DESTINATION DIGEST: A HOSPITALITY INDUSTRY REPORT

SABRE HOSPITALITY

Q4 2021 In Review - A Glance Into 2022

Issue Contents

Overall, 2021 was a great year towards travel recovery despite the impacts of COVID-19 variants. We observed a positive development through much of the year, but the outbreak of the Omicron variant caused the industry to take a hit in December.

Monitoring the trajectory of COVID-19 over the past 2 years, we learned that the rise of each new variant is not going unnoticed in our industry: there's the uncertainty about health implications as well as governmental courses of action, both of which tend to dampen the traveler sentiment.

The good news is that this is just temporary. With case numbers decreasing and restrictions easing, consumer confidence has already recovered to pre-Omicron levels, as people are looking for ways to release that pent-up craving for travel.

With that, we can be more optimistic about 2022 and we look forward to seeing the industry thrive again.

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LET'S TAKE A TRIP AROUND THE WORLD

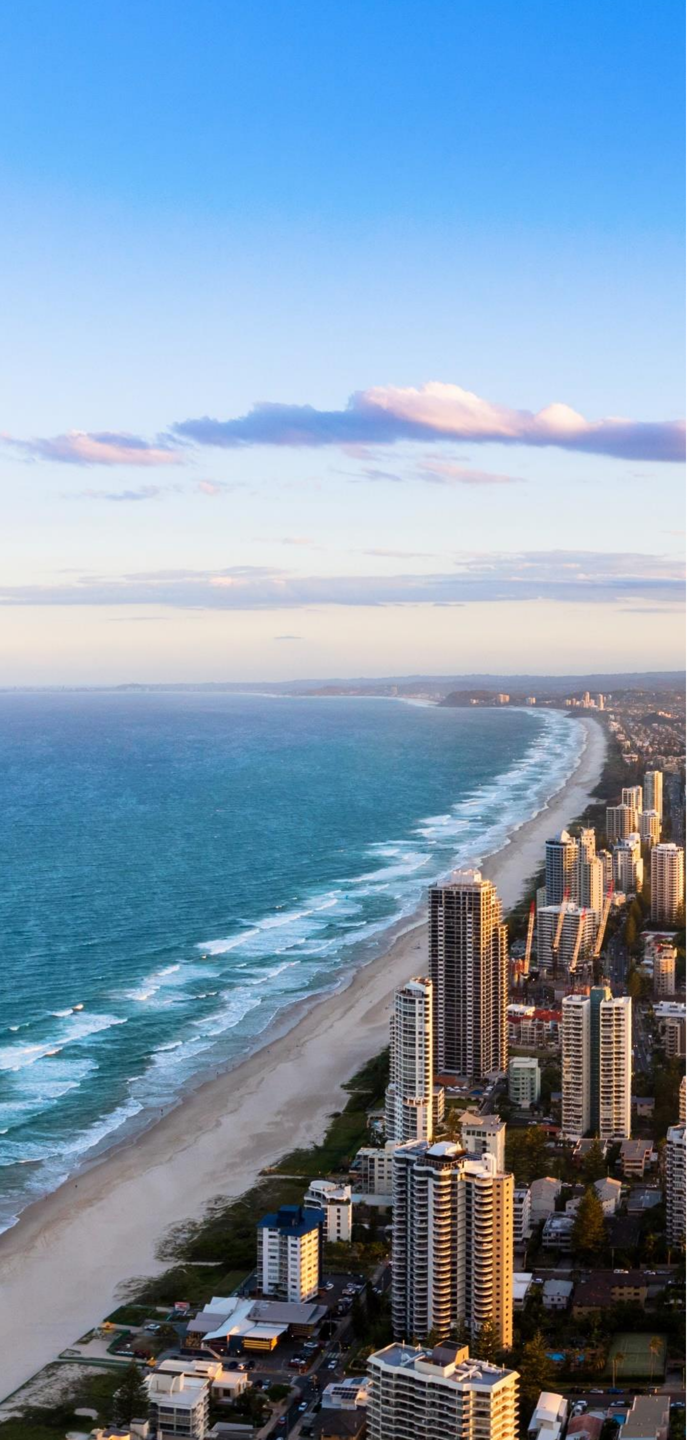
Worldwide

Traveler sentiment declined in late 2021 as Omicron, the new COVID-19 variant, rapidly spread. Both leisure and business travel felt the impact of rising case numbers.

However, positive signs have emerged in early 2022 including a decline in case numbers, increase in global vaccination rates, and a reduction of government regulations.

Additionally, as we begin the new year:

- Australia is officially welcoming back vaccinated travelers as of late February 2022. The country had closed to visitors for almost two years.
- The United States travel spending reaches a pandemic high, closing the gap on pre-pandemic levels
- Europe forecasting estimates travel to be only 20% down from pre-pandemic levels in 2022 mostly through increase in domestic and intra-Europe travel



Asia Pacific

The Asia Pacific region, which have largely kept COVID-19 cases down through border closures and other restrictions, have experienced more of a threat with the rise of the Omicron variant .

Hong Kong's zero-COVID approach has been increasingly challenging with this latest variant, but they are still committing to this “dynamic zero” strategy until they reach a 90% vaccination rate.

While cases have been rising in certain areas, some of these regulations will phase out in early 2022 with some countries announcing the reopening of their borders to tourism.

Australia’s reopening brings fresh new offerings from tour operators that focus more on rural destinations.

Vietnam also plans to open its border for travel in March 2022 – well ahead of its original target of a Summer reopening.

Europe, Middle East & Africa

Case numbers rose at the close of 2021 as Europe, the Middle East, and Africa all dealt with the highly transmissible Omicron variant.

