

Edition II

COVID-19 & The Hospitality Industry Worldwide

Key Highlights:

- Reservations & Cancellation Trends: The Results of the Response Efforts
- Actionable Steps to Protect Your Hotel Business by Tracy Dong, Senior Advisor, IDEaS Revenue Solutions
- The New Normal of Revenue Management by Apurva Chamaria, Chief Revenue Officer, RateGain

Foreword

At IDeaS, we have been closely monitoring the unprecedented developments of the COVID-19 coronavirus pandemic and its impact on the global hotel industry. Our hearts and thoughts go out to all those affected personally, and we applaud the healthcare workers, local communities, and governments around the world on the front lines working to contain this outbreak.

This is surely a difficult period for us all, and we understand the challenges your organization faces. IDeaS stands with you. Whether your business is threatened by a health crisis or natural disaster, political unrest or economic uncertainty, your hotel's best defense in uncertain times is level-headed, data-driven intelligence.

As COVID-19 continues to take its toll on the global hospitality and travel community, we urge hotels to maintain a rational focus over your revenue management and business operation. Despite the current uncertainty, the future of the industry is bright, and better, healthier days lie ahead. Stay strong, and we will weather this storm together.



Dr. Ravi Mehrotra

President, Founder & Chief Scientist
IDeaS Revenue Solutions

From the Author

At RateGain, we believe that it's important to keep checking the market pulse and helping the hospitality industry take appropriate measures accordingly. With that intention, four weeks ago we published the first edition of our study COVID-19 & The Hospitality Industry Worldwide. We got a tremendous response from the industry and the hotels globally.

Interestingly, we realized that the insights of the study were not only useful for hotels globally, but also for cruise lines, airlines, railways and the entire travel ecosystem. On the request of many of our clients across industries, we have decided to do a sequel. This edition of the study is an effort to share the recent developments across the hospitality industry globally and the coping strategies being used by industry peers.

In this effort, we are not alone. In association with our valued partner IDEaS, we are glad to announce the second edition of the study COVID-19 & The Hospitality Industry Worldwide. This edition of the study aims to highlight the industry's response and efforts, and the great reset of revenue management. Our aim is to help the revenue managers make informed decisions while they prepare for a #BetterTomorrow.



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Research Methodology

The research is based on the analysis of data. The platform covers the depth and breadth of data—all key OTAs and booking engines. Similarly, to study the bookings and cancellations trends across the globe, we considered the week by week analyses of the overall reservations and cancellations done in the month for any future dates.

- The analysis is based on the cumulative data of the ‘destination’ countries that had minimum 50 unique properties on our products. These countries include, Austria, Argentina, Brazil, Colombia, Czech Republic, Egypt, France, Germany, India, Indonesia, Italy, Japan, Malaysia, Mexico, Philippines, Saudi Arabia, Spain, Switzerland, Thailand, United Arab Emirates (UAE), the United Kingdom (UK), the United States (US) and Vietnam.
- We studied global data from the last week of February 1st, 2020 to April 19th, 2020. For a comparative version, we compared the collected data with the previous year’s data points—from February 1st, 2019 to March 3rd, 2019.
- Any booking done through any OTA, hotel site or booking engine is considered for this analysis.

- The report details out the week-by-week room booking rate change by region and by country. In order to go granular, we have also analyzed the booking trends.
- For our study, we labelled the week starting from February 23rd, 2020 as Week 1—with the same week of last year, to present 2-month insights. The diagrams representing the booking and cancellations have week labels, which can be read as below:

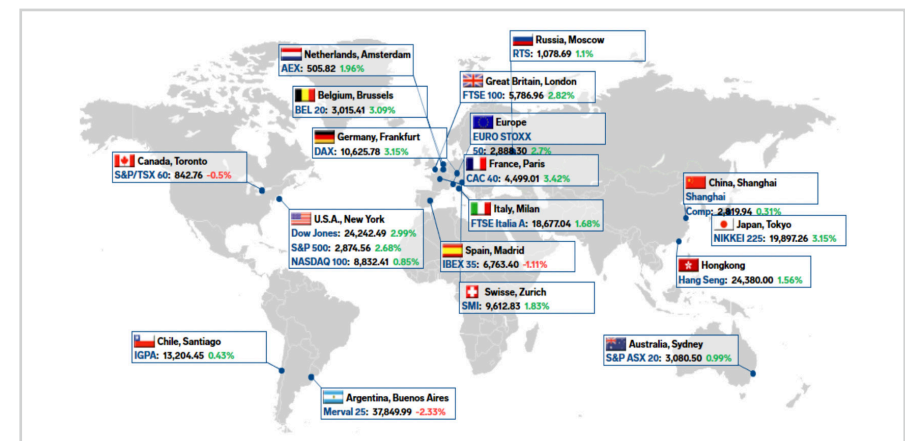
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Introduction: The Results of the Recovery Efforts

The first COVID-19 case was reported in China in December 2019. By the mid of January 2020, it started to become a popular discussion point in global forums. In just two months, the virus swiftly moved to the western parts of the world. Countries such as Italy and Spain became the epicenters of the corona cases in Europe. Soon after, we all witnessed a fast outbreak of the virus in the United States of America—the country’s financial hub New York became the epicenter for the nation. The country soon surpassed every corona-related statistic that we had noticed before. Recently, America claimed that the worst is over. It’s not the only news of relief. Amidst everything that we have faced so far, there are several hints that seem to be the result of recovery efforts.

Let’s look at the stock markets globally. All key markets are now showing slow, yet positive signs. Market indices as of April 17th, 2020 reported that the key markets across the globe closed with a positive growth—China (Shanghai Comp: up by 0.31%), USA (Dow Jones: up by 2.99%), Netherlands (AEX: 1.96%) Belgium (BEL 20: 3.09%), Germany (DAX: 3.15%), Great Britain (FTSE 100: 2.82%), France (CAC 40: 3.42%), Switzerland (SMI: 1.83%), Italy (FTSE Italia A: 1.68%), Australia (S&P ASX 20: 0.99%), Hong Kong (Hang Seng: 1.56%) and Japan (NIKKEI 225: 3.15%) among others. See Diagram 1.

Diagram 1: Global Stock Market Indices (as of April 17th, 2020)



Source: MARKETINSIDER

Another positive sign came from China itself. The COVID-19 crisis brought the travel and hospitality sector globally to a standstill. The virus that emerged in China has unexpectedly reset the world. However, a few weeks ago, the government of China decided to ease the restrictions to bring life to somewhat normal conditions. With the uplift of restrictions, residents decided to travel. All major domestic landmarks witnessed & welcomed a sea of travelers. As of Mar 28th, 2020, 87% of the hotels in Mainland China were open after many had closed over the last 2 months, and posted 30% occupancy (as of Mar 25th, 2020), as per STR. It’s a great sign of domestic travel recovery. However, according to China’s largest online travel agency Trip.com Group, international travel still seems far.

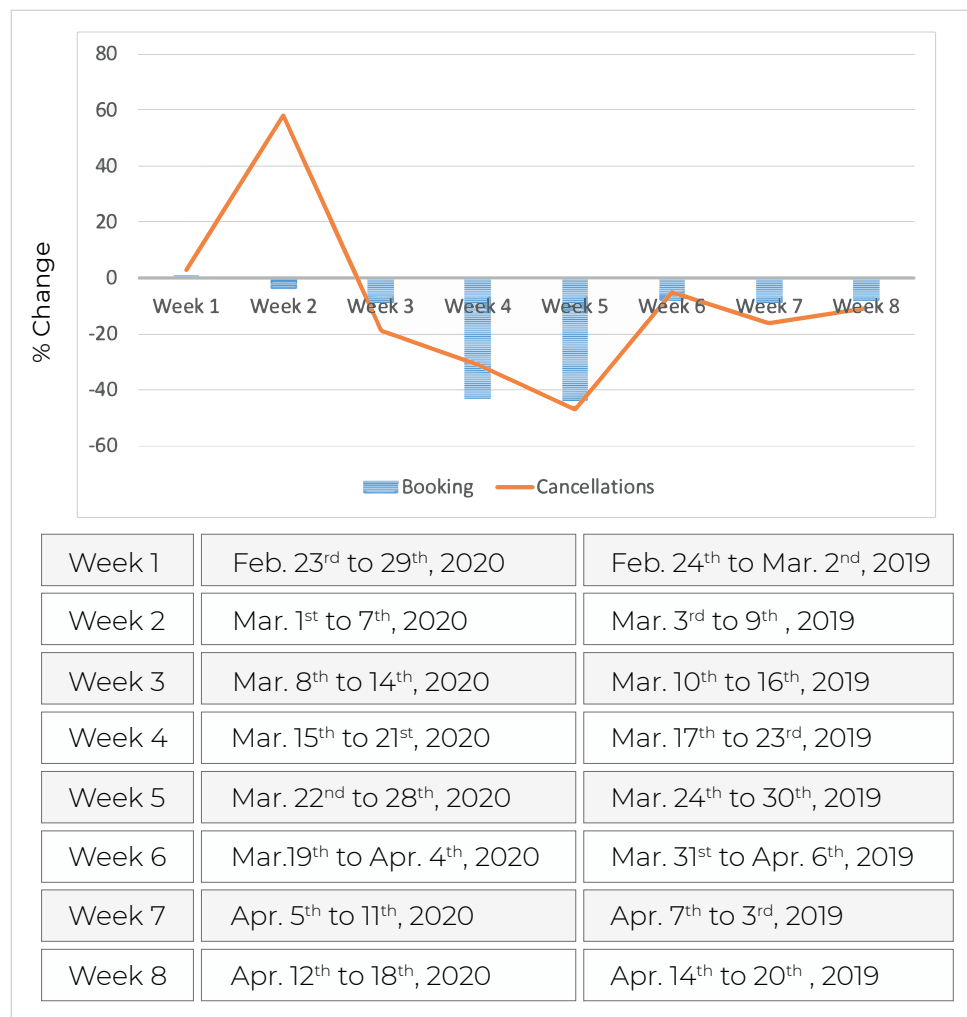
According to industry experts, alike China, domestic travel will resume first everywhere. This is why, the world is closely observing what's happening in China, to find some answers that will give hope and signs of 'what's going to be the new normal'. After all, before the crisis travelers from China formed the world's largest outbound tourism market in terms of international trips and spends.

