

From Booming to Privilege: The New Realities for a Hotel Industry in Need of a Reset



Foreword

As an entrepreneur, business and economic cycles are anything but foreign to me. And yet, the world today is just that to all of us – foreign.

Like every other person on the planet, I have this year had to surrender to the moment, and in many ways I think that's what fundamentally makes us all travellers. We're travellers of life.

Some might say today's world has become more complex than ever before, but the truth is it's more simple than it's ever been. We're being asked to reconnect with ourselves and our families, with nature, and with the simple things in life. We're being asked to abstain from large community gatherings, for our fellow travellers' safety and wellbeing, and ours. We're being reminded that we're travelling by merely existing, but we have the chance to seek out extraordinary moments in time – not with strangers, but with ourselves and those we truly care about.

Will the travel industry ever completely go back to the way it was? Perhaps in some ways it will, but in other ways it will differ. In this report, we look at the journey we have all taken so far, and the journey we all have to take now, no matter where we are.



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The journey so far

Travel in the last century

It is almost hard to think that, as recently as the mid-1900s, travel was largely exclusive – to wealthy classes and the traditional destinations of Europe and the United States. Its expansion in more recent decades has created a multi-trillion-dollar industry, enabled by lowered barriers to entry such as low-cost flights, new modes of transport, open visas and the digitisation of information once only accessible through a human travel agent.

Prior to 2020, untouched destinations that only locals knew existed had suddenly become hot spots to curious travellers halfway across the globe. In fact, the less travelled those destinations were by strangers, the better. And, those destinations that were well travelled? They naturally necessitated a selfie, for every travel checklist's sake.

For the first time in recent history, the travel industry is learning how to start anew after months of restricted movement and economic instability at a global scale.

It seems that, for now, travel is no longer a booming industry of consumers and endless trips that we are able to take for granted. SiteMinder's *Changing Traveller Report*—which brought together the plans, behaviours and perspectives of more than 5,000 travellers in Australia, France, Germany, Italy, Mexico Spain, Thailand, UK and USA in July—revealed that the COVID-19 pandemic had negatively affected the financial situation of more than three-in-four travellers either 'a lot' or 'somewhat'. Yet, more than 85% also say they are likely to take their next domestic trip before the year of 2021 is over.

Travel has become a privilege again, for conscious seekers of extraordinary, purposeful and more intimate moments in time. It's been stripped back to the basic human rights and desires to move, to explore and to question, even under geographical, logistical or financial constraints. It's one for our deepest memory banks, not Instagram – should we have the wealth of Covid-free status to experience it freely.

The four eras of travel in the last 70 years

Travel exclusivity

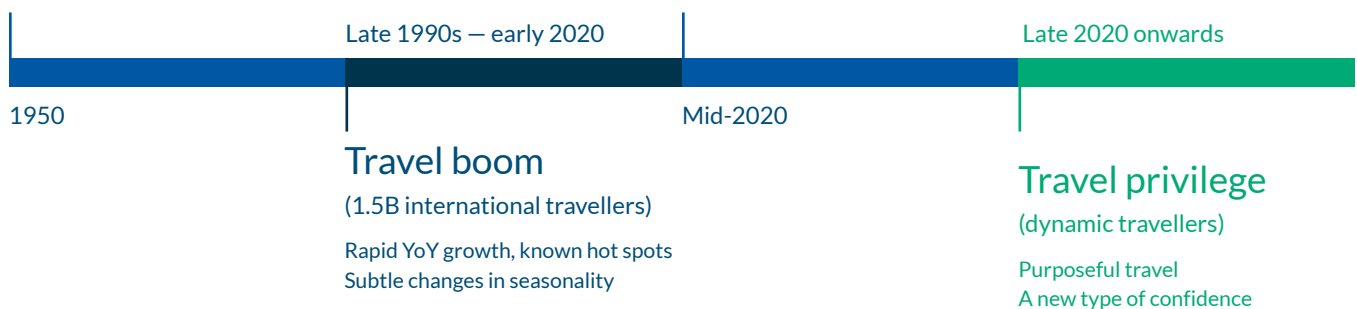
(25M international travellers)

