

# Indiana Leisure & Travel-Related Sector Index: COVID-19 Recovery

Indiana COVID-19 LT-R Sector Index: Wave # 6



ROCKPORT  
ANALYTICS

**INDIANA**  
*Est. 1816*



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

The mission of the Indiana Destination Development Corporation (IDDC) is to promote, brand, and tell Indiana's authentic story to attract and retain talent, students, business, and visitors. This quasi-government agency was established in July 2020 and replaced the Indiana Office of Tourism Development.

## **About the Study**

On behalf of the IDDC, 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 and another during the last week of November

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

For the first five weeks of this research study, 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 COVID-19-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

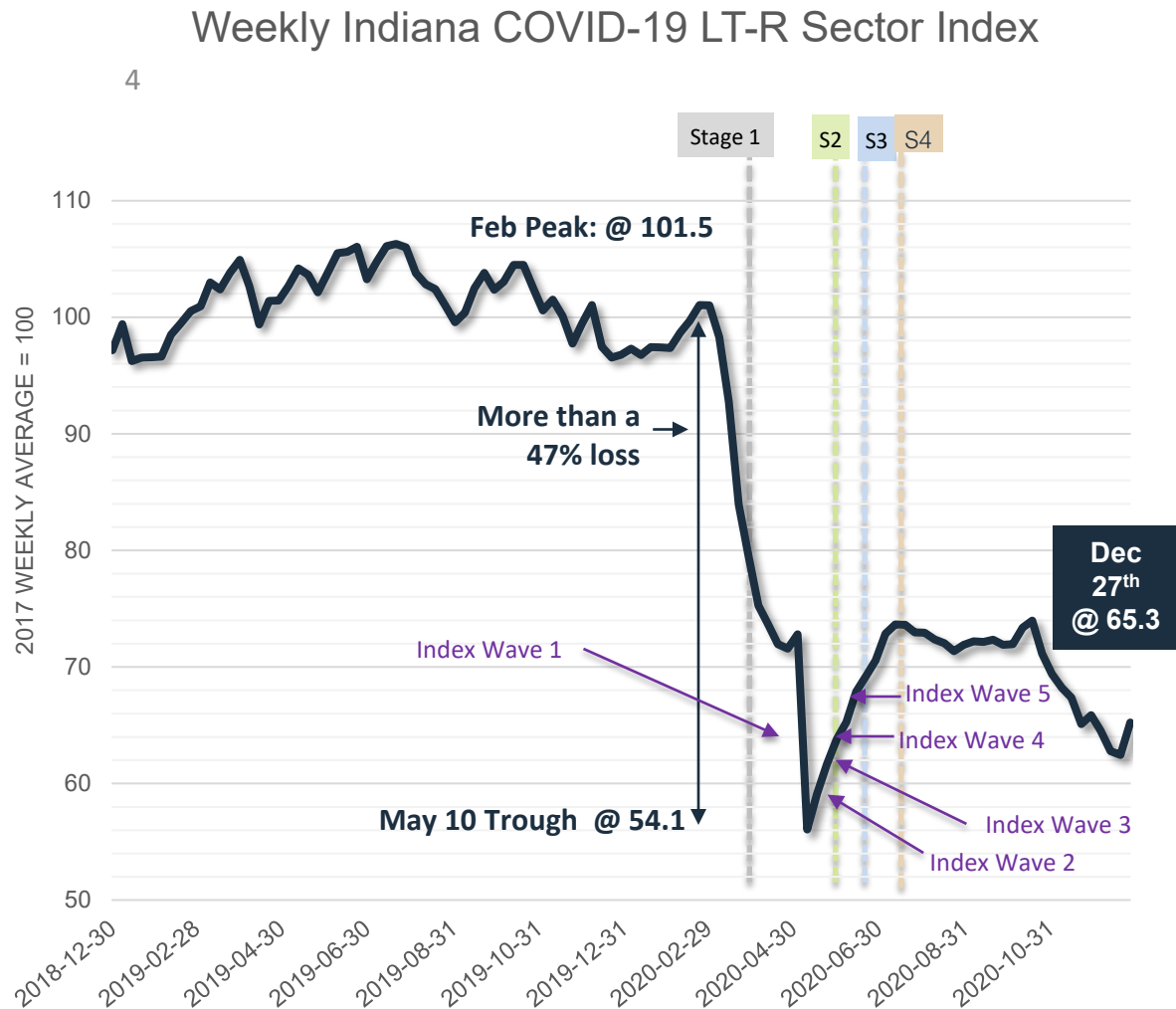
The online weekly Consumer Sentiment Survey was sent to a representative sample of Indiana residents asking a battery of questions about how COVID-19 has affected their lives. Respondents were asked for their opinions on safety, restrictions, employment status, stimulus, and reopening. These questions were set up to allow for monitoring of trends, a few of which are directly included in the Indiana COVID-19 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 and later in the year from November 19<sup>th</sup> to the 30<sup>th</sup>. Results from this analysis are based on responses from 2,103 completed surveys. The survey margin of error was +/- 2.14%.

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	Wave 6: 11/19-11/30
Sample Size	352	349	348	350	342	362

# The IN COVID-19 LTR Composite Index Shows Slight Gains in Late December

- In order to provide additional insight into the pace of Indiana's COVID-19 economic recovery, Rockport Analytics has constructed a composite index of several high frequency indicators that track the direction and pace of Indiana's Leisure & Travel-Related (LT-R) industries.
- The IN COVID-19 LTR Composite Index is a weighted combination of **high-frequency travel, epidemiology, labor stress, business strain, and consumer sentiment indicators**.
- As of Dec 27th, the Index stands at 65.3.** This is relative to average weekly values for 2017, a period designated as "normal" and set to 100. The LT-R sector is currently operating at slightly less than 2/3 of what might be considered normal.
- The index had experienced a loss of more than 47% from its Feb 23rd peak to a trough during the week of May 10<sup>th</sup>.** From mid-July to mid-October, however, the index stalled and essentially moved sideways between 72 and 74.
- The combination of cold weather and the Thanksgiving holiday brought rising cases and drove the index back down to 62.4 by mid-December. However, it is up 3 basis points in the two weeks since.