In this edition of the research, therefore, we have presented booking and cancellation trends through our data and analysis. The study provides week-wise analysis of the hotel reservation and cancellation trends for the key destination countries across the globe, to spot what matters the most now i.e. the possible outlook of the new normal. Besides, we believe that hospitality industry will notice a great reset of the revenue management. We have, therefore, partnered with IDEaS, the world's largest revenue management systems provider to highlight the actionable steps for your hotel business in the new normal.

Hotel Industry Worldwide: A Snapshot

Let's look at the global outlook of bookings and cancellations. Our analysis in the first edition of the study revealed that reservations started to plummet globally in February 2020. Our latest analysis highlights that the downward trend isn't over yet. From the reservations perspective, the industry noticed its worst during Week 4 (March 15th to 21st, 2020) globally. In Week 4, bookings went down by 36%, and decreased further in Week 5 (March 22nd to 28th, 2020). From cancellations perspective, we noticed a huge spike during Week 2 (March 2nd and 8th, 2020). Since then cancellations have dropped because of the overall drop in bookings globally. See Diagram 2.

Diagram 2: Global Reservation & Cancellation Trends in the Last 8 Weeks (% Change)



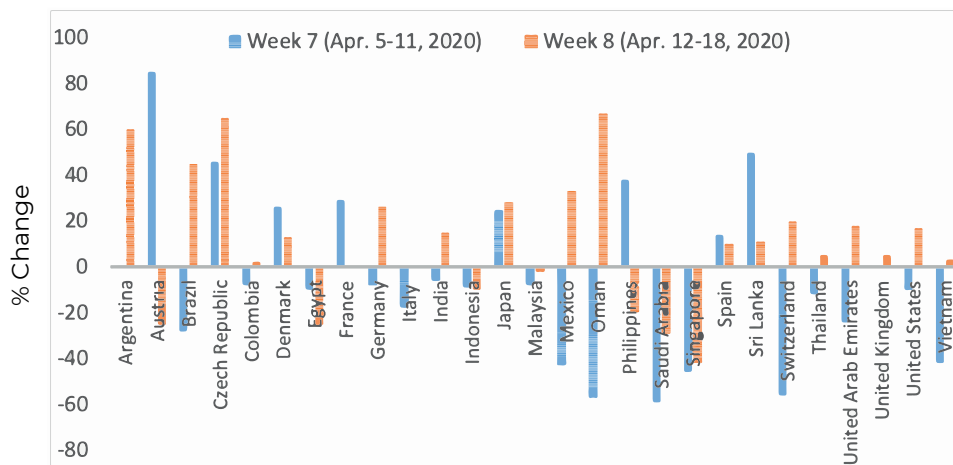
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Source: RateGain

To understand the granularity, we decided to take a closer look to find out if the worldwide trend stands true for all the regions or countries. We have found that during the last week (from April 12th to 18th, 2020), 18 destination countries showed a week-over-week uptick in reservations. We considered all the bookings made during the week for any future date, to do this analysis. While the increase is not much as compared to the loss, an uptick gives us a direction to think.

The countries that noticed upticks are Argentina (booking up by 60%), Brazil (45%), Czech Republic (65%), Colombia (2%), Denmark (13%), Germany (26%), India (15%), Japan (28%), Mexico (33%), Oman (67%), Spain (10%), Switzerland (20%), Thailand (5%), UAE (18%), the UK (5%), the USA (17%) and Vietnam (5%). Countries such as Italy and France noticed no tractions in booking numbers. Most countries that noticed an uptick during Week 8 noticed a decline in Week 7. There are some countries that noticed a downward trend in Week 8 as well. See Diagram 3. So, should we assume that these numbers are signs of recovery? These are actually not. These are the signs of response efforts by hotels to survive and fund their operational costs. In the following chapters, we will take a closer look at each geography to see what's igniting these changes.

Diagram 3: Country-by-Country Reservation Trend (% Change)



Source: RateGain

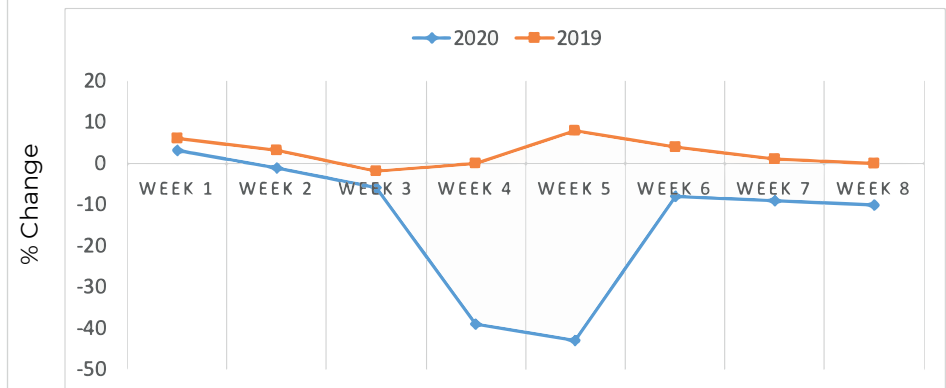
Asia Pacific: Will the Region Drive the Recovery Worldwide?

Mainland China has been a subject of discussions worldwide, especially after the emergence of corona virus in the country. China had not only been the source of the world's biggest travel community, but unfortunately the source of COVID-19. Most countries have now imposed travel restrictions for all inbound flights from China to contain the virus cases. With the spread of the virus to countries beyond China, the extended travel restrictions and lockdowns in all affected countries seem to be the new normal.

Amidst what seems like a global lockdown, China made headlines again. This time, the country made headlines for easing the lockdown when the countries like Italy, Spain and the United States of America were busy dealing with increasing corona virus cases. After the ease of the lockdown in China, the country's aviation industry that recorded a loss of \$5.6 billion was noticed to be busy luring the domestic travelers by offering significant one-seat to multi-seat discounts, according to the Civil Aviation Administration of China. On March 28th, 2020, 87% hotels across the country were found to be open, reports STR. These all seem to be an early signs of domestic travel recovery for the country. But, is it going to be true for other countries in APAC? Not, as of now.

Our latest analysis of the last eight weeks reveals that Week 4 (March 15th to 21st, 2020) and Week 5 (March 22nd to 28th, 2020) were the worst week for the hotel industry across Asia Pacific. The reservations dropped by 33% in Week 4 and 11% in Week 5. The industry noticed some relief in Week 6, but the downward trend continues for the region.

Diagram 4: Reservation Trend in APAC (Week-by-week % Change)

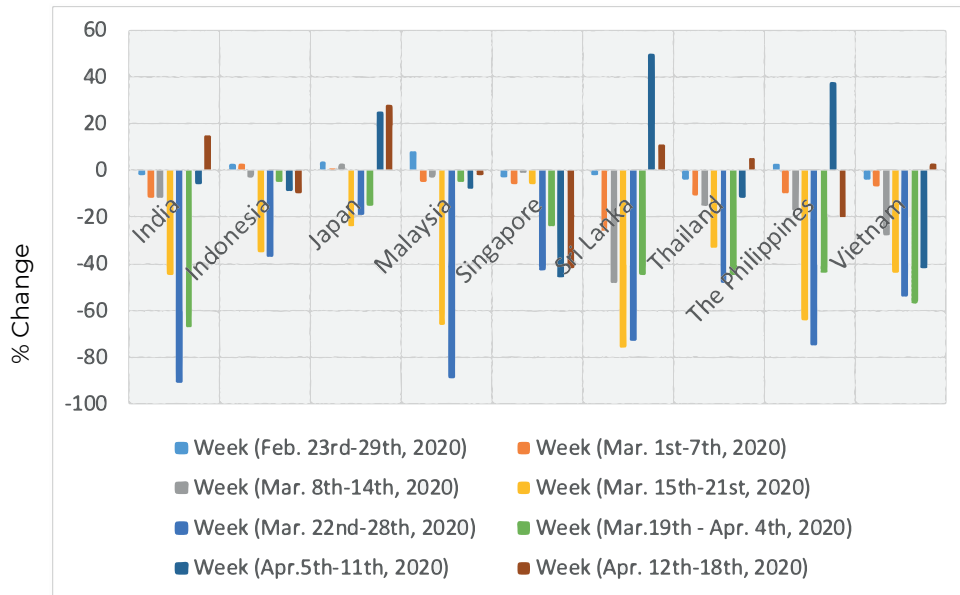


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Source: RateGain

To understand the severity of the situation, we also conducted a country-by-country booking analysis. Our study reveals that all the nine APAC destinations (including India, Indonesia, Japan, Malaysia, Singapore, Sri Lanka, Thailand, The Philippines, and Vietnam) that we analysed for the purpose of this study have posted a decline in reservations in the last eight weeks. However, during Week 8 (April 12th to 18th, 2020), countries including India, Japan, Sri Lanka, Thailand and Vietnam registered an uptick in reservations whereas Indonesia, Malaysia, and Singapore are still posting consistent declines. These upticks are worth a discussion.

