




CONNECTICUT OFFICE OF TOURISM

Tourism Insights Program

JULY - SEPTEMBER 2020 REPORT

Top July through September Takeaways

1. **Leading Indicator.** An important KPI for the travel industry to monitor is the daily number of COVID cases because “As goes COVID, so goes travel and tourism.”
2. **Rebound.** Once the COVID crisis is brought under control travel demand is projected to rebound strongly and reach 80% of 2019 levels in 2021.
3. **Connecticut Rising.** Connecticut hotel occupancy rates are outperforming the rest of the country.
4. **Masks Give More Than They Take.** Mask ordinances are divisive, but among Northeastern residents they attract 25pts more visitors than they turn away.
5. **Evolving Travel Behaviors.** Post-viral travel trends are likely to include visits to friends and family; and, to places that offer wide-open outdoor spaces.
6. **Important Hotel Amenities.** Overnight travelers most want to know what disinfecting/cleaning procedures have been put into place and whether food and beverage options are provided on-site far more than they care about fitness centers or game rentals.
7. **Intent to Visit Attractions.** Attraction intent among Northeastern residents is well-below pre-COVID norms, but the same is true nationwide.
8. **Barriers to Recovery.** Northeastern residents believe the biggest threat to meaningful economic recovery is the continued escalation of COVID cases and any potential failure to identify a safe and effective vaccine.
9. **Pet-Friendly Hotels.** We’ve grown so accustomed to having our best buddies around with us that many expect travelers to continue this trend in the near future... bringing their pets with them when they travel. The need for dog-friendly accommodations may be an important differentiator.
10. **Subscription Models.** Some travel companies are leveraging subscription models to keep revenue coming in steadily. This not only works for country clubs, but even places such as restaurants can offer a monthly subscription service that saves loyal customers money on entrees or drinks and ensures they continue patronizing the restaurant on a regular basis.
11. **Workcations.** Staycations were all the rage after the Great Recession a decade ago and this time around the idea of a Workcation is gaining traction. Given that much work and school is now conducted online, workers and children can do what they need to from virtually any location in the world....why not yours?
12. **COVID Fees.** COVID-19 fees and attitudes may deter business; however, a few Northeasterner’s support additional fees.
13. **Leveraging Social Media.** Social media stories that go viral can greatly help individual businesses struggling as a result of the pandemic.
14. **Normadic Travel.** Mundane trips that used to seem inconsequential have taken on mammoth significance during the pandemic. Known as

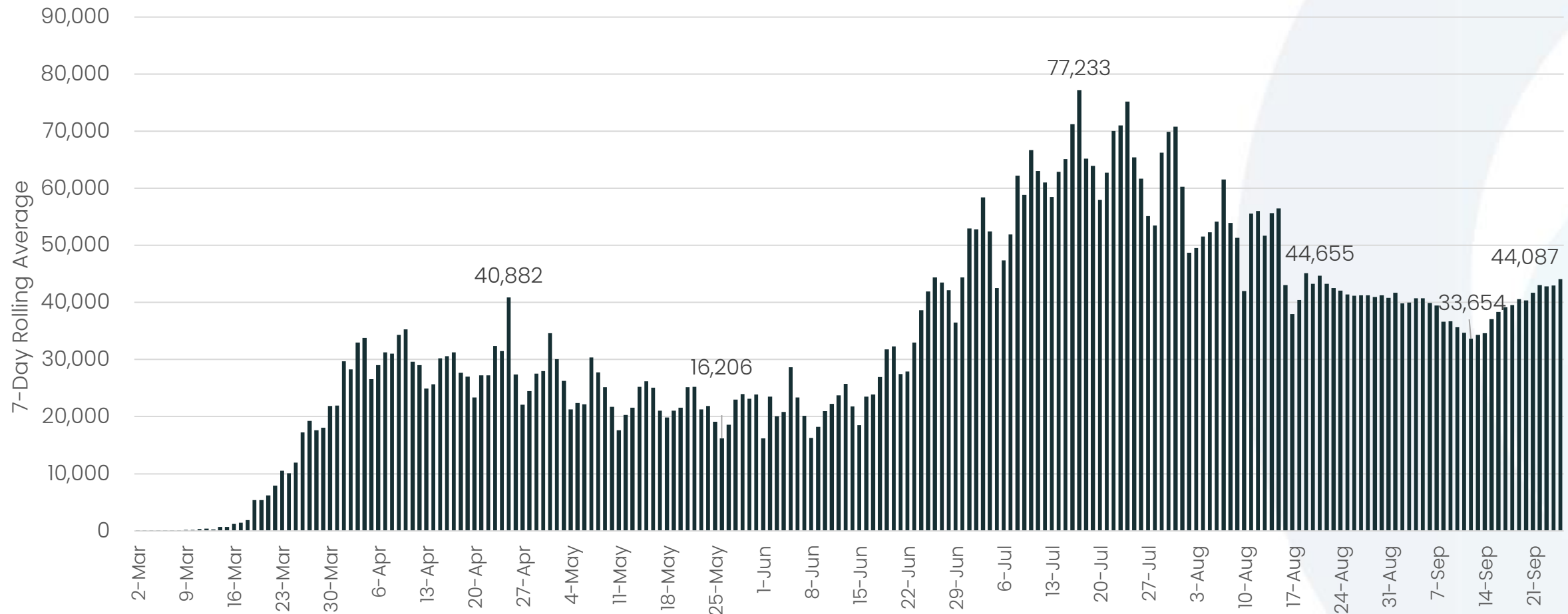


Connecticut Tourism Insights Program

Setting the Scene

Total U.S. virus infections are approaching 7 million, and new cases remain just under 35k per day with a September positivity rate averaging 5.4%

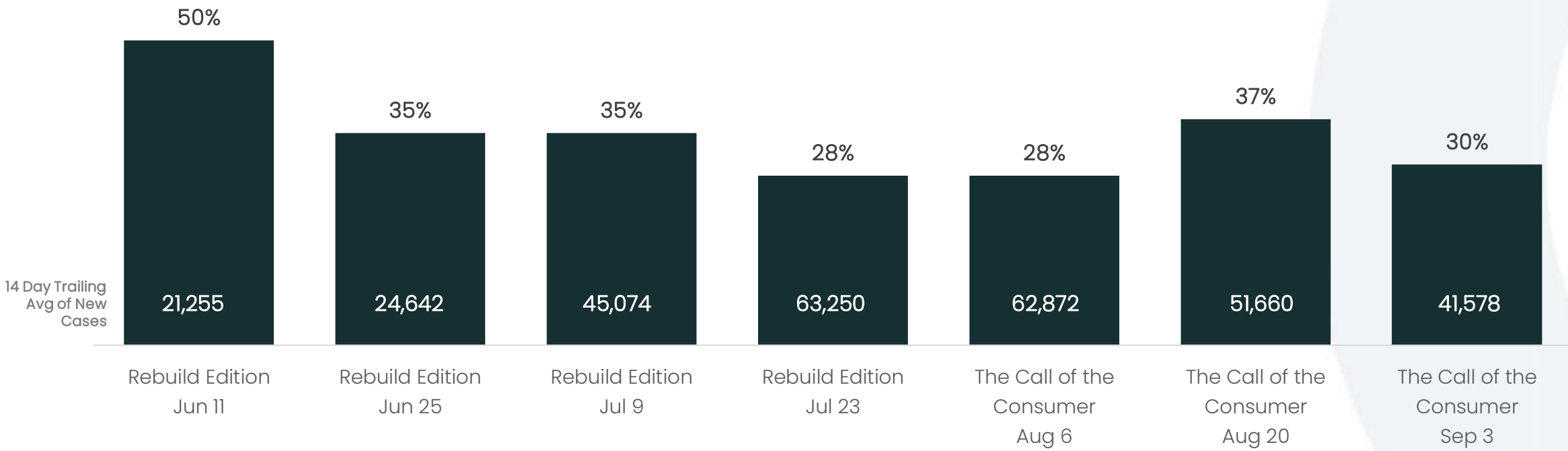
7-Day Rolling Average of New COVID Cases per Day



Source: The COVID Tracking Project, <https://covidtracking.com/data/>, September 26, 2020

Intent to travel nationwide steadily declined as the number of new COVID cases increased over the summer, and finally edged upward when the number of cases temporarily declined.

