A DATA-DRIVEN LOOK AT HOSPITALITY'S RECOVERY

Presented by

Skift + **ORACLE** Hospitality

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Skift is the largest industry intelligence platform providing media, insights, and marketing to key sectors of travel. Skift deciphers and defines trends for global CEOs and CMOs across the travel industry through a combination of news, research, conferences, and marketing services.

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SkiftX is Skift's in-house content studio. SkiftX produced this report in partnership with Oracle Hospitality.

▉ MASTHEAD

EXECUTIVE SUMMARY

The hospitality industry has been hit hard by the Covid-19 pandemic. Properties around the world remain closed or are operating at less than full capacity, staff have been furloughed or let go, and customers are shifting their travel in the face of constantly evolving news about reopening and disease outbreaks.

But even if the current news seems dire, a growing feeling of resolve is emerging from hospitality executives. That's because even if business doesn't immediately return to "normal," those in the industry want to be ready to reopen as the process of recovery and consumer demand starts to pick up. But ensuring the recovery process goes smoothly will require intelligent guidance and a sensible strategy.

How quickly will consumer demand start to return? What cleaning procedures and protocols will be needed to make guests and staff feel safe? Could low-touch hotel technology help minimize the risks of infection? And how will hospitality distribution and booking procedures need to adapt for this new era?

It was with many of these questions in mind that Skift and Oracle Hospitality joined forces in the second quarter of 2020 to launch a research study exploring the strategies and procedures that would help inform and guide the industry's recovery plans. The two organizations distributed the study to more than 1,800 hospitality leaders and more than 4,000 consumers around the world in order to understand their predictions and preferences regarding best practices for hospitality recovery.

The topics that were investigated include estimates of how soon hospitality demand would recover, questions about changes to on-property cleaning procedures, the use of technology to minimize in-person contact, changes to the employee experience, and how hospitality booking and distribution strategy might evolve in light of Covid-19. The research results were supplemented by interviews with a variety of hospitality executives and links to recent news stories that help put the data into context.

What does a successful hospitality recovery strategy look like? And when will it begin to pick up speed with consumers and industry stakeholders? There are no easy answers to these questions. But with the help of the collective wisdom shared in the following report, Skift and Oracle Hospitality hope to provide a framework for those in the industry to make smart decisions about what comes next.
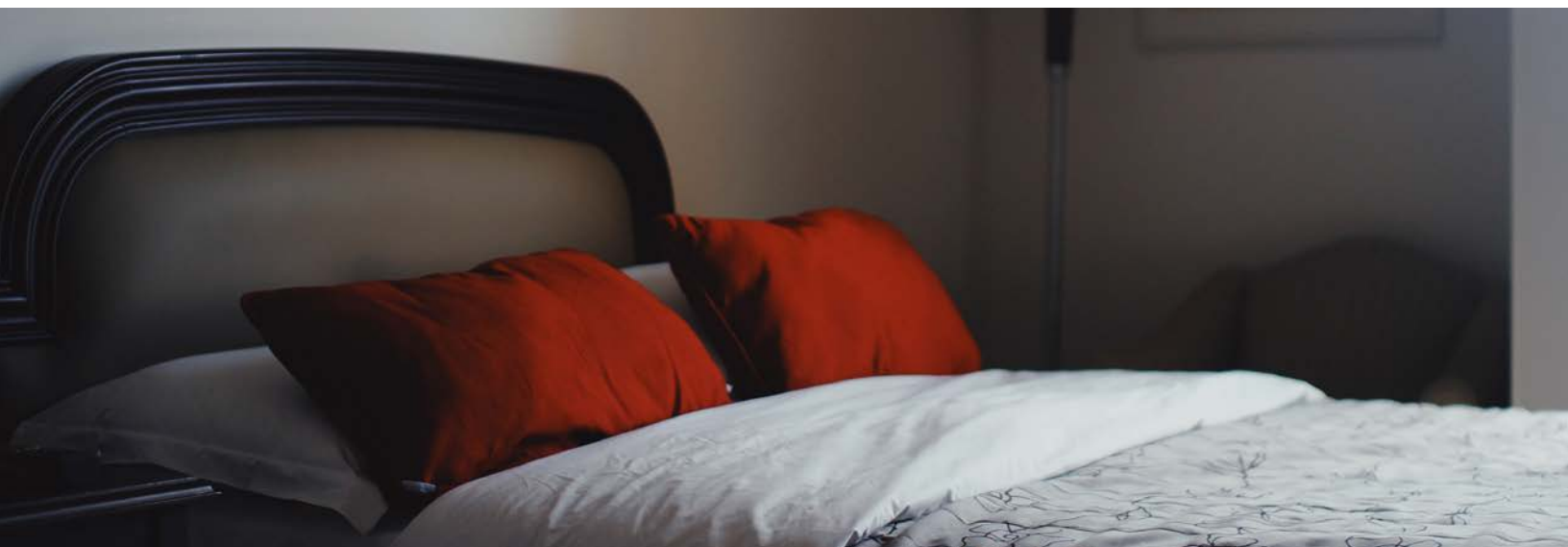
EXECUTIVE LETTER

There is nothing we all want more than to welcome back our guests and delight them with exceptional experiences. However, the road to recovery needs to be built with data-driven insights and collaboration among leaders across the hospitality ecosystem.