Diagram 5: Country-by-Country Reservation Trends in APAC (% Change)



Source: RateGain

Let's first look at what's happening in Japan. The Japanese hotel market that added a large numbers of rooms in the recent past is now struggling with bookings. The hotels across the country have lost a big deal on Olympic bets. While Week 8 (April 12th to 18th, 2020) noticed a slight increase in reservations (up by 28%) in Japan, the

bookings are still significantly down from what it was in January 2020. The uptick in bookings across Japan seems to be a result of the people who have been exposed to the virus are opting to stay in hotels to save their family from getting infected. This is specifically turning out to be true for people who have symptoms but do not meet the testing conditions.

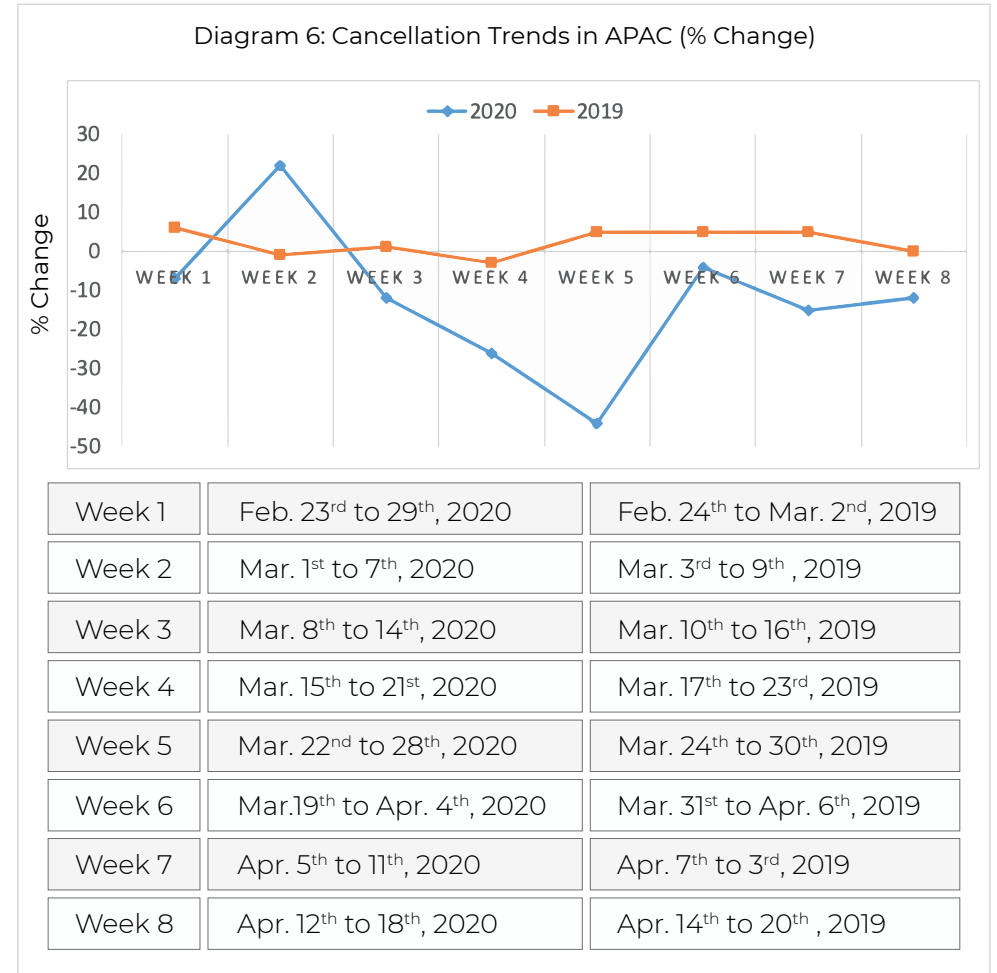
Similarly, India posted a 15% uptick in bookings during Week 8 (April 12th to 18th, 2020). Which may at first seem like a recovery. Most of it is used by doctors and front line workers to stay away from the families. The Indian hotel industry saw a 91% week over week dip in reservations during the week starting from March 22nd, 2020. Sixty percent of organized hotels in India are shut. According to the Hotel associations of India, over 4 crore jobs are at risk. Having said that industry believes that there are several macro factors that will help the industry recover faster. Alike China, people in India have become travel savvy, and the first signs of recovery will be noticed from the domestic market itself.

A beam of positivity is also noticed across Sri Lanka. The country has now decided to ease the lockdown. The tourism board of the country is already preparing for the post COVID-19 travel. According to Sri Lanka Hotel Association, there are tentative bookings for next year already. However, they are expecting a 12-month slump.

During Week 8, Thailand too noticed an uptick in reservations. During to the decreasing number of corona virus cases in the country, Thailand has decided to extend foreigners' visas. It's definitely a positive news for the country's tourism sector.

Amidst everything, some hotels in Thailand are have started to offer work-from-hotel day-use packages at exceptional rates for people looking for spacious and quiet working arrangements closer to home. Some hotels are even diversifying and are taking orders for food from their restaurants for delivery via GrabFood, Foodpanda and such. The country also turned out to be one of the first destinations that travelers from China would like to travel to. According to the China Thailand Travel Sentiment Survey 2020 conducted in April by C9 Hotelworks and DAC China Digital Services revealed that “53% of Chinese tourists would like to travel this year, targeting August, October and December in particular. The preference to travel in Thailand was high at 71%, with Bangkok, Phuket and Chiang Mai ranked the top three destinations, followed by Koh Samui and Pattaya.”

When we analyzed the cancellations across the region, we found that the cancellations too went up across the region soon after the outbreak of the virus beyond China. From Week 1 (Feb. 23rd to 29th, 2020) to Week 2 (From Mar 1st-7th, 2020) the cancellations increased by 22% before showing a sigh of relief in Week 3 (Mar 8th to 14th, 2020), Week 4 (Mar. 22nd to 28th, 2020), Week 5 (March 22nd to 28th, 2010) mostly because of the decline in reservations. Cancellations increased again during Week 6 when we also noticed a slight uptick in bookings.



Source: RateGain

The COVID-19 crisis has affected every aspect of the tourism and hotel industry value chain. It will be worthwhile to think through how the region will evolve in the coming months. We believe that APAC is still the future of the travel industry.

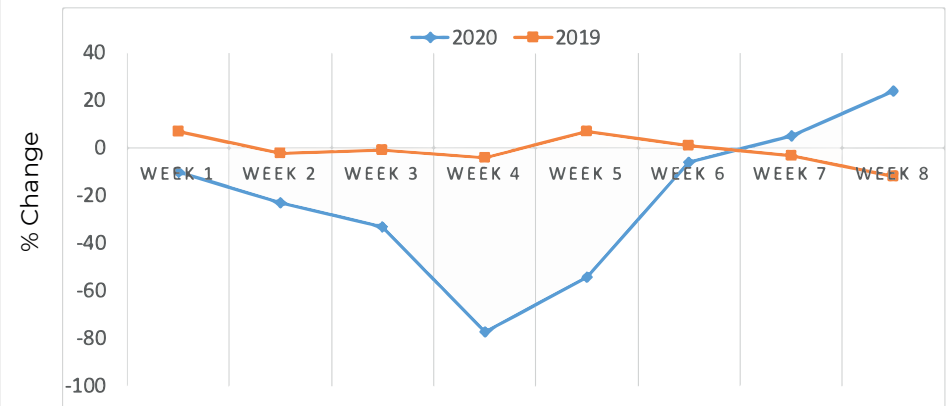
Europe: The Only Way is Up?

With caution and nervousness, the process of relieving lockdown has started country by country across Europe. Each country seems to be moving ahead with its own pace. As the countries across Europe are posting a declining number of COVID-19 cases, governments are partially opening up schools and permitting and reopening shops. Countries such as Austria, Czech Republic, Denmark, Germany, Italy and Spain are some of the first European countries that have eased their most severe restrictions. These countries have allowed partial returns to work, to revive their economies.