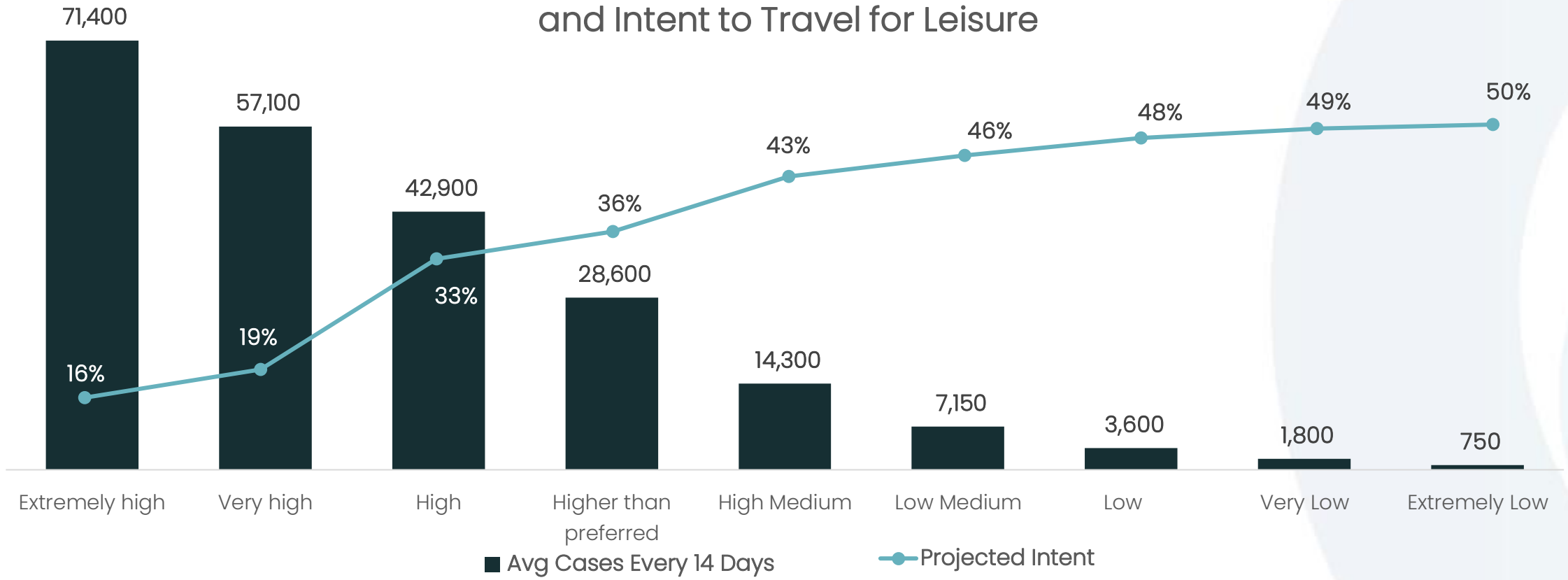
Intent to Travel for Leisure in the Next 6 Months
% Probably/Definitely Will



Source: The Call of the Consumer (Panel), H2R Market Research, June–September 2020

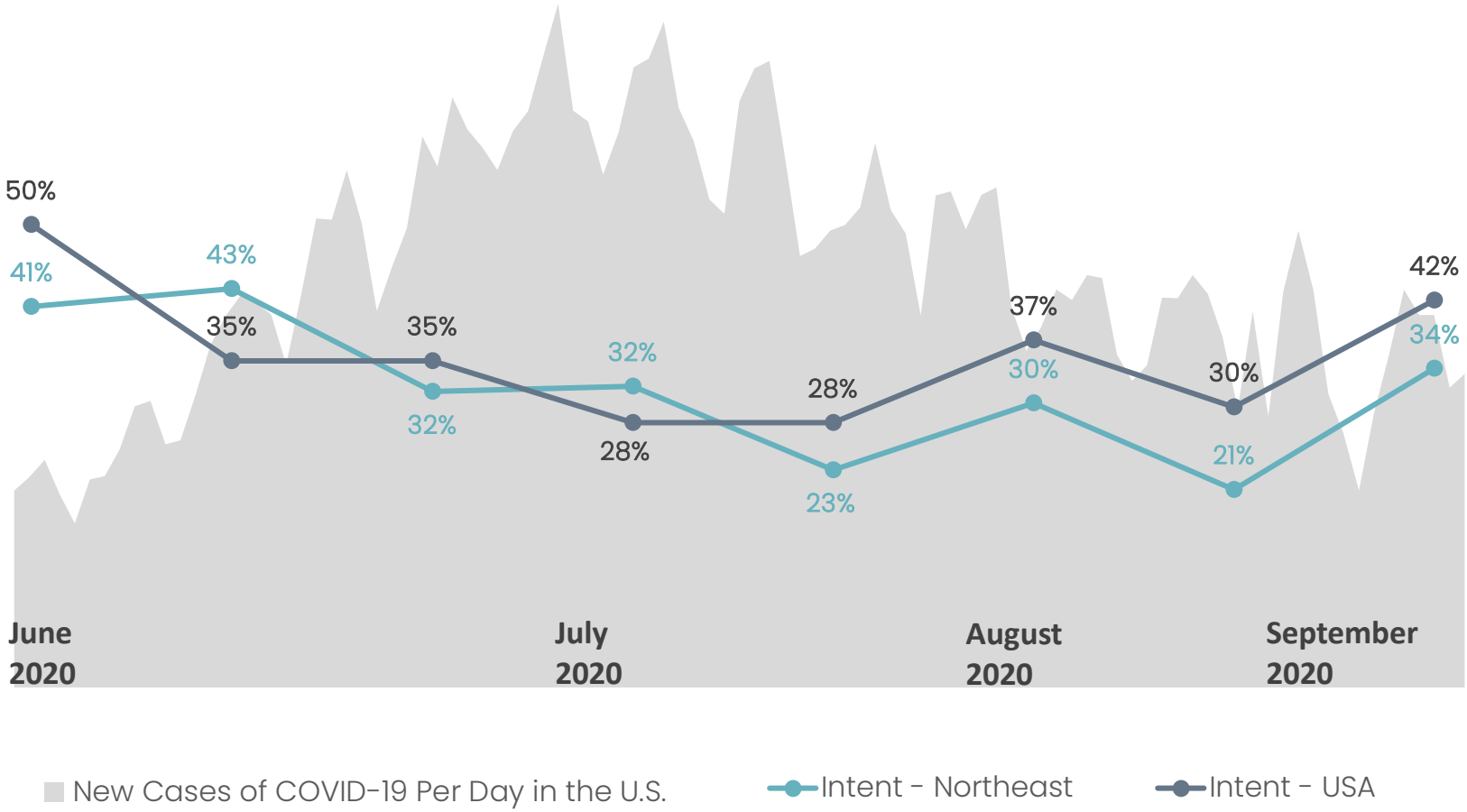
Our analysis reveals a strong relationship that projects intent to travel improves as the number of new COVID-19 cases reported per day decreases.

Mathematical Relationship Between the Number of New COVID-19 Cases and Intent to Travel for Leisure



Source: The Call of the Consumer (Panel), H2R Market Research, June-September 2020

Nationwide Intent to Travel for Leisure (Northeast & USA) vs. New Coronavirus Cases



Intent to travel among **residents of the Northeast** has also ebbed and flowed like average intent to travel nationwide. Therefore, travel recovery in New England will not be something marked by the calendar, but rather by the number of COVID cases reported daily.

