

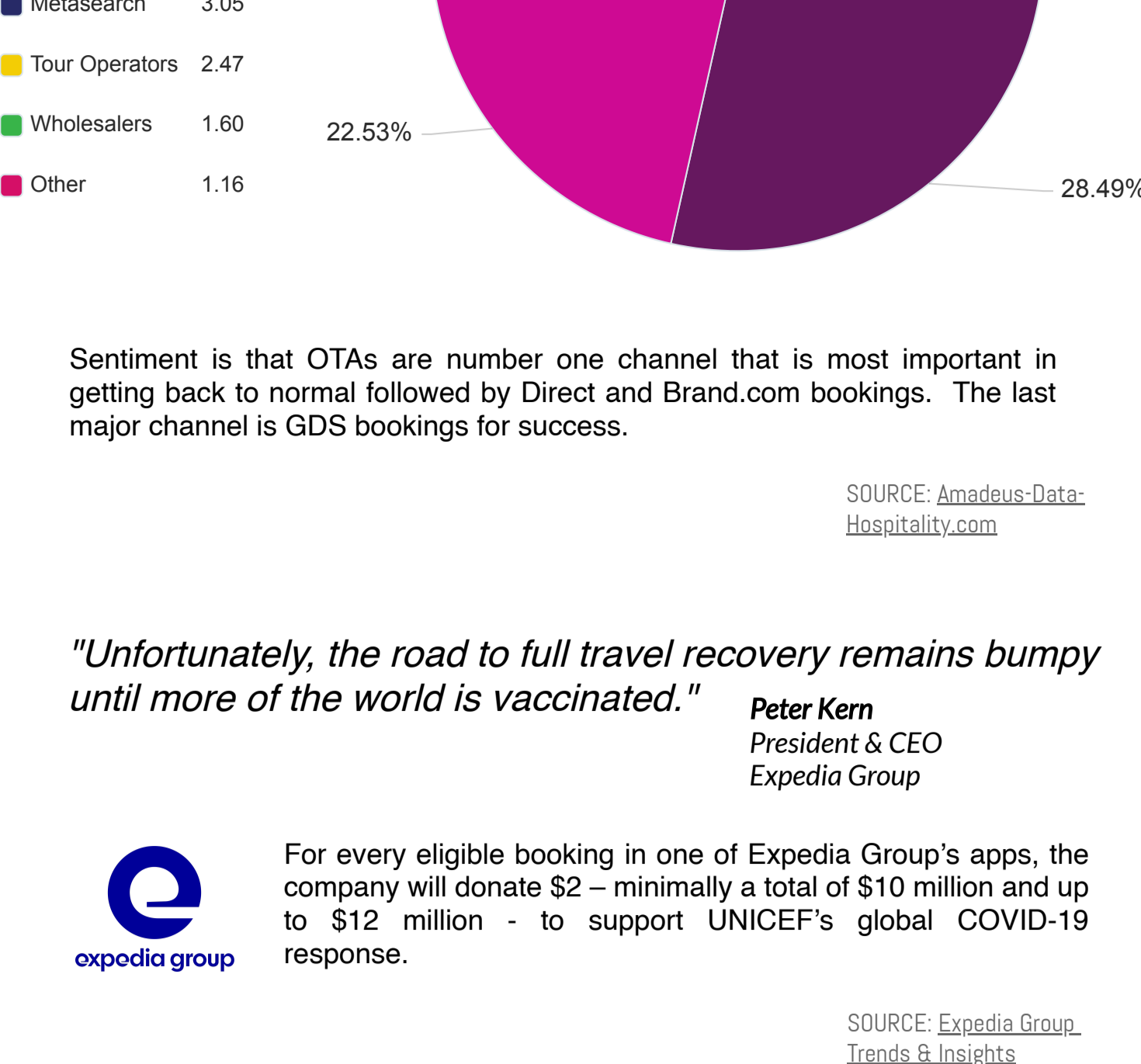
2022 BUDGET PLANNING

Strategic Planning for Hotels & Resorts Part - II

RELIANCE ON OTAS & ITS IMPACT ON REVENUE

WHICH DISTRIBUTION CHANNEL WILL BE MOST IMPORTANT IN 2021 & BEYOND?