Indeed, the path forward is uncharted, underscoring more than ever the need for comprehensive, meaningful marketplace research. Such information is essential to gaining insights that can help us navigate the challenges ahead – as well as identify and seize new opportunities that most certainly will surface.

Alex Alt
SVP and General Manager
Oracle Hospitality

That's why Oracle Hospitality partnered with Skift Research to conduct this global study, which surveyed thousands of hotel operators and consumers to better understand their beliefs and actions that are shaping the new hospitality landscape. The results shed light on economic trends fueling the rebound, emerging best practices in areas such as guest and employee health safety, contactless operations, and new technology innovations that will be needed to satisfy rapidly evolving consumer demands.

For more than 40 years, Oracle Hospitality has been pioneering technology advances that help hoteliers adapt to ever-changing market dynamics and elevate the guest experience. And with an unprecedented commitment to support integrations, our latest offerings such as OPERA Cloud readily incorporate best-of-breed solutions – regardless of their origin – ensuring your technology infrastructure always remains relevant.

Just like our software and hardware combine to unlock endless possibilities, this research project is designed to spark business renewal. It's our way to advocate for the health of our industry, and we hope it prepares you for the "new next."

ORACLE
Hospitality

Hospitality's Road to Recovery

Preparing for the New Next

Learn more:
www.oracle.com/industries/hospitality/covid-19-resource-center/

INTRODUCTION

The Covid-19 crisis is creating an unprecedented challenge for the hotel industry. After over a decade of steady growth for owners and operators around the world, this devastating global health situation has dramatically impacted consumer travel demand, leaving many in the industry stunned and reeling.

Evolving business estimates provide a sobering picture of the size and scope of the challenge. According to data from Oxford Economics, the industry will experience a 50 percent decline in revenues for 2020 compared to its previous estimates. Meanwhile, 70 percent of hospitality employees are currently laid off or furloughed. Hotel data firm STR is now predicting occupancy rates of 38 percent for the full year of 2020.

Industry veteran Jan Freitag of STR put an exclamation point on these estimates in a recent analysis for Hotel News Now, noting RevPAR declined 51.9 percent in March. Freitag described the situation bluntly as "the steepest monthly decline we have ever recorded in our 35-year history."

Hotel Occupancy Rates
2010 - 2020
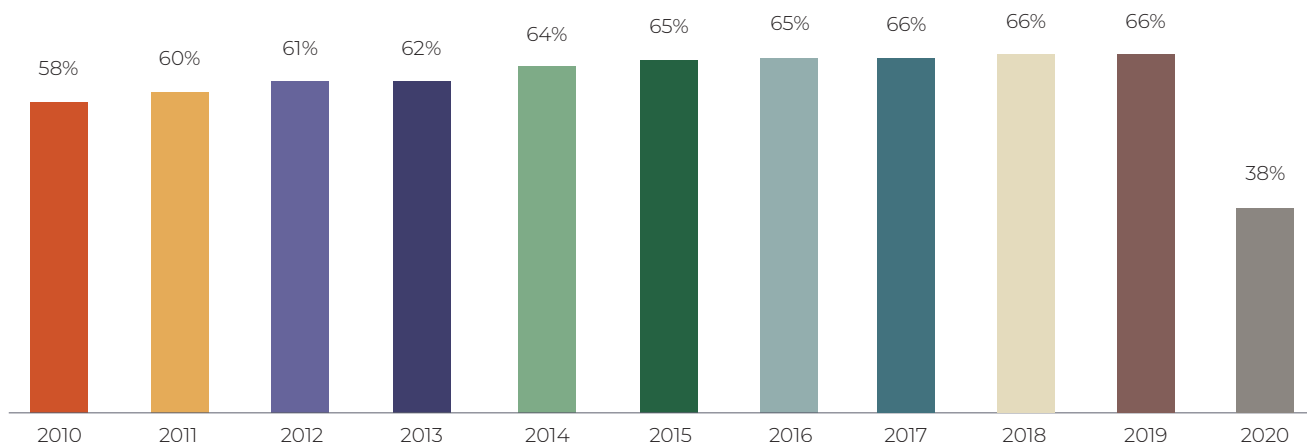
Source: STR Hotel Occupancy Rate Forecast

Speaking during the early phases of the outbreak executives across the industry came to a similar conclusion. "Covid-19 is having a more severe and sudden economic impact on our business than 9/11 and the 2009 financial crisis combined," said Arne Sorenson, Marriott CEO, in a March 2020 video address shared with company shareholders and staff. "The worst quarter we had in those earlier crises saw a roughly 25 percent decline in hotel revenues on average across the globe … In most markets our businesses are already running 75 percent below normal levels."

