

eRevMax
The Gold Standard of Connectivity

HOTEL SENTIMENT REPORT 2020

An eRevMax Report



Hotel Sentiment Report 2020



This is an ongoing initiative by eRevMax to monitor sentiment data and help shed light on how hoteliers are reacting to the COVID-19 crisis. The goal is simply to provide a reference point to the community amidst one of the most unpredictable situations we have ever faced.

This report is based on an online survey carried out by eRevMax in June - July 2020. The report aims to capture views of hoteliers worldwide on business outlook, their plans and preparations for reopening of travel and expectations for ADR and Occupancy shift in the new normal. This research also includes survey findings that focuses on how hoteliers, in general, are re-addressing their technology priority.



Overview

The Covid-19 pandemic is a black swan event which had a devastating impact on the Travel & Hospitality sector in a very short period. There is hardly any country which is not affected by the virus. The lockdown imposed worldwide to control the spread has been catastrophic for the hotel industry.

eRevMax has been tracking the impact since the beginning of the pandemic. Hoteliers sentiment across the world has become relatively negative, as seen in the Hotel Sentiment Survey findings. Reflecting the uncertainty of the crisis, it reveals a cautious view on the recovery, and lowered expectations of revenue growth.

9 in 10

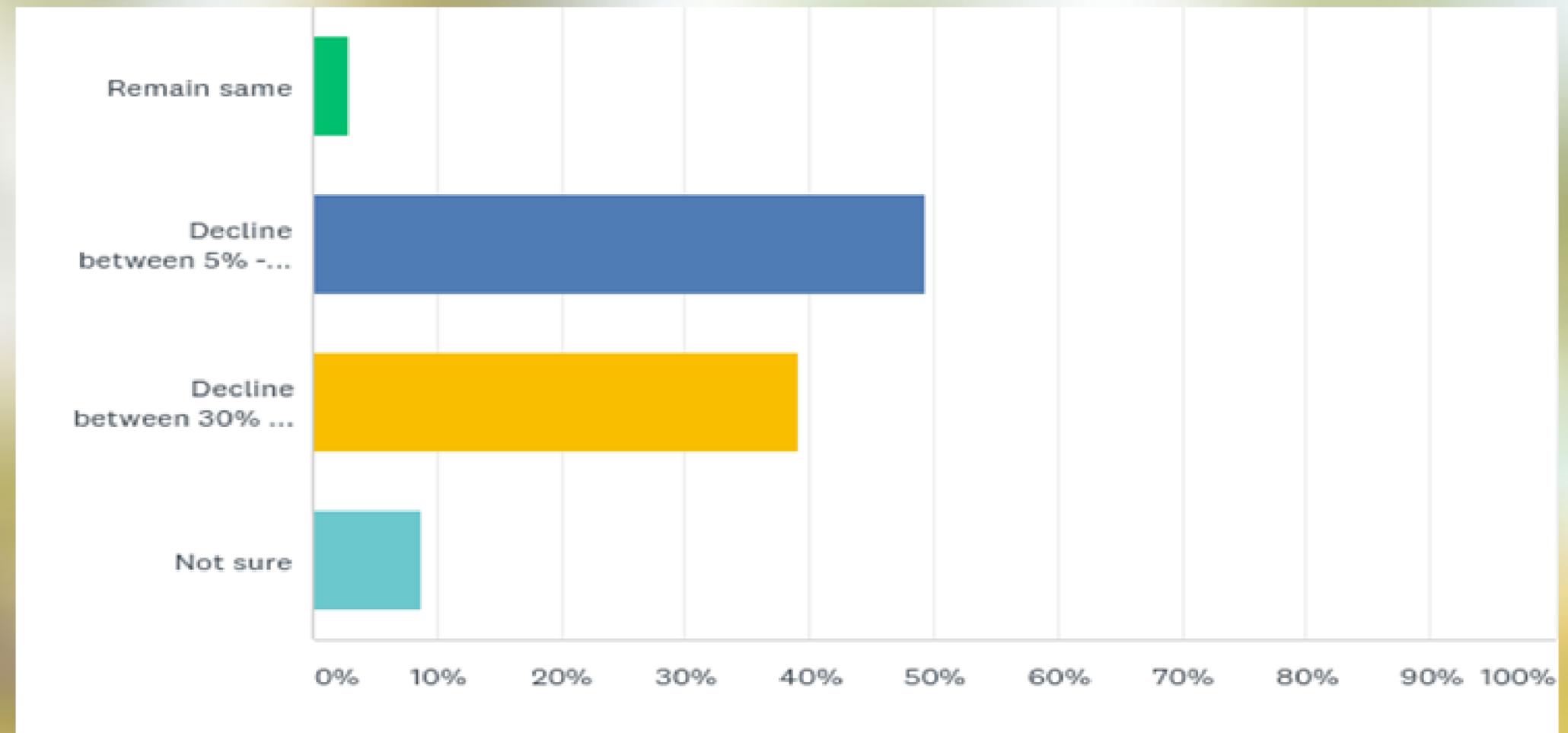
hoteliers expect decline in Hotel's ADR

40%

think Average Daily Rate (ADR) would
fall by **30% - 50%**



What impact do you expect on your hotel's Average Daily Rate (ADR) compared Year on Year (YoY)?



89%

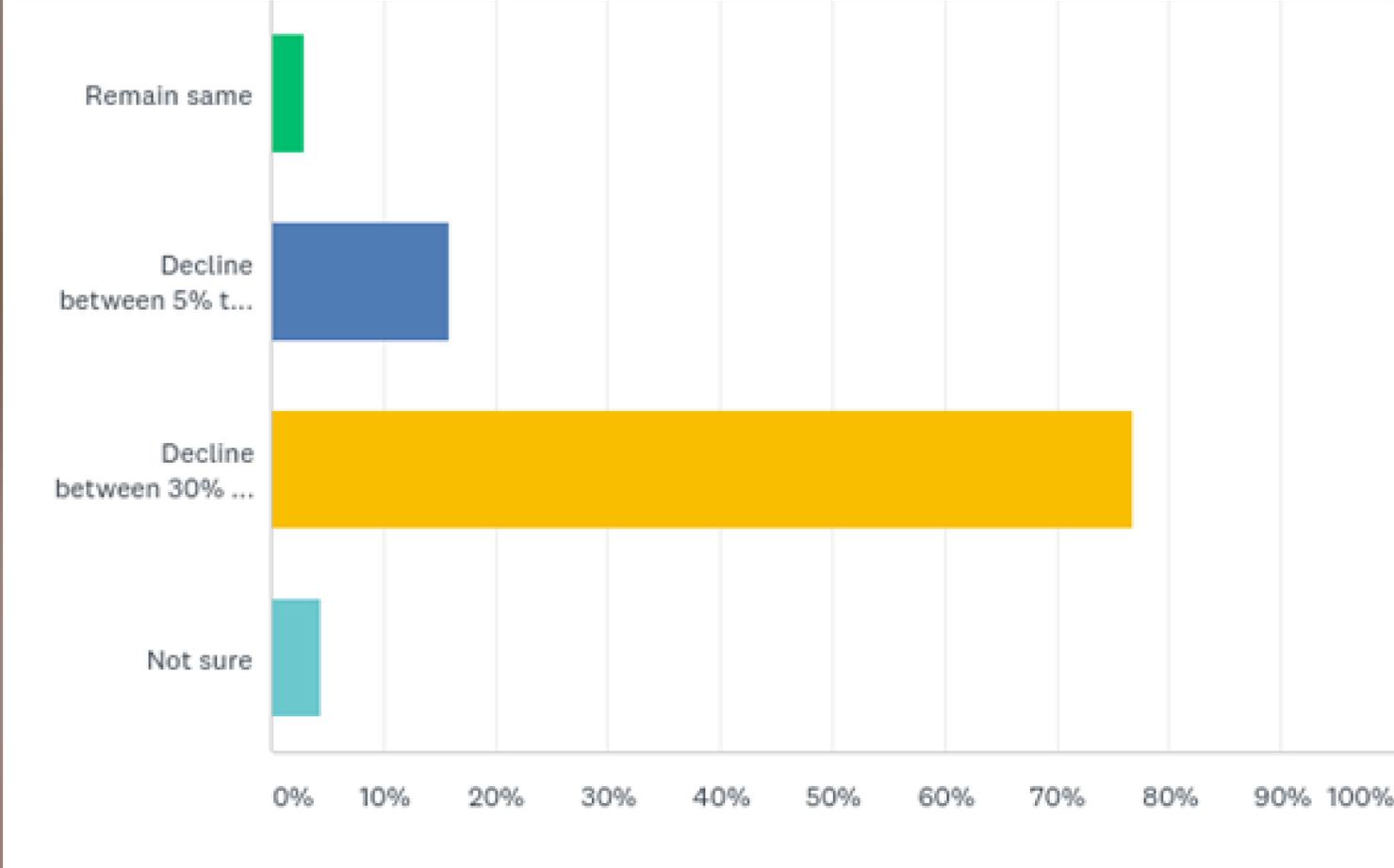
hoteliers expect sharp fall in occupancy

