RODSCHINSON
INVESTMENT

HOSPITALITY MARKET INSIGHTS REPORT – 2021

When Excellence is an Art

OVERVIEW

The hotel industry is realizing the strategic potential of blending the charm of traditional, people-to-people hospitality with cutting-edge technology.

More domestic journeys, more common, trustworthy, and dependable. Outside actions are the central choice and the hospitality industry is currently embracing this.

Rodischinson's hospitality industry insights explore how free-flowing data is revolutionizing guest experiences and driving operational excellence.

Executive Summary - Market Insight Reports

Every country and nation encompassed in this month's market insight report is still encountering a considerably shorter reserving window, with more than 50% of transient reservations arising in days of arrival.

US airline and hotel weekly booking activity are invariably accomplishing the elevated weekly numbers since the epidemic began. This indicates that travel times are president now.

Whereas Canada and Europe are both confronting the third wave of the pandemic, extended lockdown is staving off occupancies from recovering as we are discovering in other regions of the world.

As a country, Greater China is executing the best comparative to 2019 but still tracking in all-around occupancy.

About 80% of recent transient reservations are being booked within 7 days of arrival. If this continues, we would predict a continuous strong occupancy achievement.

The rest of Asia Pacific has seen a positive outset to the year with Australian and Pacific countries gaining steady momentum.

The Middle East region is encountering shifting occupancy levels due to holidays, altering travel restrictions, and virus case count in the region.

However, Cancun and Los Cabos, Mexico along with Lima, Peru are the top-performing demands for May in LATAM with 50%, 44%, and 31% dedicated occupancy already on the books.

THE CHALLENGES FOR TOMORROW: WHAT'S NEXT FOR 2021

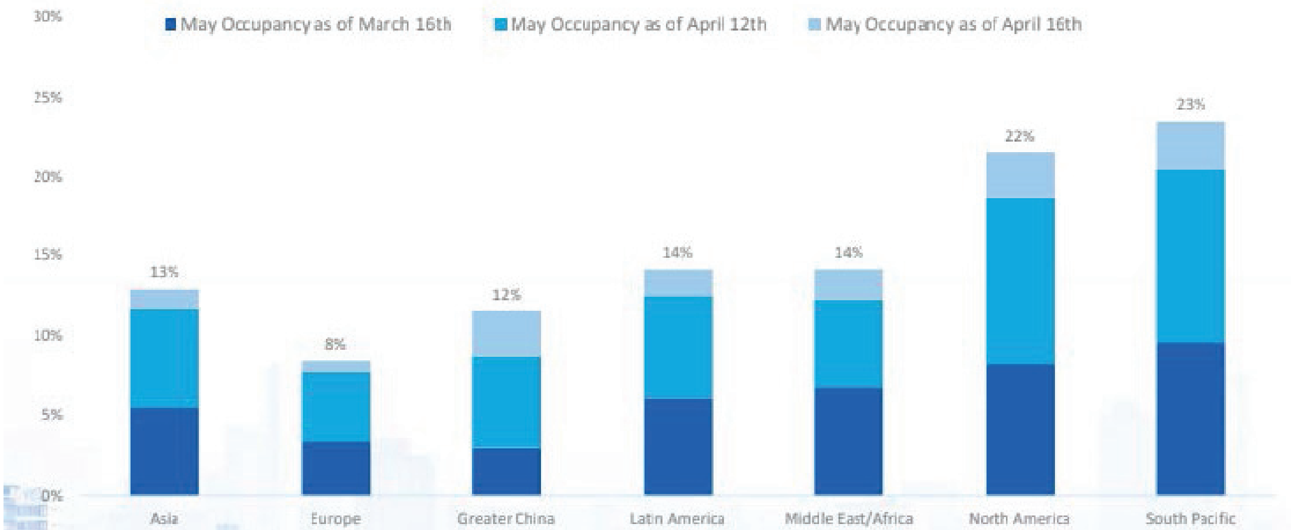
The hospitality industry has been smashed by Covid-19 and the resulting lockdowns across the world. For some regions such as Europe and the US, the hospitality industry represents as much as 15% of GDP and thus is key to their economic recovery.

The sector as such faces many significant challenges both near term and longer length.

Below are the stats for occupancy by region worldwide:

Ocupancy by Region | Worldwide

There is positive pick-up for the month of May across all regions with occupancies doubling compared to what was on the books as of March 16, 2021.



In today's rapidly evolving marketplace environment, key business issues are converging with impacts felt across multiple industry sectors.

