

A person wearing a white face mask is looking at a tablet device. The background is dark, and the person's face is partially visible through the mask. The overall mood is focused and professional.

iSeatz

COVID BOOKING ARCS

IN TRAVEL & LIFESTYLE

FLIGHT

HOTEL

CAR RENTALS

TOURS & ACTIVITIES

RESTAURANT RESERVATIONS

FOOD DELIVERY

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INTRODUCTION

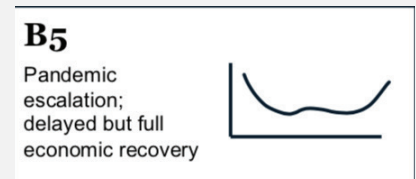
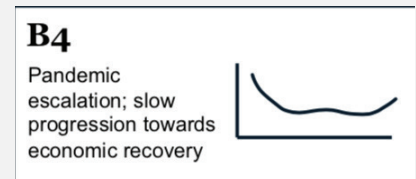
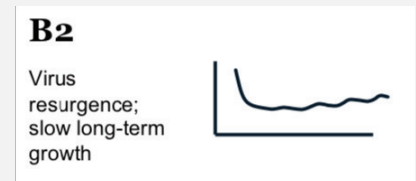
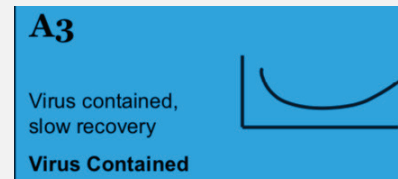
In early April, the iSeatz leadership team met with our advisors to review predictions and data models for what recovery would look like. At the time McKinsey had just published a piece with several scenarios, each with an associated graph. We voted as a team on which graph we felt would most accurately represent the arc of recovery from COVID-19.

Although our team was unanimous that travel would recover, our opinions differed on how quickly it would return to normal.

Two months later, we now have an early idea of what the “COVID arc” looks like for travel, based on the aggregated usage of our platform, which processes more than \$4B in travel and lifestyle bookings annually.

All data has been sourced from the iSeatz platform unless otherwise indicated.

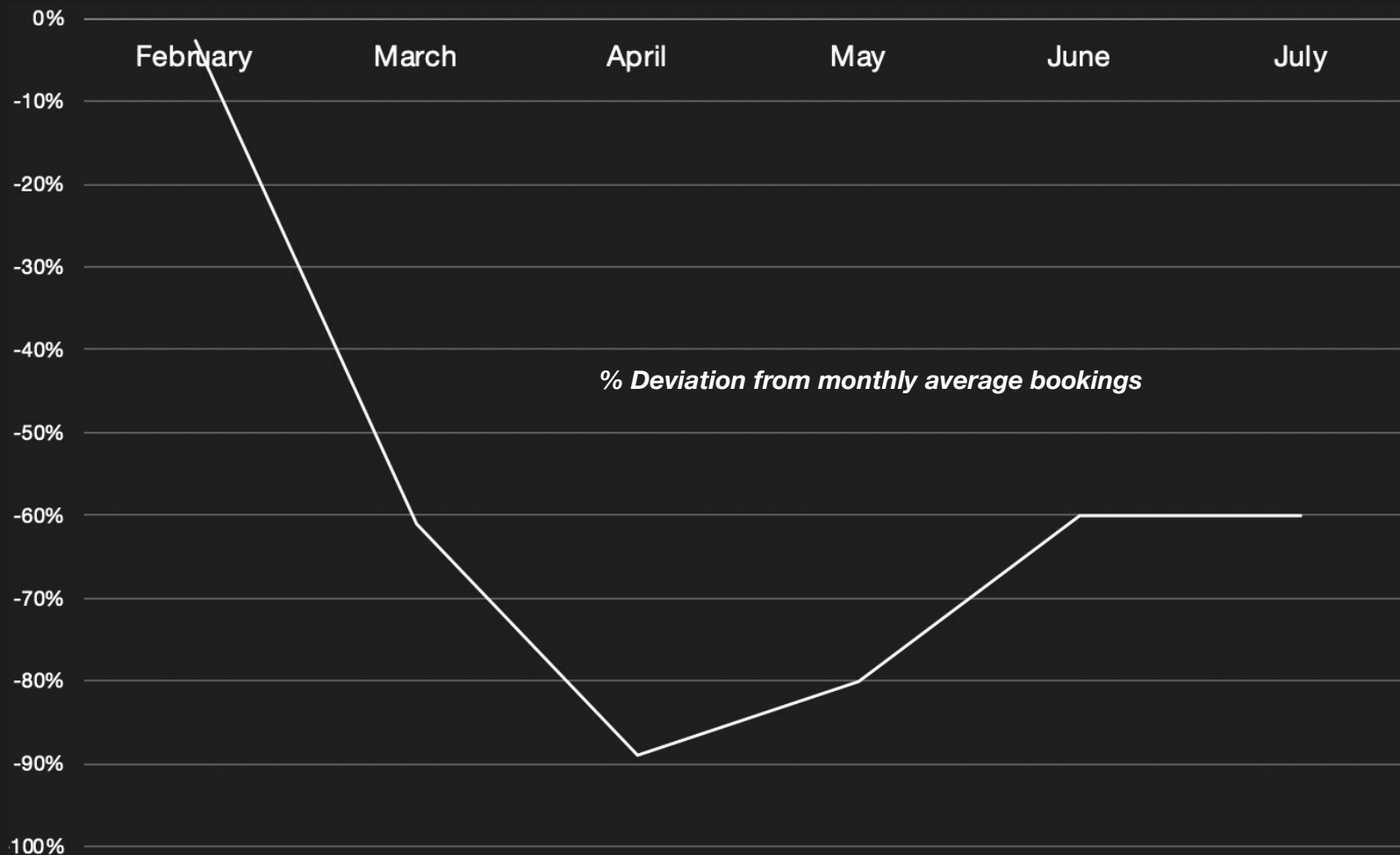
Scenarios from McKinsey & Company Briefing, April 3, 2020