The United Kingdom hit a country record for daily case numbers in late December. Africa also saw a quick increase of cases during this time. Luckily for some areas, like Qatar, their strict entry requirements helped them dodge the case numbers seen in many other countries during this Omicron spread.

As we look at 2022:

- Iceland reopens their borders, dropping the negative COVID-19 testing requirement that was previously needed for entry
- Israel is welcoming international tourists, both vaccinated and unvaccinated
- The European Council proposes that member states end the restrictions on non-essential travel for individuals that are vaccinated or recently recovered from COVID-19

Latin America

Many countries in Latin America saw promising signs of recovery in 2021 thanks in large part to local travel.

However, the dependency on international tourism remains strong for many countries in the area.

Some countries that have borders open, are still seeing low rates of international travel. While the interest is strong, a mix of reasons including worries about entry and departure requirements have held people back from booking.

In 2022, countries are getting creative to attract more international travel.

Chile is hoping to drive more interest through the release of educational videos designed to inform and attract travel agent bookings.

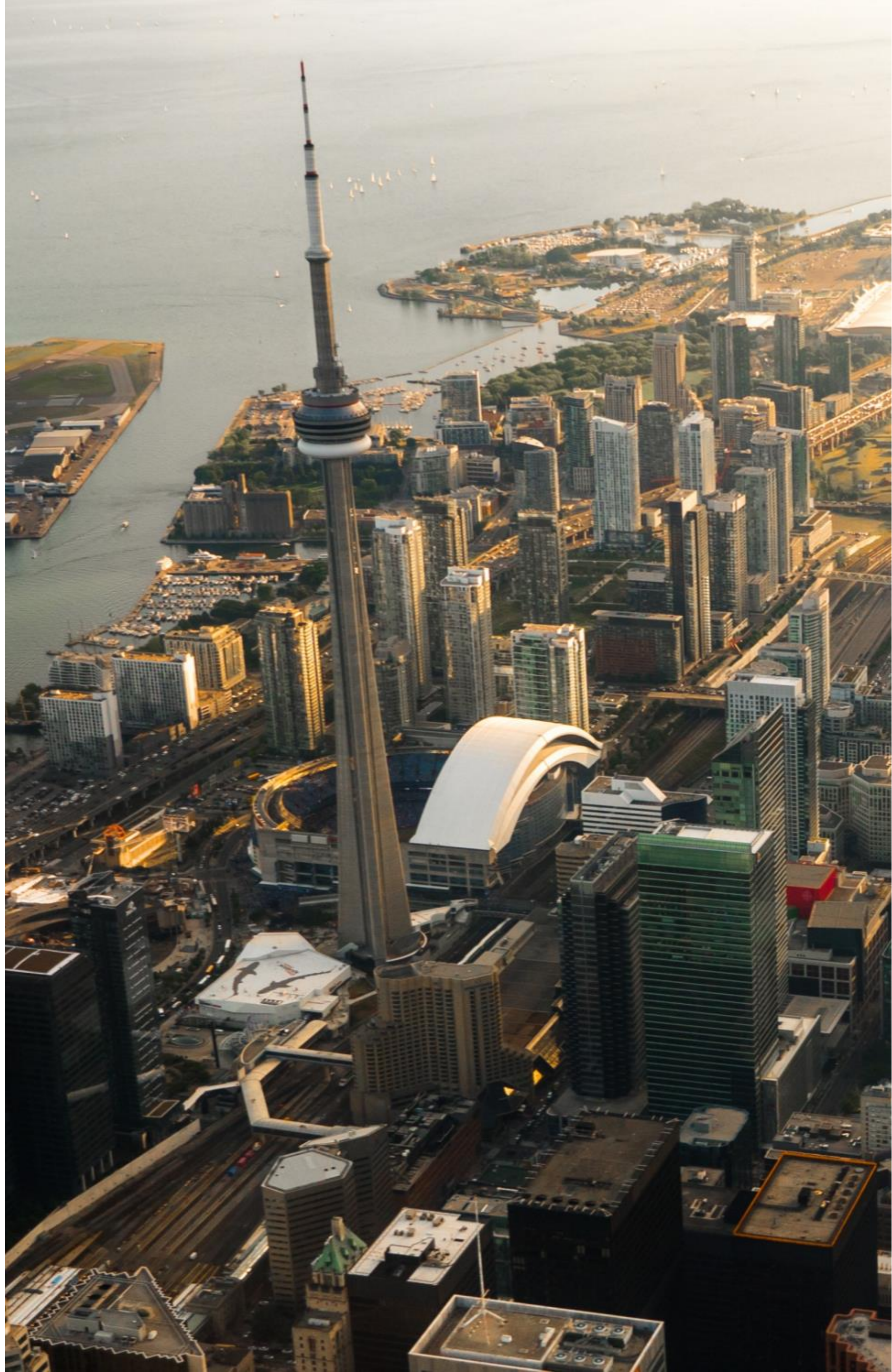
North America

The end of 2021 saw a COVID-19 surge of the highly transmissible Omicron variant across North America.

Many areas began to reinstate mask mandates to control the spread of the virus. The outbreak came at an inopportune time as many people already set travel plans to visit family and friends for the holiday season.

