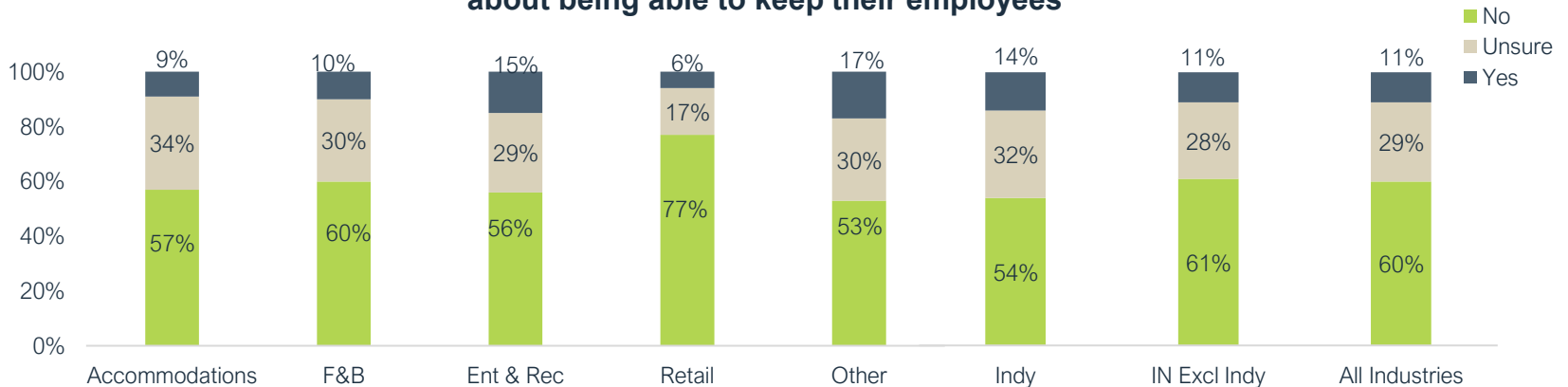
Q: Estimate the overall revenue declines your business has experienced since the start of Covid-19?  
 Q: To date, what percentage of your workforce has been laid off or furloughed since the start of Covid-19?

## Despite revenue losses, 88% of businesses expect to have at least half of their pre-Covid-19 workforce on payroll 6 months after restrictions are lifted



Q: What percentage of your pre-Covid-19 workforce do you expect to have on payroll six months after the stay at home order is lifted?

## Most businesses don't expect to lay off or furlough staff over the next month; however, one third (29%) are uncertain about being able to keep their employees



Q: Do you expect to lay off or furlough any staff over the next month?

# Indiana LT-R Businesses: Early Recovery Supported by Grants & Loans

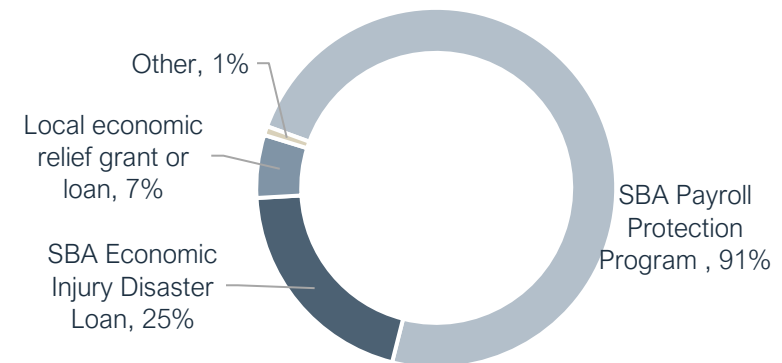
LT-R businesses cannot exist without consumers and strict stay at home restrictions jeopardized their survival. About one third (33%) of Indiana businesses would not survive more than a month if “Stay at Home Orders” are reinstated and slightly more than a third (37%), would be able to survive for more than 3 months. Fortunately, Indiana LT-R businesses have been receiving, local, state and federal assistance in the form of grants or loans. SBA loans have been received by 90% of them.

## How Long Can Your Business Survive Under the Following Conditions?

	Stay at Home Orders are extended or re-instated
2 weeks or less	18%
2 weeks to 1 month	15%
1 - 2 months	18%
2 - 3 months	12%
3 - 6 months	16%
6 months or more	21%

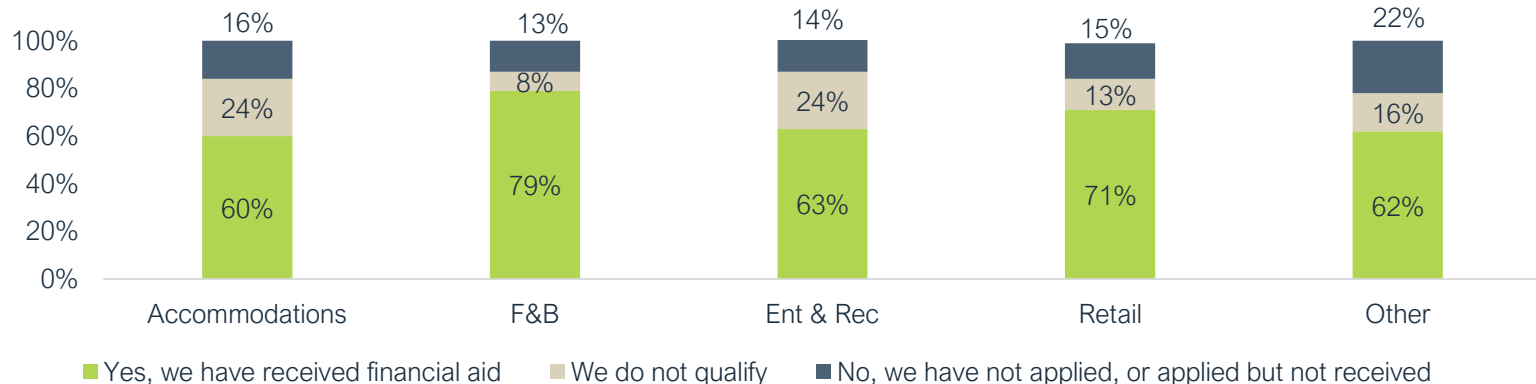
Q: How long would your business be able to operate if: Stay at Home orders are extended or reinstated?

