

# ANTICIPATING THE TRAVEL RECOVERY

Traveler sentiment survey | Edition 2

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# EXECUTIVE SUMMARY

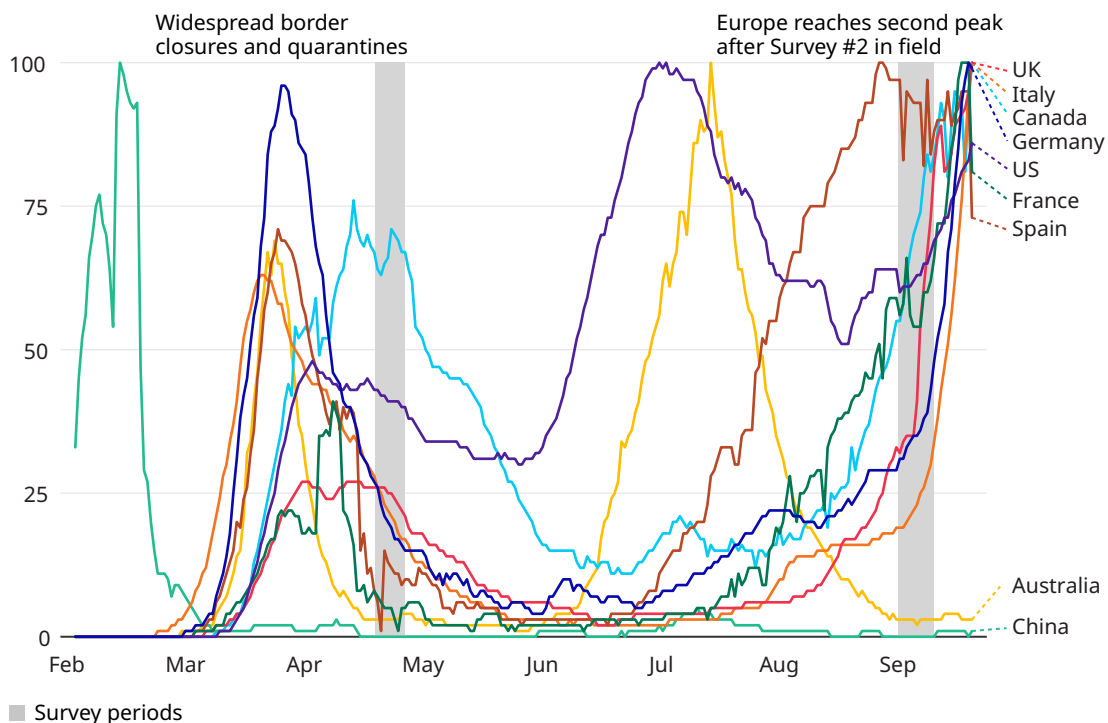
In early October 2020, Oliver Wyman conducted its second global survey of travelers across nine countries (United States, Canada, United Kingdom, Spain, France, Germany, Italy, China, and Australia) to capture how views of travel are changing as the COVID-19 pandemic — and the responses to it — evolve. Our prior survey was conducted in April/May; [find the results online here](#).

Our “Edition 2” of the survey involved more than 4,600 people, all of whom had flown at least once in 2019; a third also traveled by air and/or rail in the past six months. Half are airline loyalty members, and 11 percent of all respondents hold elite status with at least one airline. Over one-third are hotel loyalty members, with 21 percent of all respondents holding elite status with at least one hotel brand.

Our first survey was conducted after the initial peak in COVID-19 cases, border closures, and lockdowns; the second was conducted as COVID-19 cases began accelerating toward a new peak in Europe and the US (Exhibit 1). Travel restrictions in response to COVID varied across geographies, ranging from domestic travel only to limited cross-border travel.

## Exhibit 1: COVID-19 peaks by country

Seven-day average of new cases, as a percentage of country’s peak, February 1 – October 19, 2020



Source: Oliver Wyman analysis

## **CHANGING ATTITUDES TOWARD TRAVEL**

Compared to our prior survey, respondents are relying more on their own judgment as to when it would be acceptable to travel and less on official guidance. The desire to travel remains strong, with 63 percent of survey respondents expecting to travel the same or more for leisure once the pandemic ends (versus 57 percent in our first survey). Leisure travelers anticipate taking shorter trips — with a focus on friends and family — once the pandemic ends.

The outlook for business travel has deteriorated. Forty-three percent of business travelers expect to travel less (compared to 27 percent in our first survey), as telecommunication tools have proven to be effective, and people have adapted to remote working. Post-pandemic, business travelers see rekindling existing relationships and building new ones as the most important reasons to travel. Internal company travel is most likely to be reduced (and is often an early budget item cut during economic downturns).