Wealthy travellers
Traditional destinations

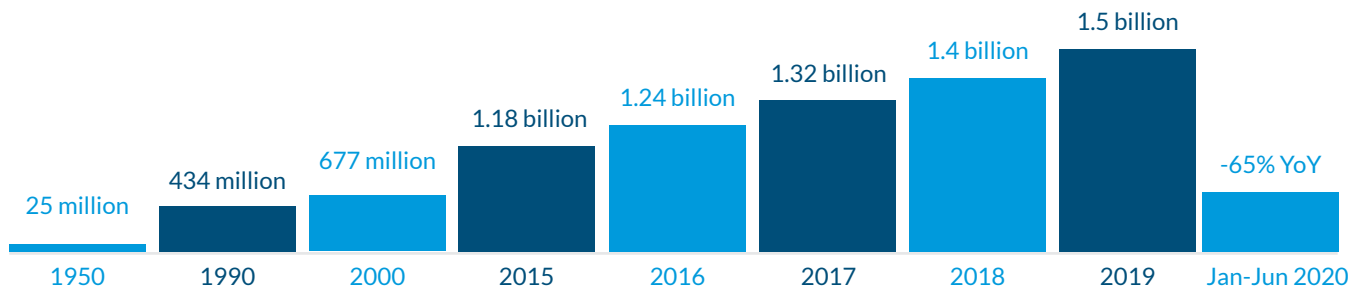
Travel uncertainty

(minimal travellers)

Essential + freedom travel
Limited confidence in actioning intent



International tourist arrivals, 1950-2020



Source: World Tourism Organization

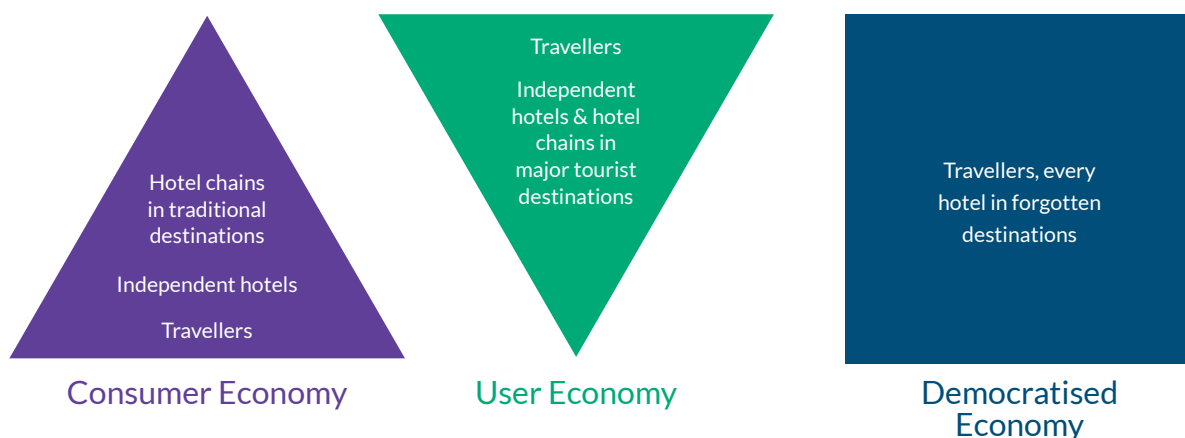
COVID-19: the ultimate equaliser

The later years of the travel boom brought not only exponential growth, but the inversion of an established supply chain in the world of hotels. The more that travel became accessible to the masses, the more travellers craved experiences that were differentiated, authentic and memorable.

Through the process, the world witnessed the rise of one particular segment: the small, independent boutique hotel. These hotels possessed charm. Where others provided uniform offerings, boutique hotels provided distinction.

