



Executive Perspectives





BCG Executive Perspectives

IN THIS DOCUMENT

TRAVEL & TOURISM RECOVERING AFTER DIFFICULT YEAR

Travel and tourism, including hospitality and leisure, was one of the areas most severely impacted by COVID-19, as lockdowns and travel restrictions slowed activity to a trickle or stopped it altogether. This led to a direct loss of \$4.5T in global GDP, and ripple effects were felt across companies and industries as organizations struggled to find new ways to connect with their customers and employees. Now with COVID-19 vaccinations and cases controlled in some areas, short- to medium-term demand spikes are expected, accompanying the longer-term sustained changes needed to navigate the new world.

WIDE-REACHING IMPLICATIONS OF CHANGES IN TRAVEL IMPACT MANY INDUSTRIES

The changes in global travel patterns will have broader impacts throughout organizations worldwide. Leisure and business travel spending reallocated during the pandemic is starting to return. Other industries can apply learning from the travel industry, such as on navigating large demand fluctuations. Companies can also think about changes to their business travel operating model and ways to make business travel more sustainable.

Summary

What the Evolution of Travel Means for Business

1

TRAVEL & TOURISM TRENDS

- A Travel demand is increasing, but recovery will vary by country and is tied to vaccine progress
- B Expect high near-term demand in leisure travel with potential structural changes in business travel
- C Consumers are calling for increased sustainability as travel industry responds with initiatives

2

IMPLICATIONS FOR ALL COMPANIES

- A Prepare for volatility from consumer spending shifts with demand sensing
- B Update business travel operating model to account for hybrid and remote work
- C Improve business travel sustainability by reducing footprint and engaging suppliers

3

IMPLICATIONS FOR TRAVEL COMPANIES

- A Changing customer needs require continued investment in safety and hygiene protocol, demand sensing, and sustainability
- B Opportunities exist to establish new cost baselines and implement scenario-based agile planning to improve operations



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AGENDA

DEVELOPMENTS IN TRAVEL AND IMPLICATIONS ACROSS SECTORS



Impact and trends in travel and tourism

Implications from travel recovery for all sectors

UPDATED ANALYSES AND IMPACT

Epidemic progression and virus monitoring

Economic and business impact

There have been major disruptions to travel and tourism

Economic impact

-\$4.5T

GDP loss in 2020
from COVID-19
impacts on **travel
and tourism**

Job loss

62M

**Estimated jobs
lost** in travel and
tourism sector
globally

Business travel

92%

Of all companies
continue to
suspend most or
all **international
business** travel
as of May 2021

Tourism

74%

Decrease in **global
international
tourist** arrivals
from 2019 to 2020

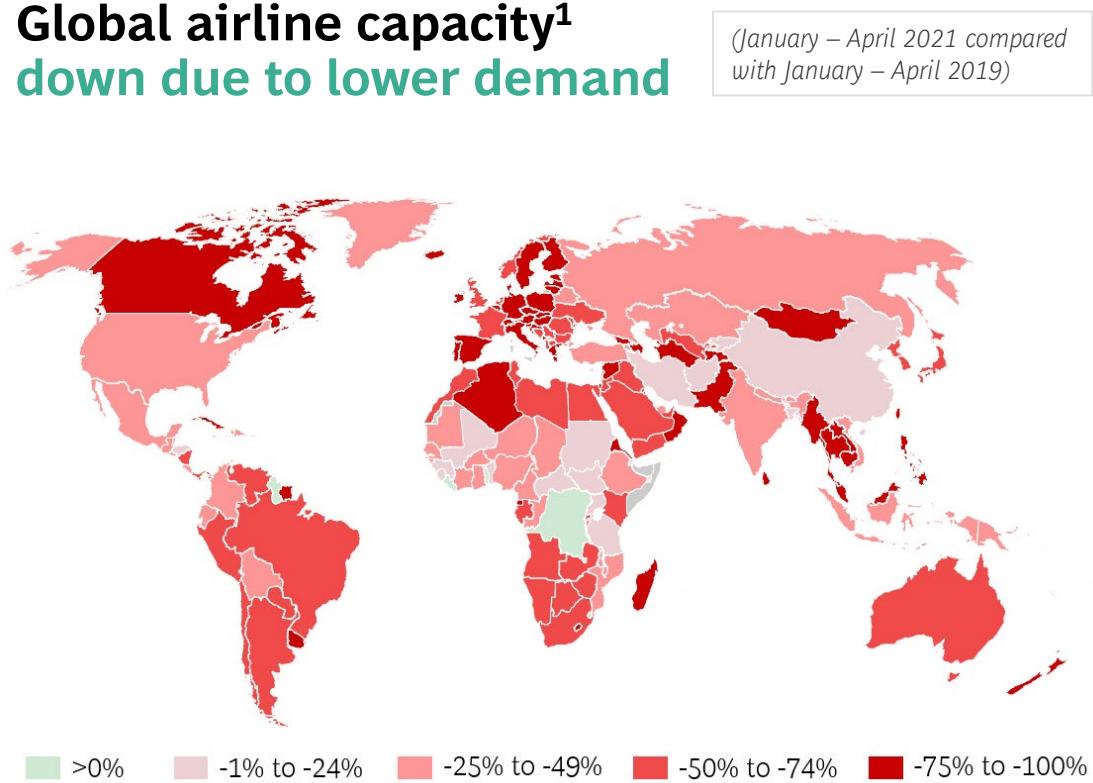
Airlines

26%

Of all planes owned
by airlines are still
in **storage** as of
June 2021

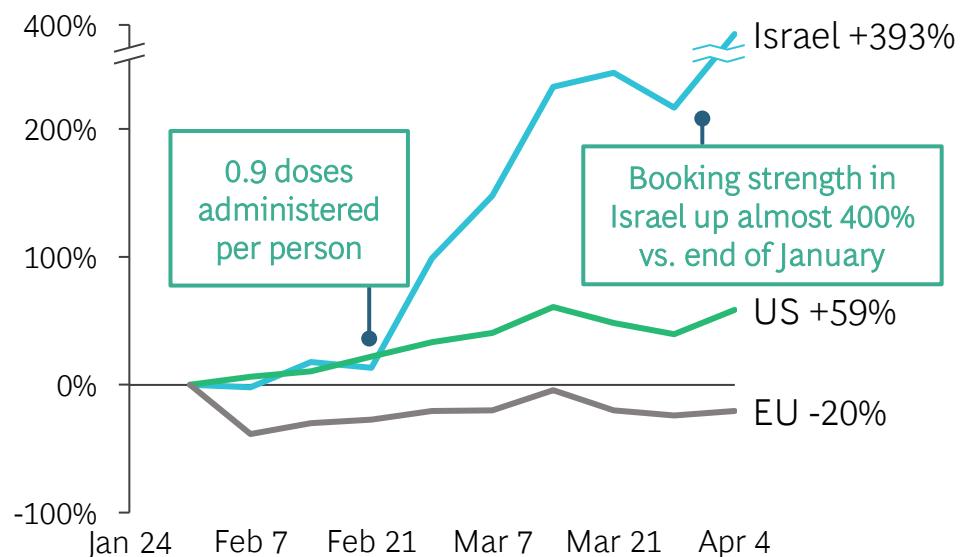
Travel and tourism trends | Travel demand is increasing, but recovery will vary by country and is tied to vaccine progress

Global airline capacity¹ down due to lower demand



Countries that have seen better COVID-19 vaccine progress are seeing faster travel recovery

Growth in relative ticket volumes, 2021 vs 2019 over time (baselined to Jan 31, 2021 as 0%), destination data



Vaccine doses administered per person by Apr. 4

1.2

0.5

0.2

With just 4% of Indonesians fully vaccinated and doses secured for only ~80% of the population by 2022, tourist destinations such as Bali will see a slower return of travel

