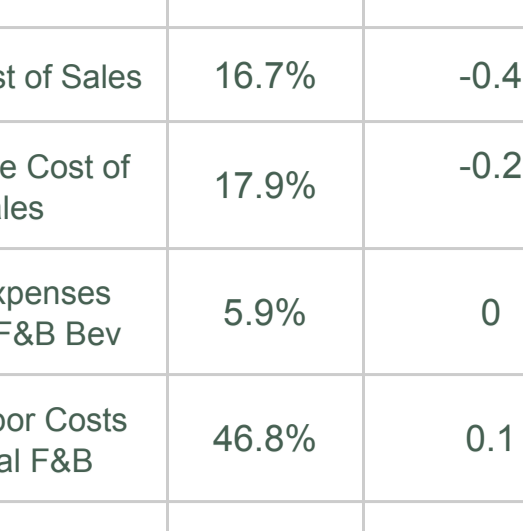
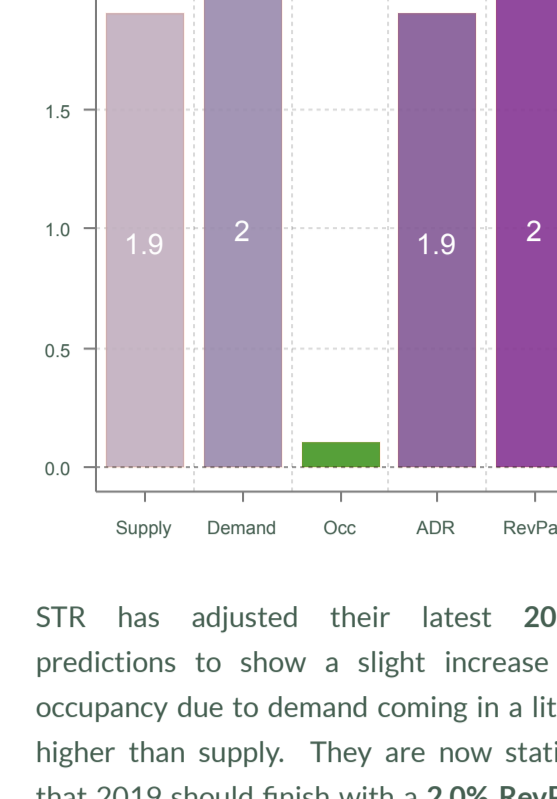


Must-Know 2020 Hotel Industry Trends

2017 to 2018 Profits up



U.S. Hotel Industry navigated for profitable 2018



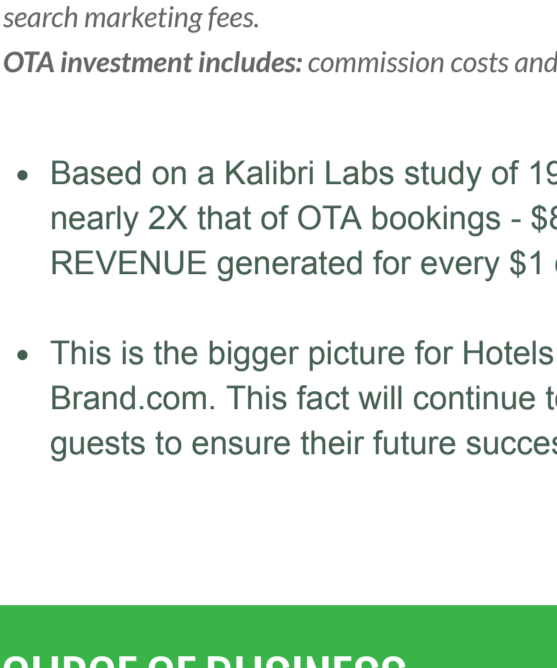
In 2018 due to the skill of General Managers and Hotel Leaders controlling costs, there was an increase of **3.4%** in profit growth.