COVID BOOKING ARC FOR ALL PRODUCTS

When viewed in aggregate, the booking arc for all products through June looks very much like the most optimistic of the McKinsey graphs, showing defined and consistent recovery.

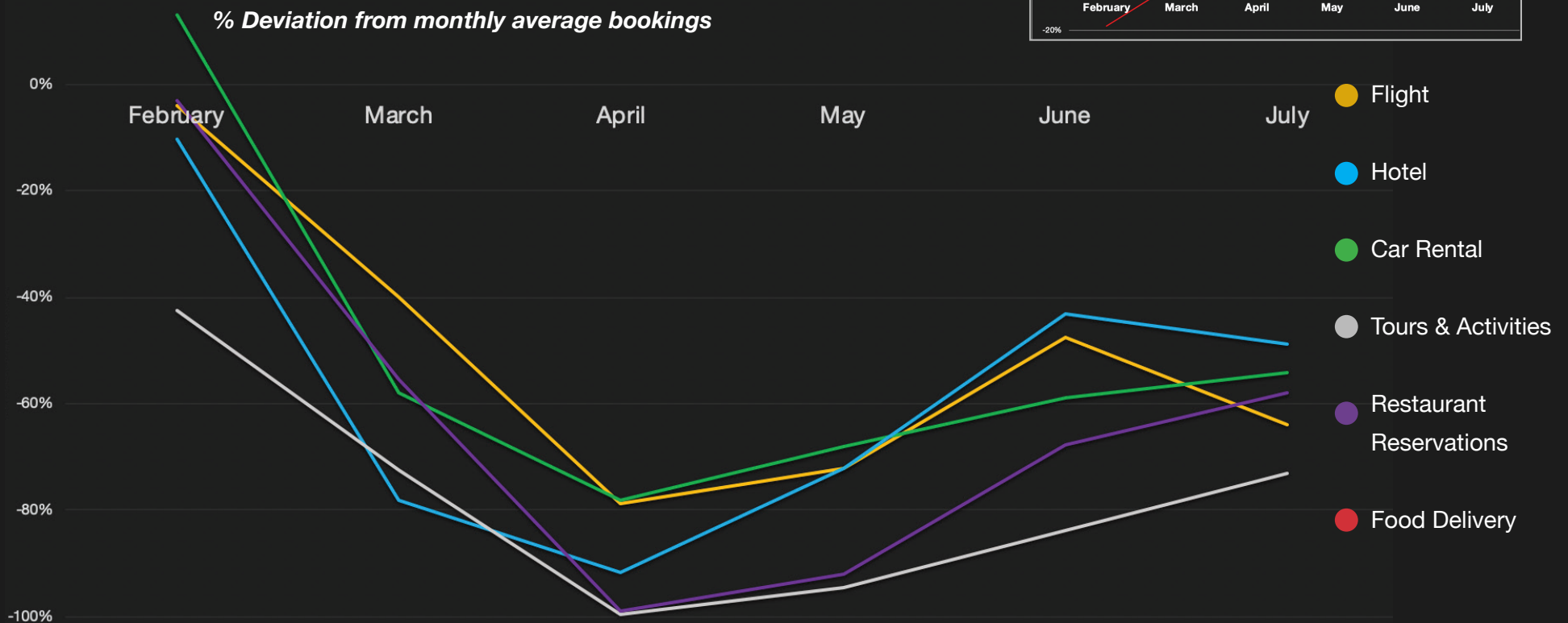
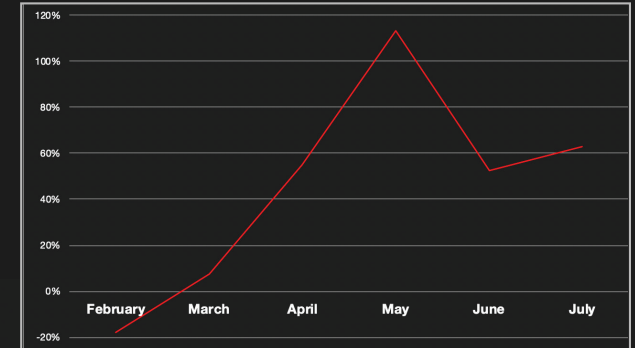
However, the June rebound led to stagnation in July. It is unclear whether this indicates a general slowing of recovery, or a stop-and-start nature of recovery due to changing infection rates, travel bans, and health organization guidance.