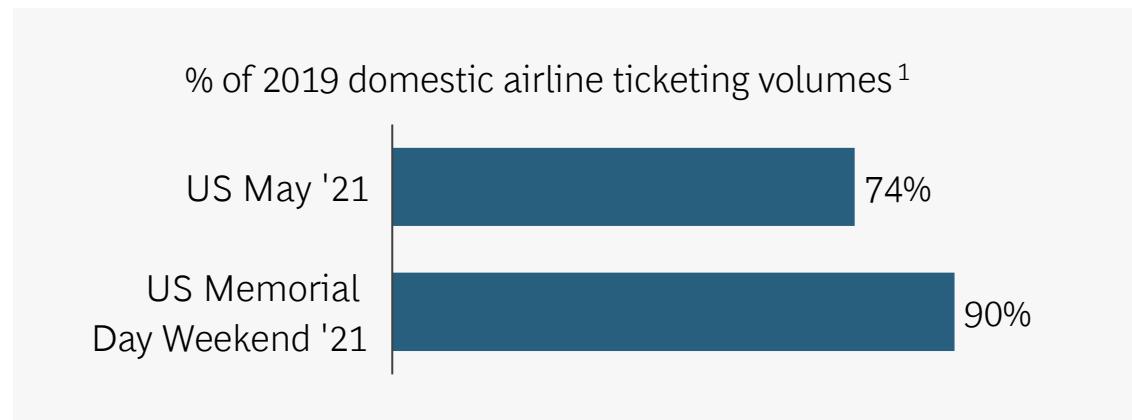


1. Carrying capacity based on a measurement of ASKs or available seat kilometers for domestic and international arrivals, comparing 2019 and 2021 data
Sources: TRIP, ARC/IATA, Our World in Data

Travel and tourism trends | Expect high near-term demand in leisure travel with potential structural changes in business travel

Leisure travel has near-term pent-up demand as consumers feel safe to resume travel

Some domestic markets have recovered to **near 2019 levels**, especially on **weekends and holidays** when leisure travel is prevalent



Other consumers are eager to travel soon: **56%** ranked leisure travel **among their top** post-vaccination activities, second only to seeing family and friends

Business travel recovery is slower with structural changes

50%+ of travel managers expect reduced travel budgets as they add greater flexibility for **remote-working roles**

New reasons for travel as remote and hybrid workers gather for training and affiliation



Most companies do not expect to return to **full business travel until 2023+**

1. As of May 2021

Sources: BCG COVID-19-related measures survey of 300+ global companies, TRIP, ARC/IATA, GBTA (April 2021), BCG analysis

Travel and tourism trends | Consumers are calling for increased sustainability as travel industry responds with initiatives

Travelers who are looking for more green-friendly travel brands:



Consumer preferences will have impacts on **both leisure and business** travel

The travel and transportation industry is responding with **sustainability initiatives**



Most major airlines have committed to **net-zero emissions** by 2050 and are exploring **sustainable aviation fuels (SAFs)** to comply with new regulations



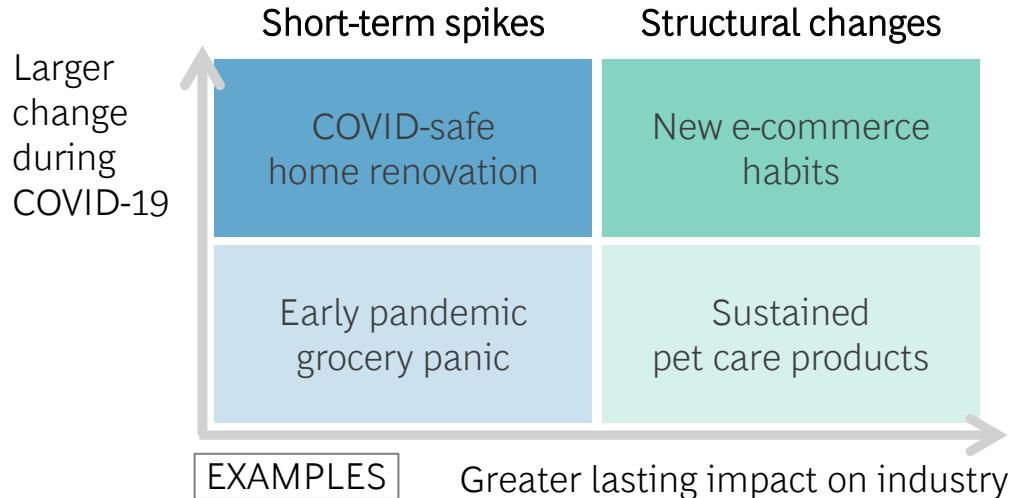
~**30%** of global rail track systems have been **electrified**, and this is expected to grow **to ~40%** in the next 5 years



The cruise industry has already invested **\$24B** in sustainable ships, with a target of **40% reduction** in carbon emissions by **2030**

Implications for all companies | Prepare for volatility from consumer spending shifts with demand sensing

While leisure travel decreased, other **consumer areas** increased during pandemic



Spending will begin to **shift back** from some categories as travel resumes and public spaces open



Companies can prepare for volatility from demand fluctuations by bolstering demand-sensing capabilities

Companies must gather and **analyze data** from a variety of first- and third-party sources, such as **epidemiological data**; this information can provide indicators to support **agile planning**

For example, products and investments (e.g., sales team deployments) can be **adapted** based on trend shifts; supply chains and operations can also be optimized to **scale up and down rapidly**

Demand sensing – lessons from travel

The travel sector faced massive **volatility swings** throughout the pandemic; increasing **accuracy of demand forecasts** is important to react quickly to changes

Example: Car rental company implemented a **real-time demand-forecasting platform¹** and boosted demand-sensing accuracy by **30 pp**

1. Using BCG Lighthouse real-time demand-forecasting platform

Sources: BCG and Skift, *How the Disruption of Air, Cruise, and Hotel Capacity Created Unique Opportunities* article (April 2021), press search, BCG Lighthouse, BHI, BCG case experience

Implications for all companies | Update business travel operating model to account for hybrid and remote work

Travel changes impact the **future of work** and how business relationships will be conducted

Business travel in the future may look different:

- **Duration** will shift away from **short, repeated trips**
- **Rationale** includes bringing **distributed/remote** teams together for rapport and training
- Companies must be more **flexible** and change their **business travel operating model**

42%

of companies in May 2021 plan to **resume domestic business travel** in near future, up from **28%** in March¹

Business travel management has shifted, and some funds reallocated may not return as travel resumes

Companies can update their business travel operating model:

- Train travel managers to **manage new risks**
- Reassess baseline of **business travel spending**
- Provide cloud-based, **integrated solutions**

Impact on future of work from business travel changes

Companies have opportunity to develop **hybrid (onsite and remote) work model**:

Favor **simplicity** – focus on **2-3** most relevant models that support **business objectives**

Biggest success factor is to **test and learn**. Pilot different models and test for **3-6 mo.** to learn and refine

1. GBTA survey, (n=457-486 in May and N=253-362 in March)
Sources: GBTA survey (March and May 2021), BHI, BCG case experience and analysis

50%

of organizations placed **higher priority** on travel sustainability in past 12 months¹

Engaging **business travel suppliers** (e.g., airlines, hotels, travel management companies) in climate efforts can make a difference

1

Pressure from **corporate customers** can be effective

2

Emissions transparency is difficult, but important to ask for

3

TMCs² can help push **green initiatives** and gather **data**

Climate considerations are **increasingly important**; improving business travel sustainability can be a key part of a company's broader **sustainability plan**

Steps for companies to optimize **travel carbon footprint**:

- Develop a realistic **net-zero pledge** or **emissions goal**
- Invest in **online tools** that measure or estimate emissions
- Decide how to reach the **reduction goal** (e.g., reduce trips, optimize meeting locations)

Sustainability efforts – examples:

Technology company shares **sustainability initiatives** with travelers and is pushing hotels to provide **better data and emissions reduction targets**

11 large corporations partnered with a global airline to accelerate solutions that **decarbonize aviation** by allowing partners to pay additional for SAF³

1. Business Travel News (BTN), 2021, Sustainable Business Travel Survey, based on 315 buyer respondents (Feb – Mar, 2021). 2. Travel management companies. 3. Sustainable aviation fuel Sources: Business Travel News, press search, BCG case experience

Implications for travel companies | Take opportunity to double down on changes accelerated by COVID-19 and reset traditional approaches

A. CUSTOMERS AND REVENUE

Safety and hygiene



Continue upholding COVID-19 safety standards and encourage practices such as hygiene, vaccination, etc. Adapt business offerings accordingly

Demand sensing



Continue to refine operational and commercial demand-sensing platforms. Develop omnichannel capabilities that support customer loyalty

Sustainability



Push current status quo in sustainability and make longer-term investments that lead to step-change improvements. Explore new innovations and partnerships

B. COST AND OPERATIONS

New cost standards



Institutionalize lasting cost structure changes brought on by COVID-19 (e.g., organization and staffing models, capital assets) and establish new baselines