Source: [HOTSTATS 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 Bev	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

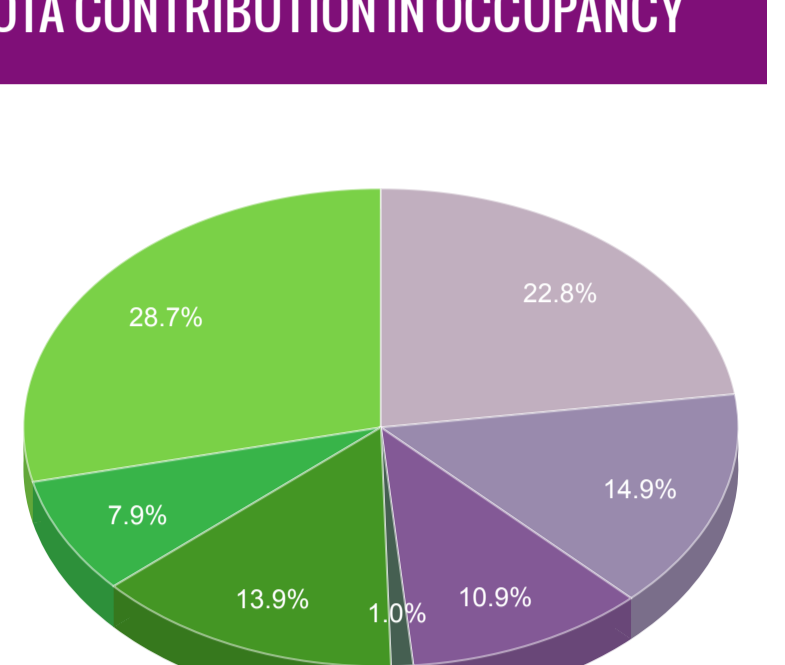
General Managers of full-service hotels found other ways to drive revenue, i.e. in food and beverage – which grew by **2.9%** Per Available Room, YOY.

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 a **-0.2% with the RevPar ending up at 1.9% growth YOY** with the ADR making up for the difference of the shortfall in occupancy.



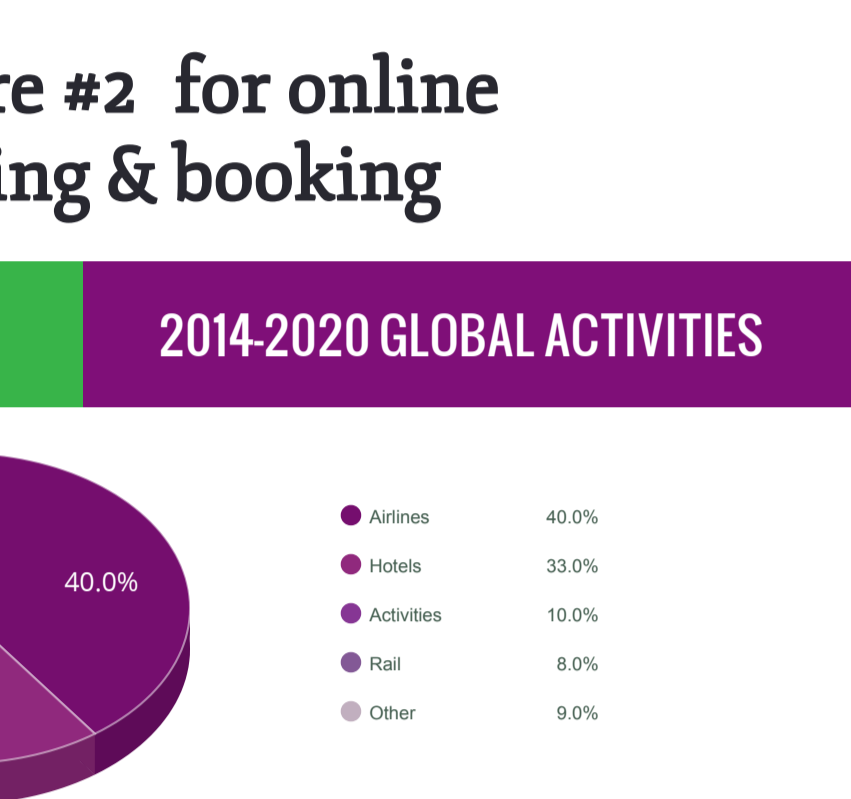
Source: [STR / Tourism Economics](#)

Benefits of Brand.com

2X ROI compared to OTA Bookings

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

Benefits of Shifting Share from OTAs



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.