Our analysis highlights that in the last two weeks, the region noticed an increase in week over week reservations. The diagram below highlights that from Week 5 of the year 2020, the hotel booking rate started to increase; in Week 6, it increased by 48% and went up further in Week 7 by 11% and in Week 8 by 19%. As the trends indicate, the booking numbers seem to go upwards. The percentage increase in Week 8 in 2020 has been higher than the Week 8 of 2019. Should we consider this as a sign of recovery across Europe?

For a closer look, we decided to do a country by country analysis of the data. As a result, we found that until Week 8, six out of nine European countries on our list witnessed an uptick in the booking

Diagram 7: Reservation Trend in Europe (Week-by-week % Change)



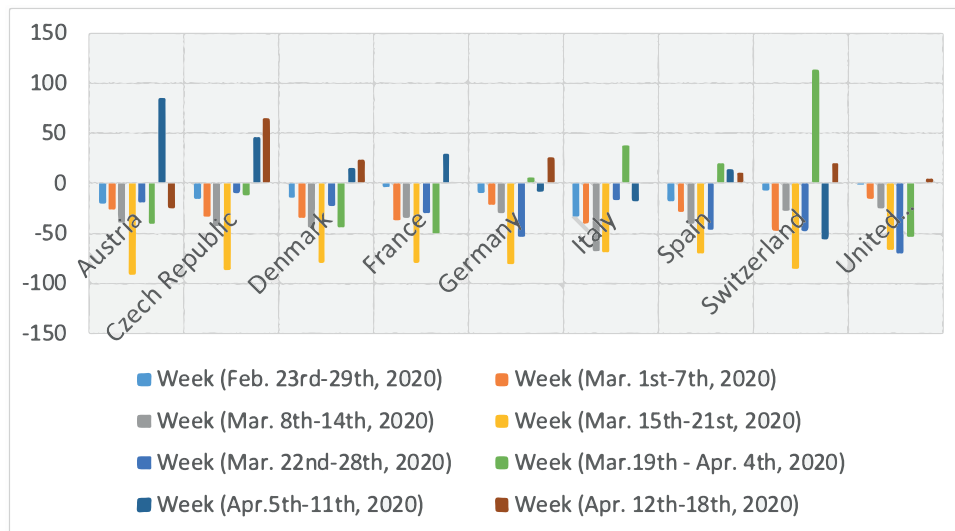
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Source: RateGain

percentage change. Czech Republic, Denmark, Germany, Spain, Switzerland, and the UK have posted a slight increase in the week over week reservation changes.

We believe that these unexpected upticks are due to the relaxation of restrictions. For instance, Denmark has announced to put the lockdown into gradual reverse. Austria and Czech Republic both have introduced new conditions of entry from April 14th, 2020, allowing foreigners to transit through the country. In Austria, the government is expected to reopen hotels in May. Similarly, the government of Switzerland has issued recommendations for trips abroad with restrictions & guidelines. The country will start loosening the coronavirus lockdown restrictions from April 27th, 2020. It will be great to observe Czech Republic and Denmark in the coming weeks.

Diagram 8: Country-by-Country Reservation Trends in Europe (% Change)

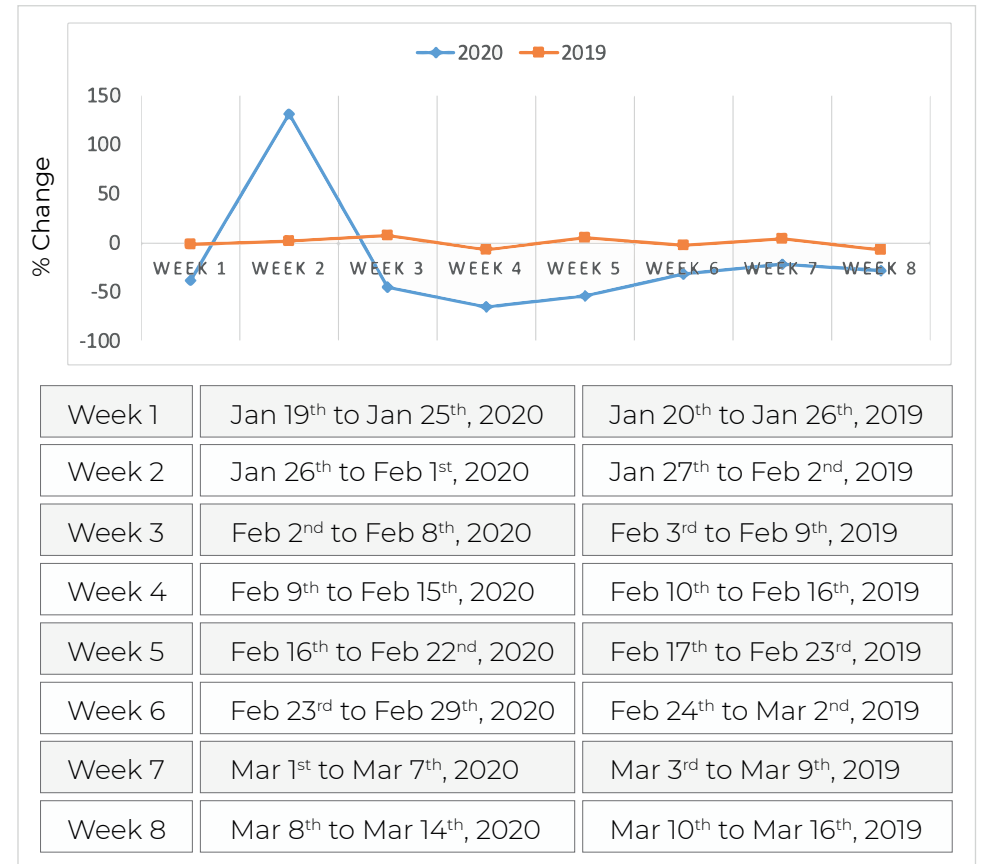


Source: RateGain

To present further insights, we also mapped the bookings cancelled from Week 1 to Week 8 in 2020 with the cancellations during the

same period in 2019. The results reveal a significant impact during Week 2 (March 1st to 7th, 2020). As compared to the last year, the booking cancellations increased to a whopping 131% from Week 1 to Week 2 in 2020. After that cancellations dropped significantly, followed by a huge decline in booking numbers.

Diagram 9: Cancellation Trends in Europe (% Change)



| | | |
|--------|---|---|
| Week 1 | Jan 19 th to Jan 25 th , 2020 | Jan 20 th to Jan 26 th , 2019 |
| Week 2 | Jan 26 th to Feb 1 st , 2020 | Jan 27 th to Feb 2 nd , 2019 |
| Week 3 | Feb 2 nd to Feb 8 th , 2020 | Feb 3 rd to Feb 9 th , 2019 |
| Week 4 | Feb 9 th to Feb 15 th , 2020 | Feb 10 th to Feb 16 th , 2019 |
| Week 5 | Feb 16 th to Feb 22 nd , 2020 | Feb 17 th to Feb 23 rd , 2019 |
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Source: RateGain

Summers are one of the best seasons for the hotels in Europe. They see a flood of visitors from all over the world. However, 2020 is going to be a different year. As the summers approach fast, question in front of the governments is, when exactly can people travel freely.

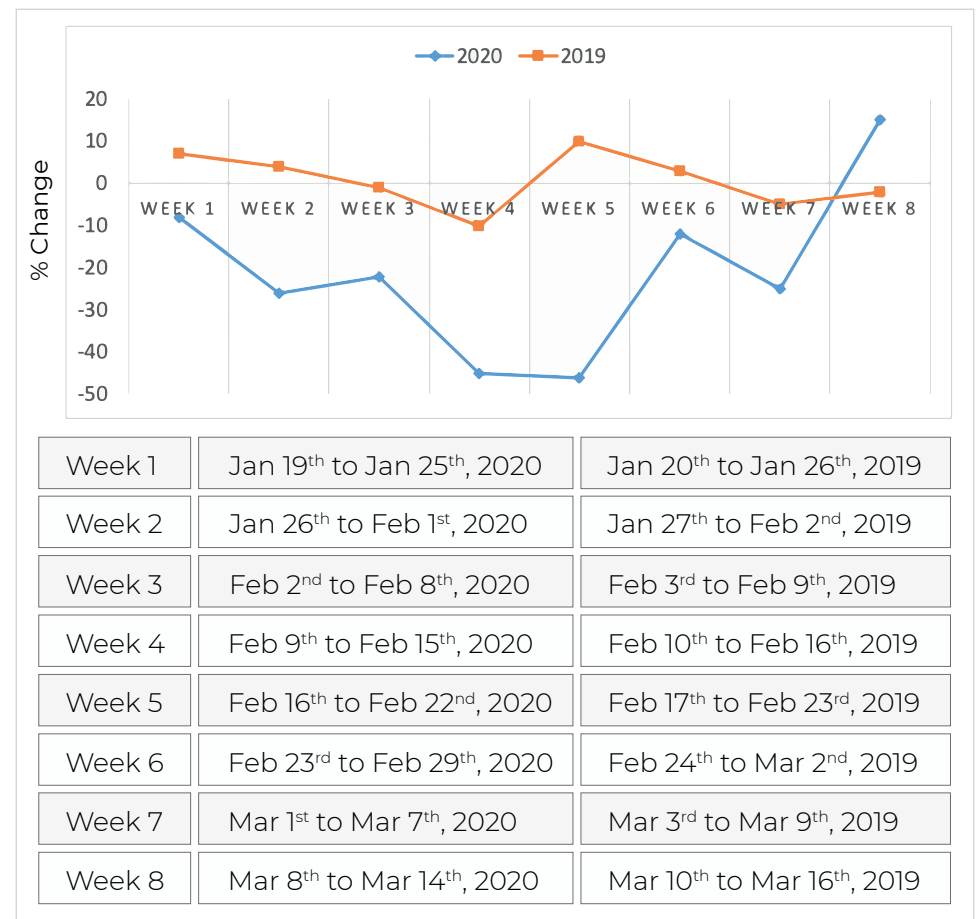
Middle East & Africa (MEA): Is Corporate Long-stay the Answer?