Agile planning



Invest in digital and organization capabilities that allow for quick and accurate planning for any possible scenario and scaling up or down of operations as needed

Lodging company expanded offerings in remote locations that facilitated distancing, surpassing even 2019 sales

Travel distributors are increasingly integrating online and offline offerings (e.g., use digital to upsell)

Airline replicates sharkskin aerodynamics in coating technology to boost fuel efficiency of cargo jets

Many ships in cruise industry were scrapped or sold. Opportunity to buy modern ships with better unit costs

Airline implemented tool using 1st- and 3rd-party data to estimate staff needs for up to 100 day-of scenarios

Mixed travel recovery sentiments across the world as certain regions look to reopen while others remain controlled; various tactics explored in recovery

As of 27 May 2021



EU governments agreed to allow quarantine-free travel for vaccinated tourists from select countries



Israel welcomes first tour group since the onset of the pandemic



"Fortress Australia": Calls to open up borders are meeting resistance



Dubai targets over 5.5 million overseas tourists this year as more restrictions are eased



G20 nations representing world's largest economies support vaccine passports



With Tokyo Olympics less than 2 months away, U.S. warns Americans not to travel to Japan as cases increase



Singapore-Hong Kong travel bubble likely delayed as COVID-19 restrictions tighten



Virtual tourism can help rebuild travel for a post-pandemic world



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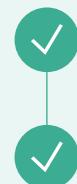
AGENDA

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Impact and trends in travel and tourism

Implications from travel recovery for all sectors

UPDATED ANALYSES AND IMPACT



Epidemic progression and virus monitoring

Economic and business impact

Summary dashboard

As of 01 June 2021

To be updated in forthcoming editions

Epidemic Progression

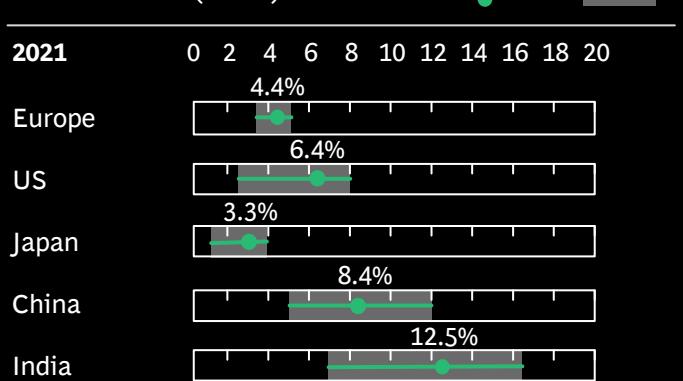
Global epidemic snapshot

	172M # of cases	13.6M # of active cases	3.7M # of fatalities	2B Vaccine doses administered
Month-on-month growth of new cases ²	Americas	0.6x	1.0x	1.2x
	Europe	0.7x	1.3x	0.9x
	Asia ³	0.9x	1.7x	3.3x

	Feb	Mar	Apr	May
Americas	0.6x	1.0x	1.2x	0.8x
Europe	0.7x	1.3x	0.9x	0.4x
Asia ³	0.9x	1.7x	3.3x	1.0x

Economic Impact

GDP forecasts (YoY%)



Consumer Activity

Mobility

		Feb	Mar	Apr
Mobility ⁶ (month vs. Jan '20)	US	-26%	-18%	-15%
	Europe	-30%	-25%	-24%
	Japan	-17%	-12%	-12%

		Feb	Mar	Apr
Domestic air travel tickets booking ^{7,8} (YoY)	US	-37%	18%	189%
	UK	-78%	-47%	181%
	China	15%	138%	157%

Sales

		Feb	Mar	Apr
Retail goods sales ⁹ (excl. auto & fuel, YoY)	US	6%	19%	Grey
	Europe ¹⁰	0%	12%	21%
	China ¹¹	34%	34%	18%

		Feb	Mar	Apr
Passenger vehicle sales ¹² (YoY)	US	-13%	61%	113%
	Germany	-19%	36%	90%
	China	397%	75%	9%

Business Impact

Stock market performance

<i>Month end vs. 02 Jan '20</i>	Feb	Mar	Apr
S&P500	17%	22%	28%
FTSE100	-15%	-12%	-8%
CHN SSE	14%	12%	12%
Volatility Index (S&P500) ¹³	2.2x	1.6x	1.5x

International trade

<i>Trade value¹⁴ (YoY)</i>	US	Feb	Mar	Apr
France	0%	3%	29%	
China	56%	26%	34%	

Industrial production

<i>Purchasing manager's index¹⁵ (base = 50)</i>	US	Feb	Mar	Apr
Germany	61	67	66	
China	51	52	51	

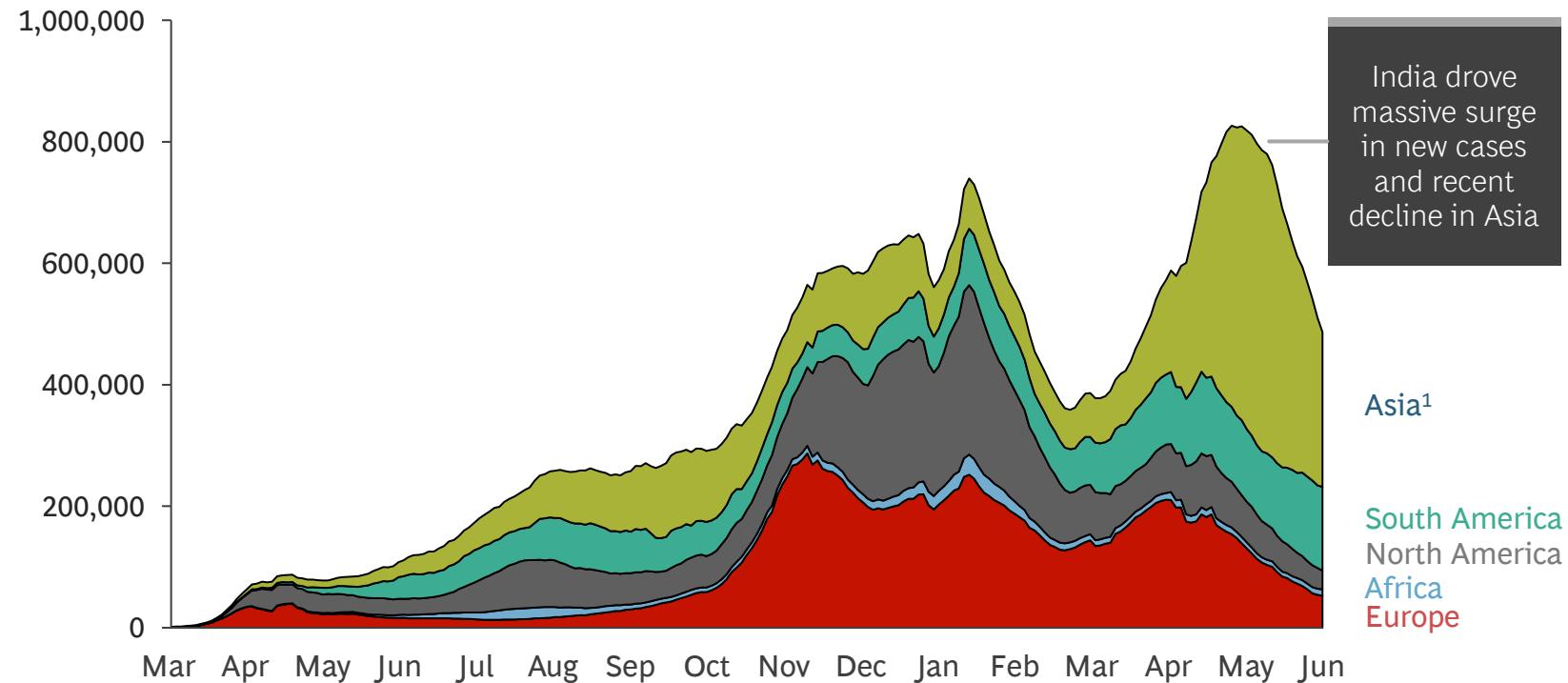
<i>Steel production (YoY)¹⁶</i>	Feb	Mar	Apr
G-20 countries	5%	16%	24%