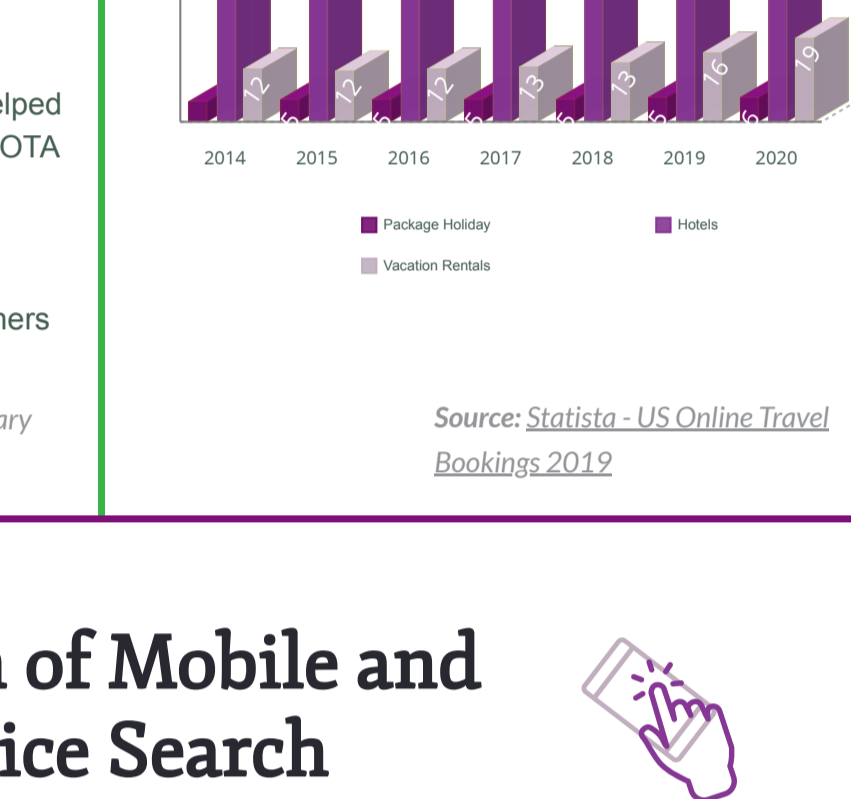
Source: [2019 Kalibri Labs Book Direct Campaigns 2.0](#)

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.

OTA CONTRIBUTION IN OCCUPANCY



Source: [2019 Kalibri Labs 12 mos. ending August 2018](#)

