

CUTTING THROUGH THE NOISE

THE FACTS ABOUT COVID-19
AND THE HOTEL INDUSTRY

UK & EUROPE: 4 & 5 STAR HOTELS

MAY 2020

80 DAYS

HOTEL & TRAVEL MARKETING

Hotels and resorts were some of the first to be impacted by COVID-19.

As the effects of the pandemic unfold, the hospitality industry is likely to be the true measure of our return to normality and health.

During these times, one of the frustrations hoteliers face is identifying the difference between fact and speculation. In this short report, we start to cut through the noise by taking data from hundreds of UK & European 4 & 5 star hotels alongside input from leading hoteliers to deal with the facts and answer the most common questions being asked.

At this stage there is still uncertainty, and the following information is based on the best data available to us at this precise time.

This is the first in a series of documents we will be releasing to keep you abreast of industry trends and the latest advice. For further information and regular updates please visit eighty-days.com/insights

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WHAT ACTUALLY HAPPENED?

At the start of January, Coronavirus was for most people a secondary news story happening thousands of miles away.

THE CHANGING PICTURE

In parts of Asia, hotel revenues dropped by 90% overnight, but across Europe and the UK, the hospitality industry was enjoying a strong start to the year, with bookings for rural and urban hotels up by 35% compared to 2019.

Then, at the end of February, the reality of the global pandemic hit, and within 4 weeks year-on-year figures looked very different:

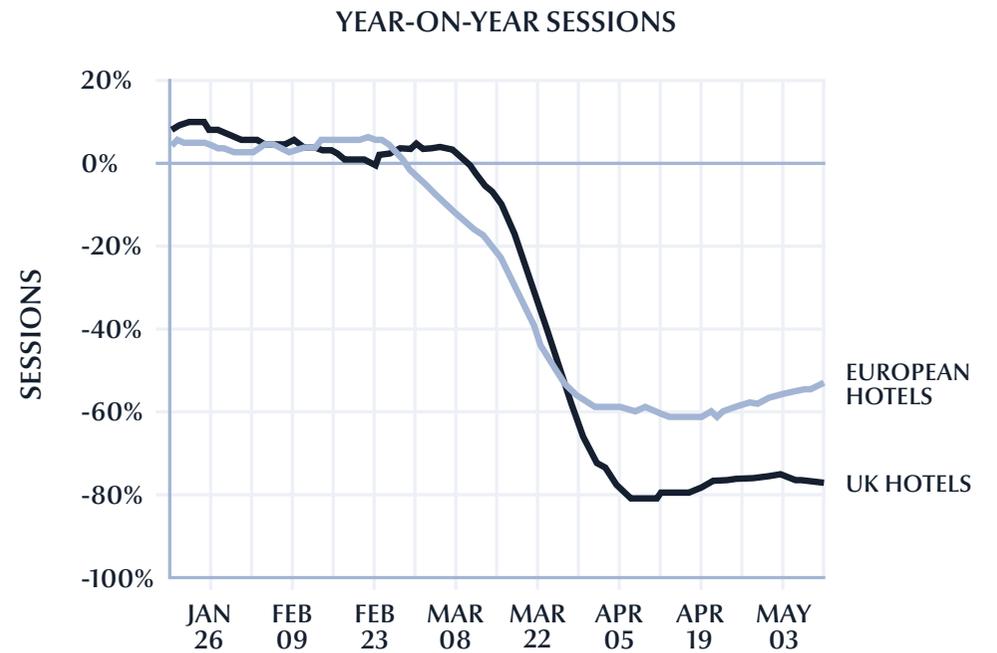
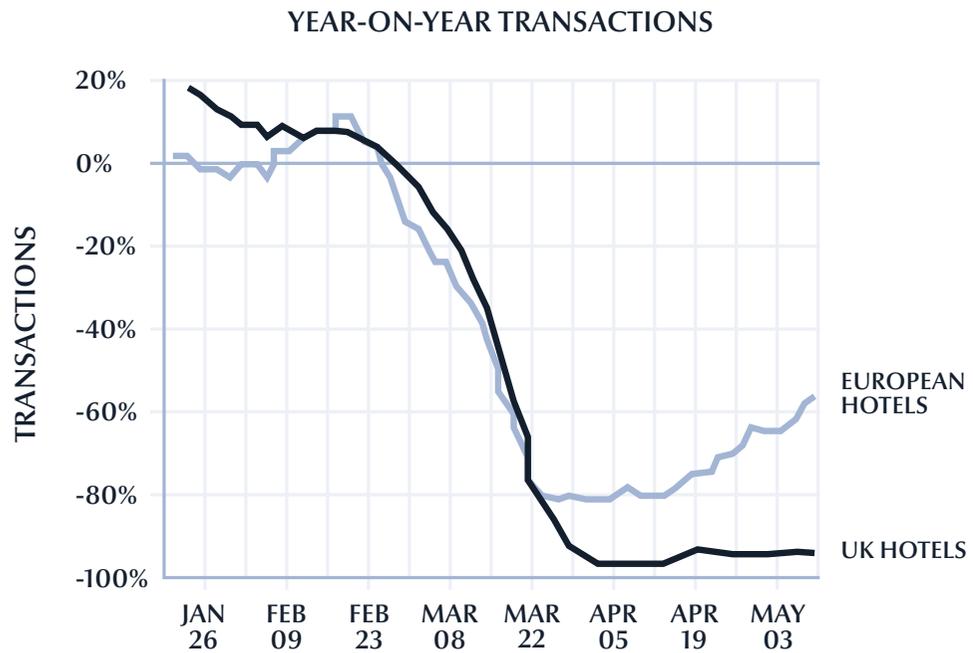
- *Direct accommodation transactions had declined by 80%.*
- *Website sessions had declined by 60%.*