1. Calculated as 7-day rolling average; 2. Calculated as monthly average of daily cases vs. previous month; 3. Includes Middle East and Oceania; 4. IMF Apr 2021 forecast; 5. For India, forecast is for financial year; for others, it is for calendar year; YoY forecasts; range from forecasts (where available) of World Bank, International Monetary Fund, JP Morgan Chase, Morgan Stanley, Bank of America, Fitch Solutions, Credit Suisse, Danske Bank, ING Group, HSBC; As of reports dated 08 June 2020 to Mar 01 2021; For India's GDP forecast, World Bank's 2020 forecast from 08 June provides the upper bound of the forecast range; 6. Mobility values are calculated as the average of mean monthly mobilities in workplace, public transit, retail & recreation, and grocery & pharmacy and compared to a baseline from 03 Jan – 06 Feb 2020; Europe mobility values are calculated as the average of Germany, France, UK, Spain, and Italy; 7. Calculated as change in last 14 days rolling average value as compared to same period last year; 8. As of 01 Mar 2021; 9. Retail goods sales include online & offline sales and comprise food & beverages, apparel, cosmetics & personal care, home appliances, general merchandise, building material; do not include auto, fuel & food services; 10. Europe includes 27 countries currently in EU; 11. For China, Jan & Feb are reported together due to National Holidays. 12. Figures represent passenger vehicle (including sedan, hatchback, SUV, MPV, van and pickup) sales data for over same month in previous year; Europe value calculated as cumulative sales in Germany, France, UK, Spain, and Italy; 13. Underlying data is from Chicago Board Options Exchange Volatility Index (VIX); Volatility Index is a real-time market index that represents the market's expectation of 30-day forward-looking volatility and provides a measure of market risk and investors' sentiments; 14. Calculated as sum of imports and exports, measured in USD and compared to previous year period; EU trade values between EU and all outside countries 15. PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding (>50), staying the same (50), or contracting (<50); 16. Data corresponds to G-20 countries (minus Indonesia). Sources: JHU CSSE, Our World in Data, WHO, World Bank, IMF, Bloomberg, Google Mobility, US Census Bureau, Eurostat, PRC National Bureau of Statistics, ACEA actuals, Marklines, ARC ticketing data, STR, Statista, CBOE, OECD, BEA, GACC (customs) China, ONS, BCG

Case counts reduced as vaccine rollout continues, especially in North America and Europe

As of 01 June 2021

Daily new cases (7-day rolling average)



Month-on-month growth of new cases²

215%	15%	50%	60%	10%	10%	40%	45%	10%	0%	(40%)	20%	60%	(15%)
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1. Includes Oceania (Australia, New Zealand, Papua New Guinea and surrounding island nations of the Pacific ocean); 2. Calculated monthly as average of daily cases compared to previous month daily cases and rounded to nearest 5%. Sources: Johns Hopkins CSSE; Our World in Data; Worldometer; press search; BCG

Epidemic Progression

Key observations

172M
of confirmed cases

13.6M
of active cases

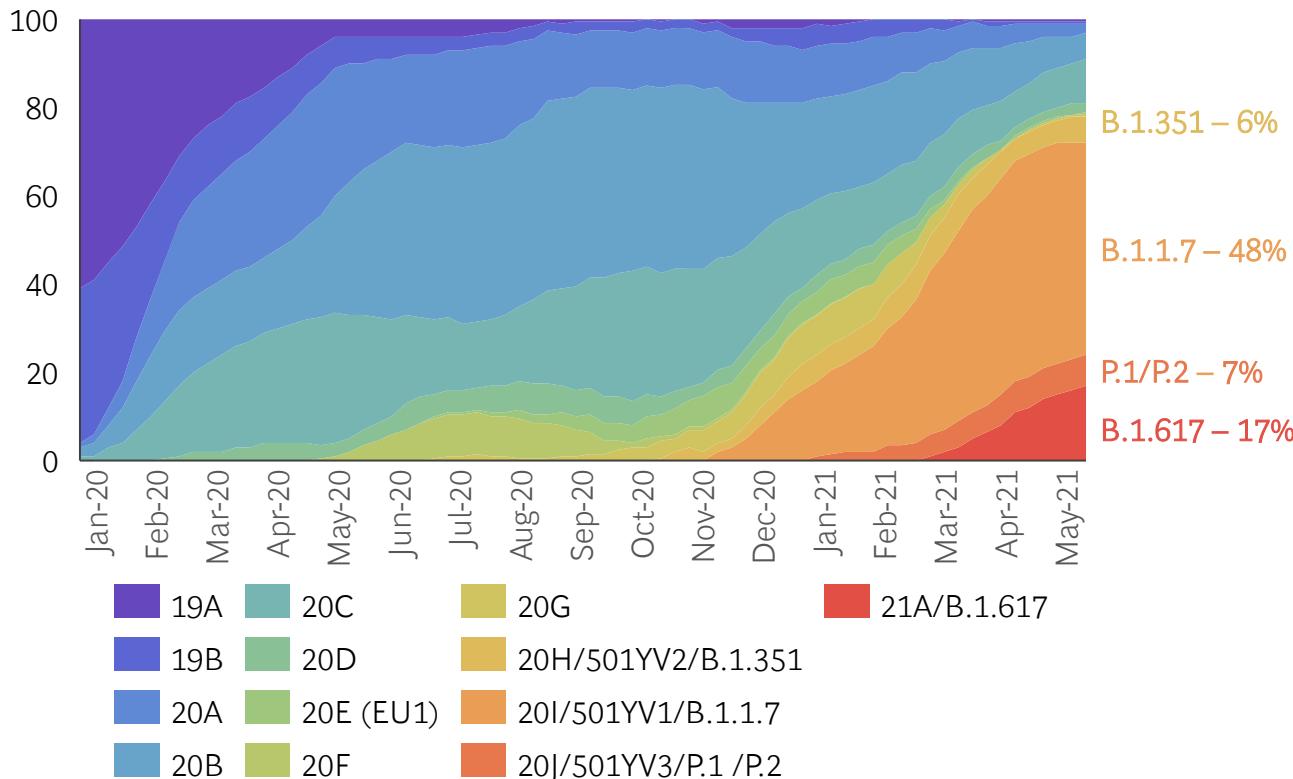
3.7M
of fatalities

Despite progress on vaccination across the world, caution required as concerning variants spread among immune-naïve population

As of 23 May 2021

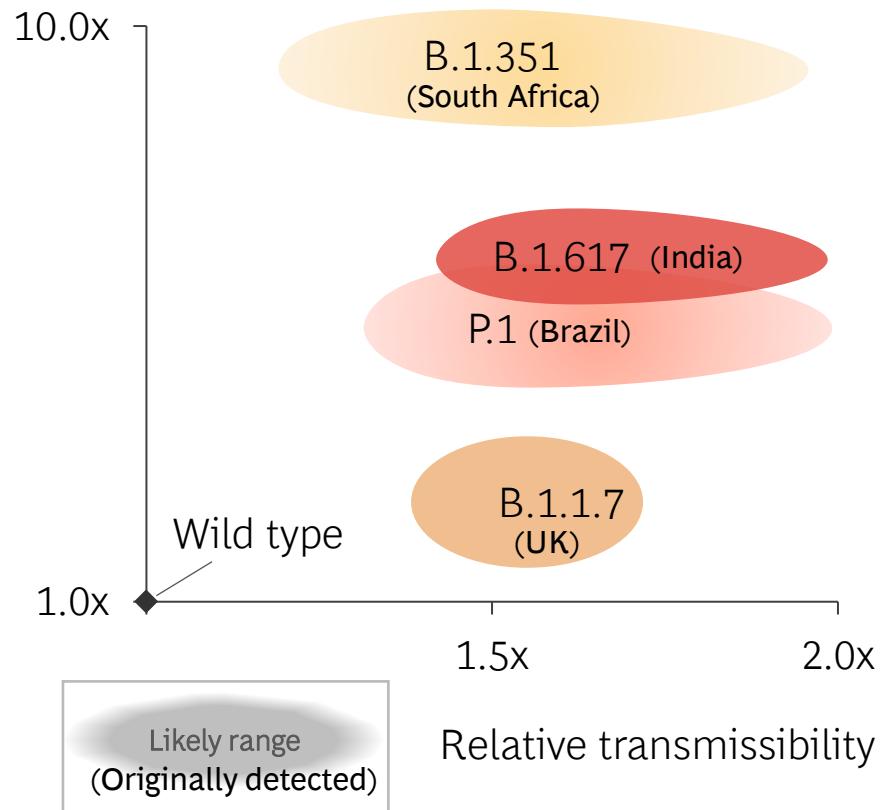
Time series view of variant frequency

4 variants of concern are ~80% of sequenced samples



Variants of concern compared with wild type

Relative antibody resistance



Note: Several of the concerning variants (e.g., those first identified in the UK and South Africa) share mutations (e.g., N501Y) while also having distinct mutations (some more than others)
Sources: JAMA, Nextstrain, Financial Times, Virological; Centers for Disease Control and Prevention; cov-lineages.org, Lancet Infectious Diseases, press search; Axios variant tracker; Nature