Now, in late 2020, charm comes in the form of isolation. The more remote, the greater the appeal. Similarly, distinction now comes in the form of security. The greater a hotel's ability to cater for locals, and to understand their needs for extreme hygiene and safety, the greater that hotel's ability to be booked. It is so much so that, in SiteMinder's *Changing Traveller Report*, 'well-promoted health/safety practices' ranked as the most important factor for one-in-every-three travellers when choosing their accommodation today.

The changed balance of power



COVID-19 has been the ultimate equaliser, with neither hotels nor experiencers controlling from the driver's seat. Predictable seasonality is over. Every hotel has had to relinquish control, as they now face a travel industry of more discerning guests and shorter lead times.

It is clear that in the future of travel, amid the bountiful supply of accommodation, there is no room for those who stand still.



The Five Stages of the Hotel Booking Reset

SiteMinder's World Hotel Index

Since the outbreak of the COVID-19 pandemic, what the travel and hospitality industries have wanted to learn most is: how will our industries recover? From asking 'how much can I earn from my next guest?', hoteliers have asked 'when will guests return to my hotel?'

Yet, as we draw near the end of 2020, the more relevant question to ask today is: how can I reset for the present and future of travel?

The [World Hotel Index](#) provides an aerial view of all the bookings of SiteMinder's 35,000 hotel customers, through more than 400 booking channels globally. Refreshed daily, the Index displays how hotel bookings are performing year-over-year, as well as when the guests behind those booking will be arriving and where they will be coming from.

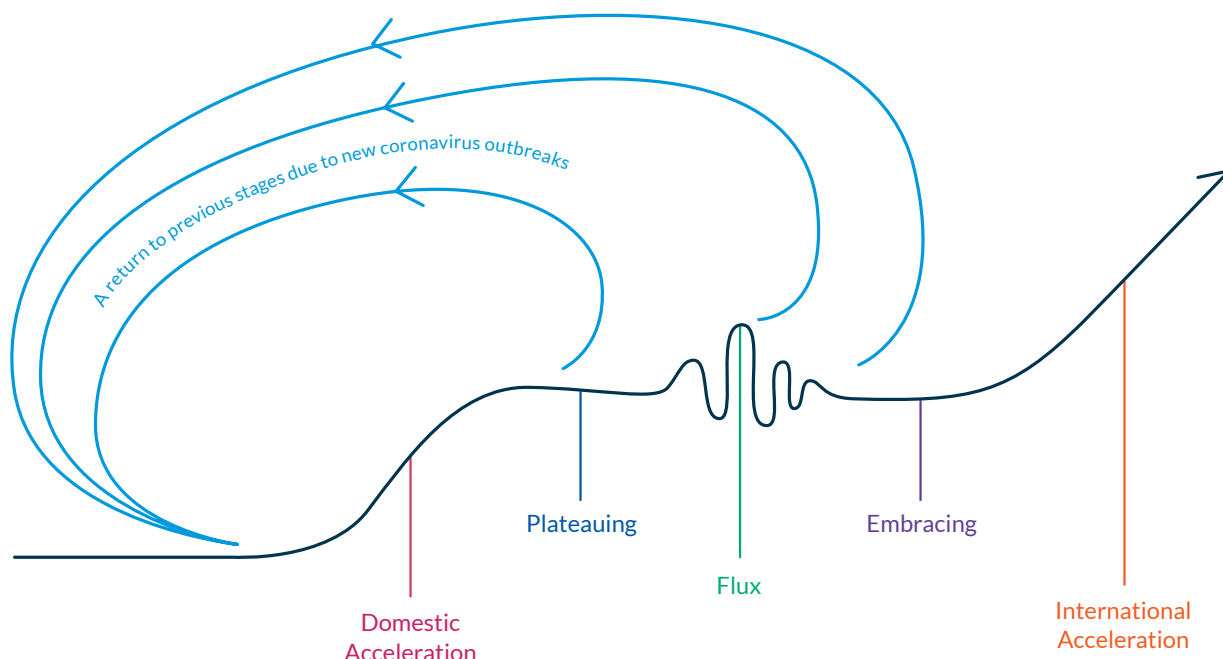
Within months, SiteMinder's World Hotel Index has become the leading indicator of hotel reservation and guest arrival trends globally. The data is available at a global, country and city level, to provide insight into both macro and local trends, which are critical for hoteliers, hotel investors and travel professionals during this time of much-needed resetting.

