

DESTINATION DIGEST


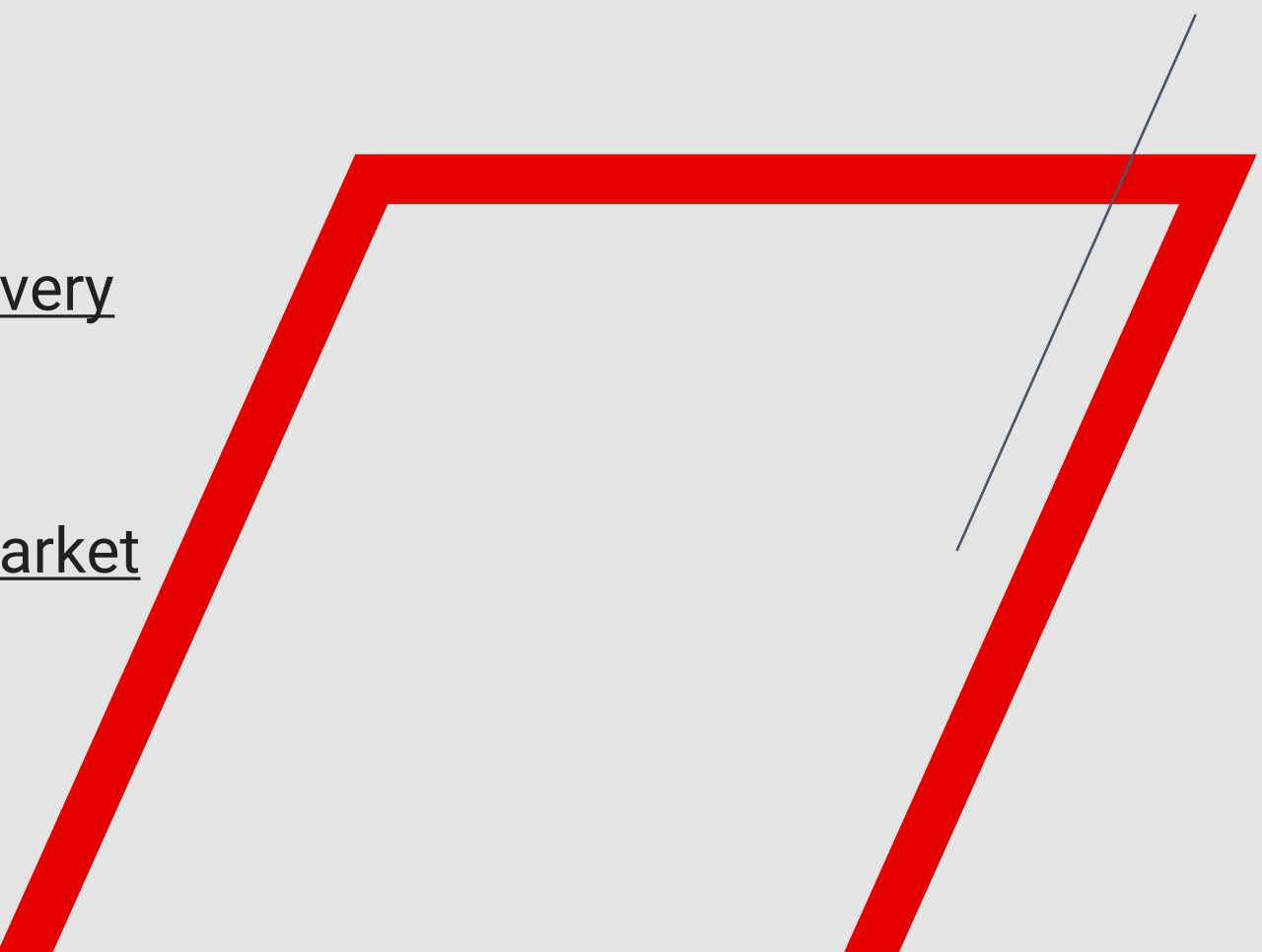
A HOSPITALITY INDUSTRY REPORT

SABRE HOSPITALITY SOLUTIONS
SEPTEMBER 2021



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Travel is clearly experiencing a recovery. However, the industry remains highly susceptible to the virus trajectory, vaccination efforts, and governmental responses, meaning that we continue to see unevenness around the world.

Several regions globally made great strides with their vaccination efforts. Countries that were able to reopen their borders immediately have experienced an influx of travelers, especially larger domestic travel markets. Leisure bookings increased and business travel continued to show green shoots.

By contrast, other regions and countries that are heavily dependent on international tourists were not yet able to reap the same benefits. Additionally, the spread of virus variants has hindered the comeback and we can expect this to continue to play a role in the months to come.

In short, we can be optimistic about our industry - yet with caution.

