



Successful Tactics During Covid: An International Study

Sherri Kimes



Executive Summary

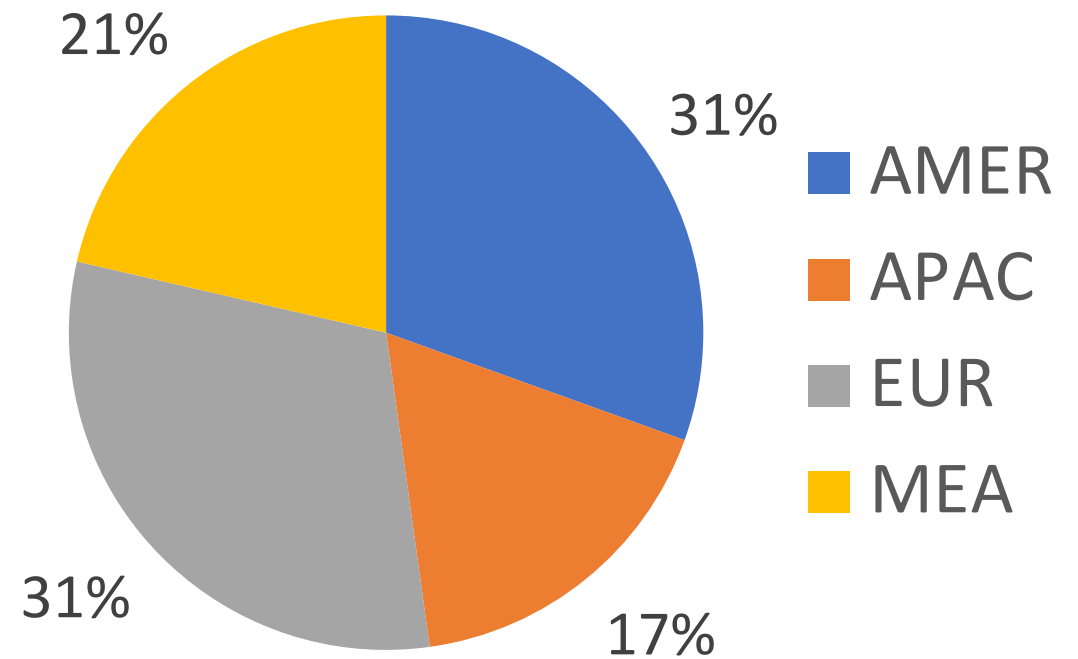
- Occupancy, ADR and RevPAR down by 30-40%.
 - APAC was most affected.
- Current situation:
 - A higher percentage of European hotels received government support
 - The most common border restriction was quarantine for travelers from certain countries. Other restrictions varied by world region
 - Distancing, maximum meeting sizes and no self-service buffets were the most common hygiene restrictions. Restrictions varied by world region.
- Demand-generation tactics:
 - The most common demand-generation tactics were special rates for certain market segments and staycations. Again, these varied by world region.
 - Delivery and serving as a quarantine hotel were most common in APAC and Middle East and Africa (MEA)
 - Demand generation tactics were considered to be moderately effective, although serving as a quarantine hotel was considered fairly effective in APAC and MEA.
 - Most demand-generation tactics were considered more effective in MEA.
- Cost-reduction tactics
 - Closing facilities, reducing hours and laying off employees were the most commonly used cost-reduction tactics.
 - APAC and MEA were more likely to have reduced salaries, while respondents in the Americas (AMER) and Europe (EUR) were more likely to have furloughed employees and reduced hours of operations.
 - All cost-reduction tactics were considered fairly effective.
- Recovery
 - With the exception of MEA, over half of respondents believed that recovery was going to take over a year.
- Advice
 - The most common advice theme was to stick with it, stay positive and to not panic.
 - The most important practice to avoid was getting involved in a price war.



Background

- 1000 respondents
- 100 countries
- Conducted 15 Sept - 5 Oct
- Distributed through HSMAI, Revinate and LinkedIn

Continent in Which
Respondent Works





Report Structure

- | | |
|--|----------|
| 1. Hotel performance | Slide 5 |
| 2. Current situation | Slide 10 |
| 3. Health and hygiene restrictions | Slide 15 |
| 4. Approaches: usage and effectiveness | Slide 18 |
| 5. Recovery | Slide 34 |
| 6. Open-ended comments | Slide 36 |
| 7. Summary and conclusion | Slide 44 |