## Of the businesses that received assistance, more than 90% received assistance from the Federal Government



Q: Which types of financial aid has your business received? (Select all that apply)

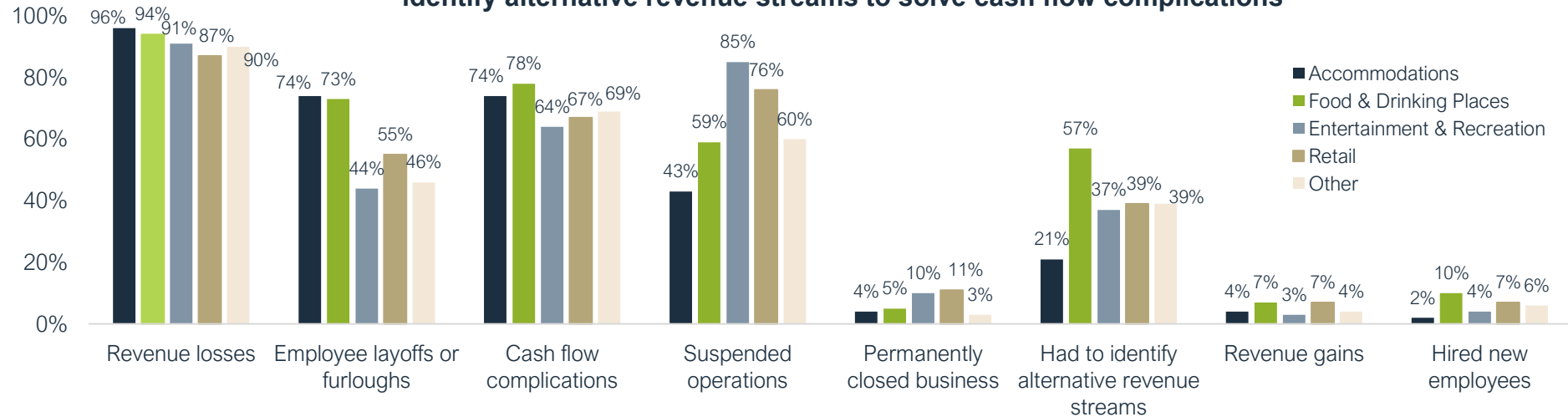
## 68% of businesses have received financial aid in the form of local, state or federal loans or grants



Q: Has your business received any financial aid in the form of local, state or federal loans or grants?

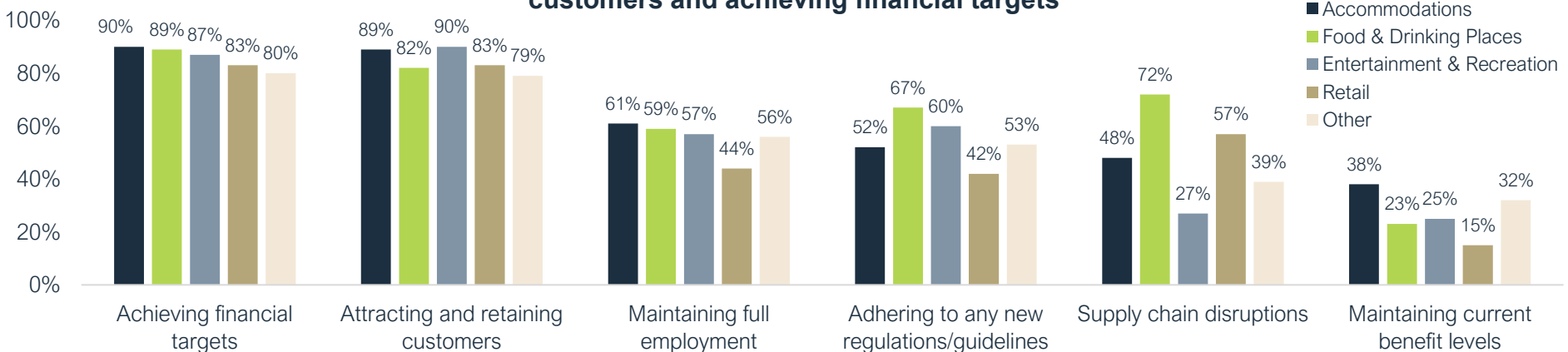


## In addition to revenue & workforce losses, LT-R businesses have had to suspend operations and identify alternative revenue streams to solve cash flow complications



Q: In what specific ways has your company been impacted by Covid-19 (Select all that apply)?

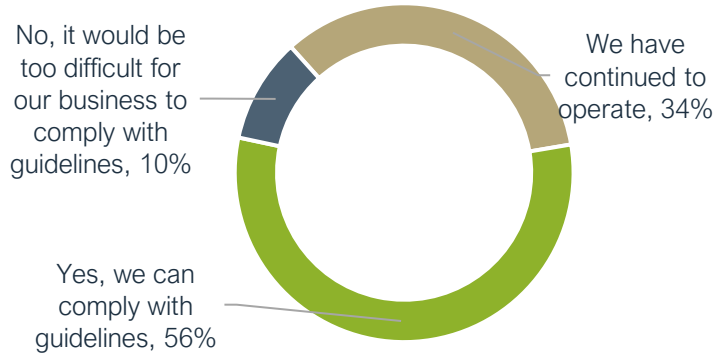
## Over the next 6 months LT-R businesses are most concerned about attracting and retaining customers and achieving financial targets



Q: Which of the following are areas of concern for your business over the next six months (Select all that apply)?

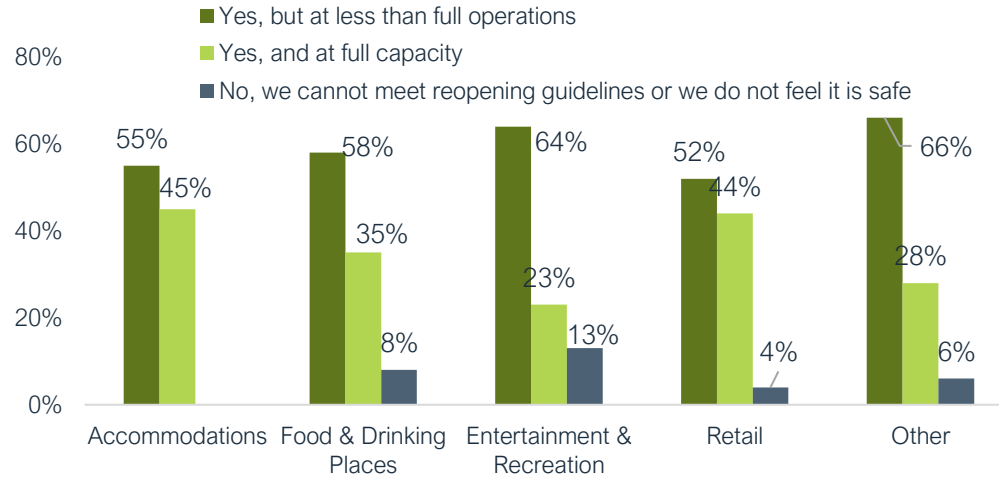
# Indiana LT-R Businesses Begin the Early Stages of Reopening

## 90% of Businesses will operate as restrictions are lifted



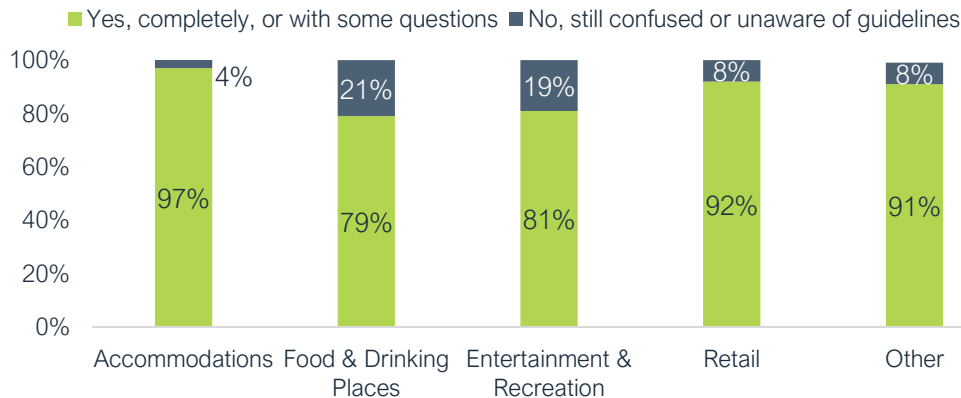
Q: As restrictions are partially lifted, will your business reopen?