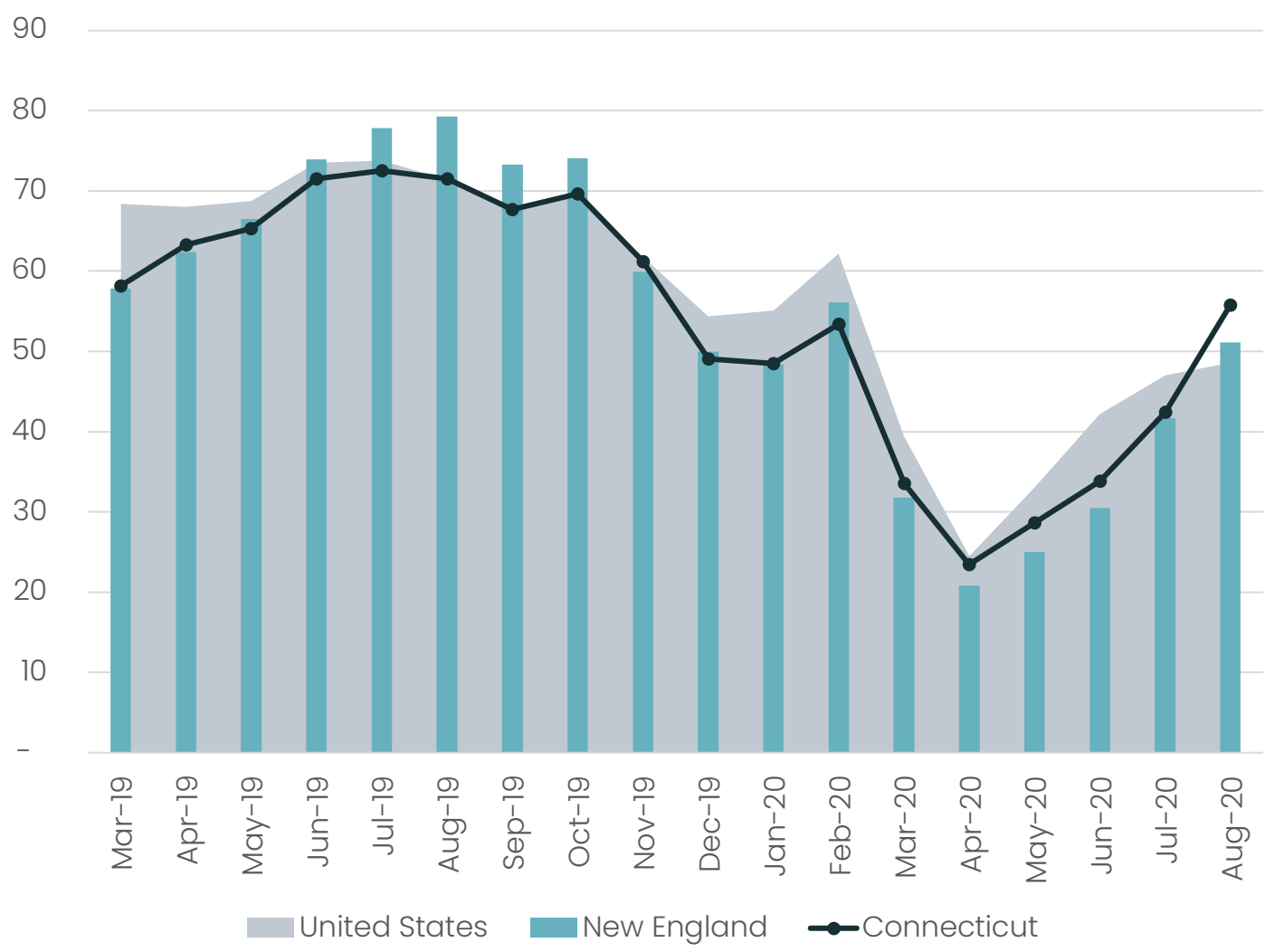
There is a strong relationship between intent to travel with the daily number of COVID cases.

That is, Northeastern residents' intent to travel declines as the number of COVID cases increase, and it increases as the number of daily cases decline.

As a result, we are not likely to return to "normal" when the holidays arrive, and people return to traditions. Nor will 2021 magically bring an end to all this. The only thing that appears to matter much these days is the severity and trajectory of the COVID virus.

Source: "The Call of the Consumer," H2R Market Research, August-September (Panel)

Connecticut's Hotel Occupancy Rates (%)



SMITH TRAVEL RESEARCH

Hotel Occupancy

Hotel occupancy rates can be a great lagging indicator of tourism performance. Over the past 18 months Connecticut's Occupancy rates have mirrored U.S. and New England occupancy rates very closely. Individual hotels can look to these rates to measure their own performance against state-wide, region-wide and nationwide trends.

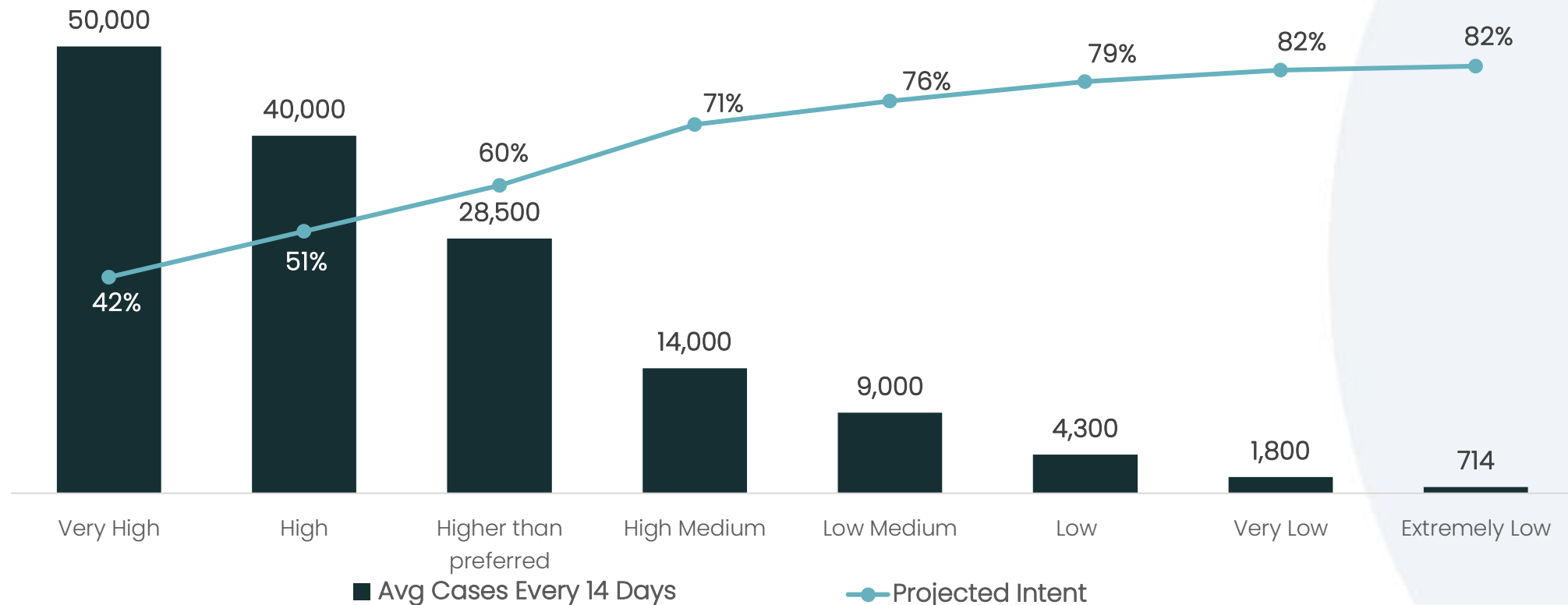
Since the pandemic began, Connecticut's occupancy rates have eclipsed New England's and in August rose above both New England and the U.S.