Looking at 2022 positive signs begin to emerge as the Omicron wave subsides:

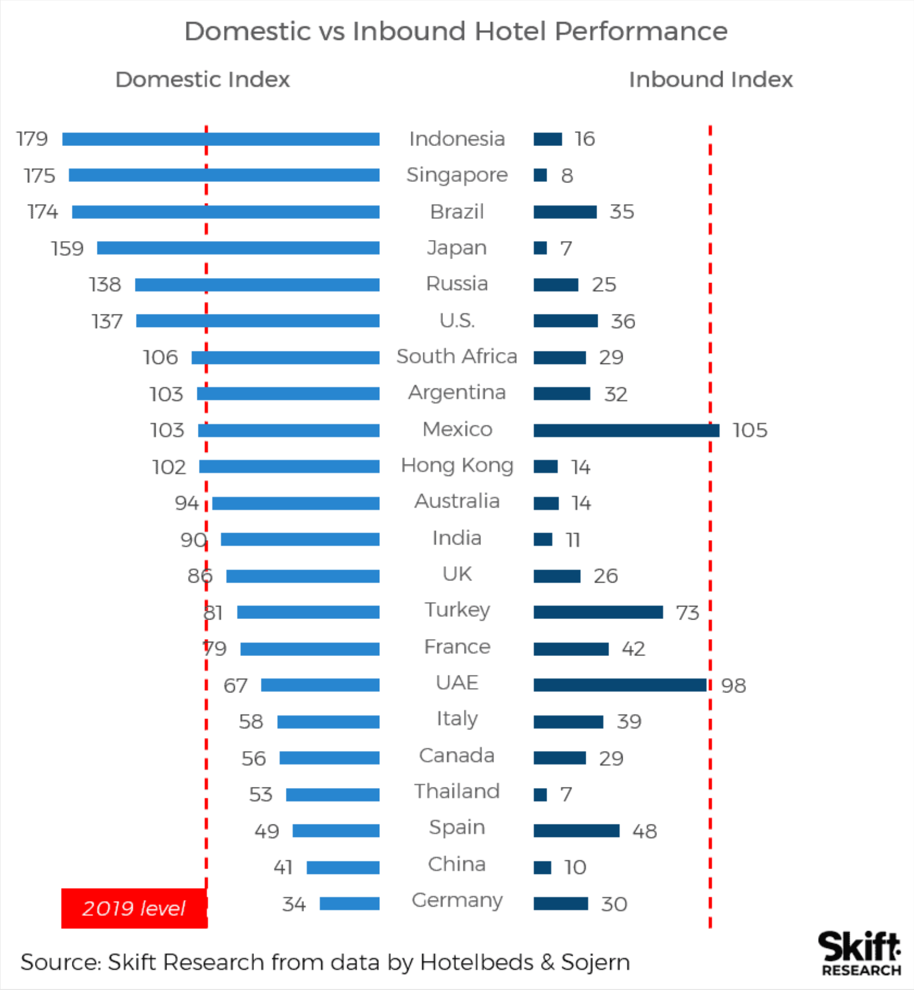
- Canada announces an easing of testing requirements for vaccinated travelers entering the country
- The United States' Centers for Disease Control and Prevention (CDC) announces a recommendation that masking indoors is no longer necessary for over 70% of the country. This decision came after the country saw COVID hospitalizations decrease, reducing the risk of running out of hospital beds.



With fluctuating case numbers, travelers globally are still leaning towards domestic travel

Domestic hotel performance is strong with many countries like Indonesia, Singapore, and Brazil far surpassing 2019 figures.

International travel is still far from where it was in 2019 with a few exceptions like Mexico and UAE that have had more relaxed policies for international tourism.