COVID BOOKING ARC FOR ALL PRODUCTS

The recovery arc looks very different depending on the product. Some sectors, like hotels reservations have been quick to rebound, while others, like activities are lagging behind significantly.

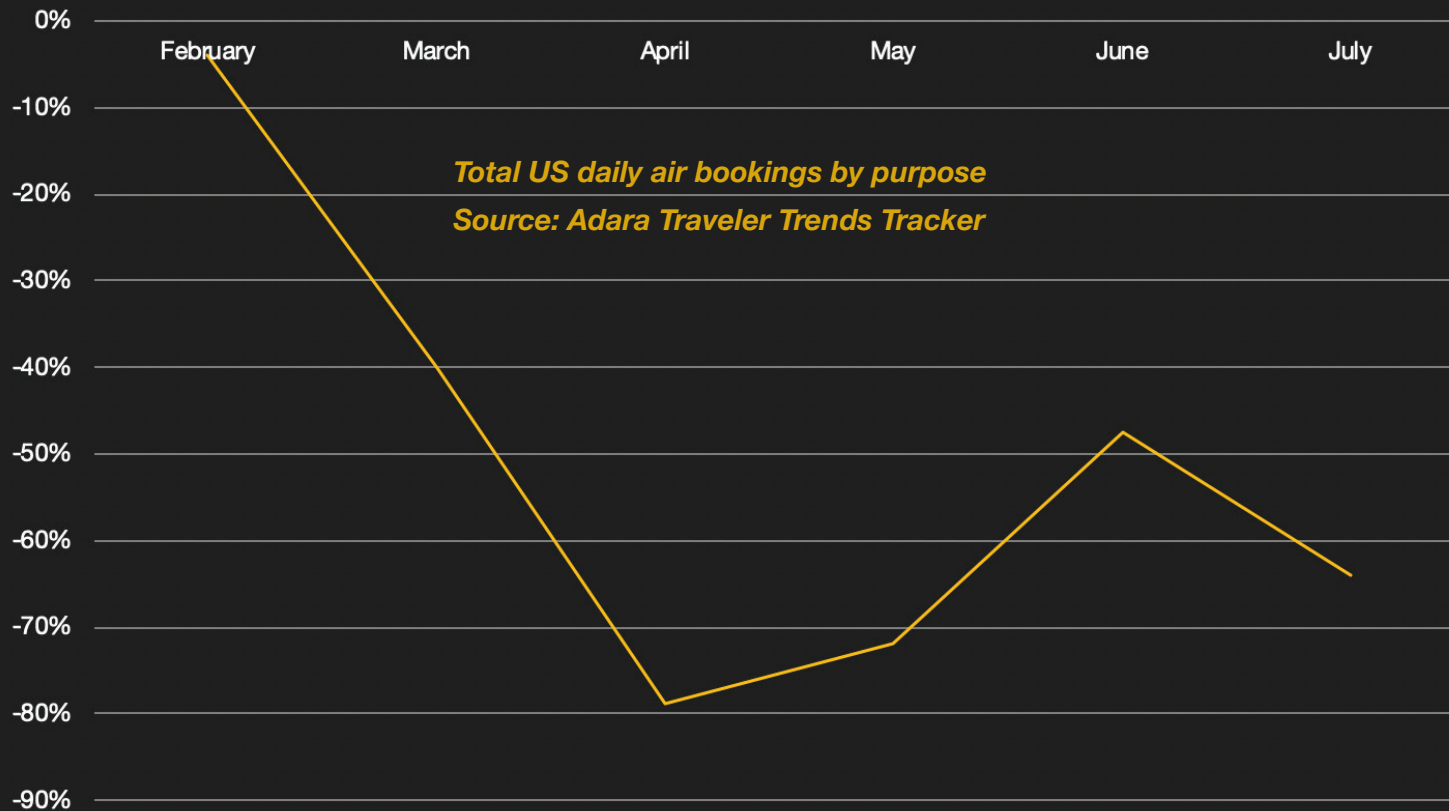
In this case study we'll discuss the booking arcs for each line of business, trends we're seeing, and predictions on the trajectory for each of these industries.