Digital Channel Strength in Hotel Bookings

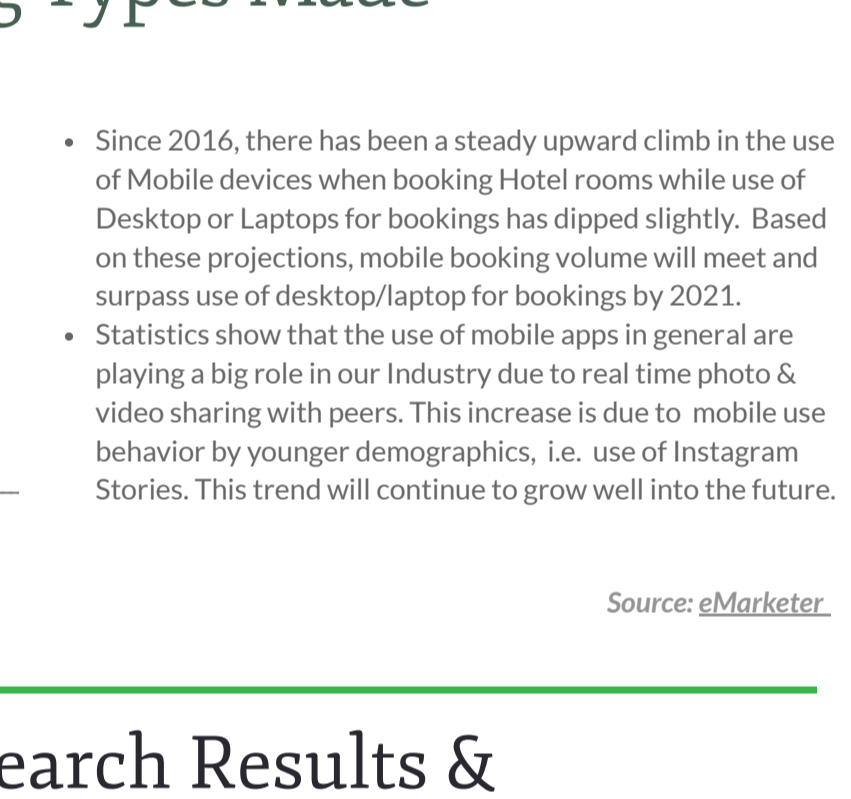
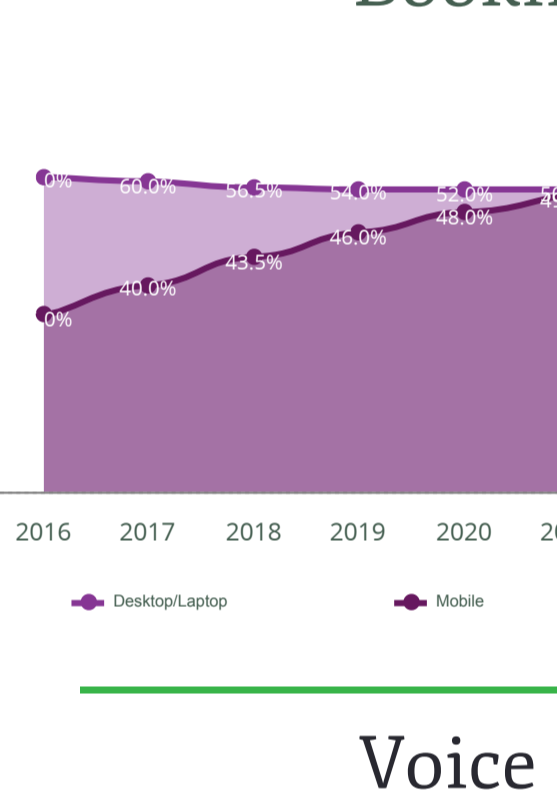
49% Room Nights Contribution from Brand.com, OTA & GDS channels Combined

Room Nights Contribution from Brand.com, OTA & GDS channels Combined

Hotels are #2 for online searching & booking

ONLINE BOOKINGS

2014-2020 GLOBAL ACTIVITIES



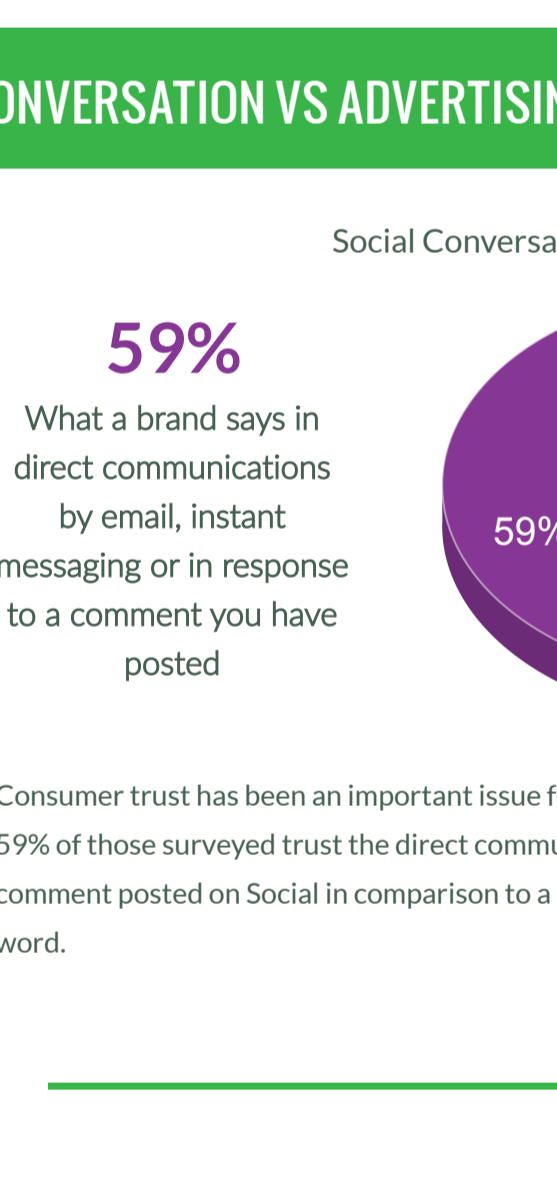
- According to PhocusWright, Hotels are second only to Airlines in online searches and bookings when consumers are shopping for their travel needs.
- Side Note: There is also considerable interest in leveraging "Activities" or "Experiences" by the major Hotels Brands - i.e. Marriott has boosted its new loyalty program by emphasizing the benefits of customized, special experiences you can have as a Marriott Bonvoy member.