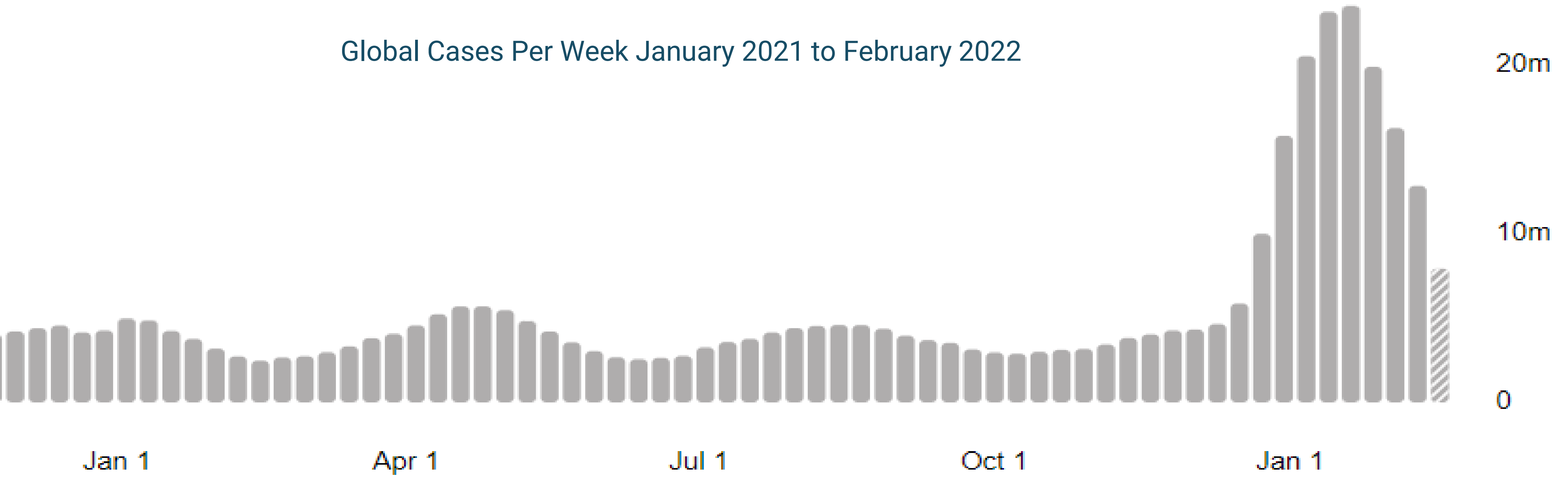
THE IMPACT OF THE OMICRON VARIANT

The Omicron variant wave

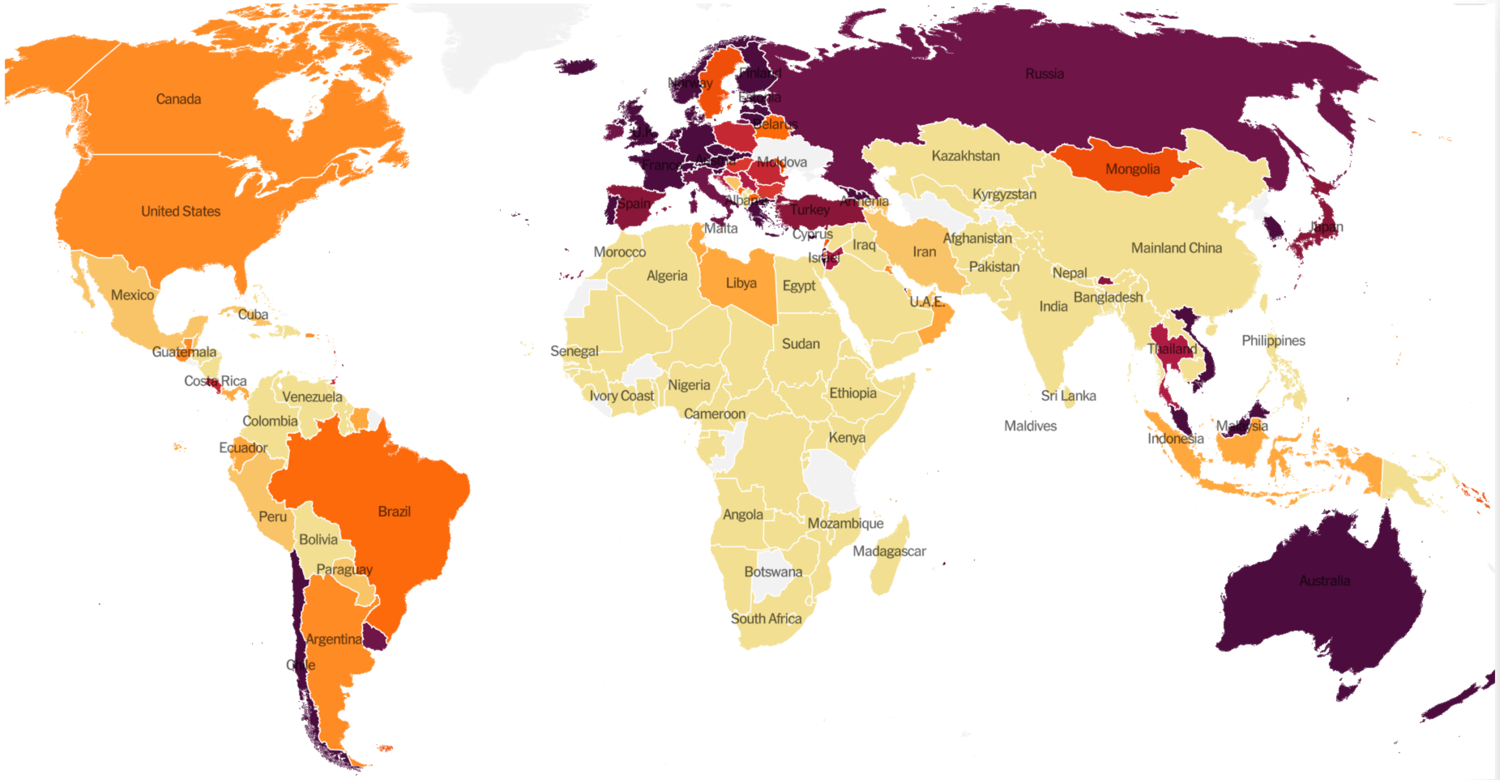
The Omicron variant of COVID-19 spread across the globe very quickly near the end of 2021 during the busy holiday travel season for many regions. Its quick transmission is a tough reminder of how much these variants can impact the travel industry.

On a positive note, [many countries saw cases subside as quickly as it spread] with a drastic drop across the globe beginning in late January.

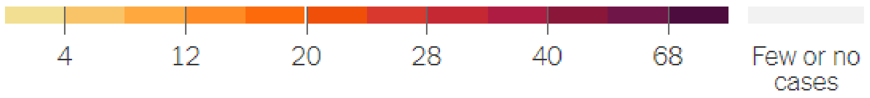
While global case numbers are still higher than pre-Omicron, we are seeing the outlook on travel become more positive in the early months of 2022.



Source: WHO Coronavirus (COVID-19) Dashboard I Feb 28



Average daily cases per 100,000 people in the past week (as of March 8th)



In 2022 global cases decline, but hotspots remain

Looking at early 2022, case numbers have declined in many areas as the Omicron wave moves past its peak level.

India, South Africa, and Bolivia are a few of the many countries seeing a drop in case volumes.

However, there are still high case numbers in certain areas. Norway, Vietnam, Germany, and Chile are some countries currently seeing over 100 cases per 100,000 people.

