

RODSCHINSON
INVESTMENT



HOSPITALITY MARKET
INSIGHTS REPORT – 2022



OVERVIEW

The hotel industry is realizing the strategic potential of blending the charm of traditional, people-to-people hospitality with cutting-edge technology.

More domestic journeys, more common, trustworthy, and dependable. Outside actions are the central choice and the hospitality industry is currently embracing this.

Rodischinson's hospitality industry insights explore how free-flowing data is revolutionizing guest experiences and driving operational excellence.



EXECUTIVE SUMMARY - MARKET INSIGHT REPORTS

Every country and region encompassed in this market insight report is still encountering a considerably shorter reservation window, with more than 50% of transient reservations occurring on days of arrival.

US airline and hotel weekly booking activity are being seen to reach elevated levels since the epidemic began. This indicates that there is an increasing trend towards travel.

As a region Greater China is performing the best, especially in comparison with the 2019 period. But it still trailing in all-around occupancy.

About 80% of recent transient reservations are being booked within 7 days of arrival. If this continues, a continuous strong occupancy achievement can be foreseen.

The rest of Asia Pacific is seeing a positive start to the year with Australia and Pacific countries gaining steady momentum.

The Middle East region is encountering shifting occupancy levels due to holidays, evolving travel restrictions, and virus case counts in the region.

However, Cancun and Los Cabos, Mexico along with Lima, Peru are the top-performing destinations for May in LATAM with 50%, 44%, and 31% dedicated occupancy already on the books.

THE CHALLENGES FOR TOMORROW: WHAT'S NEXT FOR 2021

The hospitality industry has been decimated by Covid-19 and the resulting lockdowns across the world. For some regions such as Europe and the US, the hospitality industry represents as much as 15% of GDP, and thus is key to their economic recovery.

The sector as such faces many significant challenges in both the near and long term.

Occupancy by Region / Worldwide

There is positive pick-up across all regions with occupancies doubling compared to what was on the books as of March 16, 2021.

January - September 2021 Occupancy (Worldwide and by Region)



Source: Amadeus' Demand360® as of September 30, 2021

In today's rapidly evolving marketplace environment, key business issues are converging with impacts felt across multiple industry sectors. The traveling challenges and opportunities that may affect the Hospitality business and influence your strategic options can be:

Today	Tomorrow
The number one consideration post-Covid-19 will be health and safety ; which translates into hygiene and sanitation issues of the hotel.	In the future, security checks and screening will have to be conducted for health purposes. Hotels must plan how to do a soft- opening with one-floor dedicated to essential facilities and staff.
Inbound traffic is bound to be slowed down due to fear of traveling and restrictions. Especially in Canada and European countries.	Hotels may like to avoid discount panic, enforce rigid cost-control in energy consumption, and extend payment cycles.
The Covid-19 pandemic has hastened the adoption of technology to reduce human contact as much as possible.	The consideration is to move more towards AI and adoption of other technologies.



Every region and country (the Asia Pacific, Middle-East, US, Europe, China, or Latin America) in this month's report is still experiencing a significantly shorter booking window, with more than 50% of transient reservations occurring within 7 days of arrival.

Even as countries around the world open up, Covid-19-related precautions are still preventing occupancies from recovering as is evident in various regions of the world.



HOSPITALITY: SUSTAINING MOMENTUM

Hotel industry downturns often begin with an external catalyst. The recent down cycle is triggered by the Covid-19 pandemic of 2020. Given the current performance of the economy, it's difficult to forecast a hospitality market reversal without a significant force acting on travel demand. But that scenario seems likely for 2022. Considering, since late February 2021, both US airline and hotel weekly booking activity are consistently achieving the highest weekly numbers since the pandemic began there are signs of a true return to travel. As a region, Greater China is performing the best relative to 2019 but still trailing in overall occupancy. Over 80% of recent transient reservations are being booked within 7 days of arrival. If this trend continues, strong occupancy performance can be anticipated for the rest of 2022. Hoteliers should also consider looking at direct bookings (which took off during the pandemic) and are levelling off to 2019 values. There has been an increase in both Brand and OTA bookings over 2020.