COVID-19 has broad geographic reach today with countries at different stages in their fight

As of 01 June 2021

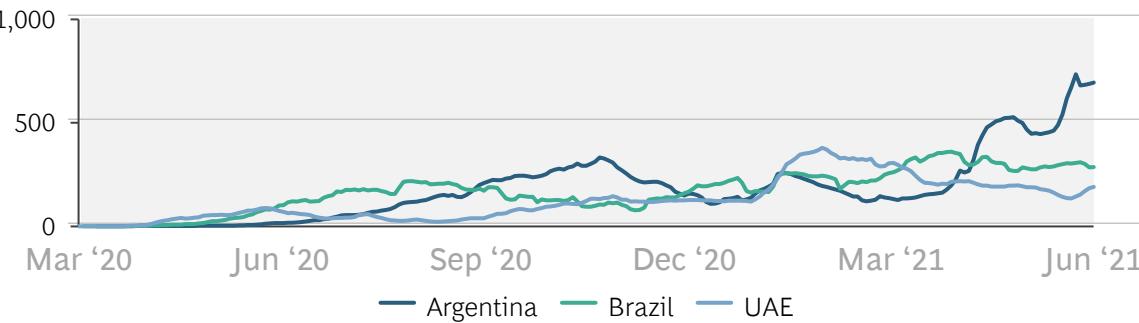
Non-exhaustive

Epidemic Progression

Continuation

Curve was never quite flattened; ongoing battle

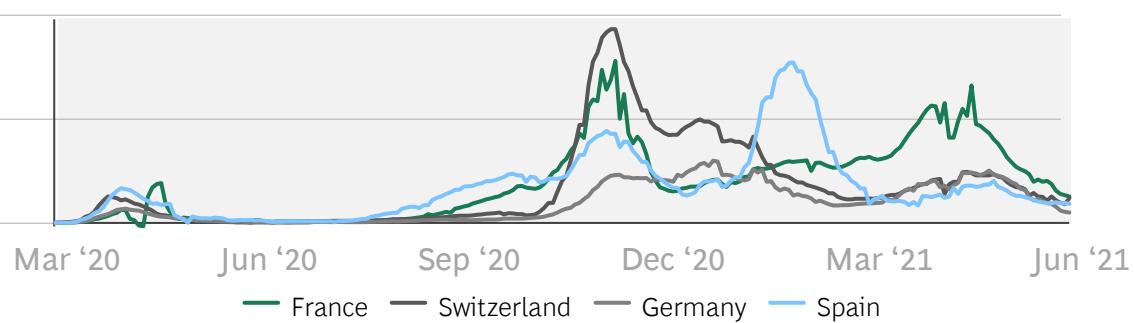
Daily new confirmed cases per million¹



Resurgence

Curve was flattened but saw one or more resurgences

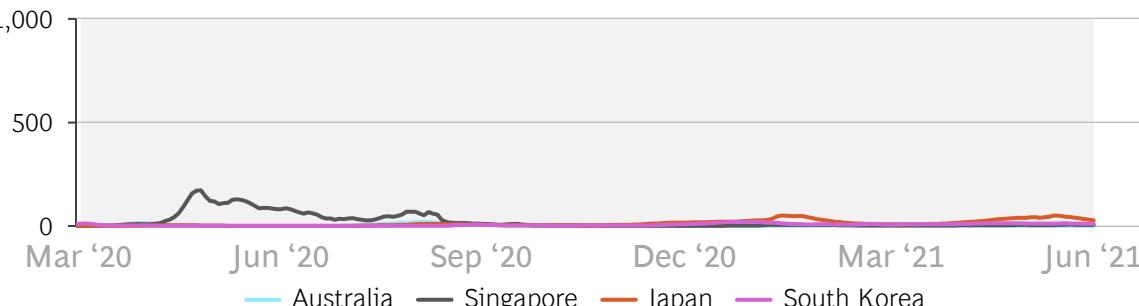
Daily new confirmed cases per million¹



Crush and contain

Curve was flattened and case counts continue to remain low

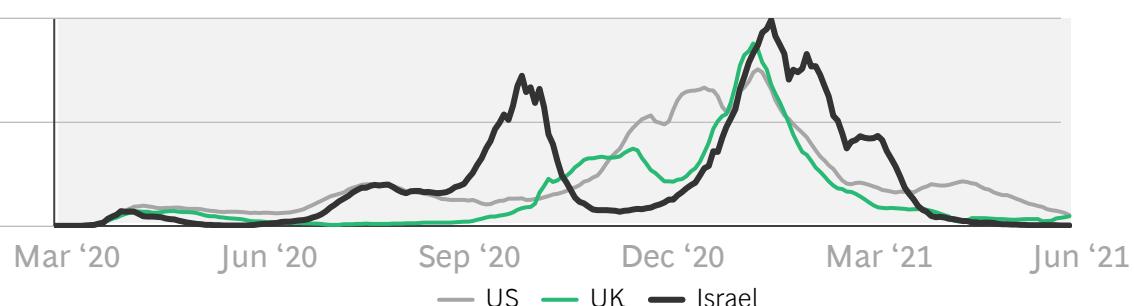
Daily new confirmed cases per million¹



Vaccinated

Curve reduced through vaccination progress

Daily new confirmed cases per million¹



1. Data shown as 7 day rolling average of daily new cases per million

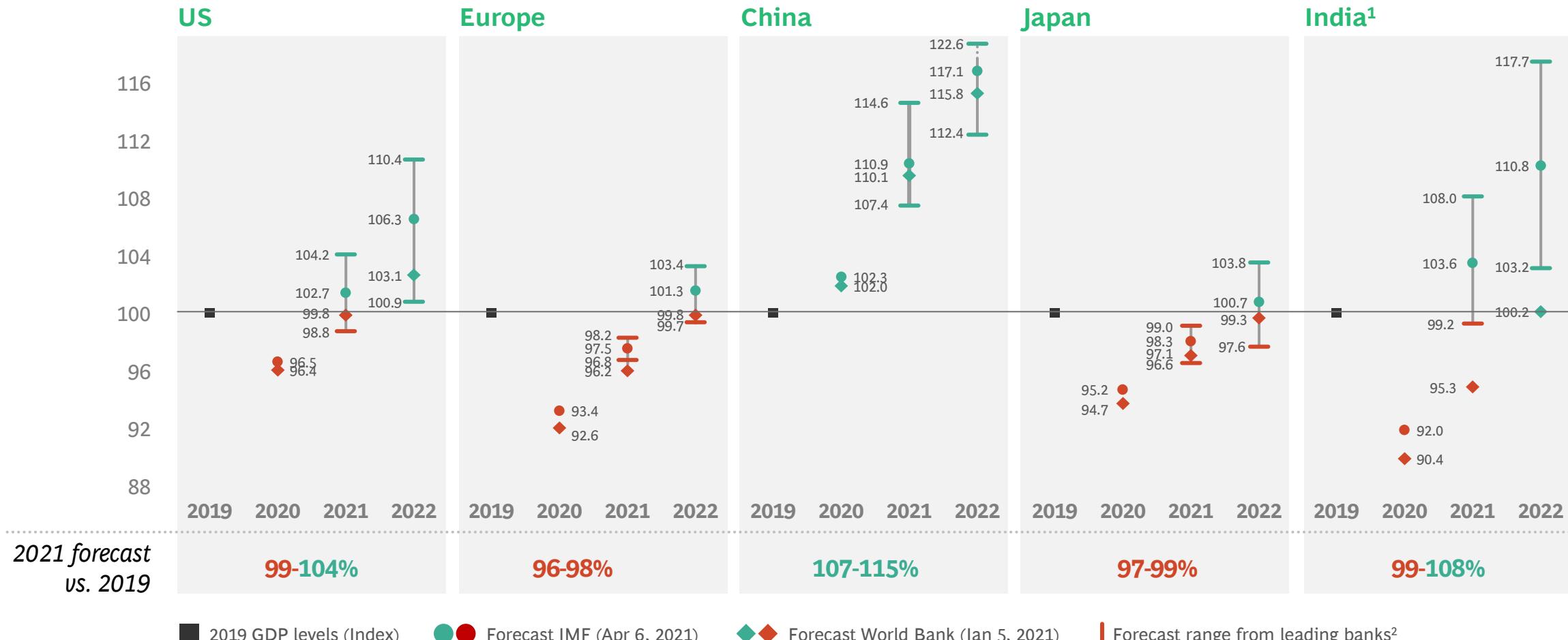
Sources: Our World in Data; BCG

Many large economies expected to continue recovery and reach 2019 GDP levels between 2021 and 2022

