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GREAT HOTELS OF THE WORLD

The Hotelier Pulse Report No.1

27.04.2020 - 01.05.2020

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Your Fortnightly Pulse Report

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1. Week: 27th April - 1st May 2020

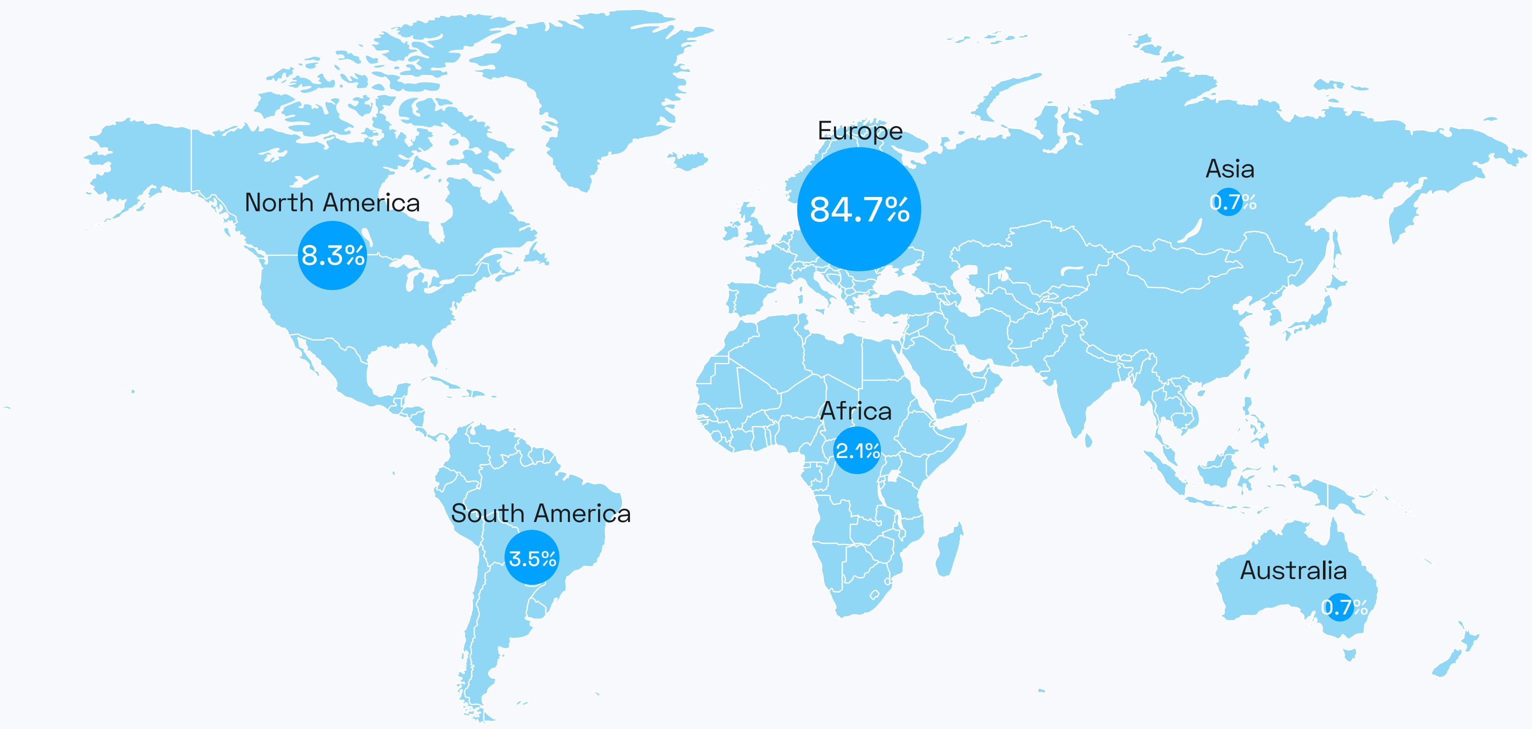
Last week commencing April 27, 2020, we invited hoteliers to check their PULSE, in order to identify challenges and opportunities in the current climate across the industry. This week, we welcome you to the first edition of PULSE, a fortnightly report built with the collated survey responses of **144 hoteliers** across the globe.