When asked hoteliers this question, here was their answer:

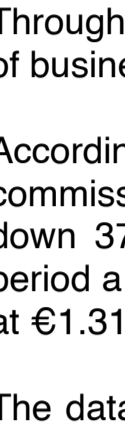


Sentiment is that OTAs are number one channel that is most important in getting back to normal followed by Direct and Brand.com bookings. The last major channel is GDS bookings for success.

SOURCE: Amadeus-Data-Hospitality.com

"Unfortunately, the road to full travel recovery remains bumpy until more of the world is vaccinated."

Peter Kern
President & CEO
Expedia Group

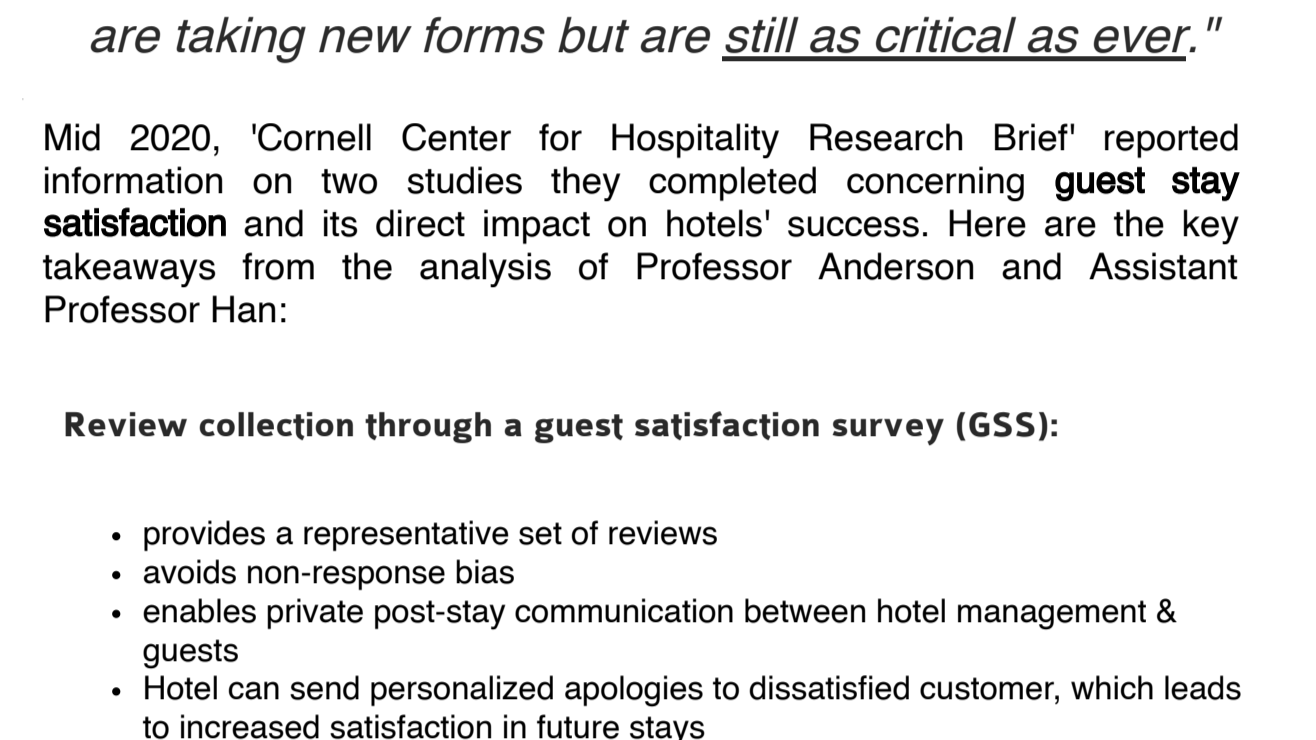


For every eligible booking in one of Expedia Group's apps, the company will donate \$2 – minimally a total of \$10 million and up to \$12 million - to support UNICEF's global COVID-19 response.

SOURCE: Expedia Group Trends & Insights

RELIANCE ON OTAS AND COST OF DOING BUSINESS WITH THEM

Are hoteliers looking at the full picture to understand what their NET gain is from OTA bookings?



As COVID-19 roiled the globe, hoteliers, like 9/11 and the Global Recession before it, found online travel agencies (OTAs) throwing them a lifeline. Through extensive TV and online advertising, booking engines pull in heaps of business, but at typically high commission costs that eat into profit margins.