John Shmuel

Strategic Planning & Insights
Sabre Hospitality Solutions





GLOBAL AND REGIONAL PERFORMANCE

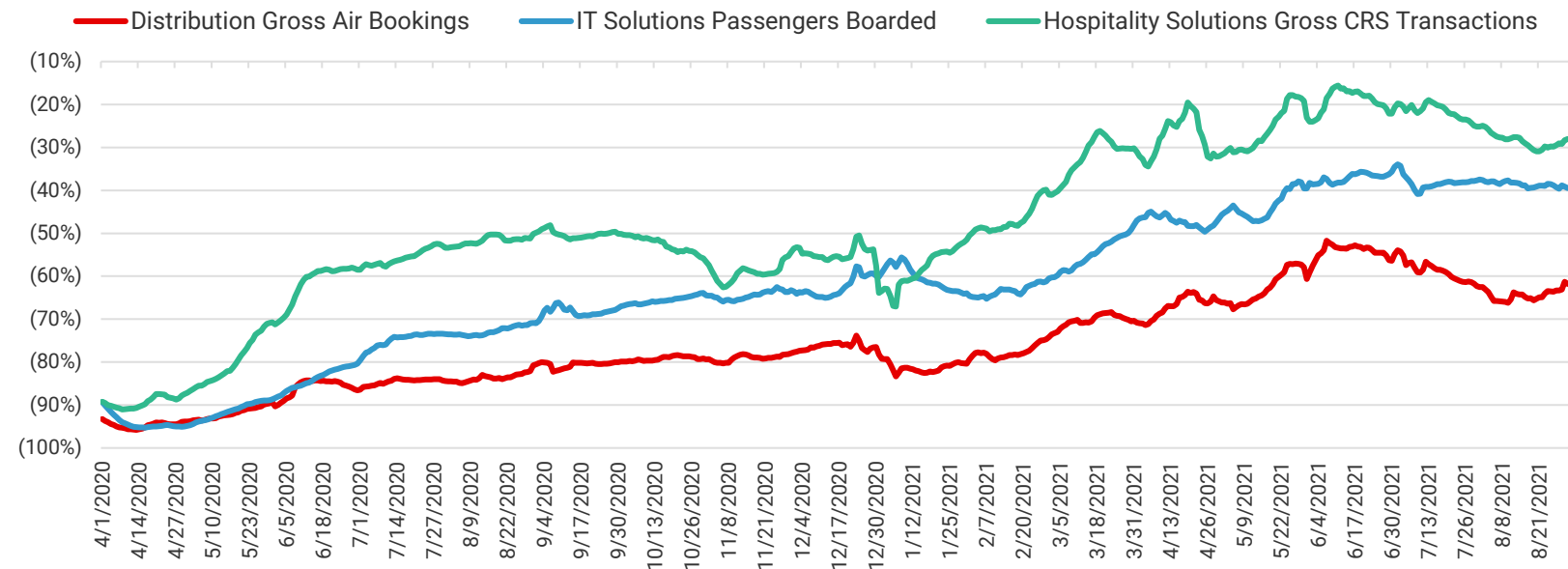


Worldwide

The global travel industry's recovery continues to reflect the local COVID-19 conditions and related travel restrictions. Vaccine distribution impacts traveler confidence and, in turn, performance across regions and segments within the travel and, specifically hospitality, industries varies.

Intra-country leisure travel still dominates with consumers opting for longer trip durations as opposed to shorter getaways and are willing to pay more for factors that reduce their exposure to Covid-19. We are seeing a slow but positive movement with business travel as some companies have started to loosen restrictions on employee travel.

Sabre Key Volume Metrics Growth / (Decline) vs. 2019



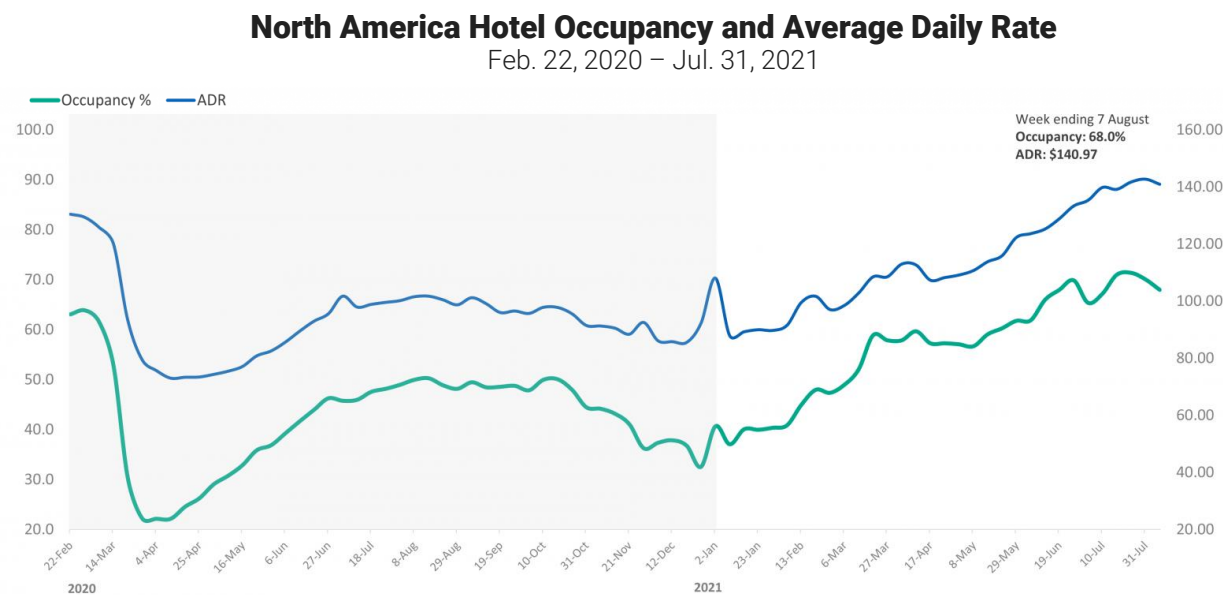
Source: Sabre 8-K filed on September 3, 2021

7-day moving average; calendar-shifted; CRS transactions are community model only; data through July 31, 2021

North America

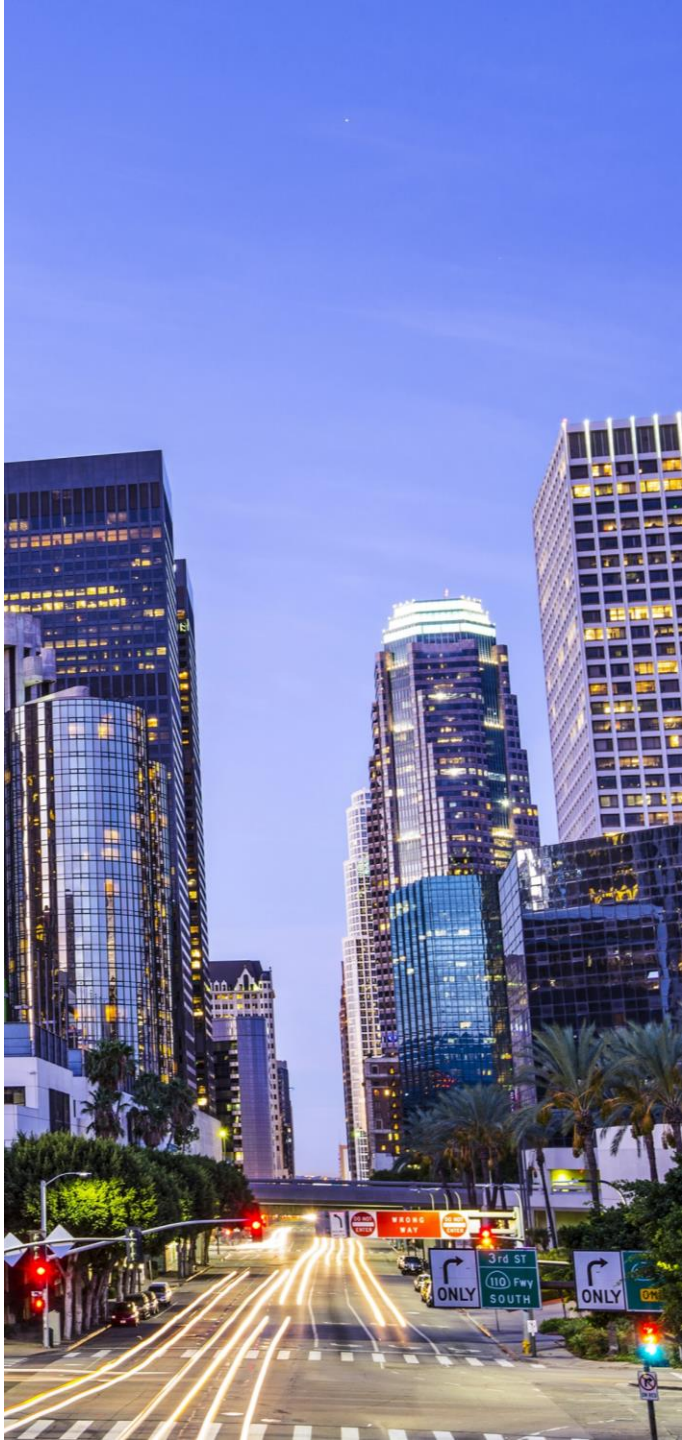
The North American market is the region closest to reaching 2019 occupancy levels. Factors such as widespread vaccine distribution and travel restriction relaxation contributes to an increase in traveler confidence within domestic leisure travel. Canada has been tracking slightly behind due to the border closure, but with the reopening of the border on August 9, this is expected to change.