Source: [Phocuswright - Tours and Activities 2014-2020](#)

Booking Channels Used and Booking Types Made

CHANNELS USED

BOOKING TYPES MADE



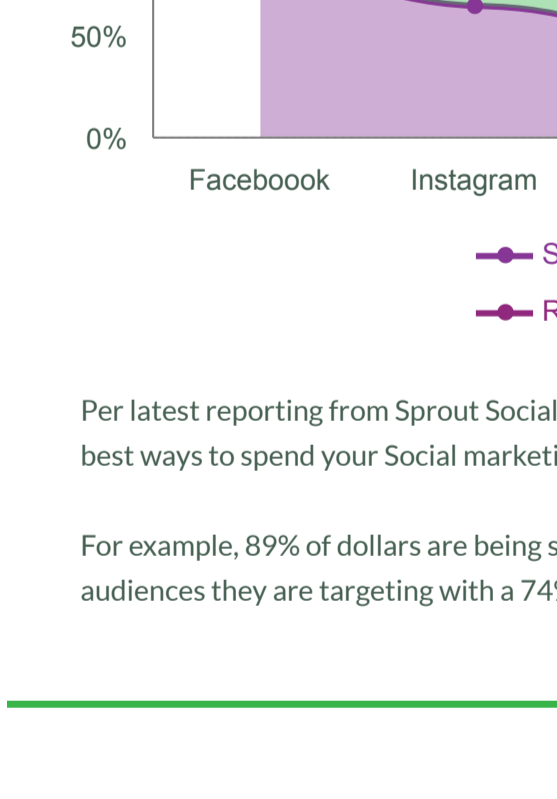
Below graph, from the "US Online Travel Bookings" category of the survey, shows that historically since 2014 most individuals tend to book their hotel reservations as "hotel room only" rather than booking their hotel as part of a bundled "package holiday" that includes airline reservations plus activities in destination or "vacation rentals" for their stay. It is forecasted that the biggest jump will be between 2018 and this year based on YTD trends.

- Almost 50% of traveler research was done on the Hotel website and hotels captured 50% of these lookers to convert them to bookers. Industry statistics show, and our own data confirms, that the efforts by brands to entice consumers to book direct is making a difference.
- Loyalty member advertising campaigns and added perks or rewards for members have helped increase the rate of direct bookings while the OTA channel has either held steady or somewhat declined.
- Among the OTA channels, Expedia leads the pack and they too have close to half of searchers on their site convert to a booking.

Source: [iResponse Survey January 2019; Ages 18-65+](#)

Source: [Statista - US Online Travel Bookings 2019](#)

Growth of Mobile and Voice Search



Research shows that Hotels are lagging behind in Mobile bookings compared to OTAs. Only 10% of travelers utilize the Hotel Brand app on their smartphone while 39% of travelers utilize an OTA app when searching or booking their Hotel rooms.