The majority of our respondents come from Europe **(84.7%)**; followed by North America **(8.3%)**, South America **(3.5%)**, and Africa **(2.1%)** - with the remaining regions of Asia and Australia comprising just **1.4%** in total.

Respondents are overwhelmingly decision-makers at hotels. **52.8%** are Group CEO’s/Property Owners and General Managers. **36.2%** are Sales Directors, Revenue Managers, Marketing Directors, and Front Office Managers. The remaining **10.9%** of respondents represent roles classified as ‘other’ in our survey, including Reservations Manager.

Read on to see key findings from across the industry worldwide.

1.1 Property Locations



1.2 Role

27.5%	Group CEO/Owner
25.3%	General Manager
11.6%	Director/Sales Manager
11.6%	Revenue/e-Comm. Manager
7.2%	Other
5.8%	Director/Mktg Manager
10.9%	Front Office Manager

1.2 Type of Property

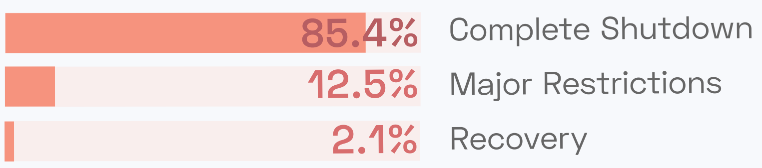
52.1%	City Center Hotel
33.3%	Resort Hotel
13.2%	Bed&Breakfast
1.4%	Conference Center
0%	Airport Hotel
0%	Casino Hotel

2. How Are Hotels Doing This Week?

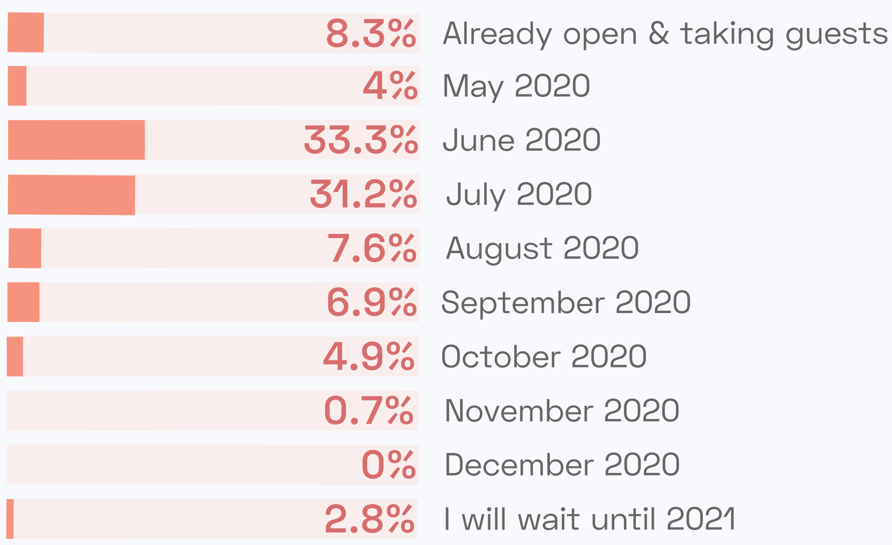
All of the properties were largely affected, with **85.4%** having shut down since the beginning of the pandemic. While a small percentage did not close their doors, they still had major operating restrictions to deal with.

While **8.3%** of the properties are already taking guests, **64.5%** believes the reopening will happen within the next couple of months – during June or July. Only **2.8%** will wait until 2021 to reopen.