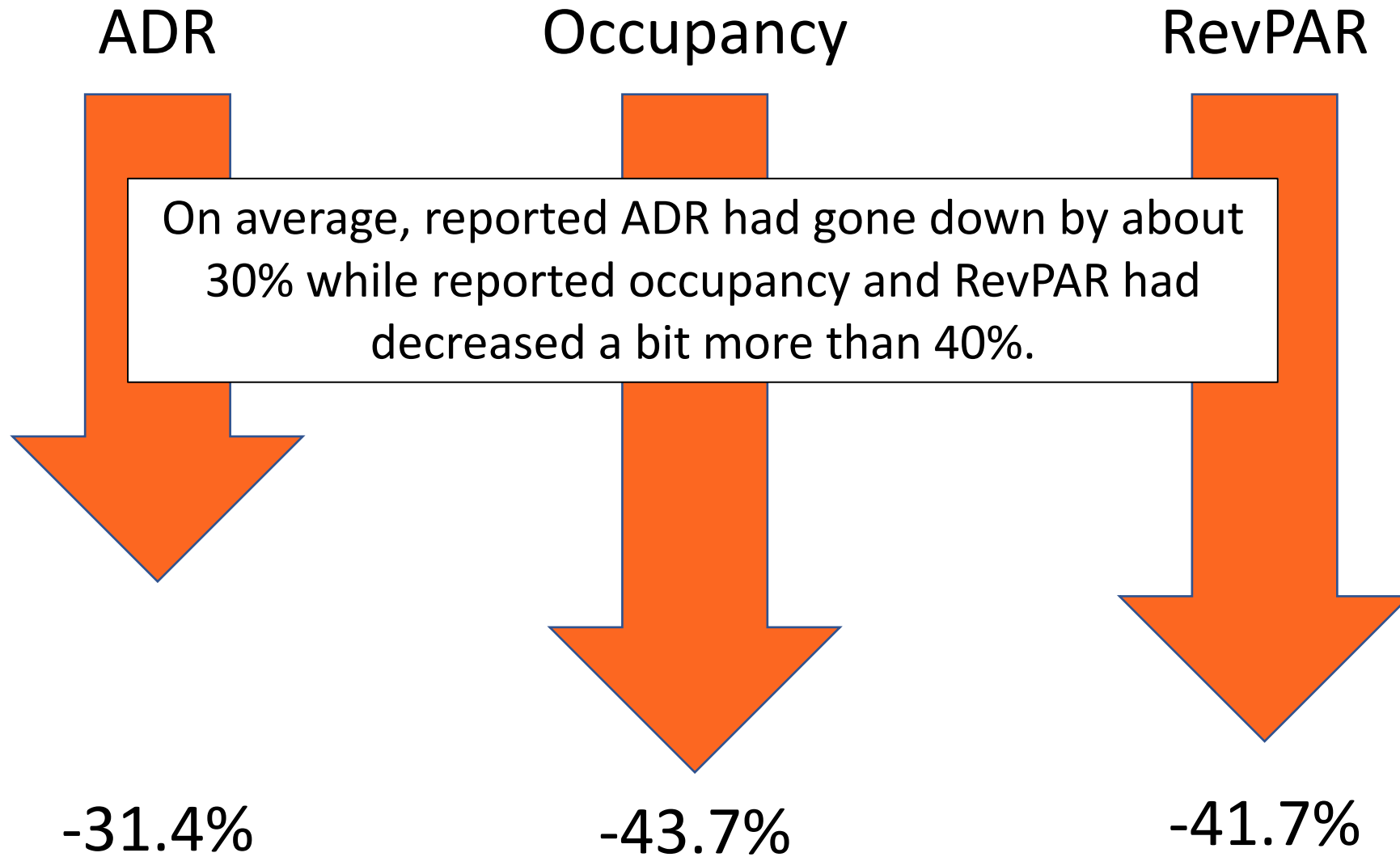
Hotel
Performance



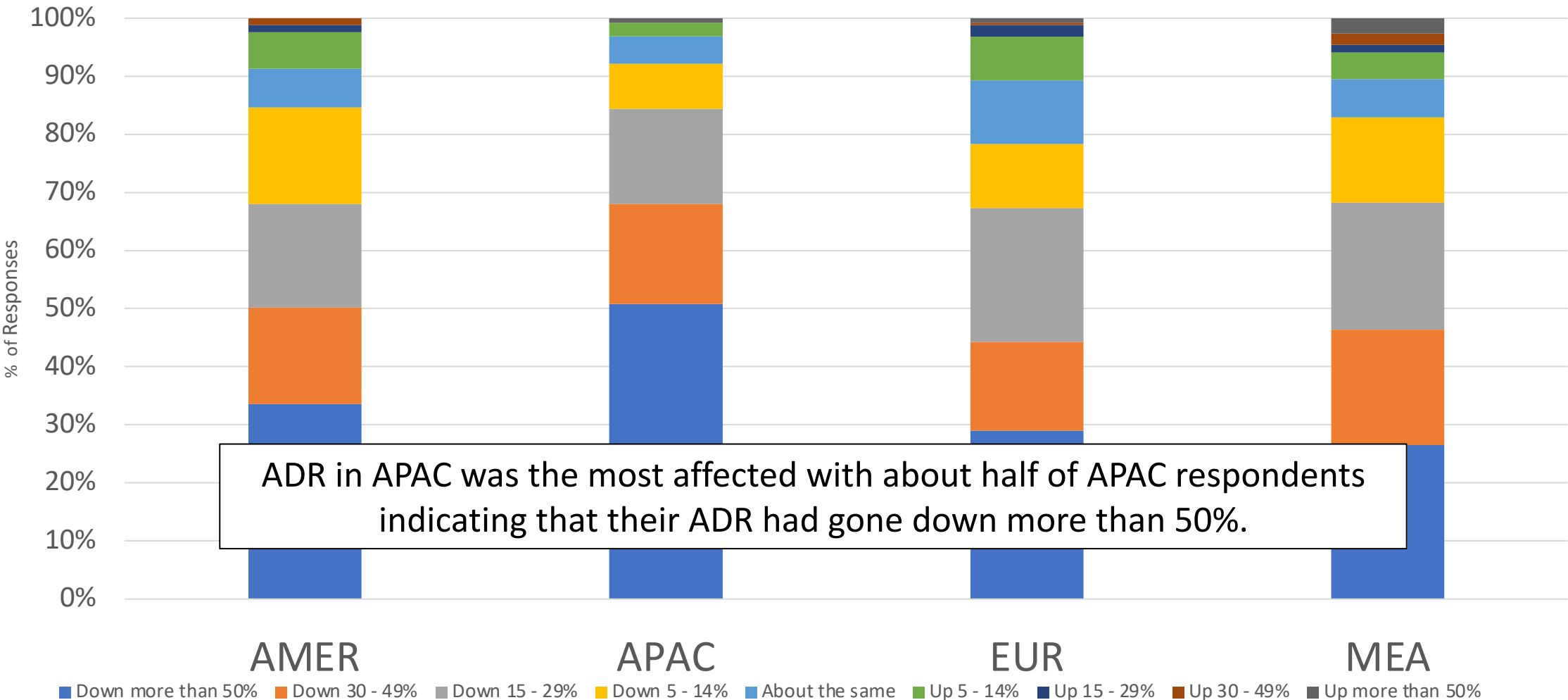
ADR

Occupancy

RevPAR

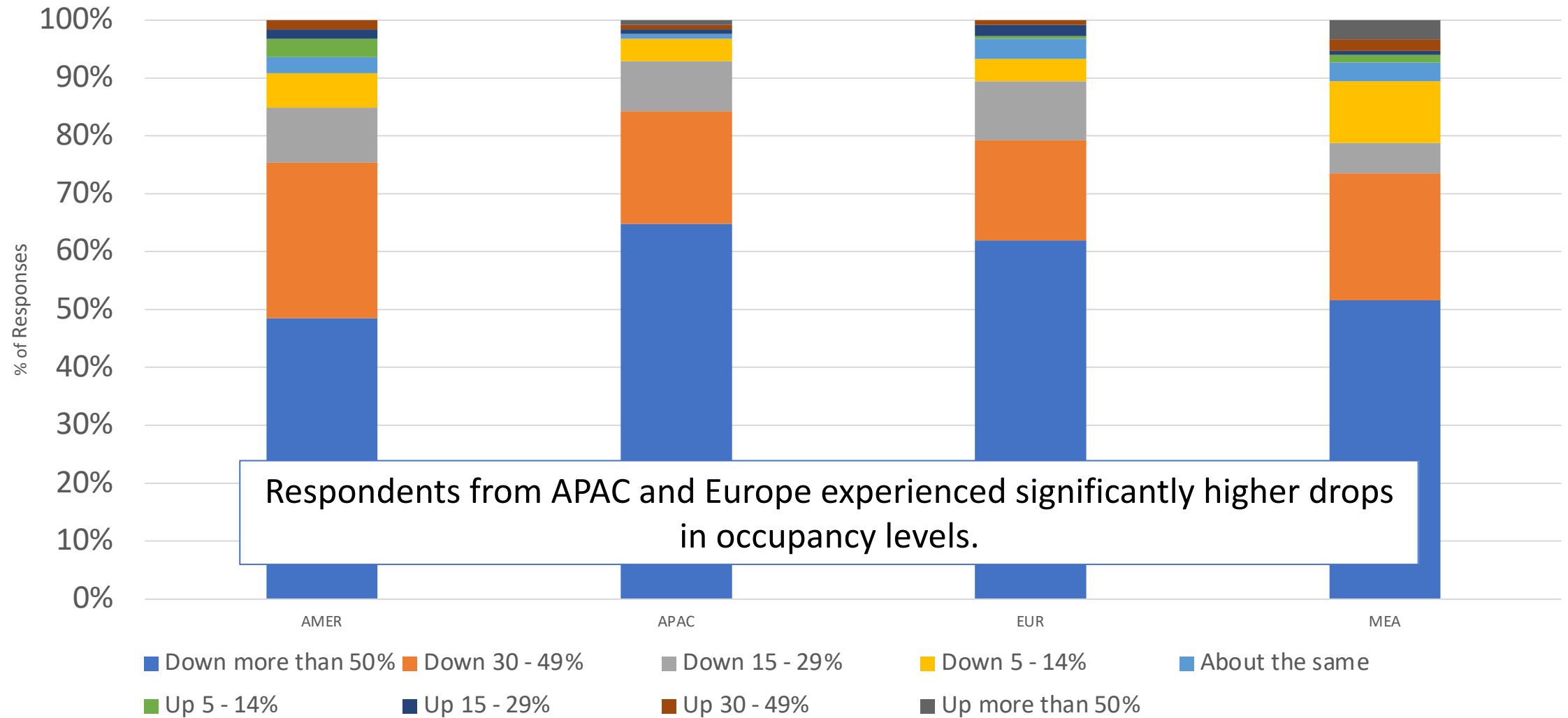


Impact on ADR

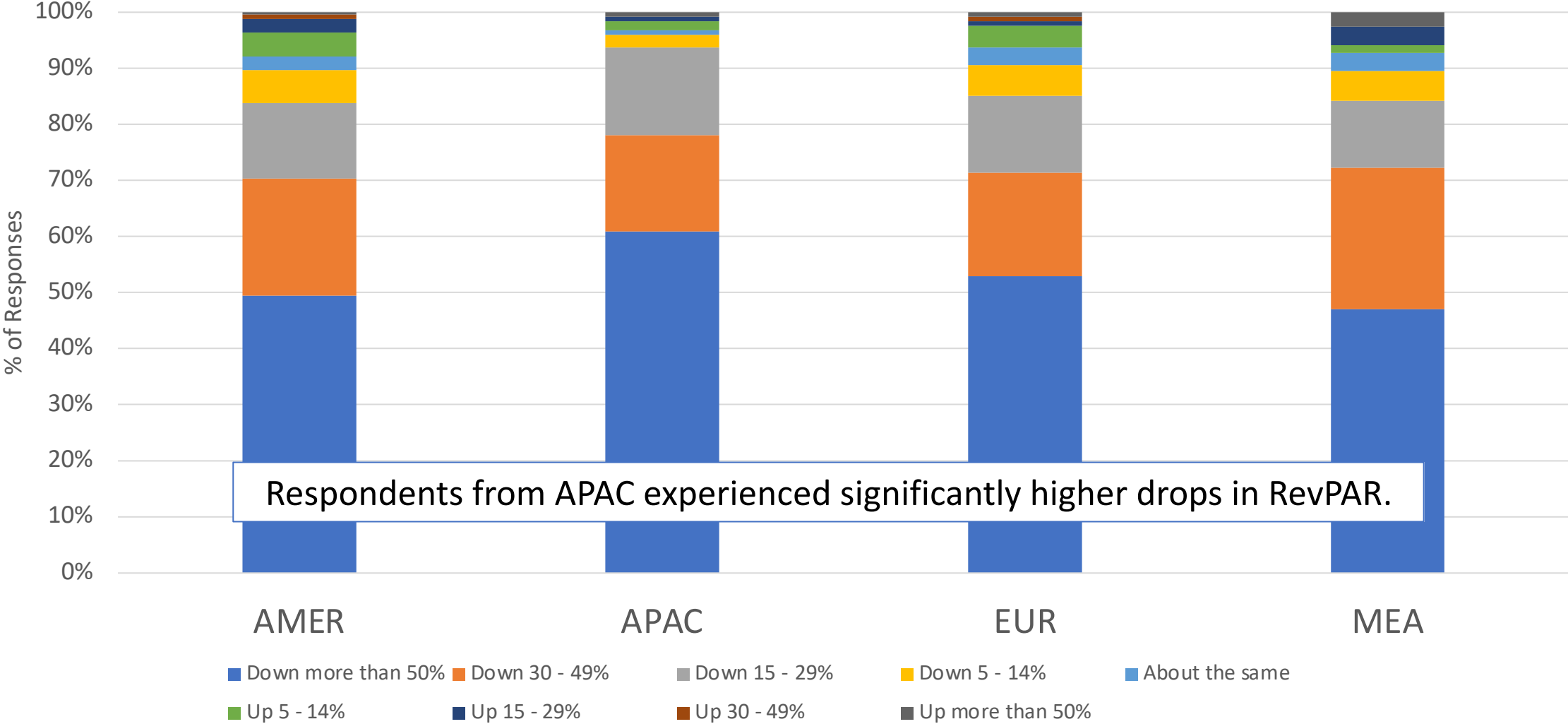


ADR in APAC was the most affected with about half of APAC respondents indicating that their ADR had gone down more than 50%.