As of 01 Jun 2021

Economic Impact

GDP forecast levels indexed to 2019 value (Base: 100)



Note: As of reports dated 08 June 2020 to 01 Mar 2021, YoY forecast 2020 values are estimated actual GDP; 1. For India, forecast is for financial year; for other countries, the forecast is for calendar year; 2. Range from forecasts (where available) of JPMorgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC; Sources: Bloomberg; World Bank; IMF; BCG

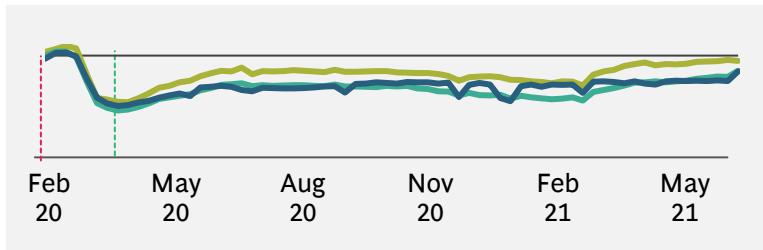
Retail and recreation mobility recovered fastest; public transit mobility remains lower in most countries

As of 31 May 2021

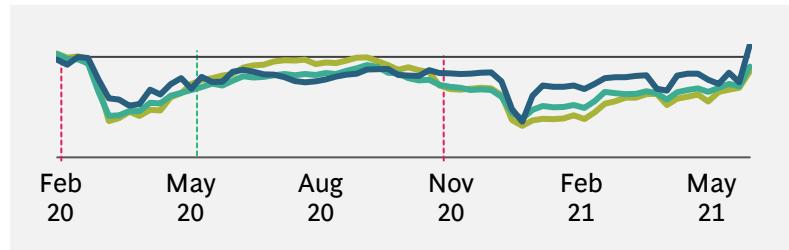
Economic Impact

Workplace¹, public transit², and retail and recreation³ mobility compared with baseline of January 2020 to February 2020

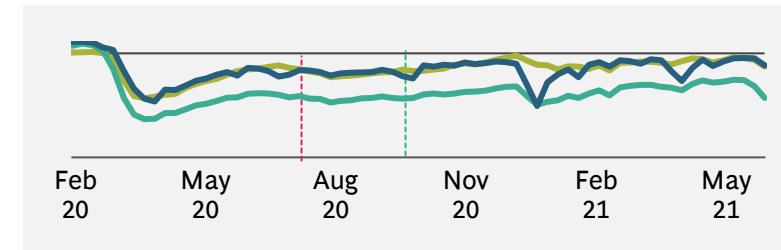
US



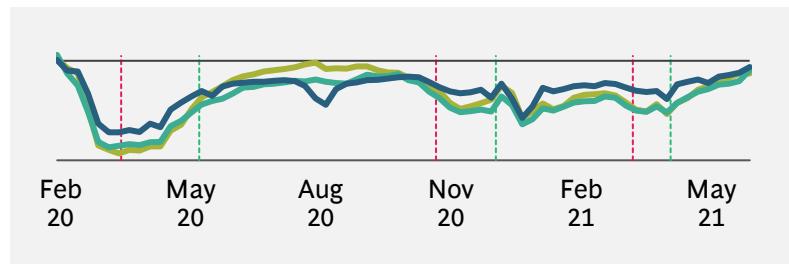
Germany



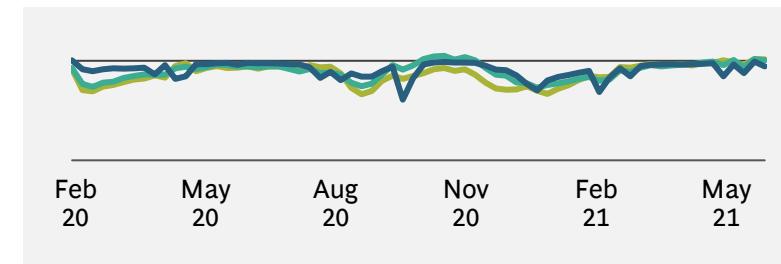
Australia



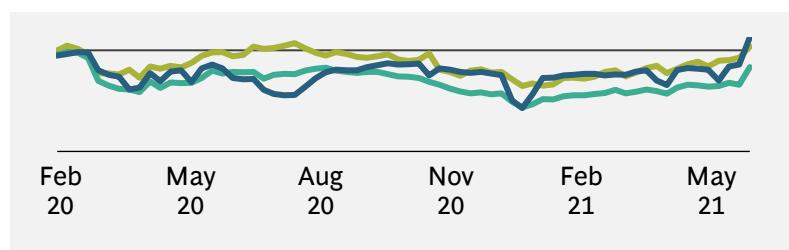
Italy



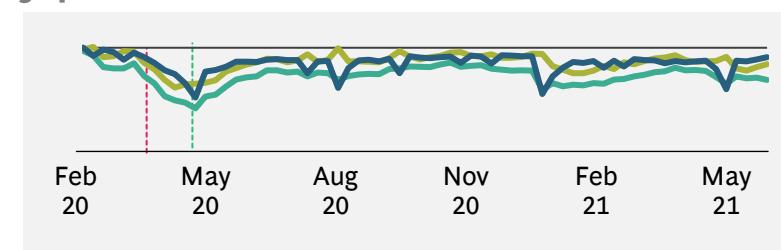
South Korea



Sweden



Japan



— Public transit mobility
— Workplace mobility
Retail and recreation

Lockdown easing⁴
Lockdown started⁴

1. Tracked as changes in visits to workplaces; 2. Tracked as changes in visits to public transport hubs, such as underground, bus and train stations; 3. Tracked as changes for restaurants, cafés, shopping centers, theme parks, museums, libraries and cinemas; 4. Refers to average lockdown start and easing dates for larger lockdowns; Note: Data taken as weekly average compared with baseline (average of all daily values of respective weeks during Feb 15 2020–Feb 28 2021); Sources: Google LLC "Google COVID-19 Community Mobility Reports". <https://www.google.com/covid19/mobility/> Accessed: 01 Mar 2020; Press search; BCG

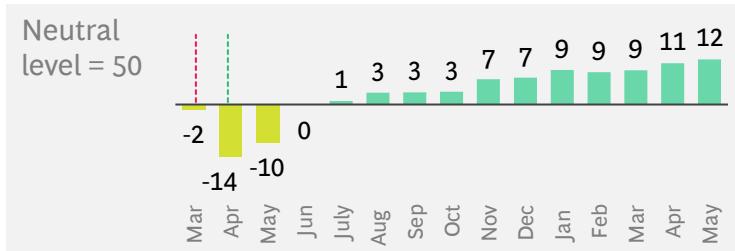
Manufacturing PMI recovery globally indicates continued positive momentum