The majority of European hotels levelled out at this point; however, the UK continued its descent for a further 2 weeks. By the end of the first week of April, the UK freefall had bottomed out:

- *Direct transactions were down 98% year-on-year.*
- *Website sessions had declined by 84%.*

Performance remained relatively flat for the remainder of the month. However, as Europe passed the peak of the virus transactions started to recover. Graphs to illustrate the changes in transactions and sessions are shown on the next page.

THE CHANGING PICTURE



For live statistics taken from over 350 European and UK hotel visit [hotelbenchmarking.com/covid-19/](https://www.hotelbenchmarking.com/covid-19/)

WHERE ARE WE NOW?

Whilst a degree of caution is advised when looking at current data, clear trends are starting to emerge, and one thing that is apparent is every market and every demographic is behaving more than ever before.

AVERAGE ORDER VALUE IS UP

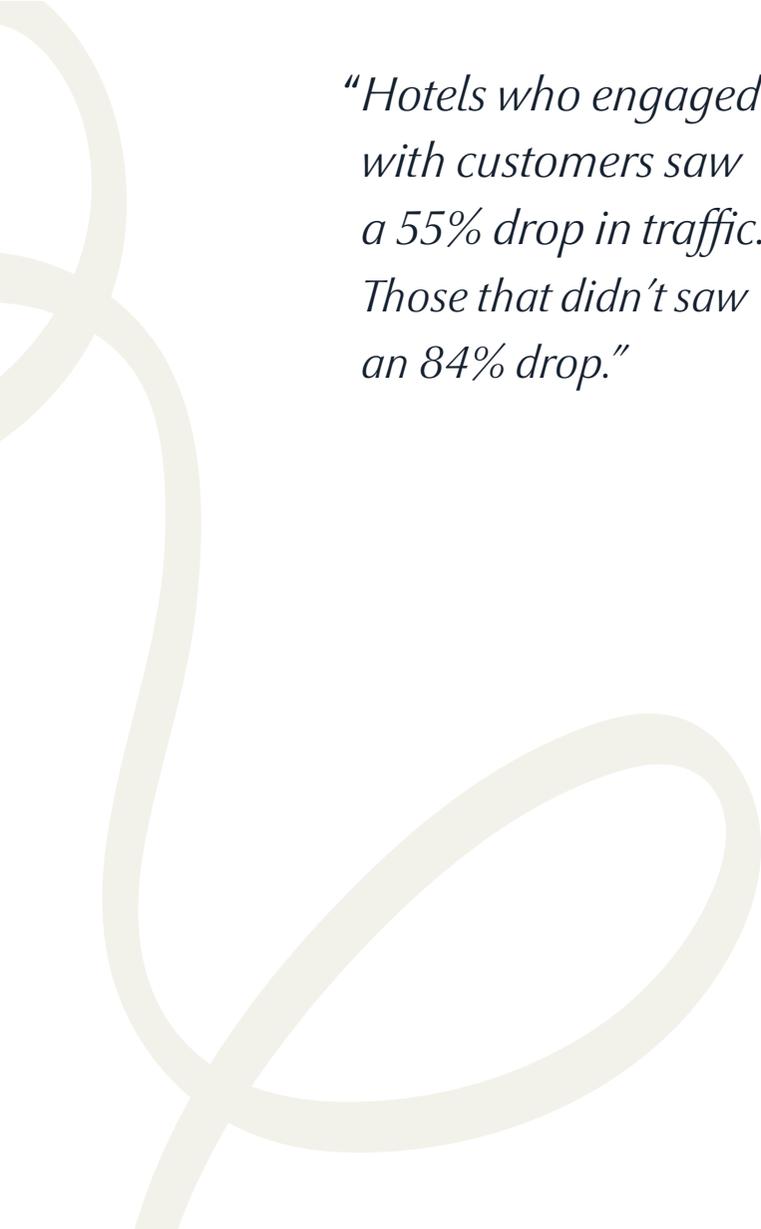
One of the key changes in activity is the increase in average hotel order value. The average increase across Europe is 56%.

The most noticeable thing about this trend is the year-on-year difference by location:

	4 STAR	5 STAR
London hotels	+32%	+22%
Urban hotels	+41%	+37%
Rural hotels	+48%	+137%

There will be many reasons behind this including this simply being the nature of guests who are currently making reservations. However, it may also be an indication of bookers starting to favour the security of more expensive flexible rates or an underlying switch to longer stays, especially in rural hotels. This will be a key trend to watch.

“Average order values increased by 56%, because of a switch to flexible rates and longer stays.”