Not only does this data tell us that tourism is trending upward but looking at past trends can provide an indication of what may be to come. Since 2012, fall occupancy rates in Connecticut have been about 2% lower than that of summer while holiday occupancy rates have been about 16% lower than summer. Knowing this, hotels and other tourism industry stakeholders across the state can begin to plan for fall and holiday occupancy.

Source: Smith Travel Research

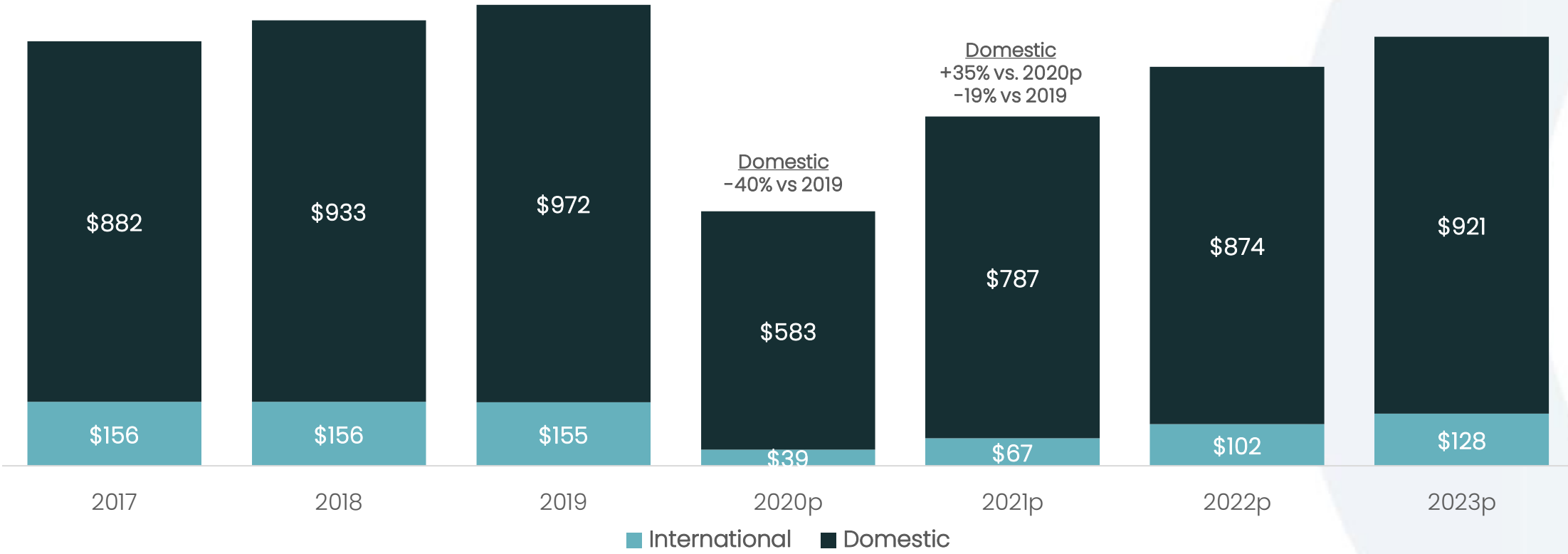
Applying these trends to an average attraction or hotel doing 42% of 2019's performance in August, one would project that performance could return to around 80% of 2019 levels when/if average daily cases dip below 2k.

Projected Level of Performance by Average Number of COVID Cases per Day



U.S. travel forecast reveals similar findings. USTA forecasts -40% in domestic revenues in 2020 followed by +35% in 2021 when revenues are expected to return to 81% of 2019 levels.

Forecast Total Travel Spending in the U.S. (\$Billions)



Source: U.S. Travel Association

An aerial photograph of a city skyline, likely Hartford, Connecticut, featuring a river in the foreground, a complex highway interchange, and several high-rise buildings. A large teal triangular overlay covers the left side of the image.

Connecticut Tourism Insights Program

Current Industry Trends

TRAVELER RISK TOLERANCE SEGMENTS

Until COVID cases decline, travel will be dictated by risk tolerance. That is, until the COVID threat has been effectively removed (average daily new cases < 2,000 nationwide), travel performance is likely to continue to be governed by individual's assessment of risk tolerance. These beliefs around one's own risk tolerance to COVID-19 place travelers in one of five different travel buckets, outlined below:

LAGGARDS

Need to see a safe and effective vaccine put an end to all virus fears (2022 or after).

EARLY ADOPTERS

No fear, few masks, have already ventured out (Summer Visitors).

LATE ADAPTERS

Need to see a steady decline in the number of new COVID cases (Maybe 2021).

ADAPTERS

Need to see others traveling safely first (Holiday Visitors).

FAST FOLLOWERS

Travel is planned and trips are imminent (Fall Visitors).



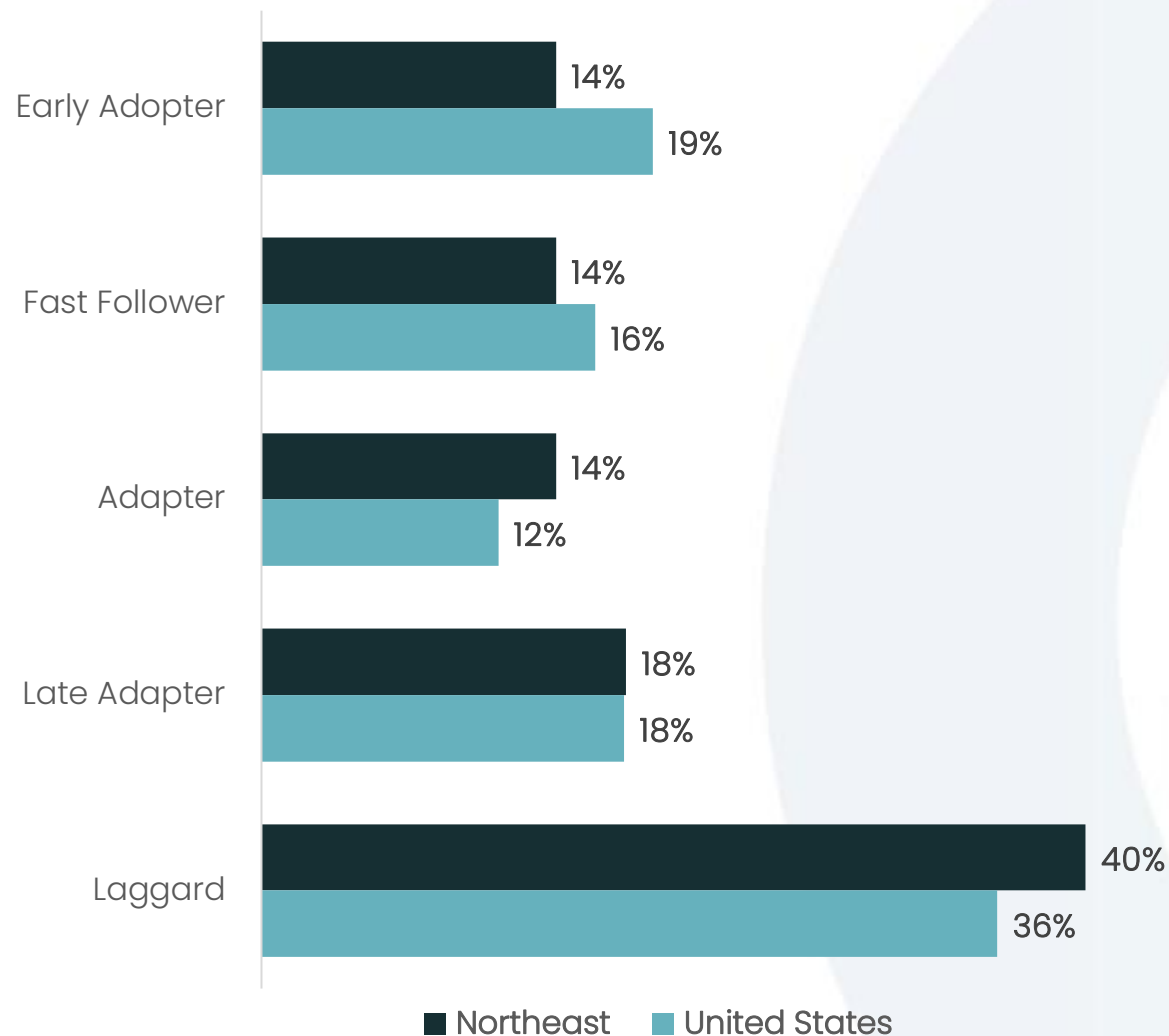
Measure Twice. Cut Once.

