HEDNA INDUSTRY EXPERT INSIGHTS

HEDNA member Consultants are industry experts that advise clients around the globe. HEDNA brings them together monthly to share industry stats, business insights and emerging trends to share with you. This edition of Insights is taken from their September 2020 discussion.

September 2020 Consultant Contributors

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DISCUSSION TOPIC: EVERYTHING IS CHANGING IN HOTEL ELECTRONIC DISTRIBUTION

In a recent discussion, participating HEDNA member consultants agreed that significant change is occurring across the entire hotel electronic distribution environment. Like their hotel brands and individual properties, reservation and electronic distribution professionals are being challenged to respond quickly and effectively to the new, and still very fluid, lodging marketplace. The consultants' HEDNA-facilitated September conversation identified multiple areas of significant, often disruptive, change:

CHANGING: Hotels' Customer Base

The last several months have seen leisure travelers – often families – form the majority of in-house guests. In many cases these guests enjoyed longer than average lengths of stay. Often these guests drove to the hotel. In some cases, pandemic- or natural disaster-related relocations added to occupancy.

Other traditionally significant business sources, including corporate, government, group, meetings and conventions, and social events now provide little or no occupancy contribution. Their recovery is expected to take many months, and possibly several years.

CHANGING: Preferred Hotels

Not only has overall demand for hotel accommodation declined and remained depressed since the outbreak of COVID-19, the longstanding lodging facility preference profile has been sharply altered. Beneficiaries of this rebalancing have been limited service properties, properties in traditional leisure destinations, and extended stay type properties. Casualties includes luxury and upper upscale hotels (except some resorts), convention-focused and city center properties.

CHANGING: Information and Messaging

The information sought by potential guests from a hotel brand's website, from a hotel's website and from the booking engine during the reservation booking process has changed. Detailed COVID-19 related sanitation and safety data is now a top priority. Leisure-focused guests are interested in on-property dining and activity opportunities.

Additionally, to an unprecedented extent, they are also interested in deeply detailed information about shopping, restaurants, activities and adventures nearby to the hotel, information that until now has been scarce, or sometimes absent altogether, on these websites. This same expanded, detailed and up-to-the-minute leisure-oriented information is now also expected in the OTAs and the GDSs.

CHANGING: Tightened Timetables

Reservation lead times have shortened dramatically. Leisure guests are making their booking decisions on a short notice, often "last minute" basis. The result is that hotel sales campaigns, forecasts, staff assignments, indeed all areas of property planning and operations, must be geared to very short notice fluctuations in accommodation demand.

CHANGING: New "Comp Set"

The group of hotels against which a property had previously compared its rates, its promotions and its success in achieving its desired occupancy and average daily rate has, in most cases, changed. Closure of some of their competitors, better or lessor suitability for leisure, drive-up, extended stay or other types of guests has prompted every hotel to re-evaluate the open and operating properties around it and formulate a new comp set against which to compere itself.

CHANGING: New Products to Sell

Accustomed to short stays by either weekday commercial guests or weekend leisure guests, with meeting and events guests added in, Hotel operators now find themselves not only with predominantly (or solely) leisure guests but also with competitors supplementing their core lodging with innovative non-traditional products.

These new products include subscription-style guestroom and public space bookings, (such as by citizenM Hotels), guestrooms refitted for use as offices, co-working options (such as by Accor), extended stay (weekly, monthly, multi-month, etc.) packages and pricing, private homes and villas reservations (such as Homes & Villas by Marriott Homes), amenity reservations (such as for pool cabanas), and reservations for near-by activities.

Adding to the challenge of creating innovative products when both money and time are short, is the challenge that that these new products must be promoted and confirmed through sometimes functionally-constrained distribution tools, such as the CRS, website booking engine, OTAs and GDSs, tools that were designed only for traditional lodging options.

CHANGING: New Booking Channel Rankings

Kalibri Labs reports the two primarily reservation channels to now be direct via the brand website or via an Online Travel Agency (OTA). They suggest that loyalty program memberships appears to be a significant factor in brand website bookings.

CHANGING: Expense Reduction Pressure

As hotel operators endeavor to find and eliminate every non-essential expense, electronic distribution staff are facing unprecedented pressure to reduce distribution-related costs. With the goal of resetting a hotel's financial breakeven point from the 50%-60% occupancy range to some point in the 30%-40% occupancy range, every expense (and return on each expense) now receives unprecedented scrutiny.

CHANGING: Evolving Competitors

Traditional hotels are finding that the pandemic has spurred traveler interest in non-traditional alternative accommodation options. These include home sharing offered by established hotel brands (such as Homes & Villas by Marriott, and onefinestay by Accor) and extended stay accommodation plans from OTAs and the people whose accommodation they offer.

CHANGING: Fewer Staff

Travelers are seeking detailed information in every electronic sales channel about pandemic-related preparations and precautions, as well as deeper detail on facilities, guest services and near-by leisure options. Hotels and hotel brands are struggling to meet these expectations. Much reduced revenues have forced them to severely reduce their workforces, including staffing in Reservations, Electronic

Distribution, Revenue Management, Digital Marketing and Guest Communication. Behind the scenes, similar staff reductions at reservation representation companies, GDSs, OTAs and wholesalers have further strained efforts to present travelers with the information they seek.

HEDNA member consultants are invited to join the Association's monthly Industry Experts videocall to continue the discussion of electronic distribution-related challenges and opportunities affecting hotel operators and hotel brands. For further information, please contact info@hedna.org.

John Burns
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