All of this reinforces the evolving recovery challenges now facing the hospitality industry. But with those challenges there is also a growing feeling of resolve emerging from executives, employees and stakeholders: what steps will those in the industry need to take to place it on the path to recovery?

SIGNS OF RECOVERY AND THE PATH FORWARD

"Recovery" means many different things to different hospitality businesses. But considering the diverse needs of the hospitality sector, we will define the term in this report around two business outcomes.

First and foremost, recovery refers to the need for consumer demand for hospitality products and services to return. While hotels are still reporting demand that is far below normal, there is cause for hope: a number of hospitality executives are sounding a cautious note of optimism, pointing to good news from Asia Pacific hospitality businesses which faced the full brunt of the virus much earlier than other parts of the globe.

"There is light at the end of the tunnel in Asia, especially China. It still is not good, though," said Sebastien Bazin, CEO of Accor Hotels in a May 2020 interview. "Plan for the worst and hope for the best. It is a time to be cautious, prudent, to stand still and look after your own business."

The second piece of recovery requires the hospitality sector to develop operational solutions to reassure travelers, adapt to their changing needs and concerns, effectively promote the industry's products, determine how to serve local communities, and retrain staff.

On this front as well, early solutions are starting to emerge. Many of the hotel properties that reacted quickest to the crisis seem to be better positioned to recover faster than competitors, and are helping

write the playbook for others to follow suit. Consider the example of the Four Seasons New York, a property which has already made drastic adjustments to their operations and procedures as they shifted to serving medical personnel, helping inspire future recovery plans for other operators.

"We worked out every product and procedure we had to turn this into a utilitarian operation," said Four Seasons Hotel New York general manager Rudy Tauscher in an April 2020 interview with Skift. "We're a very service-oriented hotel, and we needed to move away from that and all guest interaction."

The Four Seasons was not alone in its focus on revising property operating procedures due Covid-19. In fact, in recent months, dozens of hospitality organizations and hotel brands across the globe have started to release revised guidelines describing new cleaning standards they will use to keep their properties virus-free. As detailed in a recent Skift article on the topic, there are more than two dozen such initiatives already in place (see chart below), with the likelihood of many more soon to follow.

One example of these new guidelines is Hilton's recently announced partnership with RB, maker of Lysol, and the Mayo Clinic, on a new hotel cleanliness standard called Hilton CleanStay that will launch in June.

"How can we do things that overlay that next level of expectation of cleanliness?," said Phil Cordell, senior vice president and global head of new brand development for Hilton in April 2020. "Some may be short-term, and some may be long-term. Social distancing may subside, but this emphasis on clean, clean, clean is here to stay."

An Overview of Covid-19 Cleaning and Safety Initiatives in the Hospitality Industry

Company	Initiative	Guidelines
Marriott	Marriott Global Cleanliness Council	Commitment to Clean
Hilton	Hilton CleanStay	New Standard of Cleanliness
Accor	ALLSAFE	The ALLSAFE Label Framework
IHG	IHC Clean Promise	IHC Way of Clean Enhancements
Hyatt	Global Care & Cleanliness Commitment	Global Cleanliness Accreditation
Omni	Omni Safe & Clean	Stay A Part of Safety
Four Seasons	Lead With Care	Global Program Guidance
Wyndham	Count On Us	Health & Safety Protocols
Choice Hotels	Commitment to Clean	Protocols and Products
Best Western	We Care Clean	Five Key Areas
Loews Hotels	Safety & Well-Being Protocols	Service Promise and Protocols
Airbnb	Enhanced Cleaning Initiative	ECI Teaser

| Company	Initiative	Guidelines
VRBO	Enhanced Cleaning and Disinfection of Vacation Rentals	New Vacation Rental Standards
Red Roof Inn	Red Roof RediClean	Protocols for Employees and Cleaning
Extended Stay America	STAY Confident	Stay Safe, Stay Healthy, Stay Comfortable
American Hotel & Lodging Association	Safe Stay	Safe Stay Guidelines
OYO	Sanitised Stays	Corona Concierge
Margaritaville	Health and Sanitation Commitment	Guidelines and Reopening Schedule
AMResorts	CleanComplete Verification	Quality Safety, and Hygiene Protocols
Montage International	Peace of Mind Commitment	Peace of Mind Commitment Traveler Guidance and Protocols
G6 Hospitality	Clean@6	Initiative Overview
Club Med	Safe Together	Protocols and Standards
The Breakers	Enhanced Health & Safety Standards	Summary of Precautions
Radisson Hotel Group	Radisson Hotels Safety Protocol	Protocol Overview
ITC Hotels	WeAssure	Safety Initiative