Different consumers have different levels of risk tolerance. Some are not very worried about the virus and have already taken a trip or ventured out to a local attraction such as a museum, aquarium, zoo, science center, etc. Others already have their travel plans made and their bags packed and will be traveling in the near future. Others say they will travel just as soon as they see friends, family members and others venturing out and returning safely without incident. In the Northeast these three types of people are the ones most likely to travel the remainder of this year and collectively they account for just four in ten of all Northeast residents. Late Adapters and Laggards, the remaining two segments, are not likely to travel or venture out again for quite some time. They account for the other 58% of Northeasterners.

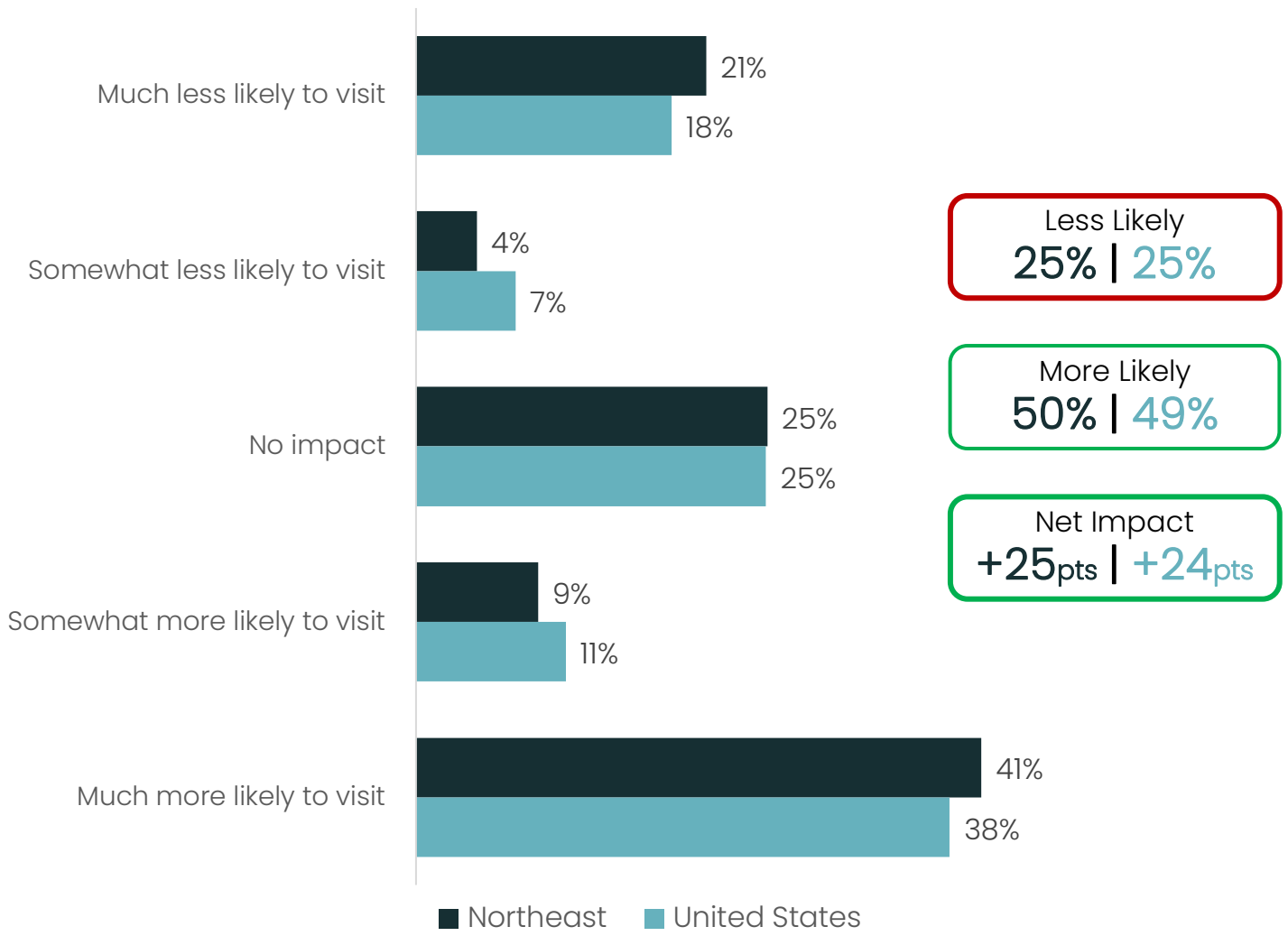
Thus, as long as new COVID cases remain high, the travel industry is working with less than half the number of people who would normally be traveling. Those people who have or will travel soon look and behave differently from what used to be the norm.

As you begin marketing your business or destination again in the post-viral world, it would not be wise to assume that your previous target market, media channels and marketing messages will work as they used to. There is no playbook for this situation. This would be a good time to “measure twice, cut once.”

Northeastern Consumers by Risk Tolerance Segment



Impact of Mask Ordinances on Northeasterners' Intent to Visit a Destination



TRAVEL SAFETY

Mask Chaos

The Northeast, like the rest of the country, remains divided on the issue of masks. Comparatively few (46%) support the idea of mask ordinances or mandates in their communities, yet most Northeastern residents (75%) say they would be more likely/just as likely to visit a destination that had a mask mandate.

More importantly, 50% of Northeasterners say they would be MORE likely to visit a destination that had a mask ordinance in place compared to just 25% who would be less likely to visit a destination that did not have a mask ordinance.

For now, mask mandates deliver 25 points more visitation than destinations that do not have mask mandates. And, the Northeast as a whole is slightly (+1pt) more likely than the average American nationwide to feel this way.

💡 Key Insight
Masks are good for business

Source: "The Call of the Consumer," H2R Market Research, August-September Nationwide Panel (Northeast vs. United States)