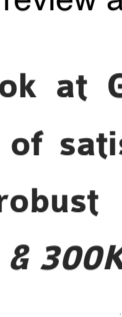
According to HotStats data, rooms cost of sales, a metric that measures commissions and reservations expenses and fees, year-to-date 2021 were down 37% to \$2.08 on a per-available-room basis compared to the same period a year prior. In Europe, it was a similar trend, with rooms costs of sales at €1.31 year-to-date 2021, a 62.6% decrease over the same period in 2020.

The data show a slightly higher dependency on OTAs and other middle men straight after the pandemic's outset and lesser reliance the farther removed.

The use of OTAs can be a Faustian bargain for hotels. That's especially the case now, when total revenue and profit are well off from pre-pandemic levels.

SOURCE: HOTStats.com

LONG-TERM LOYALTY & IT'S BOTTOM LINE IMPACT ON REVENUE



Cornell University
School of Hotel Administration

"In today's physically separated world of hospitality, engagement and interaction between hoteliers and guests are taking new forms but are still as critical as ever."

Mid 2020, 'Cornell Center for Hospitality Research Brief' reported information on two studies they completed concerning **guest stay satisfaction** and its direct impact on hotels' success. Here are the key takeaways from the analysis of Professor Anderson and Assistant Professor Han:

Review collection through a guest satisfaction survey (GSS):

- provides a representative set of reviews
- avoids non-response bias
- enables private post-stay communication between hotel management & guests
- Hotel can send personalized apologies to dissatisfied customer, which leads to increased satisfaction in future stays
- Simple 'thank you', executed quickly (following feedback) results in increased likelihood that the guest will share their satisfaction with others by posting an online review after their next stay

Deeper look at GSS data, using a longitudinal, three-year sample, composed of satisfaction survey from 515 randomly selected hotels within a robust portfolio of hotels (data totaling in 500K unique customers & 300K survey responses):



Direct Bookings = OTA Commission Savings



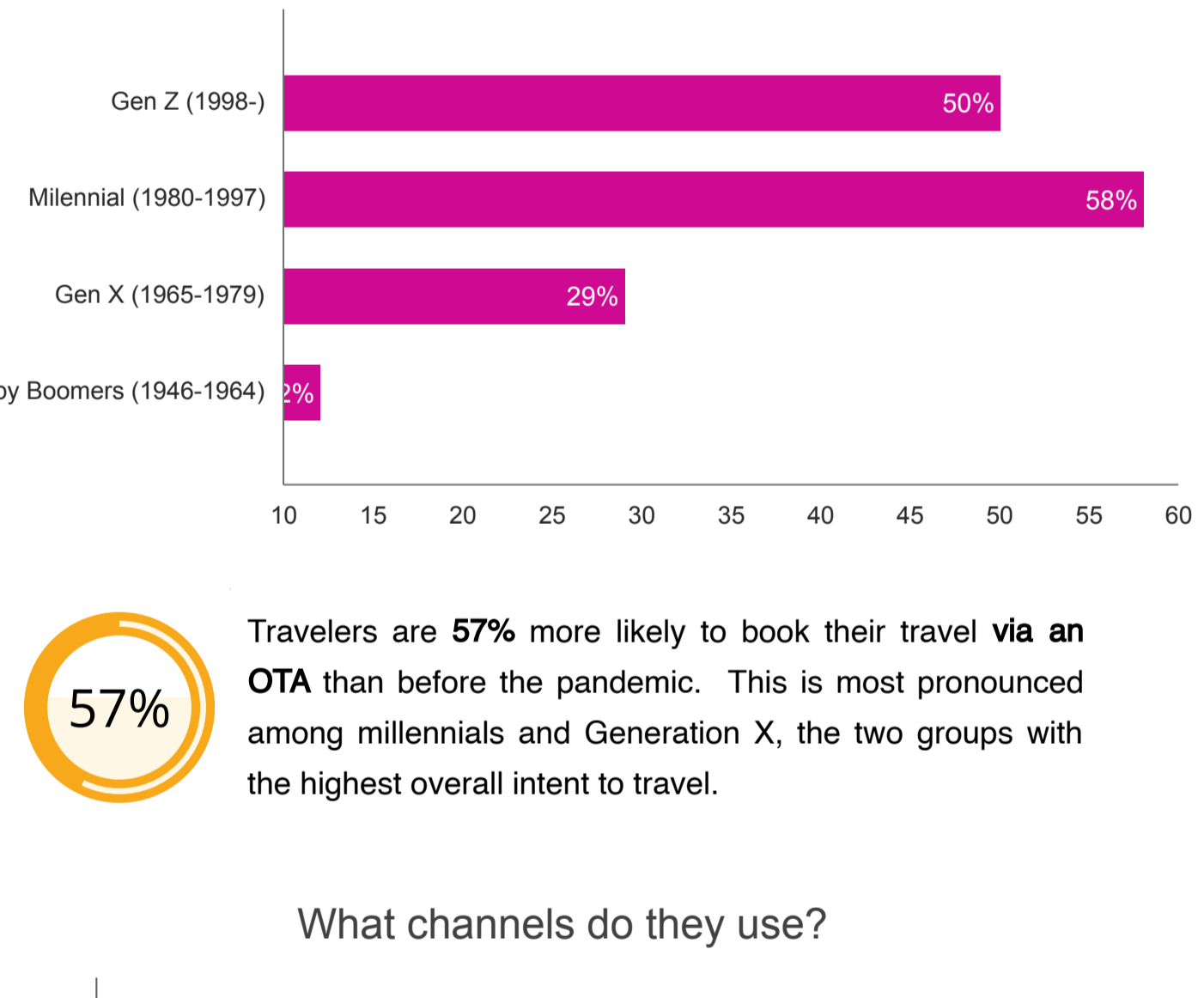
- **Future guest satisfaction:** The results show that acknowledgment of service failures with personalized and detailed apologies helps improve guest satisfaction of future stays.
- **Propensity to share reviews online:** A quick thank-you from the hotel increases the likelihood that the guest will share a review online after their next stay, whereas an overly detailed thank-you may deter the guest from sharing future reviews.
- **Loyalty:** Positive or negative feedback provided by guests signals a willingness to engage with the brand and increases the probability of them becoming loyal by almost 50%. If management responds to guests' feedback, there is a further increase in the probability of them becoming loyal.
- **Booking channel choice:** OTA commission savings from direct bookers are further increased by approximately 5% through engagement with guests' GSS.