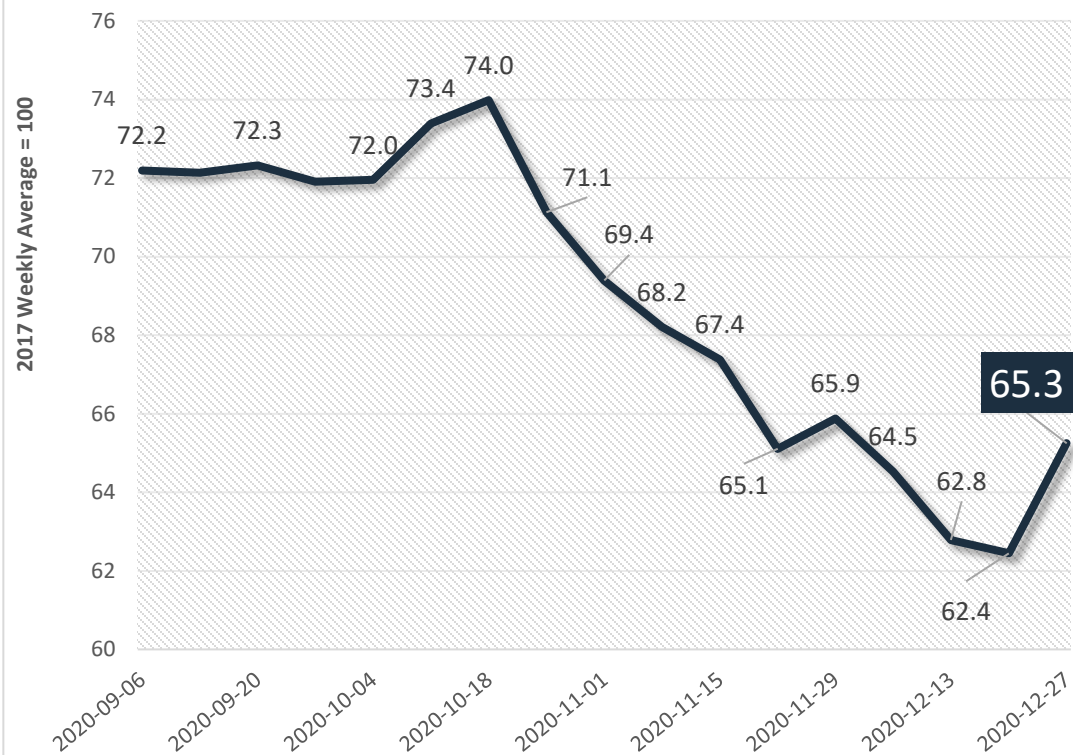


Source: Rockport Analytics

# Slow Recovery Underway: Indiana LT-R Sector COVID-19 Index Results

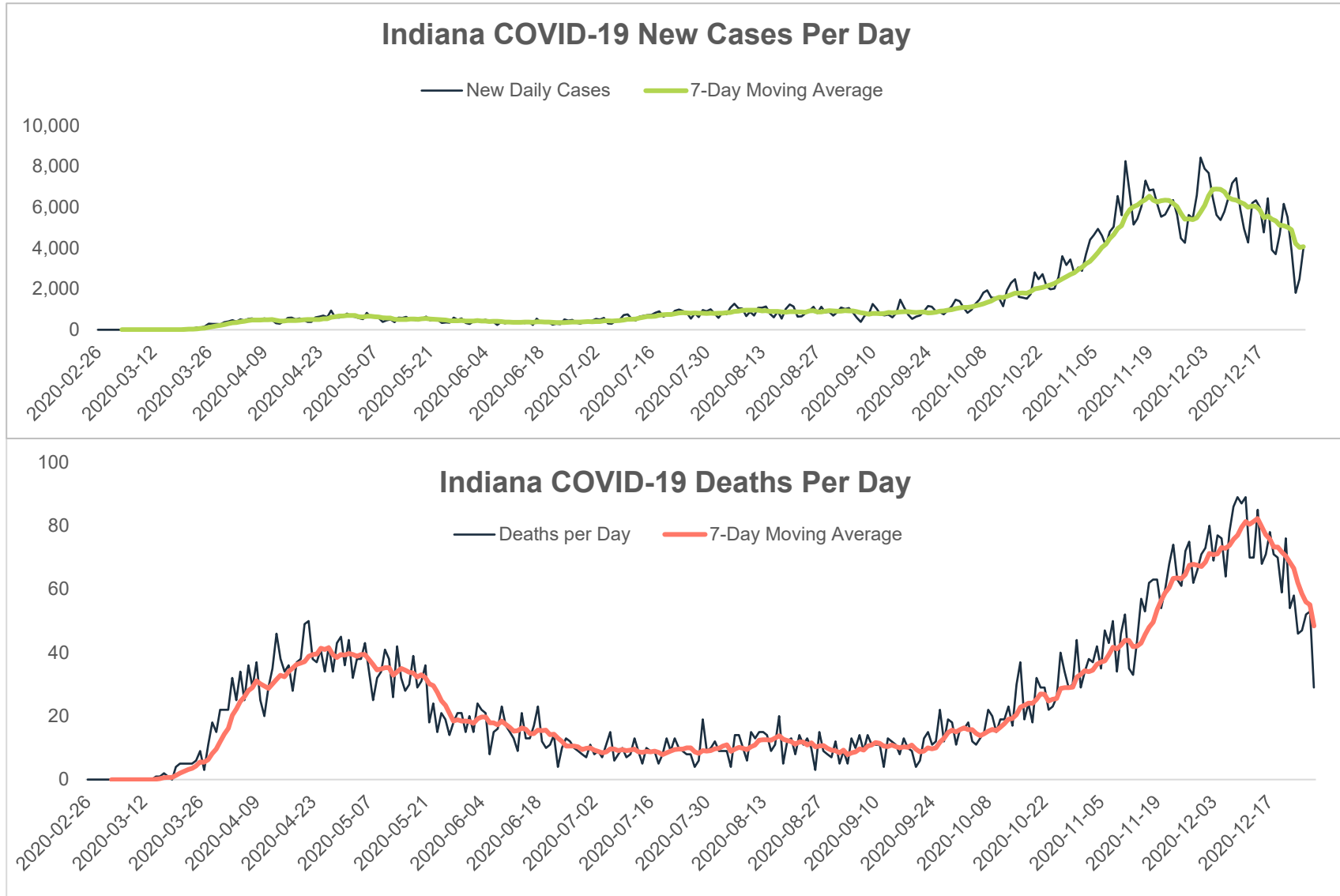
- **As of Dec 27th, the Index stands at 65.3.** This is relative to average weekly values for 2017, a period designated as “normal” and set to 100.
- Unfortunately, for most of the 4<sup>th</sup> quarter the LT-R Index has been falling. Colder weather pushed Hoosiers back indoors and brought a new wave of COVID cases. While the Thanksgiving holiday saw travel indicators rise, the fallout from resulting case increases pushed the Index down to 62.4 by mid-December.
- On the strength of falling cases, small labor market gains, and increases in travel activity, the LT-R Index rebounded in the latter half of December.
- The question is, will rising end-of-year holiday travel result in another wave of COVID cases and economic consequences come January?

## 4<sup>th</sup> Quarter Results: Cold Weather and Thanksgiving Travel Pushed Cases Up and the LT-R Index Down



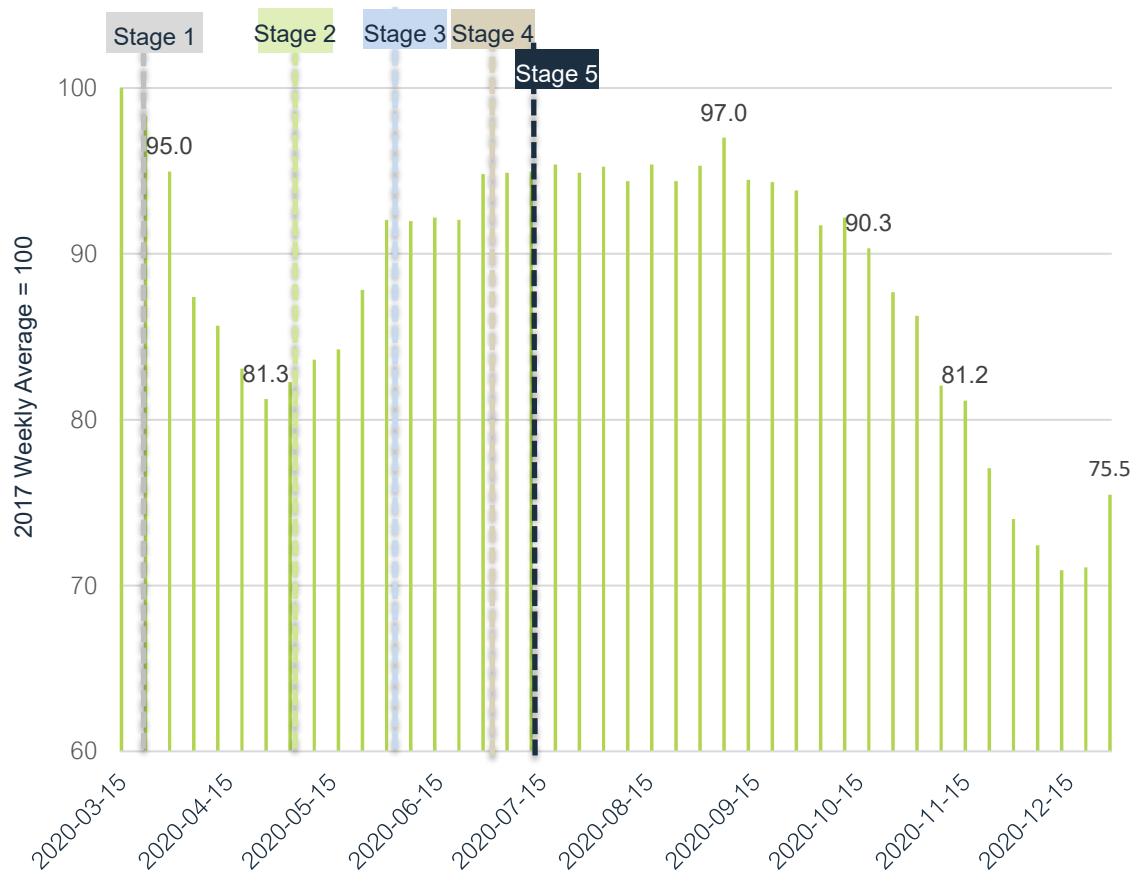
Source: Rockport Analytics

# Since November, COVID-19 Cases & Death Have Both Increased in IN & the US



# IN LT-R Sector COVID-19 Index: Epidemiology Component

Indiana COVID-19 Epidemiology Component Index



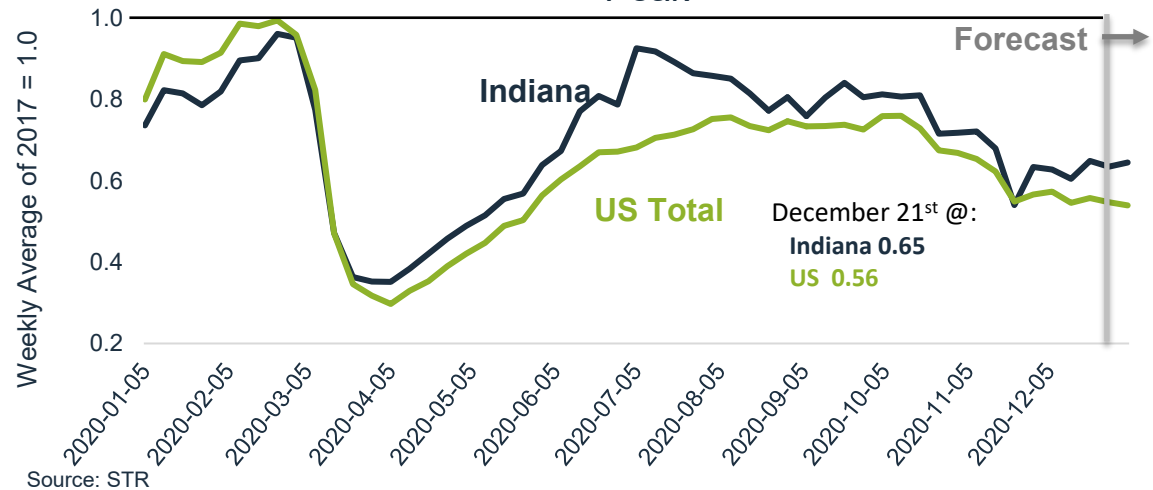
Source: Indiana State Department of Health, Rockport Analytics

- Rockport examined several COVID-19 case and mortality variables for inclusion in the composite index. The Indiana mortality rate was ultimately chosen over the case numbers due to the impact of increased testing efforts across the state. The concern was that rising case numbers would be reflective of better testing, not just true incidence.
- Rockport has revised the calculation of this index component going forward to focus more on changes in mortality versus total COVID-19 deaths. **This component index has also been inverted** since rising deaths are a negative factor.
- For the week of December 21<sup>st</sup>, the number of confirmed cases rose by 3,940 to reach a total of 468,219. COVID-19 deaths increased by 6. This resulted in an Epidemiology Component Index value of 78.9. This means that the weekly Indiana mortality rate is currently 22% (100-77.8) above normal due to COVID-19.

