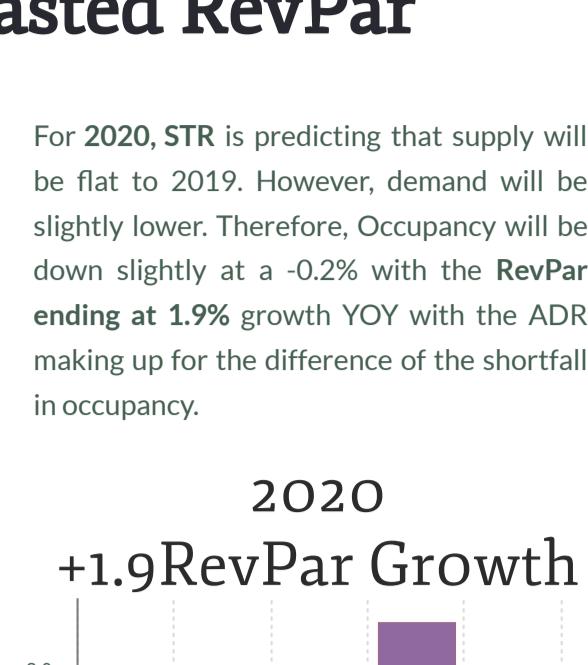


2019 YTD and 2020 Projections

August 2019

Must-Know 2020 Hotel Industry Trends

2017 to 2018 Profits up



U.S. Hotel Industry navigated for profitable 2018

Revenue Growth 2.9% Payroll Growth 0.2 pts Profit Growth 3.4%

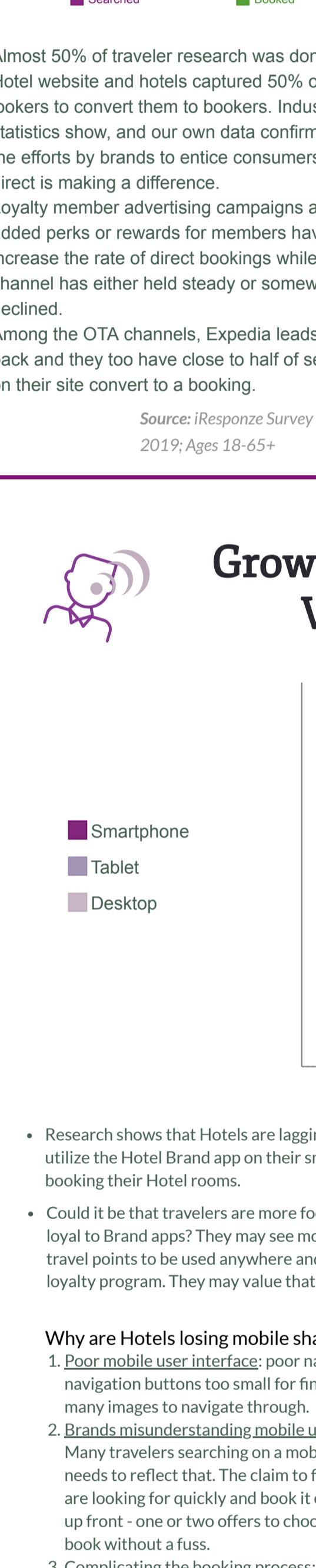
In 2018 due to the skill of General Managers and Hotel Leaders controlling costs, there was an increase of 3.4% in profit growth.