Source: NYTimes.com – Coronavirus World Map: Tracking the global outbreak| March 8

POSITIVE TRAVEL INDICATORS IN THE NEW YEAR

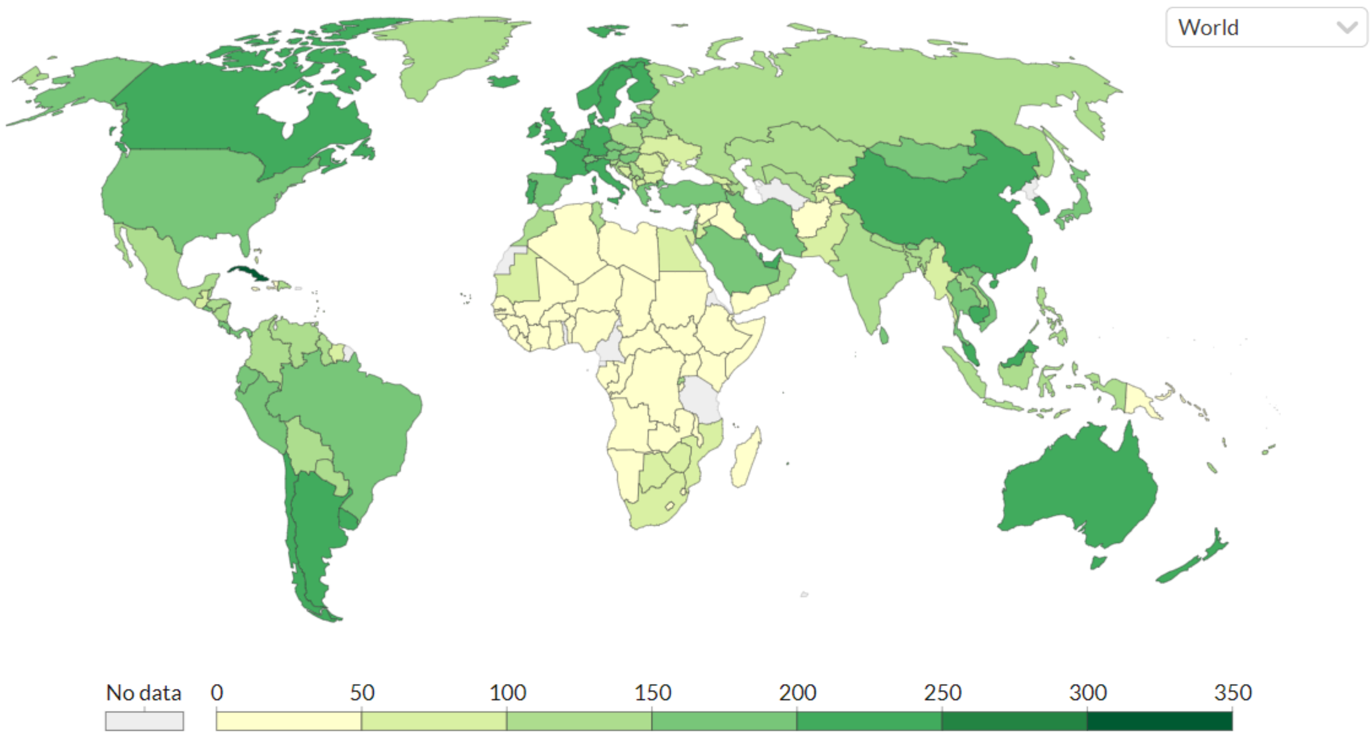
Over 10 billion vaccine doses administered globally

Across the globe 62.5% of the population have received at least one vaccine. UAE leads the way with 99% of its population at least partially vaccinated.

A large gap in vaccination still exists in low-income countries with only 12% of people in these countries receiving at least one dose.

While some individual are still not fully vaccinated, boosted, the volume of vaccines is a welcome indicator for the travel industry.