Through SiteMinder's World Hotel Index, it can be seen that hotel bookings dropped to below 9% YoY globally in April—their lowest point in recent history—and then showed an encouraging and sustained recovery to surpass 54% YoY in July.

While a lot remains unknown, what is evident is that the new behaviours and preferences of today's traveller are likely to linger for a while yet, if not become permanent changes for some. It is through SiteMinder's World Hotel Index that we now know the hotel booking cycle will generally go through five key stages until it resets into a different normal.

What follows are the five general stages of the hotel booking cycle following government announcements on when travel restrictions will lift.

The Five Stages of the Hotel Booking Reset



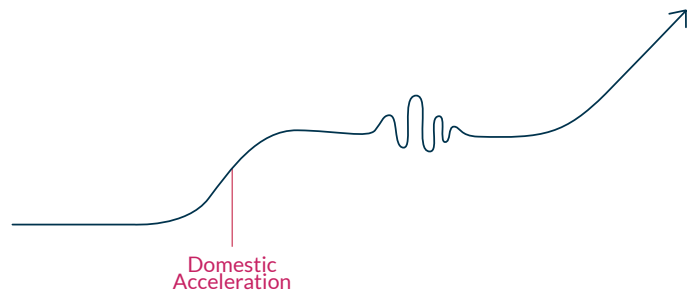
Domestic Acceleration

Concrete indicators of lockdowns being lifted this year have been followed by a strong burst of excitement among travellers, who have longed to escape the confines of their homes. That burst of excitement translates into an immediate rise in hotel bookings and, due to the shutdown of international borders, the vast majority of those bookings are from local residents.



What this stage involves:

- An increase in domestic bookings within a destination with largely closed international borders
- Booking trends: last minute bookings
- Traveller confidence: generally high
- Travel restrictions / coronavirus cases: low domestically



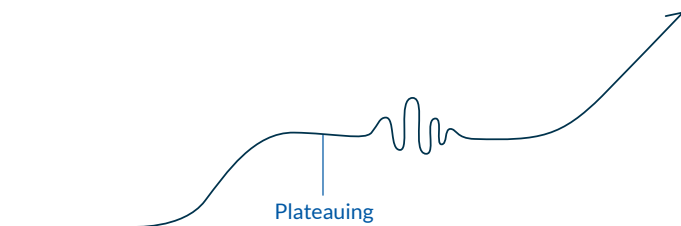
Plateauing

While there has been a renewed interest in domestic trips around the world, it is naturally difficult for domestic travel, alone, to see most hotel markets completely return to the levels seen during the travel boom. The pandemic has impacted the confidence and financial situations of many individuals, forced international borders to close, and put a stop to group bookings.

For this reason, the initial excitement among consumers is followed by a plateauing of hotel bookings.

What this stage involves:

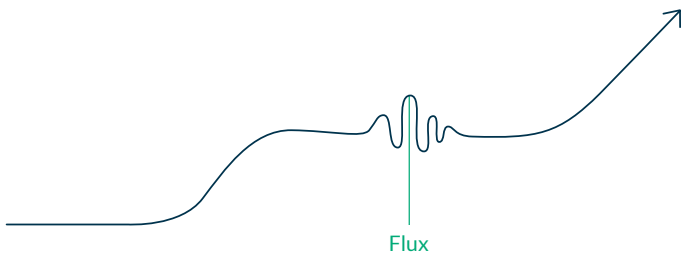
- A decrease in booking momentum, seen after a local surge or rise in COVID-19 causing restrictions
- Booking trends: happening at a slower rate with more lead time (fewer last minute bookings)
- Traveller confidence: neutral
- Travel restrictions / coronavirus cases: in flux



Flux

Whether it be due to increased cases in coronavirus, or other political or societal challenges—or perhaps a simple die down in euphoria—SiteMinder’s World Hotel Index illustrates the very real human behaviour of withdrawal.