## **INCREASING COMFORT AND EXPERIENCE**

Travelers are increasingly comfortable with taking a plane or staying at a hotel during the pandemic and continue to express confidence in major brands' cleaning and health policies. Activities involving large groups (such as conferences and sporting events), ridesharing, and home sharing continue to be problematic. Some good news for the cruise industry is that comfort with cruising has more than doubled since the first survey — from 13 to 28 percent.

About a third of survey respondents have traveled by air since the start of the pandemic and 24 percent by train (two or more hours). Overall these travelers report greater levels of comfort with all transportation modes and activities; half were excited and a third were neutral about their recent travel experiences.

Airlines and hotels appear to be getting recognized by customers for their visible health and safety protocols. Travelers are beginning to worry a little less and are increasingly looking forward to traveling again. Travel companies will need to stay on this course to continue building traveler confidence — particularly as “peaks” in infections rise once more. In our Edition 3 survey (early 2021), we will explore the longer-term outlook for travel, particularly the impact of newly available vaccines.

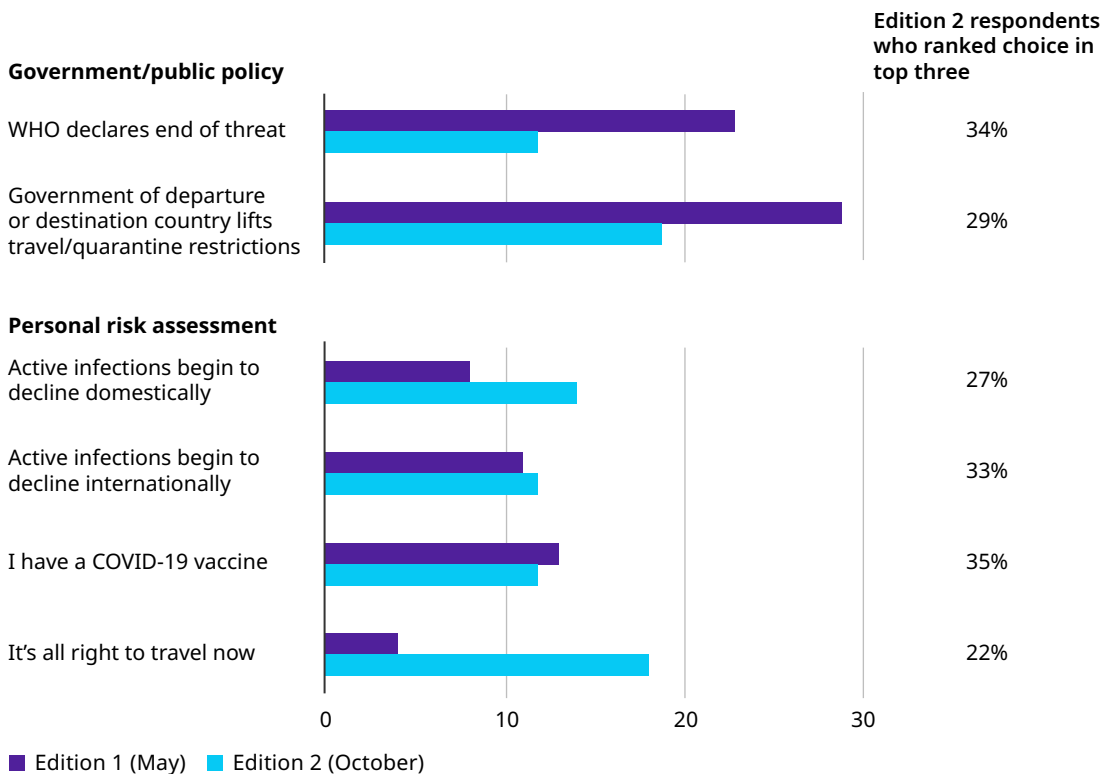
# DIVERGENCE IN TRAVEL DEMAND

More than half of respondents in our first survey in May did not plan to travel until government restrictions were lifted or the World Health Organization gave the “all clear.” That has now fallen to less than a third, as travelers increasingly make their own assessments of when it might be safe to travel in the midst of a rolling pandemic (Exhibit 2). Top-three rankings indicate that people are considering a wide mix of factors, from public policy to a decline in active infections and the availability of a vaccine. The percentage of people who think it is okay to travel now grew substantially (although this was before a new peak in infections in the US and Europe).

On a country basis, waiting to take a first trip until infections decline domestically was the most common response for the US and Spain, while Canada and Australia have the highest percentage waiting on a vaccine. Less frequent flyers overall are more likely to wait for a vaccine.