IMPACT OF COVID-19 ON FLIGHT BOOKINGS

Sharp reduction in routes, and government restrictions on international tourism, as well as low consumer confidence, all drove air travel, with a steep downward trajectory beginning on March 11th in the United States.

% Deviation from monthly average bookings



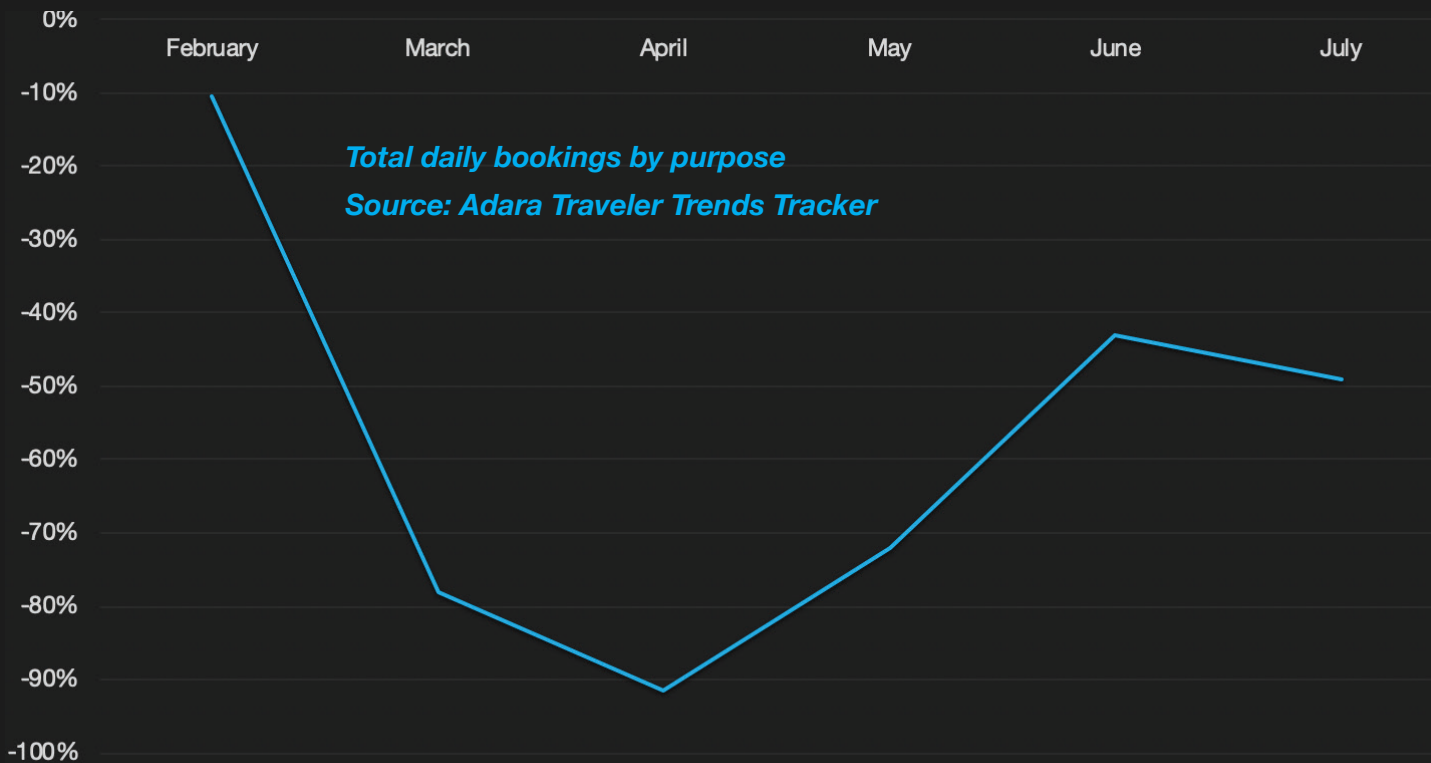
NOTABLE TAKEAWAYS

- Lowest day of total bookings was April 26, 2020
- Data showed a notable increase in one way tickets during the first two weeks of the pandemic.
- Steady climb in bookings since mid-April, peaking in mid-June, slowing again after the July 4th holiday.
- Booking window has increased only very slightly since mid-April. Only minimal bookings are being made more than 60 days out.