“Hotels who engaged with customers saw a 55% drop in traffic. Those that didn’t saw an 84% drop.”

CUSTOMER ENGAGEMENT WORKS

Since the start of April traffic to hotel websites has dropped by 84% year-on-year.

However, figures are healthier for hotels that have continued to engage with their customers, whether it be via social media, email or marketing. Those who continued to communicate have experienced year-on-year decreases in traffic of approximately 55%.

However, those that continued to engage with their customers (whether it be via social media, email or marketing) have experienced year-on-year decreases in traffic of approximately 55%.

Early stage results also indicate **‘highly proactive’ hotels have seen traffic decrease by as little as 40%**. Early stage results also show these properties have experienced less of a decrease in transactions and revenue.

CONTENT NEEDS HAVE CHANGED

Since the start of April, interactions with hotel websites have changed dramatically. Rather than going online to transact, people now go to explore and dream.

In terms of percentage of total pages viewed, transactional content such as **offers and the booking engine** have seen a **35% decrease**.

Food & Beverage content dropped by 31%, and most dramatically **Spa pages viewed fell by 41%**.

The table below shows content that has seen the greatest percentage increases compared with the previous year:

Meeting & Events (including Weddings)	+31%
About the hotel and location	+37%
Gallery	+41%
Rooms & Suites	+52%
Golf	+71%
Blog	+180%

In addition to this, the percentage of **homepage views increased by 26%**, reinforcing the importance of this page and the need for it to be relevant, informative and rewarding.