CONSUMER PROJECTIONS

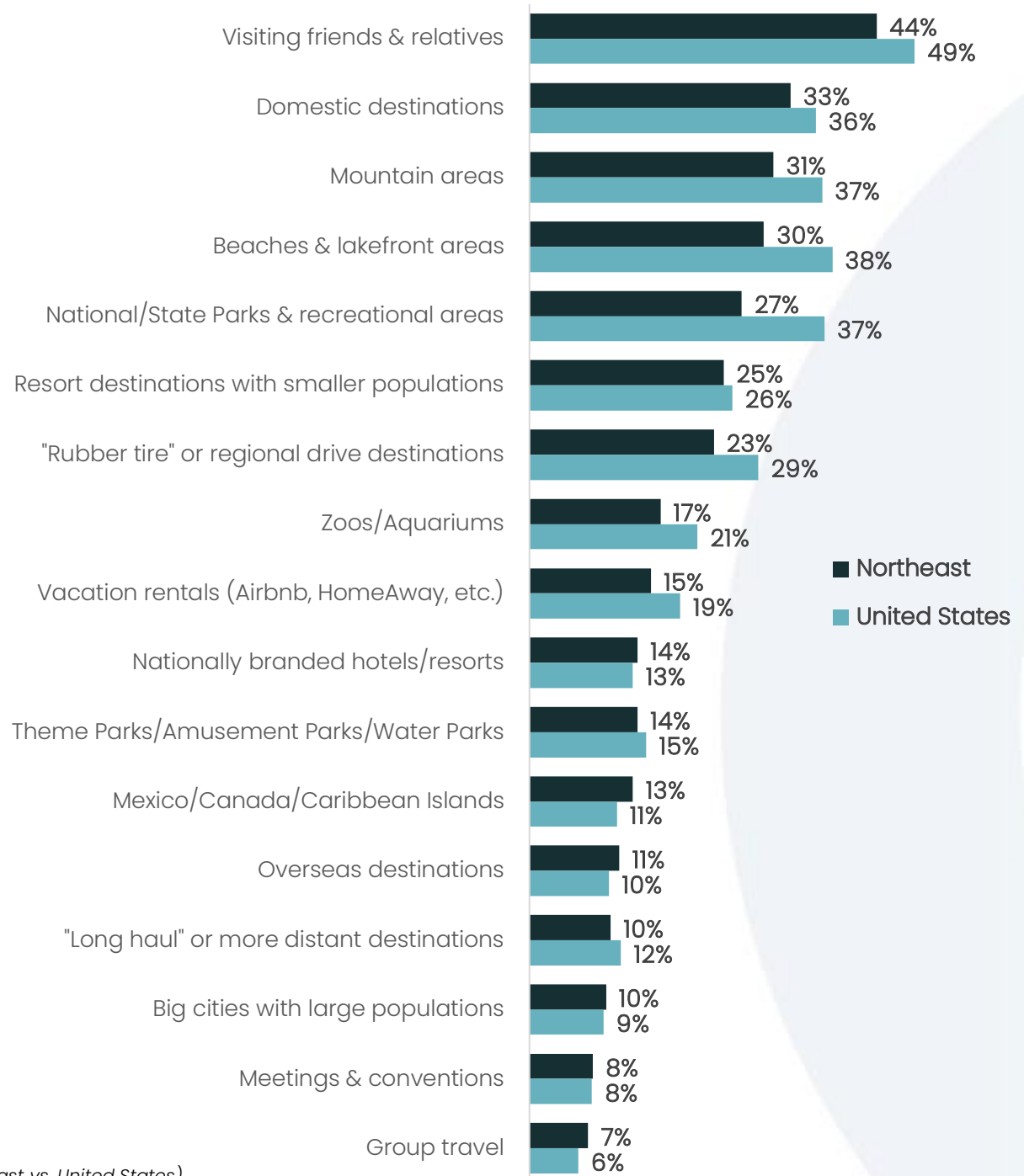
Most Popular Types of Travel Envisioned in the Post-Viral World

Northeasters' expect the most popular types of travel in the post-pandemic world (after the coronavirus threat has passed) to include visitation to friends, mountains & beach destinations in the U.S., national/state parks, regional drive destinations.

Interestingly, Northeastern residents expect resort destinations with smaller populations (25%) to be 2.5 times as popular as bigger cities with large populations (10%)

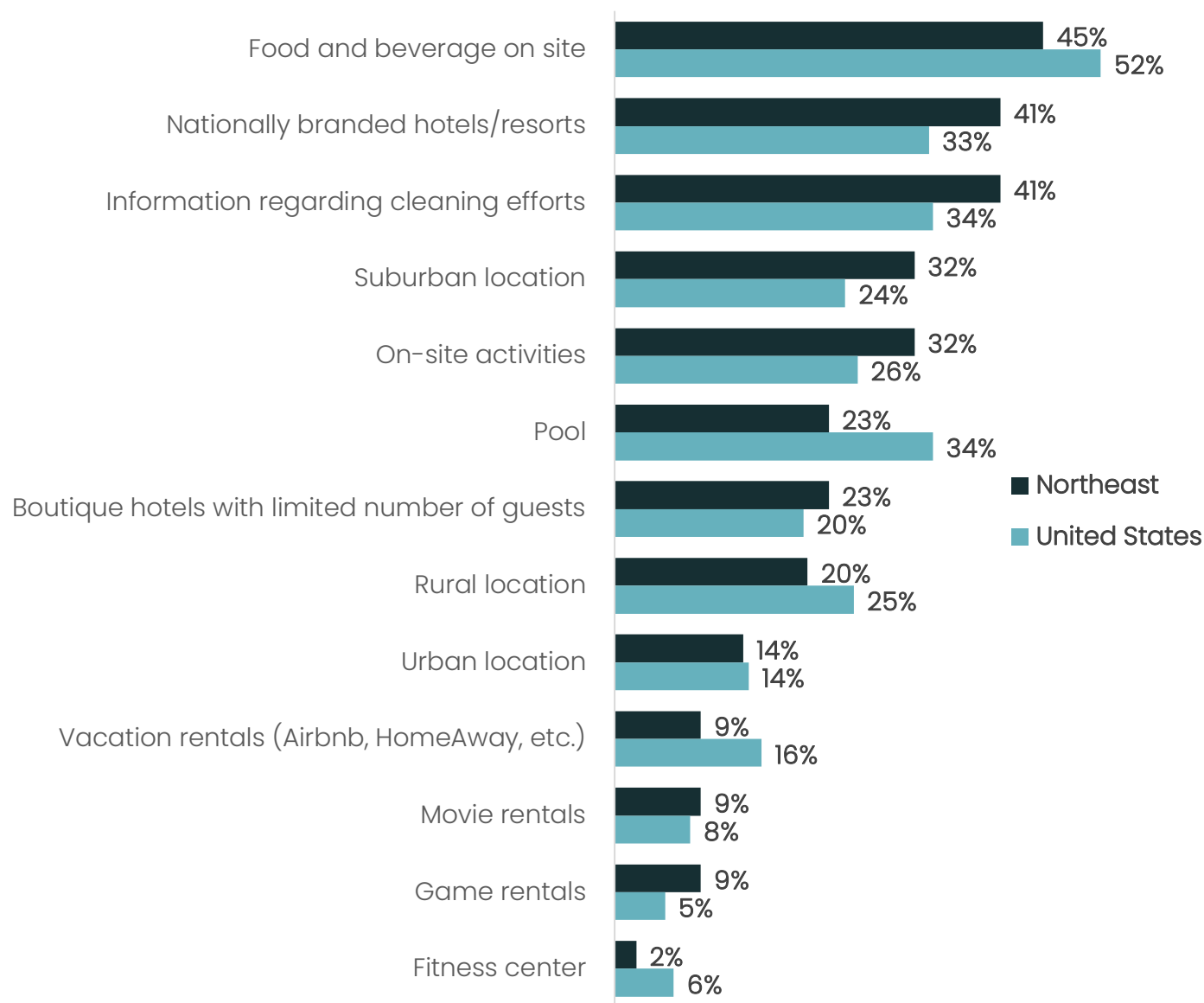
Also, the data indicates that wide-open spaces that are comparatively close to home will be among the lowest hanging fruit for most towns, hotels, attractions, restaurants, and events. For the foreseeable future, one's traditional target market has likely changed and the product and marketing that worked effectively in the past may not be as successful over the next 12-18 months if not longer.

💡 Key Insight
Consumers want to be away from home with room to roam.



Source: "The Call of the Consumer," H2R Market Research, August-September Nationwide Panel (Northeast vs. United States)

Preferred Lodging Amenities



HOTEL MARKET SPACE

Preferences in Lodging

In general, hotels reported faring better than the airlines or most attractions. According to STR, hotel occupancy rates across the State of Connecticut were down 22% through August (55.8% vs 71.5% in Aug 2019) compared to -32% nationwide.