The stage of flux is a state of destabilisation.



What this stage involves:

- Irregular booking behaviours, due to threatening restrictions or growing concerns of a rise in COVID-19 cases
- Booking trends: last minute bookings and cancellations
- Traveller confidence: in flux
- Travel restrictions / coronavirus cases: in flux

Embracing

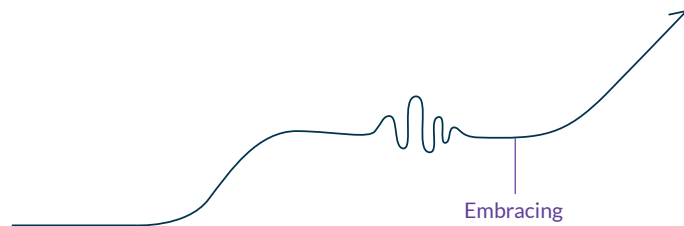
Call it comfort or mere acceptance, the fourth stage is all about stabilisation with the embracing of new norms. After experiencing the initial burst of excitement, flattening and then flux, locals ultimately arrive at a place where they remain hopeful for full recovery, but welcome the reality that the world is simply different.

During this stage, we will typically see travellers embrace domestic tourism as the new exciting adventure. They may book a trip overseas in anticipation of international borders reopening, but know that they can and will cancel, if needed.



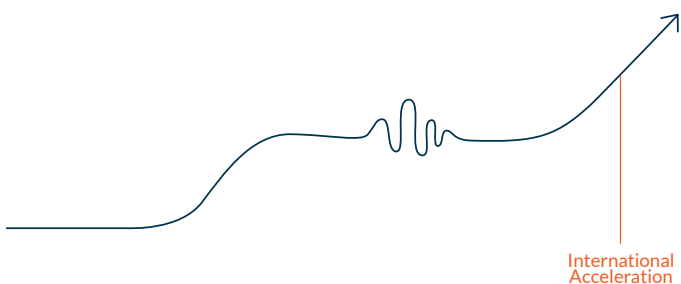
What this stage involves:

- Much less erratic booking behaviours
- Booking trends: last minute domestic bookings and hopeful international bookings
- Traveller confidence: moderately high
- Travel restrictions / coronavirus cases: low domestically and lowering internationally



International Acceleration

While the world is yet to witness the return of this stage (and it may be many months before we do), another, albeit more sustained, acceleration is predicted as international borders reopen. Strong, sustained international acceleration will form the final stage in the road to resetting hotel bookings.



What this stage involves:

- An increase in international bookings following an ease of restrictions for travellers from one or many countries
- Booking trends: Last minute bookings with longer length of stay as well as bookings with longer lead time
- Traveller confidence: high
- Travel restrictions / coronavirus cases: low domestically and internationally





The new, global state of play

Between the Five Stages of the Hotel Booking Reset, many new trends have emerged this year. We outline five of the biggest movements that lie within SiteMinder's World Hotel Index and *Changing Traveller Report*, and should force us all to rethink and reset for a different future of travel:

1. The trend of last-minute bookings is truer now than ever before.

Today's traveller is a minimalist when it comes to planning, and for good reason, as we all continue to reflect on how rapidly our world has changed. Many travellers now dream, plan, book, experience and share their trips all within the same month – or week. Indeed, almost two-in-five travellers say they will now book their next domestic trip either days in advance or on the same day.