The traveling challenges and opportunities that may affect the Hospitality business and influence your strategy can be:

Today	The number on the consideration post- Covid-19 will be on **health and safety** which translates into hygiene and sanitation issues of the hotel.	Inbound traffic is bound to be slowed down bonefloor fear of traveling and restrictions. Especially in countries like Canada and Europe.	The Covid-19 has hastened the need to use technology to allow the least contact with humans.
Tomorrow	In the future, the checks and screening will have to be erected for health purposes. Hotels must plan now to do a soft- opening with one-floor essential facilities and staff.	Hotels may like to avoid discount panic, enforce rigid cost-control in energy consumption, extending payment cycles.	The consideration is to move more towards AI and other Technology.

Every region and country (the Asia Pacific, Middle-east, US, Europe, China, or Latin America) in this month's report is still experiencing a significantly shorter booking window, with more than 50% of transient reservations occurring within 7 days of arrival.

The third wave of COVID-19 infections is extending lockdowns, which is preventing occupancies from recovering as we are seeing in other regions of the world.

HOSPITALITY: SUSTAINING MOMENTUM

Hotel industry downturns often begin with an external catalyst. The recent downcycle is triggered by the Covid-19 virus of 2020. Given the current strength in the economy, it's difficult to forecast a hospitality market reversal without a significant force acting on travel demand, but that scenario seems likely for 2021. Considering, since late February 2021, both US airline and hotel weekly booking activity are consistently achieving the highest weekly numbers since the pandemic began – signs of a true return to travel.

As a region, Greater China is performing the best relative to 2019 but still trailing in overall occupancy. Over 80% of recent transient reservations are being booked within 7 days of arr continues, we would anticipate an ongoing strong occupancy performance.

Hoteliers should also consider looking at Direct bookings (which took off during the pandemic) are leveling off to 2019 values. We see an increase in both Brand and OTA bookings over 2020.

However, the monthly occupancy percentage in April and May are outperforming the same

e time last year; yet Canada is still experiencing significant declines to 2019.

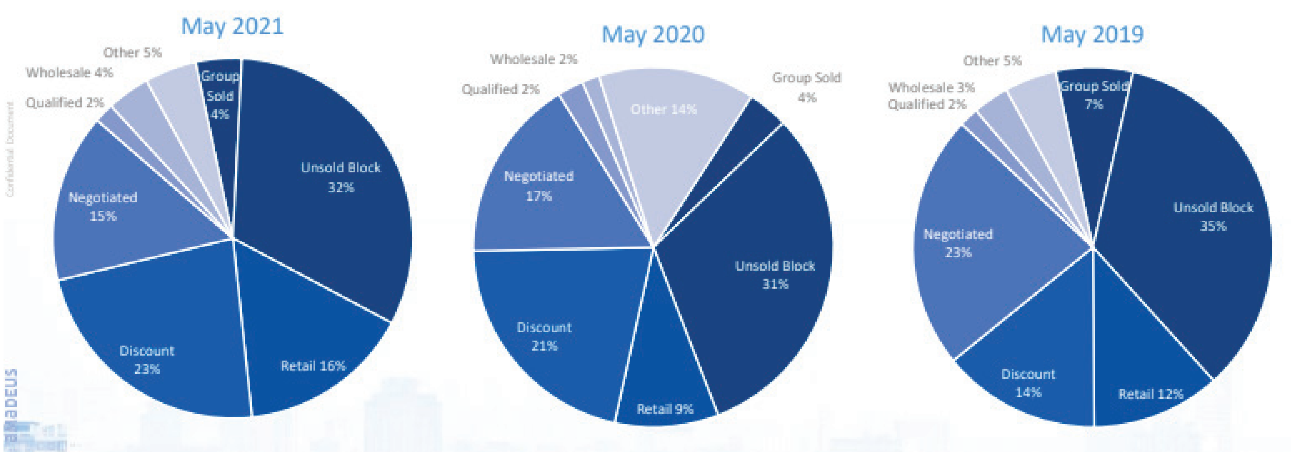
This scenario can also create more competition across the flood of economy-priced limited- service hotel supply added to the market in recent years.

Multi-purpose spaces that promote health and wellness for guests are an important and growing trend. These design upgrades come at a cost and will take time to implement.

However, the discount segment and direct booking or OTD channel mix seem to be the driving force behind hospitality growth in the medium to longer term.