The countries across the MEA region are famous destinations amongst tourists, business travelers, and foreign pilgrims. The corona virus shock to the global economies is also hitting the middle east region hard. Due to grounded airlines and parked vehicles across the globe, the demand for oil has already gone down significantly. The hospitality industry too isn't untouched of the impact of the virus.

Let's see the stats and understand how's the hotel industry performing in the region.

We first did a week-by-week analysis on the reservations done in 2020 and then compared with the same weeks of the year 2019. We have noticed dramatic ups and downs every week in 2020. It's just the last week (April 12th to April 18th, 2020) when the region noticed an overall uptick.

Diagram 10: Reservation Trend in MEA (Week-by-week % Change)



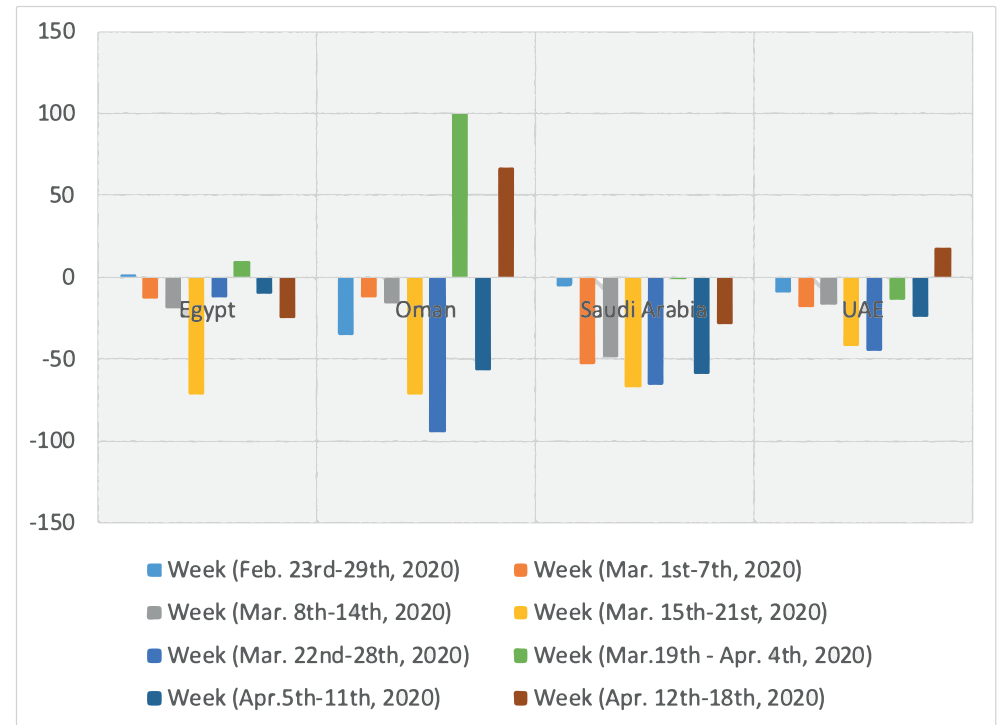
Source: RateGain

MEA is an interesting region; it's diverse and huge. The region-wise impact can influence the numbers significantly. For this analysis, we have picked up the four countries from North Africa and Middle East—Saudi Arabia, Oman, UAE and Egypt, which can reflect the true impact of the virus on the hotel sector. Dubai alone hosts over 1 million travelers from China.

Our week-by-week booking trend shows a significant downward trends for all weeks across all countries, except for UAE and Oman. The hotels in UAE claim that the long-stay corporate guests on one-year contract are the only respite. Hotels in general are running with 30% occupancy across UAE. Hotels across UAE and Oman are also expecting guests from Gulf countries for staycations by late May or early June 2020. Some have even launched lucrative staycation and long-stay deals to minimize the losses. Dubai was betting big on foreign tourists for the Expo 2020 preparations. With the halt on travels, the country has to come up with innovative ideas to incur the losses.

Alike many countries globally, Egyptian hotels too are targeting the guests who are looking at self-isolations as the result of the spread of the coronavirus across the country. In some cases, the government paid for the quarantine of the people who came back to their home country from all over the world.

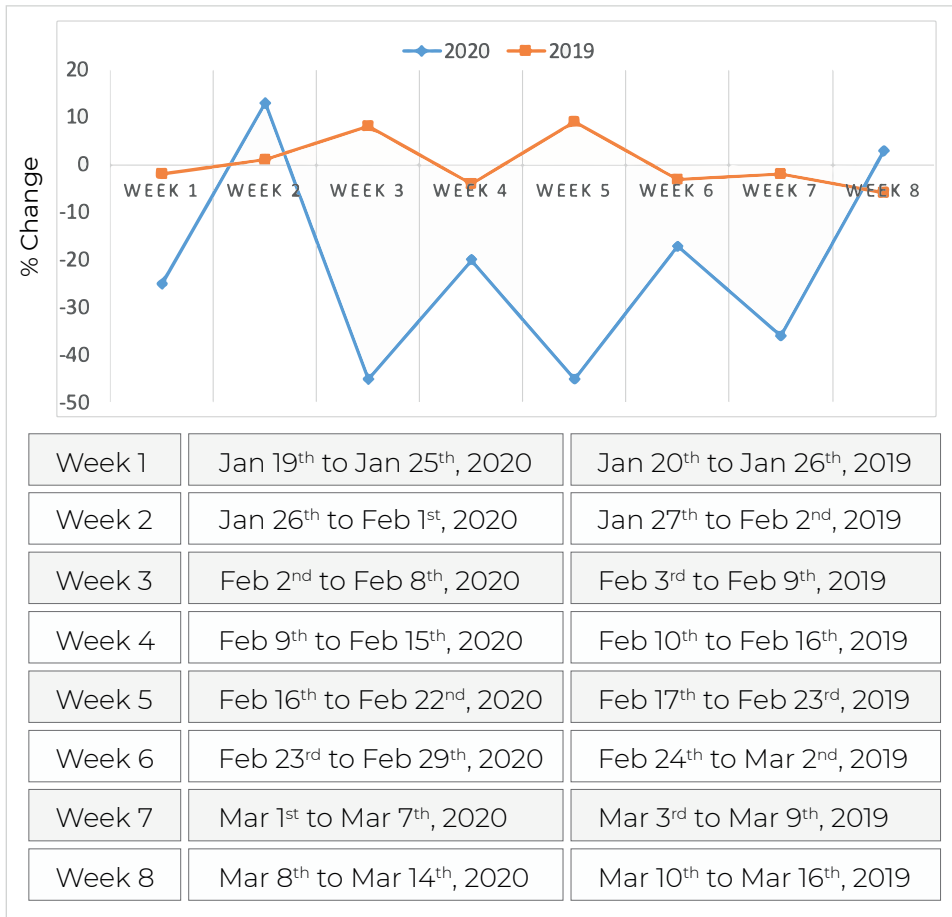
Diagram 11: Country-by-Country Reservation Trends in MEA (% Change)



Source: RateGain

Alike reservations, cancellations too have been showing dramatic changes from week to week. Week 2 (March 1st to March 7th, 2020) seems to be the worst week for the region. The week not only saw the maximum decline in bookings but also noticed a spike in cancellations—cancellations were up by 38% in Week 2. After noticing continuous ups and downs, cancellations have increased in Week 8 again (up by 39%), following the booking trend of the week.

Diagram 12: Cancellation Trends in MEA (% Change)



Source: RateGain

What seems like a recovery sign is basically nothing more than the efforts made by hotels to bring some respite to the impact of COVID-19 on their businesses.