There was a slight dip in hotel occupancy and average daily rates in the beginning of August. With the recent rise of the Delta variant, it is unknown how this positive momentum will be impacted.



Source: STR. 2021 © CoStar Realty Information, Inc.

Source: STR.com – STR: U.S. hotel results for week ending 7 Aug | August 12





Asia Pacific

Overall, the APAC region continues to follow strict protocols with the spread of the Delta variant. The region was split with some countries expanding, and some closing, the booking gap between 2019 and now.

Occupancy levels remain low and unemployment rates increased for the first time in 12 months in the larger part of the region. Talks of additional restrictions and the trajectory of the variant will continue to dictate the occupancy recovery in the region.

China remains close to pre-pandemic levels due to a strong volume of intra-country travel. Australia and New Zealand peaked in travel this summer but have since declined in both flight and hotel bookings as of August.

Asia Pacific Hotel Occupancy H1 Performance
2019 - 2021



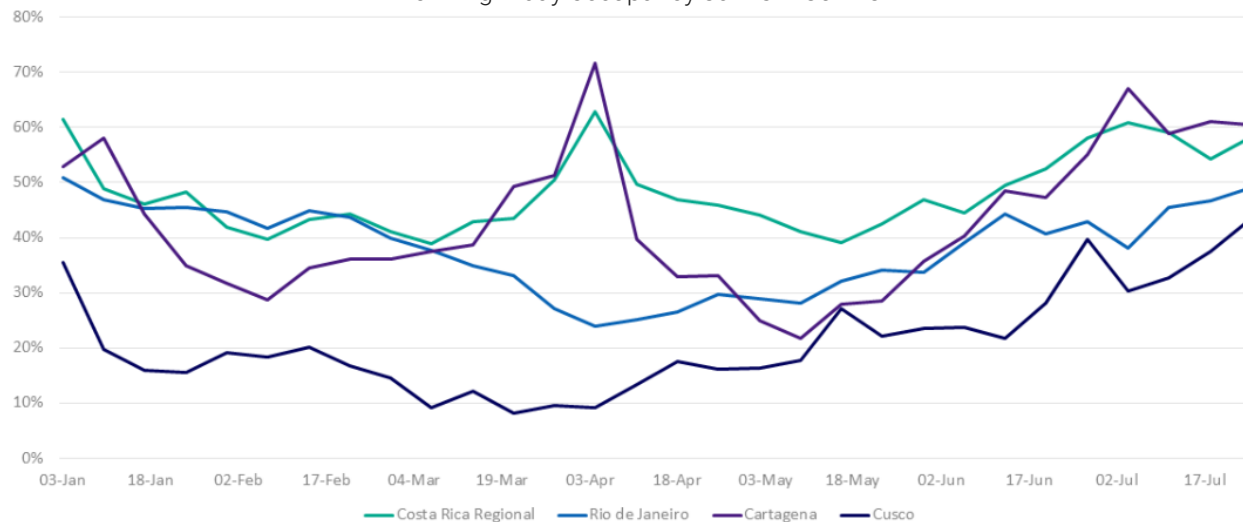
Latin America

Latin America remains a mixed bag on the road to recovery as the virus trajectory and government responses continue to make travel to most of the region challenging resulting in a slower economic recovery.

Mexico, Chile and Brazil were exceptions to this trend, all showing strong signs of improvement from 2020 occupancy numbers. Mexico benefited from the U.S. travel demand and Chile benefited from the highest regional vaccination rate. As of July, Embratur, the Brazilian Tourist Board, resumed its tourism promotions, rolling out focused marketing campaigns through end of year.