## Not all businesses have reopened, some cannot meet guidelines



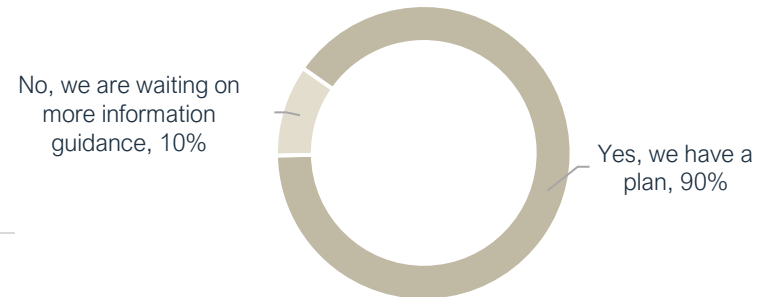
Q: If restrictions are lifted and your business is permitted to reopen, will you participate?

## F&B and Entertainment & Rec businesses are most confused about social distancing guidelines



Q: Currently, do you feel as though you understand the guidelines under which businesses like yours can reopen?

## Across industries, 90% of businesses have developed plans for keeping employees and customers safe



Q: Has your business developed plans for keeping employees and customers safe when operations are restarted?



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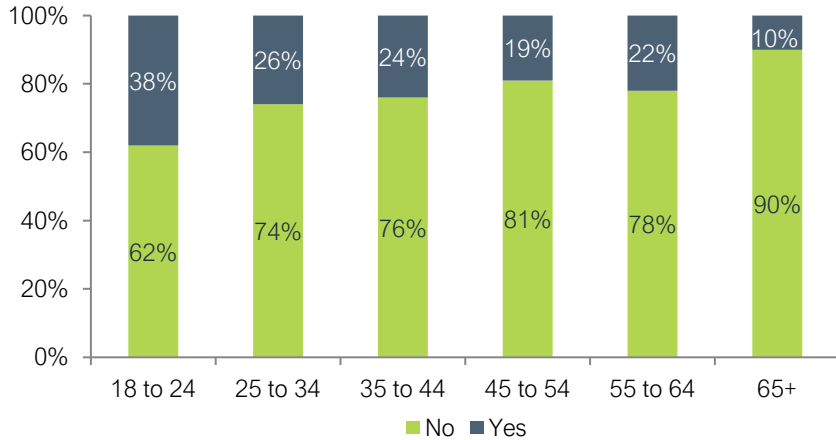
**IN Covid-19  
Consumer &  
Business Survey**

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- **Consumer Survey Results**
- Appendix



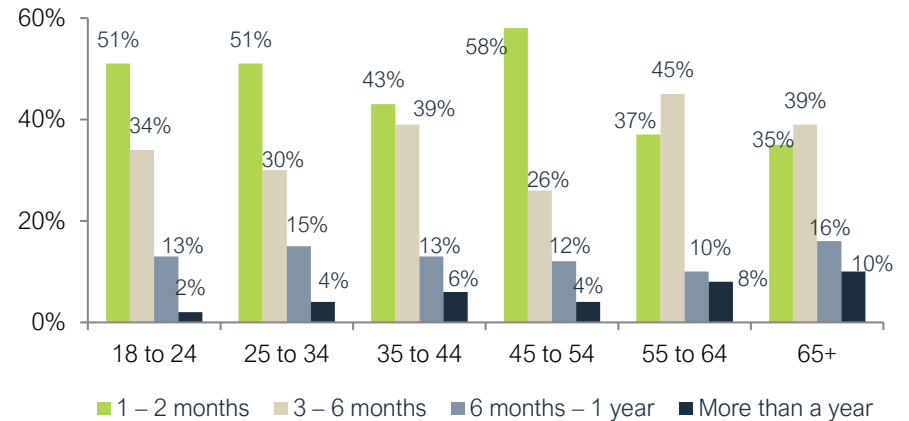


## More than 1 in 5 residents have lost their jobs since the start of the pandemic



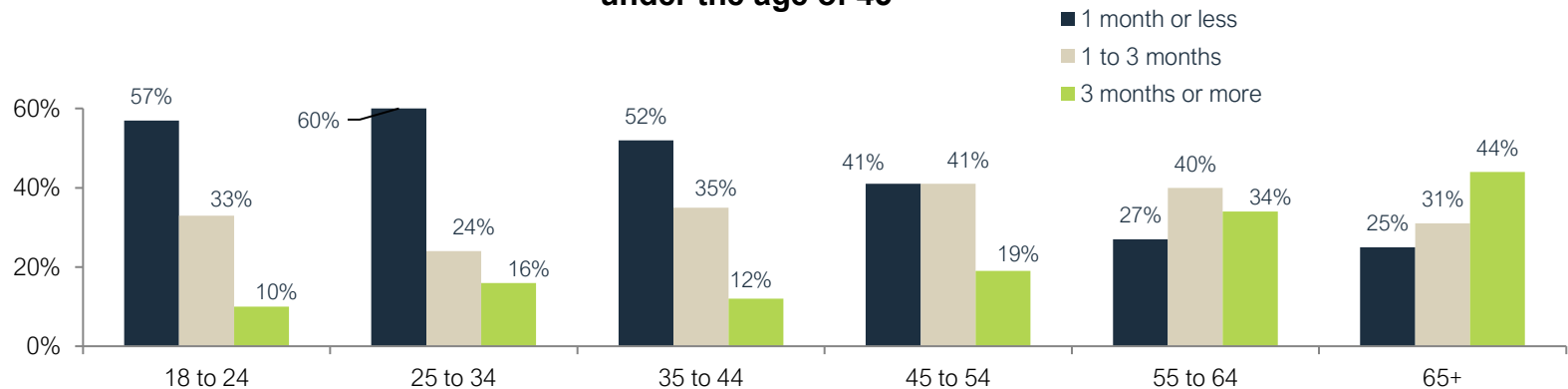
Q: Have you been laid off or furloughed because of the coronavirus outbreak?

## Most residents who have lost their jobs expect to be unemployed less than 2 months



Q: How long do you expect it will be before you can find a new job or be rehired?