Impact on Occ



RevPAR Impact

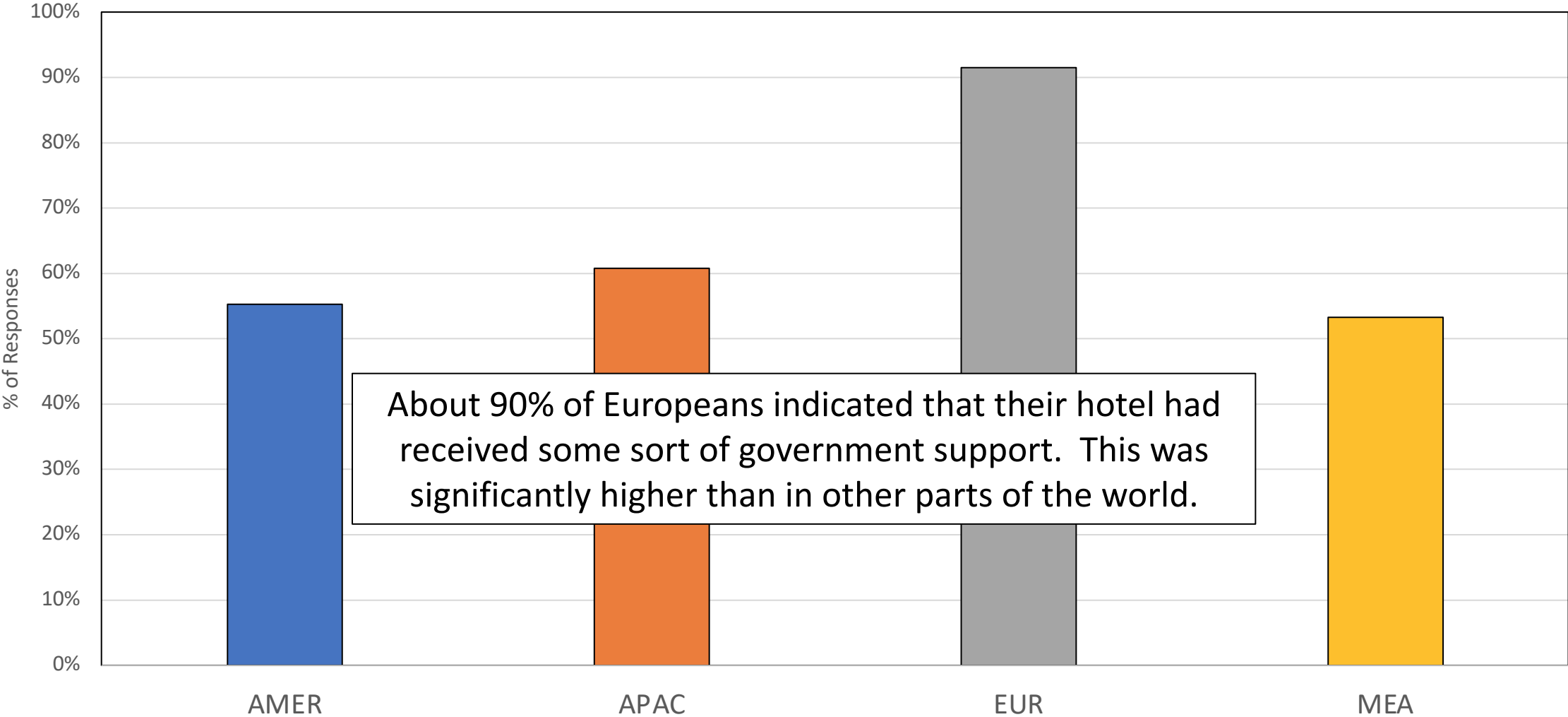




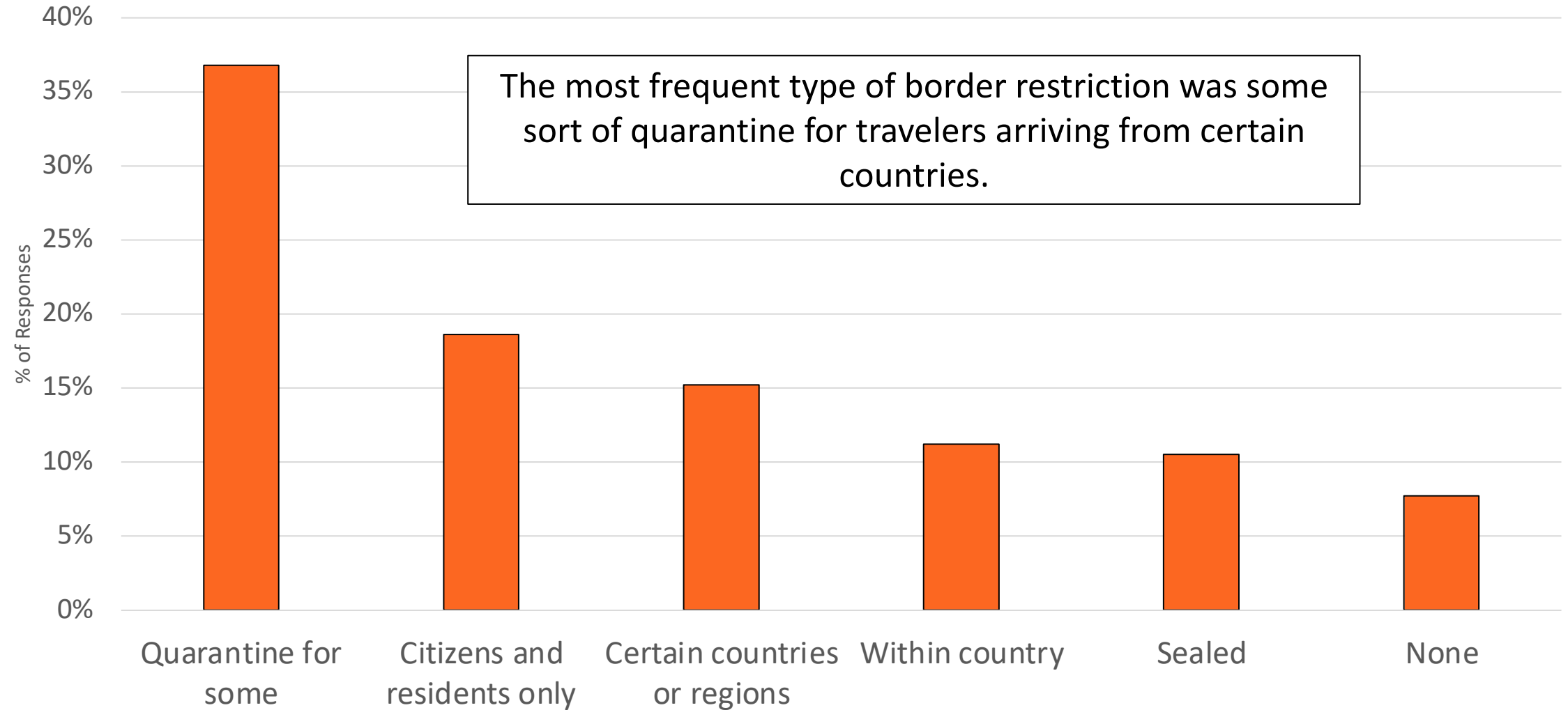
Current Situation

- Government support
- Border controls
- Quarantine controls
- Policies

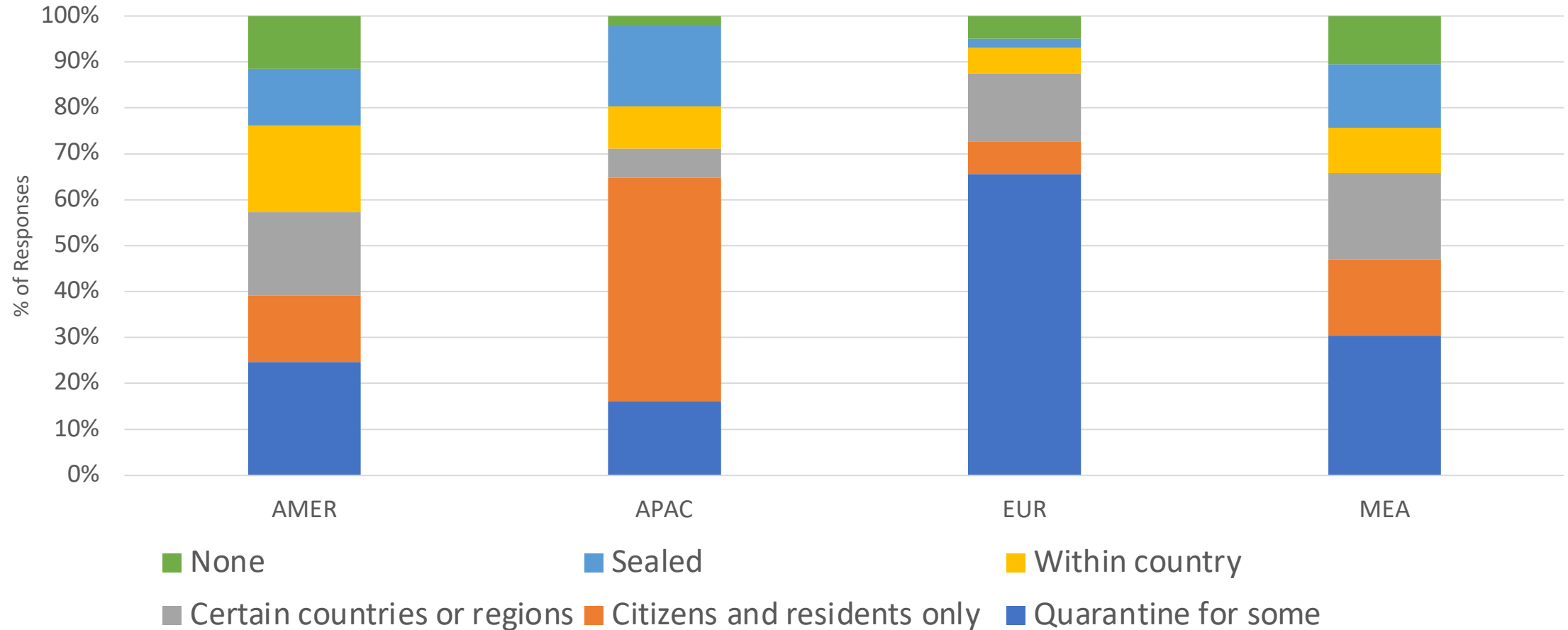
Government Support



Border Restrictions

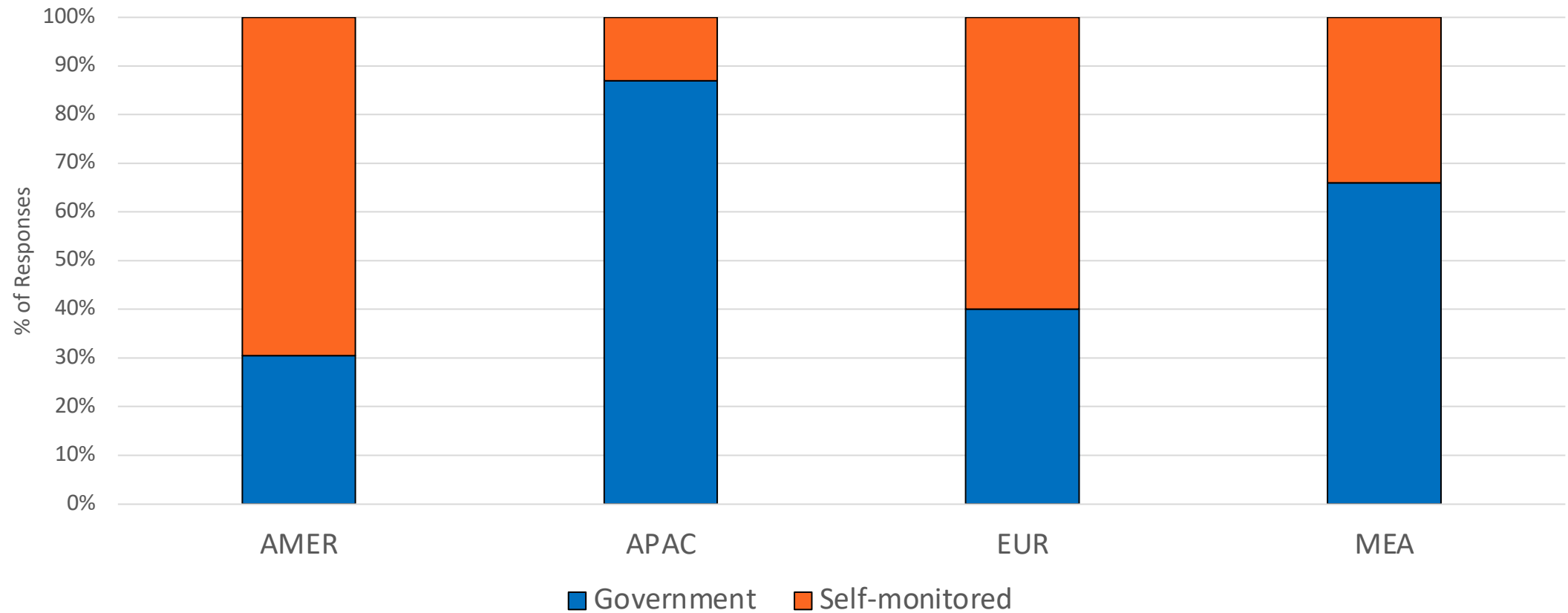


Border Restrictions



Border restrictions varied by part of the world. About half of APAC respondents indicated that only citizens and residents were allowed to enter the country. In Europe, about 60% of respondents indicated that there was a required quarantine for people arriving from certain countries.

Who's Monitoring Quarantine?