Other operational examples have emerged in places such as Las Vegas, where gaming companies are exploring properties that would max out at ⅓ occupancy, conduct temperature checks of all travelers entering the property, and limiting entry pathways to the property to screen visitors.

In addition to new cleaning procedures, many hospitality businesses are using Covid-19 to further accelerate the use of technology to streamline their operations, better serve guests, and enable safer customer interactions such as self-serve check-ins, contactless payments, and automated assistance.

As noted in a recent article by Hotel Tech Report, "...while our businesses are closed, the best thing we can do is prepare for the next downturn and improve our operational capabilities. Never again will you have this much time to try different technologies."

In fact, according to a recent eConsultancy article, technology-driven hospitality automation will be crucial to the industry's recovery plans: "With social distancing rules likely to remain even after lockdown restrictions are lifted, we could see automation coming to the forefront; used as a way to minimize contact between guests and hotel staff." ◆

SKIFT AND ORACLE'S HOSPITALITY RECOVERY STUDY
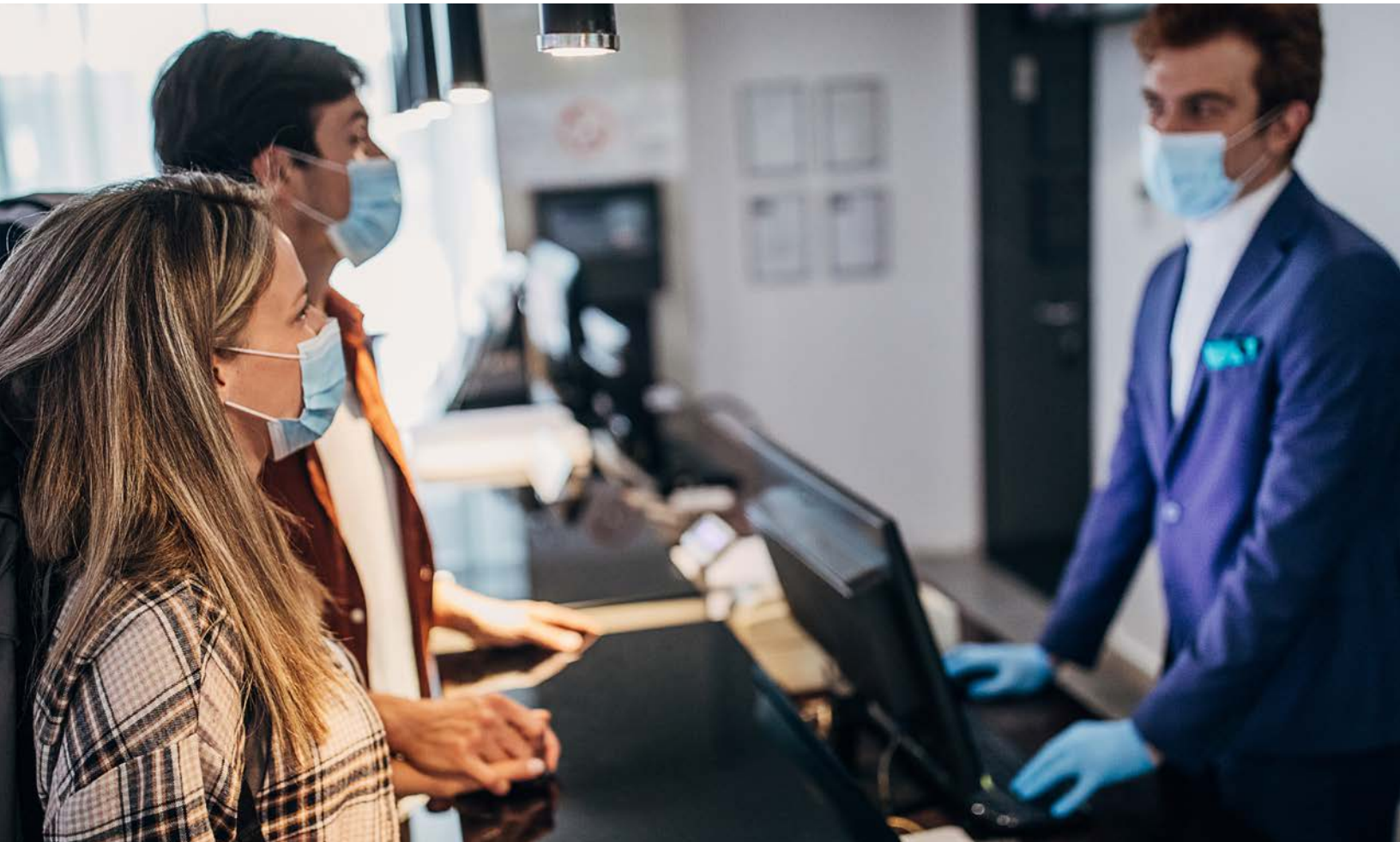
The current hospitality climate is challenging. But as the early examples above illustrate, it's essential that those in the industry and their partners start preparing for the future. When the inevitable recovery does come - they'll need to decide on solutions, tools, and strategies that will put them back on track for success.