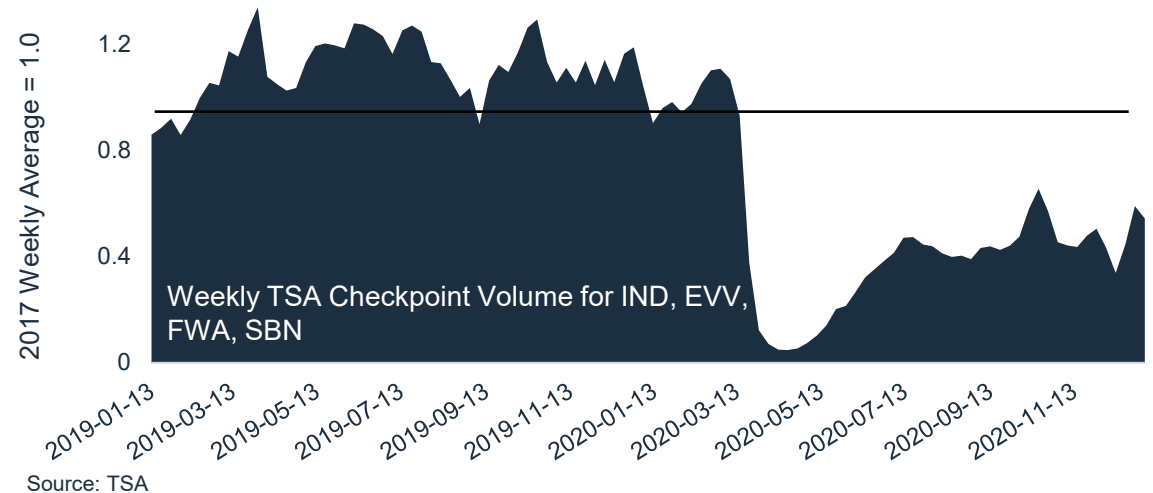
# Travel Activity Declining Through the Fall

- After recovering to 93% of pre-COVID normal, hotel room demand and air travel indicators began to backslide. Both Indiana and U.S. are trending downward as we move into the Winter season.
- As of Dec 21<sup>st</sup>, Indiana total room demand is only 65% of 2017 weekly averages, still above the U.S. average (56%).
- Indiana air traffic had a mild spike between the second and last week of October. As of Dec 21<sup>st</sup>, the sum of Indiana's four largest airports were showing only 30% of pre-COVID activity. Air travel had recovered to almost 59% of COVID-19 losses during the mid-October spike.

Weekly Hotel Room Gains Unable to Maintain July 4<sup>th</sup> Peak



Likewise for Indiana Air Travel Activity...

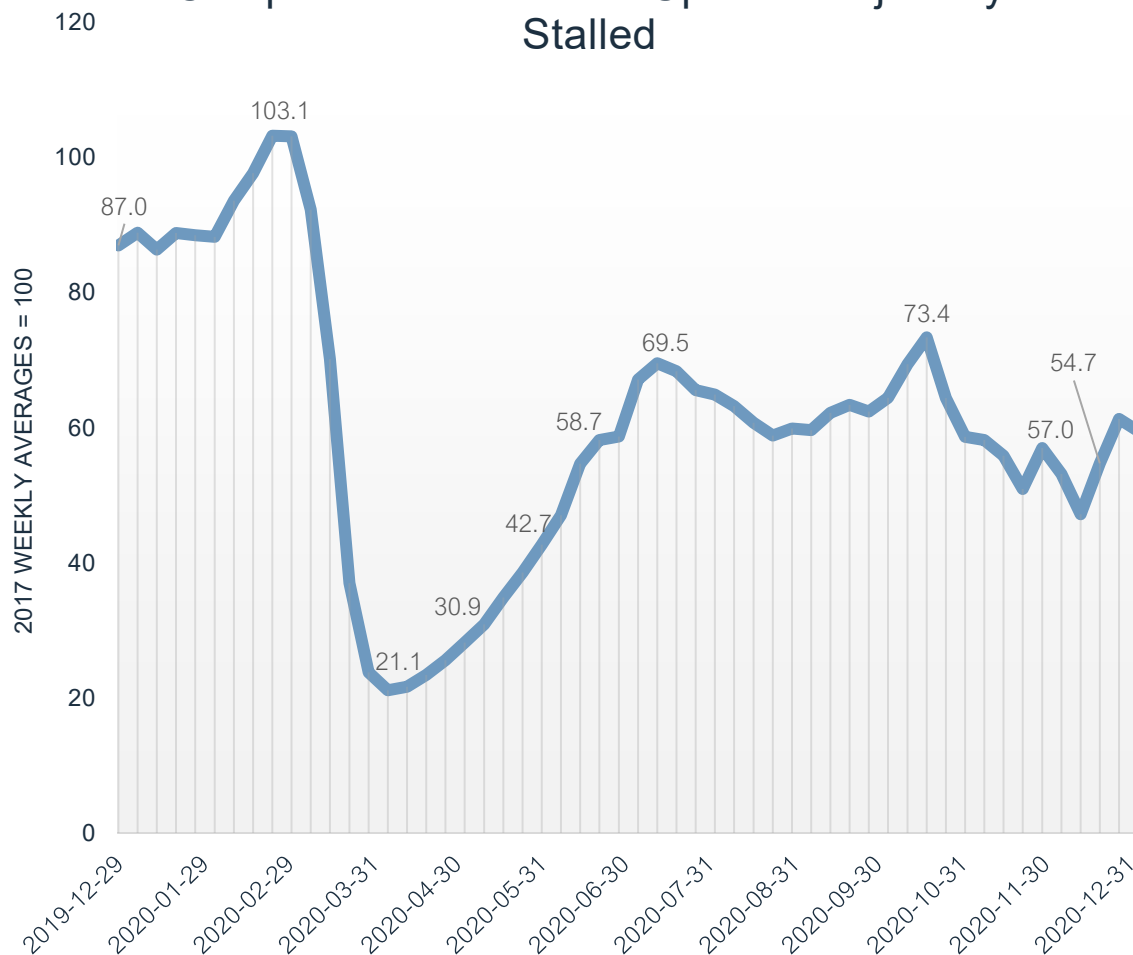




# IN LT-R Sector COVID-19 Index: Travel Disruption Component

- The Travel Disruption Component Index is a combination of hotel and airport activity measures, as well as consumer sentiment variables pertaining to travel planning and behavior.
- The Travel Disruption Component Index stands at 61.3 as of December 27<sup>th</sup>. This represents about a 40% decline versus the mid-February peak of 103.1 and a 16% decline against the most recent high of 73.4 registered in October.
- Since the most recent peak in October, hotel metrics and air traffic activity have both been steadily declining. TSA throughput did bounce slightly over the holidays but remains 11% below late-October levels.
- Despite gaining some traction during the summer, the steady declines in this indicator demonstrate that increases in cases have prevented consumers from returning to travel. Our survey of Hoosiers shows that they feel just as unsafe now about participating in LT-R activities as they did in May.

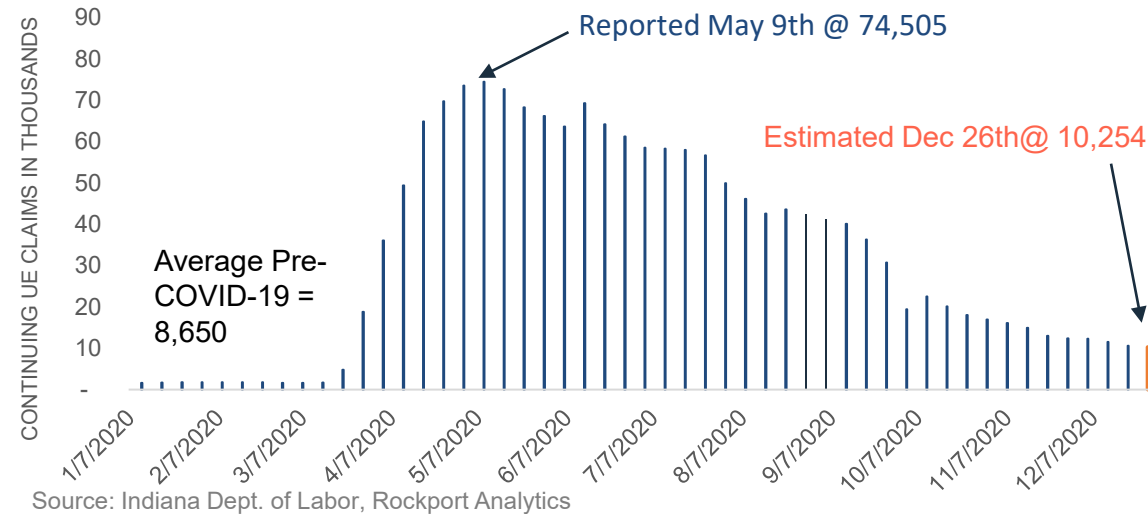
## Indiana COVID-19 Travel Interruption Component Index: Slow Upward Trajectory Stalled