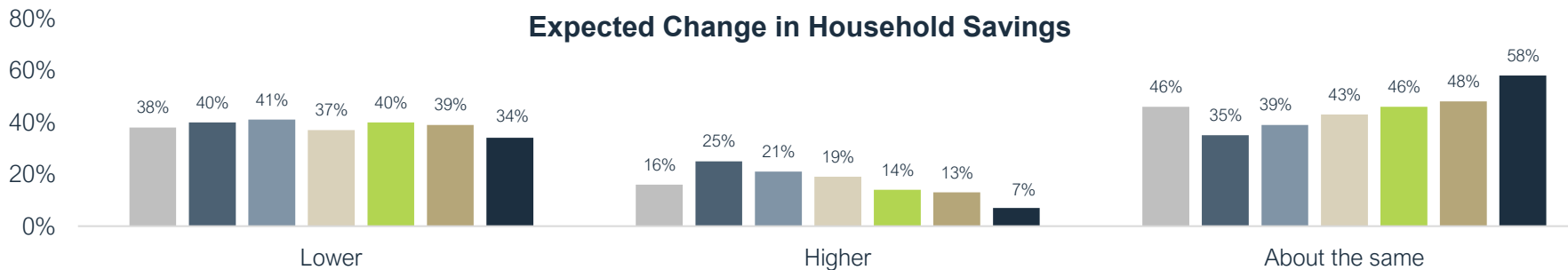
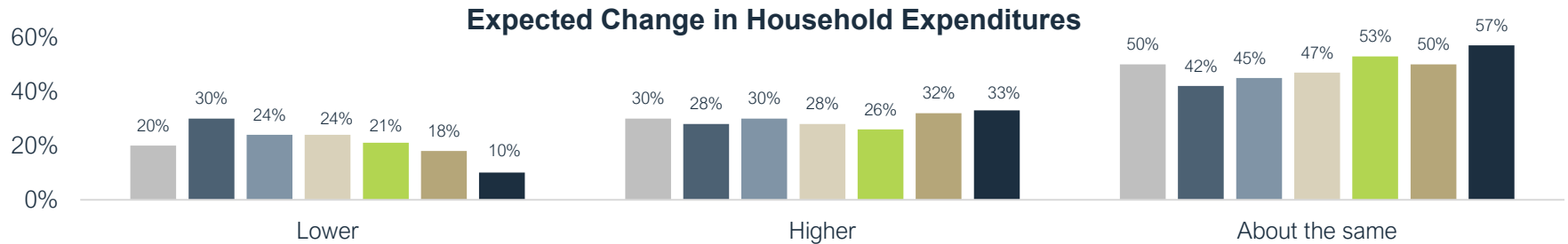
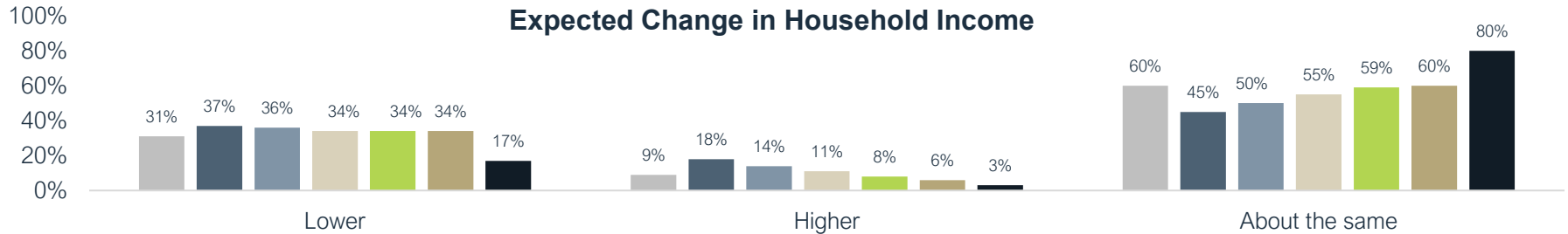
## Unemployment benefits & stimulus monies will only last about 1 month for most residents under the age of 45



Q: Between unemployment insurance benefits, any stimulus monies received and household savings, how long can your household maintain without returning to work?

# Consumer Sentiment: Expectations Regarding Household Economic Activity

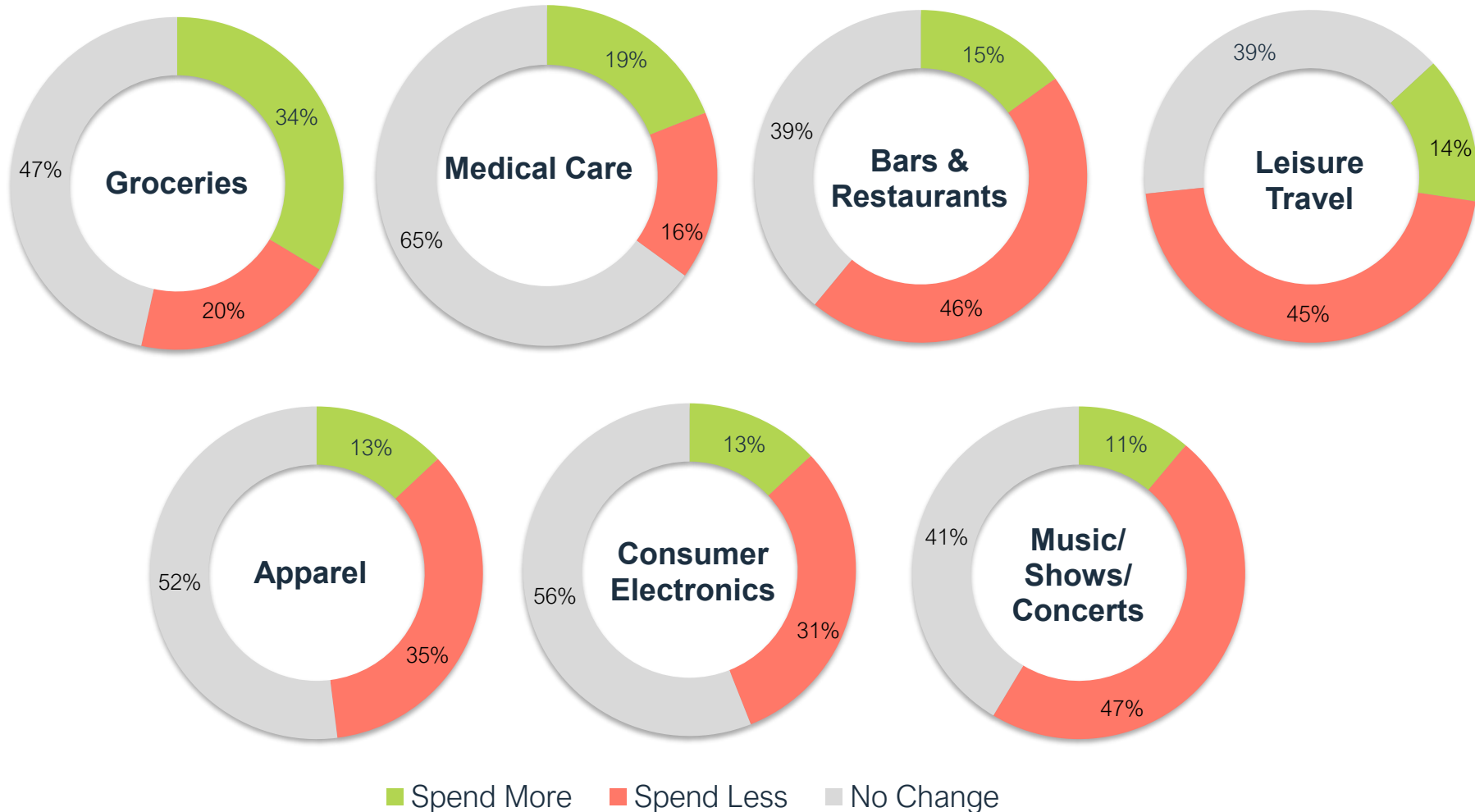
Compared to before Covid-19, how do you anticipate the following will change after the pandemic?