## Exhibit 2: “When do you think it will be okay to start your first trip after the COVID-19 outbreak?”

First choice, percent of survey respondents



Source: Oliver Wyman Traveler Sentiment Survey, Editions 1 and 2

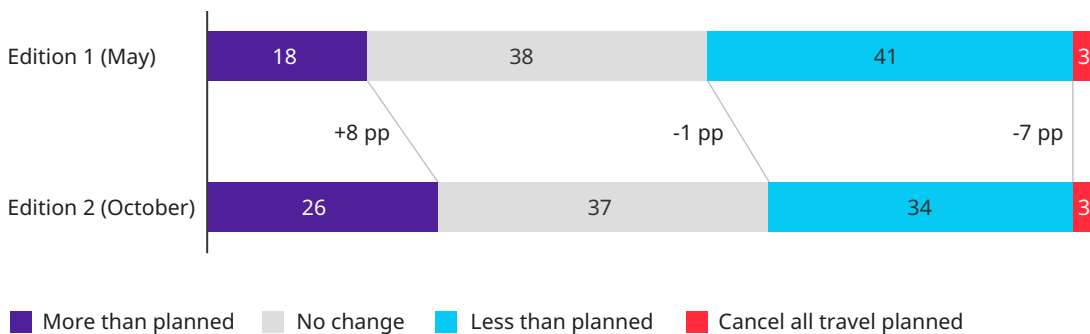
## RISING LEISURE TRAVEL DEMAND

Sixty-three percent of global respondents expect to travel the same or more than planned for leisure post-pandemic, compared to 56 percent in our first survey (Exhibit 3). This expansion is due almost entirely to respondents who plan to travel more post-pandemic. We believe that pent-up demand will lead to the leisure travel segment driving recovery for the travel industry, with an uptick in leisure travel quickly following any improvements in the pandemic outlook (such as a decline in infections or the availability of a vaccine).

Across countries, at least two-thirds or more of respondents in most countries plan to travel the same or more for leisure once the pandemic ends, with the exceptions being Australia, China, and Canada, where closer to half of respondents plan to travel less or not at all.

New to this edition of the survey was a deeper look into traveler attitudes toward cruising. Fifty-four percent of survey respondents expect to cruise the same or more post-pandemic. Concern about COVID-19 transmission — both onboard and traveling to/from ports — is by far the main reason respondents cite as to why they may cruise less. It is important to note that cruising has been suspended to date, and, unlike other travel providers, cruise companies have provided limited guidance on revised health and safety procedures thus far. Past cruisers are considerably more comfortable with the idea of sailing again, and 60 percent of Americans and Europeans plan to cruise the same or more once travel restrictions are lifted.

**Exhibit 3: “When the COVID-19 outbreak ends and travel restrictions are lifted, will you travel more, the same, or less than you had planned for leisure over the next 18 months?”**  
Percent of survey respondents



Source: Oliver Wyman Traveler Sentiment Survey, Editions 1 and 2

## STRUCTURAL CHANGES TO BUSINESS TRAVEL

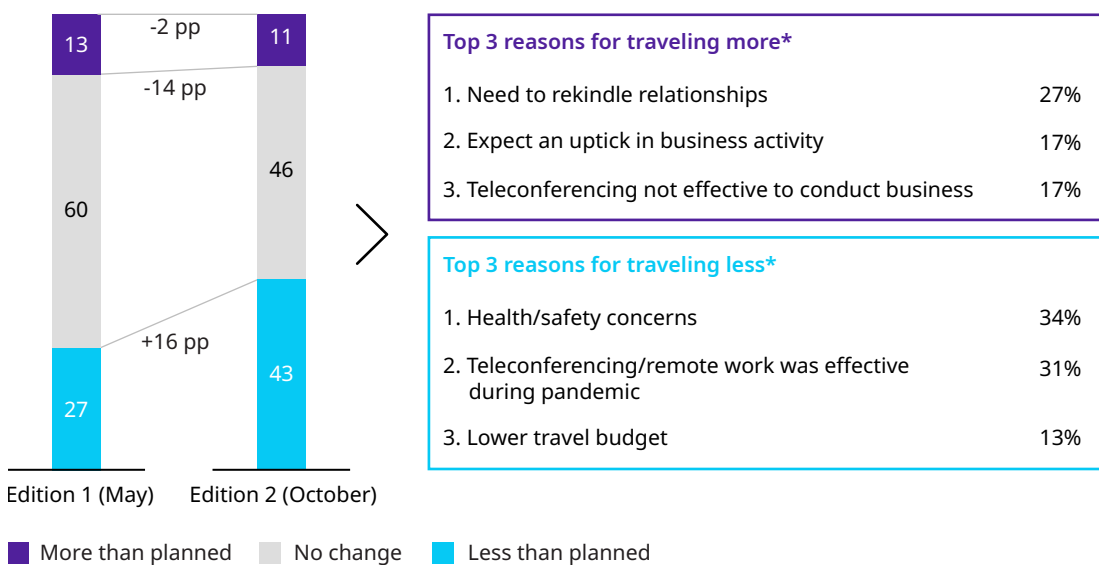
Compared to the prior survey, teleconferencing has become increasingly routine for business travelers, and the timeframe for a return to “normal” business travel appears to be lengthening. Forty-three percent of all respondents who travel for business plan to travel less in the future — up from 27 percent in the prior survey (Exhibit 4). Up to 60 percent of survey respondents who are airline and hotel elite members say they will work from home more, even post-pandemic.