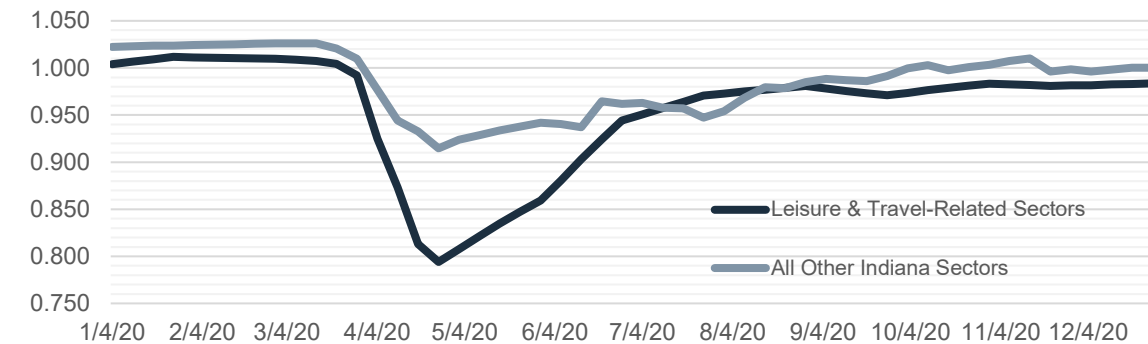
Source: Rockport Analytics

# July LTR Sector Jobs Regained Pre-COVID Normal

IN LTR Sector *Continuing* Weekly Unemployment Claims



Indiana Estimated Jobs Losses: LT-R Sector & All Other

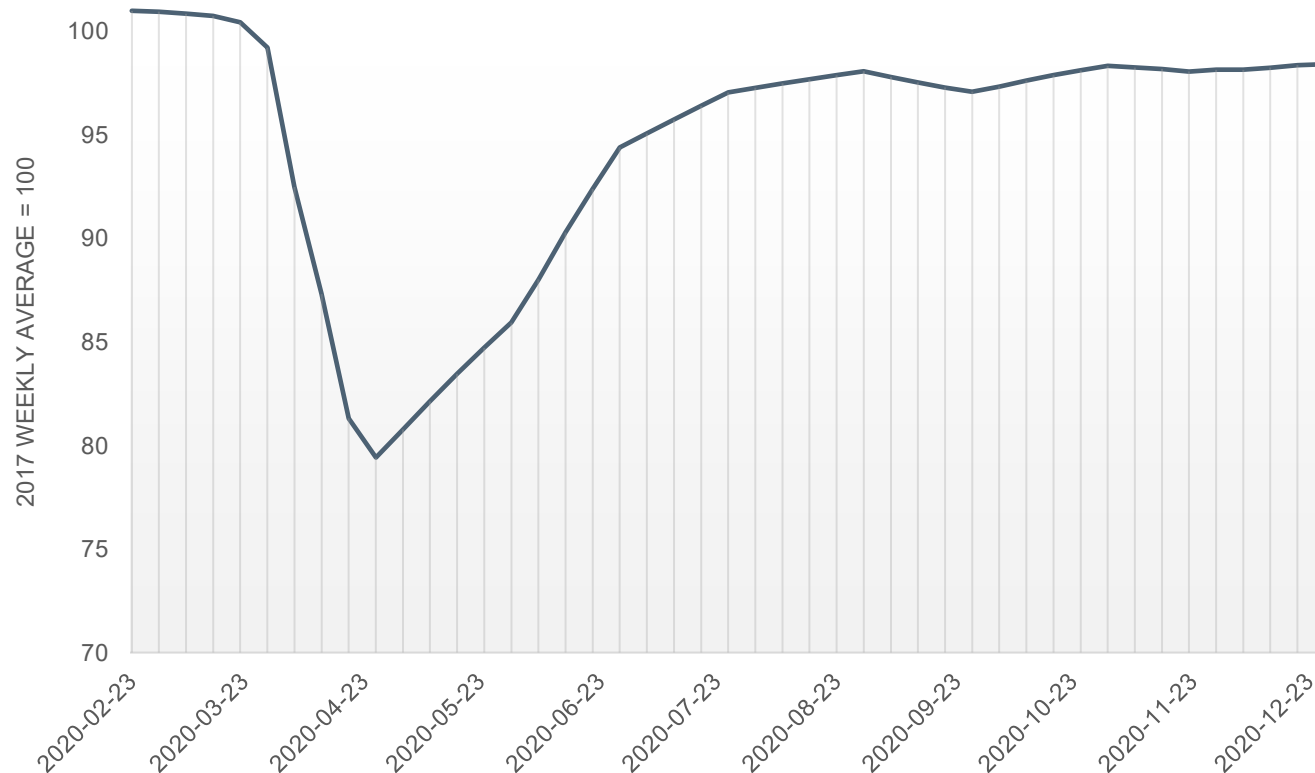


Source: Indiana Dept. of Labor, Rockport Analytics

- Indiana Leisure & Travel-Related Sector GDP reached \$48.6 billion in 2019. This was 12% of total state GDP.
- As of Dec 19<sup>th</sup>, more than 73,506 Hoosiers were collecting unemployment benefits, of which 11,159 were LTR workers (15%). The long-term average for LTR UE Claims is about 8,600 per week.
- The November employment data reported 3.09 million Indiana non-farm jobs. Using current weekly unemployment claims, Rockport estimates this number will climb to 3.094 in late December. This suggests that the Indiana labor market has returned to 99% of pre-COVID normal.

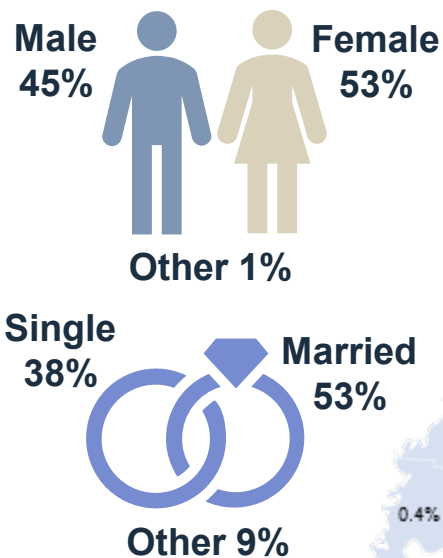
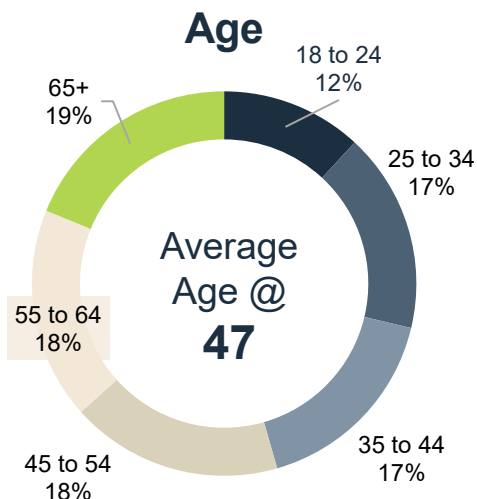
# IN LT-R Sector COVID-19 Index: Labor Stress Component

## Indiana COVID-19 Labor Stress Component Index

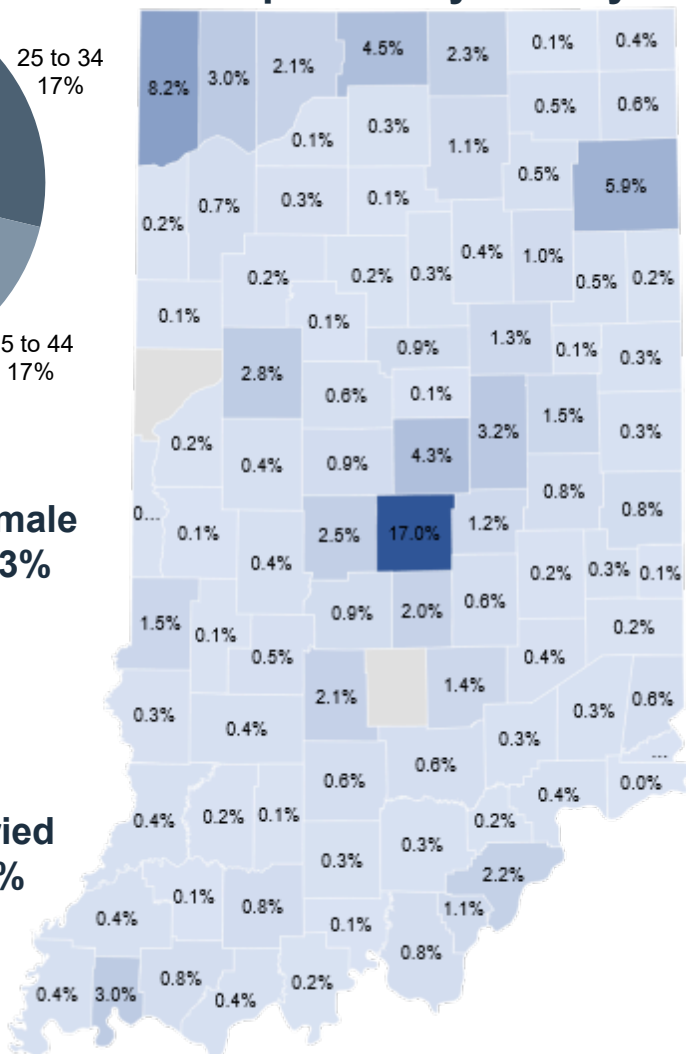


- The December 27<sup>th</sup> Labor Stress Component value hit 98.4. The Labor Stress index component has been in a range of 97 – 99 since early August.
- The Leisure & Travel-Related Labor Market Stress Component Index is comprised of both IN LT-R sector employment levels and IN weekly LT-R Unemployment Insurance Claims.