It was with these needs in mind that Oracle and Skift commissioned a research study in April 2020 to understand the recovery plans for hotels. The two organizations surveyed over 1,800 hospitality leaders around the world, representing a mix of businesses including hotels, short term rental operators, cruise companies, boutique hotels, and casinos, among others, to understand their opinions around how the hotel experience will need to change in response to COVID-19.

In parallel with this executive research, Skift and Oracle also surveyed more than 4,000 consumers in the US, Mexico, Germany, the UK, Singapore, and Australia to learn about how the outbreak was impacting their travel plans, along with their expectations for hotel stays in the future. The research was then complemented by interviews with dozens of industry leaders and the latest news and research data gathered by Skift to add further context.

In order to help structure the results, the survey results are organized around the following four themes:

◆ **Hospitality's recovery outlook** - the timeline and forecasts for when demand will return

◆ **Changes to the guest experience** - what new property procedures, cleaning protocols, and technology services will be used to ensure safe stays?

◆ **Changes to the employee experience** - how to ramp up training and safety procedures for staff

◆ **Booking policies and distribution** - what changes, if any, will need to be made to customer booking policies and hospitality distribution strategies?

A NOTE ON DATA, TIMING, AND THE RAPIDLY EVOLVING NATURE OF RECOVERY

This report attempts to provide actionable advice for hospitality executives as they work to reopen their properties safely and successfully in the aftermath of Covid-19. But given the extremely volatile and ongoing nature of the outbreak and the unpredictable human response, trying to provide up-to-the-minute information and guidance can be challenging.

At the time of this report's publication in early summer 2020, the situation regarding hospitality reopening plans related to Covid-19 remains in flux. Not a day seems to go by without some new announcement, whether that's a new region or city now reopening for business or new spikes in Covid-19 cases, leading public health officials and business leaders to reevaluate previous reopening decisions. In other words, what might work for a hotel operator in Asia or Europe might not be feasible for someone in North America or Latin America.

Because the uncertainty created by Covid-19 varies based on location, medical protocols, and government decisions, Skift and Oracle present the conclusions below as directional guidance for readers. The recommendations are intentionally broad and seek to assist the widest possible collection of hotel stakeholders with reopening strategies that will work when circumstances allow. That said, readers will need to keep in mind the unique situation in their specific region or city when considering how to apply the recommendations to their own circumstances. ◆

HOSPITALITY'S RECOVERY OUTLOOK

The recovery of the hospitality industry depends on many factors. But first in the minds of most executives is a simple question about gauging consumer demand: When will travelers want to return to hospitality businesses? Nearly every other question about company resources, staffing, training, technology, and beyond will depend on the answer.

In order to understand how quickly demand will return to various hospitality businesses, Skift and Oracle asked industry executives and consumers for their recovery predictions. Among the topics covered

in this section are current estimates of hotel demand, future predictions for the next 12 months, and expectations about the type of customers hospitality businesses should expect to serve.

As noted above, the first few months of 2020 have been a difficult time for most hospitality organizations. More than half of hotel executives in Skift and Oracle's survey reported that their property was closed and not accepting guests, while another 21 percent said they were accepting a limited number of customers such as emergency first responders and medical personnel.

As of April 2020, is your property still open for business and accepting guests?
Hotel Executives

YES - all guests	23%
YES - limited types of guest	21%
NO	57%
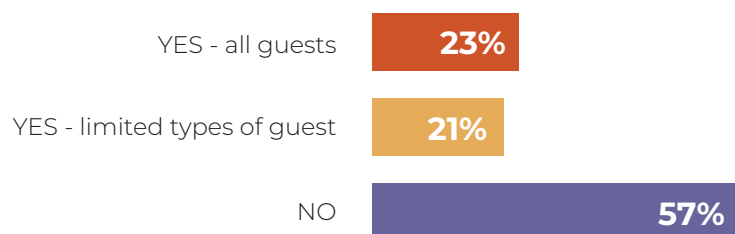
Estimates of current consumer demand in April 2020 were similarly bad, with more than half of respondents noting that Covid-19 had reduced their bookings by between 76 and 100 percent compared to the same period the year prior (below, left).