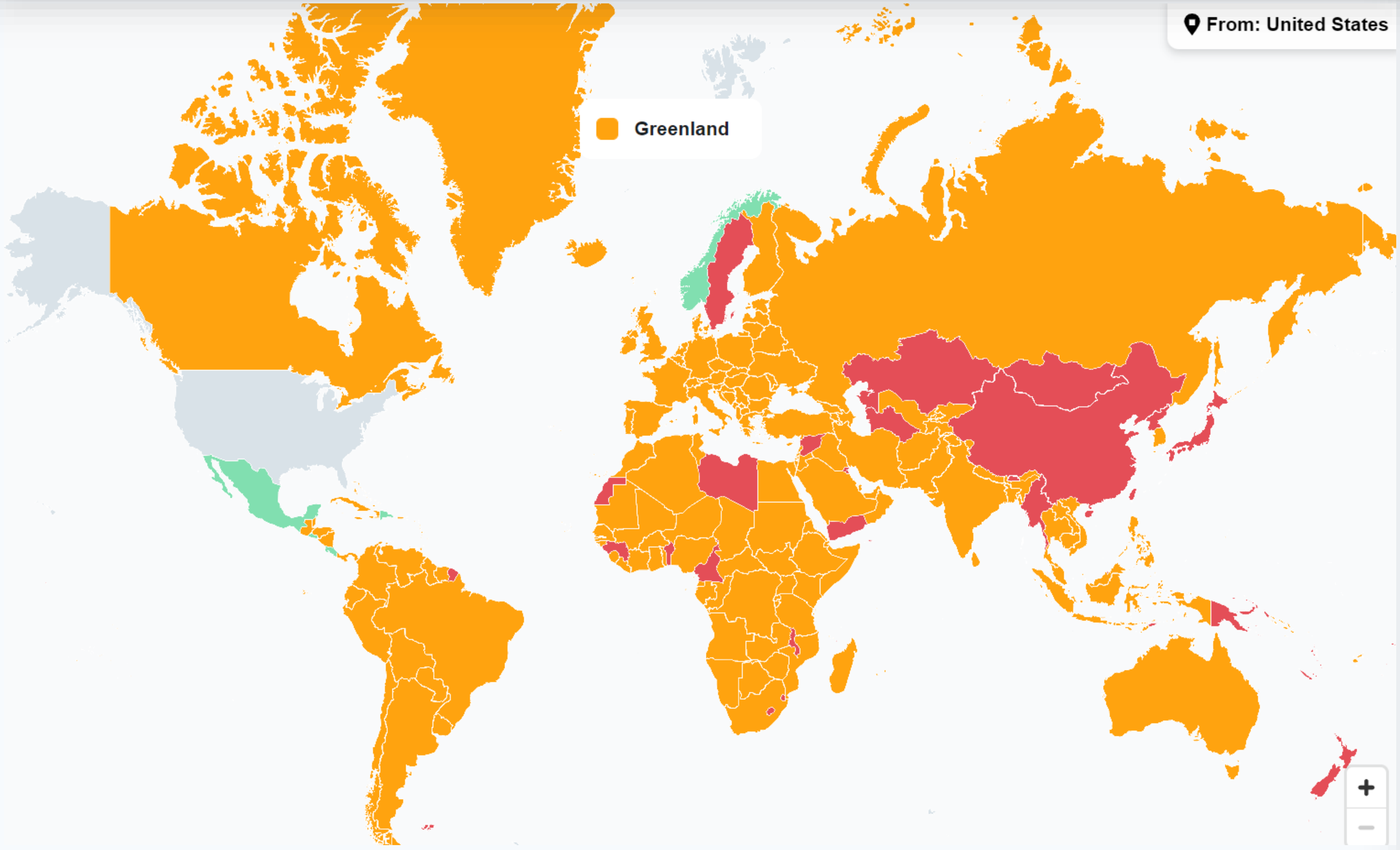
COVID -19 vaccine doses administered per 100 people*



*All doses, including boosters, are counted individually. As the same person may receive more than one dose, the number of doses per 100 people can be higher than 100..

Source: ourworldindata.org – Statistics and Research: Coronavirus (COVID-19) vaccinations | Feb 23

As vaccination rates rise, more countries open borders



Source: kayak.com/travel-restrictions, International Travel Restrictions by Country – From the U.S. | Feb 23

Country of Origin: U.S.A.

Open

Borders are open – there are no restrictions or requirements for most visitors at this time

5 countries are open (↓4)*

Open with restrictions

Borders are open to visitors who can provide a negative COVID-19 PCR or antigen test result and/or will quarantine upon arrival

178 countries are open with restrictions (↑28)*

Closed

Borders are closed. Only citizens, residents returning home, or people in other special circumstances may enter

43 countries are closed (↓24)*

*as compared to August 2021

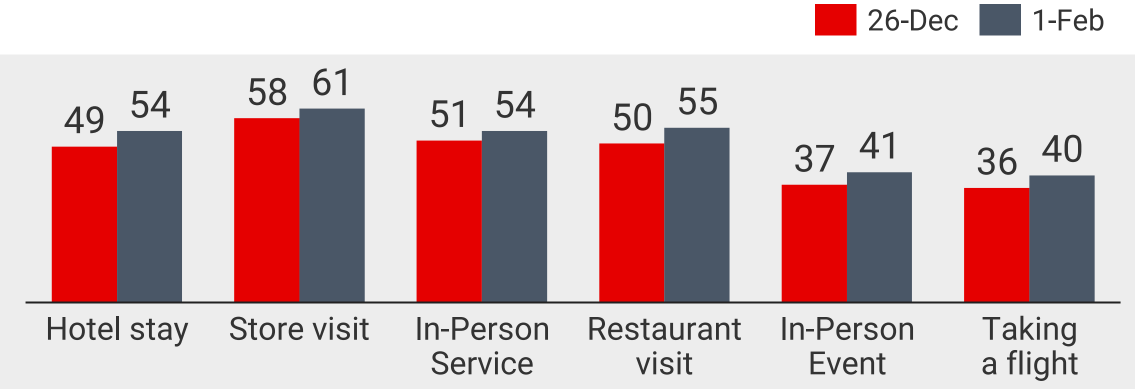
Barriers to travel decline while safety sentiment rises

Since the COVID-19 pandemic began the safety sentiment has been a key indicator of potential travel rates.

While the hotel safety sentiment was lower at the end of 2021 with omicron cases, the new year has brought a quick 5% boost globally compared to December of 2021. Another important travel indicator, feeling safe to take a flight, is 4% higher within the same time frame of December to February.

Global safety sentiment "I feel safe ..."

% of respondents



Between higher vaccination rates, decreases in border restrictions, and an increase in traveler safety sentiment, the preventative factors for travel are declining. With this, we expect to see bookings get a strong boost in 2022 for both leisure and business travel.