Source: Rockport Analytics

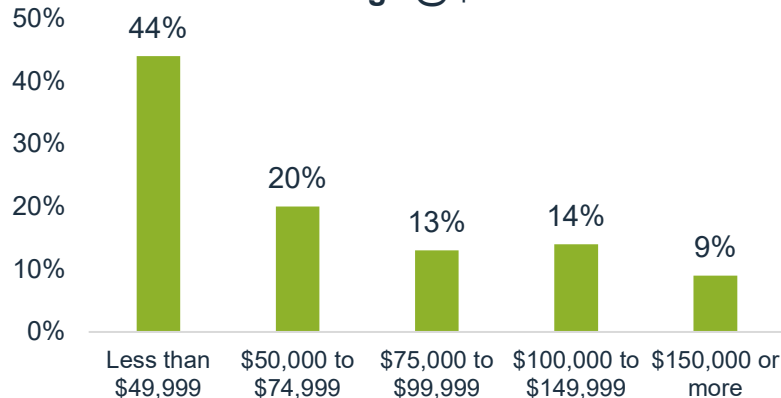


## Share of Survey Responses by County



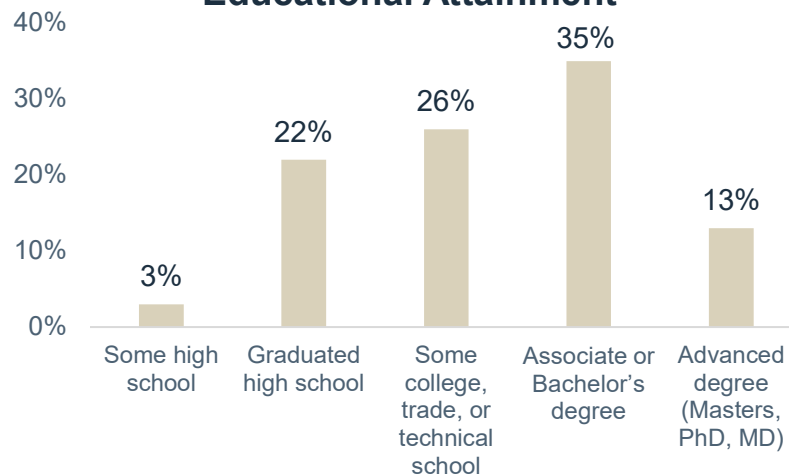
## Household Income

Average @ \$76.4K



Q: What is your annual household Income (before taxes)?

## Educational Attainment



Q: What is your highest level of educational attainment?

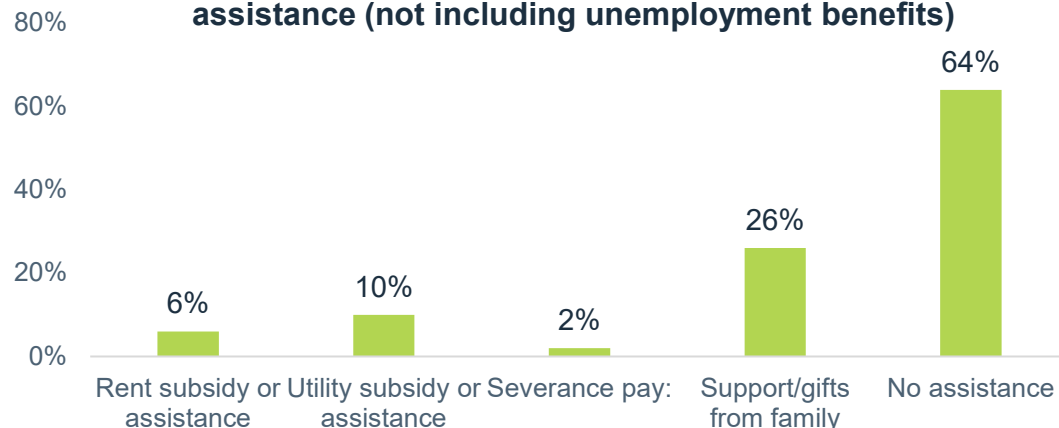


# Impacts on Indiana Employment

## COVID Employment Impact: By the Numbers

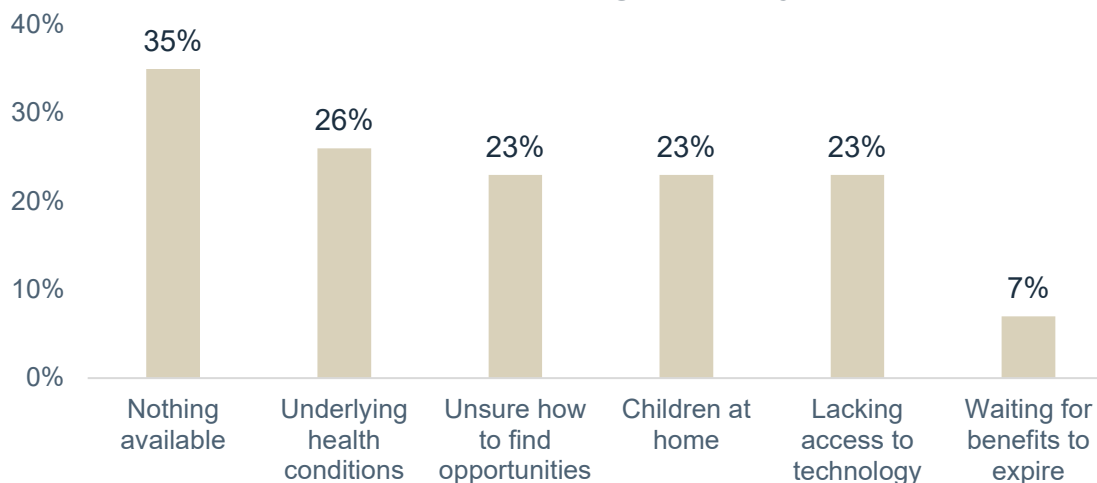
- Since the start of the pandemic, **22% of Hoosiers** reported being laid off or furloughed
- **41%** of those who lost their jobs or had been furloughed **are back to work**
- **31%** of those who lost their jobs **were laid off for less than one month**
- **25%** of those who lost their jobs **have been unemployed for 3 months or more**
- **About 60%** of unemployed Hoosiers have filed for unemployment benefits

## Only one-third of unemployed have received additional assistance (not including unemployment benefits)



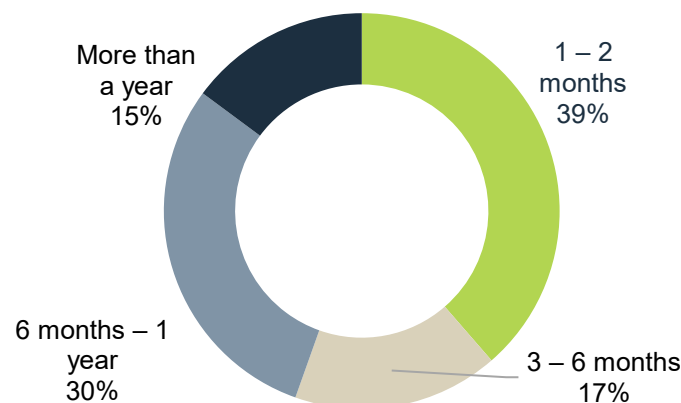
Q: What other financial assistance have you received?

## Barriers to Finding Employment



Q: If you have had difficulty in finding a job, what are the barriers you have encountered? (select all that apply)

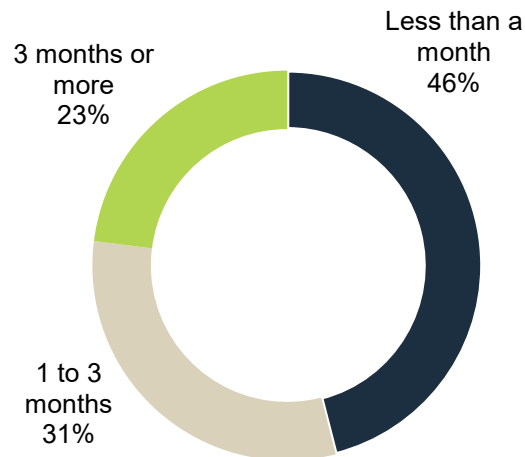
## 81% Of Unemployed Hoosiers Expect to Find a Job or Be Rehired Within 6 Months



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

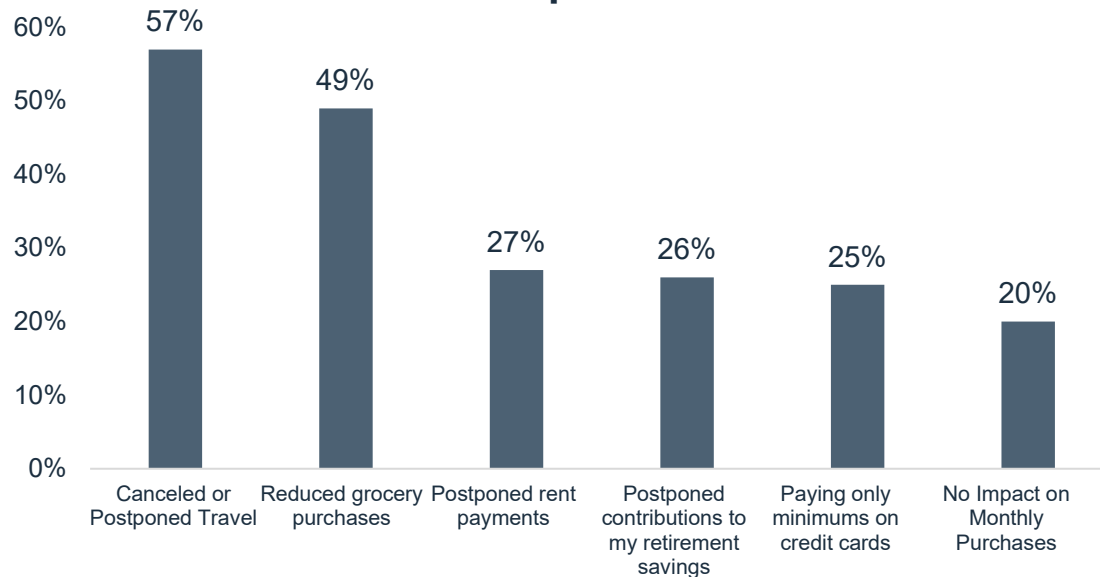
# Unemployment Impacts on Resident Quality of Life

## 77% of Unemployed Households Can Maintain for a Maximum of 3 Months



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

## How has your normal monthly budget been impacted?






*Q: If you have experienced a COVID-19-related layoff or reduction in hours, how has your normal monthly budget been impacted? (select all that apply)*

- A new question was added to Wave 6 to determine if households that experienced a COVID-19 layoff have had to modify their monthly budgets. About a quarter have had difficulty paying rent and the same proportion are also accumulating credit card debt by only paying their monthly minimums. Nearly 50% residents have had to reduce their spending on grocery items.
- Eight months since COVID-19 was declared a global pandemic, nearly 1 in 4 residents are still concerned about losing their job.