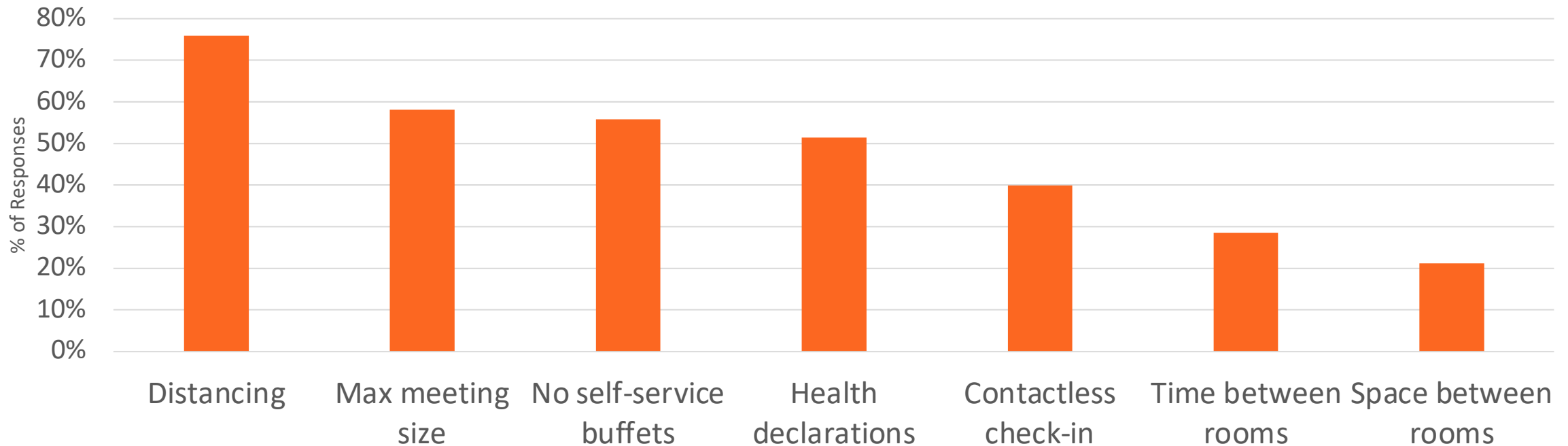


I was also interested in finding out who was monitoring people in quarantine. Government-monitored quarantines were quite common in APAC (over 85%) and MEA (about 2/3) while respondents from AMER and EUR indicated that quarantines tended to be self-monitored.



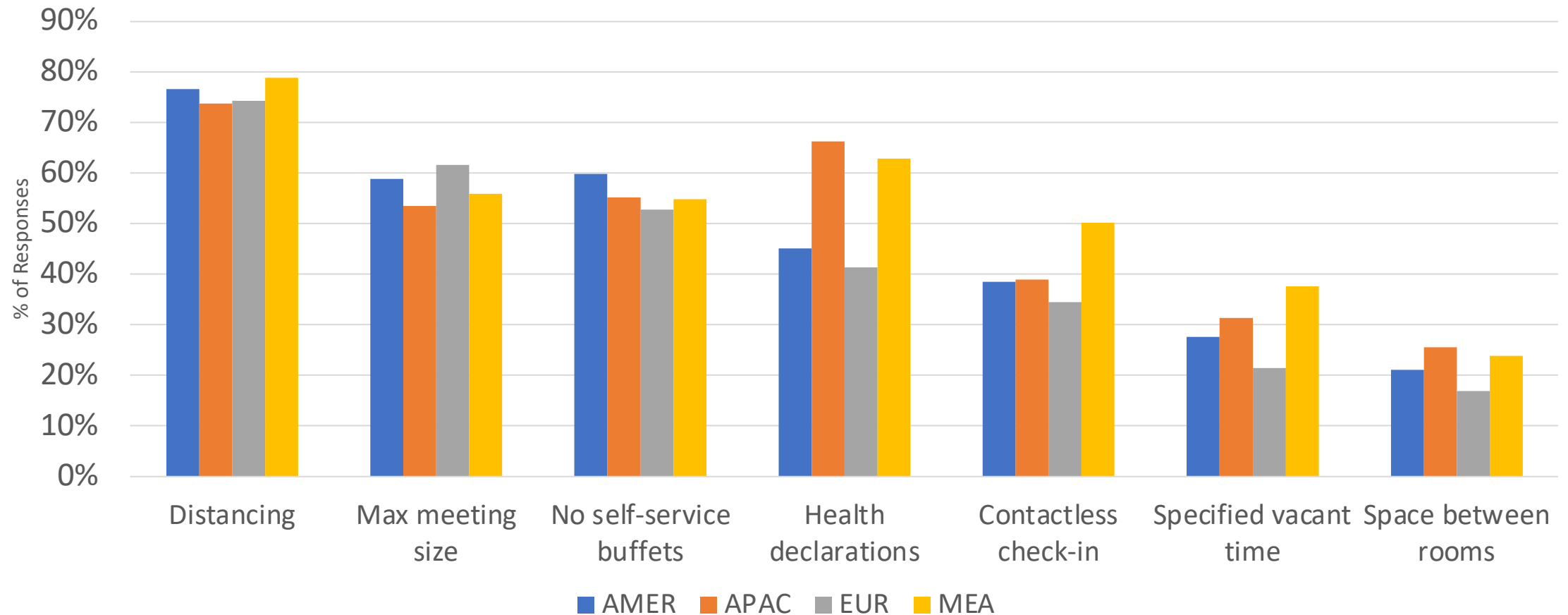
Health and Hygiene Restrictions

Health and Hygiene Restrictions



- I was interested in finding out about health and hygiene restrictions that were in place. Distancing (about 76%) was by far the most common rule followed by maximum meeting size rules (58%), no self-service buffets (56%) and health declarations (51%).
- Specified lengths of time and space between occupied rooms were least common restrictions.

Restrictions by Continent



I was interested in seeing how restrictions varied by continent. The use of restrictions was fairly uniform across continents with the exception of health declarations (more prevalent in APAC and MEA), contactless check-in (more prevalent in MEA) and specified vacant time for previously occupied rooms (more prevalent in MEA).

Approaches: Usage and Effectiveness

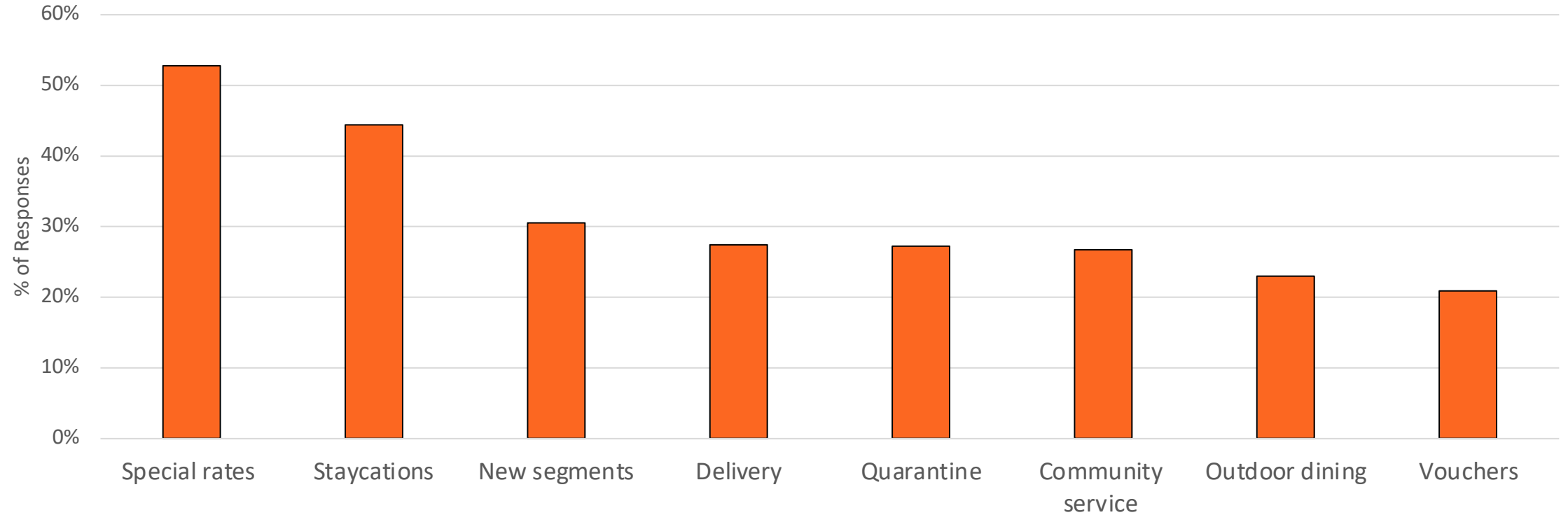
- Demand generation
- Cost reduction
- Operations



Demand Generation Tactics

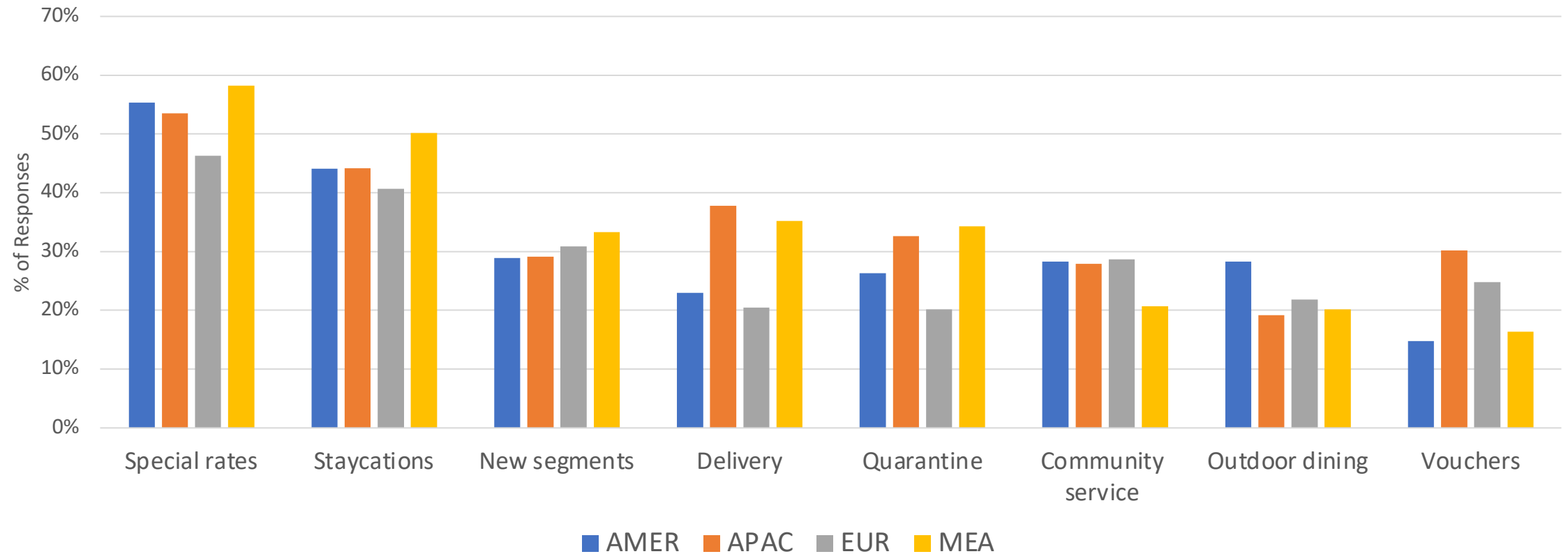
- Special rates for certain market segments
- Staycations
- New market segments
- Delivery
- 'Quarantine'
- Community service
- Outdoor dining
- Prepaid vouchers