IMPACT OF COVID-19 ON HOTEL RESERVATIONS

Of impacted sectors, hotel most closely aligned with the “V shaped rebound” that analysts were hopeful the industry would see. The gross number of bookings increased sharply in late May and June, closely mirroring the initial downturn.

% Deviation from monthly average bookings



NOTABLE TRENDS

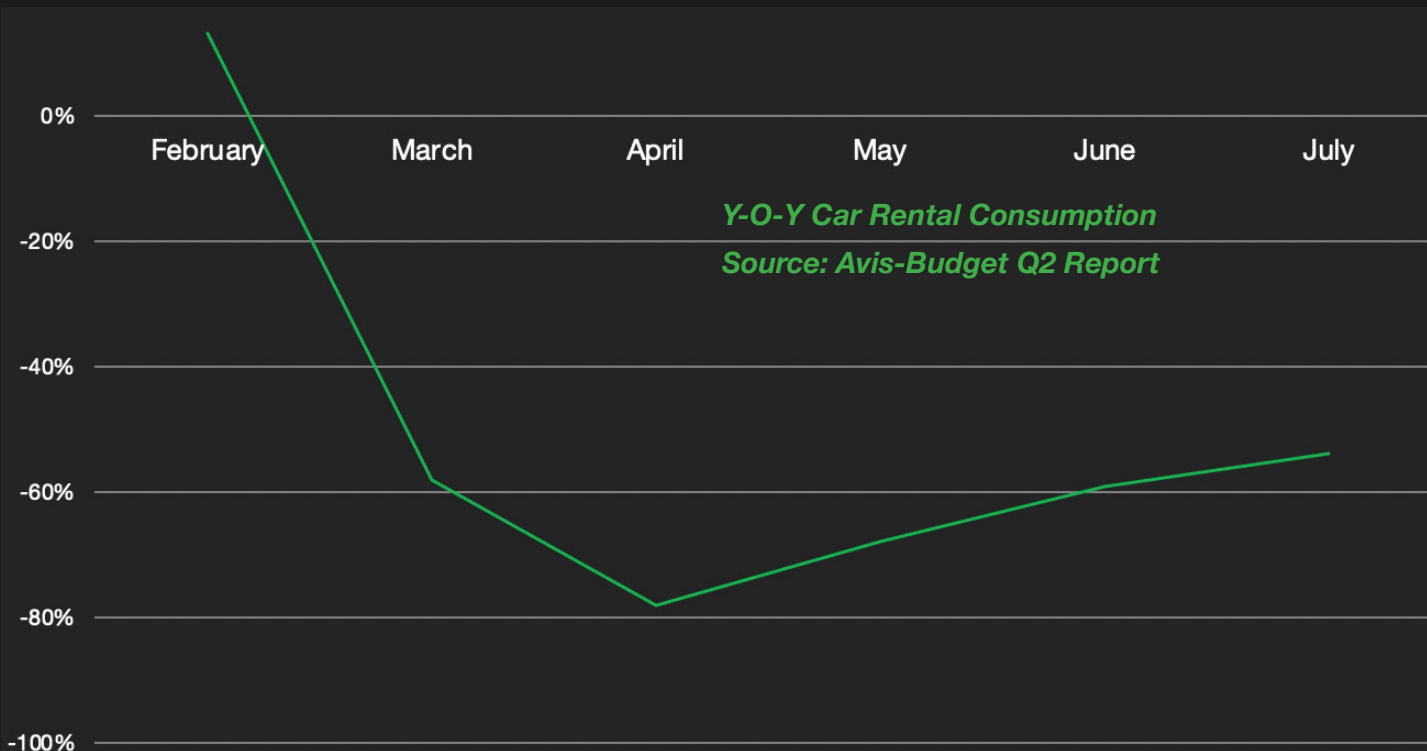
- Lowest day of total bookings was April 4, 2020.
- Economy and mid-scale hotels have been preferred over luxury hotels.
- Booking window increased by 68% in April, but dropped to just 10% above average by June.
- Trip length has remained steady throughout the pandemic with no statistically significant change in average length of stay.
- Business travel has been slowest to recover, remaining at below 25% of total booked room nights.