The need to rekindle relationships will be a key driver of resumed business travel, as will the need to develop new relationships. For travel companies, these findings suggest that their messaging to customers will need to focus heavily on the importance of people coming together to forge or maintain relationships. Interestingly, teleconferencing to manage relationships is somewhat less compelling for those under age 30 (who are likely to still be building their personal networks) and for Europeans overall.

Business travelers in Spain, France, and Italy are now the most likely to travel by air (or long-distance rail) post-pandemic, although we expect still mainly within Europe. China has seen a large shift since our first survey toward less intent to travel for business: the share of respondents who say they will travel more for business dropped from 24 percent in May to 13 percent in October. This will be interesting to monitor, as China has led the recovery, with domestic air travel returning to pre-pandemic levels.

### Exhibit 4: “When the outbreak ends and restrictions are lifted, will you travel more, less, or the same for business when air travel is required?”

Percent of survey respondents who traveled for business by air prior to the pandemic



\* Percent of respondents choosing the reason as 1st choice  
 Source: Oliver Wyman Traveler Sentiment Survey, Editions 1 and 2

## STAY HOME OR GO ABROAD?

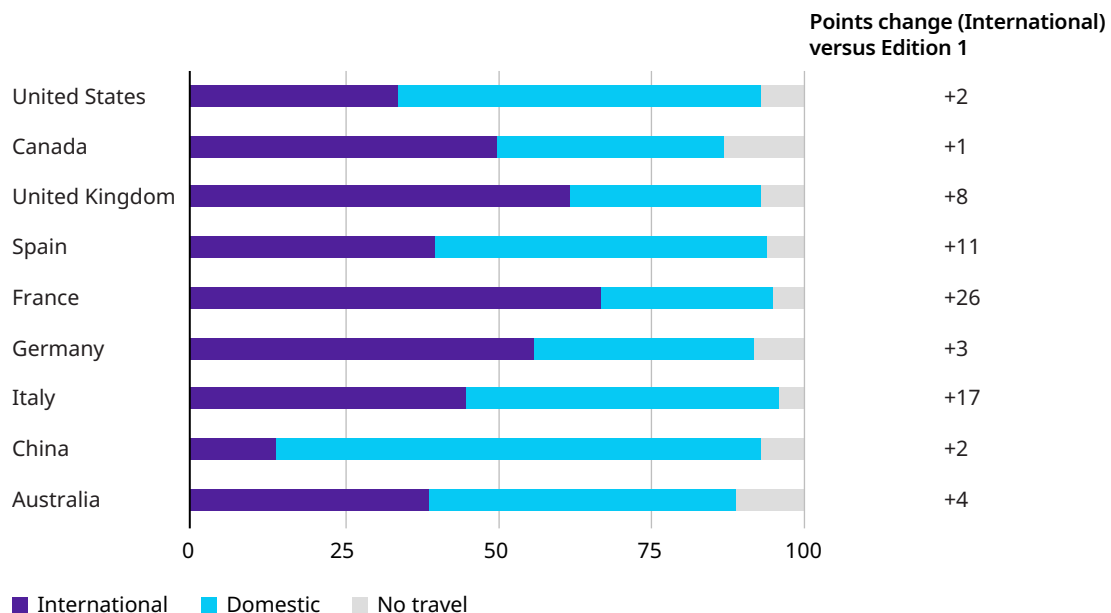
Half or more of leisure travel respondents in Canada, United Kingdom, France, and Germany expect their next leisure trip post-pandemic to be international (Exhibit 5). In Europe and Asia/Australia, leisure travelers largely expect their next international trip to be within their own regions. More than half of Americans planning to travel internationally for their next trip want to go to Europe.

For those whose first trip post-pandemic will be domestic, urban destinations are favored three to one, particularly in the US and China. Those who prefer domestic travel generally perceive the pandemic as more severe internationally (38 percent) and want to support local tourism (24 percent). But in good news for airlines, fewer than ten percent of respondents in each country have qualms about virus transmission on long-distance flights.

Cruisers are interested in an array of destinations once travel restrictions are lifted, but slightly more are likely to favor their home regions. Pre- versus post-pandemic, the Caribbean and Mediterranean remain the most popular itineraries, but respondents in Canada, China, and Australia are less disposed to cruise even locally, by ten percentage points or more.

### Exhibit 5: “When COVID-19 travel restrictions are lifted, what is your likely destination for your next leisure trip?”