*“People are dreaming
not transacting.”*

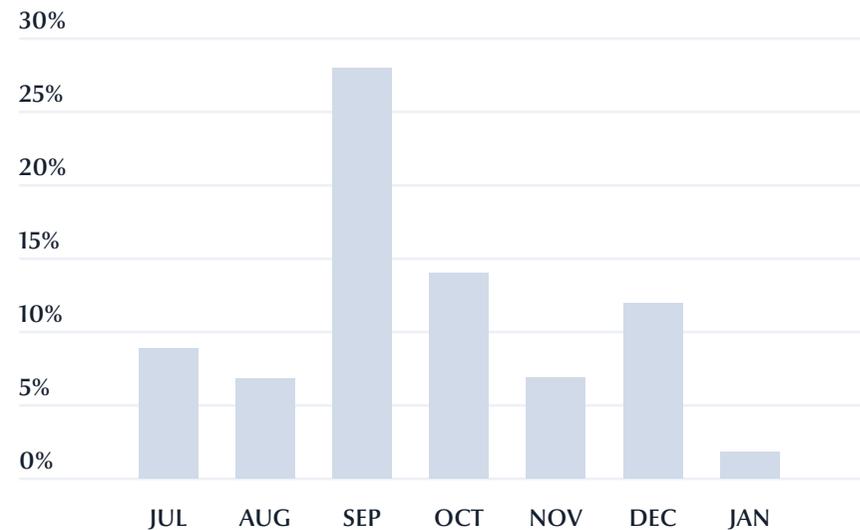
TIME FROM BOOKING TO CHECK-IN HAS INCREASED

Prior to European lockdown, the average time from booking to check-in was 45 days. This increased to 120 day in mid-April, but in recent weeks has fallen to approximately 95 days.

SEPTEMBER IS A KEY MONTH

Current booking trends show a peak in activity for stays in September. This is followed by June and October, then December, as shown right.

BOOKINGS PATTERNS FOR RESERVATIONS MADE
1ST APRIL - 12TH MAY 2020



Based on a total 19,144 searches

AGE MAKES A DIFFERENCE

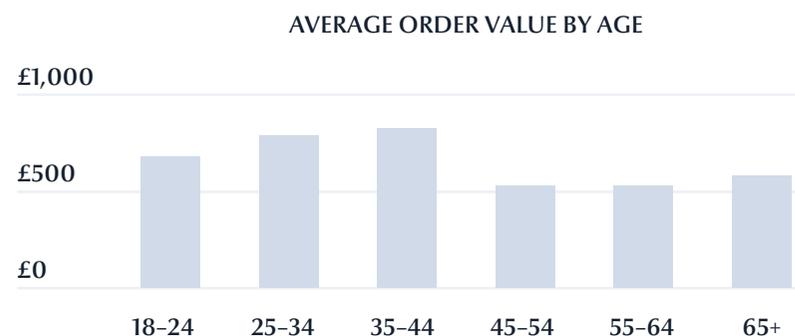
25 to 34 year-olds are by far the strongest performing age group in terms of website visits and transactions.

However, **in 'percentage' terms, the over 65s have seen a notable increase.** This is most apparent with 4 Star hotels transactions, where this age group account for 21% of all bookings compared to 14% previously.

The cause of all these changes will be in part down to a decrease in corporate activity, but it is worth noting that despite greater travel restrictions on older generations, and specifically for the over 65s, that activity relative to other age groups remains strong.

The most noticeable decrease in transactions came from the 45 to 54 age group, dropping from 19% of all transactions to 13%.

The diagram below shows the average value of a stay by age.



Further analysis showed us that highest spenders by hotel category are:

	AGE GROUP	AVE. SPEND
London hotels	25-34	£990
Urban hotels	65+	£423
Rural hotels	35-44	£948

THE GENDER GAP

On average **males spends more than females per transaction** (£865 vs. £750). This is a year-on-year increase of 27% for men and 15% for women.

However, **a female's average order value is higher for a London booking** (£938 vs. £836), whilst **a male's average order value is higher for a rural booking** (£1,000 vs. £643).

RECOVERY BY COUNTRY NOT REGION

Throughout the pandemic, the theory has been that recovery will sweep around the globe from East to West. So far this does not seem to be the case. Outside of China, the signs of recovery in the East are not really that much quicker than in Europe.

In fact, recovery appears to be by country rather than region, with **Germany currently leading the return to international travel**.