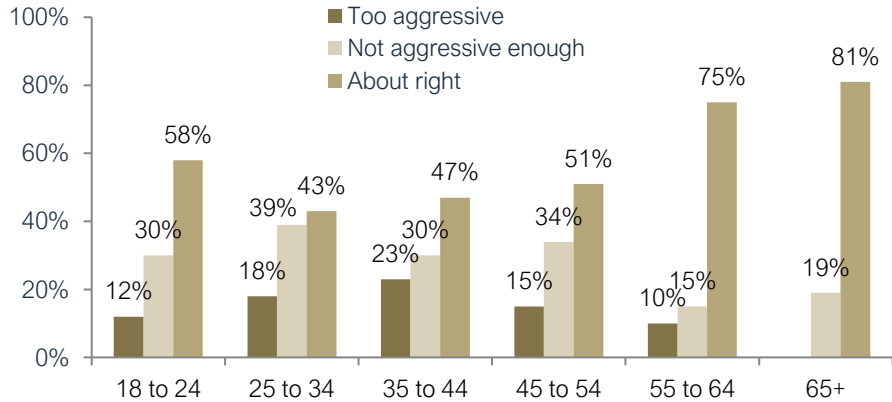
■ All Residents 
 ■ 18 to 24 
 ■ 25 to 34 
 ■ 35 to 44 
 ■ 45 to 54 
 ■ 55 to 64 
 ■ 65+

# Consumer Sentiment: Expectations Regarding Household Purchasing Activity

Compared to before Covid-19, how do you anticipate spending on the following will change after the pandemic?

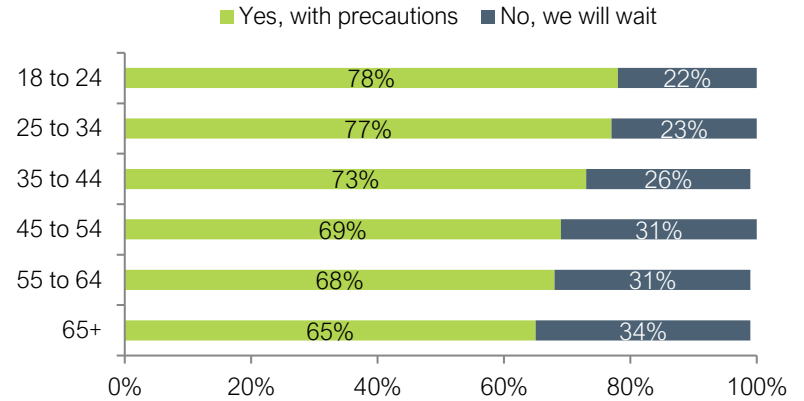


## Most residents believe the guidelines set forth for reopening are adequate



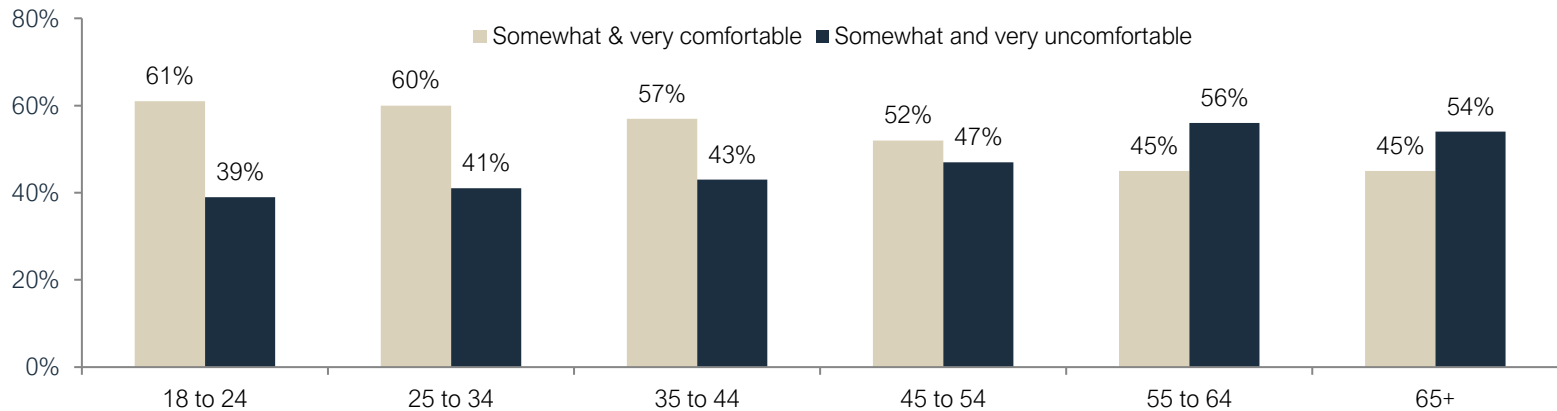
Q: The guidelines and restrictions set forth for a gradual reopening are?

## Younger residents feel more comfortable about venturing out into opened businesses



Q: Will you and your family venture out to reopened businesses?