As of 01 June 2021

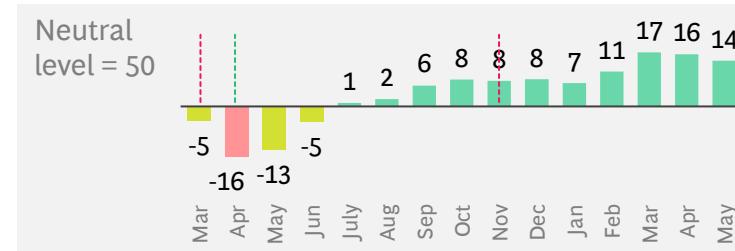
Economic Impact

Manufacturing PMI before, during, and after the crisis

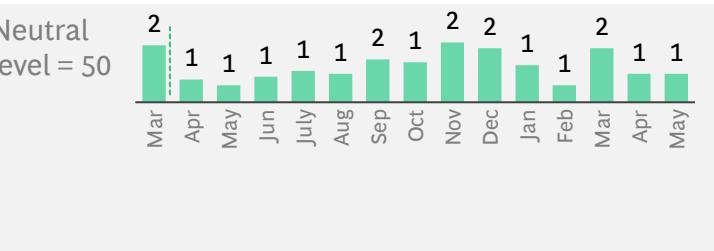
US



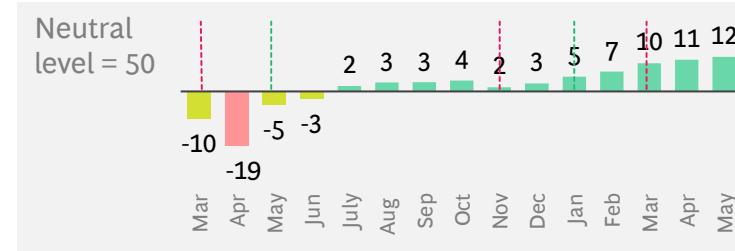
Germany



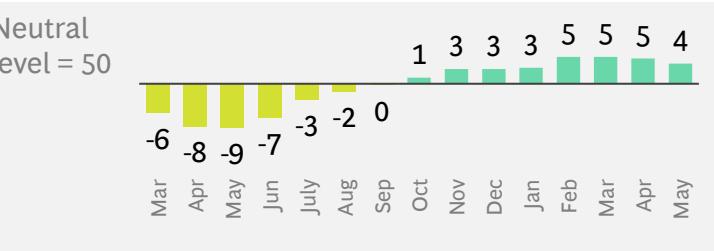
China¹



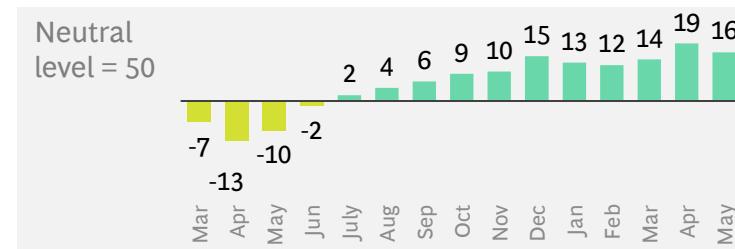
Italy



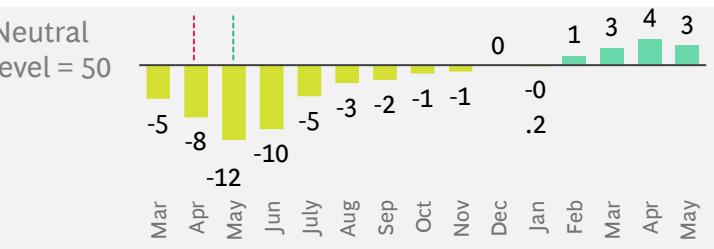
South Korea



Sweden



Japan



Lockdown started

Lockdown easing

1. Lockdown dates are only pertaining to Hubei province; Note: PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. 50 is neutral, >50 is considered to be positive sentiment and <50 is considered to be negative sentiment; Sources: Markit South Korea Manufacturing PMI SA; Jibun Bank Japan Manufacturing PMI SA; China Manufacturing PMI SA; Swedbank Sweden PMI SA; Markit/BME Germany Manufacturing PMI SA; Markit Italy Manufacturing PMI SA; Markit US Manufacturing PMI SA; EIKON

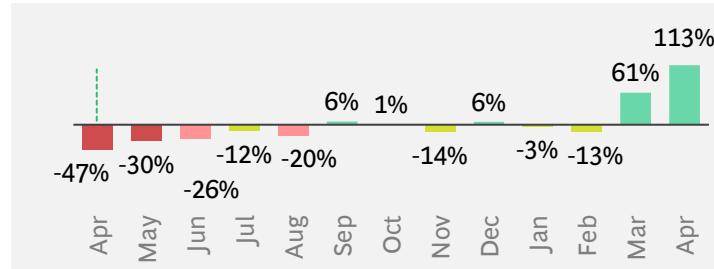
Monthly passenger vehicle sales show promising upward trends

As of 01 June 2021

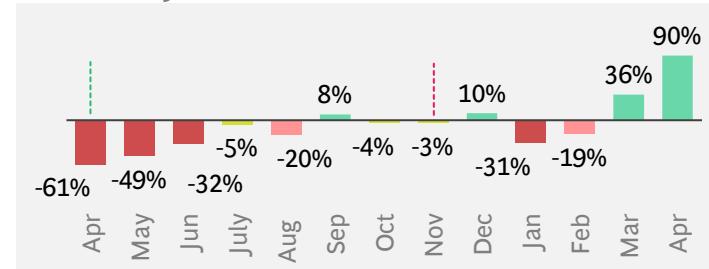
Economic Impact

Monthly passenger vehicle¹ sales, YOY % change vs. past year

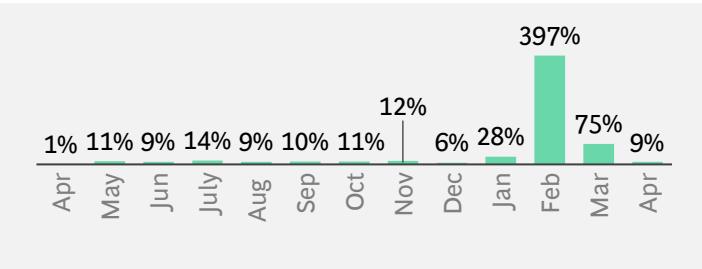
US



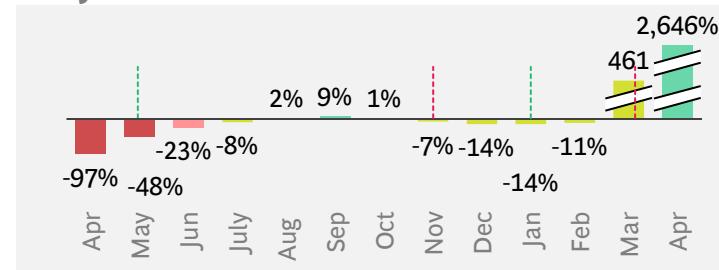
Germany



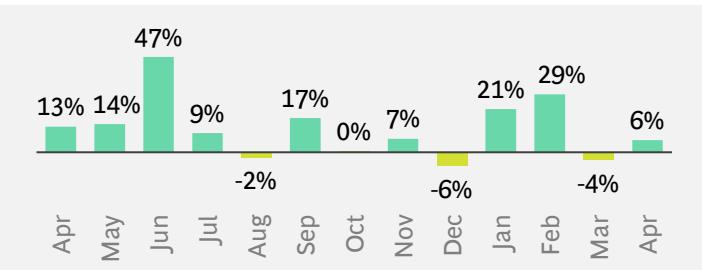
China²



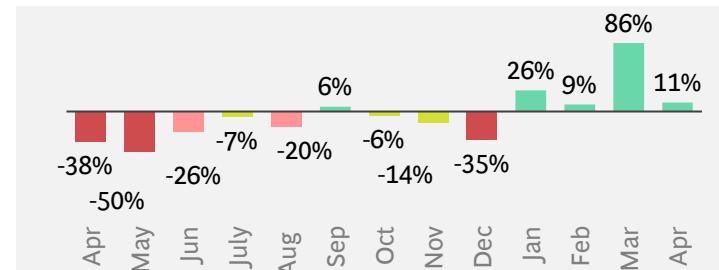
Italy



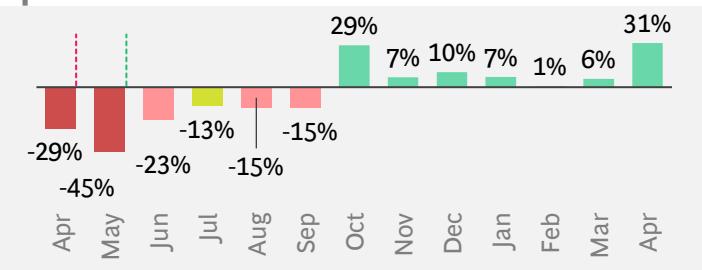
South Korea³



Sweden



Japan



≤ -30% -29% to -15% -14% to 0% > 0%

Lockdown started

Lockdown easing

1. Passenger vehicle sales includes data on, where available, hatchback, MPV, pickup, sedan, SUV, mini trucks, light trucks, and vans; 2. Stimulus policies: Launched subsidies for car purchases in 10 cities, lessened purchase restriction in high tier cities and extended NEV subsidies; 3. South Korea's growth in auto sales from Mar through June 2020 is supported by recent tax cuts for individual consumption goods (e.g., cars), several carmakers (e.g. Audi, VW) launching new models and the increased appreciation by the Koreans of cars as a safe mode of transport and as a travel alternative for camping during COVID-19, supported by recently passed legislation to allow a variety of different cars to be modified into 'camping cars' Sources: Marklines; BCG