76.8%

think occupancy will drop by **30% - 50%**
compared to the pre-Covid level



What impact do you expect on your hotel's occupancy compared YoY?



46%

hoteliers believe OTAs will be the top source for bookings

8 in 10

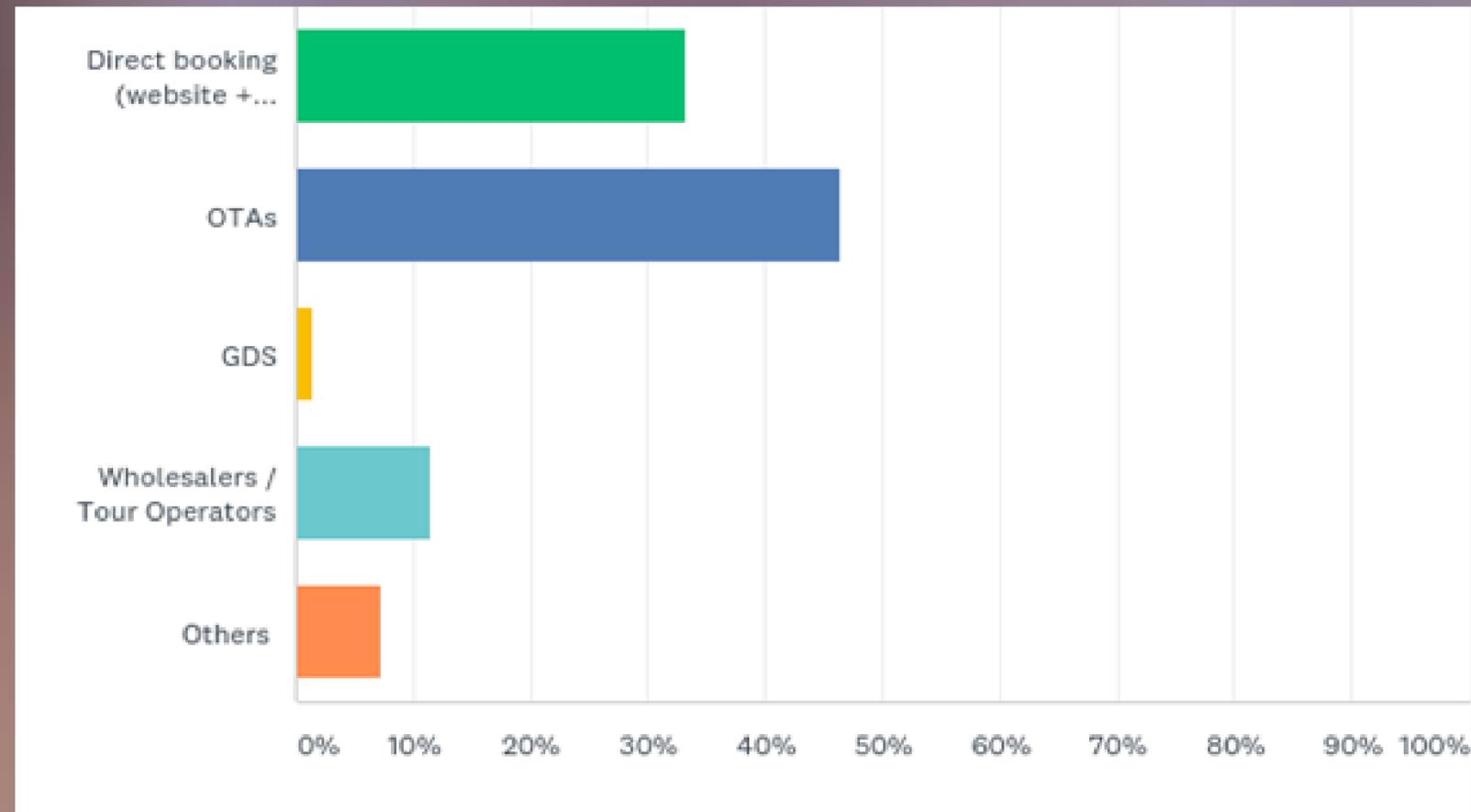
banking on online bookings to
to boost occupancy with sharp
drop in GDS reliance