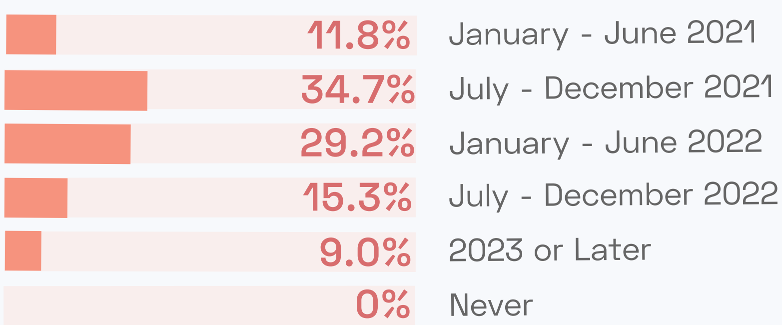
2.1 Covid Impact On Your Hotel: What Best Describes it?



2.2 I am confident that my hotel will reopen and take guests in:



2.3 When do you think your business will recover to the same financial position as 2019?



None of our respondents believe that this crisis is unrecoverable. **46.5%** of hoteliers believe their business revenue will reach 2019 levels in 2021. Just **9.0%** believe their business will take over two years to return to year 2019 revenue levels.

3. Concerns, key priorities and short-term strategies to prepare for the upturn

Hoteliers are clearly prioritizing enhanced cleaning and hygiene protocols, with **54.9%** prioritizing a special cleaning program to accommodate guests' health & safety concerns above anything else.

Adapting the sales and marketing strategies to the 'new normal' to attack new markets or segments and offering long term vouchers for bookings are other short-term strategies high on the agenda.

3.1 What is your number 1 priority in overcoming the Covid-19 crisis and preparing for the upturn?

54.9%	Special cleaning program to accommodate guests' health & safety concerns
13.9%	Redesign sales and marketing strategy to attack new markets or segments
10.4%	Offer long-term vouchers for bookings
9.0%	Shape offers and incentives around local market
9.0%	Create special offers and packages to generate new bookings
1.4%	Renegotiate distribution partnerships
1.4%	Up-skill workforce to meet tomorrow's demands

We identified a key difference in priorities between Resorts and City Center Hotels. As you can see in the chart, **Resorts** prioritize creating **special offers** and packages to generate new bookings, while **city center hotels** prioritize offering **long term vouchers** for bookings.

City Center Hotel		Resort Hotel
49.2%	Special cleaning program...	66.6%
20%	Redesign sales and marketing...	11.9%
10.7%	Offer long-term vouchers...	2.4%
7.7%	Shape offers and incentives...	7.1%
7.7%	Create special offers...	9.5%
3.1%	Renegotiate distribution...	0%
1.5%	Up-skill workforce to meet...	2.4%

3.2 What segment do you think will be the first contributor to your recovery?

56.9%	Domestic Leisure Travel
27.1%	Domestic Business Travel
11.1%	International Leisure Travel
4.9%	International Business Travel

According to **56.9%** of respondents, domestic leisure travel will be the first contributor to property recovery once travel restrictions are lifted. Just **4.9%** predict the international business travel segment will be the first contributor to recovery.

This is where the biggest difference was registered comparing city center hotels VS resorts: given to the nature of their business, Resort Hotels rely much more on leisure than business. That is why almost **78.6%** of the resort hotels respondents said the domestic leisure travel will be the first contributor to the recovery while no one answered International business travel.

City Center Hotel		Resort Hotel
38.5%	Domestic Business Travel	9.5%
40.0%	Domestic Leisure Travel	78.6%
7.7%	International Business Travel	0%
13.8%	International Leisure Travel	11.9%

On a **scale of 1 to 7**, hoteliers expect guests to rate health & precautions at **6.6**, with **71.5%** of our survey respondents rating it at the highest level. This explains why more than half of our respondents are prioritizing enhanced cleaning protocols to respond to the new demand.

In terms of obstacles for hotels as soon as travel bans are removed, **52.1%** respondents believe flight capacity is the most important factor in their recovery. Hoteliers also expect consumer budgets to be tighter. road to recovery.