# Consumer Sentiment: Expectations Regarding Household Economic Activity After the Pandemic

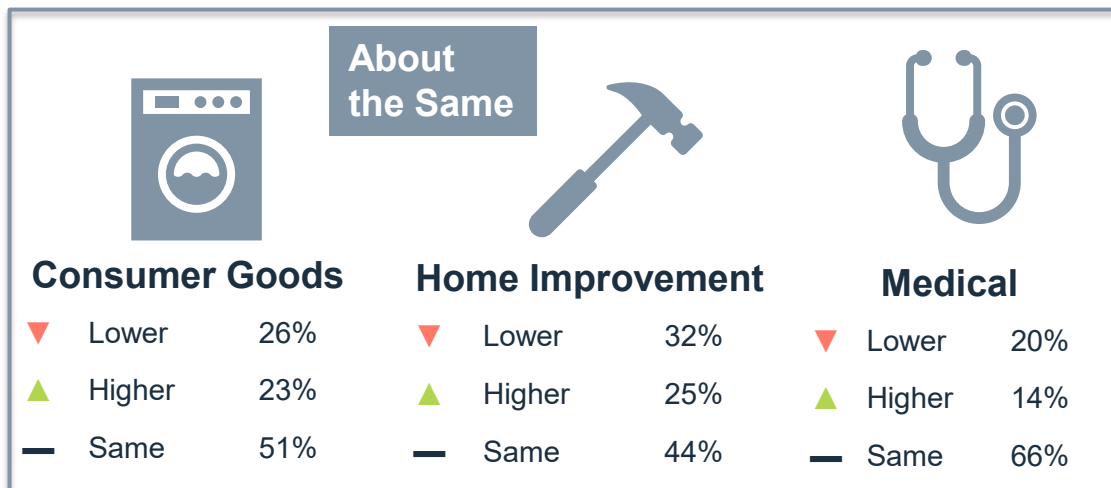
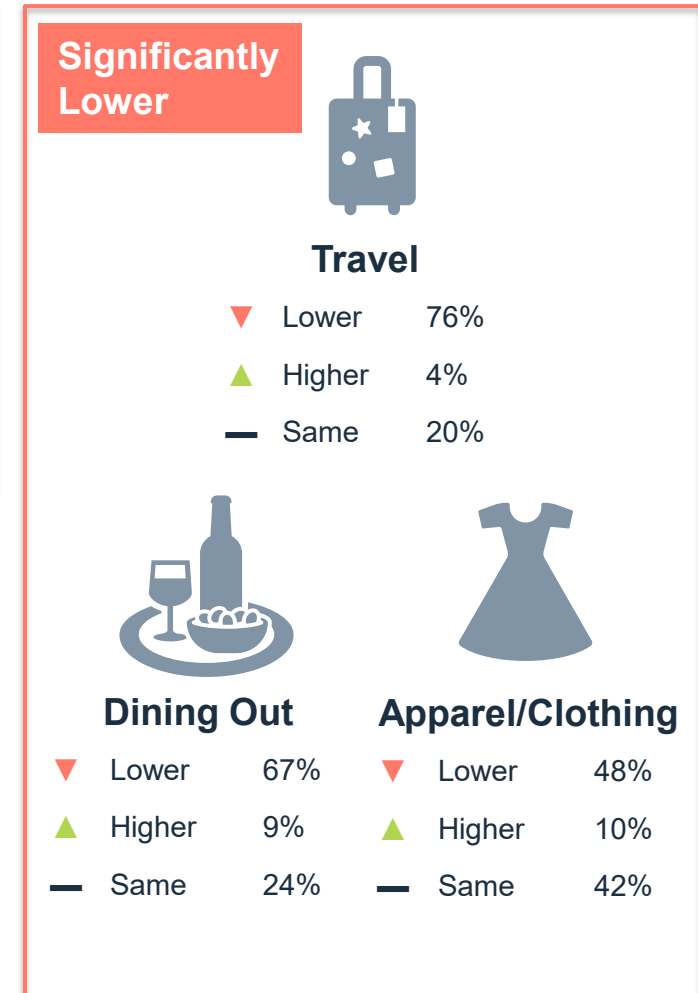
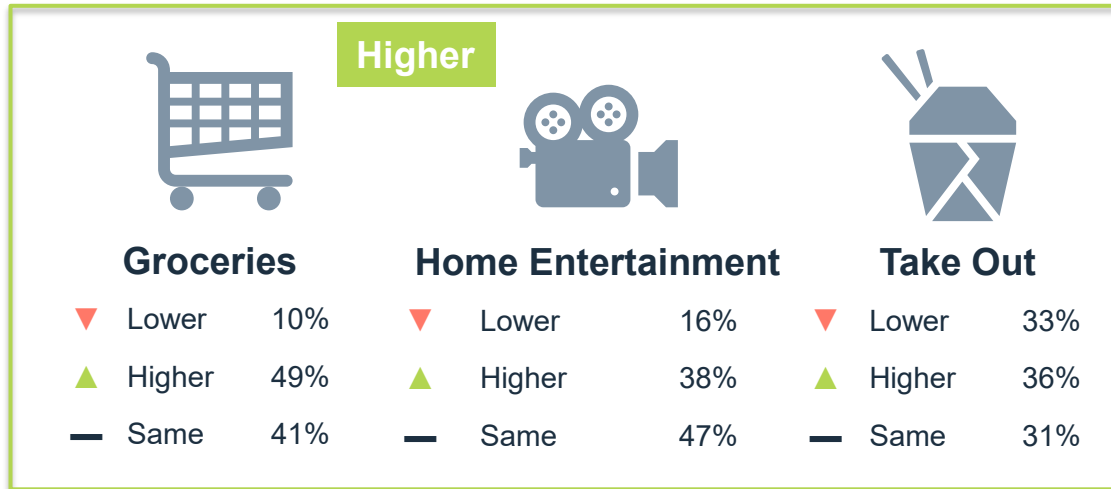
**Compared to before Covid-19, how do you anticipate the following will change after the pandemic?**

		Lower	Higher	About the same	Higher/Lower Net Difference	<u>Wave 6</u> Change in Expectations
Household Income	Wave 5 (June)	28%	9%	63%	-19%	 +11%
	Wave 6 (November)	23%	15%	62%	-8%	
Household Expenditures	Wave 5 (June)	21%	26%	52%	+5%	 +4%
	Wave 6 (November)	16%	25%	59%	+9%	
Household Savings	Wave 5 (June)	36%	15%	49%	-21%	 0%
	Wave 6 (November)	36%	15%	49%	-21%	

- Wave 6 results show that 77% of Indiana residents feel their household income levels will be about the same or higher following the pandemic, this is a 5-point improvement from the survey conducted in June. The improvement stems from a 6-point increase in the share of residents who in November believe their income will be higher (15% vs 9%).
- Responses from the November survey show that 84% of Hoosiers expect spending levels to be the same or higher following the pandemic compared to 78% in June. The net difference between those expecting to spend more and those expecting to spend less rose by four points since the start of the summer.

# Shifting Spending Patterns: Household Purchasing Activity During the Pandemic

During the pandemic, my spending on the following items has been?





# Consumer Sentiment: Expectations Regarding Future Expenditure More Optimistic

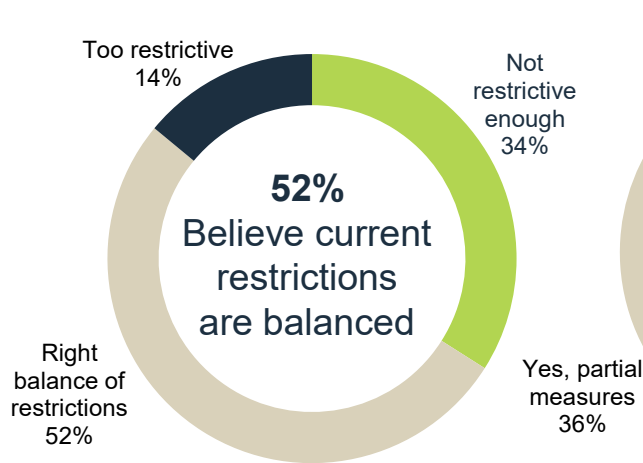
**How do you anticipate your household spending will change on the following items after the pandemic?**

	<b>Wave 5 (June 2020)</b>			<b>Wave 6 (November 2020)</b>	
Expenditures	Spend Less	Spend More		Spend Less	Spend More
Medical care	15%	20%		16% ↑	14% ↓
Groceries	21%	29%		18% ↓	22% ↓
Consumer electronics	29%	14%		21% ↓	12% ↓
Apparel	35%	13%		23% ↓	18% ↑
Bars & restaurants	47%	15%		25% ↓	25% ↑
Movies/shows/concerts	46%	12%		31% ↓	20% ↑
Leisure travel	46%	13%		22% ↓	31% ↑

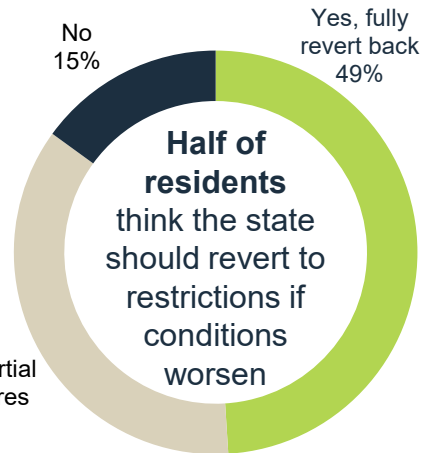
Survey results from Wave 6 show that Hoosiers continue to expect to spend less on most discretionary items after the pandemic. However, results from this month's survey are far more optimistic than those of the previous surveys. In Wave 6, fewer Hoosiers expect to spend less on LT-R, in fact, the expectation to spend less on bars & restaurants and on leisure travel has been cut by almost half. Meanwhile the expectation to spend more on these two categories has nearly doubled.