Americas: When Healthcare & Hospitality Join Hands

“We continue to see a number of positive signs that the virus has passed its peak,” these words from the President of the USA Donald Trump were reassuring for the residents. It definitely has put the country in a very strong position to announce the new guidelines for social distancing. Some of the states including Georgia, South Carolina and Tennessee have already announced the plans to ease coronavirus restrictions. The federal governments are planning to ramp up operations. While these consecutive reassuring announcements are soothing to ears, there are several industries that are going through tough times.

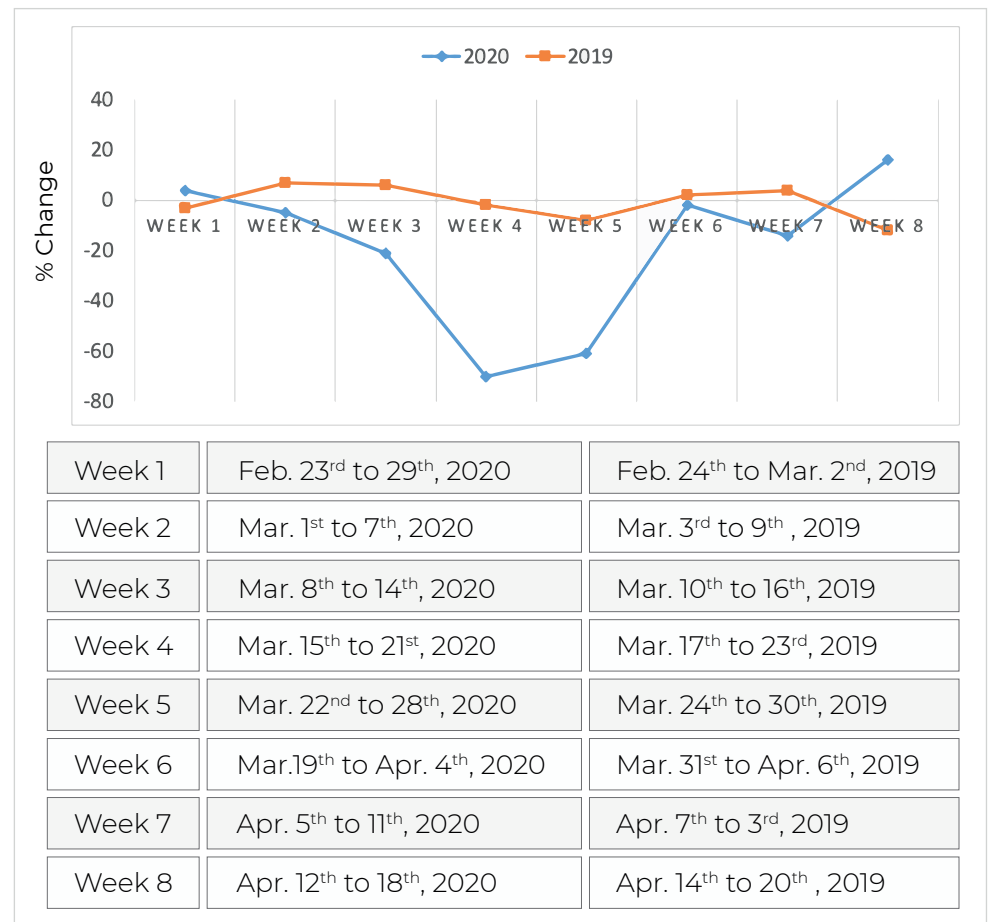
For instance, as of April 15, nearly 8 out of 10 hotel rooms were empty across the country, according to STR. Since February, hotels have already lost over \$13 billion in room revenue and are projecting to lose over 50% of revenue in the first half of the year itself. Many individual properties and major players are expecting occupancies below 20% for upcoming months. Small hotels are at high risk of closures.

The impact can also be seen across countries such as Argentina, Brazil, Colombia and Mexico. They have all been strong tourism economies. Due to lenient visa procedures for the tourists from China, Brazil and Colombia benefitted significantly until 2019. Today,

COVID-19 has put a halt to the growth of economies.

Let’s see what’s happening in these countries these days. Our analysis highlights that in the last eight weeks, the region Americas continued to post a decline in room reservations. The week over week reservations % fell significantly during Week 4 (March 15th to 21st, 2020) and Week 5 (March 22nd to 28th, 2020), reflecting that the impact of COVID-19 intensified during the period.

Diagram 13: Reservation Trend in Americas (Week-by-week % Change)



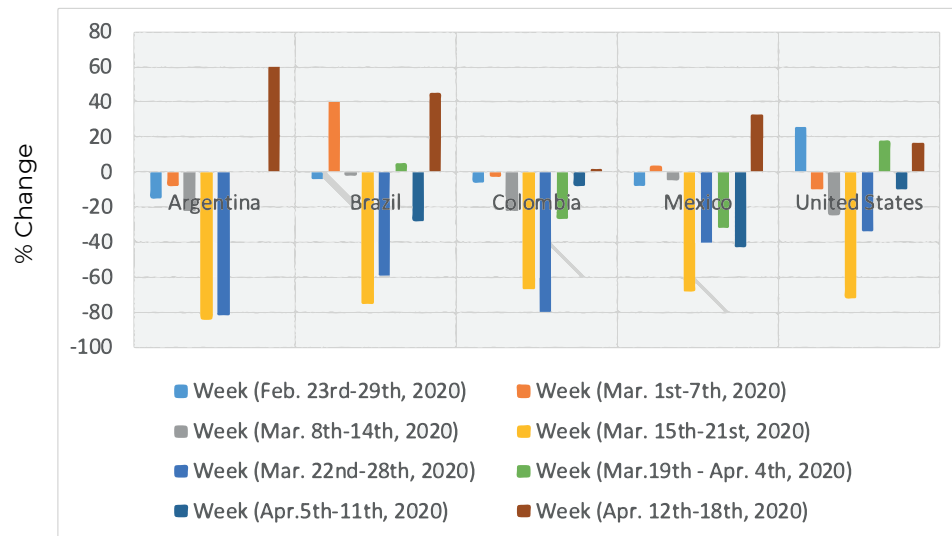
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Source: RateGain

Our country by country analysis reveals that all five countries analyzed for the purpose of the study have posted upticks during the last week (April 12th to 18th, 2020). Argentina (up by 60%), Brazil (up by 73%), Colombia (by 10%), Mexico (by 76%), and the USA (up by 27%) have posted increase in reservations.

In the USA, the American Hotel & Lodging Association launched Hotels for Hope initiative to connect hotel properties with the health workers and the first responders in need of temporary housing. These hotels have volunteered to provide housing and resources for patients and at-risk individuals. Several hotels announced to offer free or discounted stays to those in need of housing. Similarly, a hotel booking management platform Hotel Engine partnered with several hotel chains to provide discounted rate at 22,500 properties for healthcare and support personnel helping the country fight against COVID-19. Long stays are being seen as one of the first opportunities for hotels as people are increasing opting for hotels for self-isolation and do not want to put their family in danger.

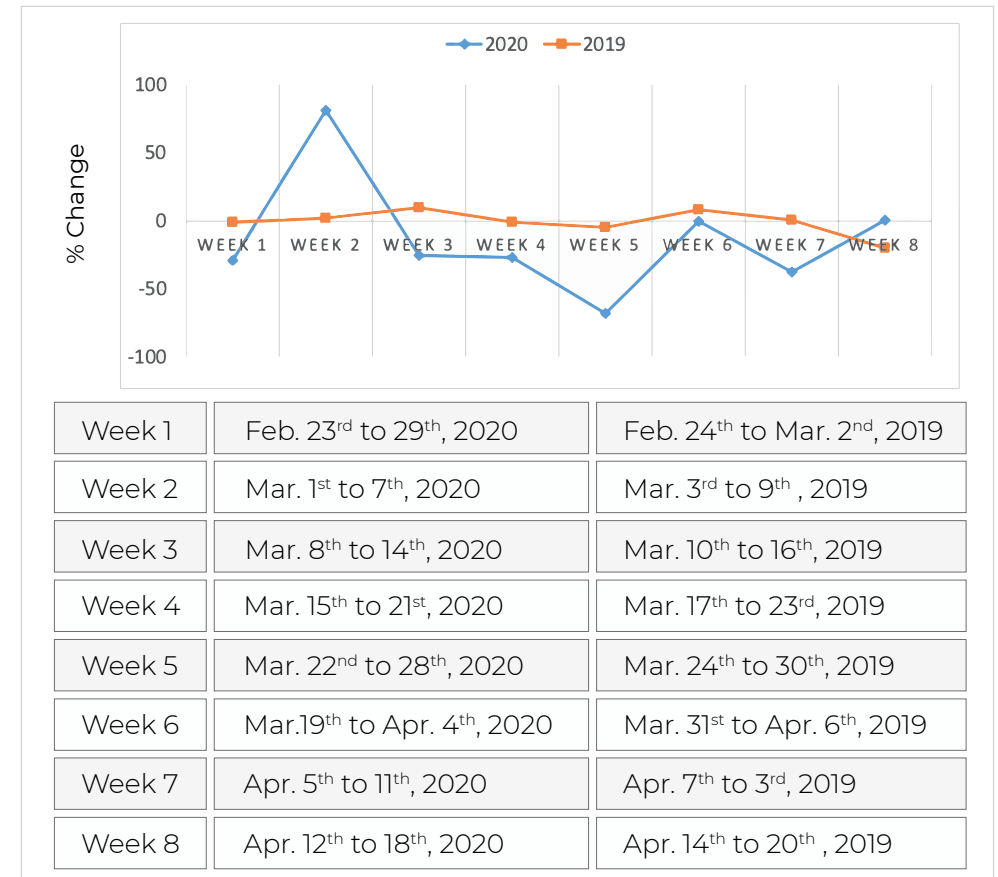
Diagram 14: Country-by-Country Reservation Trends in Americas (% Change)



Source: RateGain

From booking cancellations perspective, the region registered a spike during Week 2 (March 1st to March 7th, 2020) due to the increased panic and the increased number of corona cases in the first week of March 2020. Since then there has been no major spike or downturn. From Week onwards, the cancellation trends across the region are following the booking trajectory.