Latin America Hotel Occupancy in Beach Markets

Running 7-day occupancy Jan. 3 – Jul. 25

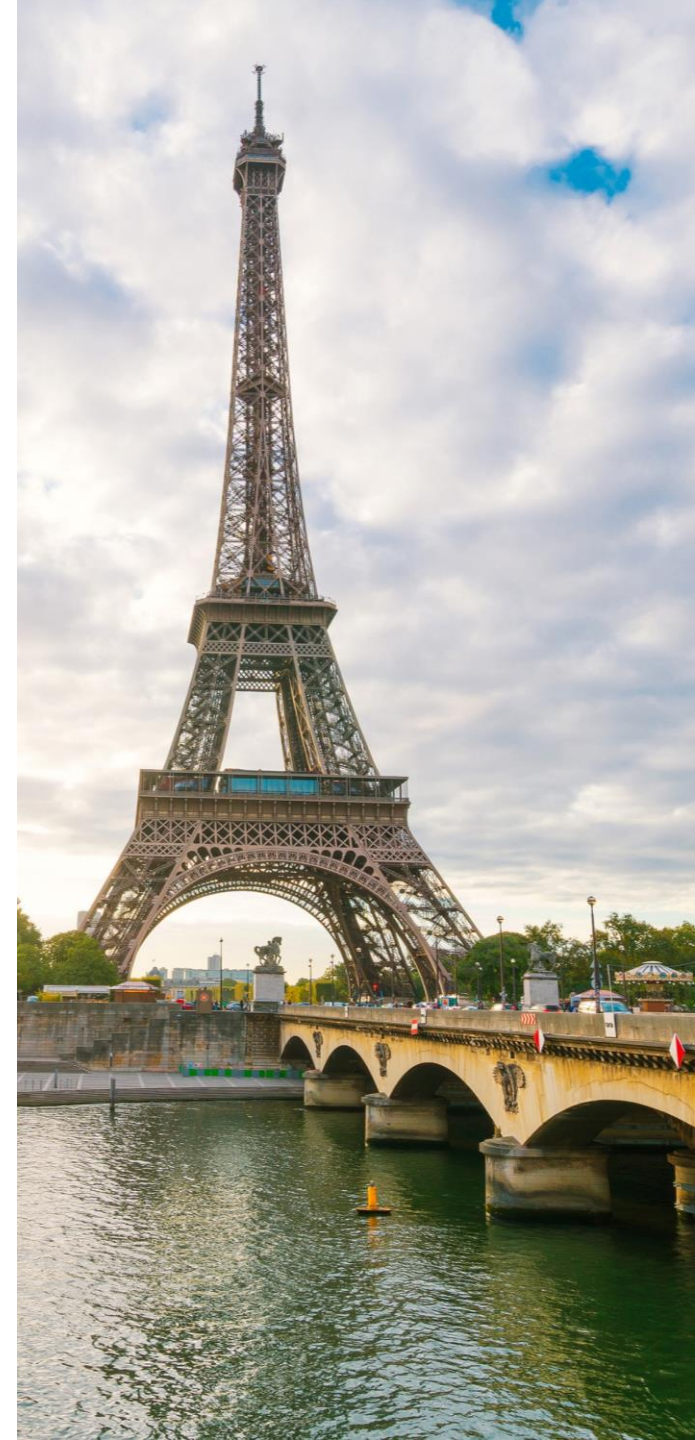
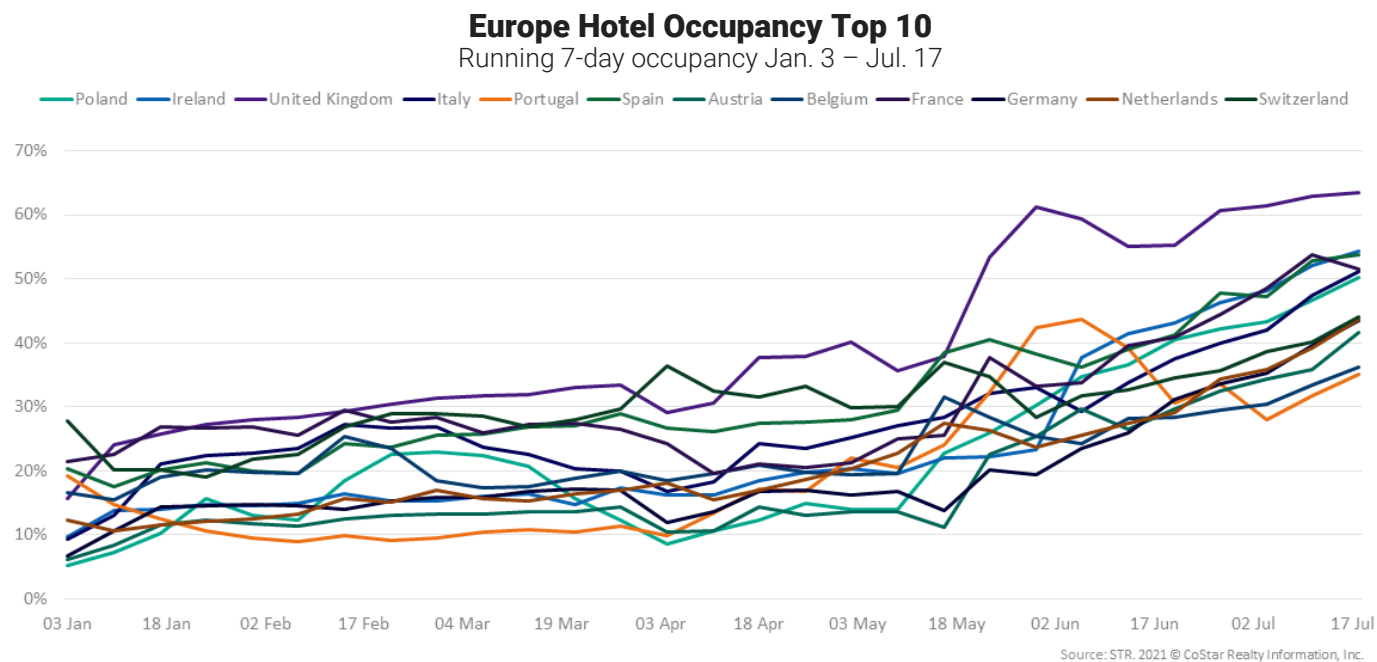


Source: STR. 2021 © CoStar Realty Information, Inc.

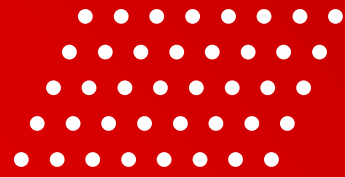
Europe, Middle East & Africa

Many hotels reopened and increased occupancy across EMEA as a result of their eased travel restrictions. Recently there had been a push to open most European countries to international travelers, but the need to stay up-to-date with policies is crucial, as many countries continue to balance a variety of entry requirements and ever changing COVID-19 restrictions.

Since the Council for the European Union began lifting non-essential travel restrictions at the end of June 2021, many countries in the region have seen positive changes in occupancy. For the last several months, Russia continued to see improvement in their hotel occupancy rates and are projected to continue to improve with the recently ordered mandatory vaccination policy.



