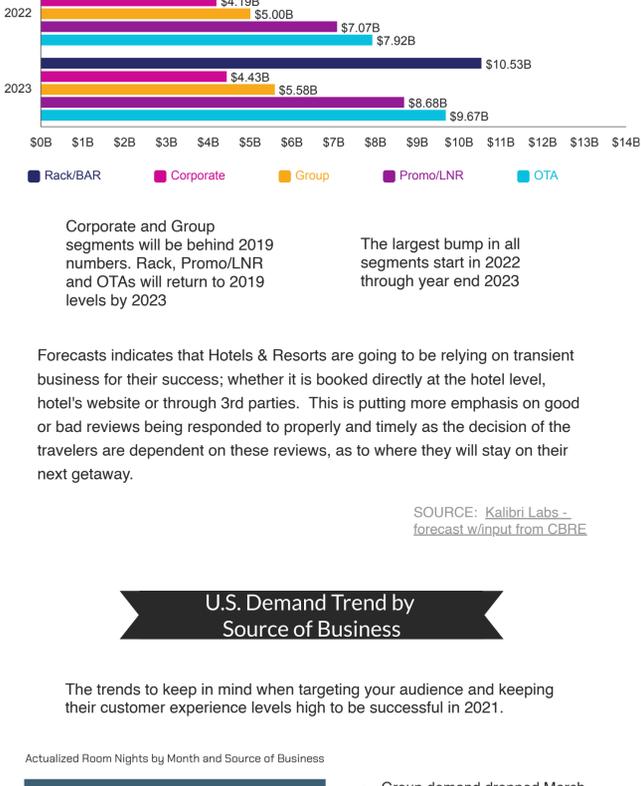


STRATEGIC VALUE OF CUSTOMER EXPERIENCE

FOR HOTELS & RESORTS

50 U.S. Markets Forecasted Revenue

Here are figures of actual 2019 & 2020 and what the expected growth looks like for the next 3 years by source of business.



Corporate and Group segments will be behind 2019 numbers. Rack, Promo/LNR and OTAs will return to 2019 levels by 2023

The largest bump in all segments start in 2022 through year end 2023

Forecasts indicates that Hotels & Resorts are going to be relying on transient business for their success; whether it is booked directly at the hotel level, hotel's website or through 3rd parties. This is putting more emphasis on good or bad reviews being responded to properly and timely as the decision of the travelers are dependent on these reviews, as to where they will stay on their next getaway.

SOURCE: Kalibri Labs - forecast w/input from CBRE

U.S. Demand Trend by Source of Business

The trends to keep in mind when targeting your audience and keeping their customer experience levels high to be successful in 2021.

Actualized Room Nights by Month and Source of Business



- Group demand dropped March 2020 and still remains as 67% below that of 2019 through February 2021
- Corporate demand is remaining at 50% of historical levels
- Rack/Bar, Promo, Loyalty Member and OTAs initially declined by -13% to -30%, however, has begun to approach demand levels comparable to 2019

- IN 2020 THE MOST AFFECTED HOTEL TYPES WERE:**
 - Top 25 markets
 - Urban/Downtown locations
 - Luxury/Upper Upscale hotels
 - Group hotels with primarily mid-week business

- IN 2020 THE LEAST AFFECTED HOTEL TYPES WERE:**
 - Smaller and rural markets
 - Rural/Interstate locations
 - Economy + Midscale classes

SOURCE: Kalibri Labs - Mind the Gap - Total US In Review

2021 Consumer Expectation of Consistent Guest Experience

Consumer's expectations around experience have changed rapidly from 2019 to 2021. While many Hotels & Resorts are making progress with their 'stay safe' efforts and finding the talent to keep up with fluctuating occupancies, more are struggling to consistently deliver the best possible & consistent guest experience.



43% of the consumers in North America have stopped doing business with a company because the business did a poor job of personalizing the experience v.s. 25% in 2019

71% of the internet users worldwide who have had a bad experience stated that they decided never to do business with that company again

94% of U.S. adult consumers said they were very likely to purchase more from a company providing great customer service

"There are two things working against brands today; competitive sprawl and erosion of loyalty...Customers know that when one experience falls short, a new and better option is typically around the corner. Good customers are expensive to replace."

SOURCE: eMarketer.com/content/exploring-strategic-value-of-customer-experience

Key To Long-Term Loyalty & Impact



Cornell University
School of Hotel Administration

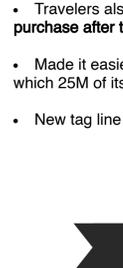
"In today's physically separated world of hospitality, engagement and interaction between hoteliers and guests are taking new forms but are still as critical as ever."