IMPACT OF COVID-19 ON CAR RENTAL BOOKINGS



Typically considered a “follow-on product,” booked after flights and hotels, car rental’s recovery has been surprisingly steady. Although growth slowed in July, car rental did not experience a contraction, in contrast to other travel lines of business.

% Deviation from monthly average bookings



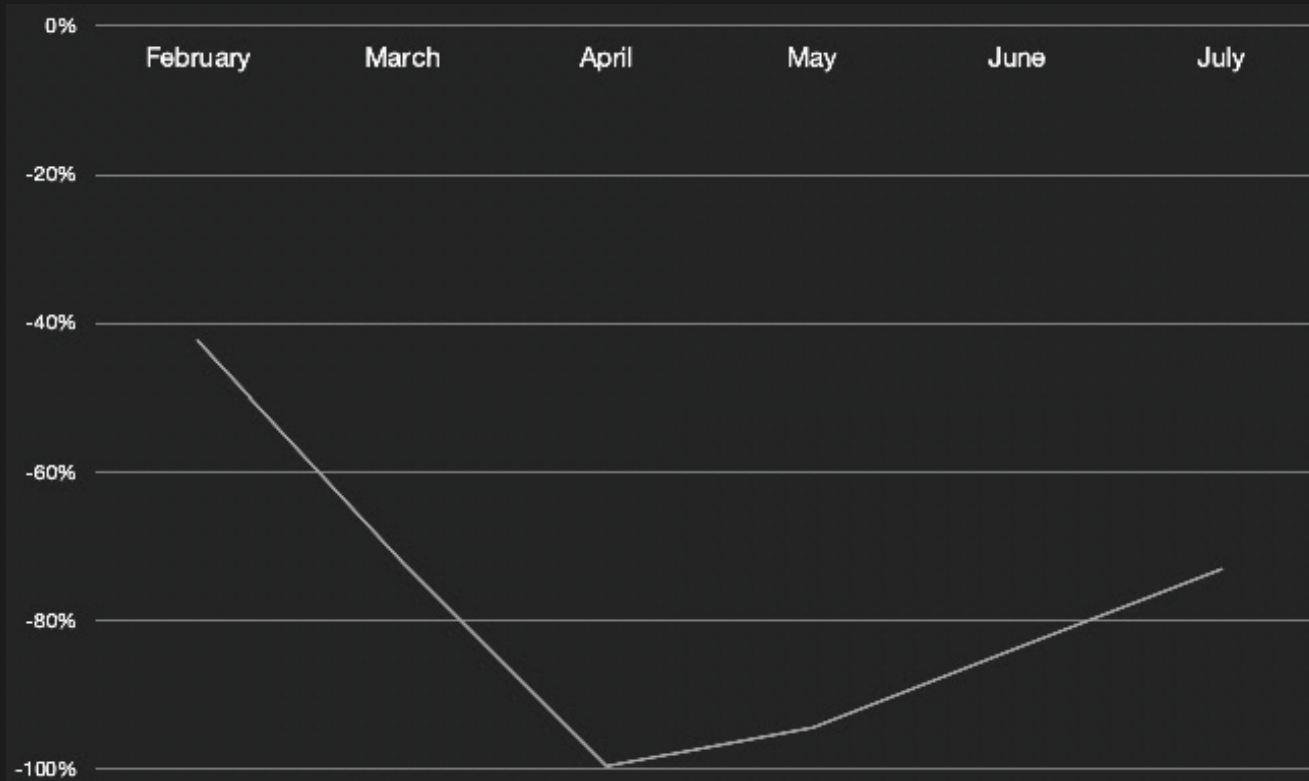
NOTABLE TRENDS

- Data showed a 16% increase in one-way car rentals during the first two weeks of the pandemic.
- Slow, but sustained growth in bookings in May and June.
- Bookings remain roughly 10% above TSA numbers in air travel growth week-over-week.

IMPACT OF COVID-19 ON TOUR & ACTIVITY BOOKINGS

Of all segments, except perhaps live events, tours, activities, and experiences, have been the most impacted, and have remained the most depressed. Many of the rebound bookings are for virtual tours and remote-friendly products.