STATE OF THE PANDEMIC



Covid -19 vaccine doses administered per 100 people.*

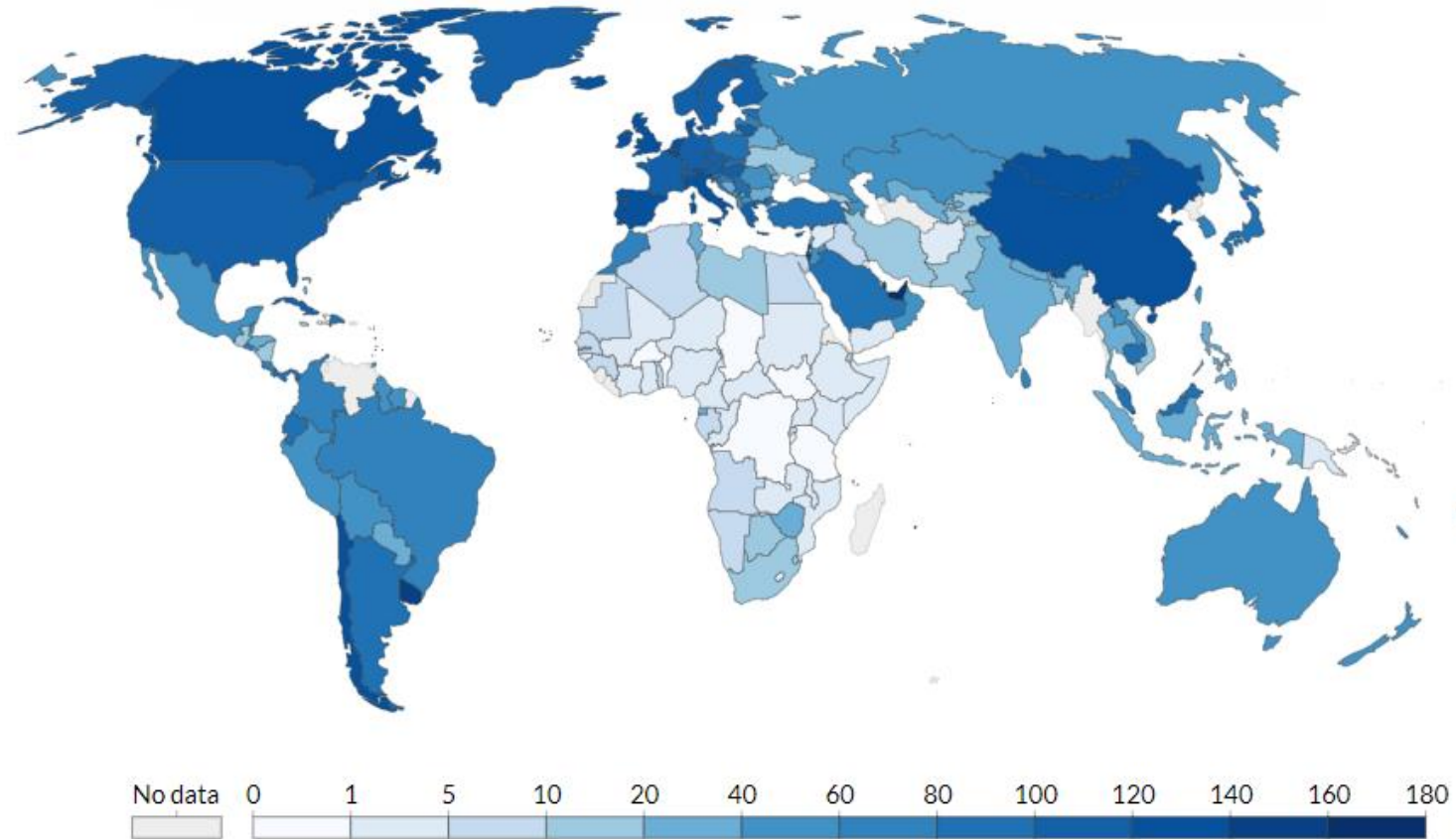
Vaccinations Across the Globe

Distribution remains heavily skewed towards developed countries

With over 4.48 billion doses of the COVID-19 vaccine administered globally, travelers' confidence levels are continuing to increase.

Intra-country travel has boosted, and international travel bookings have seen a slight uptick.

Those able and willing to pay are even traveling internationally to receive their vaccine, most of them heading to the U.S.



*For vaccines that require multiple doses, each individual dose is counted. As the same person may receive more than one dose per 100 people can be higher than 100.

Requirement of Vaccination Proof on the Rise

More companies, hotels, and restaurants are requiring proof of vaccination.

As of August, a growing number of companies including Google, Facebook and Disney announced their vaccine mandates beginning in their U.S. office and rolling out to other countries.

Vaccination campaigns continue to launch throughout Europe, leaving many employers in the E.U. and U.K. to investigate actions to take.

Some popular hotel destinations are also now mandating their guests show proof of their Covid-19 health status.





The Effects of New Covid Variants

The Delta variant, discovered last December, has now become the most dominant strain of the coronavirus worldwide.

Just as some countries were beginning to ease restrictions, infection rates across the world have increased.

While it's found that vaccine protection is still very strong, new strains of Covid-19, including the Delta variant, may impact travel trends.



"The biggest risk to the world at the moment is simply Delta," said microbiologist Sharon Peacock, who runs Britain's efforts to sequence the genomes of coronavirus variants, calling it the 'fittest and fastest variant yet'."

– Reuters (July 26)

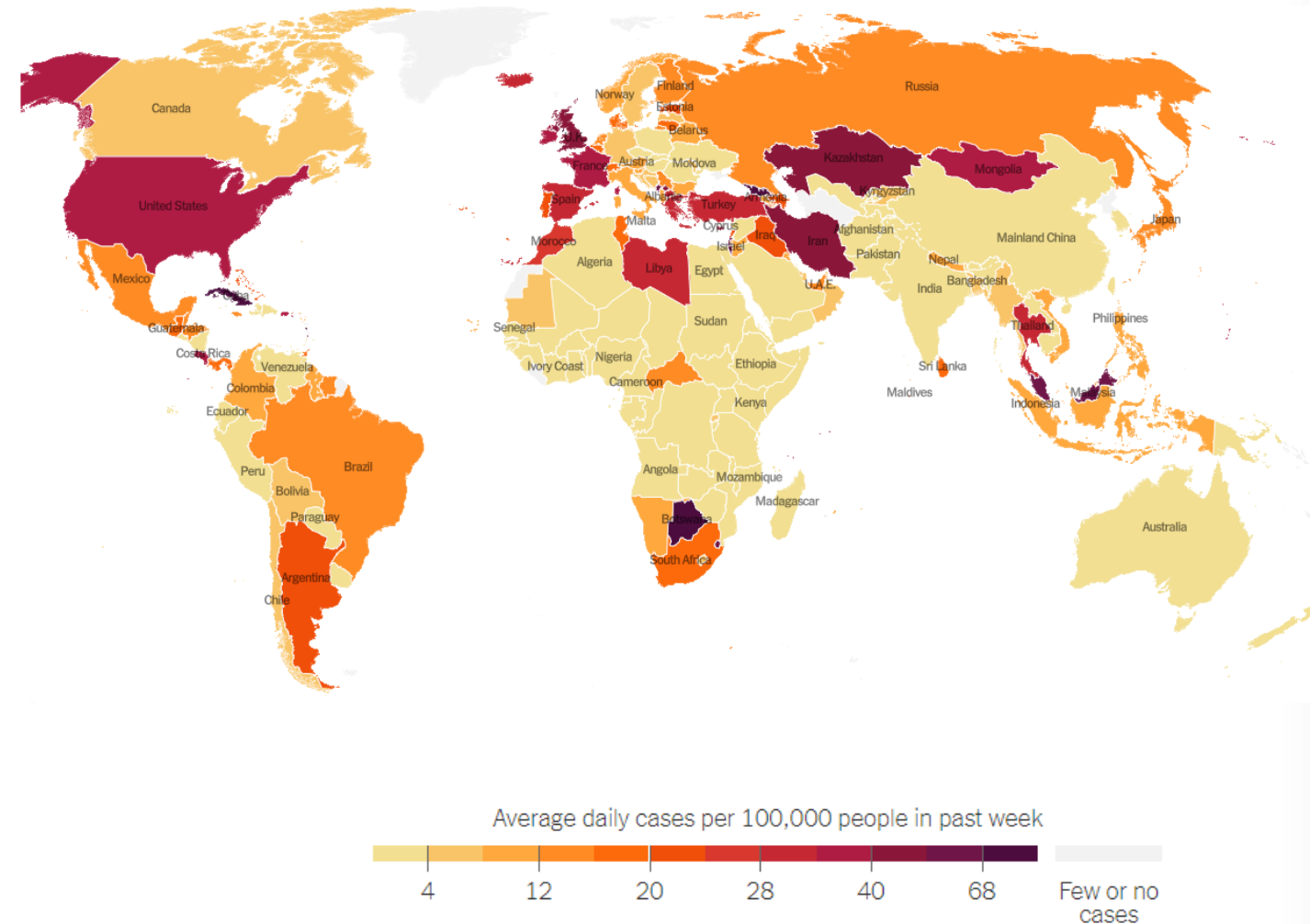
New COVID-19 Hotspots Emerge Worldwide

As new hotspots continue to emerge, countries around the world are responding and adapting.