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What do you expect to be the number one source for new reservations over the next 2 - 3 months?



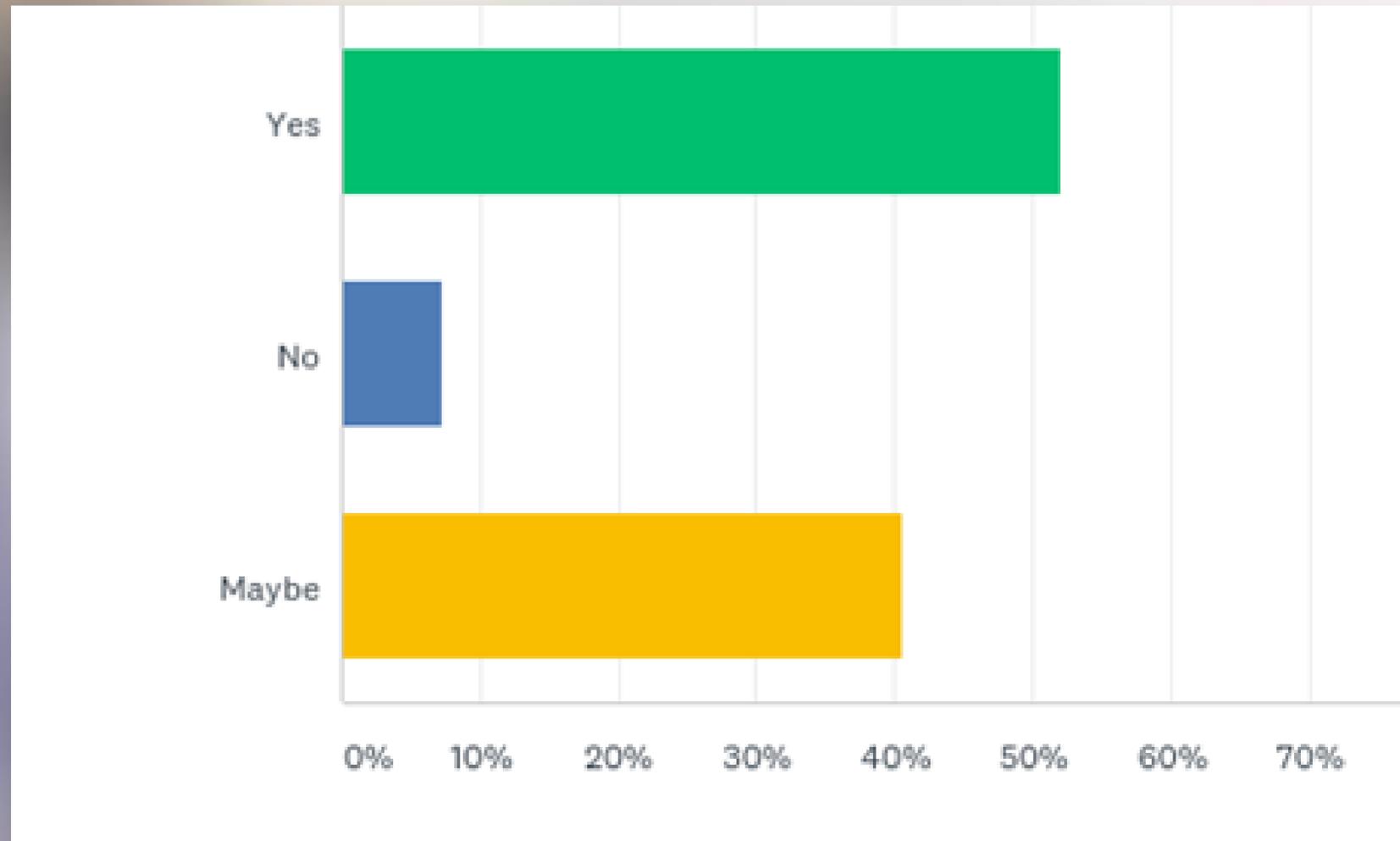
1 in 2

hotelier plans to cut room rate to boost occupancy

Hotels, worldwide, have been resorting to discounting in order to stimulate demand. There is a risk of structural shift in pricing even at the cost of cannibalization of overall business for short-term gain.