% Deviation from monthly average bookings



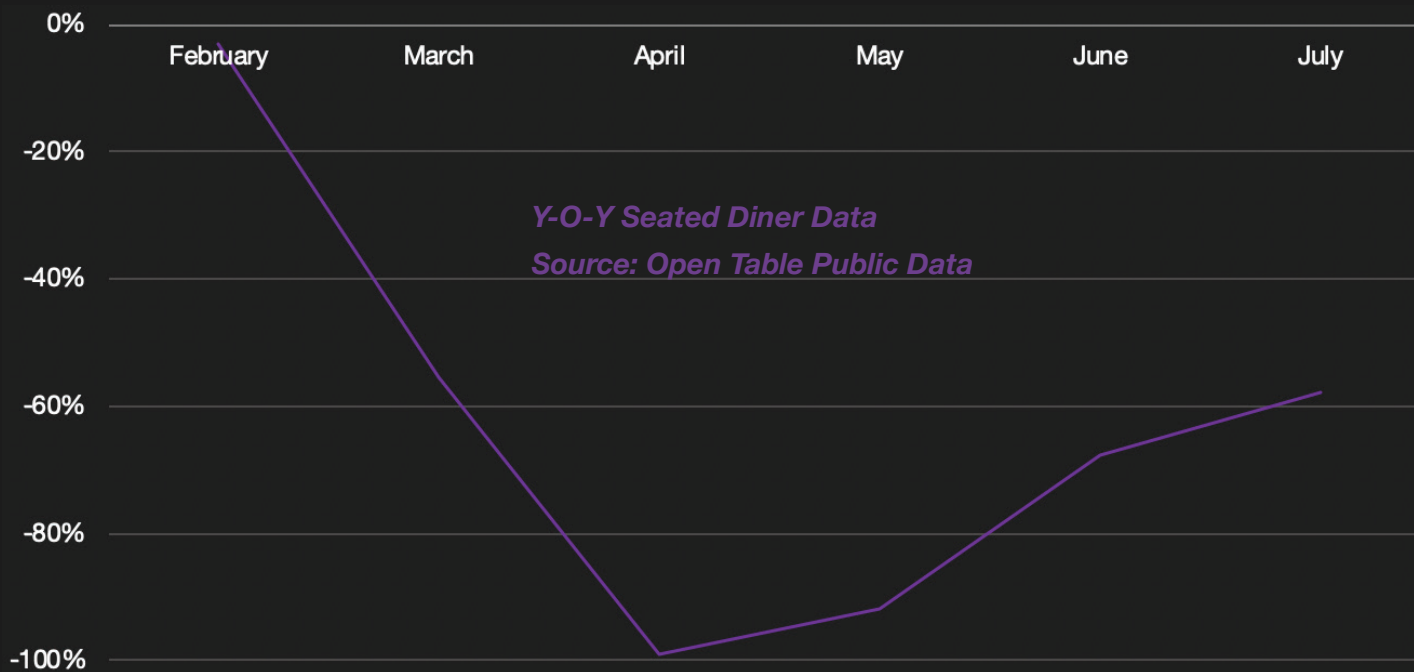
NOTABLE TRENDS

- The booking floor for tours & activities dropped well below other modules with a 95%+ reduction.
- Bookings remain nearly 70% below seasonal averages.
- Rebound has remained steady through July.
- Significant tour and activity inventory remains unavailable as of July 20, 2020.

IMPACT OF COVID-19 ON RESTAURANT RESERVATIONS

Restaurant reservations dropped sharply between February and late March as almost all restaurants globally were forced to close or move to takeout only. OpenTable data indicates that roughly 35% of restaurants are still not open for in-person dining as of August 1, 2020.