When consumers were asked about their own travel arrangements for the coming six months, more than 60 percent of respondents said they had canceled all plans, while more than 20 percent had canceled at least some of their plans (below, right).
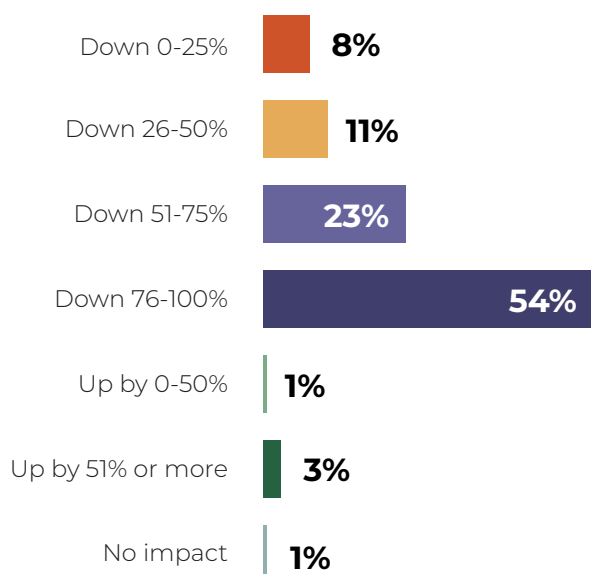
But moving beyond the bad state of current demand, many hospitality industry executives are hopeful that demand will begin to pick back up in the near future, especially in parts of the world like Asia-Pacific,

where the first wave of Covid-19 outbreaks has begun to recede. Consider the following remarks from Marriott's Sorenson during the company's Q1 2020 earnings call: "The glimmer of good news is negative trends appear to have bottomed in most regions in the world."

Skift and Oracle's research does predict an improvement in medium-term hospitality demand (six months from now) among hotel executives compared to the perceived "low point" of early Q2 2020. One third expected demand six months from now to be down 51 to 75 percent from normal levels, while another 34 percent expected demand to be down between 26 and 50 percent (following page, top left).
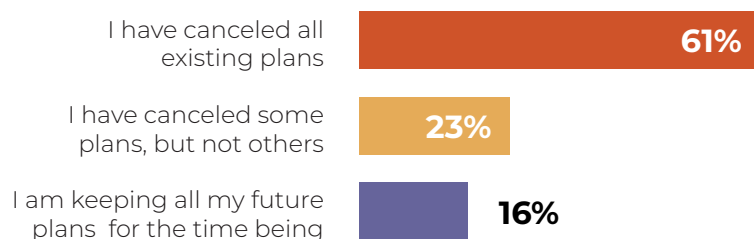
What is your best estimate of the impact the COVID- 19 pandemic is having on your company's bookings versus the same period a year ago?
Hotel Executives

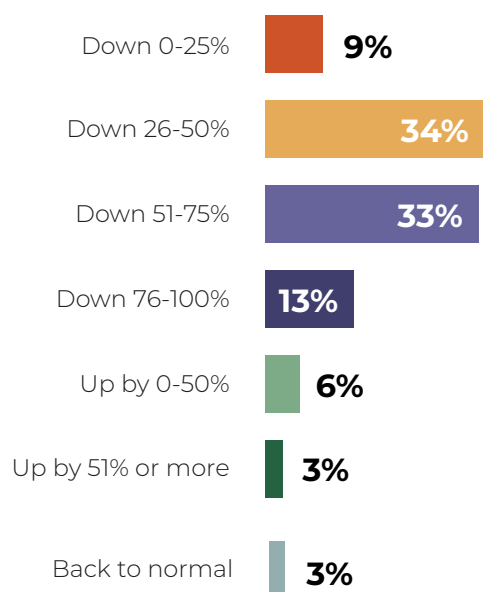|	
Down 0-25%	8%
Down 26-50%	11%
Down 51-75%	23%
Down 76-100%	54%
Up by 0-50%	1%
Up by 51% or more	3%
No impact	1%

Which of the following statements best describes how the COVID-19 outbreak is impacting your existing travel plans for the next six months?
Consumers

I have canceled all existing plans	61%
I have canceled some plans, but not others	23%
I am keeping all my future plans for the time being	16%

What is your best estimate of how much your bookings will be impacted six months from now?
Hotel Executives

Down 0-25%	**9%**
Down 26-50%	**34%**
Down 51-75%	**33%**
Down 76-100%	**13%**
Up by 0-50%	**6%**
Up by 51% or more	**3%**
Back to normal	**3%**

The survey findings above are mostly in sync with interviews Skift completed with industry stakeholders, who expect demand to be down significantly but begin to recover by Q3 2020. "We are forecasting an average 95 percent reduction in business in Q2 2020 and 75 percent in Q3," said Andrea Angiolini, head of systems for Global Hotel Alliance (GHA).