GOVERNMENT INFLUENCE

Throughout the crisis, any significant changes in traffic patterns can be linked to the timing of Government announcements. In the early stages of the crisis, announcements triggered mass cancellation. Following the UK Governments announcement of lockdown extension in April average website traffic suddenly increased by over 130%. Possibly triggering another round of cancellations. Interestingly, this spike was more acute in London than in urban and rural locations.

With the recent easing of lockdown regulations, both **European and the UK hotels have experienced an increase in revenue to levels not seen since mid-March 2020**.

THE SHAPE OF RECOVERY

COVID-19 has presented hotels with a great deal of uncertainty, but as each day unfolds the shape of recovery is becoming clearer.

“In the short-term, flexibility and agility will be critical.”

SHORT-TERM

In the short term (July–December) the following appears to be most likely:

- *Hotels start re-opening during July.*
- *Recovery will be local first, followed by national.*
- *Social distancing will hinder the reopening of bars, restaurants and spas.*
- *One of the greatest threats is a W-shaped recovery.*

AUDIENCE MINDSET

There is a great desire to travel, with **one of the highest online search phrases being “when can I travel again?”** However, the reality is **consumer mood is at best cautious.** Data indicates that travellers will gradually test-the-water, with **an initial interest towards short-drive trips and weekend breaks away from cities.** Put another way ‘local, national then international’. With all of this, flexibility is critical. Travel plans will need to be fluid and hotel terms and conditions need to meet this mindset.

REVENGE SPENDING?

China has observed an increase in spending on luxury goods, fuelled by so-called ‘revenge spending’ sprees. **Initial interest in UK and European hotels is for high end luxury hotels** which is in line with this activity, and although it is too early to tell, this is another trend to watch closely.

MID TO LONG-TERM

The reality is until there are vaccines, treatments or the virus simply burns itself out, **hotel guests will constantly have to reassess the ways in which they are willing to live with the threat.**

With this in mind, **a primary context for marketing strategies needs to be 'confidence'.**

Travel trends for 2021 are still speculative, but indications are that domestic life and travel will return to relative normality, but there will be a lower demand for international travel.

Current projections show it won't be until 2022/2023 that international spend and activity will return to those experienced in recent years.

PREPARING FOR RECOVERY

Regardless of the shape of recovery, it is crucial for hotels to pay attention to how the pandemic is altering the landscape and plan scenarios accordingly, rather than wait and hope that no changes are necessary.

History has shown us that companies that focus solely on cost cutting, and stop marketing, perform less well during recovery and after a crisis.

So, at a time when most hotel marketing budgets are reduced, where do you focus your available marketing spend in a progressive way?

Based on the specifics of the COVID-19 crisis, our advice would be to focus on the following 4 areas – **Research, Brand & Positioning, Marketing Campaigns and Content.**

*“Plan for every
eventuality, rather
than wait and hope
no changes are
necessary.”*

“Data is critical for making investment decisions. Do you have the information you need?”

1. RESEARCH

In turbulent times, it can be difficult for hotels to know how to invest in marketing, whether it be for the immediate or long term.

The solution is simply to **stay closely connected to data about your customers’ needs** – this is the most powerful filter through which to make investment decisions.

Therefore, insightful analysis of timely and relevant trends will be critical throughout this period. Data surrounding consumer behaviour, spending trends and channel effectiveness should all be considered, as well as crisis-specific information.

For example, at a time when hotel marketing budgets are greatly reduced it is vital that all spend generates a return. So, **ensure that any analytics tools you use for any of your marketing activities are set-up to attribute the source of key interactions accurately.**

Benchmarking will also provide vital insight into how your hotel is performing against the industry during and after recovery. Tools such as Hotel Benchmark (**hotelbenchmarking.com**) will provide a rich source of data.

2. BRAND & POSITIONING

Our world has changed, so it is vital that you review your hotel's positioning and brand and its suitability for the marketplace. Key areas to be considering are:

“Thousands of hotels will be reopening at roughly the same time. Is your brand strong enough to make you stand out?”