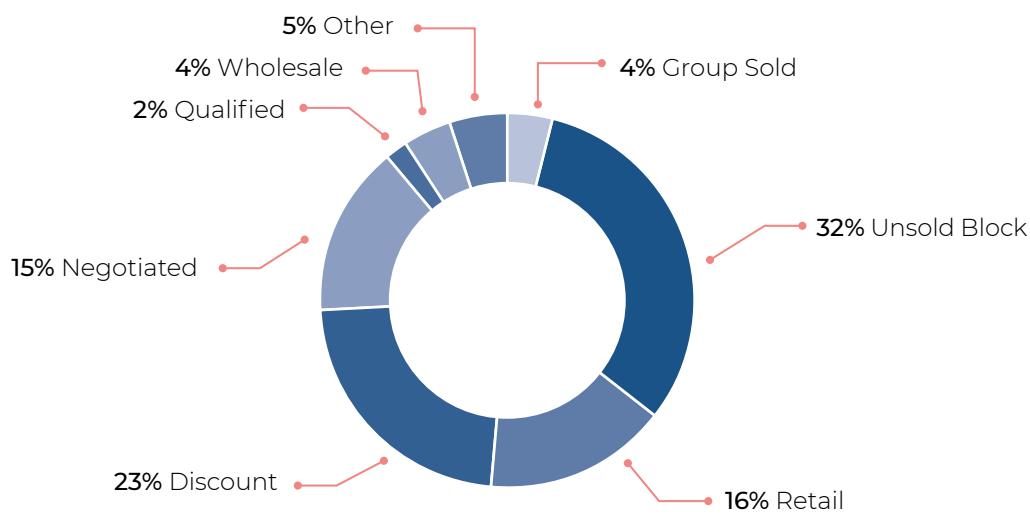
However, the monthly occupancy percentage in April and May 2021 is higher than the same period last year. This scenario can also create more competition across the board due to the flood of economy-priced limited-service hotel supply added to the market in recent years. Multi-purpose spaces that promote health and wellness for guests are an important and growing trend. These design upgrades come at a cost and will take time to implement.

However, the discount segment and direct booking or OTD channel mix seem to be the driving force behind hospitality growth in the medium to longer term.

Effective strategies used in the second half of 2021 included a mix of priced and unpriced-based strategies, including leveraging discounts and retail year-on-year segmentation, which seemed to continue to increase share over the last two years in Greater China.

Below are the statistics for the year-on-year segmentation in Greater China:

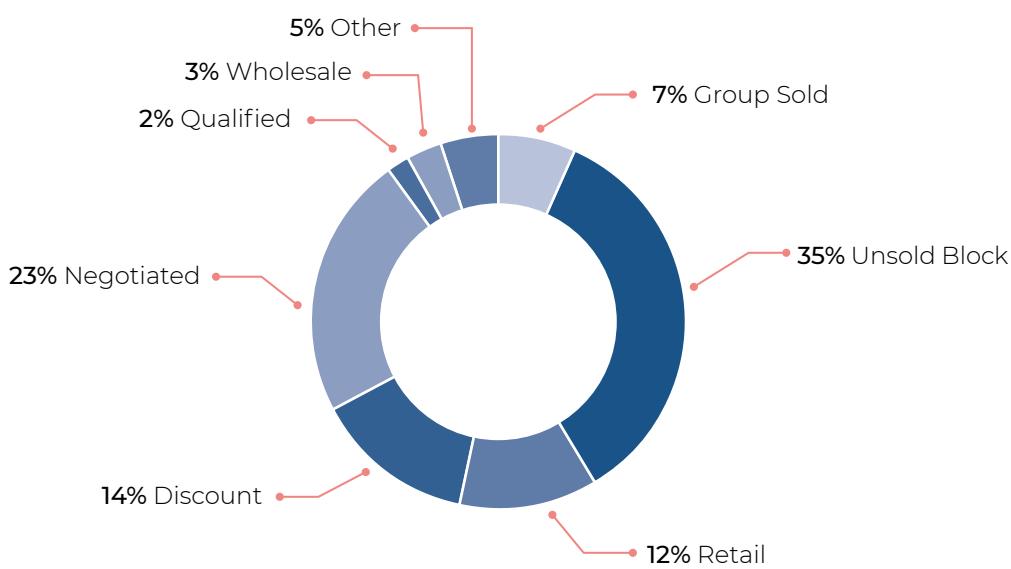
May 2021



May 2020



May 2019





Hospitality will always be centred around customer experiences and connecting with people. Even as new technology, evolving customer preferences, and new competitive threats change the hotel experience, out-standing hospitality will still require a thoughtful human touch.