"These studies indicate, perhaps more so in today's environment, that guest engagement is a critical element of the hotel stay. Hotels need to let consumers know that: -they want their opinions by soliciting feedback and encouraging guests to sharing online -they are listening & responding to consumer feedback -This engagement not only leads to improved satisfaction through customers sharing their satisfaction with others (by posting reviews) but also financial gains as customers grow more loyal and book direct."

SOURCE: Cornell Center for Hospitality Research Brief

DEEPER DIVE INTO TRANSIENT REVPAR - OTAs ROLE

Year-Over-Year RevPar by Source of Business



YOY Results:

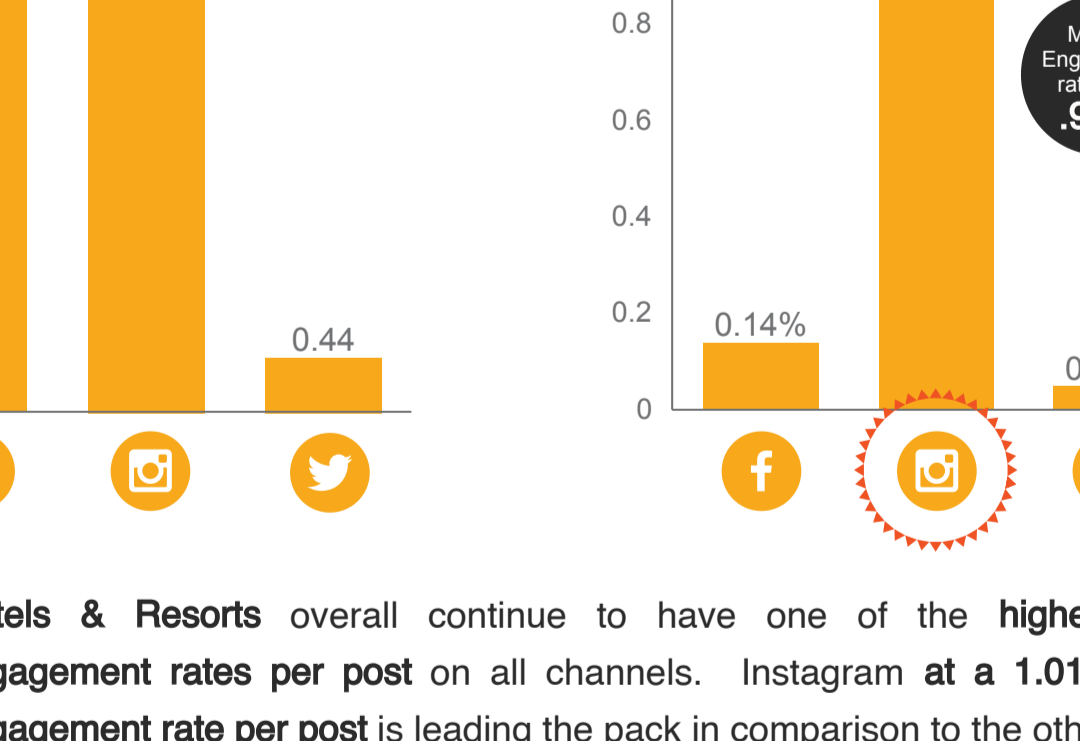
- In RevPAR comparison, OTAs overall are yielding higher than Rack/BAR
- During the ramp-up seems OTAs yield was lower or same as in January it increased, peaking at a \$111.18 RevPar in June 2021