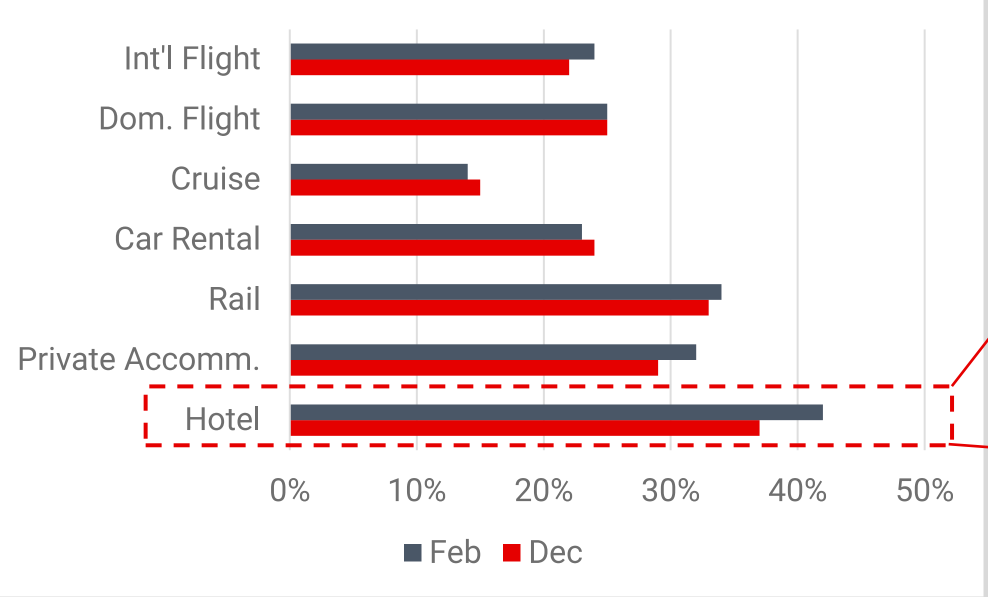
Source: Deloitte, December '21 and February '22 Polls, Global State of the Consumer - Sentiment

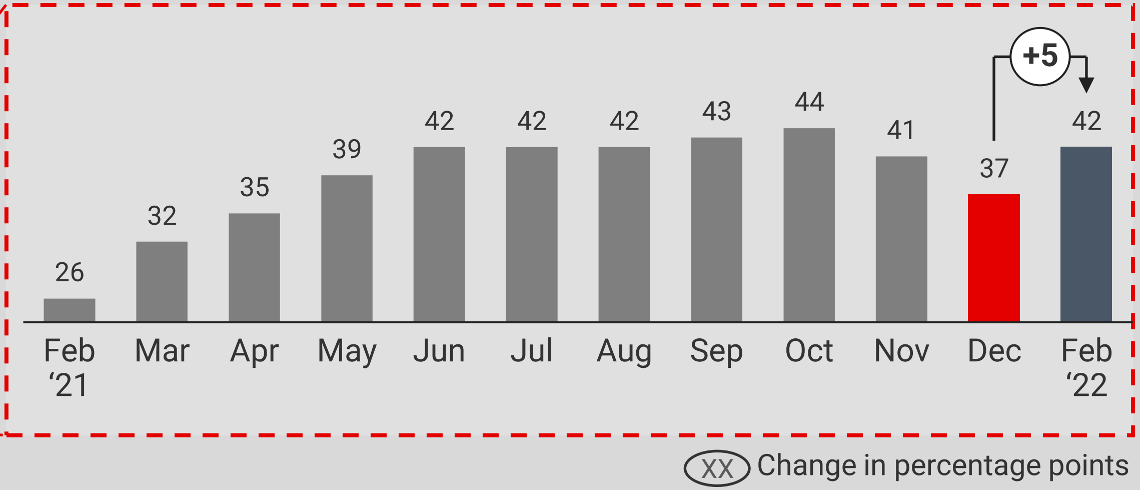
LEISURE TRAVEL IS BACK IN FOCUS

Leisure continues to lead in 2022

Demand and booking volumes continue to be focused on the leisure travel segment, as safety and governmental restrictions remain a concern. In fact, as the Omicron wave subsides, many countries are experiencing hotel booking levels near, at, or even above 2019 volumes.

Global % of people planning to book each product for leisure travel in the next 3 months





Travel bookings & spend rise in ‘22

We are seeing many positive indicators pointing to a rise of leisure travel booking volumes and overall spend.

EU travelers have signaled interest for early summer trips, a higher overall travel spend, and longer trip durations. Desire for trips that last over 10 days have increased by 38%.

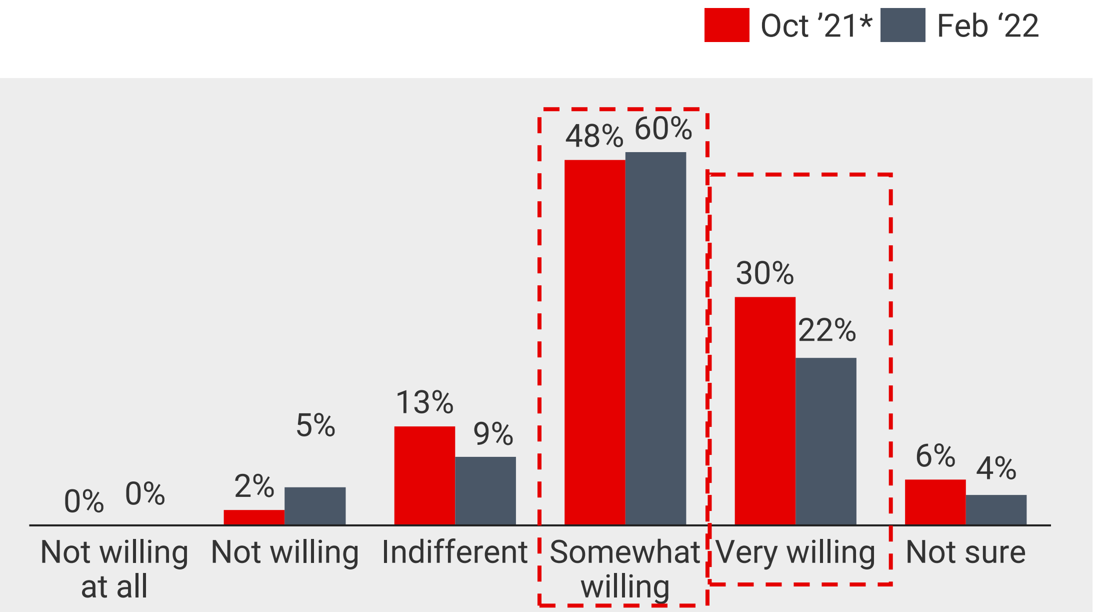
A recent study in China reveals a rise in travel interest around the two-month mark of a decline in cases – indicating a desire to explore as soon as people feel safe.