Demand-Generation Tactics



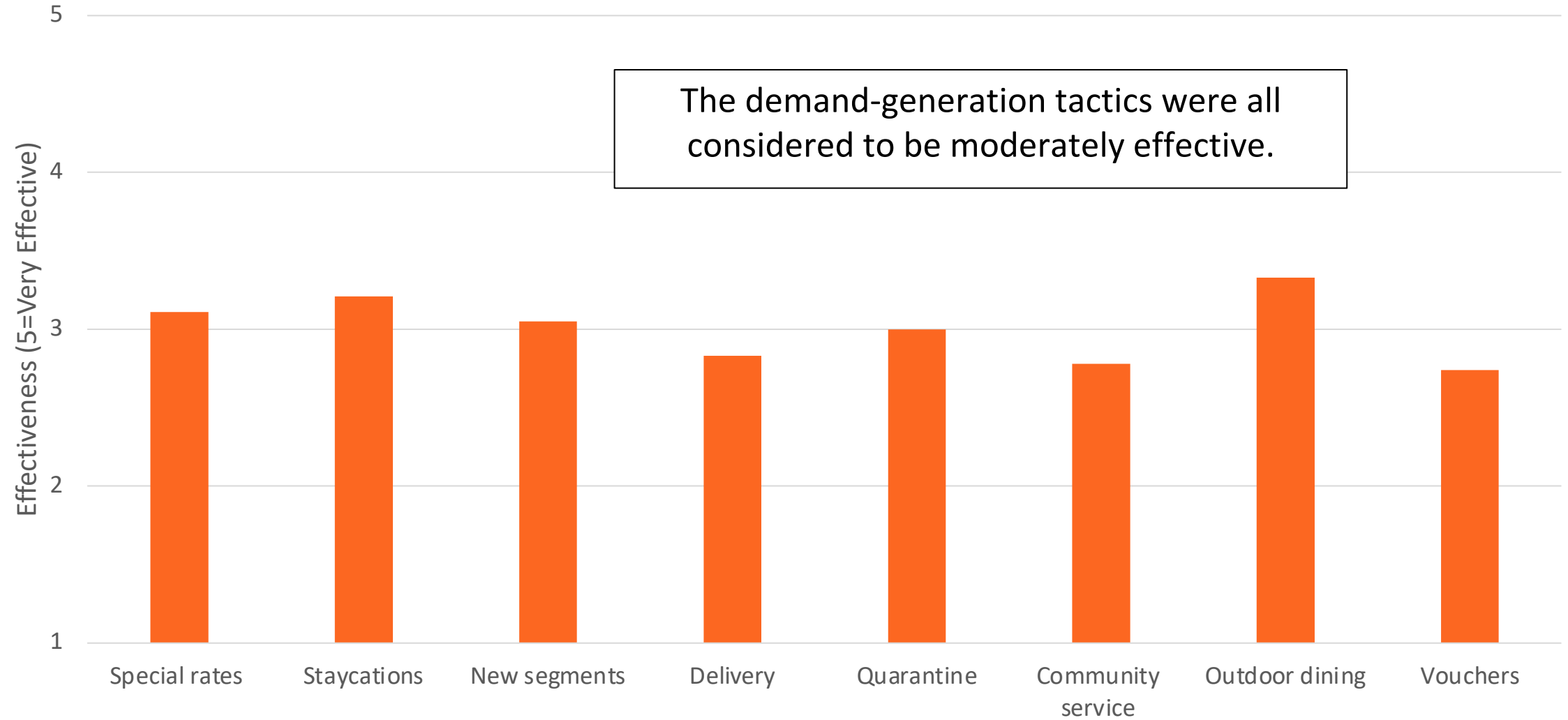
The two most commonly used approaches to generating demand were special rates for certain market segments and staycations. Provision of outdoor dining and prepaid vouchers were the least commonly used tactics.

Demand Generation Tactics by Region

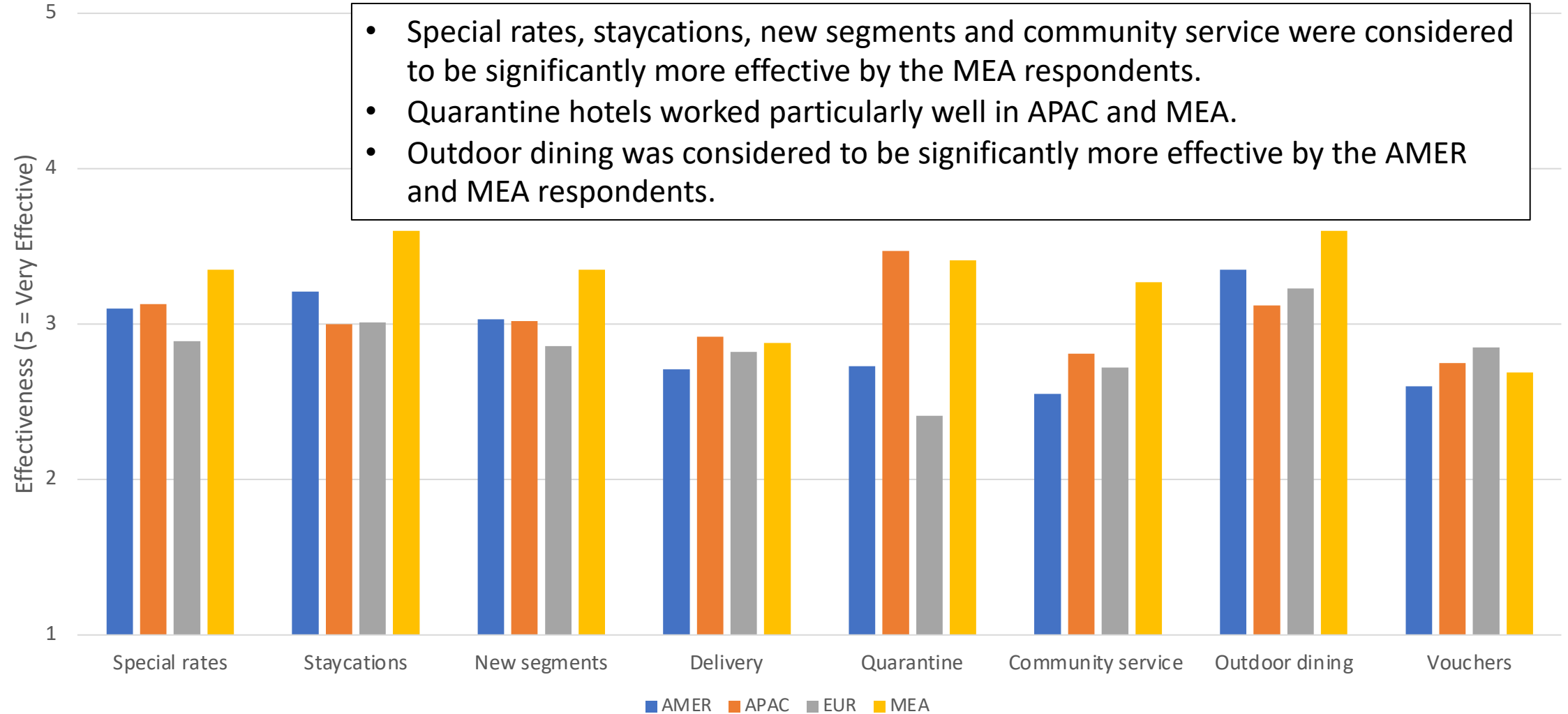


- Respondents in EUR were significantly less likely to offer special rates, while MEA respondents were more likely to have offered staycations.
- Restaurant delivery and serving as a 'quarantine' hotel were significantly more in APAC and MEA.
- The use of prepaid vouchers was significantly lower in AMER and MEA.