2. There is a growing divide between urban areas and regional towns.

As early as May, SiteMinder reported on signs that today's traveller would be seeking an immediate escape from the confines of a building and holidaying, instead, outdoors. Those early signs, detected in the UK, have since come to fruition across the globe as the World Hotel Index shows how more and more travellers are opting for a nearby coastal or regional town destination rather than a densely-populated major city. At the time of writing, this is being seen in:



The UK, where London's hotel bookings are at 32% of last year's volumes, while they are at 68% YoY in Brighton and 57% YoY in Bournemouth, both a two-hour drive from the capital.



Spain, where YoY booking volumes in the major cities of Madrid and Barcelona are hovering around 25%, while they have surpassed 45% in the coastal region of Málaga.



The U.S., where New York City has not been able to rise above 25% of 2019 volumes, while Tampa in beach-filled Florida has already exceeded 2019 volumes.





Mexico, where the booking momentum in the capital of Mexico City remains below 55%, versus 80% in the coastal resort town of Playa Del Carmen.



Australia, where YoY booking volumes sit at 36% and 5% in the country's most populous cities of Sydney and Melbourne. Yet, they sit at 67% in Townsville, a coastal town up north.



Thailand, where the booking momentum in the capital city of Bangkok is at 28% YoY while it is at 39% in the resort island of Ko Samui.

These contrasting figures are also the byproduct of corporate travel remaining under pressure. Hoteliers need to be thinking about how leisure travel can fill the gap, particularly within the major cities that previously served as major corporate hubs.

3. Every traveller today is a transient traveller.

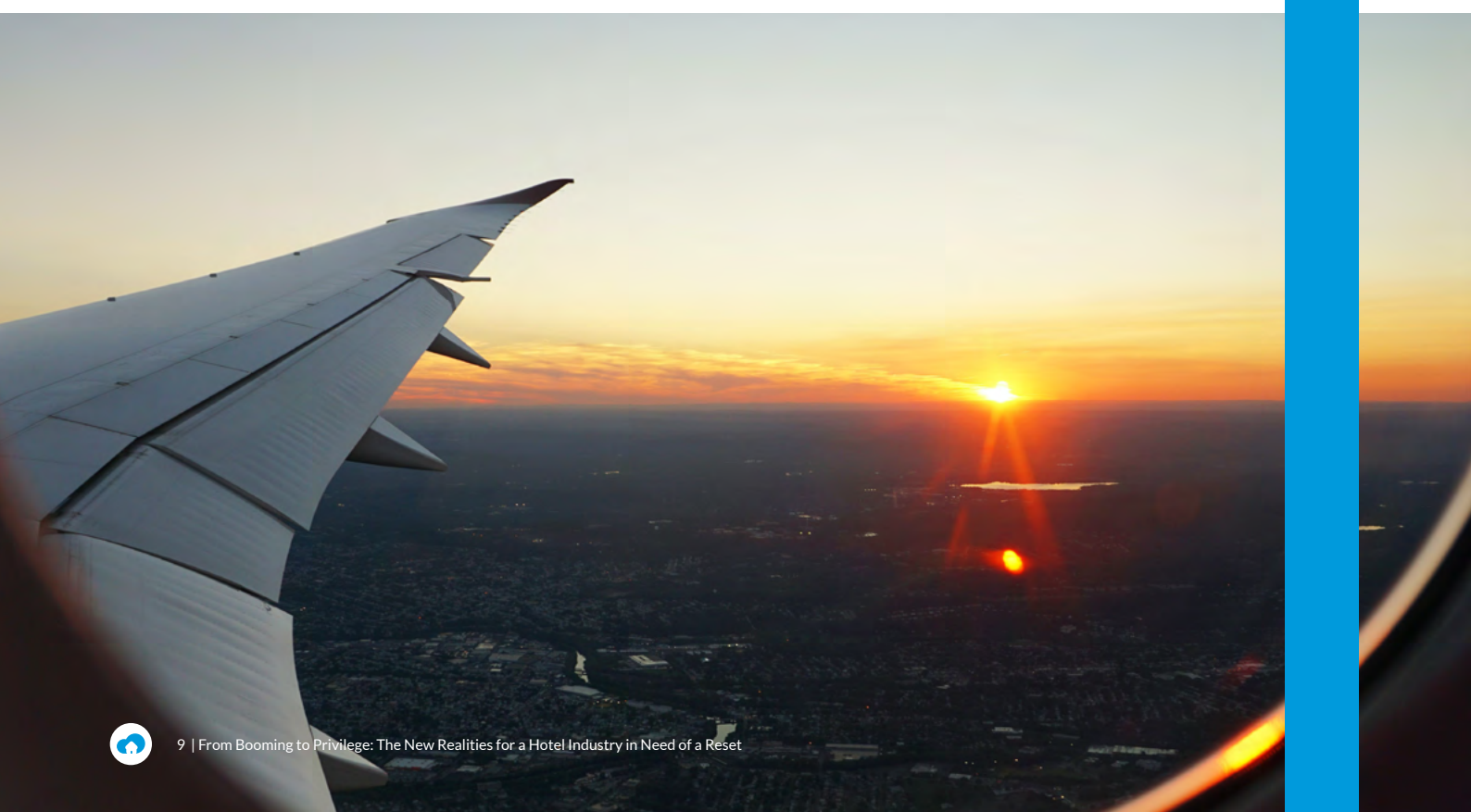
Trip durations have shrunk for at least two-in-five travellers, making it harder than ever for accommodation providers to secure extended stays.

