



UK HOTEL RECOVERY MOMENTUM DIPS AFTER BUOYANT STAYCATION

HOTEL DEMAND REPORT - SEPTEMBER 2021

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As the weather turns signalling the end of summer and the UK staycation boom now tailing off, we begin the hard work of preparing to sustain sector recovery through a tough winter ahead. Whilst the bigger picture continues to evolve in a positive overall direction for both health and the economy, significant risks remain as we continue to progress out of the pandemic – particularly the VAT increase to 12.5% and the end of the JRS grant support this week will have an immediate impact on cash flows.

Bolstering sales growth will help deal with the myriad of complex commercial threats, so as a follow up to our [last report at the end of August](#) we summarise current market demand and immediate forecast trends using [SiteMinder's World Hotel Index tool](#) with a continued focus on UK regions and cities:

- UK comparison compared to a broad global trajectory, Germany & France, both with similar sized economy & population and a larger international economy in the United States.
- UK City update with an expected drop in some leisure dominant areas and a levelling off to growth elsewhere.

We have also detailed some initiatives with solutions and [partnerships](#) that have been successful on our projects. Whilst we need to look past some of the sensationalised reporting in parts of the media by sticking to what we can control, we cannot either ignore rising inflation, lack of staffing and skills resource and supply issues while the Government support is starting to fall away.

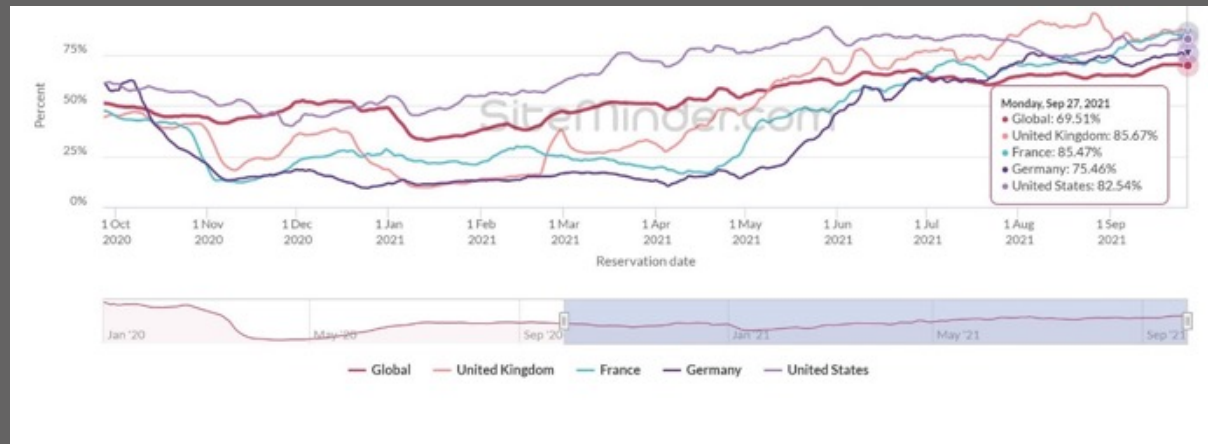
As always, all current booking trends are compared to 2019 actuals given this is where we aspire to get back to, as we are all too aware 2020 doesn't provide an adequate target.

CONT.



UK COMPARED TO THE REST OF THE WORLD

Booking Momentum - table below compares daily bookings made as a % of 2019, looking at the UK against the Global consolidated figure and the daily pace in Germany, France & the US.



Observations: overall daily pace in the UK has dropped back by 5% since the end of August, whilst still well ahead of the global figure this regression is greater compared with other Western economies.

The headline figure of daily rooms booking demand remains positive with the UK still 15% ahead of the Global trend, however the mid 80% of 2019 seems to have reached a consistent level. We are suggesting therefore that demand will continue to be at least 15-20% back on actuals from 2019, however will differ in some areas depending on for example market mix, local events, and the return of international travel.

Whilst this still compares favourably with most western economies the UK regression from the end of the summer spike is the exception compared with for example France where demand grew in September to 85.5% (+14.5%), Germany 75.5% (+2%) and the US 82.5% (+5.3%).

UK CITIES FOCUS, GAP FROM LEISURE NOT FILLED BY TRADITIONAL BUSINESS RETURN

The slowing of overall UK demand was expected as leisure regions saw the tail off from a very successful summer season. Whilst we accept that it's still early in the recovery cycle the return to work and border relaxation hasn't so far translated into the strong start to the autumn that we are traditionally used to, and as previously mentioned we expect volumes and therefore revenues to be at least 15-20% back on 2019 through Q4 and into Q1 of 2022.

The disparity between regions is now less obvious, for example in cities like Edinburgh & Bristol whilst still buoyant their downward trajectory in the graphic is clear. During the same period business reliant centres in general have remained flat on August actuals, with some like Manchester falling back quite significantly (-8%). Further afield there are many similar patterns, again with notable exceptions in Paris and New York City which have both seen greater demand during September.

Most of these larger cities will be reliant on the return of international travellers to return to pre-pandemic trading, and we are seeing continued relaxation to allow for that over time. However, we are now adopting these values with slow but sustained growth as a prudent approach to rate strategies, distribution and therefore forecasts through to March 2022.



Booking Momentum by city - table below compares daily bookings made as a % of year prior, comparing momentum across a section of different UK & international destinations.



There is still an overall positive picture to take from this point in time; we can see the improvement in the above graphic to the same period in 2020 with very little chance of the same disruption over winter 2021/22. So, recovery plans can be approached with more confidence and with an expectation of a return in any investment.

We have listed below some sales and revenue growth initiatives we are working on, crucially Assured Hotels retain a **skilled team of revenue and sales personnel** ready to support, advise and implement on agreed activity including:

- Rate strategy review - will current pricing plans deliver the best volume and margin from the local market conditions
- Outsourced revenue management, potential to reduce payroll with dedicated 3rd party support
- Distribution review to include: OTA's, GDS partner and challenge content on own and partner websites
- Franchise or soft brand support options review
- Pay per click and key phrase campaign review
- Database cleanse and campaign content planned
- Flash sales and other high impact, strategic campaigns.

This is just an illustration of where Assured Hotels can support sales and revenue teams - if you or a client has a hotel business, we are well placed to give an impartial sense check of rate & distribution strategies to ensure all opportunities are maximised as the sector recovers, particularly in relation to profit forecasts as Government support is removed.

As always, the data used paints a very broad-brush picture, particularly as it only uses daily rooms sold as a macro indicator and does not include rate or therefore revenue analysis. This broader data is also available across UK regions.



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Please do not hesitate to contact us to discuss finance reporting & forecasting, procurement, sales and revenue management, funding, and Government support.

Email Mathew, or call **0203 205 7239**.

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