There's also the question of when consumers will ultimately feel comfortable enough with the state of the Covid-19 health situation to start traveling again. The answer to this question can vary significantly depending on a given respondent's location. Some parts of the world, like Taiwan for example, may already be well on the way to recovery, while other areas are still very much in the midst of the crisis.

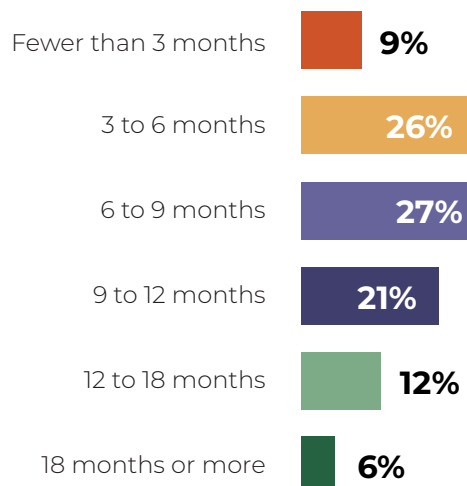That said, more than half of consumer respondents told Skift and Oracle they would be ready to travel

again somewhere between three and nine months from now (below, right).

Beyond the immediate recovery, many hospitality executives are wondering when business will return to "normal," referring to the pre-Covid-19 levels of consumer spending and occupancy. While it's hard to know yet what normal travel activity will look like following the current crisis, hospitality executives expect the recovery to take time. Forty-five percent predicted a full recovery would take place between nine and 18 months from now, positioning the expected rebound in 2021 (following page, top left).

As travel demand does begin to return to hospitality properties, it's also not guaranteed it will come from the same types of travelers that visited properties in the past. Many in the hospitality sector plan to focus on domestic and local leisure travelers who can drive to their properties as their initial customer base. The ability to appeal to international visitors and group/events business will only be possible as government and health restrictions are lifted.
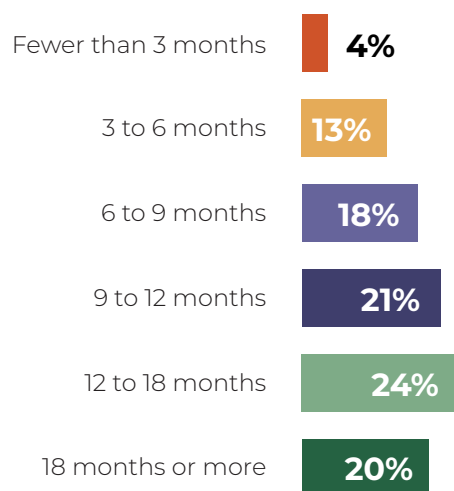
How long do you expect it will take before you personally feel comfortable traveling again?
Consumers

Fewer than 3 months	**9%**
3 to 6 months	**26%**
6 to 9 months	**27%**
9 to 12 months	**21%**
12 to 18 months	**12%**
18 months or more	**6%**

How long do you predict it will take for business to recover to the levels of bookings seen prior to the COVID-19 outbreak?
Hotel Executives

Fewer than 3 months	**4%**
3 to 6 months	**13%**
6 to 9 months	**18%**
9 to 12 months	**21%**
12 to 18 months	**24%**
18 months or more	**20%**

"Leisure is the one area that everybody's seeing movement because everyone's been cooped up and they're ready to do some activity," said Heather McRory, CEO for North and Central America at Accor Hotels. "I think clearly being safe is a significant part of that … but I do believe that there is that demand. Business travel is a little bit longer of an issue."

This point was emphasized among the survey's hospitality executive respondent base — more than 30 percent said they were expecting to see a few more or significantly more domestic travelers. Meanwhile, over 60 percent were expecting a few less or significantly less international travelers as guests (below).

"We'll hopefully see a nice uptick in the drive market," confirmed Gustaf Berman, executive vice president and chief information officer for Montage Hotels. "People that are either in Southern California, or our location in South Carolina, where we'll see more of an uptick in the extended local market — more so than we've seen pre-epidemic."