Overall Demand-Generation Tactic Effectiveness



Effectiveness of Demand Tactics

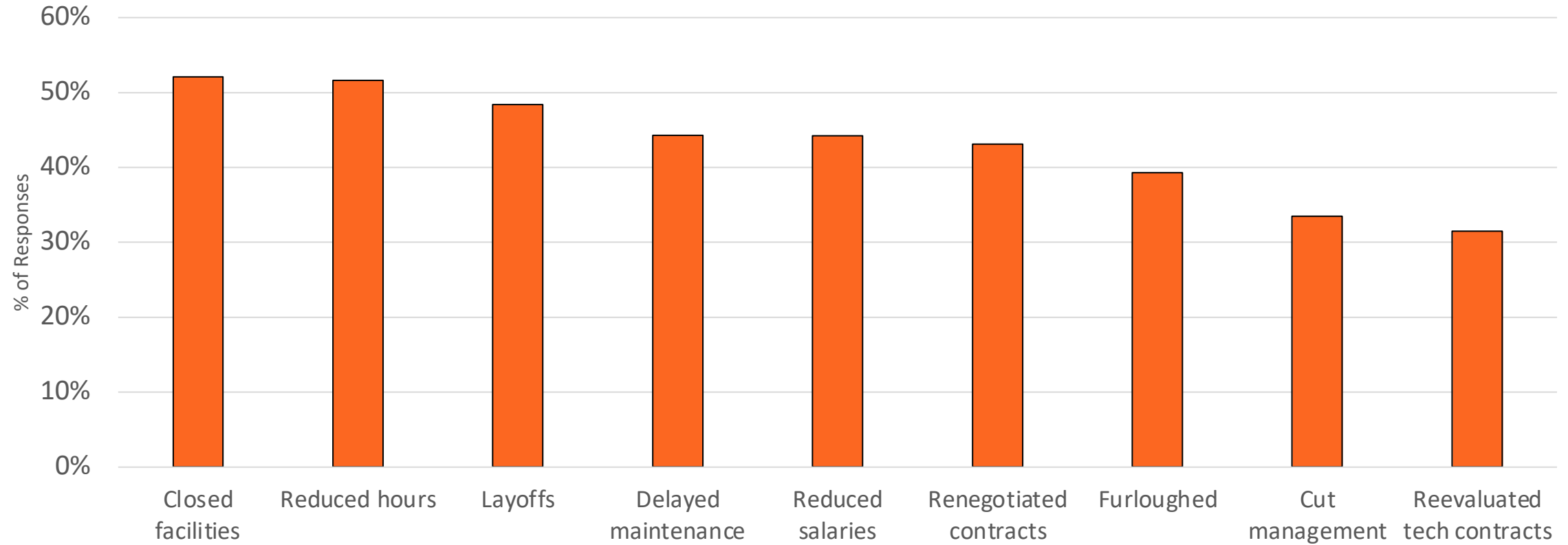




Cost Reduction Tactics

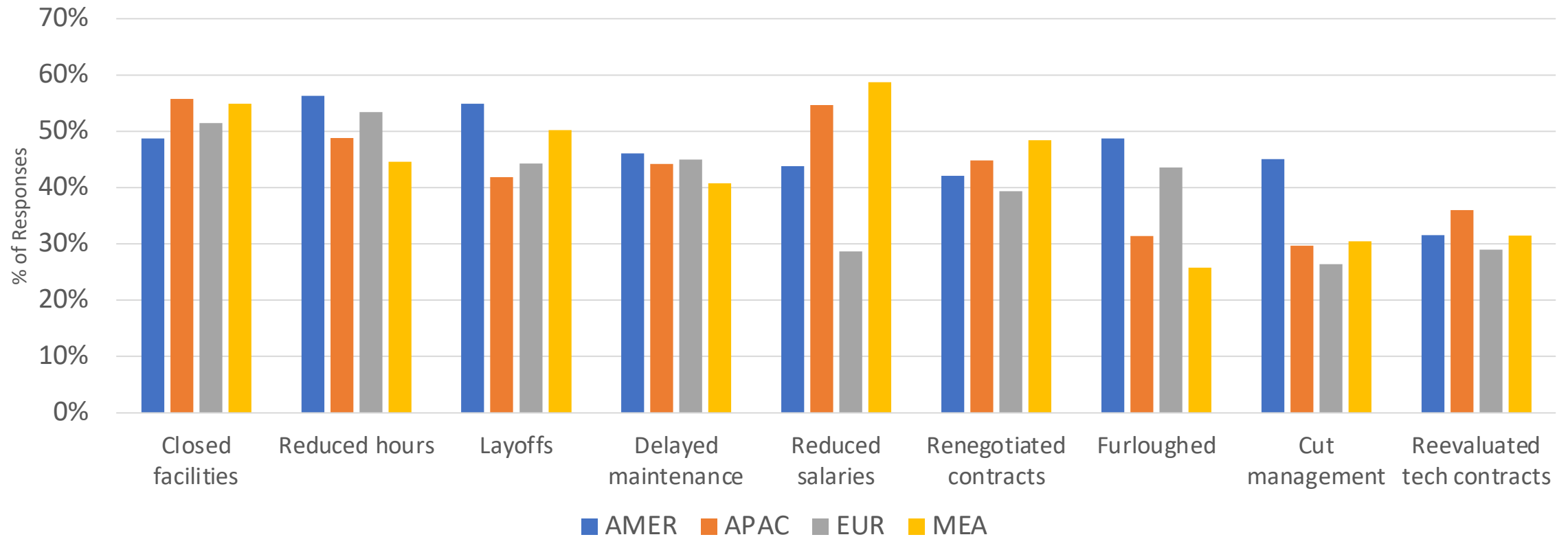
- Closed facilities
- Delayed maintenance
- Furloughs
- Layoffs
- Management cuts
- Reduced hours of operation
- Reduced salaries
- Reevaluated tech contracts
- Renegotiated contracts

Cost Reduction Tactics: % Used



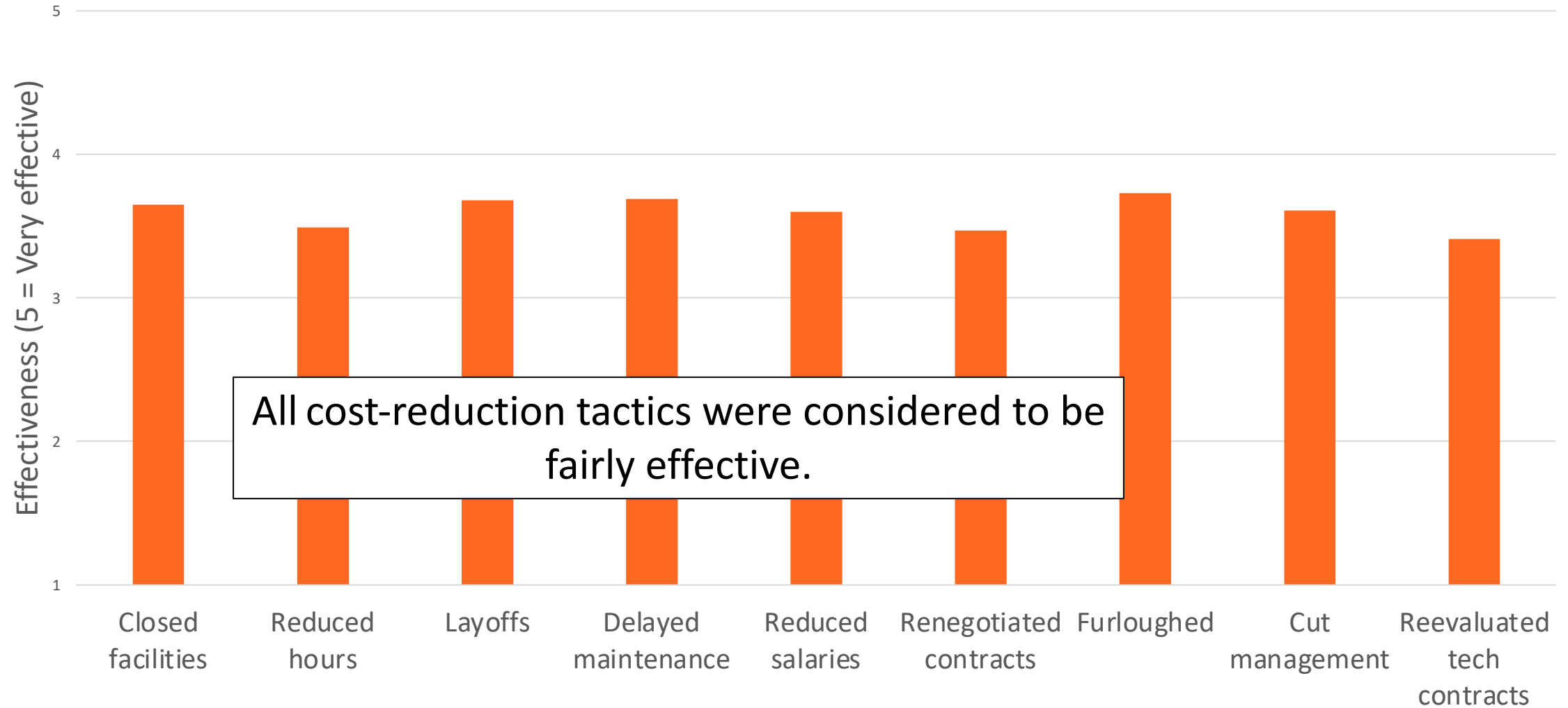
- The most commonly used cost-reduction tactics were to close facilities, reduce hours and layoff employees.
- Reevaluated technology contracts was the least used tactic.

Cost Reduction Tactics Used

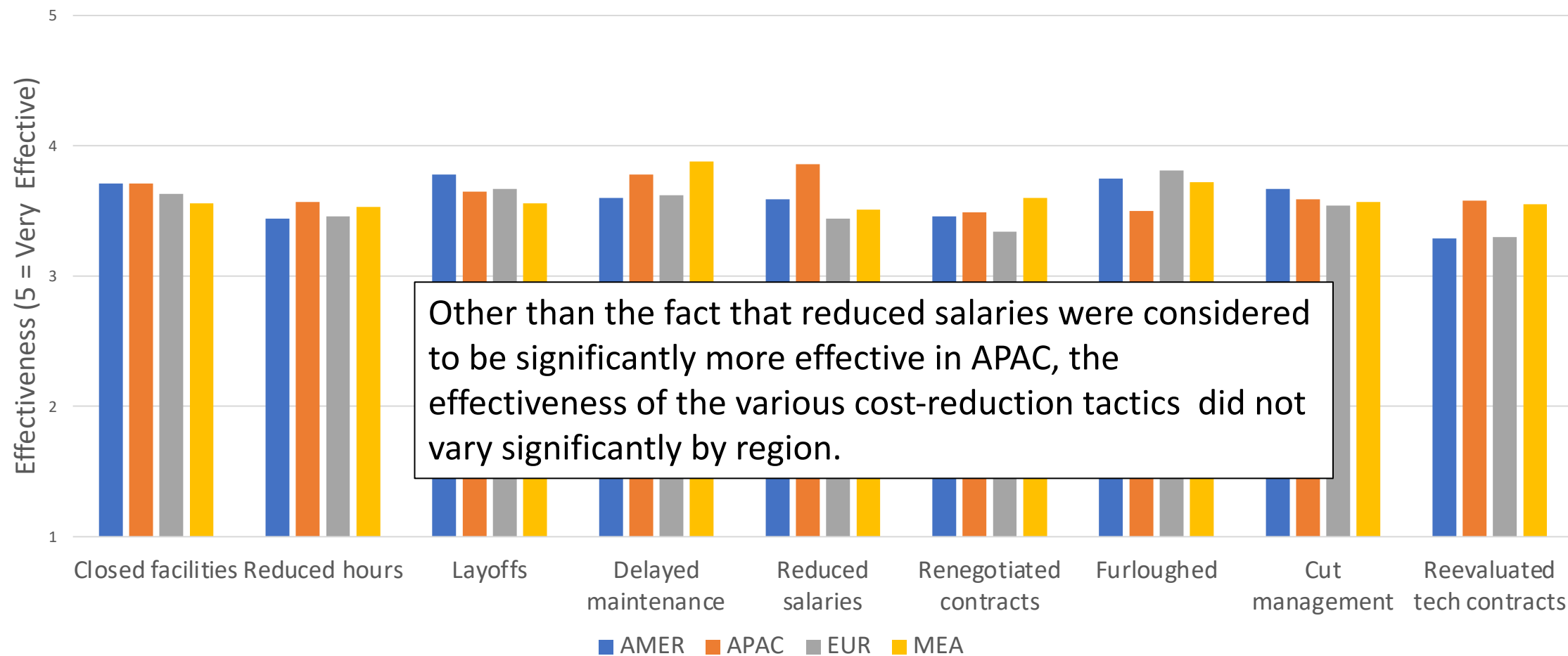


- Respondents in APAC and MEA were significantly more likely to have reduced salaries, while those from AMER and EUR were more likely to have furloughed employees and reduced hours of operations.
- Respondents from AMER were significantly more likely to have cut management.
- Respondents from AMER and MEA were significantly more likely to have laid people off.