The hotel of the future will be an integrator with a new role to play: offering guests a memorable hotel experience uniquely tailored to their expectations for every stay.

What to expect from the hotel of the future?

How to increase occupancy: Brand and OTA Bookings:

The curator integrates external partnerships to keep hospitality fresh and make guest experiences relevant. As curators, hotels can offer a variety of environments that support the mood and mindset guests want, delighting guests through choice and the ability to explore new hotel experiences.

Discount Segment: A thriving segmentation:

Demand is evolving more than ever with a clear change in behaviors and preferences.

Most hoteliers acknowledge that discounting is essential during impossible economic times like Covid-19. It is also vital during more prosperous periods to enhance the business.

Discounting is generally done to accomplish additional earnings by enticing guests into booking hotel rooms by lessening rates to improve occupancy in the short term.

From May 2019 to May 2020 discount year-on-year segmentation is thriving or increasing every year. Whereas, wholesale, negotiated or retail segmentation remains low.

Direct Booking is leveling off since 2019: Brand and OTA Bookings

As a hotelier, you absolutely cannot afford to ignore the vast market size of OTAs when you plan to produce more bookings in the short term. After all, OTAs have been around for close to two decades now and they have revolutionized the entire hotel booking procedure.

However, if you survive and acquire ultimate direct bookings via your hotel website, you can enjoy enhanced prospects. This is because, normally, guests have to pay some proportion of their rent in advance while creating a reservation at your hotel. This staves off the temptation and possibility of cancellation of bookings under normal circumstances.

Recent global statistics indicate that around 40% of the population is choosing a direct booking, 32% Brand, and 17% of them opt for OTA. GDS and CRS remain at around 4-7%.

In the US Brand.com is growing well alongside OTAs as we see customers shift from booking direct to other online channels.

New plans for Travel: Short-term and better travel confidence

The hospitality industry is concerned with services associated with leisure and customer enjoyment. This may well mean offering services to tourists in the short term to sustain their presence in the market. However, this can also include the provision of services to people who are not tourists, such as residents enjoying their free time, or people coming to an area for reasons other than tourism.

It is significant for the hospitality industry to understand that the travel industry is closely allied with it.

Many of the services that are indexed as travel industry offerings are equally hospitality offerings because they are associated with leisure, buyer satisfaction, pleasure, experiences, and the usage of disposable income.

Increasingly, the cross-over between the tourism business and the hospitality industry relies on service provision rather than end-products.

In the last 5 weeks, 59% of all transient reservations were booked within 7 days of the arrival date. Also notably, 22% of reservations were booked 31+ days into the future with little activity occurring in the 8 to 30 day window; confirming people are still booking short-term but also communicating greater travel confidence when it comes to scheduling summer travel now.

Reimagining resources and capabilities for the future hotel experience:

Which of these alternatives will suit your hotel? Any of them can, depending on the distribution channel that suits your visitors and your settings.

Today, most conventional hotels operate in silos distinguished by brands and spaces. Future hotels will build links to access new resources, balance reserves to bring new life to existing capabilities, mobilize existing resources for new partnerships, and merge outside potential into new alternative areas.

In surveying and selecting new techniques for your hotel, contemplate every resource—distribution, people, brands, services—and consider every capability—technology, human capital, user experiences, operations, business models—to provide new alternatives as you set up to be the hotel of the future.

A STEADY OUTLOOK WOULD HELP THE INDUSTRY:

In summary, the hospitality industry encounters considerable near and medium-term challenges in terms of occupancy, distribution, and segmentation. The large operators in regions like greater China show that strong balance and a solid stance with planned distribution or segmentation will be the survivors and likely consolidators within the business.

Investment opportunities in Canada are still not promising; however, industry in the region is recovering fast.

Hotels offering health and wellness-focused accommodations and experiences will enjoy increasing demand, particularly from millennials.

According to this market insight report, in the long term, the global hospitality community will recover and likely in a renewed and flexible form. Certainly, history has shown that our global community has handled severe pandemics, wars, and other challenges and we can expect to bounce back from present challenges as well.



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