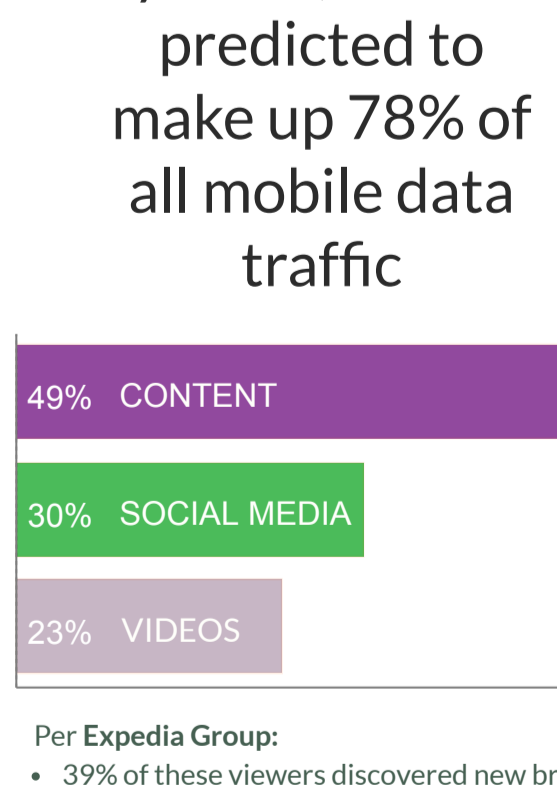
- Could it be that travelers are more focused on searching a specific location on their phone or a more and less loyal to Brand apps? They may have more advantages in using their credit card, i.e. American Express, to build travel points to be used anywhere and anytime in the future, rather than booking points in a particular Brand loyalty program. They may value that flexibility rather than relying on Brand availability to use earned points.

Why are Hotels losing mobile share to OTAs? Here are three reasons why:

- Poor mobile user interface:** poor navigation capability, cluttered look with too many options, navigation buttons too small for finger application when making a choice, text size too many options, too many images to navigate through.
- Brands misunderstanding mobile user behavior:** Mobile browsing is more spontaneous in nature. Many travelers searching on a mobile app are last minute bookers and the mobile booking experience needs to reflect that. The claim to fame for OTA channels has been that travelers can find what they are looking for quickly and book it easily within 2 minutes. Hotels need to offer competitive pricing up front - one or two offers to choose from rather than a plethora of choices - and make it easy to book without a fuss.
- Complicating the booking process:** "Booking process is too long" and "checkout process is too complicated" are the top reasons travelers abandon their search. Asking customers to fill out exhaustive long forms is too much. For example, Expedia only asks for travelers name, email and credit card information. As a result, the whole process feels hassle-free. They also allow the booking confirmation to be received via text, so when a guest shows up at the hotel, they don't have to waste time searching through emails for a booking confirmation.

Source: [Statista - US Online Travel Bookings 2019](#)