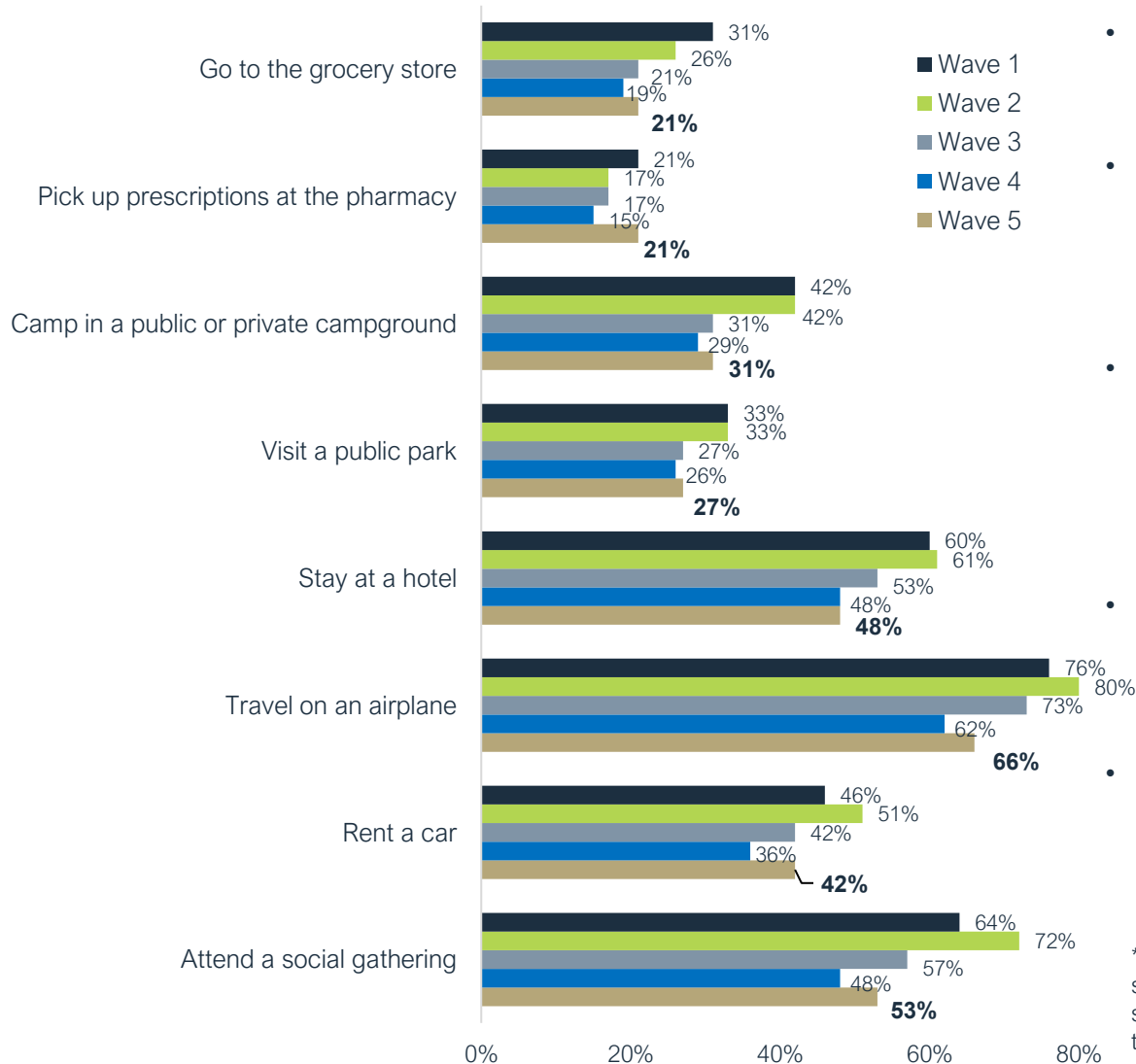
## Most residents are comfortable with visitors returning to their communities



Q: With restrictions being lifted, how comfortable are you with visitors returning to your community?



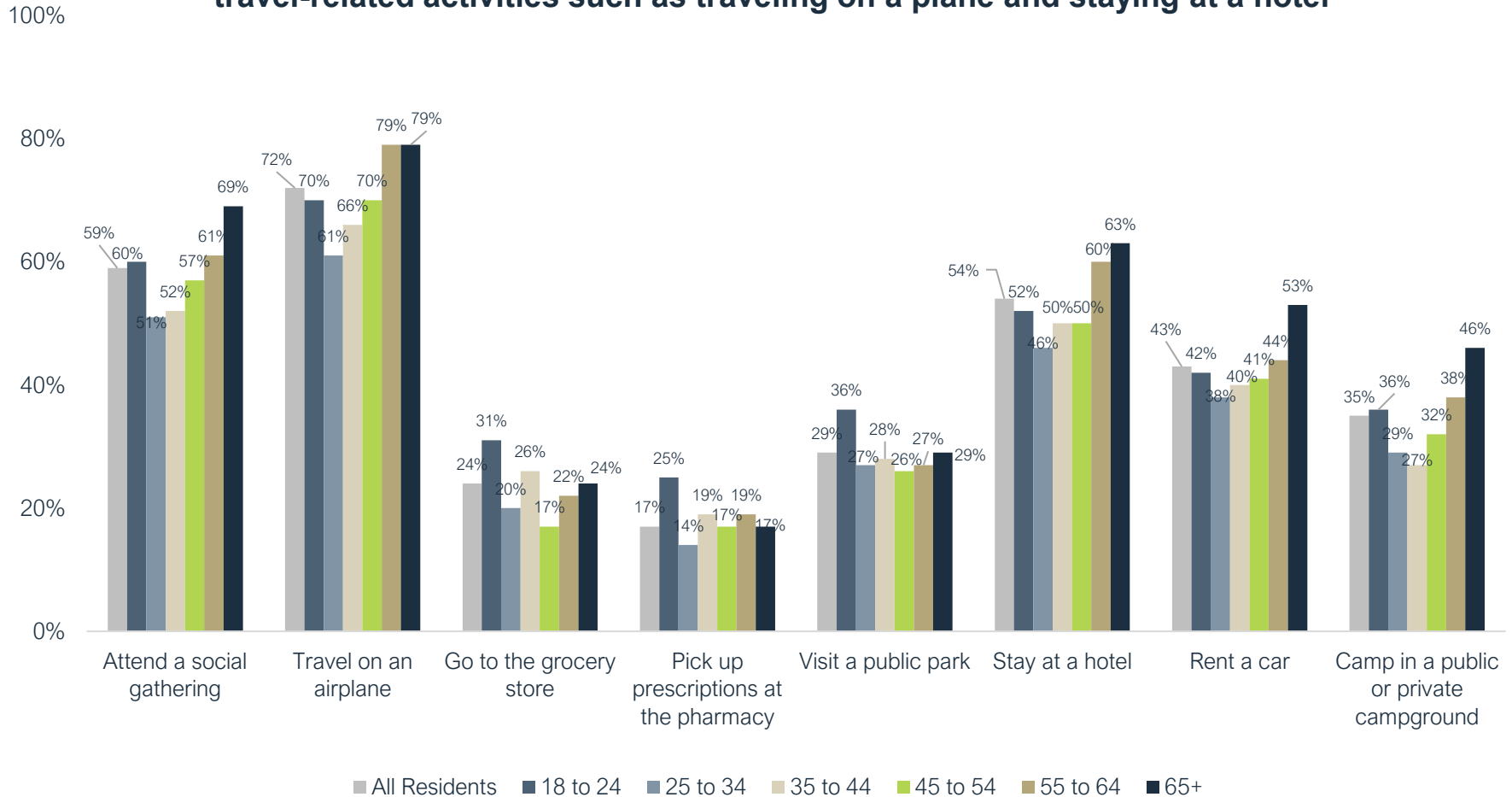
## Percentage of Residents Feeling Unsafe\* Conducting Various Activities



- Generally, the trend in feelings about safety has been positive throughout the 5 waves of our sentiment survey.
- However, we did see a slight retrenchment in our latest polling (Wave 5: Jun 2-5). Perhaps residents were pausing to assess the impact of Stage 3 reopening before becoming more enthusiastic about venturing out.
- As Indiana progressed through Stages 1-3 of reopening the economy, little changed with respect to Hoosiers feelings about the relative safety of our polled activities. Residents clearly felt that routine and essential activities were safer than those deemed more discretionary.
- Progress in the sense of safety among travel-related activities is encouraging and arguably signals an opportunity for immediate-term help for LTR businesses.
- As Wave 5 closed, we did note a declining-but-persistent reluctance among some residents (23%) to venture out at all. Clearly, information and messaging about safety remains key to ramping up the recovery.