Source: HOSTSTATS Hospitality Intelligence

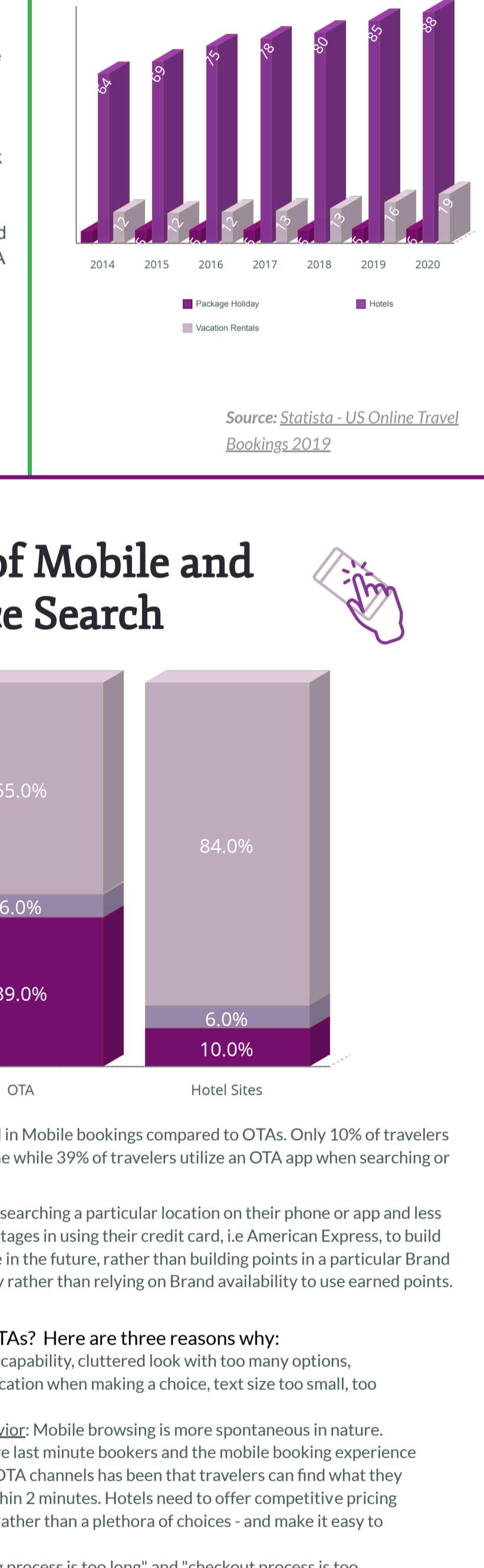
F&B Department	2018	YOY Var.
Total F&B Revenue	77.53	2.8%
Food Cost of Sales	16.7%	-0.4
Beverage Cost of Sales	17.9%	-0.2
F&B Expenses % Total F&B	5.9%	0
F&B Labor Costs % Total F&B	46.8%	0.1
F&B Dept. Profit % F&B Rev	31.7%	0.2
Total RevPAR	259.10	2.9%
Total Dept. Profit % Total Rev	60.7%	0.1

General Managers of full-service hotels found other ways to drive revenue, i.e. in food and beverage – which grew by 2.9% Per Available Room, YOY.

2019 & 2020 Forecasted RevPar



STR has adjusted their latest 2019 predictions to show a slight increase in occupancy due to demand coming in a little higher than supply. They are now stating that 2019 should finish with a 2.0% RevPar growth YOY – down by .3% from previous predictions.



For 2020, STR is predicting that supply will be flat to 2019. However, demand will be slightly lower. Therefore, Occupancy will be down slightly at -0.2% with the RevPar ending at 1.9% growth YOY with the ADR making up for the difference of the shortfall in occupancy.

Source: STR / Tourism Economics

Benefits of Brand.com

2X ROI compared to OTA Bookings

\$3.56 Net Revenue Generated for every \$1 of Investment

Direct channel loyalty bookings include: channel costs, commissions and a factor associated with incremental Brand.com search marketing fees.

OTA investment includes: commission costs and any other channel or transaction fees.

- Based on a Kalibri Labs study of 19,000 hotels, Brand.com bookings generate an ROI that is nearly 2X that of OTA bookings - \$8.33 as compared to \$4.77 a difference of \$3.56 NET REVENUE generated for every \$1 of Investment

- This is the bigger picture for Hotels to keep booking share from OTAs down and shift it to Brand.com. This fact will continue to drive the Brands in promoting Loyalty Programs to their guests to ensure their future success.

Source: 2019 Kalibri Labs Book Direct Campaigns 2.0

SOURCE OF BUSINESS

14.9% OTA Contribution

Brands are slowing down the shift to OTAs & 3rd Party Bookings, resulting in 22.8% of occupancy coming from Brand.com.

2018 results show that on average 51.5% of a Hotel's business came from their direct Hotel marketing efforts and remains to be the largest contributor to occupancies.

As a result, OTA contribution is down to 14.9%.

Source: iResponse Survey 2019; Ages 18-65+

Consumer trust has been an important issue for the past few years. The Edelman Trust Barometer shows that 59% of those surveyed trust the direct communication with the Hotel via emails, messaging or response to a comment posted on Social in comparison to their word.

What a brand says in direct communications by email, instant messaging or in response to a comment you have posted

What a brand says in its advertising and marketing materials

Source: 2018 Edelman Trust Barometer Branded Social

Source: 2019 Kalibri Labs 2 mos. ending August 2018

Source: 2019 Kalibri Labs Book Direct Campaigns 2.0

Source: 2019 Kalibri Labs Book Direct Campaigns 2.0