Retail goods sales (excluding auto and fuel) have grown compared with pre-COVID-19 levels in most countries

As of 01 Jun 2021

Growth of retail goods sales (excluding auto and fuel)¹, YOY % change vs. same month past year

Retail goods sales include online and offline sales and comprise food and beverages, apparel, cosmetics and personal care, home appliances, general merchandise, building material; do not include auto, fuel, and food services

	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan '21	Feb '21	Mar '21	Apr '21
US	1%	-15%	-4%	3%	4%	5%	7%	6%	5%	2%	10%	6%	19%	-
UK ²	-5%	-18%	-9%	1%	3%	5%	6%	8%	5%	6%	-4%	-2%	8%	38%
Spain	-13%	-29%	-18%	-5%	-3%	-3%	-3%	-2%	-5%	-1%	-9%	-6%	13%	38%
Sweden	2%	-3%	2%	3%	2%	2%	3%	3%	5%	0%	2%	3%	8%	7%
Belgium	-1%	-8%	5%	7%	1%	14%	5%	8%	-3%	5%	6%	10%	13%	18%
China ³	-12%	-6%	-1%	2%	-2%	-1%	2%	1%	4%	4%	34%	34%	18%	
Japan	1%	-6%	-2%	9%	7%	7%	-1%	12%	8%	6%	3%	5%	4%	9%

-29% to -15% -14% to 0% > 0%

1. Retail goods sales categorization may be different across countries; seasonally adjusted values taken; country-specific categorization; 2. UK figures includes total retail sales excluding automotive fuels sourced from Office for National Statistics United Kingdom as data is no longer reported in Eurostat after Brexit 3. For China, Jan & Feb 2021 are reported together due to national holidays

Sources: US Census Bureau; PRC National Bureau of Statistics; Eurostat; Office for National Statistics United Kingdom; Ministry of Economy Japan

Economic Impact

Retail goods sales have rebounded with YoY growth seen in most countries

US has seen consistent retail sales growth since mid 2020

China has seen very strong retail growth in 2021 compared YoY with early months of 2020, when it had strict lockdowns

Some European countries have seen retail sales dips coinciding with increased cases and lockdowns



DE-AVERAGED VIEW

Retail store sales in China have rebounded across categories; apparel sales continue to be impacted in other countries

As of 01 Jun 2021

Retail store sales breakdown by category, YoY % change vs. same month in past year

Food and beverage stores

	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan '21	Feb '21	Mar '21	Apr '21
US	12%	11%	10%	10%	10%	11%	9%	11%	11%	-12%	-
UK	7%	4%	4%	4%	4%	7%	4%	5%	7%	0%	3%
Spain	-1%	-1%	-3%	-1%	2%	-1%	5%	1%	0%	-7%	2%
Sweden	1%	0%	2%	3%	2%	2%	2%	1%	2%	-3%	2%
Belgium	5%	6%	6%	4%	6%	2%	5%	6%	6%	-5%	0%
China ¹	11%	7%	2%	5%	5%	9%	9%	13%	9%	9%	9%
Japan	3%	1%	2%	2%	4%	0%	-1%	0%	2%	-1%	0%

Personal care and cosmetics stores

	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan '21	Feb '21	Mar '21	Apr '21
US	-1%	4%	4%	5%	4%	4%	5%	5%	2%	5%	-
UK ²	-23%	-9%	-11%	-2%	0%	-16%	-9%	-36%	-20%	-20%	68%
Spain	-4%	-2%	1%	-1%	-1%	-2%	-2%	-7%	-4%	-2%	14%
Sweden	3%	1%	2%	3%	0%	1%	0%	-3%	2%	-6%	8%
Belgium	-4%	2%	2%	2%	9%	-2%	-3%	-3%	-1%	0%	7%
China ¹	21%	9%	22%	16%	20%	32%	9%	41%	43%	18%	
Japan	3%	1%	2%	-7%	3%	-1%	1%	-1%	-5%	2%	-2%

Apparel stores³

	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan '21	Feb '21	Mar '21	Apr '21
US	-24%	-23%	-20%	-9%	-11%	-16%	-16%	-7%	-11%	115%	-
UK	-35%	-24%	-16%	-14%	-13%	-32%	-15%	-47%	-53%	-11%	207%
Spain	-29%	-24%	-24%	-23%	-23%	-34%	-22%	-36%	-35%	111%	667%
Sweden	-22%	-22%	-18%	-14%	-14%	-25%	-30%	-26%	-20%	21%	17%
Belgium	-11%	-25%	-16%	-7%	-8%	-48%	-4%	-6%	-5%	57%	91%
China ¹	0%	-3%	2%	6%	10%	5%	4%	48%	69%	31%	
Japan	-6%	-19%	-18%	-24%	-4%	-8%	-5%	-18%	-17%	13%	64%

≤ -30% -29% to -15% -14% to 0% > 0%

1. For China, Jan & Feb 2021 are reported together due to National Holidays; Food & beverages category only includes food & grains; 2. UK data set switched over from Eurostat to Office for National Statistics following Brexit. 3. Includes clothing accessories, shoes, etc.; 4. Includes audio video & home appliances stores; Note: For US, share in retail store sales in Q4 2019: F&B ~25%, personal care & cosmetics ~12%, apparel ~6%, home appliances ~3%, general merchandising ~25% and building material & gardening equipment ~13%. Sector classification & mix may be different across countries; Sources: US Census Bureau; PRC National Bureau of Statistics; Eurostat; Office for National Statistics United Kingdom, Ministry of Economy Japan

Economic Impact

China's sales in all categories have seen strong rebounds in 2021 (except food & beverage, which maintains a similar growth rate to that in 2020)

Retail store sales recovery driven by F&B across all countries

Apparel category saw the largest decline; continued fluctuations and beginning recovery across countries

Home appliances sales have had mixed development across countries

Stock markets continue to have an optimistic outlook: 19 out of 24 sectors currently above pre-crisis TSR levels

As of 01 Jun 2021

Based on top S&P
Global 1200 companies

Economic Impact

	TSR ¹		Companies with default probability >15% ²	
	21 Feb 2020– 20 Mar 2020	21 Feb 2020– 31 May 2021	21 Feb 2020	31 May 2021
Semiconductors	-30%	57%	0%	0%
Materials	-32%	39%	5%	4%
Durable Goods	-39%	36%	0%	0%
Tech Hardware	-26%	32%	0%	0%
Retailing	-40%	31%	0%	12%
Media	-36%	31%	0%	0%
Capital Goods	-35%	26%	2%	2%
Auto	-41%	25%	0%	0%
Financials	-35%	22%	0%	0%
Software	-30%	15%	0%	0%
Health Equipment	-31%	15%	0%	0%
Prof. Services	-30%	11%	0%	0%
Hospitality	-44%	9%	8%	15%
Insurance	-39%	8%	0%	0%
Food/Staples Retail	-10%	8%	0%	0%
Household Products	-16%	6%	0%	0%
Banks	-39%	5%	0%	2%
Pharma	-20%	3%	0%	5%
Food & Beverage	-23%	3%	0%	0%
Telecom	-17%	-3%	0%	4%
Real Estate	-39%	-4%	0%	0%
Energy	-52%	-5%	0%	9%
Utilities	-30%	-7%	0%	0%
Transport	-34%	-14%	0%	24%

1. Performance is tracked for two periods, first from 21 February 2020 (before international acceleration of outbreak) to 20 March 2020 (trough of the market) and from 21 February 2020 through 31 May 2021; 2. Implied by 5-year credit default swap based on median; Note: Based on top S&P Global 1200 companies; sectors are based on GICS definitions; Sources: S&P Capital IQ; BCG ValueScience Center; BCG

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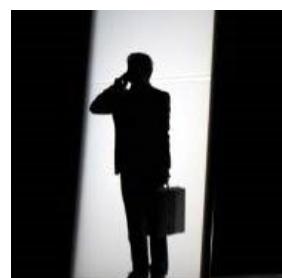
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