Effective strategies used in the month of may included a mix ofpriced and unpriced-based strategies, including leveraging discounts and retail year-on-year segmentation, which seemed to continue increasing share over the last two years in greater china.

Below are the stats for the Year-on-Year Segmentation in Greater China:



FUTURE HOTELS WILL BE (EVEN MORE) **ABOUT PEOPLE**

Hospitality will always be centered around customer experiences and connecting with people. Even as new technology, evolving customer preferences, and new competitive threats change the hotel experience, outstanding hospitality will still require a thoughtful human touch.

The hotel of the future will be an integrator with a new role to play: offering guests a memorable hotel experience uniquely tailored to their expectations for every stay.

WHAT TO EXPECT FROM THE HOTEL OF THE FUTURE?

How to increase occupancy: Brand and OTA Bookings:

The curator integrates external partnerships to keep hospitality freshand make guest experiences relevant. As curators, hotels can offer a variety of environments that support the mood and mindset guests want, delighting guests through choice and the ability to explore new hotelexperiences.

Discount Segment: A thriving segmentation:

Demand is evolving more than ever with a clear change in behaviors and preferences.

Most hoteliers acknowledge that discounting is essential during impossible economic times like Covid-19. It is also vital during such peaking times to enhance the business.

Discounting is generally done to accomplish additional earnings by enticing guests into booking hotel rooms by lessening rates to improve occupancyin the shortterm.

From May 2019 to May 2020 discount year-on-year segmentation is thriving or increasing year by year. Whereas, wholesale, negotiated or retail remain low.

Direct Booking is leveling off since 2019: Brand and OTA Bookings

As a hotelier, you completely cannot resist the implication and vast market size of OTAs when you plan to produce more bookings shortly. After all, OTAs have been around for somewhat two decades now and they have revolutionized the entire hotel booking procedure.

However, if you survive to acquire ultimate direct bookings via your hotel website, aspects can enhance. This is because, normally, guests have to pay some advance proportion while creating a reservation at your hotel. This staves off them from canceling their bookings under normal circumstances.

Recent stats worldwide have shown that around 40% of the population is choosing a Direct booking, 32% Brand and 17% of them go for OTA. GDS and CRS remain at around 4%-7%.

In the US Brand.com is growing well alongside OTAs as we see customers shift from booking Direct to other online channels.

New plans for Travel: Short-term and better travel confidence

The hospitality industry is concerned with services associated with leisure and customer enjoyment. This may well mean offering services to tourists shortly to sustain themselves in the market, but it can also include the provision of services to people who are not tourists, such as residents enjoying their free time, or people coming to an area for justifications than tourism.

It is significant for the hospitality industry to understandthatthe travel industry is nearly linked to them.

Many of the assistance that is indexed as travel industry offerings are moreover hospitality offerings because they are associated with leisure, buyer satisfaction, pleasure, experiences, and the usage of disposable income.

Greatly, the cross-over between the tourism business and the hospitality industry relies on services, rather than end-products.

In the last 5 weeks, 59% of all transient reservations were booked within 7 days of the arrival date. Also of note, 22% of reservations were booked 31+ days into the future with little activity occurring in the 8 to 30-day window, confirming people are still booking short-term but also alluding to greater travel confidence to schedule summer travel now.

Reimagining resources and capabilities for the future hotel experience:

Which of these alternatives will suit your hotel? Any of them can, whatever distribution channel suits your visitors and your settings.

Today, most conventional hotels operate in silos interpreted by brands and spaces. Future hotels will build links to access new resources, balance reserves to bring new life to prevailing capabilities, mobilize existing resources for new partnerships, and merge outside potential into new alternative areas.

In ascertaining new techniques for your hotel, contemplate every resource— distribution, people, brands, services—and consider every capability— technology, human capital, user experiences, operations, business models—to provide new alternatives in the hotel of the future.

A STEADY OUTLOOK WOULD HELP THE INDUSTRY:

In finding, the hospitality industry encounters considerable near and medium-term challenges in terms of occupancy, distribution, and segmentation. The large operators such as great china show strong balance and solid stances with planned distribution or segmentation will be the survivors and likely consolidators within the business.

Investment opportunities in Canada are still not promising because of the third covid wave, however, industry in the region is recovering faster.

Hotels offering health and wellness-focused accommodations and experiences will come in demand, particularly among Millennials.

In the extended term, the global hospitality community according to the market insight report will recover and likely in a renewed and flexible form. Certainly, history has shown that our global community has handled far greater pandemics, wars, and other challenges than nowadays being encountered.