Diagram 15: Cancellation Trends in Americas (% Change)



| | | |
|--------|--|--|
| Week 1 | Feb. 23 rd to 29 th , 2020 | Feb. 24 th to Mar. 2 nd , 2019 |
| Week 2 | Mar. 1 st to 7 th , 2020 | Mar. 3 rd to 9 th , 2019 |
| Week 3 | Mar. 8 th to 14 th , 2020 | Mar. 10 th to 16 th , 2019 |
| Week 4 | Mar. 15 th to 21 st , 2020 | Mar. 17 th to 23 rd , 2019 |
| Week 5 | Mar. 22 nd to 28 th , 2020 | Mar. 24 th to 30 th , 2019 |
| Week 6 | Mar. 19 th to Apr. 4 th , 2020 | Mar. 31 st to Apr. 6 th , 2019 |
| Week 7 | Apr. 5 th to 11 th , 2020 | Apr. 7 th to 3 rd , 2019 |
| Week 8 | Apr. 12 th to 18 th , 2020 | Apr. 14 th to 20 th , 2019 |

Source: RateGain

The trends that we have highlighted across this reports are indicative. The coming weeks will uncover important trends that will change the business rule book forever.

Actionable Steps to **Protect Your Hotel Business During COVID-19 Demand Disruption**



Tracy Dong
Senior Advisor, IDEaS Revenue Solutions

To help understand the extent to which COVID-19 will impact a property, or group, hoteliers must evaluate their position and develop plans at a corporate and property level. Hoteliers with a majority of their business originating from one travel market need to diversify their marketing activities to attract new customers. It's also important when addressing the impacts of COVID-19 that hotel chains leverage a balanced portfolio to mitigate the negative impacts in one country or another.

Adjust Forecast & Pricing Strategy

- Most hoteliers worldwide will already be experiencing some kind of slow-down in bookings as a result of travel restrictions and government regulations, with cancellations exceeding new

reservations. One reaction to such a scenario is to drop rates to try and boost occupancy, but this is not advised for a multitude of reasons. The large-scale disruption to global travel markets as a result of COVID-19 will lead to a general lowering of available demand, making it less price sensitive—demand is less likely to increase during these periods by driving down the rates due to less guests travelling to the destination. Cutting rates will not suddenly increase demand if consumers are stuck on a no-travel ban.

- It should also be remembered that while price cuts can deliver a brief spike in volume, they can also result in long-term pain for any hotel that pursues this strategy. Hotels that lower their prices in the face of a market slow-down can face significant challenges when demand picks up. These properties experience resistance to any price increases from customers who have a lower reference point value for a hotel's rooms and services.
- Hoteliers must adjust price sensibly. They should monitor the pricing trends of other hotels under different grades in their city and instigate rate changes sensibly in relation to the market they operate within. Hoteliers should pay close attention to their competitive set by scouring reports from data services like rate shopping and STR. An advanced revenue management system and its models such as what-if analysis will help hotels to make the best decision on pricing changes and promotions.

Cost Control

- When reservations decrease, responsible businesses will look to practice tighter cost control to ensure a healthy cash flow. However, hoteliers should be mindful to plan out any cost reduction actions to ensure short-term activities do not hurt business opportunities and brand value in the long run.
- Accurate demand forecasting provided by an automated revenue management system can greatly enhance a hotel's labor scheduling, helping reduce instances of overstaffing in the face of low demand and help to reduce costs. Once demand forecasting data is made available, staffing managers can determine which areas are most affected by the number of guests staying in the hotel. The number of occupants a hotel carries can directly influence housekeeping needs, the number of staff needed on the front desk to check guests in and out, the number of servers required in restaurants and valets to park cars, or cutting down on food purchasing according to the predicted number of covers or bookings.

Prepare for the Rebound

- While the spread of COVID-19 is having a direct impact on many hoteliers' forward reservations, it is not all bad news. Hoteliers should use this situation as a chance to re-evaluate their business—downturns can be a good time to train your people and review your plans for investing in long-term success. Additionally, when travel bans are released, tourist arrivals will rebound, and hoteliers will have opportunities to attract new guests from new markets and build a wider customer pool for long-term success.
- Given the impact of COVID-19 on the global hotel industry, it is critical that property and brand owners develop and review their

strategic contingency plan. Hoteliers need to create a balanced portfolio of source markets to reduce risks of profit loss and adjust their pricing strategy sensibly when the situation changes. With a plan in place to secure cash flow, such as pricing strategies and cost control, along with investing in future opportunities through staff training and possible property upgrades, hoteliers will gain a competitive advantage when the market has made a full recovery.

5 Practical Tips from IDEaS to Help Hoteliers Survive Uncertain Times

Times are tough. But this disruption will pass and the market will rebound again. Decisions you make now will impact your speed of recovery when the market bounces back.

1. Work Together

You are a team—every department needs to work together and communicate. This is no time for silos. Sharing information will support and optimize your overall strategy.

- Get your revenue team together, discuss and agree on your approach and strategy (what is the primary focus for the organization, frequency of updates, rates/occupancy, goals)
- Ensure you stay updated with key developments on travel restrictions and other regulations to prepare for shifts in demand
- Uphold quality service levels to be ready for recovery
- Maintain cash flow and operations

2. Manage Rates & Keep an Eye on Forecast

Don't rush to cut your rates—it won't increase demand, and you will have a problem maintaining your original average daily rate when business bounces back.

- Monitor and update occupancy forecasts and communicate these to other departments regularly
- Understand which market segments may recover quickly and stay close to the channels they book through to take advantage of demand when markets recover
- Use data to make decisions and adjust demand based on level of impact in your market
- Work with the commercial team to assess any base or contract business on the books to understand how this may impact demand
- Keep track of group cancellations and ensure sales resources are available to help follow up on rebooking, especially where bookings are banked without committing to confirmed future dates
- Continue to monitor future business and evaluate future opportunities so you are ready to put strategies in place to replace lost business
- Reevaluate your offering, consider how you can maintain price point (i.e., include added value services)
- Don't follow competitors driving down pricing; they may not follow you when it is time to raise your rates

3. Manage Rates & Keep an Eye on Forecast

Focus on maintaining guest loyalty and use your customer data toward greater personalization of offerings.

- Determine new success criteria for your current situation
- Invest time in gathering positive reviews from your happy customers or responding to negative reviews
- Review your marketing message so it's relevant and reassuring
- Concentrate on local sales & marketing (e.g., staycations, extended stays, etc.)
- Make any adjustment to your geo-fencing strategy (location-based digital advertising) as necessary
- Engage and entice your loyal customers (flexible cancellation policy, welcome-back packages, special offers and incentives)
- Meetings & Events—work with your clients to postpone, not cancel, whenever possible
- Focus efforts on ancillary spend (e.g., bar, restaurant, spa, M&E and room service)

4. Create Efficiencies & Focus on Improvements

Use this downtime wisely and find creative ways to cut costs.

- Consider spending time on long overdue maintenance (e.g., spring cleaning, servicing A/C units—which can also help reduce energy costs)
- Save energy by closing floors or wings
- Be flexible and stay focused on cost
- Don't be complacent—we are likely to see pick-up in demand as quickly as we have seen a drop in occupancy, so be prepared
- Evaluate your tech stack and understand what new technology investments can do for your business

5. Stay Informed

Educate yourself with resources you can trust.

- Brief all client-facing staff to answer any questions
- Take the opportunity to expand learning and skills development for you and your team to keep abreast of the evolving industry
- Capitalize on cross-team efficiencies—can certain tasks be picked up by other team members?

The New Normal of Revenue Management: It's Loading...



Apurva Chamaria
Chief Revenue Officer, RateGain

The coronavirus crisis brought the travel and hospitality industry to a standstill. While we are now noticing collaborative and collective efforts towards recovery, the full-strength recovery is expected in months from now. When that happens, the new normal of revenue management will be radically different from the new normal today. The primary focus of the revenue managers will be to generate the revenue from the scratch. Here's a look at what it's going to be like.