3.3 How do you think guests will rate health & safety precautions when restrictions are lifted?

6.6 Average Rating

Rating	%
1 (Not Important)	0%
2	0%
3	0%
4	0.7%
5	6.2%
6	21.5%
7 (Very Important)	71.5%

3.4 How likely do you think it is that tighter consumer budgets will be an obstacle to travel?

5.3 Average Rating

Rating	%
1 (Not Likely)	0.7%
2	2.1%
3	3.5%
4	13.9%
5	32.6%
6	29.9%
7 (Very Likely)	17.4%

3.5 How important do you think flight capacity is for your hotel business to recover?

5.9 Average Rating

Rating	%
1 (Not Important)	2.6%
2	2.8%
3	2.8%
4	9%
5	14.6%
6	16%
7 (Very Important)	52.1%

4. Sales and Marketing long-term strategies

4.1 What is your expectation of total hotel revenue in 2020 when compared to 2019?

%	Expectation
61.8%	Decline of more than 50%
32.6%	Decline of 50%
3.5%	Decline of 20%
1.4%	Decline of 10%
0.7%	0% (same in both years)
0%	Increase 10%
0%	Increase 20%
0%	Increase 50%
0%	Increase more than 50%

Hoteliers expect the disruption caused by this pandemic to severely impact the hotel revenue. **61.8%** of respondents expect their revenue decline will be more than 50% when compared to 2019, while the remaining **38.2%** believe it will be less than that.

4.2 How likely do you think it is that direct bookings will increase in importance in the next 12 months?

5.2 Average Rating

1	1.4%	Not Likely
2	2.8%	
3	3.5%	
4	16.7%	
5	36.1%	
6	20.8%	
7	18.8%	Very Likely

According to the respondents, direct bookings will continue to climb in importance and relevance. **75.7%** says the importance of direct bookings is likely or very likely to increase in the next 12 months.

When comparing resorts with city center hotels, the former segment holds a stronger belief that **direct bookings will rise in importance** over the remaining months.

City Center Hotel

5.1

Average Rating

Resort Hotel

5.3

Average Rating

4.3 Do you think your average daily rate (ADR) will increase or decrease in the next 12 months?

3.0 Average Rating

1	16.7%	Definitely Decrease
2	14.6%	
3	31.9%	
4	28.5%	Will Stay Neutral
5	7.6%	
6	0.7%	
7	0%	Definitely Increase

4.4 Do you think your marketing spend will increase or decrease in the next 12 months?

4.4 Average Rating

1	1.4%	Definitely Decrease
2	2.1%	
3	11.1%	
4	41.7%	Will Stay Neutral
5	29.2%	
6	9.7%	
7	4.2%	Definitely Increase

Over the next 12 months, the majority of the hoteliers believe that their ADR will remain the same or slightly decrease. **63.2%** believe the ADR will decrease, while only **8.3%** say it will actually increase.

Surprisingly only **14.6%** of respondents expect to decrease marketing budgets. Still during this time frame, almost half of our respondents said they will not reduce their budget allocated to Marketing and **43.1%** are likely and very likely to increase it.

When it comes to areas for marketing investment over the next 12 months, we found that respondents are prioritizing the hotel website **(27.3%)**, online advertising **(22.3%)** and social media **(16.5%)**. None of the hoteliers surveyed are thinking about joining a brand/soft brand nor participating in trade shows.

4.5 What is your number 1 priority for sales & marketing investment in the next 12 months?

27.3%	Hotel Website
22.3%	Online Advertising
16.5%	Social Media
8.6%	Reservation System
7.2%	Corporate Sales
6.5%	Rich Media (New Photos, Videos)
3.6%	Meta-Search
2.9%	New Distribution Technology
2.9%	Sales Calls/Roadshows
2.2%	GDS
0%	Joining a brand/Soft Brand
0%	Trade Shows
0%	Other

5.1 In a nutshell, all the feelings we detected across the industry last week...

Pulse - The Hotelier Barometer N.1

We will be emailing you and other hoteliers another round of questions next week. So if you would like to track the evolution of sentiment across the industry, be sure to take our survey next week. Please reach out if you have any questions.

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