And, travelers in the Northeast say that the amenities they are most seeking in hotels today include having food and beverage options available on-site (45%), a choice of nationally branded options (41%), information regarding what cleaning efforts are in place (41%), a suburban location located outside of downtown (32%), and on-site activities (32%) so they don't necessarily have to seek entertaining things to do elsewhere. And, of those top five amenities, it is the preference for a suburban location that makes Northeasterners most stand out from travelers across the country (32% vs 24%). As they say: Location. Location. Location.

Key Insight

All-inclusive feel for hotels is key

Northeasterners believe that economic recovery hinges most on the number of positive coronavirus cases reported and/or any failure in discovering a safe and effective vaccine.

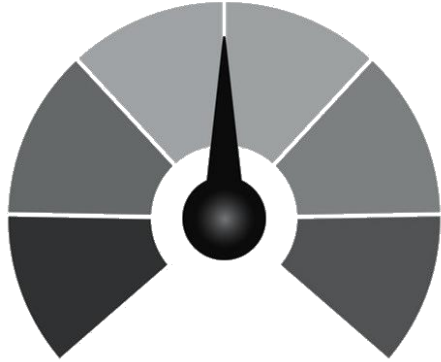
Barriers to Meaningful Economic Recovery Among Northeast Residents

Select All That Apply



Source: "The Call of the Consumer," H2R Market Research, August-September Nationwide Panel, Northeast Consumers

Trending ideas tourism industry stakeholders are experimenting with.



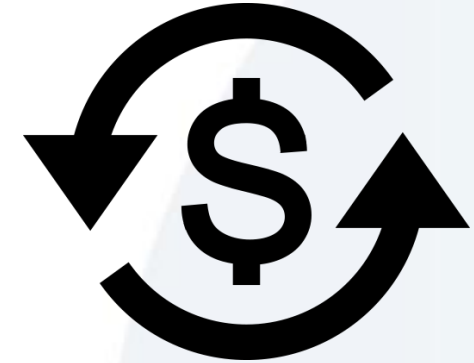
What used to be considered inconsequential trips—to the supermarket, to the office or to school—have taken on mammoth significance in the pandemic. And it's created a trend for what Suitcase Magazine describes as "normadic travel", a yearning for what used to be considered standard, uninspiring and dull.

In that vein, two websites offer a taste of normadic travel; WindowSwap and TakeMeElsewhere, where you can gaze out of the window from homes all around the world, from apartment blocks in St Petersburg to houses in Swiss valleys.



Due to a surge in demand for rescue dogs and Google seeing a huge upward trend in searches for "dog friendly hotels," **Forbes predicts that 2021 will be the year of the dog... dog travel that is.**

With dog sitters unavailable during the pandemic, travelers will be bringing their good boys and girls along with them on their adventures. Meaning destinations should be ready to promote their dog-friendly offerings for those venturing out in the near future.



With rising rents and decreasing margins, the holy grail for restaurants, cafés and bars is to entice the same people back, again and again. **Subscription models encourage this, by increasing revenue with a more regular income stream and by increasing customer loyalty.**

This doesn't just apply to luxury country clubs and the like. A restaurant, café or bar offers a membership for a set price each month, paid by direct debit, and the customer receives discounts on drinks and food. For example, Pressed Juicery in California charges \$10 per month and customers can buy drinks at \$5 rather than \$6.50—affordable for most budgets.

IS YOUR BANDWIDTH UP TO PAR?

The **Workcation** Trend Is Here to Stay

The COVID-19 Pandemic has given a whole new meaning to the term “out of office”. Business professionals have accepted the fact that their office and their kitchen table may very well be the same thing these days. This also means that the line between work and personal life has blurred even more than it was before the pandemic—and the strain on mental health is taking its toll. So, why work from a small apartment or even your house when you could work from your favorite vacation spot?

For destinations, this means more than just promoting “work from here” or hotels promoting their free wi-fi access. In order to truly take advantage of this trend, tourism industry stakeholders must have the capacity to host not only the business professionals’ high demand on internet bandwidths, but also their families that will tag along. Virtual school and work means the whole family can work from their room by day and enjoy a refreshing new destination by night.

Hotels around the world are offering childcare, dining packages, room service, luxury amenities, and everyday items that make a long-term stay more enjoyable. Want to see what other tourism industry stakeholders are doing to capitalize on this trend? [Head on over to Travel & Leisure to see more.](#)

ARE COVID-19 FEES WORTH THE RISK?

New York, Chicago Hurt COVID-19 Tourism Recovery

Chicago and New York City have added COVID-19 fees and closely monitored guests.

New York has sanctioned a new COVID-19 fee restaurants can tack on to customer bills to offset their capacity restrictions. The fee is optional, so restaurants do not have to adopt it. But, COVID-19 is no more the guest's fault than restaurant owners. Tacking on a new fee on top of the same food and reduced service seems like paying more for less. Another restaurant in a major hotel chain discontinued bread service but will gladly bring out ordered entrees with bread on the plate. This is ridiculous but blaming COVID-19 is an easy way to shore up cost savings. This same restaurant allows patrons to sign bills with the same pen used by other staff members and guests.

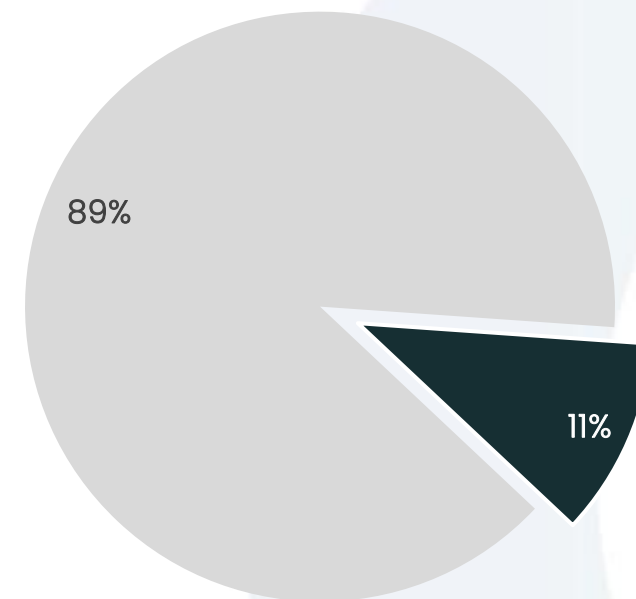
Likewise, some Chicago restaurants have implemented a similar restaurant fee along with other ill-advised policies. One reader told of visiting a hotel that welcomed them to the rooftop bar/restaurant but would not allow them to take pictures at their own table due to COVID-19 restrictions.

Everyone is stumbling through this coronavirus and not everyone is executing all that well. The article concludes saying that if cities and restaurants are not ready to open, then they shouldn't. But, if you do, you have to truly be open for business.

Separately, H2R's The Call of the Consumer research found that comparatively few (11%) of residents of the Northeast support additional "COVID Fees," on par with support nationwide (12%).

Sources: <https://liveandletsfly.com/chicago-new-york-hurt-covid-19-tourism-recovery-with-new-fees-attitudes>
"The Call of the Consumer," H2R Market Research, August-September Nationwide Panel

Northeastern Support for COVID Fees



- Support addition of "COVID Fees" to bill
- Do Not Support COVID Fees

💡 Key Insight
Covid fees are not a good idea

FOOD AWAY FROM HOME

Regaining Former Share by 2022

Consumer spending on groceries (food at home) could keep some of the share this category won during the pandemic. Since around 2015, consumer spending on restaurants (food away from home) has captured around 53% of consumers' wallet share, vs. 47% for food at home. That trend appears to have upended.

“We now predict that these two relative market shares will flip in 2020,” says Glass, adding that food away from home likely won't regain its prior share of consumer dollars until at least 2022. Even then, work-from-home conditions and increased grocery delivery could mean that some of the elevated food-at-home spend has staying power.