SOURCE: Kalibriabs.com

SOCIAL ON THE RISE

SOCIAL NETWORK USAGE UNITED STATES

Number of social network users U.S. 2019 to 2025



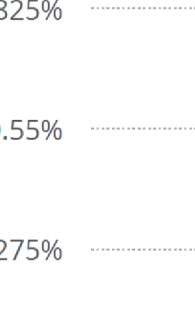
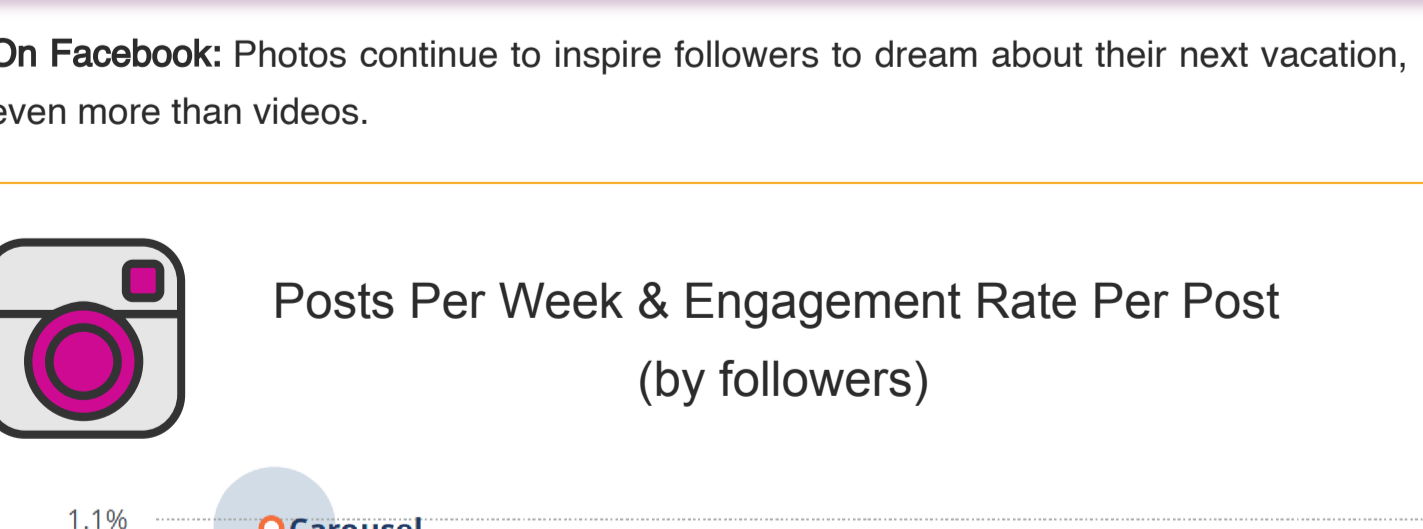
TOTAL 23.5M GROWTH = 1.97%

- Over 70% of the United States population has at least one Social Media account
- Average daily use is from 30 minutes at low end to 2 hours
- 92% of the Social Media is via their mobile device