\*Responses are bottom-two box responses (1 and 2) on a scale: With 1 being the least and 5 being the most safe, how safe would you feel doing each type of activity at this point in time?

**Regardless of age, most residents feel unsafe about participating in certain travel-related activities such as traveling on a plane and staying at a hotel**

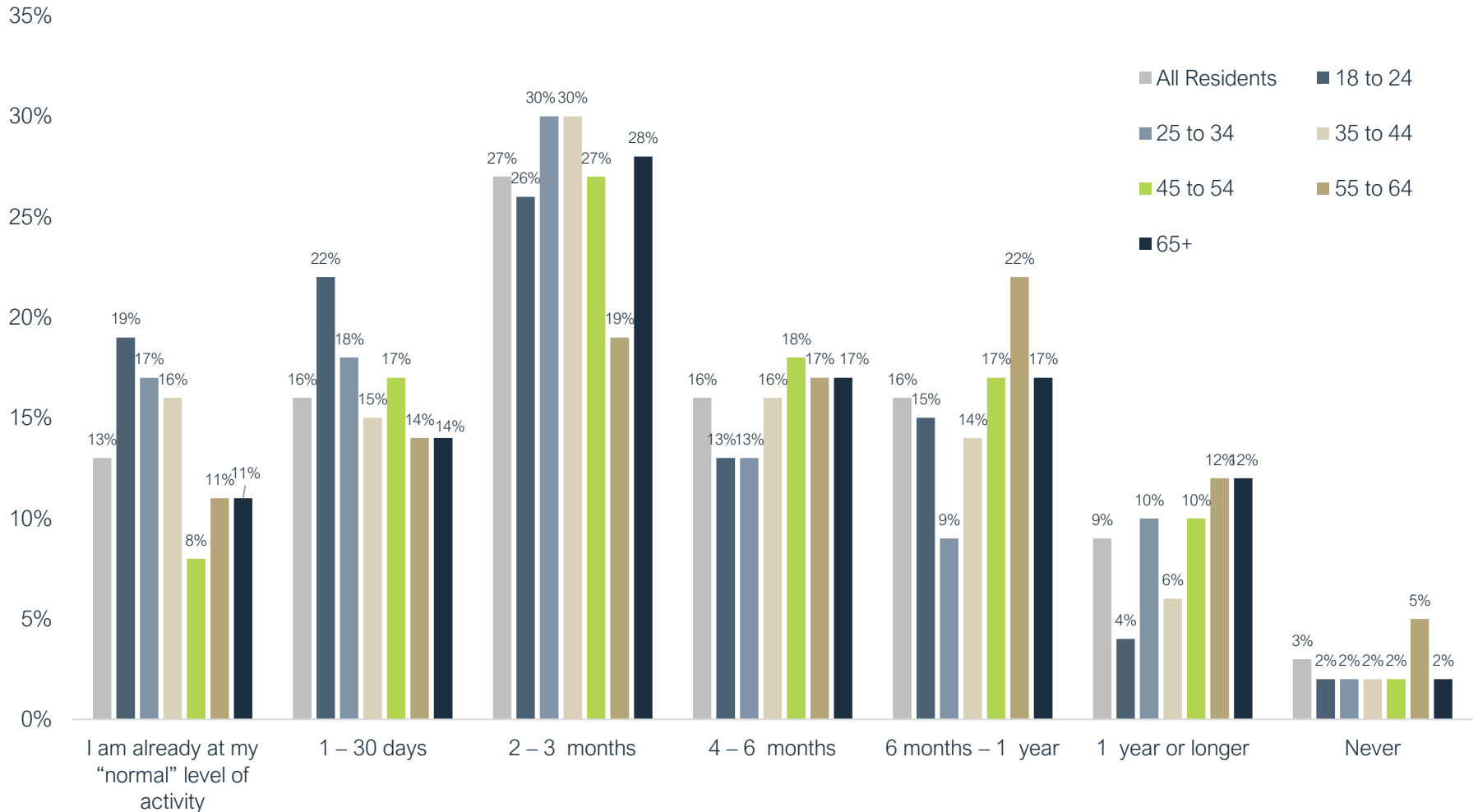


Q: how safe would you feel doing each type of activity at this point in time?

\*Responses are bottom-two box responses (1 and 2) on a scale: With 1 being the least and 5 being the most safe

# Anticipating Recovery: When Do Residents Expect to Return to “Normal”

**When do you anticipate you will go back to your normal level of social activity (i.e., your level of activity before coronavirus)?**