Percent of country’s respondents



Source: Oliver Wyman Traveler Sentiment Survey, Editions 1 and 2

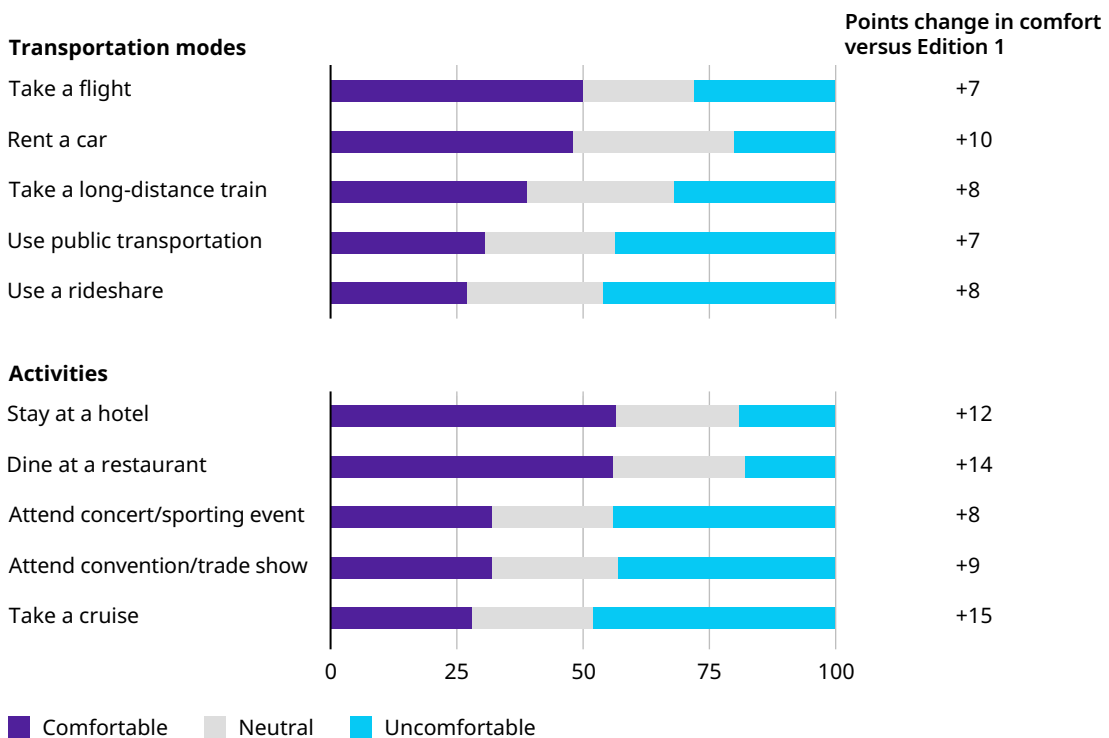
# GROWING COMFORT WITH TRAVEL

Survey respondents overall are more comfortable with various transportation options and activities than they were in May, with half now comfortable taking a flight and 56 percent comfortable staying at a hotel. But less than a third are comfortable using public transportation or ride sharing (Exhibit 6).

Activities involving large groups continue to be problematic. Although comfort with cruising has more than doubled since the prior survey (from 13 to 28 percent), it has merely closed the gap versus other activities involving large groups. Post-COVID, more than a quarter of respondents say they will drive more than before. This is most notable for China, where 63 percent say they will drive more. And about 30-40 percent of respondents expect to use long-distances buses and public transportation less.

## Exhibit 6: “After the COVID-19 outbreak ends and travel restrictions are lifted, how comfortable will you feel doing each of these activities?”

Percent of survey respondents



Note: Uncomfortable = “Very uncomfortable” or “Somewhat uncomfortable”; Comfortable = “Very comfortable” or “Somewhat comfortable”