The New Normal of Revenue Management in Short-term

While the ultimate new normal revenue management is still loading, the new normal of revenue managers in the short-term is going to be about:

- **Maintaining the Cash Flow:** Cash flow is the undisputed king. Think creatively to attract revenues from different channels. For example, Hilton raised cash from selling its customers' loyal points to its credit card partner American Express. The company sold its \$1 billion worth of Hilton Honors points to American Express. It's a great way of increasing the liquidity, to fund operations until the demand increases. We foresee that many hotels will try this method of raising cash. Another example of creative thinking are the independent hotels in Thailand. In order to maintain business and bring some cash flow in, hotels in Thailand have started selling vouchers for future bookings with extended expiry dates. It may or may not be a foolproof solution. But, it's worth trying.
- **Collaborating with the Government, Industry Bodies, & Peers:** Revenue managers now need to work with industry associations to create and submit proposals to governments to address the issues in hand. For example, Accor has recently announced that it would submit proposals to the French government soon, and then to various governments to Europe, around the easing of lockdown measures. Similarly, many hotels and OTAs in India are working with Internet and Mobile Association of India (IAMA) to submit proposals and recommendations to ease taxes and more. This is the time of collaboration, to bring the bucks back.

- **Utilizing Learnings from the Past:** While we know that there's no historical precedent of the corona crisis, previous episodes of disasters do offer clues about what to expect and the likely consequences. The hospitality industry has braved such crisis in the past as well. In the current situation, a review of the historical decline in the number of tourists could be used as a reference to analyze the realistic picture from a macro-perspective. Similarly, the gradual uptick can be looked as the reference point of recovery. Besides, humans are immensely adaptive, and the previous recoveries after disasters are the testament to the fact that scars heal quickly. While there would be habitual changes, people will start travelling soon, and revenue managers will have a market to cater to.
- **Bringing Seriousness to Health & Safety Measures:** Start working towards ensuring health and safety measures for guests and staff. For example, Accor has recently announced a partnership with Bureau Veritas to develop a safety and cleanliness certification to allow businesses to reopen. The company said that it would, ultimately, create a guide to be made available to all stakeholders in the hospitality industry, enabling them to rigorously apply the health and safety recommendation of authorities, both in guest services spaces and in back office and catering spaces. The post-corona travelers would be cautious travelers. They would scrutinize hotels like never before. Hygiene and safety would be top of chart while selecting a hotel to stay.
- **Managing Customer Relationships:** It has now become important to proactively share health advisory and steps being taken for the safety of guests and visitors. In the coming days, these measure will have a direct impact on your bookings. A hotel, therefore, must plan for the following three types of communications: 1) Before the stay, 2) During the stay and 3) Loyal customers. Besides, hotels will need to offer and show

more flexibility. For example, Taj has recently announced to wave off cancellation charges for bookings made for hotel stays till 30th June, 2020. Also, the hotel chain has paused expiration of its customer loyalty program Taj InnerCircle Points till 28th February, 2021. Similarly, other hotels such as Accor and Marriott are offering lucrative cancellations and modification options too. Also hotels will come up with new loyalty programs to attract corporate travelers.

- **Monitoring Social Media:** During tough times, managing social media reputation becomes more important than ever. Revenue Managers really need to follow the sentiment of customers. It's important to listen to social media to understand what your customers are talking about you, and travel in general using social listening tools. Monitor your social media channels carefully to understand the pulse of your demand, and prepare a strategy accordingly.

The New Normal of Revenue Management in Long-term

In the post-corona era, markets will fundamentally be reshaped. Companies that move fast and are flexible in adapting to these changes will secure market share and their position in market. Travelers will focus on personal wellbeing and building their immunity and travelling to places unknown and unseen. The evolving expectations of the post-corona traveler will lead to a new market altogether. Here's what should be on the agenda of a revenue manager in the post-corona world.

- **Restart/Reset, Not Refresh:** Revenue managers will need to re-start their business NOT refresh. They have to be different in their approach to sustain in the business. RM teams will need to study the interplay of several different factors. Traditional approaches of forecasting will be ineffective; revenue managers

will need to rely on forward-looking data and signs of recovery. Looking at the recent past, hotels should develop crisis pricing policies and criteria for forecasting mechanisms in crisis. Similarly, a new set of price elasticities should be considered for the post COVID-19 market conditions. Revenue managers should be able to lower prices to stimulate travel demand faster.

- **Focus on Direct Bookings:** What hits a hotel's revenue the most is getting a lower value booking through an OTA and ending up paying the commission on top. While OTAs are a major source of revenues in normal situation, hotels need to find ways to increase direct bookings to ensure faster revenue recovery. For example, maintaining 'rate parity' is one of the crucial ways of increasing direct bookings. With PARITY+, you can increase direct bookings by reducing disparities and rate leakage. The platform allows you to identify and manage disparities across all the channels over a selection of dates and ensure your rates are displaying correctly to your customer.
- **Diversify for Sustainability:** Revenue management will need to pick up from the scratch and think of a more sustainable model. Multi-tasking and penetrating in different markets (staycation, wellness center, short stay homes) is the need of the hour now. Diversification will be important. For example, Marriott in India launched its first mobile food truck in India as part of the 'Marriott on Wheels' initiatives. As per the hotel chain, it's the great way of utilizing their chefs' culinary skills and showcasing its strength in the F&B industry as well. Diversification does not have to be industry diversification. You can tap into domestic market first. If you want to find demand markets in a sophisticated way, opt for a smart distribution platform that can identify new demand markets and onboard a new distribution partner in less than 20 days. RateGain Smart Distribution operates on AI-based Mapping Recommender, which expedites

the whole process by eliminating manual efforts by 80%. For a sustained recovery, tapping the domestic market first would be important. Leisure travel will pick up first. However, with the income being impacted, the post-corona travelers would also look at a more pocket friendly options for the start. Hotels will need to monitor competition closely.

- **Monitor Corporate Travels:** In the post-corona world, corporate travel demands will be the first one to pick up. Though it will see a slow recovery. Such travelers would pay higher prices to stay at a hygienic and safe hotel. Tapping this market will be important for the revenue management teams. Track what competitors are offering to such travelers through Global Distribution Systems (GDS). Opt for a rate intelligence platform such as OPTIMA that's connected to the most GDS platforms. You will be surprised to see how quickly your 'compset' (competitors) would have changed.
- **Keep a Closer Eye on Competition:** Did you know that intra-day rate changes by competition alone can wipe out at least 10% of your business on a daily basis? No hotel chain can afford this much loss today. It's important to pay attention to the changes being made by competition in a day. In the post-COVID-19 world, competition will be fierce. It will at the same time be difficult to monitor and manage the intra-date rate changes by competition with no help from technological platforms such as OPTIMA MarketDRONE that helps revenue managers get a 360-degree market view through feeds on a device of their choice.
- **Focus on Health & Safety Marketing:** Hotels should now incorporate the concept of wellness in their strategy. Local themes, bonding with nature and digital detox will be the key attraction for travelers. Hotels will have to reset their customer

experience, and the wellness category will have to be upgraded. Hotels should now promote green initiative. Maybe upgrading to a nice eco-friendly room with healthy initiatives. Keep travelers informed about all sorts of steps that you are taking to ensure their safety and health. Use e-mails. Update your website. Don't just be the cleanest and safest hotel in the vicinity but also show that you care through social media marketing.

- **Revise Social Media Marketing Strategies:** In the post-COVID-19 era, people have lots of choices, and thus they would give business to brands, which would understand their needs and be able to give them experiences. Social media plays a great role here. Building relationships with visitors both offline and online is what hotels should focus on. Let travelers experience your hotel online before they do it onsite. For instance, hotels can design a VR-based strategy; create immersive experience of your property with the staff explaining about the cool safety and wellness initiatives. Work with a social media marketing partner like BCV to determine if you need to change the messaging and targeting. These initiatives will have direct impact on the number of direct bookings.



About IDeaS

IDeaS, a SAS company, is the world's leading provider of revenue management software and services. With over 30 years of expertise, IDeaS delivers revenue science to more than 13,000 clients in 129 countries. Combining industry knowledge with innovative, data-analytics technology, IDeaS creates sophisticated yet simple ways to empower revenue leaders with precise, automated decisions they can trust. Results delivered. Revenue transformed. Discover greater profitability at [ideas.com](https://www.ideas.com)

About RateGain

RateGain is a leading provider of SaaS products, which help travel and hospitality companies with cognitive revenue management, smart e-distribution, and brand engagement to make more revenue every day. RateGain is proud to support 125,000+ hotel properties globally by providing 240 billion rate and availability updates & powering over 30 Million bookings. RateGain is trusted by 25 out of the top 30 OTAs, world's fastest-growing airlines, 23 of the top 30 hotel chains, tour operators and wholesalers, all top car rental companies, largest cruise lines, and the largest travel management companies. In 2018, RateGain acquired DHISCO, which made it the only company in the world to offer end-to-end smart distribution. In June 2019, RateGain acquired award-winning BCV to offer guest experience cloud to maximize guest lifetime value for hospitality chains. For more information, visit www.rategain.com

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