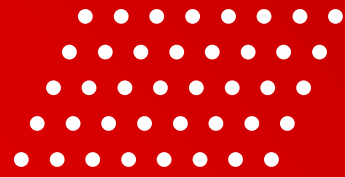
Botswana, announced heavier restrictions including a ban on public gatherings and the postponement of schools reopening as the president points to the slow delivery of the vaccine.

Ciego de Avila, Cuba has become a large hotspot where officials are now converting hotels into hospitals.

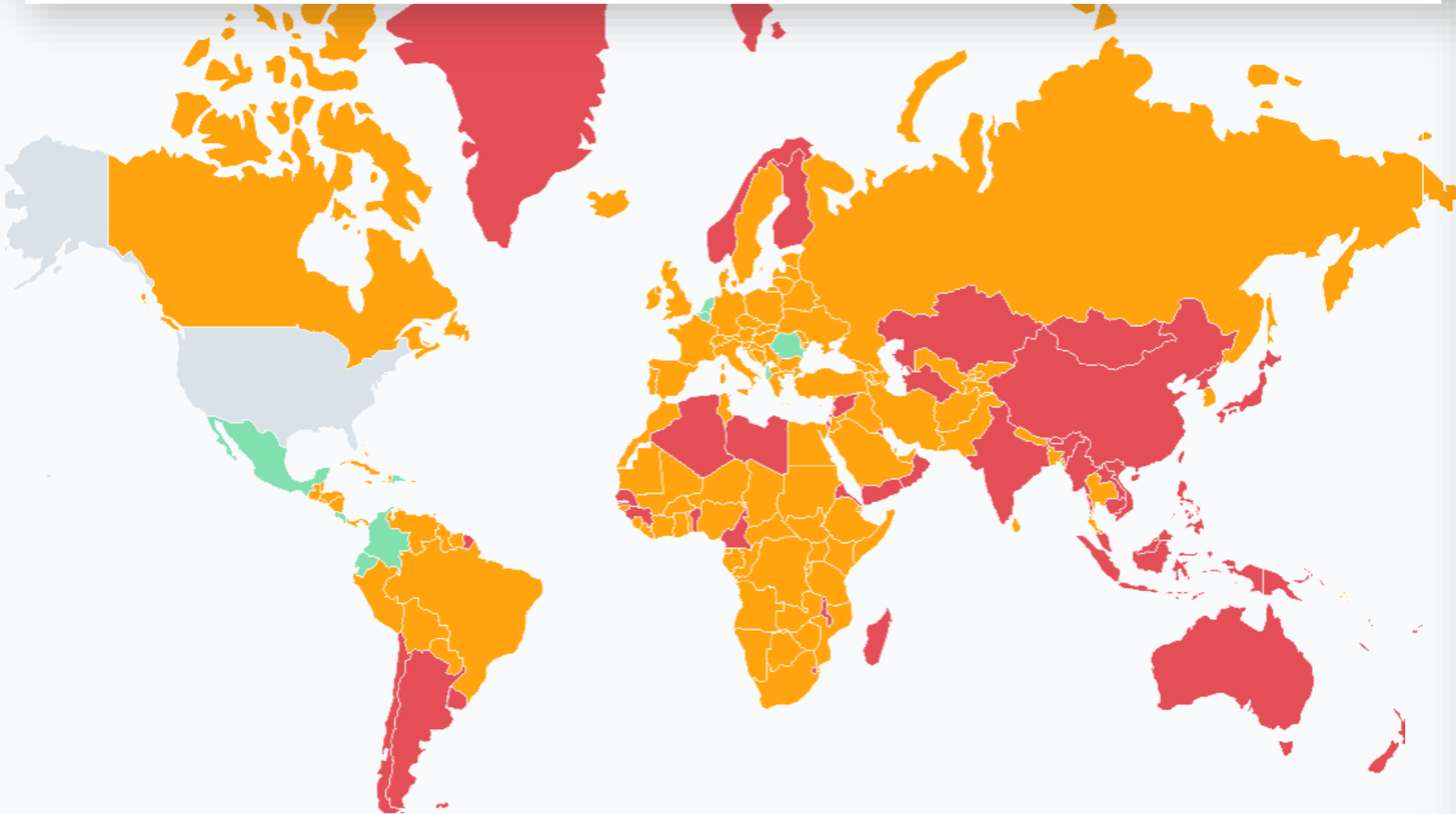
In Asia, some countries which showed success in containing COVID-19 last year are now seeing cases rise with the spread of the Delta variant.



TRAVELER CONFIDENCE LEVELS RISE



Even countries with high vaccination rates face a restrictive travel landscape



■ Open

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

9 countries are open (↑2)*

■ 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

150 countries are open with restrictions (↑49)*

■ Closed

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

67 countries are closed (↓46)*

*as compared to May 2021

Moving Ahead With Confidence



Booking behavior shows confidence as booking windows and trip durations increase



Leisure travel trends have shown many opting to stay close to home



Business travel trends indicate both companies' and employees' interest



Hoteliers should monitor evolving industry trends to stay competitive and attract guests

Bookings Trend in a Positive Direction

The hospitality industry continues to adapt to drive bookings and reduce travel concerns – and it's leading to positive results.

The average trip duration has increased by two days (compared to 2019) as traveler preference leans towards booking one long getaway over multiple short tips.

While booking windows hit a low point in many locations during 2020, we saw booking windows increase in many countries over the past few months.



Booking Windows in Select Countries
Number of days between booking and departure date

14 Days
Average Trip Duration
2019



16 Days
Average Trip Duration
2021

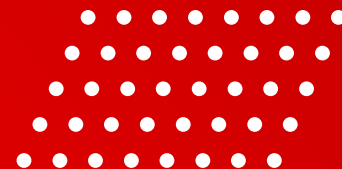
18 Days
Up (↑) from 13 in 2019
APAC

17 Days
Same as 2019
AMER

15 Days
Up (↑) from 14 in 2019
EMEA



LEISURE TRAVEL CONTINUES TO LEAD RECOVERY



Tracking The Return of Travel

- We are beginning to see a slight decrease in confidence levels due to the Delta variant
- 56% of consumers said they feel comfortable going on vacation, which is a slight decrease from a record high of 65% in July
- 52% of adults said they feel comfortable staying in a major hotel chain while 46% felt comfortable staying in boutique hotels

Hyatt Meets Leisure Travel Demands with Global Growth

*"Hyatt is **committed to delivering thoughtful and immersive stays and experiences** in top-tier destinations all over the world to meet the needs of our guests as they begin planning vacations again."*