Effectiveness of Cost Reduction Tactics



Effectiveness of Cost Reduction Tactics by Region

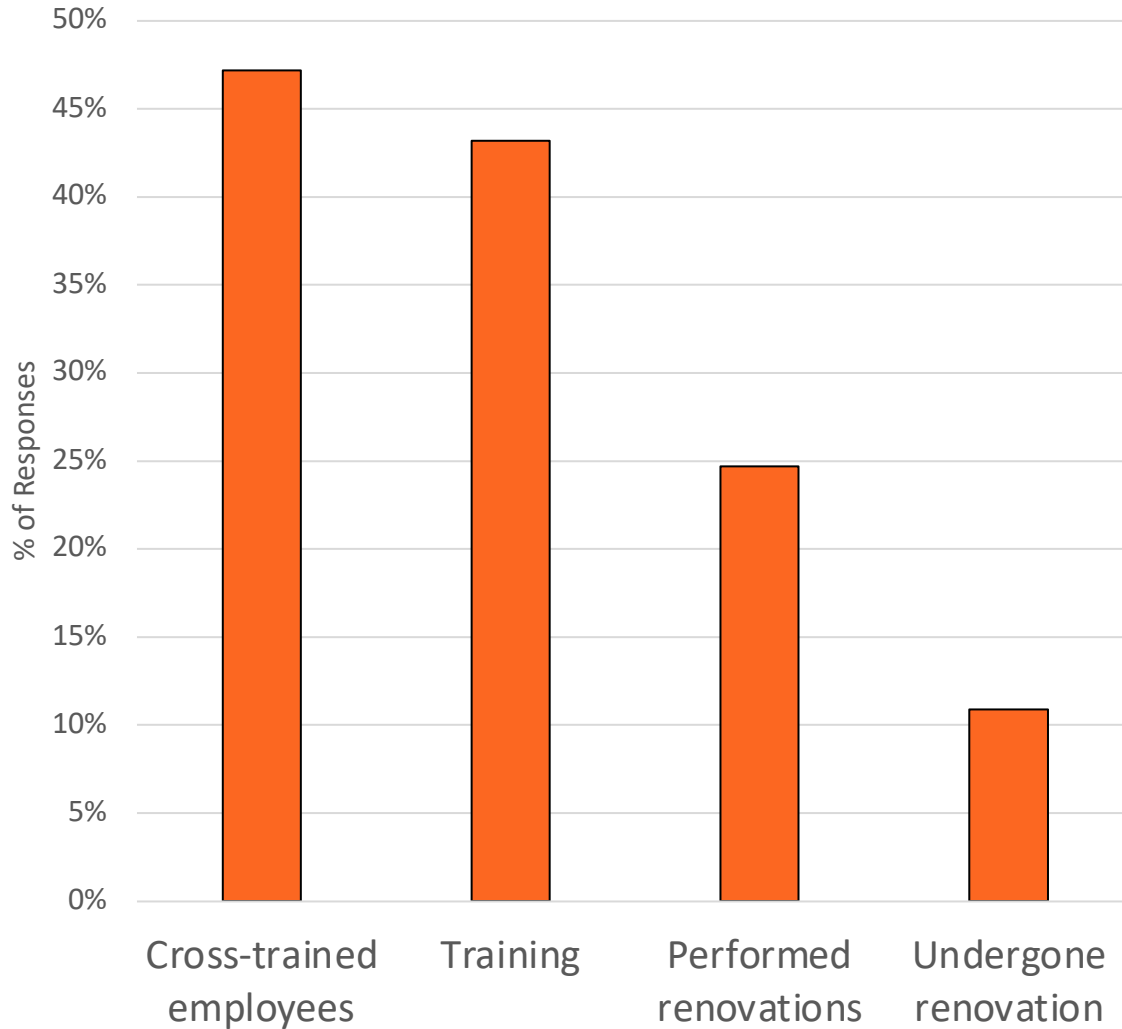




Other Tactics

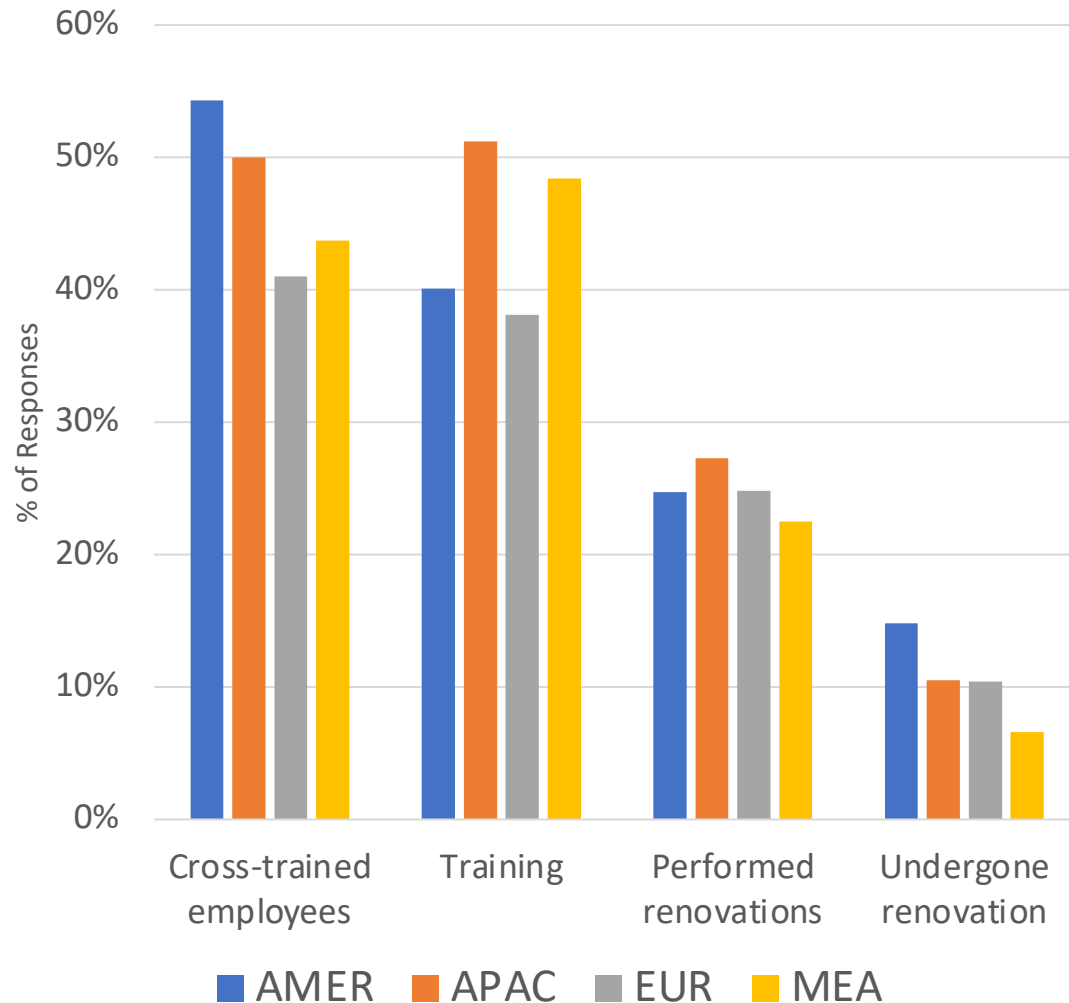
- Cross-training
- Training
- Needed renovations
- Under renovation

Other Tactics Used



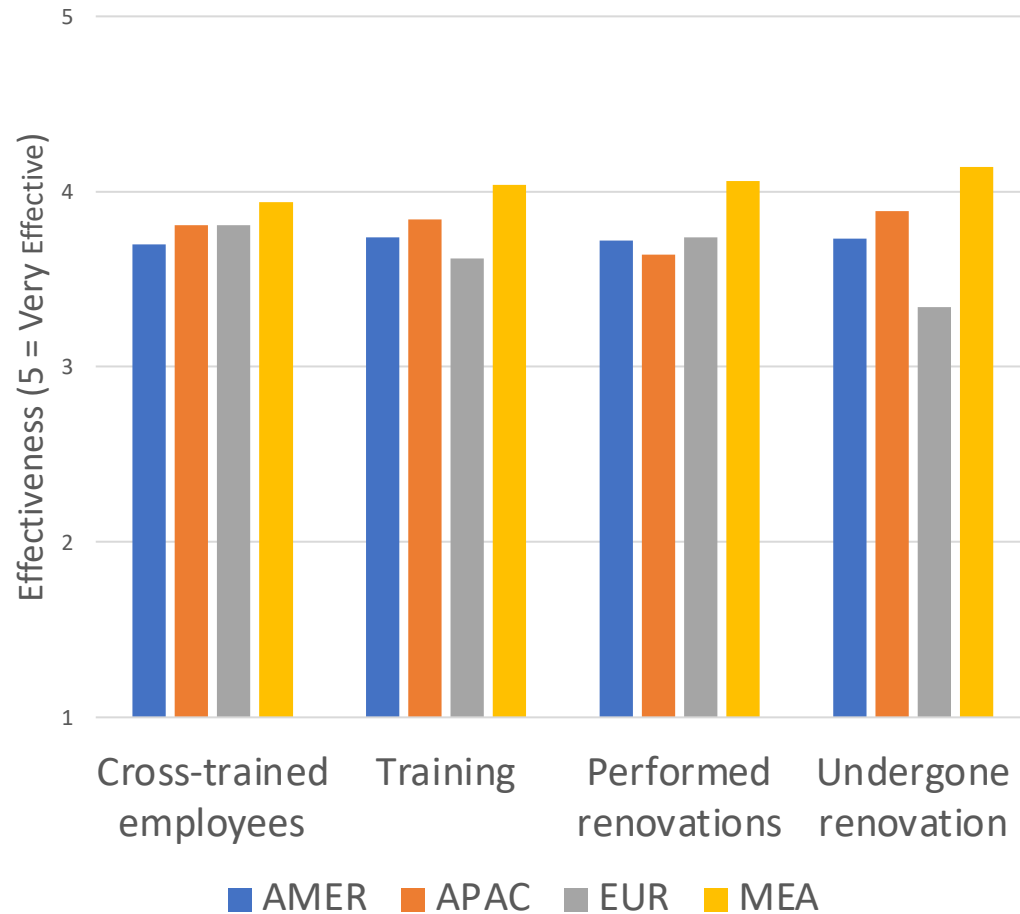
- I also wanted to see what sorts of training and renovations had gone on during the pandemic.
- Cross-training and other training initiatives had been undertaken by about 40-45% of respondents.
- About 25% had performed needed renovations, while about 10% had undergone renovations.

Other Tactics Used



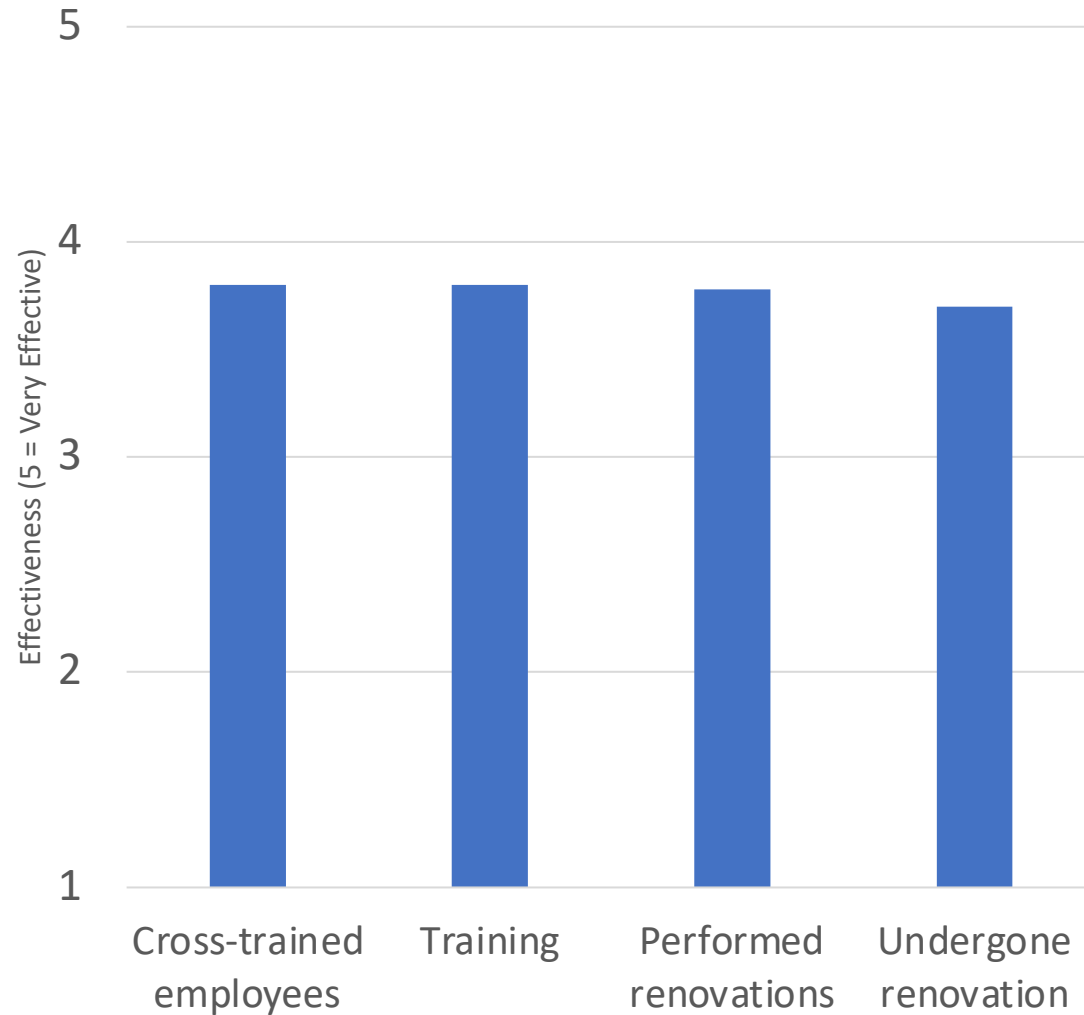
- Respondents in APAC and MEA were significantly more likely to have initiated training activities
- Respondents from AMER were significantly more likely to work at a hotel that had undergone renovation.