Key Insight

Restaurants must find a way to get in the home.

Estimated U.S. Food at Home/Away From Home Mix



Source: U.S. Census Bureau, Haver, Morgan Stanley Research estimates

SUPPORTING YOUR RESTAURANT BRAND

Tips for a Brighter Future

Be Timely and Responsive: If you change your restaurant services, menus or hours, keep your customers informed. Update your website, social media and directories. (Surprisingly, many restaurants haven't done this yet.) Ensure your phone lines can handle high-volume calls and quickly train your staff to seamlessly carry out new processes to keep your customers happy and satisfied. Now's the time to innovate. Meet and serve your customers and communities where they are now. Consider offering free meals to essential workers and first responders, special meal deals to go, "assemble at home" meal kits or gift cards at a discount – whatever you can do to lend a hand.

Prioritize Health and Safety: Establish safety measures and mention them at the forefront of your marketing efforts to ease customers' fears. Service-minded messages, such as curbside pickup, contactless delivery or pay as you go, can go a long way in creating customers for life once the lockdown ends and the restaurant industry rebounds.

Focus on Your First-Party Data: Gather and organize the data you own and examine it carefully to glean new insights. Find out who your best customers are and then connect with them regularly. Model new audiences from your own customer data to extend your reach for the biggest gain.



NEED HELP? JUST ASK...

Large outpouring of support for Crown Candy Kitchen after call for help goes viral

The pandemic has been tough on Crown Candy. They missed out on their biggest holiday sales at Easter, the summer has been slow with no Cardinals fans coming in before or after games. But for now, the customers are back; some waiting in line for more than an hour before they get served.

St. Louis love is almost as sweet as Crown Candy chocolate. On (Sep 23), the wife of the owner of Crown Candy Kitchen posted a Facebook message saying they have not seen long lines out the doors during the pandemic. Since then, the power of social media has had a big impact on the bottom-line at Crown Candy in Old North St. Louis.

The Facebook post got over a million views. Those long lines have returned; one line is for carryout, the other to wait for a table inside. For the past three days, owner Andy Karandzieff estimates he's served more than 3,000 people. Karandzieff said. "All my employees are working, everybody's hustling."

It's been a mix of loyal customers and first-time customers that responded to Karandzieff's call for help. He hopes the momentum continues so he doesn't lose out on the big candy sales for Christmas. In the meantime, Karandzieff is grateful for the generous response of customers.



Key Insight

*Keep communicating with
your guests*

PRICING AMID A PANDEMIC

A Q&A with H2R's Jerry Henry

Attractions today are navigating truly uncharted waters—and pricing mixed with consumer expectations is a big component of what has been impacted. That's why we recently sat down with CEO Jerry Henry to get his insights on pricing amid the pandemic.

Why is it more important to get pricing right?

Many companies are playing it safe and conservative, but with lowered demand and/or lowered capacity, the margin is more razor thin than normal. So the assurances of playing it safe and keeping prices the same may not be in your best interest. It is wise to determine if there is room for price increases in the current environment or if discounts might be needed to optimize one's financial performance.

Are you leaving money on the table?

The world changed while we were out. Consumer attitudes, beliefs and behaviors have been rocked. Some will return quickly, others will not. Pricing could be the key to optimizing revenues and packaging experiences or languishing with prices that are either too high or too low for the environment.

Is now a good time for a pricing study? Shouldn't pricing be tested when the economy rebounds?

By evaluating your pricing structure now, you are capitalizing on the rare reset our economy has presented us, without bias from recent visitation. COVID has also reset many customer expectations, so now is a good time to make changes (if needed) – and perhaps without any harsh backlash.

When should pricing be re-evaluated?

Anytime there is a change in the market, either boom or recession, pricing should be re-evaluated. Additionally, a lapse in many guests' most recent visits due to closures provides a rare opportunity to reset one's prices, as attractions are having to fight less with recent bias toward the actual price recently paid.

Do consumers expect discounts right now? Should all companies be looking to offer discounts?

As with any recession, consumers are looking for the best deal. However, the best deal doesn't always mean the lowest price. Sometimes that best deal is provided at a higher price with a more inclusive value (i.e. good, better, best pricing). Knowing what your consumers value may provide opportunities to cash in on a higher per cap. But, also offering a variety of price-based options inclusive to all customers may be the difference in long-term brand customers who repeat into the future.

How do I know if I should discount?

Discounting should only be done if the discount generates an incremental return in the long run. Don't just discount for the sake of discounting. The question is whether the discount will both increase demand and optimize revenues in the long run.

Does intent to visit attractions exist?

We have been tracking consumer intent to visit attractions since the pandemic began in March. Nationwide, consumers indicate they are more likely to visit outdoor attractions like National/State Parks or Zoos/Animal attractions over the next 6 months relative to most indoor attractions. Overall, intent to visit attractions has increased slightly over the past few weeks but remains well short of levels we experienced in the pre-COVID world. And, as of early September, only 25% of Northeastern residents had ventured out and traveled/visited an attraction since lockdowns were lifted.



Key Insight

It's time to re-evaluate your pricing structure

You Can Make Anything A Drive-In

New Eventbrite data reveals a boom in not only drive-in movies and concerts, but drive-in events of all kinds. Creators have adapted the nostalgic drive-in experience to include a diverse range of events, such as church services, comedy shows, fitness classes, “CarBaret” – yes, cabaret from the quarantined comfort of your car – and more.

One such example is Eventbrite creator The Magic Beans, which transformed its annual music festival into a scaled-down, two-day drive-in version called Beanstalk: At the Drive-In! Cars will be parked in every other space and fans will be permitted to set up chairs or blankets and hang out next to their cars. Tickets sold out within hours of the revamped event’s announcement.

Drive-ins are shaping up to be a great new format for different events. As Scott Hachey, guitarist for The Magic Beans told Eventbrite in May, “I’ve never played for a bunch of cars... Everyone’s gonna be giddy. All the bands are already giddy, the patrons are giddy – the energy is gonna be palpable. I really have no idea what to expect. But our keyboardist brought up a funny thing where he was like, ‘Are people gonna honk in between each song instead of clapping?’”

Whether it’s a drive-in comedy show, social justice protest, book club, yoga meditation, or speed dating, there’s an event for everyone.

Source: <https://www.eventbrite.com/blog/drive-in-events/>



EXPANDING TREND FOR ATTRACTIONS

Food Trucks Sweeten The Deal

Amid the pandemic, we're noting a growing trend: many attractions have seen success through partnerships with local food trucks.

As many consumers have shown comfort with food truck dining during the pandemic, many different types of attractions have found they help bring in more customers by adding an enticing new component to tourism outings.

Connecticut breweries such as Two Roads Brewing Company, Charter Oak Brewing Company, and Connecticut Valley Brewing Company were quick to adopt the trend. Now they are joined by vineyards like Saltwater Farm Vineyard and Preston Ridge Vineyard.

We are seeing more and more pop-up outdoor concerts and comedy shows in re-purposed fields and parking lots, such as South Farms in Morris, Connecticut, where food trucks have successfully enhanced the customer experience. And across the nation, museums such as the Philadelphia Museum of Art are attracting more visitors with food trucks serving lunch and dinner.

Key Insight

Try partnering with food trucks to enhance your customer experience.



Sources: <https://liveforlivemusic.com/news/connecticuts-south-farms-socially-distanced-outdoor-concerts/>
<https://www.phillyvoice.com/philadelphia-museum-of-art-food-truck-prepped/>
<https://www.ctvisit.com/articles/breweries-and-wineries-open-in-ct-2020>
<https://www.ctvalleybrewing.com/food-trucks/>



Connecticut Tourism Insights Program

COVID-Related Sentiment Tracker Results

In the future, this section will house the reports for the monthly COVID-Related Sentiment Tracker Research



THANK YOU

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