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 Professors Anderson and Assistant Professor Han's analysis:

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):

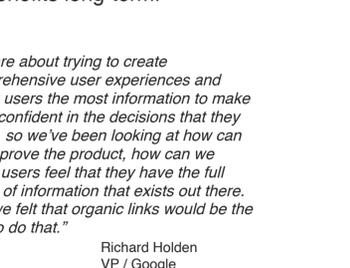
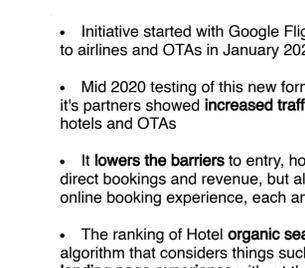


- Future guest satisfaction:** The results show that acknowledgement of service failures with personalized and detailed apologies helps improve guest satisfaction of future stays.
- Propensity to share reviews online:** A quick thank-you from the hotel increases the likelihood that the guest will share 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 through a 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 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

Reviews' Role in Revenue



- 70% of the individuals use filter ratings
- 35% of the individuals use the rating filter of 4 stars or higher

- Hotels responding to 0% of their guest reviews earn 10% less in revenue
- Hotels responding to 1% to 25% of their guest reviews earn 9% more in revenue than their competitors
- Study also showed that hotels responding to more than 25% of their guest reviews earn \$180K more each year than their competitors
- Hotels with more recent reviews increased revenue by 30%
- Hotels that did not have more current reviews lost 20% in revenue
- Hotels that obtained as little as 1 to 8 new reviews earned 31% more in revenue than the ones with no new review
- Hotels that consistently received 25+ fresh reviews earned +41% in revenue
- Hotels continue to be more sensitive to negative ratings than any other industry
- Hotels with a rating between 3.5 and 4.5 earn far more than any other group
- Oddly enough, hotels with a higher rating than 4.5 earn less
- 70% of the individuals use filter ratings and 35% use the rating filter of 4 stars or higher

SOURCE: ReviewTracker.com/reviews

Expedia's Rebrand

Expedia unveils rebrand of Expedia.com, it's principal brand in major push to capture travel demand



"I want to be the best travel tech platform in the world"... "In a weird way, COVID is a blessing as a change agent"... "It gives you an opportunity to look starkly and clearly at what's going on and focus on what matters."
Peter Kern
CEO / Expedia Group

- Conducted deep customer research to understand and address critical traveler pain points and help them **maximize their time and experience when booking travel**
- Refreshed its mobile app and website with **new home screen layouts and ability to purchase** flights, lodging, cars and activities on a single platform
- A new itinerary experience allows travelers to **see all details of their trip in one place**, in the app or on the web, and they can now pause and come back to their searches through a 'keep planning' feature
- First in the travel industry; consumers can shop by lodging amenities in a **side-by-side comparison** (previously, amenities included with each room rate were bundled), giving travelers transparency into what exactly they're paying for.
- Travelers also see popular activities near their hotel, which they can **purchase after they book a room or in-trip**
- Made it easier for travelers to **sign up to its Rewards loyalty program**, for which 25M of its users are not enrolled
- New tag line - **"It matters who you travel with"**

SOURCE: Expedia.com / Welcome to the new Expedia

Tripadvisor Plus

Tripadvisor is looking to long-term financial gains with the launch of its traveler subscription program.

"It's yet another and long-term pretty substantial addition to that diversification effort. Part of the reason why we're excited about that offering is that if we could even convert a small percentage of that engaged traffic that could be a very very meaningful long-term growth opportunity and recurring revenue opportunity for us."
Ernst Teunissen
CFO / Tripadvisor

- Beta launched last December and is **now open to hotels worldwide**
- Provides hotels and bed & breakfasts with a further channel to market. It offers **additional visibility** for accommodation players that participate as well as **reduced distribution costs** compared to the traditional commission fees
- Properties signing up to Tripadvisor Plus receive badges and increased visibility on the Tripadvisor platform, highlighting them from the competition and helping them to attract bookings
- In its research shows hotels signed up to Tripadvisor Plus receive **20% more click to their property page** on the platform
- The initiative is free for accommodation suppliers to join while travelers can sign up for an annual membership fee of \$99 and get access to savings as well as other offers

SOURCE: PhocusWire.com/Tripadvisor-Plus

Google Eliminates Fees for Hotel Booking Links

Google is giving up some advertising revenue in the new model with the hopes of better engagement which will drive benefits long-term.

"We are about trying to create comprehensive user experiences and giving users the most information to make them confident in the decisions that they make, so we've been looking at how can we improve the product, how can we make users feel that they have the full range of information that exists out there. And we felt that organic links would be the way to do that."
Richard Holden
VP / Google
Product Mgmt. ,Travel

- Initiative started with Google Flights by eliminating fees for referral links to airlines and OTAs in January 2020
- Mid 2020 testing of this new format for hotel booking links with some of its' partners showed **increased traffic and engagement** for both individual hotels and OTAs
- It **lowers the barriers** to entry, hoteliers are able to not only grow their direct bookings and revenue, but also have more control over their guests' online booking experience, each and every time
- The ranking of Hotel **organic search results** will be based on an algorithm that considers things such as **prices, click-through rates and landing page experience** without the 'commercial relationships, advertising and payment to Google'
- When a traveler searches for accommodations in a specific destination and then clicks on a particular hotel, within the booking module – which appears on the "overview tab" – there will be **two new organic slots**, in addition to up to **four ad slots**. Clicking on the "prices" tab will display those same (up to four) ads plus an unlimited number of organic, free booking links from all "eligible partners"
- "one challenge with providing an organic list of links is ensuring the **pricing information is accurate**...Google will use similar combination of technological and operational solutions that it has been using for several years to ensure rates displayed in paid ads are valid.
- "But it's totally, 100% in our interest to get that [pricing] correct because the last thing we want is a user to say **Google is playing a bait and switch on us.** That's a terrible user experience." It easier for travelers to sign up to its Rewards loyalty program, for which 25M of its users are not enrolled

SOURCE: Crowdfree from Tripadvisor

BOTTOM LINE

- Flight