Effectiveness of Other Tactics by Region



- Training and performing needed renovations was considered significantly more effective by MEA respondents.
- Undergoing renovation was considered to be the least effective by EUR respondents.

Effectiveness of Other Tactics

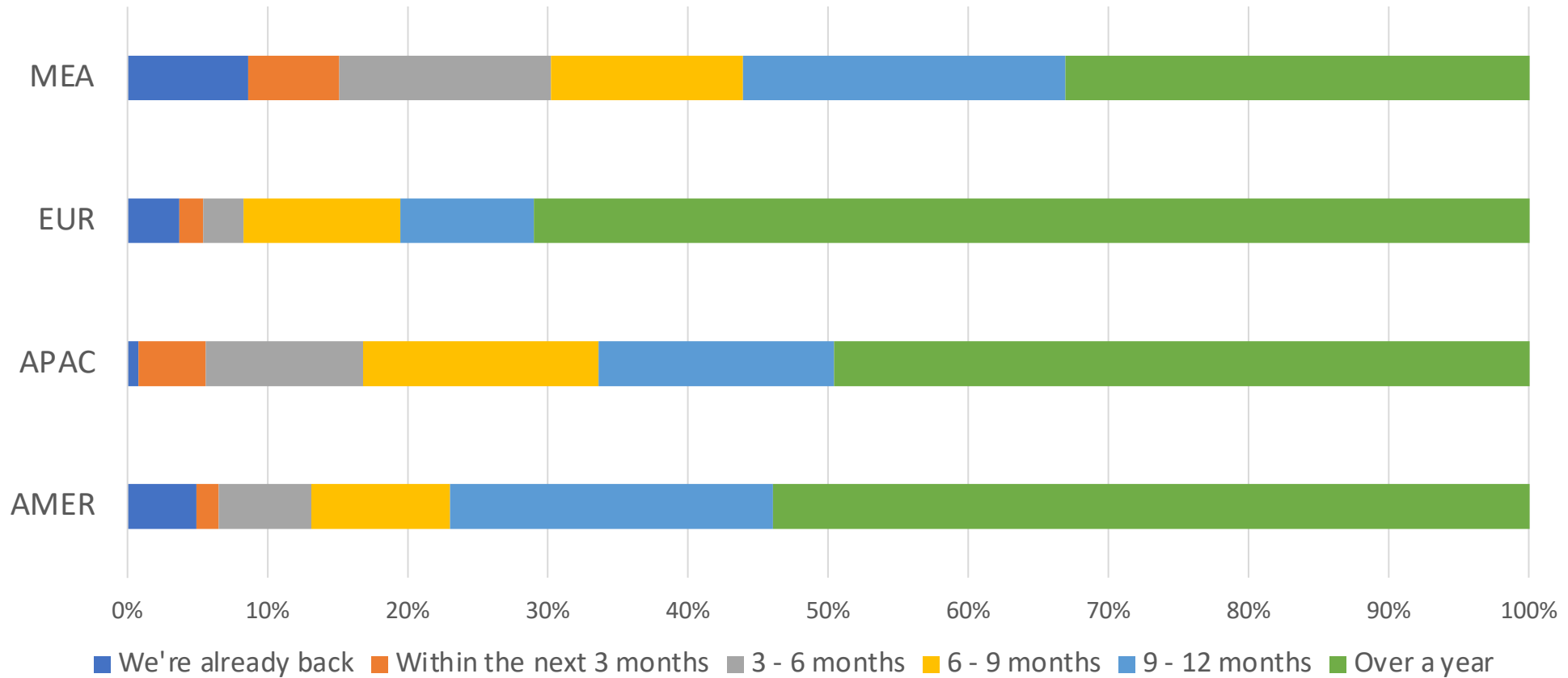


- Respondents in APAC and MEA were significantly more likely to have initiated training activities
- Respondents from AMER were significantly more likely to work at a hotel that had undergone renovation.



Recovery

Recovery Length

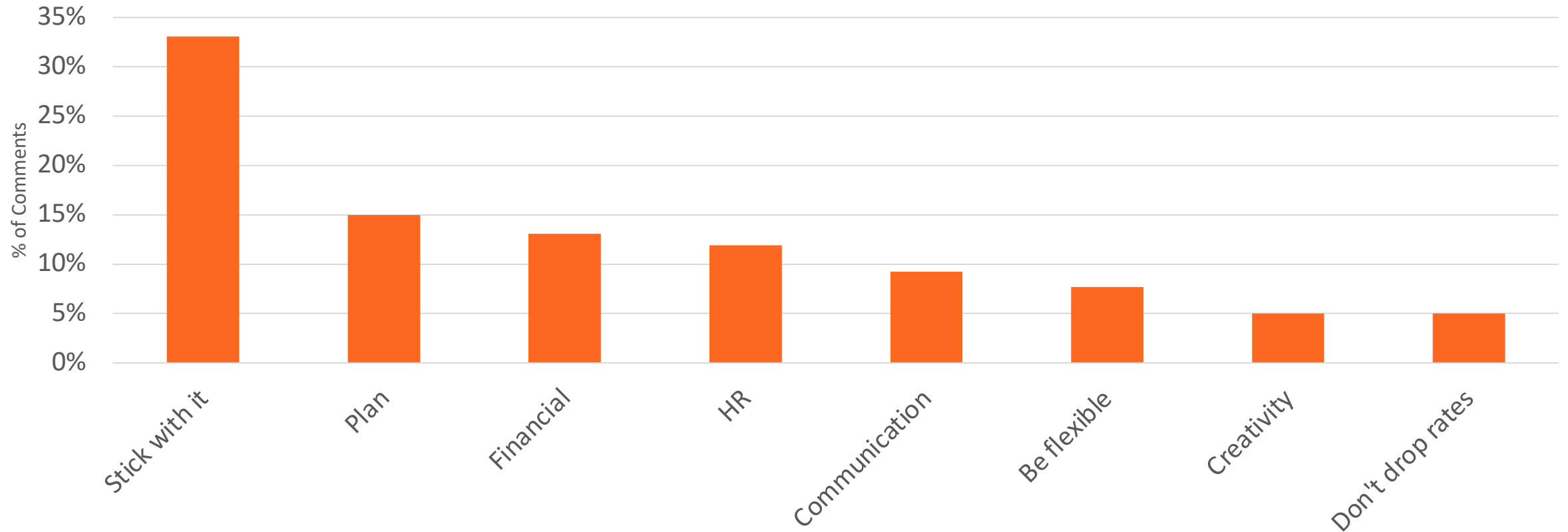


With the exception of MEA, over half of respondents think recovery will take over a year.



Open-Ended Comments: Advice

Advice: Open-Ended Comments



- By far, the most common advice was to stick with it, stay positive and above all, not to panic!
- Other pieces of advice focused on the need to plan, to carefully manage the financial statement, to be sure to take care of employees and the importance of good communication with all stakeholders.

Representative Comments

Head down, chin up and get on with it.

Be human the most you can

save on waste not on cost

You can save anywhere but never save on reservations (you will have lot of staycation), never save on Marketing (you need it more than before), never save on Sales (one person you lose, and you've lost all his contacts). Never save on Revenue Management (you need them more than before to make sure all those working seamlessly together).

Don't drop your rate. This is not an elastic price situation. Dropping price only impacts all of the city.

Be focused and don't panic. This situation is far behind our control, focus on the things you are able to control

Advice Themes



1. Stick with it
2. Plan
3. Keep an eye on the budget
4. Be human
5. Maintain good communications



Open-Ended Comments: Things to Avoid

Things to Avoid: Open-Ended Comments



- The most common theme was to avoid getting engaged in a price war.
- The second most common suggestion was to avoid making rash decisions and starting to panic.
- Other things to avoid were bad HR, pretending that the situation didn't exist and not maintaining hygiene standards.

Representative Comments

Complaining

being
hoteliers....

Following the 'herd'. You'll end up in a price war that no one can win. Be brave and prepare to walk away from a 'deal' than involves deep discounts.

Don't discount too much, rate should be market appropriate and you should not be the one to discount rate first. Discount should be a tool to generate incremental revenue.

Discounting rates. If guests aren't booking, it's not because of your rates, it's because they're not currently allowed to travel or don't feel safe doing so.

same ole,
same ole
doesn't work

Dropping rates where there is no demand, not supporting employees during this crisis.

As everybody is saying - dropping the rates but it is hard to not do it if the competitors do it.

Do not stop providing hospitality and critical services. Don't be negative. Don't hide from your guests. Don't use "the rules" as an excuse to just cut costs and not provide what guests expect and are willing to pay for.



Avoid

1. Price war
2. Rash decisions
3. Bad HR



Summary and Conclusion

- Survey of 1000 hotel industry respondents in September/October 2020.
- Hotel performance down by 30-40%.
 - APAC was most affected.
- Current situation:
 - European hotels received more government support. Interestingly, they were also the most pessimistic about recovery.
 - The most common border restriction was quarantine for travelers from certain countries. Quarantine was much more likely to be monitored by the government in APAC and MEA.
 - Distancing, maximum meeting sizes and no self-service buffets were the most common hygiene restrictions.
- Demand-generation tactics:
 - The most common demand-generation tactics were special rates for certain market segments and staycations.
 - Delivery and serving as a quarantine hotel were most common in APAC and Middle East and Africa (MEA). This may be related to the fact that quarantine was more likely to be monitored by the government.
 - Demand generation tactics were considered to be moderately effective.
- Cost-reduction tactics
 - Closing facilities, reducing hours and laying off employees were the most commonly used cost-reduction tactics.
 - APAC and MEA were more likely to have reduced salaries, while respondents in the Americas (AMER) and Europe (EUR) were more likely to have furloughed employees and reduced hours of operations.
 - All cost-reduction tactics were considered to be fairly effective.
- Recovery
 - With the exception of MEA, over half of respondents believed that recovery was going to take over a year.
- Advice
 - The most common advice theme was to stick with it, stay positive and to not panic.
 - The most important practice to avoid was getting involved in a price war.



Thank You!!



For More Information



www.SherriKimes.com
Email: sk@sherrikimes.com