4. After falling victim to such a quick pace of change this year, travellers are demanding greater flexibility.

'Free cancellation/booking modification' ranks as the most important factor for 29% of travellers when choosing their accommodation today.

5. Travellers still yearn to spend time away during established holidays.

The growth of Christmas and New Year's Eve hotel bookings is bucking the last-minute booking trend in the Asia Pacific and Americas, in countries that include Australia, Barbados, Canada, New Zealand, the Philippines and Vietnam. A similar pattern has emerged in Europe. Only weeks after this year's summer-end, spikes in bookings have appeared for the summer months next year, in the Nordic nations of Denmark, Finland and Norway, as well as Portugal and Italy.



Words of wisdom from hoteliers

It's easy to see the trends that have emerged this year, but how does every player within the hotel industry re-strategise accordingly? Hoteliers from around the world share their best practical advice:



1. Reflect and reset, as they are essential practices for any business

For the owner of Aura Accommodation in New Zealand, Nick Fitzgerald, the lockdown period has provided the chance to identify weak business areas and to operate lean again. Although Nick, like many others, has had to make fundamental changes to his business, he has embraced the opportunity to think about delivering a better guest experience by leveraging technology in a smart way through automated tasks and refined processes.

"There will be different ways to operate in the future, so it was a good time to think about our business," says Nick. "It may be a long road to recovery and the journey will be quite different from anything we've ever known. So, being resilient, adaptable and proactive will be key."



2. Reposition to reach new guest personas without lowering rates

In light of COVID-19 exposing the vulnerabilities of relying heavily on one particular guest persona, the general manager of Parkhotel Pyrmont in Germany, Michael Höfer, wanted to make sure that he was targeting the full spectrum of potential guests. To reach more younger guests, Michael hasn't altered his prices, but rather ensured that his customer-facing technology is flawless. He has also improved the experience for his younger customers when they are at the hotel, by collaborating more within the local community and continuing to build on the hotel's social media presence.



3. Be more flexible as it pays off

As a response to COVID-19, Sarah Langford, who co-runs Sentry Mead on the Isle of Wight, has implemented a number of new options for guests, from remote room servicing to room only rates, both of which have been appreciated. In particular, by introducing room only rates, Sarah has noticed a slight demographic shift taking place, with more younger guests looking to make a saving by not including breakfast as part of their stay.





4. Take no chances when it comes to health and safety

For Chroma Hospitality in the Philippines, guest arrival now begins at the airport. From the hotel vehicles with custom partitions between the driver and guests, to the contactless check-in process, every detail has been thought of. A scannable QR code ensures guests know how the express check-in will work and how many people are allowed inside the hotel elevator. On arrival at the hotel, temperatures are taken, UV sanitisers disinfect all luggage, and pre-completed check-in forms and health card questionnaires ensure that congestion in the lobby is drastically minimised.