Shifts in spending expectations are clearly shifting away from consumer staples and towards more discretionary goods following the pandemic. This is likely the result of further pent-up demand and increased wealth and income among many Indiana households. There is a clear juxtaposition between households that are doing well through the pandemic and those who are more impacted, specifically those...

# Opinions Regarding Restrictions & Reopening



Q: How would you describe Indiana's social distancing and stay-at-home restrictions?



Q: If the health data continues to worsen, do you think Indiana should revert to the restrictions in place at the beginning of the pandemic?

## Fewer residents are venturing out to re-opened business\*



May: **79%**  
June: **77%**  
November: **71%**



Q: Will you and your family venture out to reopened businesses?:  
\*Top 2 box responses: Yes, and Yes, but to those with precautions.

## Safety Measures That Help People Feel Safe

Requiring Face Masks  
**81%**



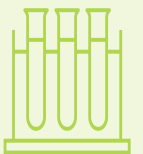
Temperature Checks  
**54%**



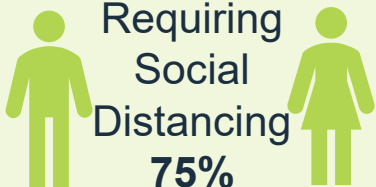
Plexiglass Shields  
**52%**



Negative Test Certification  
**49%**



Requiring Social Distancing  
**75%**



Vaccine Certification  
**53%**



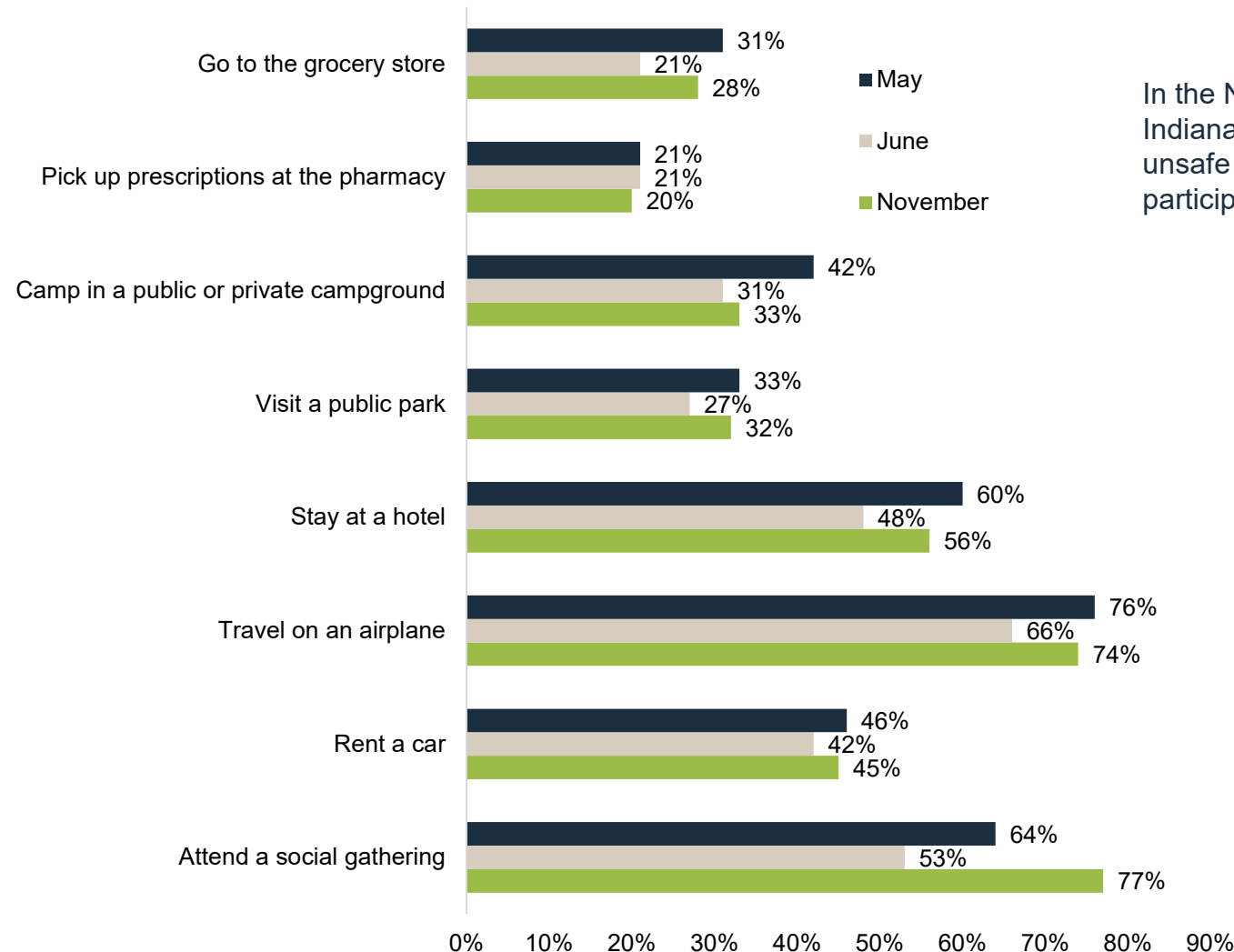
Cashless Checkout  
**51%**



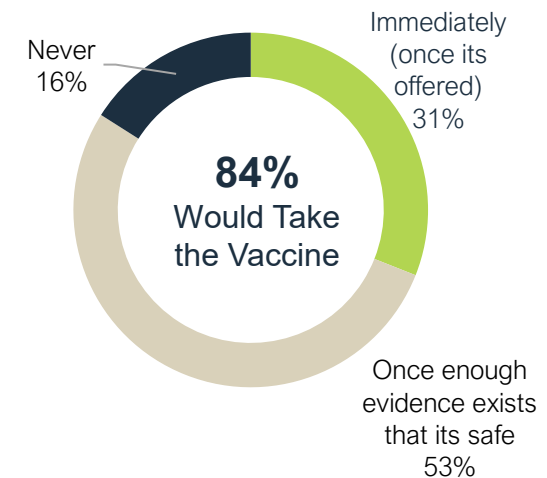
Q: On a scale of 1 to 5 with 5 being the most comfortable and 1 being the least, which of the following proactive business precautions makes you feel the most safe when venturing out?

# Consumer Sentiment: Safety While Conducting Various Activities

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



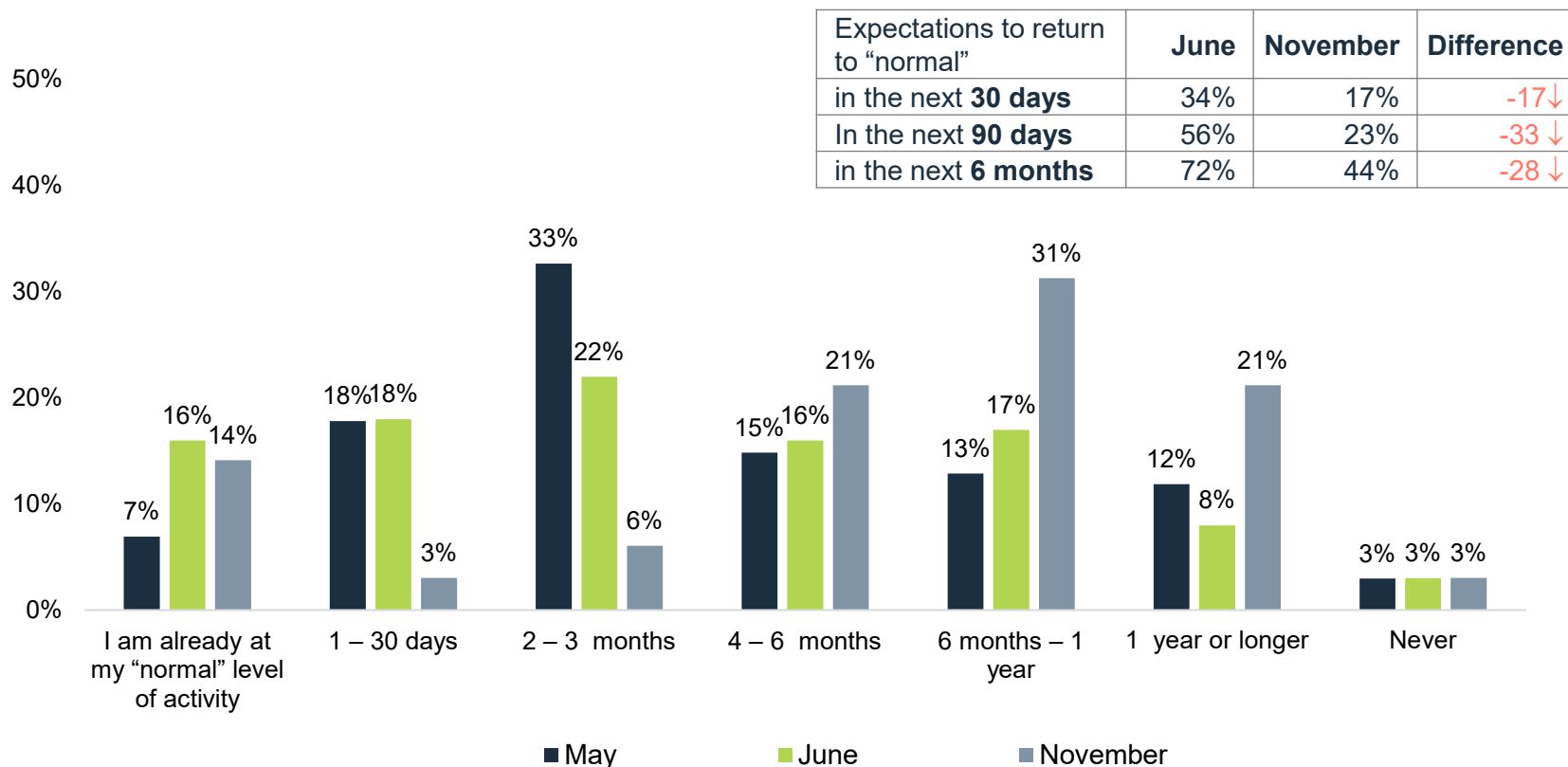
In the November survey we see that Indiana residents are once again feeling as unsafe as they did in May when it comes to participating various activities.