YOUR PRODUCT

You are not selling a room; you are selling an experience. But **are your guests now looking for a different type of experience?** Positioning your hotel as ‘vibrant, bustling, in-the-heart-of-it-all destination’ isn’t going to appeal in the way it used to.

YOUR GUEST

Has your market changed? Has their spending power changed? Are they even able to travel? For many hotels this is going to be the most important factor. For example, if you are a London hotel with 60% of your guests coming from North America, then you will need to seriously consider strategies for attracting a domestic audience for at least the next 12 months.

YOUR SERVICE

A fundamental aspect of any hotel is the style of its service. During recovery you will need to **reinforce messages such as staff values, care and attention to detail.**

YOUR POINT(S) OF DIFFERENCE

Thousands of hotels will be reopening at roughly the same time, and the majority will be clamouring for business. Messages of discounted rates, escape-it-all and hygiene will be rife, and whilst you may need to employ some of these techniques, **it is crystal clear brand positioning that will make you stand out from the masses.** Know who you are.

3. MARKETING CAMPAIGNS

Broadly speaking, the approach to marketing during the crisis is to reduce marketing investments on campaigns that drive short-term sales but **keep brand-building campaigns live. This will help ensure momentum is maintained and will support a faster recovery.**

Throughout the crisis it is more important than ever that marketing messaging is relevant. Initially there needs to be a **shift from selling to engaging.** For many hotels this will mean greater interaction with their local communities as they will be the first to return.

As the world starts to come out of lockdown, **it is critical that your approach to marketing is agile, flexible and highly targeted.** Short-term strategies will need to target 'domestic' customers and be 'market-by-market'.

Therefore, **one of the most valuable assets any hospitality organisation has will be its customer database,** whether it be in the form of emailing lists or social media followers.

Techniques such as using 'custom intent audiences' will be also be valuable. This approach involves building 'high confidence' audiences based on queries users have previously searched. For example, if someone has searched for "when can I go on holiday to London again?" you then target this user across the web.

"The recovery will be market-by-market. Do you really understand your customers intent?"

4. CONTENT

As reported earlier in this document, the content that potential hotel guests want to read about has changed, and will likely change again in the coming weeks and months.

At this time, you need to review, refine and if necessary, rewrite your website content and communications based on actual customer need.

This goes far beyond your website homepage:

- *If your guests are reading your blog, ensure this is regularly updated.*
- *If your gallery is getting higher levels of engagement update it with relevant imagery.*
- *If your hotel benefits from a tranquil environment and access to open spaces, take this opportunity to reinforce these messages through all of your digital channels.*

A critical requirement of your content will be to instil a feeling of confidence. Positive messages related to hygiene will be a minimum requirement for all hotels, so ensure you also convey messages that reinforce what makes your hotel different or better. For example, your values, standards, or attention to detail in everything you do.

“What customers are looking for has changed. So, review, refine and if necessary, rewrite your content.”

IN CLOSING...

The world of hotels and hospitality in which we all work has changed overnight and will continue to do so over the coming months and years. Some of the changes present great opportunity; others will be more challenging.

However, history has shown us that we are at our most creative during periods of 'bad weather'. William Shakespeare was most prolific during lockdown. During quarantine Isaac Newton made his greatest advances – this period later became known as his 'Year of Wonders'.

The marketplace is going to be busy, so creativity, ingenuity and intelligent marketing will be essential; but above all you need to remember what makes your hotel special. Amplify this message and you will cut through the noise.

“Thousands of hotels will be reopening at roughly the same time. Is your brand strong enough to help you stand out?”

“The recovery will be market-by-market. Do you really understand your customers intent?”

“Data is critical for make investment decisions. Do you have the information you need?”

“What customers are looking for has changed. Does your content meet their needs?”

80 DAYS is a premium hotel and travel marketing agency working in partnership with over 450 of the World's most respected hotel and travel businesses.

Since being founded in 2001 the company has grown to a team of 50. Throughout this time, we have provided the highest levels of expertise and insight to drive revenue through our clients' websites. All of this is delivered with a focus on high quality service.

For further information and regular updates please visit eighty-days.com/insights

To benchmark your hotel's website against the industry visit hotelbenchmarking.com

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