And Americans plan to spend over $4,000 on leisure travel this year. With nearly 82% of the U.S. ‘ready to travel, that is a lot of potential spend for hoteliers to target.

THE STATE OF BUSINESS TRAVEL

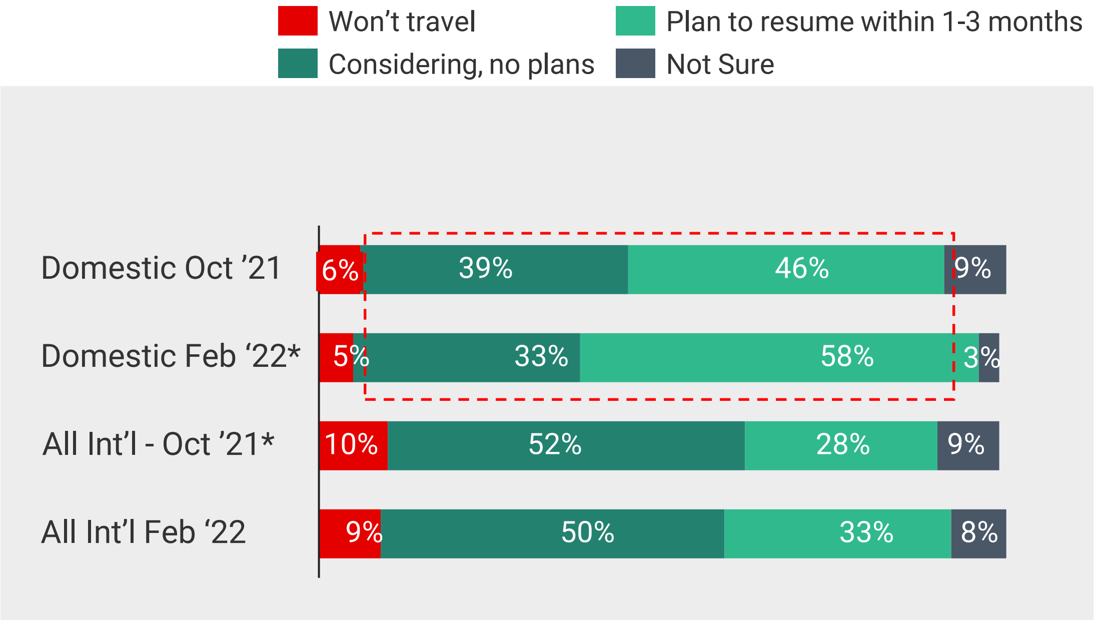
64% of employees are willing to travel for work, 91% companies are considering or have plans for domestic travel

Employees' willingness to travel for work



- As of Feb '22, 82% of employees are willing to travel for work (up from 78% in Oct '21)

Companies' plans for business travel



- As of Feb '22, 91% of companies are considering or have plans to resume domestic travel (up 6% from Oct '22

Source: GBTA, October '21 + January '22 Polls I *Due to rounding some elements do not add up to exactly 100%

Company Travel: The restart of in-person events brings potential for group bookings

In-person events are starting to come back across the globe at varying speeds.

The advertising industry announced they have more in-person events on the calendar for 2022 than hybrid or virtual.

A recent survey found that even with the pandemic 72% of people still prefer in-person conferences – especially for their networking benefits.

This is promising news for hoteliers who have been lacking the high-volume of room bookings that come with event blocks, along with the increased bookings of their on-site event spaces.

Employee Travel:
Digital nomads and the continued rise of the 'bleisure' traveler

Innovations in technology have been moving everyone towards a more virtual workplace for years, but the pandemic kicked this movement into overdrive.

The idea of a digital nomad lifestyle has quickly become a strong possibility as many workplaces moved from five days a week in the office to spending the workweek at home.

According to a 2021 Harris Poll, 74% of Americans who work from home are willing to take a working vacation.

The term 'bleisure' travel is trending and perfectly describes this new type of traveler who adds some leisure trip time to business travels.

The BBC explains the bleisure movement best by saying 'as the lines between work and life blur, so do the distinctions between business and personal travel.'

GO BEYOND EXPECTATIONS IN 2022

Win with a lean workforce

There are a lot of exciting opportunities for hoteliers in 2022. However, companies across our industry continue to struggle with staffing.

To help ease this pain point and maximize your revenue, utilize our *SynXis Voice Agent* to onboard new call center agents faster. Train agents in only two hours thanks to the intuitive user interface.

If your call center has been stretched thin, it's time to consider Sabre's *Call Center Services*. Our skilled associates act as an extension of your team, focused on improving conversions and revenue per reservation. We have different service levels to meet your unique needs and budget.

Consortia are complex, and often very dynamic with agencies switching consortiums or being acquired. *Sabre Consortia Services* takes the work out of managing consortia programs with centralized tools and teams that offer deep levels of expertise.

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Together, we make travel happen.

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