- Hyatt Hotels Corporation

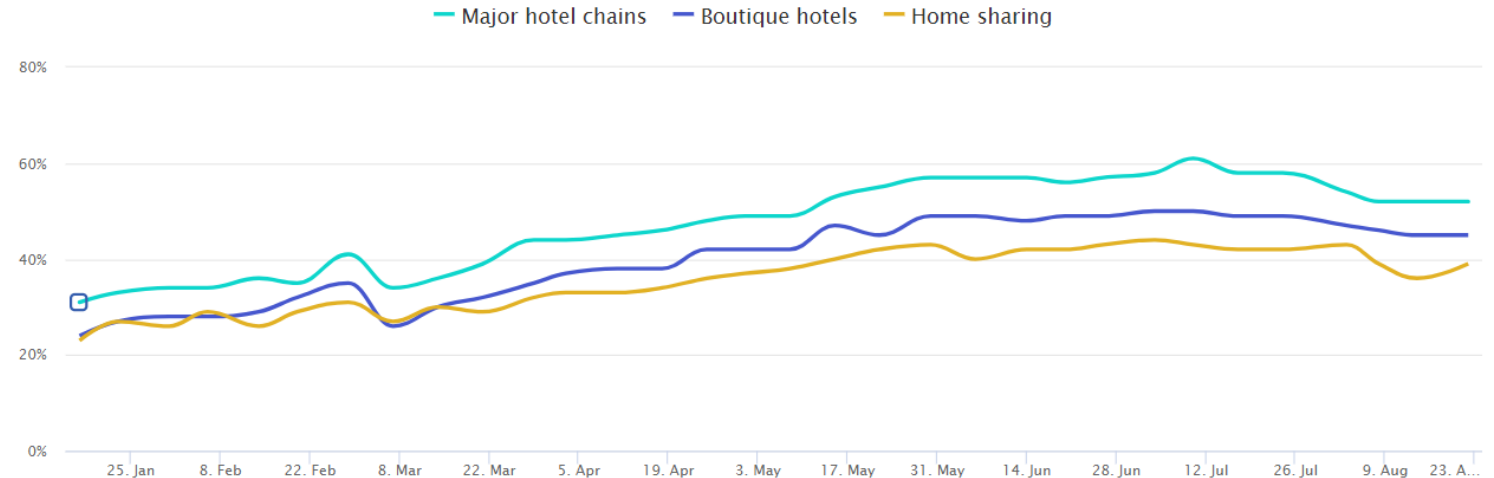
Traveler Destination and Spending Trends

*"International travel may be largely off the table right now, **but that hasn't stopped travelers around the world from planning big domestic vacations.**"*

- Travel + Leisure

Comfort with Travel Accommodations

Adults who feel comfortable staying at the following accommodations





The staycation is here to stay

A staycation is defined as 'a vacation spent in one's home country rather than abroad, or one spent at home and involving day trips to local attractions.'

The term staycation has been around long before the pandemic, but the word's popularity soared in 2020 when travel, especially international travel, came to a halt. Hoteliers across the world, have gotten creative in creating experience-based hotel packages to attract leisure travel from locals.

From the U.K. to Singapore & Sydney – the staycation is one pandemic trend that is here to stay.

Source: Definition of staycation from Oxford Language

NEW OUTLOOK ON BUSINESS TRAVEL





The Revival of Business Travel

Business Travelers Look to Book

*Despite some tightening of corporate travel budgets and widespread consensus about the effectiveness of teleconferencing and working remotely, **business travelers in the United States may be ready to break out their rolling suitcases again.***

- Forbes

Adjusting for the Future

*As business gatherings slowly inch back to normal, many companies are scaling down the size of events and determining when and if a virtual gathering holds the same impact. Complete recovery of business travel isn't expected until 2024, but **the industry and its many facets are doing what they can to adjust to the times.***

- Fortune

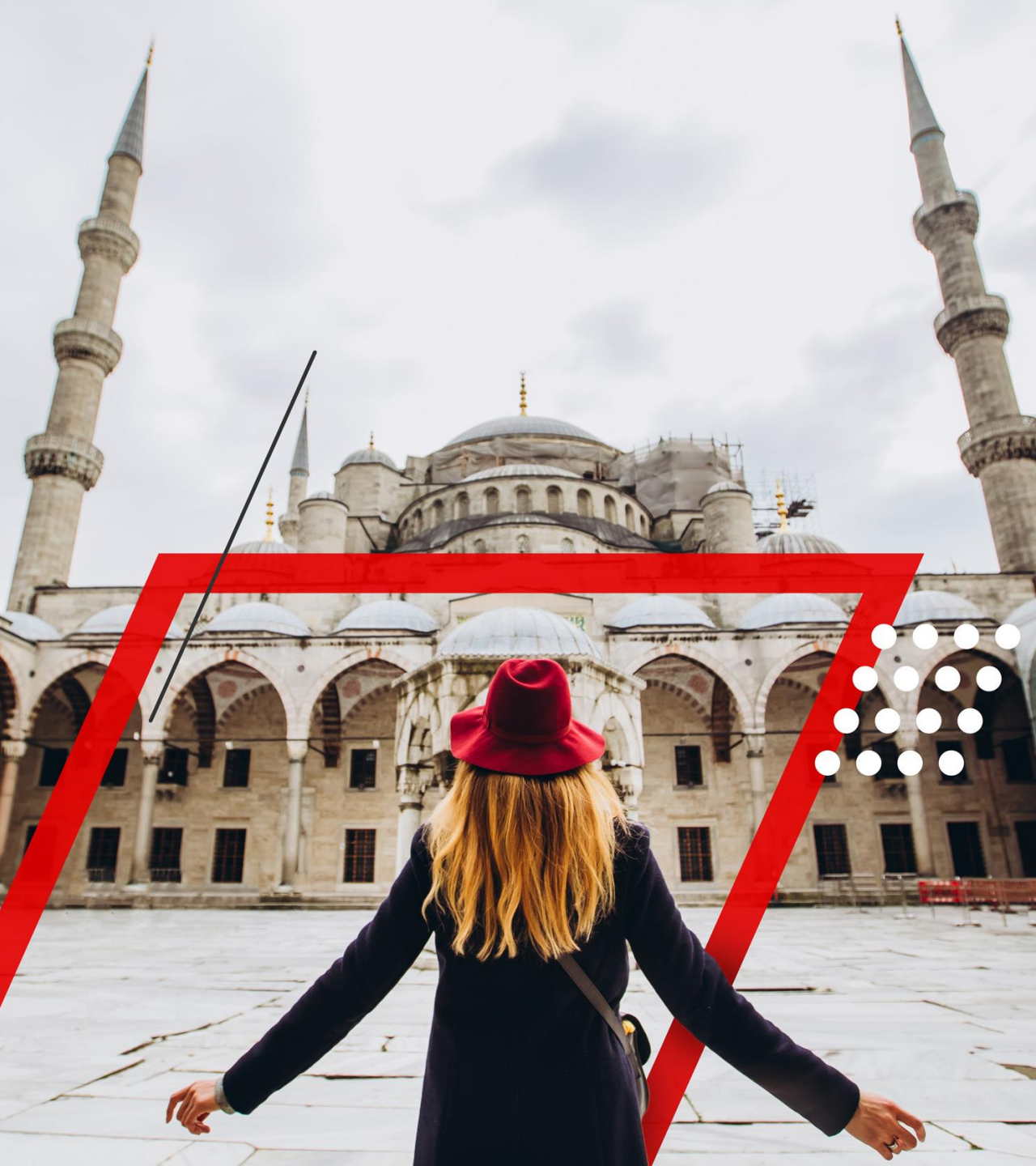
Some Positive Signs Emerge for the Return of Business Travel

During the summer months we saw some positive results, however the impact of Delta and other variants will continue to be monitored.