Booking Channels Used and Booking Types Made



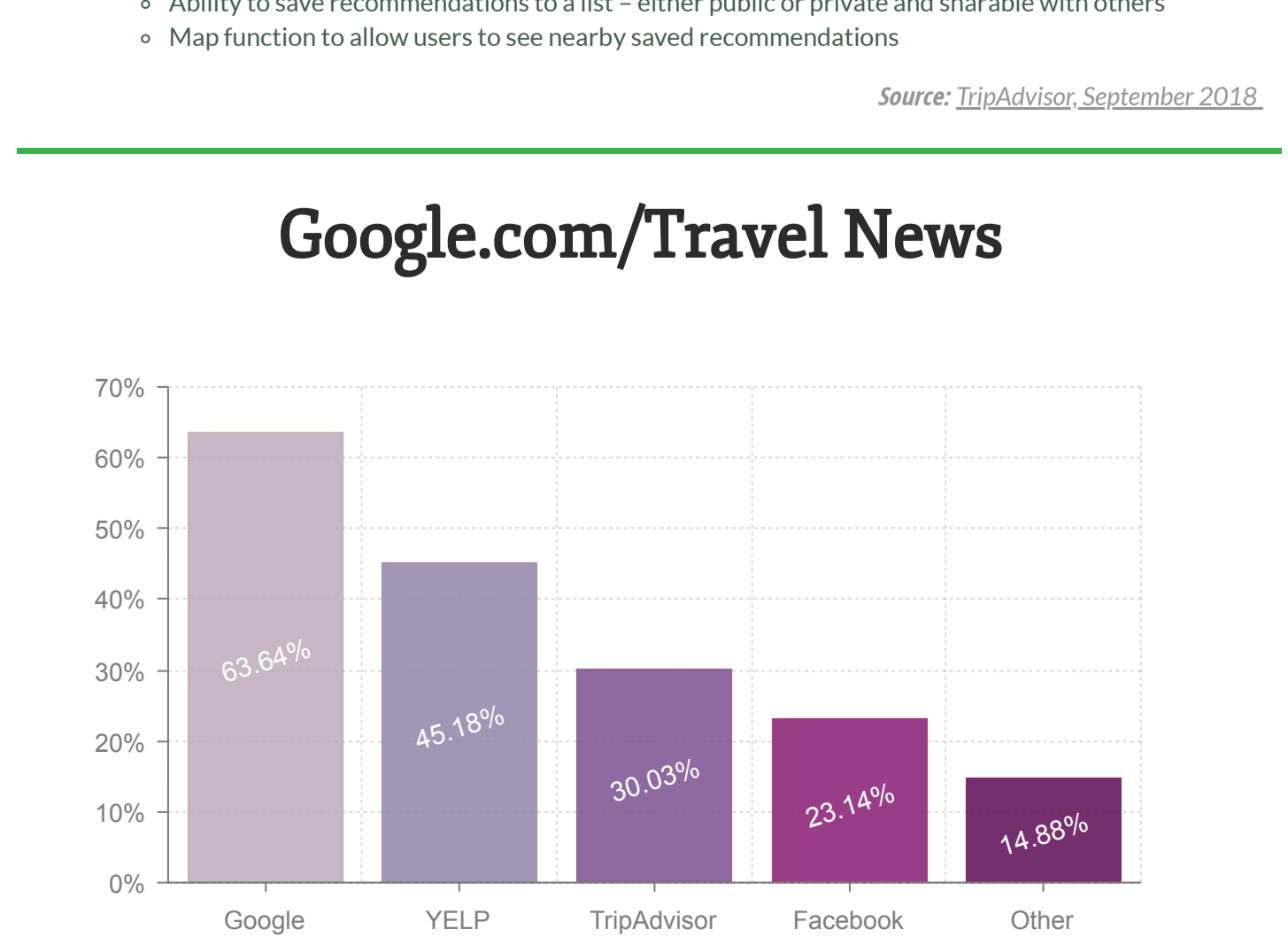
Since 2016, there has been a steady upward climb in the use of Mobile devices when booking Hotel rooms while use of Desktop or Laptops for bookings has dipped slightly. Based on these projections, mobile booking volume will meet and surpass use of desktop/laptop for bookings by 2021.

- Statistics show that the use of mobile apps in general are playing a big role in our Industry due to real time photo & video sharing with peers. This increase is due to mobile use behavior by younger demographics, i.e. use of Instagram Stories. This trend will continue to grow well into the future.

Source: [eMarketer](#)

Voice Search Results & Projections

After years of research and development and overcoming AI understanding accents, pronunciations, various dialects for Voice Search, we have gotten to the stage where by the end of 2020, it is predicted that 50% of ALL searches will be voice searches.



- Reasons People Use Voice Search!
- It's faster than typing.
 - You can speak 110-150 words per minute, as opposed to the average person's typing rate of 38-40 words per minute.
 - People want quick answers. People are often second screening or otherwise occupied.

Source: [WVX](#)

Social Media Trends and Outlook 2020

CONVERSATION VS ADVERTISING

MESSAGING - GROWING TREND

59% What a brand says in direct communications by email, instant messaging or in response to a comment you have posted

41% What a brand says in its advertising and marketing materials

Consumer trust has been an important issue for the past few years. The Edelman Trust Barometer shows that 59% of those surveyed trust in the direct communication to the hotel via emails, messaging or in response to a comment posted on social in comparison to a Hotel's advertising – only at 41% of the individuals taking it at its word.

Source: [2018 Edelman Trust Barometer Brands Social](#)

- Another new Social trend that has had exponential growth in 2019 is the Messaging arena. This chart shows the most popular messaging apps used by consumers.
- Messenger and Instagram – both apps owned by Facebook – lead the pack. Facebook Messenger is the top choice at 37% with Instagram following close behind at 22%. Snapchat, WhatsApp and WeChat fall underneath.
- Consumer expectations are changing. Someone is more likely to use stories at a hotel with a question if there is an option to do so with Facebook Messenger, even if rather than call or email the Hotel.