Source: Oliver Wyman Traveler Sentiment Survey, Editions 1 and 2

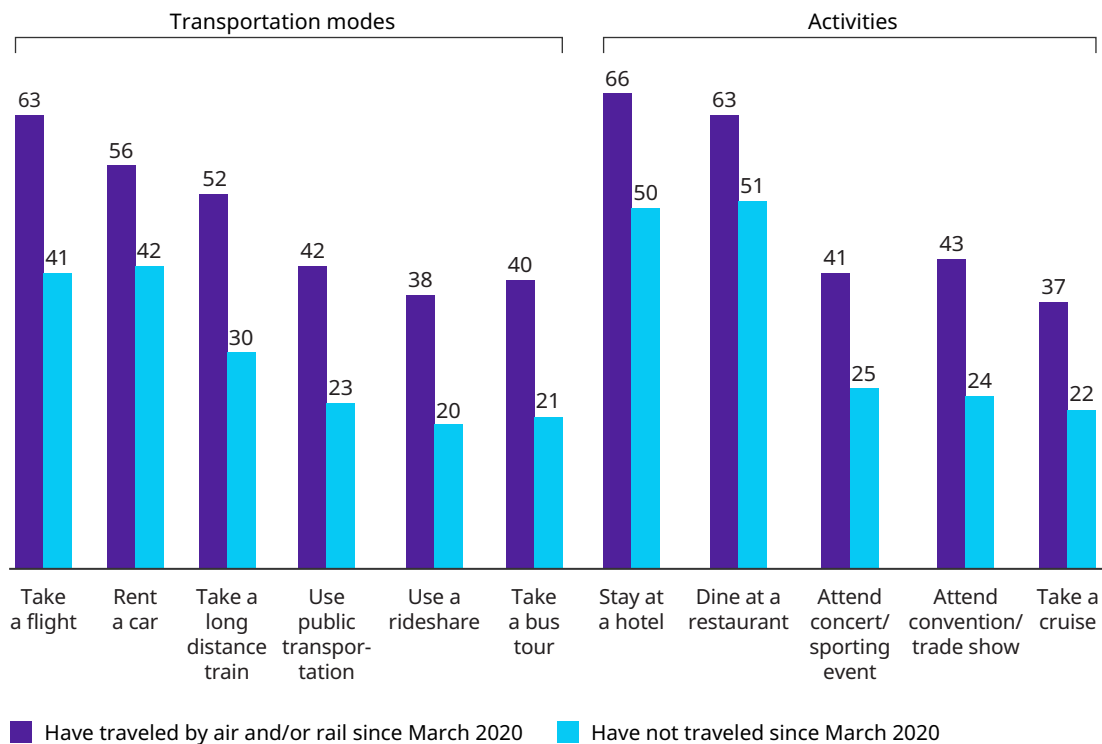


In this edition of the survey, we asked respondents about their travel experiences during the pandemic. Overall, 31 percent of respondents have traveled by air and 24 percent by train (2+ hours) since March of this year. About two-thirds of these trips were for leisure, primarily to visit family and friends or for a change of scenery.

The 40 percent of those who have traveled during the pandemic are more comfortable with the idea of traveling than those who have not — across all transport options and activities (Exhibit 7). This suggests that getting people to take that first trip will be a key hurdle for the travel industry to overcome. Around half of respondents who have traveled during the pandemic were excited about their recent travel experiences (while a third were neutral); this could indicate that clear health and cleanliness protocols and effective communication are providing reassurance that travel can be done in a safe manner.

**Exhibit 7: Percent of respondents comfortable with the following activities, after the outbreak ends and travel restrictions are lifted**

Those who have vs. have not traveled since March 2020



Note: Comfortable = “Very comfortable” or “Somewhat comfortable”

Source: Oliver Wyman Traveler Sentiment Survey, Edition 2

# DRIVERS OF TRAVEL CHOICES

As in our first survey, stated cleaning policies and treatment of travelers during the pandemic rank just below price as top factors driving purchase decisions for flying and lodging. The exception is China, where price ranks third. (One reason for this difference however is that China had a much higher mix of survey respondents who travel for business and are therefore less price sensitive than leisure travelers.)

In this second survey, we asked more questions around measures to ensure traveler health and safety. Travelers view surface cleaning and mask mandates as most important, and 40 percent would like an empty seat next to them on planes and trains, but rapid testing received little attention (Exhibit 8). These results imply that traveler perceptions of what will keep them safe is a lagging indicator — driven by cues from the media and travel providers as well as science — since rapid testing pre-boarding could significantly reduce the risk of contagion onboard from an airborne disease. This suggests that travel providers need to be ready to articulate what they are doing to meet evolving traveler expectations.

A majority of respondents continue to report that they trust their primary airline and hotel brand cleaning policies. About 60 percent view responses to the pandemic by their primary hotel and airline favorably — with unfavorable views in the single digits. This is good news for airlines and hotel companies, as it demonstrates that they have largely been effective at communicating their handling of the crisis.