% Deviation from monthly average reservations



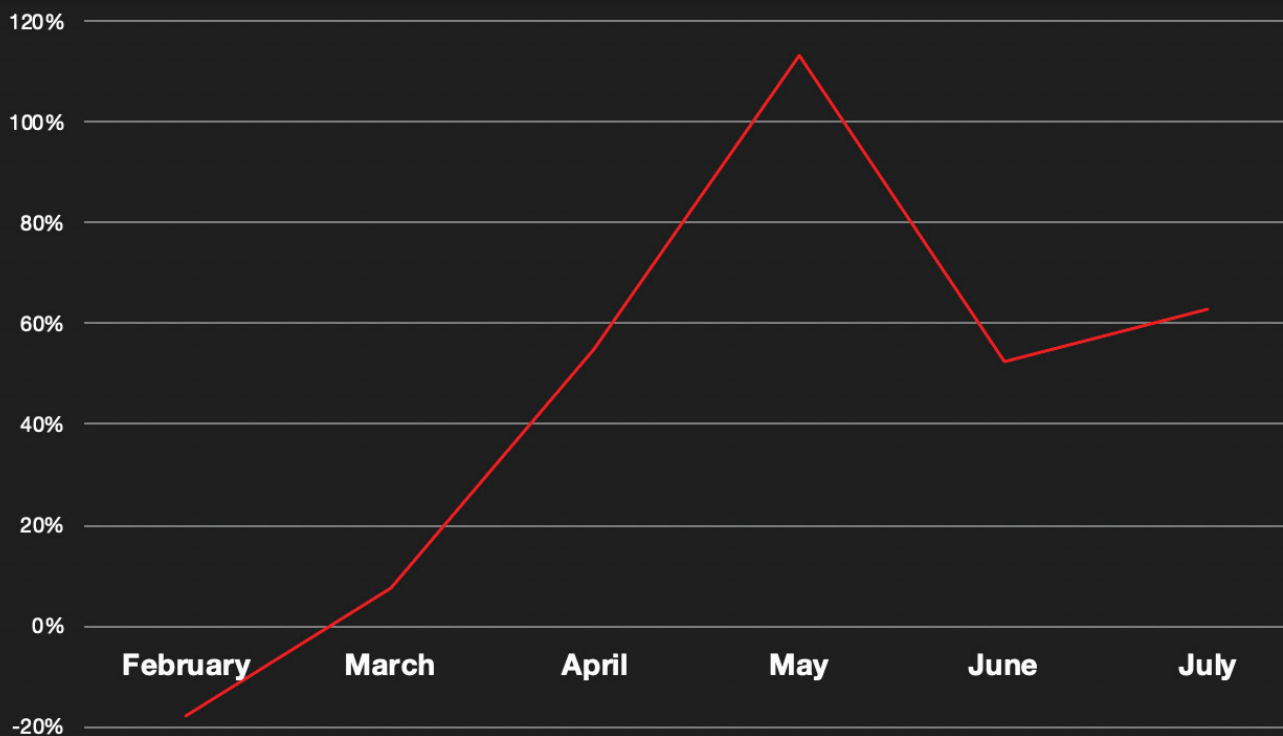
NOTABLE TRENDS

- Lowest day of seated diners was April 9, 2020. However, seated diners were below 1% of previous year average every day between March 22 and May 4, 2020
- Urban centers with a large volume of tourists, such as San Francisco, New York City, and Honolulu remain below 5% of expected volume.
- Australia has rebounded most sharply and totals remain at 80% of expected volume.

IMPACT OF COVID-19 ON FOOD DELIVERY ORDERS

Food delivery emerged in early 2019 as a new category, blending lifestyle with travel, as research indicates more than 30% of travelers are already using food delivery while traveling. Unlike travel products, food delivery usage has soared during COVID.

% Deviation from monthly average orders



NOTABLE TRENDS

- Typically 65% of loyalty-integrated orders are made while traveling. However, since mid-March the skew of orders made at home has shifted, with more than 70% of orders made off-property.
- Food delivery usage dropped at a rate parallel to the rise in restaurant reservations as dine-in restrictions began to be lifted.
- Although usage has regressed slightly to the mean since the reopening of restaurants total usage remains strong.

ADDITIONAL INSIGHTS



CHANGES IN TRAVELER BEHAVIOR

Sea changes in consumer behavior will need to be met with changes in messaging and marketing.

- International travel restrictions and potential for long-term preference for domestic markets.
- The resurgence of the road trip and shift towards drive-market destinations.
- Decrease in the average booking window.
- Increased concern around cleanliness, social distancing, and safety measures, particularly among older travelers.



IMPORTANCE OF LIFESTYLE PRODUCTS IN THE MIX

Major brands such as American Express and Chase quickly pivoted their rewards programs to prioritize COVID-friendly benefits like food delivery and streaming services.

Lifestyle products, which are not tied to travel, have been the key to maintaining loyalty program relevance during this period of unprecedentedly low travel.



SUPPLIER CHALLENGES

Supply availability is an ongoing concern. Reduction in available inventory has occurred across all supply categories with no time table for a complete return.

Additionally, furloughs, layoffs, and bankruptcies have plagued suppliers of all sizes, leading to resource constraints and lengthier wait times for customer care.

Notably, many suppliers' terms and conditions, revenue sharing terms, and API availability have been changed on short notice.



Danielle Matherne

Data Science Manager
iSeatz
dmatherne@iseatz.com

Jillian Kossman

Director of Marketing
iSeatz
jkossman@iseatz.com

iSeatz