Do you plan to reduce room rates for increasing occupancy to get more market share?



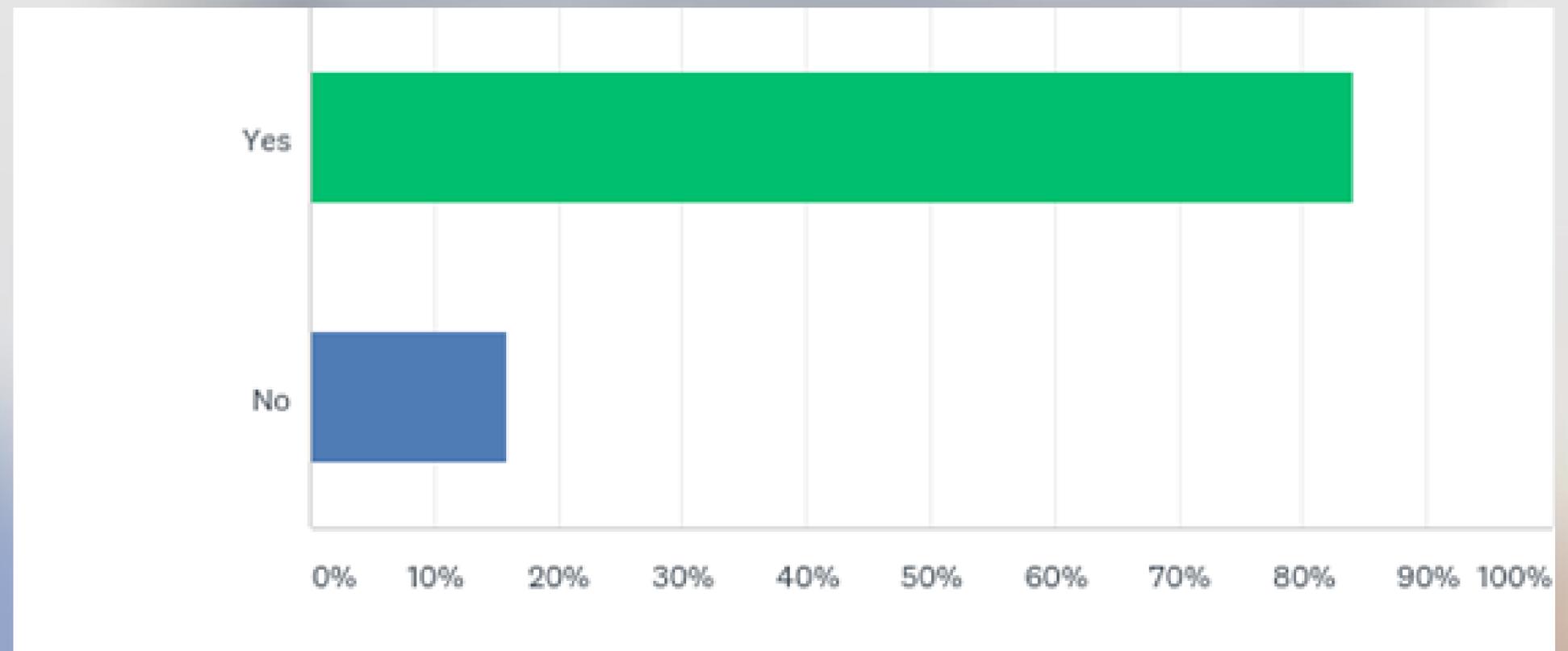
84%

hoteliers' room rate strategy is influenced by competitor price positioning

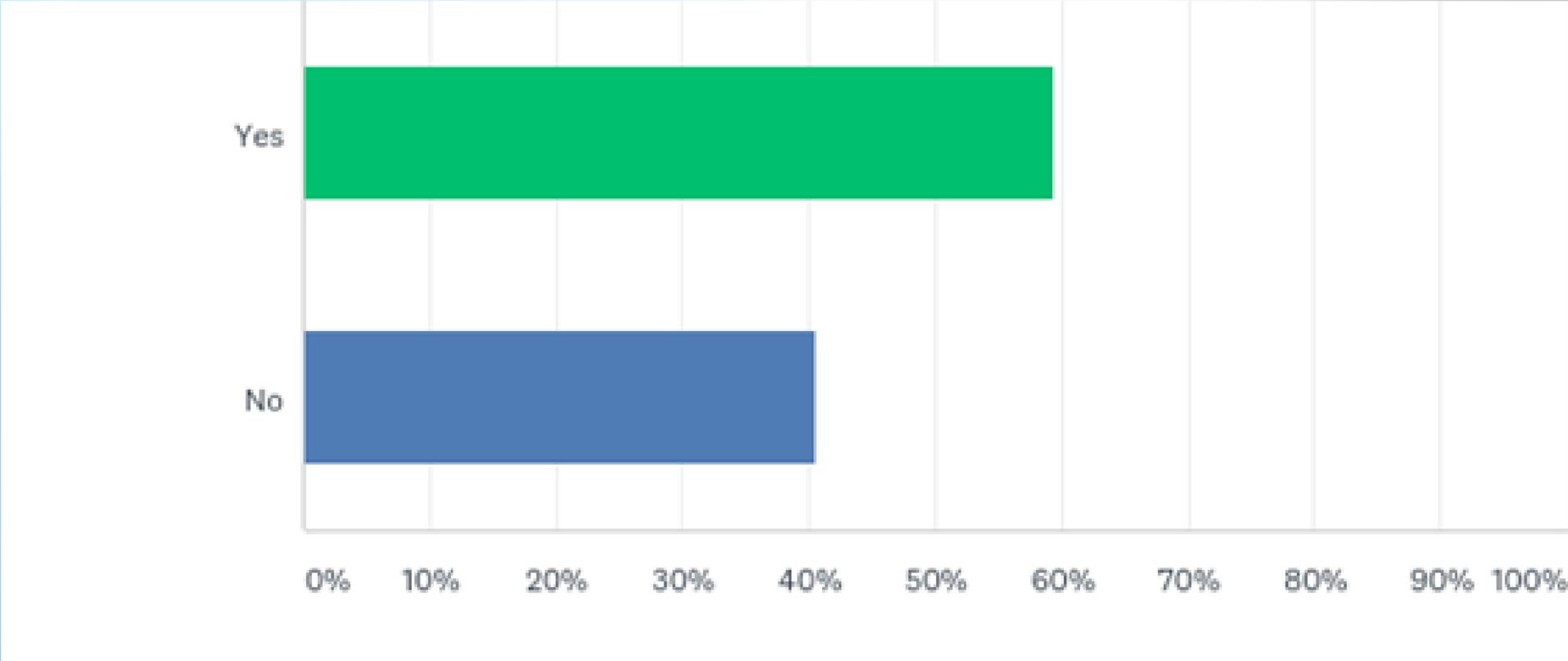
Hotels would be increasingly monitoring competitor price movements to identify key price points in a rapidly changing domestic-focused market



Will competitor rate data play a key role in your room pricing decisions?



Do you plan to use a Price Shopping tool for making rate decisions?