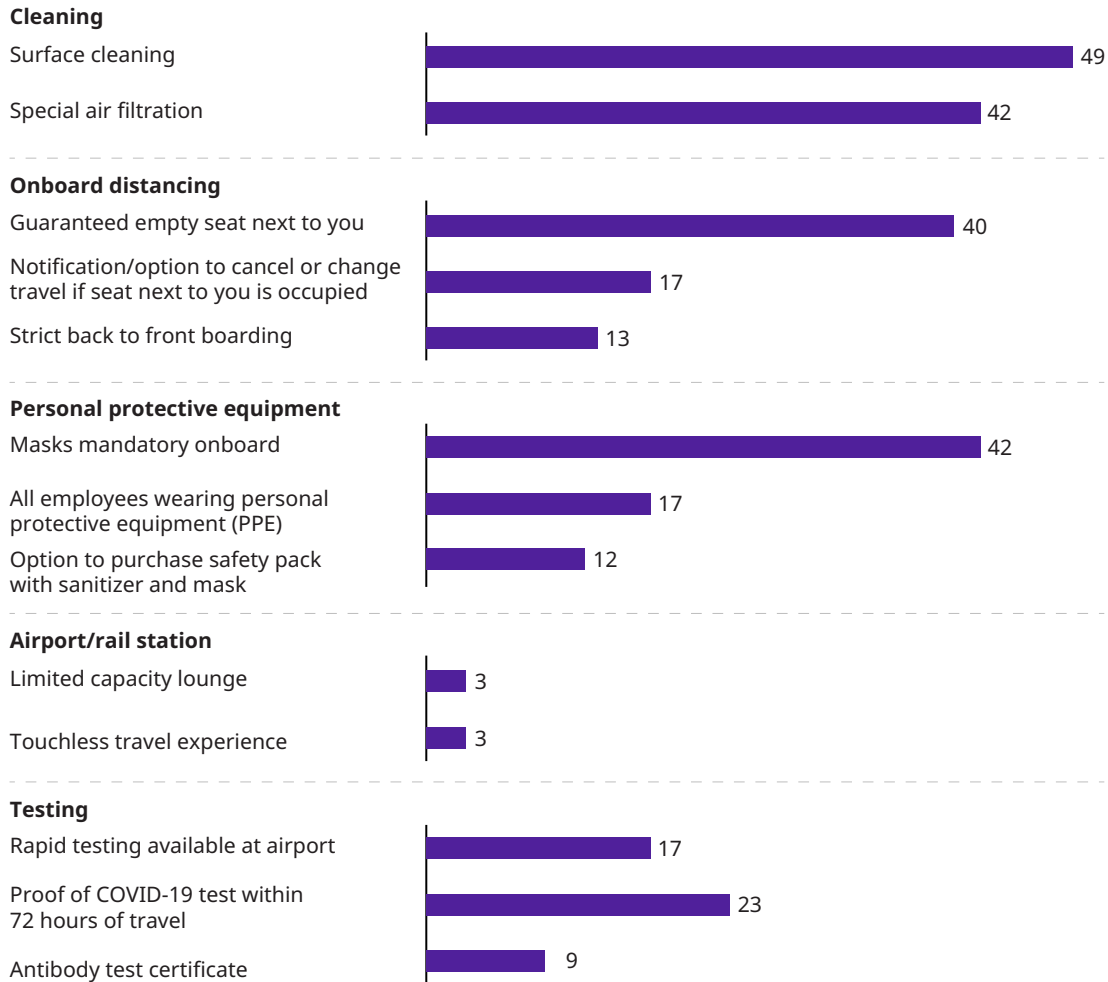
## AIR TRAVEL DECISION FACTORS

As in our prior survey, price continues to be the top factor influencing flight purchase decisions, followed by stated aircraft cleaning policies and treatment of travelers during the pandemic. A majority of respondents globally trust in their primary airline's enhanced cleaning procedures. Airlines appear to have benefited from proactively and frequently communicating enhanced cleaning procedures, including via email, FAQs, and videos.

Among those survey respondents who have flown since March of this year, a majority were satisfied with most components of the travel experience in terms of convenience and safety (such as check-in, security, boarding process, passenger and crew PPE, etc.). Airport/onboard food and beverage and airport retail were less satisfying. Most offerings were greatly reduced or eliminated at the onset of the pandemic, and airlines are only starting to add back food and beverage choices.

**Exhibit 8: “Which of the following measures to ensure traveler health and safety are most important to you?”**

Top three choices, percent of survey respondents



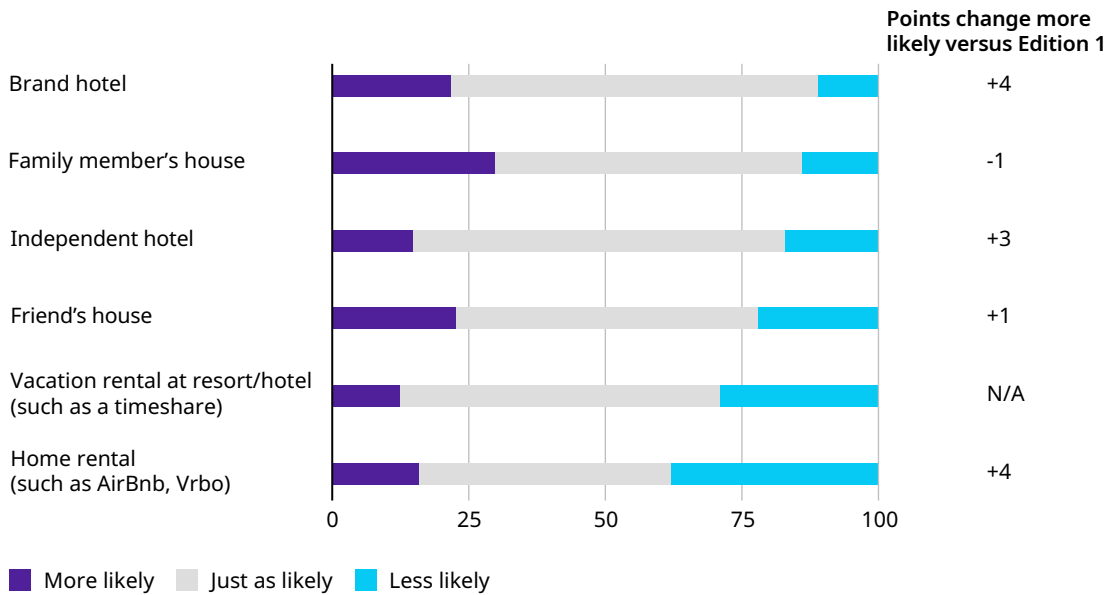
Source: Oliver Wyman Traveler Sentiment Survey, Edition 2