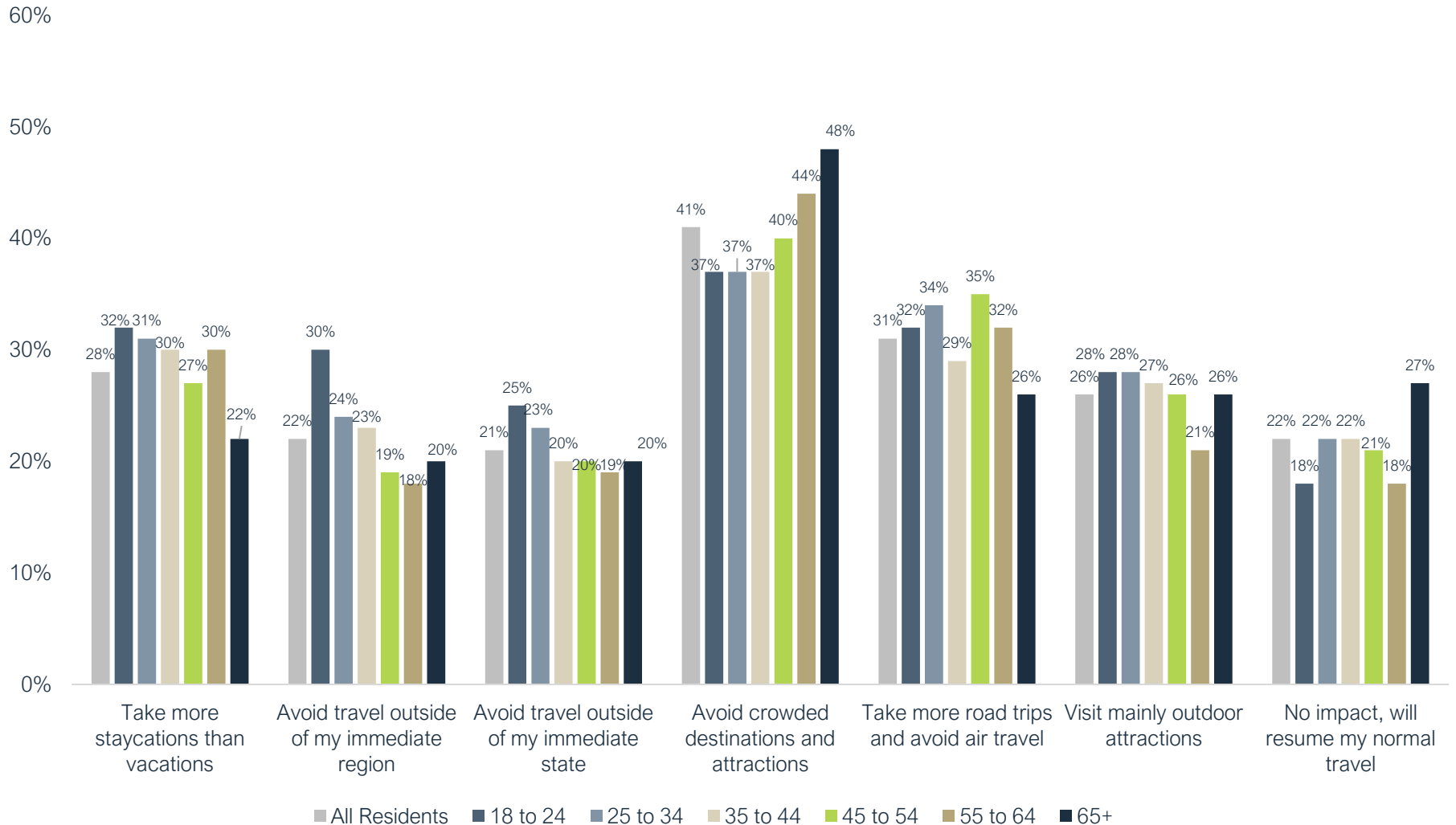


# Consumer Sentiment: Expectations Regarding Future LT-R Activities

As the restrictions are relaxed and businesses reopen, how long will it take you to do the following?

	Activities	Immediately	1 -30 Days	2-3 Months	4-6 Months	6 Months - 1 year	1 year or Longer	Never
NOW!	Eat at a restaurant	16%	26%	28%	13%	9%	5%	2%
	Visit outdoor attractions or parks	19%	21%	22%	14%	11%	10%	4%
	Take a vacation by car	14%	16%	24%	17%	13%	10%	5%
2-6 MONTHS	Visit indoor attractions	10%	13%	24%	18%	16%	15%	4%
	Stay at a hotel	9%	12%	19%	18%	19%	16%	8%
	Attend a movie/show/concert	8%	10%	20%	19%	18%	16%	9%
NEXT YEAR	Take public transportation	8%	9%	11%	13%	12%	15%	32%
	Fly on an airplane	6%	8%	13%	15%	17%	21%	20%
	Visit a casino	7%	7%	13%	13%	13%	20%	26%
	Travel outside the country	5%	4%	7%	8%	13%	29%	33%

## How will the coronavirus situation affect your future travel plans? (Select all that apply)



## **Indiana LT-R businesses have been significantly impacted by the crisis. These impacts have not been uniformly distributed across the LT-R sectors**

- Across all the LT-R industries surveyed, company operations have been disrupted significantly by the pandemic and most companies say their revenues, workforce and cashflows have been impacted. Several companies have had to identify new /alternate revenue streams to prevent closing permanently.
- Retailers and recreation and entertainment businesses are the most likely to have suspended operations or completely folded up shop since the pandemic began.
- Lodging establishments are more likely to be open for business and have larger cash cushions, but they have witnessed significantly larger revenue declines and have a much more uncertain future over the coming weeks, months and years. Only half of hoteliers expect to have 75% or more of their pre-Covid workforce six months after restrictions are lifted. Revenue declines since the start of the crisis have been steeper than other LTR business (73%).
- Restaurants, outdoor recreation establishments and retailers should be able to take advantage of pent-up demand from residents and regional visitors as long as the reopening doesn't veer off track. This is key as PPP funds and other assistance will begin to dry up soon.

## **Many Hoosiers are ready to get back to their “normal” level of activity. Regional visitation and resident spending will be critical to support struggling LT-R business.**

- Over half of Indiana residents (56%) expect to be back to their normal level of social activity over the next 2-3 months.
- Many residents are ready to eat out at a restaurant, enjoy outdoor recreation and take a trip by car; visiting indoor attractions, staying at a hotel. Attending a movie, show or concert shouldn't be far behind; residents are still a ways off from taking a trip by air, visiting a casino or taking public transportation.
- Younger Hoosiers are much more likely to feel comfortable revisiting reopened businesses and having visitors returning to their communities. Unfortunately, this cohort has been hit hardest by layoffs and are more likely to see lower household incomes, expenditures and savings following the crisis. Gen Xers and older Millennials may present a viable target for LT-R businesses through recovery: they are more likely to venture out than older cohorts and less likely than younger cohorts to be financially impacted by the crisis.



Indiana Destination  
Development  
Corporation (IDDC)

**IN Covid-19  
Consumer &  
Business Survey**



- Background, Methodology
- COVID19's Impact on Leisure & Travel-Related Businesses
- Business Survey Results
- Consumer Survey Results
- **Appendix**



## Reopening Phases & LT-R Sector Considerations

Reopening Stage	Start Date	LT-R Sector Considerations
Stage 1	March 24 <sup>th</sup>	<ul style="list-style-type: none"> <li>Retail, Restaurants: Curbside Pickup &amp; Delivery Only</li> <li>Arts, Cultural, Recreation: Closed except State parks &amp; Golf Courses</li> <li>Travel: Essential travel only</li> </ul>
Stage 2	May 4 <sup>th</sup> -Most Counties May 11 <sup>th</sup> -Lake & Marion May 18 <sup>th</sup> -Cass County	<ul style="list-style-type: none"> <li>Retail, Restaurants: 50% capacity</li> <li>Arts, Cultural, Recreation: Closed except State Parks &amp; Golf Courses</li> <li>Beaches open with precautions</li> <li>Travel: Non-essential permitted</li> </ul>
Stage 3	May 22 <sup>nd</sup> -Most Counties June 1 <sup>st</sup> -Cass, Lake, Marion	<ul style="list-style-type: none"> <li>Retail, Restaurants: 75%, 50% capacity, bar seating closed</li> <li>Arts, Cultural, Recreation: Closed except State Parks, &amp; Golf Courses</li> <li>Beaches open with precautions</li> <li>Travel: Non-essential permitted</li> <li>Social Gatherings: Up to 100</li> </ul>
Stage 4	June 12 <sup>th</sup>	<ul style="list-style-type: none"> <li>Retail, Restaurants: 100%, 75% capacity, bar seating @50%</li> <li>Arts, Cultural, Recreation: Open with precautions</li> <li>Amusement &amp; Water Parks: 50% capacity</li> <li>Movie Theaters: 50% capacity</li> <li>Beaches open with precautions</li> <li>Social Gathering: Up to 250</li> <li>Travel: Non-essential permitted</li> </ul>

Source: <https://backontrack.in.gov/>, Rockport Analytics





# Rockport Analytics

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