“Being in email contact with every guest prior to their arrival, despite how they’ve booked, has been crucial,” says the management group’s VP of e-commerce & revenue management, Sunish P Sadasivan.

As part of Chroma’s Culture of Clean initiative, all checked out rooms also remain empty for 24 hours after thorough cleaning and disinfection, and high touch areas of the hotel are cleaned every two hours by the heavily-protected staff. To maintain the strict, 24-hour gap between room use, the team closely monitors room allocations and has implemented minimum stays for busier periods.



5. Use social media

For Raúl Casanova Gracia, the commercial director at Events Hotels, being active on social media has become increasingly central to promoting and marketing one of his properties: Pamplona El Toro Hotel & Spa in Spain.

“Nowadays, any commercial action that we design always has an accompanying social media plan as part of the go-to-market strategy, and so we have been workshopping new ideas through this period around how we could approach social,” says Raúl.



6. Over-communicate as it can be the only way to provide certainty

With things changing quickly in March, Nick at Aura Accommodation knew that mitigating concerns had to start by rapidly articulating what was happening, as it happened. His team immediately updated their welcome messages, website and social media accounts, which helped to provide guests with clarity. Today, Nick says the level and tone of the communication was a positive evolutionary step for his property, and he now has a greater appreciation for the importance of having an open, ongoing dialogue with both staff and customers.



7. Upgrade your technology

Michael at Parkhotel Pymont knew that the coming months would be critical, and needed their systems to be working for his team at full capacity.

“We changed our PMS, something that we have been putting off for a very long time now, and completely revamped our website, a process that we believe will allow us to secure more bookings directly,” Michael says.



8. Keep a long-term view to ensure that the right decisions are being made

With each business call, Sarah at Sentry Mead has weighed up how it will impact her property’s reputation in the long-term. As a small business, knowing the power of word-of-mouth has proven invaluable. Sarah educates her guests on the impact of negative reviews, and takes extra special care of the locals. As she mentions, “We’ve had people from all over coming to stay, however a lot are from very close by here on the island, who of course we offer a special rate to.”



Moving forward

COVID-19 has democratised the travel industry like never before, and it is important to reflect on it as such.

Will the travel industry ever return to the way it was? Perhaps, but in the meantime, it is critical to acknowledge that the hopes and expectations of travellers have evolved, and so too must our thinking around what travel is and what it means in today's world.

COVID-19 may have spurred constraints, but, as the ultimate equaliser, it's also created new opportunities and given us the chance to re-evaluate how we manage and experience the world around us. It's forced us to live in the moment and recognise that travel is no longer a basic human right or desire; it's a privilege, which stands as a reminder that we need to remain forever conscious and curious, and to seek moments in time that serve a deeper purpose than work, bucket lists or social media feeds. They're moments that should always be extraordinary, purposeful and perhaps more intimate, should we have the wealth of Covid-free status to experience them freely.





About SiteMinder

In an age of rising choice and accessibility for curious travellers, SiteMinder exists to liberate hoteliers with technology that makes a world of difference.

SiteMinder is the global hotel industry's leading guest acquisition platform, ranked among technology pioneers for its smart and simple solutions that put hotels everywhere their guests are, at every stage of their journey. It is this central role that has earned SiteMinder the trust of more than 35,000 hotels, across 160 countries, which are supported by customer support in 11 languages and a platform localised in eight languages. SiteMinder's office network spans Bangkok, Berlin, Dallas, Galway, London, Manila and Sydney.

In 2019, SiteMinder generated in excess of 100 million reservations worth over US\$35 billion in revenue for its hotel customers, who voted the company's flagship product as the industry's #1 channel manager on HotelTechReport.

For more information, visit www.siteminder.com.





[SiteMinder.com](https://www.siteminder.com)