SOURCES: Statista/Global-Social-Networks-Ranking

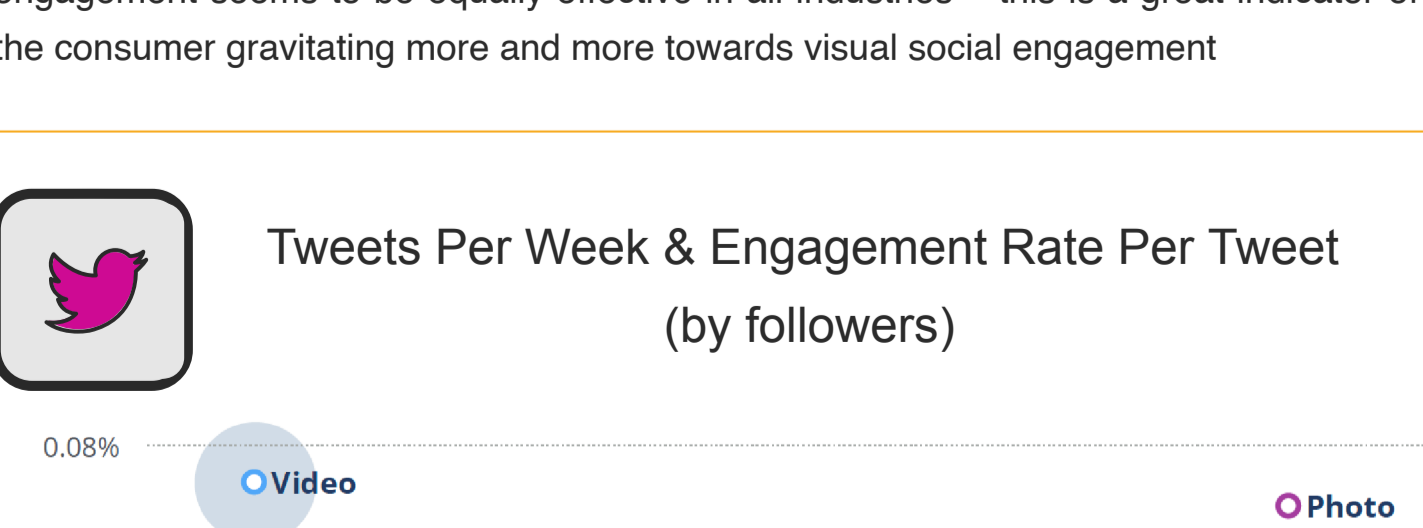
SOCIAL NETWORK GENERATIONAL USAGE UNITED STATES

U.S. Internet users who agree Social Media networks are important information sources for shopping decisions



Travelers are **57%** more likely to book their travel via an OTA than before the pandemic. This is most pronounced among millennials and Generation X, the two groups with the highest overall intent to travel.

What channels do they use?



This year in the US, TikTok will have 37.3 million Gen Z users (born between 1998 and 2012) who access their accounts at least once per month. For comparison, Instagram will have 33.3 million users within the same demographic.

SOURCE: eMarketer.com

HOTEL & RESORT POSTS PER DAY VS ENGAGEMENT RATE PER POST, BY CHANNEL

Correlation between 'posts per day' and 'percentage of engagement rate by post' for Hotels & Resorts

Hotels & Resorts overall continue to have one of the **highest engagement rates per post** on all channels. Instagram at a **1.01% engagement rate per post** is leading the pack in comparison to the other Facebook brands; Facebook core, Instagram, and Twitter.

Just for comparison of engagement rate per post for other industries on Instagram is:

- Fashion Industry at 0.51%
- Food & Beverage at 1.06%
- Media at 0.82%

The median across all industries is at .98% which dropped from 1.22% in 2019

SOURCE: RivalIQ - 2021 Social Media Benchmark

ENGAGEMENT BY POST TYPE FOR HOTELS & RESORTS

Posts Per Week & Engagement Rate Per Post (by followers)

On Facebook: Photos continue to inspire followers to dream about their next vacation, even more than videos.

Posts Per Week & Engagement Rate Per Post (by followers)

On Instagram: We are seeing an engagement rate increase for carousel posts; therefore in 2021 there should be more effort given to combining more photos into carousels to boost 'insta engagement'. In addition, this increase in 'carousel' engagement seems to be equally effective in all industries – this is a great indicator of the consumer gravitating more and more towards visual social engagement

Tweets Per Week & Engagement Rate Per Tweet (by followers)

On Twitter: Hotels & Resorts saw an increase in engagement rates for both photo and video tweets this year despite a tough year for travel and they both seem to be at the same level

SOURCE: RivalIQ - 2021 Social Media Benchmark

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