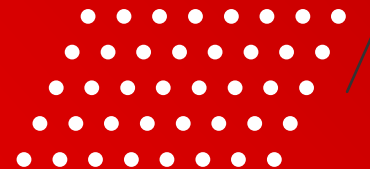
Global Business Travel Association (GBTA), which has been tracking company sentiment during the pandemic, received some positive results indicating an increase in companies reallowing business travel.

As is the case with most travel right now, business travel is more likely to occur in areas with higher vaccination rates. In these regions we are seeing a higher dependence on travel agents to ensure that employee travel plans are safe and follow new company travel protocols.





STAYING COMPETITIVE IN A CHANGING MARKET



What can you do today?



Customer Experience

Today's travelers expect their experiences to be personalized. Encourage them to book at your properties by indicating you provide this level of service



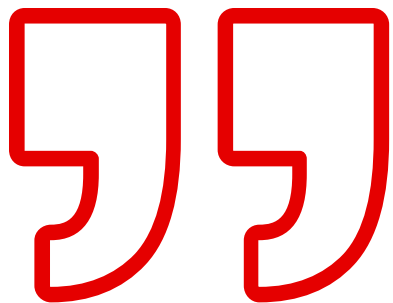
Spend Strategically

As business returns, how do you make the most of your ad spend? Use digital marketing campaigns and GDS promotions to increase visibility and conversions through your preferred booking channels



Leverage Trusted Partners

Don't just solve for today's challenges, plan how to elevate your offerings to meet future needs. Connect with trusted partners that will grow your business to deliver the art of hospitality



Focus on Customer Experience

Customer loyalty doesn't come easy in the digital world. However, many brands fail to realize customers are often part of multiple loyalty programs, meaning their data provides limited insight into their customer's behavior. The reality is travel marketers have blind spots, and they're taking what they know about a very select number of travelers and pushing that out to everybody. And that fails to create the personalized experience customers want.

To gain visibility across multiple customer touchpoints and deliver on expectations, marketers are finding partners with access to wider pools of data from across the industry to help them understand all facets of customer behavior. According to Epsilon, [80 percent](#) of consumers are more likely to do business with travel brands offering personalized experiences. The stakes are high but, when done right, the opportunity is great.

Given the changes in digital marketing as well as customer preferences and accessibility, convergence is inevitable. As distribution and digital media continue to converge, it will become a powerful tool for both suppliers and consumers around the globe. Not only will brands continue to drive more business, but customers will also get a better, more personalized experience that will build the loyalty travel brands crave.



Mark Rabe

CEO at Sojern

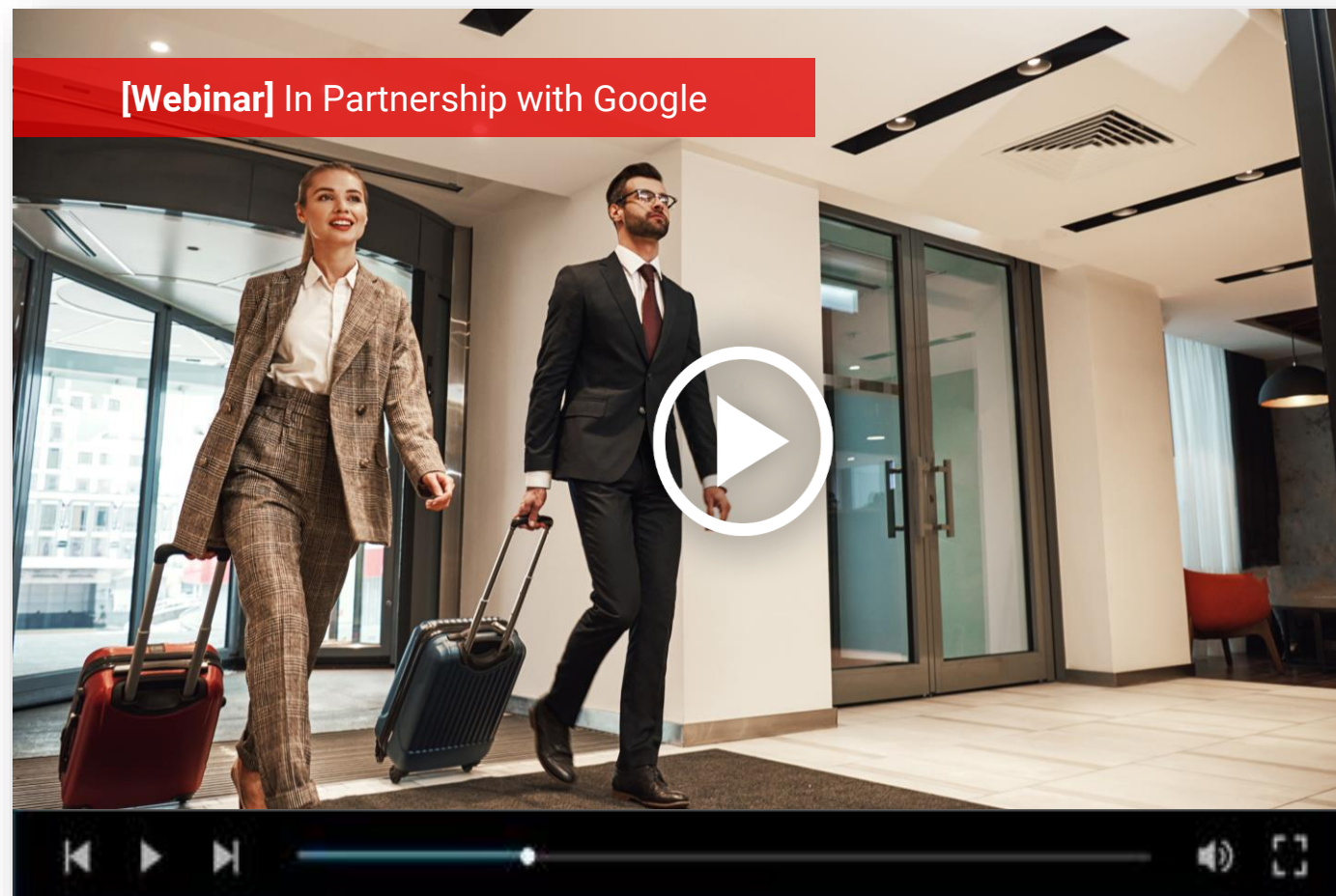


Spend Strategically: Capture Returning Travel Demand

In case you missed it

Hear from industry experts at Google and Sabre Hospitality Solutions on:

- Latest travel trends
- How hoteliers can capitalize on returning demand
- Increase Return On Ad Spend (ROAS)
- Watch the webinar on-demand [here](#)





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