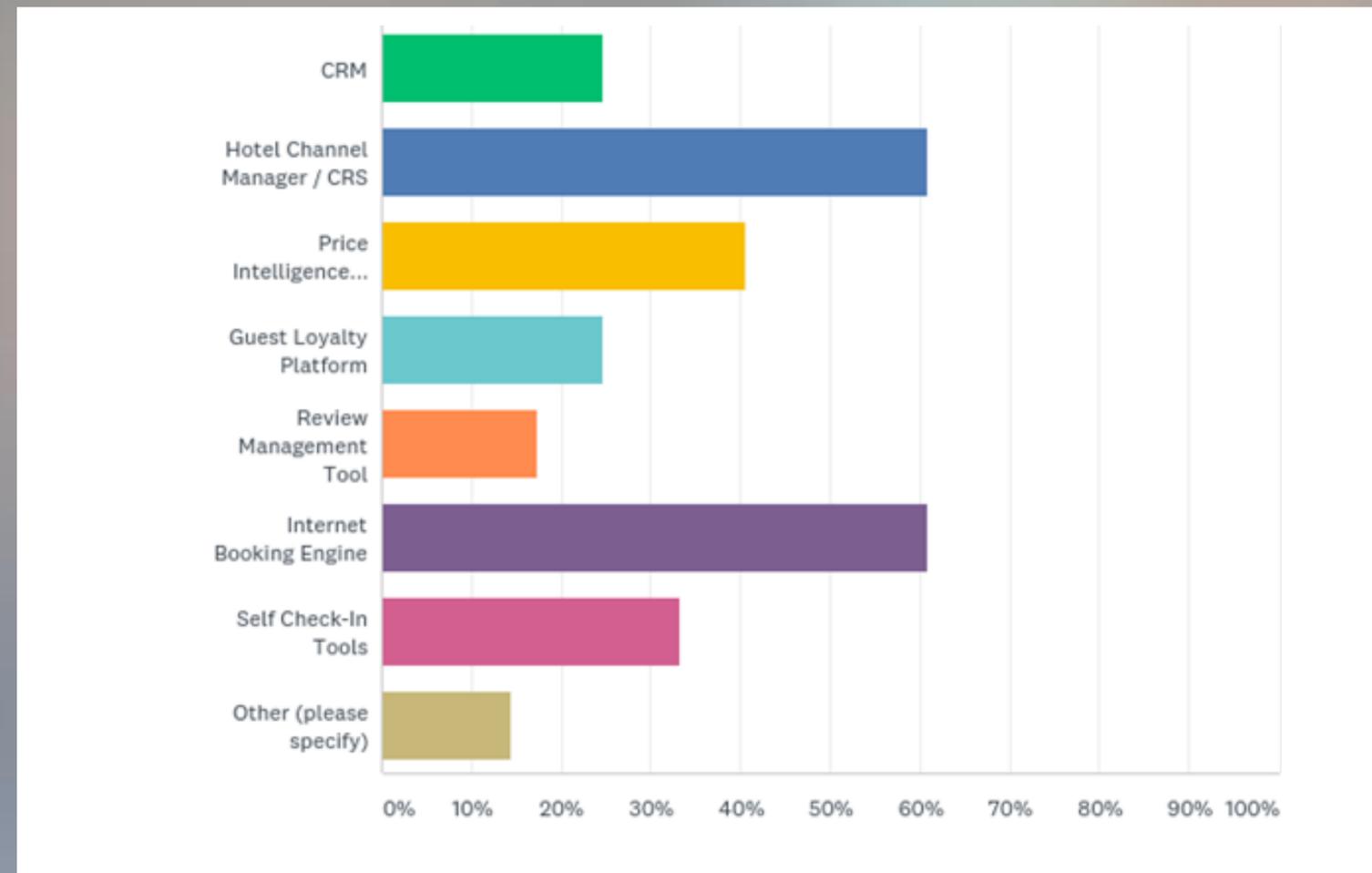
Technology

likely to play a key role in the long road to recovery

While contact-less technology becomes the buzzword, hoteliers plan to invest in Channel Manager and Online Booking Engine to drive occupancy



What are the top 3 hotel technology tools you plan to use extensively over the next 3 - 6 months?



Emerging Trends

Intelligent Benchmarking

Real-time pricing intelligence to properly capitalize on demand and optimize revenue

Build a healthy distribution mix

Direct booking platforms like brand.com and metasearch as well as indirect channels like Online Travel Agencies (OTAs)

Contactless technology

Adoption of smart technology such as face recognition, digital key and self check-in

Conclusion



The Hotel Sentiment Survey indicates lowered expectations for ADR and Occupancy. Recovery may take months, possibly a year. The V-shaped or U-shaped recovery looks difficult. Revenue is expected to decline and hotel price wars might lead to further dent on profits. Recovery will be led by domestic leisure sector, which makes OTAs an important channel for hotels to capture available demand.

Health and hygiene protocols are key and advertising them effectively is important. Technology is expected to play a critical role in helping hotels with various revenue and operational aspects, while optimizing costs.

“Abnormally good or abnormally bad conditions do not last forever.”

Benjamin Graham

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