*\*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?*

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

Indiana residents have moderated their expectations of when they anticipate to go back to “normal”. In the June survey 72% anticipated that they would be at their normal levels of social activity in the next 6 months. In contrast, in the November survey 73% expect that their return will take between 4-6 months to more than 1 year. The tempering of expectations likely a result of the length of the unwavering pandemic and associated restrictions and escalating COVID-19 case numbers.



*Q: 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 Unchanged

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

Wave6 vs Wave5 Change in Willingness to Participate within 30 Days	Activities	Immediately	1 -30 Days	2-3 Months	4-6 Months	6 Months – 1 year	1 year or Longer	Never
+1%	Eat at a restaurant	17%	26%	26%	13%	11%	6%	2%
-1%	Visit outdoor attractions or parks	19%	20%	20%	14%	12%	11%	4%
+1%	Take a vacation by car	15%	16%	23%	17%	13%	11%	5%
–	Visit indoor attractions	10%	13%	23%	18%	17%	15%	5%
–	Stay at a hotel	9%	12%	18%	17%	19%	16%	8%
–	Attend a movie/show/concert	8%	10%	19%	18%	18%	18%	9%
-1%	Take public transportation	8%	8%	11%	13%	13%	15%	32%
–	Fly on an airplane	7%	7%	12%	13%	14%	21%	26%
–	Visit a casino	6%	8%	12%	15%	18%	21%	20%
–	Travel outside the country	5%	4%	7%	8%	13%	29%	33%

In previous surveys we saw that most Hoosiers had been feeling increasingly ready to return to LT-R activities. However, results from the November survey show that expectations to return to LT-R activities are nearly identical as the expectations in early June. Given that the number of residents with a family member who has tested positive has increased four-fold and that the number of confirmed cases in the state has been rising since the end of October, it is likely that residents are not very optimistic about the speed with which they can return to LT-R activities. In several States, efforts to slow the spread of the virus has resulted in the reinstatement of restrictions; therefore, a consumer's ability to return to LT-R activities appears now more distant than earlier in the summer.

## What is the Indiana COVID-19 Leisure & Travel-Related (LT-R) Sector Index?

The IN COVID-19 LT-R Sector Index is a composite index of several high frequency (weekly) indicators covering various touchpoints of the coronavirus' progress and impact on frontline Indiana businesses. These businesses are engaged retail, food services, accommodations, arts & entertainment, and transportation. The Index effort also includes a weekly Indiana consumer and business sentiment survey currently planned for 5 weeks.

## Why did we develop the IN COVID-19 LT-R Sector Index?

COVID-19's impact on Indiana's LT-R sector has been unprecedented. The goal of the Index is to help anticipate the LT-R Sector's bottom and track the recovery. The data gathered on behalf of the Index will also help to indicate which subsectors are the most deeply impacted and where support is most needed.

## What data is included in the Index and how is it constructed?

The composite index is comprised of 4 categories of indicators: (1) Epidemiology, (2) Labor Market Stress, (3) Consumer & Business Sentiment, and (4) Travel Disruption. Each component's recent performance is compared to a more normal period of performance, in this case 2017. In the early going, the component indicators are equally weighted but weighting schemes may be introduced later given insight learned from evolving conditions, new contextual data, and the business and consumer sentiment surveys. As weekly data is released for each component, a new composite value will be derived, compared, and reported.

## What does the Index tell us about conditions in Indiana?

The component indexes and their supporting contextual data will immediately help Indiana businesses, workers, consumers, and government entities understand just how far the LT-R sector has fallen and how fast. Tracking progress of the Index can yield insight into when we have bottomed and how quickly and robustly recovery will begin. Finally, knowing which components have turned first can help stakeholders anticipate when it is appropriate for them to begin to take action to participate in the recovery.

## How can my organization use the IN COVID-19 LT-R Sector Index?

Tracking weekly progress of the IN COVID-19 LT-R Sector Index can help every organization know when recovery has truly begun and how quickly it will come to your sector, business, or organization.

## How can I interpret the Indiana COVID-19 LTR Sector Index values?

This composite index combines a set of weekly indicators from four categories: (1) epidemiology (e.g. COVID-19 mortality), (2) labor market stress (e.g. LTR unemployment insurance claims), (3) travel interruption (e.g. hotel room demand), and (4) Hoosier consumer and business sentiment (e.g. mean losses in LTR business revenue and workforce). The Index examines COVID-19 impacts/progress from several views. Each indicator's historic values are compared to their performance in more "normal" times, in this case their weekly average for 2017. This transformation allows direct percentage comparisons between where we are now versus what might be considered as normal.

## How can I interpret the Indiana COVID-19 LTR Sector Epidemiology Component Index values?

This component of the overall Index is based upon COVID-19's impact on the normal weekly mortality rate among Indiana's population. Rockport used the weekly mortality rate during 2017 as a baseline and compared the new (and rising) rate of Hoosier deaths caused by COVID-19. This component index has been inverted since rising mortality is a negative factor and can, therefore, be added together with the other Index components. The most recent value for this Index is 77.9. This means that the current Hoosier weekly mortality rate is 22% higher than normal (2017) due to COVID-19.

## How can I interpret the Indiana COVID-19 LTR Sector Travel Disruption Component Index values?

This component of the overall Index is a combination of weekly Indiana hotel, air, and travel sentiment indicators. For example, weekly hotel room demand is divided into the weekly average of room demand for 2017, the chosen "normal" period. Likewise for the other indicators included in this component. The Travel Disruption Component Index is interpreted as a direct comparison between where we are now versus when travel activity was "normal". For example, the December 2<sup>st</sup> value of this Index is 69.6. This means that travel activity is 30% of normal or has fallen by 70%.

## How can I interpret the Indiana COVID-19 LTR Sector Labor Stress Component Index values?

The Labor Stress component is a combination of LTR jobs and LTR unemployment claims data. Essentially, it captures the labor market losses associated with COVID-19. Like other components, it is calculated by comparing current values for LTR labor market indicators with a period designated as "normal" (2017). Interpret these component index values a percent of normal performance. For example, on June 6<sup>th</sup>, the Labor Stress Index value is 75.6. This means that we are currently at only 76% of 2017, or that labor market conditions are down about 24% from normal.

## **Why are previous values of the Indiana COVID-19 LTR Sector Index and its components sometimes revised?**

Both the overall and composite indexes are built from several high frequency (weekly) private and public data series. Reporting on some of these indicators lags others. Moreover, some of the original sources revise their data to reflect new information received after original publication. For some of the indicators, Rockport must “estimate” the latest week of data until the source reports an actual. Moreover, revised values from the original source are also immediately incorporated. The result can be slight revisions to Index values for the previous week.

## **A weekly consumer and business sentiment survey also played a role in this research effort. How was each survey conducted?**

The online IDDC/Rockport Weekly Consumer Sentiment Survey is sent to a representative sample of Indiana residents asking a battery of questions about how COVID-19 has effected their lives. Respondents are asked for their opinions on safety, restrictions, employment status, stimulus, and reopening. Many questions are set up to allow for monitoring of trends, a few of which are directly included in the Indiana COVID-19 LTR Sector Index. Four weekly waves have been completed to date with between 380 and 400 responses per. The responses are weighted to reflect Indiana’s population and demographic profile and are representative of all Hoosiers.

The IDDC/Rockport Weekly Business Sentiment Survey is sent to a compiled list of Indiana LTR business owners/managers. The list contains about 3,700 Indiana restaurant, retail, accommodation, arts & entertainment, and transportation businesses. Four weekly waves have been completed to date with between 240-380 responses per. Questions cover several COVID-19-related topics including financial impact, viability, stimulus receipt, reopening, and future expectations. Trends in many of these questions are being monitored with some explicitly included in the Indiana COVID-19 LTR Sector Index.





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