## HOSPITALITY DECISION FACTORS

When it comes to hospitality, travelers’ views are little changed from our first survey — respondents are most likely to stay in hotels or at the houses of family and friends. Even vacation rentals at resorts and hotels are preferable to home rentals (Exhibit 9). The preference for brand hotels, and the assurance of high cleaning standards this conveys, is particularly strong for Chinese travelers. Respondents in Germany, Italy, Spain, and the US are somewhat more comfortable than those in other geographies with the idea of home rentals post-pandemic. Price, stated cleaning policies, and location are the top three factors driving hotel choice.

**Exhibit 9: “When the COVID-19 outbreak ends, are you more, less, or just as likely to stay at the following?”**

Percent of survey respondents



Source: Oliver Wyman Traveler Sentiment Survey, Editions 1 and 2

## CRUISE DECISION FACTORS

The fate of the cruise industry is perhaps the most closely tied to the pandemic, among travel industry sectors. Both enhanced onboard cleaning and reduced onboard interaction with other people rank as top-three factors that will drive cruising post-pandemic for past cruisers. But the top driver of interest in cruising will be attractive prices and promotions — for both past cruisers (64 percent) and non-cruisers (49 percent). Thus even before restrictions are lifted, cruise companies will want to act swiftly to jumpstart and lock in demand through desirable offers — particularly in home waters — and effective communications around health and safety protocols.

# ANTICIPATING THE RECOVERY

With two surveys completed over eight months, it is clear that sentiment toward travel is strengthening; efforts by the travel industry to make travel safer and to communicate better with customers are paying off; and travelers are more willing to take a calculated risk to travel before the pandemic ends. Headwinds from complicated and changing travel restrictions are rubbing up against growing “COVID fatigue,” but well-executed travel bubbles and more rapid testing should help bridge the gap until vaccines are widely available. We continue to believe the recovery will be led by those visiting friends and relatives and by leisure travel demand, particularly domestic/regional — although interest in international travel is rising as well.

Leisure travel may need to become more of a priority segment for the travel industry, as erstwhile business travelers have adapted to remote working and teleconferencing — which also benefits companies looking to reduce costs. While traveling to rekindle and build new business relationships will continue to be important, internal company travel may become harder to justify.

As it is, across most countries, half or more of survey respondents expect that their travel habits will change permanently. Changing travel intentions and preferences will continue to impact how, when, and where people purchase travel and will have implications across network planning, revenue management, loyalty, marketing, and distribution — in addition to operational changes necessitated by health and safety measures. As science catches up to media/provider perceptions, travelers likely will expect rapid testing pre-boarding and eventually vaccination certification to become travel standards.

Early in 2021, we plan to conduct our third and final survey in this series. It will look at ongoing structural changes from the pandemic and whether there are early signs of a return to normalcy as vaccines are distributed.

## ABOUT THE SURVEY

The traveler sentiment survey (Edition 2) was administered to a nationally representative sample of the population by using profiled data and confirming demographic data within the survey. Quota caps were monitored and adjusted live during fielding to achieve demographic representation. Respondents took one or more roundtrip flights in 2019 and frequent traveler respondents took four or more roundtrip flights in 2019. The survey was conducted between September 29 and October 7, 2020 and involved more than 4,600 total respondents across nine countries (United States, United Kingdom, Canada, Germany, France, Spain, Italy, Australia, and China.) The majority of travelers took between one and three flights in 2019; in addition, 25 to 30 percent of respondents spent 20 or more nights in a hotel in 2019. The Edition 3 survey is planned for early 2021.

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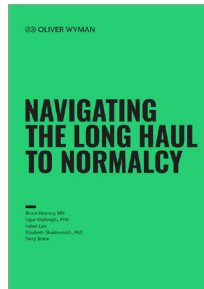
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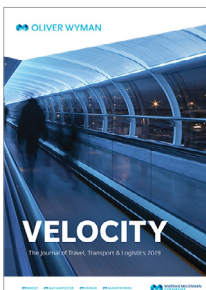
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