Source: [Cite Research 2018 US Mobile Consumer Report July 2018](#)

Social Marketing \$\$ spent vs. Usage & Success Rate

74% Success Rate

74% Success Rate

Per latest reporting from Sprout Social's Index Edition in May 2019, Facebook and Instagram are still the best ways to spend your Social marketing dollars to reach the highest ratio of your audience.

For example, 89% of dollars are being spent on Facebook advertisements and are reaching 66% of the audiences they are targeting with a 74% success rate.

Source: [Sprout Social - May 2019](#)

ROI Social Media in Action

46% of respondents have either implemented messaging apps or are planning to do so in 2019

69% of U.S. respondents say that "directly messaging a company helps them feel more confident about that brand"

- Brands using social media marketing for at least 2 years have found it useful for building a loyal fan base.
- A large percentage saw better sales results in relation to more years of social media marketing.
- Continuing their social media efforts resulted in increased exposure YOY consistently.
- With only 2 years of social media marketing efforts, leads were generated.
- They also reported substantially better results driving online traffic.
- As a bonus, it provided them with marketplace insights.

Source: [Social Media Examiner 2019](#)

DIRECT RELATIONSHIP

IS THE KEY

5 BILLION top messaging apps collectively count nearly 5 billion monthly active users

35% of Marketers say "meeting the Messaging demands is a challenge"

Source: [Hootsuite](#)

78% by 2021, video is predicted to make up 78% of all mobile data traffic

Per Expedia Group:

- 39% of these viewers discovered new brands
- 22% tried new Restaurants
- 22% booked their Hotel stay

It is an ideal showcase for visual content - especially with Instagram Short Stories

- Prized by younger travelers - ages 18-34
- Has highly effective advertising capabilities
- Where influencers can wield the most weight

120M Instagram Users in United States

Instagram Stories is where it is at. Usage grew by another Million users in just 6 months, from June 2018 to January 2019. Now equating 5 Million.

Source: [Statista 2019](#)

TripAdvisor's move to Social

66% vs 62%

66% of people read reviews BUT 62% say recommendations from friend and family are more important

36%+ are Visual

36% watch videos, 45% look at photos and 47% read articles

- Why did TripAdvisor make the move to become a new social hub? This change follows research conducted by TripAdvisor into the most important elements to people when planning a trip. TripAdvisor's research revealed that its users - particularly digital native users - were expecting far more value back than the effort they were willing to put in. Users liked TripAdvisor and its reviews, but they were still turning to friends and others for trusted information. Here is a highlight of their findings:

- 66% of people read reviews
- 62% say recommendations from friends and family are more important than reviews
- 47% of people read articles
- 36% watch video
- 45% look at photos when making their travel decisions

- This new "hub" includes features such as:
 - "Travel Feed" where users will see curated content from the people they follow
 - Real time information that is relevant to their searches
 - Ability to save recommendations to a list - either public or private and sharable with others
 - Map function to allow users to see nearby saved recommendations

Source: [TripAdvisor - September 2018](#)

Google.com/Travel News

63.64%

45.18%

It appears that Google's impact on travel will be more than TripAdvisor's move to become a "one-stop-shop". According to the 2018 Review Trackers Online Review survey, Google is now the review site of choice. 63.6% of consumers say they are likely to check reviews on Google before visiting a business – more than any other review site.

- Google is the review site of choice - more than any other review site
- Google and Facebook are showing the highest growth YOY in comparison to sites that focus primarily on reviews (such as TripAdvisor) which are seeing lesser growth YOY
- Google is very proactive about soliciting reviews from users.
- Google for hoteliers now includes enhancing hotel pages with review filters, search and sorting options

Source: [2018 ReviewTrackers](#)

Key Takeaways

- US Hotel Industry had a profitable 2018 due to hoteliers containing costs.
- Direct bookings generate ROI 2X of OTA bookings
- Travelers are a highly mobile audience and use of Voice Search is increasing.
- Social media and messaging are opportunities to connect and build relationships with guests