Berman's prediction aligns with the expectations of consumers as well. When asked about the types of trips they would be willing to take during the next six to 12 months, 47 percent predicted they would be willing to take local trips within driving distance, while another 44 percent cited leisure trips and domestic trips, tied as the second most popular answers (following page, top left).
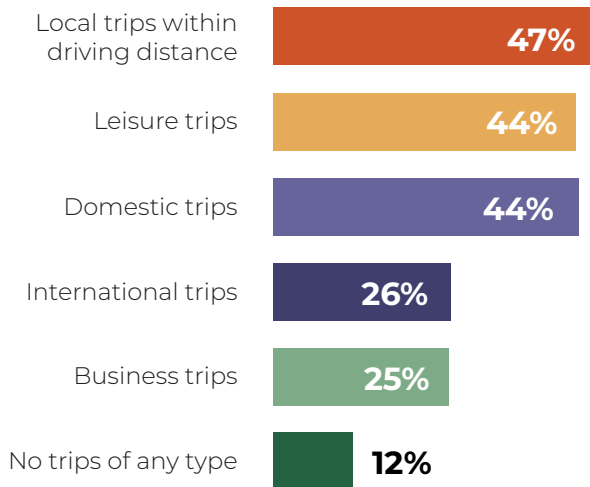
How do you think Covid-19 might change the number and type of guests who stay at your property?
Hotel Executives

	Significantly less of these guests	A few less of these guests	About the same number as in the past	A few more of these guests	Significantly more of these guests
International Travelers	29%	32%	21%	9%	7%
Groups/meetings	27%	33%	25%	8%	6%
Business Travelers	19%	30%	34%	9%	6%
Healthcare workers/first repsonders	22%	21%	40%	11%	4%
Leisure Travelers	16%	31%	26%	16%	8%
Domestic/Local Travelers	13%	23%	30%	21%	10%

In the next 6-12 months, which of the following types of trips do you predict you will be willing to take in light of the COVID-19 outbreak?
Consumers

Trip type	Percentage
Local trips within driving distance	47%
Leisure trips	44%
Domestic trips	44%
International trips	26%
Business trips	25%
No trips of any type	12%

In this chaotic and constantly shifting moment, it can be hard to say for sure what the hospitality sector will look like three months from now, let alone next year. But based on these initial assessments, there is growing cause for optimism, even if the recovery process needs time to fully materialize.

FOCUS ON: REGIONAL VARIATIONS IN RECOVERY

No part of the world has been spared from the effects of Covid-19. But even if the impact of the virus is global, the industry's recovery from Covid-19 will not necessarily proceed at an even pace.

Various regions, countries, and cities of the world are experiencing vastly different rates of infection, levels of government intervention, and citizen attitudes toward the virus threat. How will these regional variations impact the outlook for hospitality recovery? A summary of the key differences between respondents in North America, Asia-Pacific, Europe and Latin America suggests that the industry may face a potentially uneven business recovery.

As noted in the section above, hospitality businesses will likely need to shift the types of travelers they serve in the short term to account for the closure of international borders and consumer fears related to flying. This growing post-Covid-19 focus on domestic travelers could work to the benefit of hospitality businesses in North America, a region where hospitality executive respondents said domestic travelers represented the greatest majority of their guests:

"The greatest majority of our guests prior to Covid-19 were domestic travelers"

North American hotels: **57%**

European hotels: **38%**

Asia-Pacific hotels: **29%**

Latin American hotels: **21%**

On the question of recovery timing, North American hospitality executives also expressed more optimism about their ability to bounce back, predicting their properties would experience quicker recovery in bookings than those in Asia-Pacific or Latin America.

"In the last three weeks, we've seen a fair amount of activity," said Accor's McRory, in an interview conducted in mid-June 2020. "We opened up one of the Fairmont's, the Scottsdale Fairmont, for Memorial Day weekend … Banff and Lake Louise and Whistler all just opened up." She believes early July is a crucial recovery milestone. "[The Accor properties] are all opening. It probably won't be in June, but it'll be beginning of July."

Regional predictions from consumers also help to reinforce this conclusion. When asked how likely they would be to book trips in the next six months, over half of consumers in North America (as well as half of those in Latin America) said they would be "very" or "somewhat" likely to travel.

What is your best estimate of your property's bookings six months from now?
Hotel Executives

	Down by 26 to 50%	Down by 51 to 75%
North American Hotels	41%	27%
European Hotels	35%	33%
Asia-Pacific Hotels	22%	41%
Latin American Hotels	17%	31%

Consumers who said they are very/ somewhat likely to book new trips in the next six months:

North American consumers: **51%**

Latin American consumers: **51%**

Asia-Pacific consumers: **38%**

European consumers: **38%**

Still, there is considerable difference of opinion among the regions about the precise time frame for full recovery from Covid-19, emphasizing the uncertainty of the process. North American hospitality executives may be more optimistic that some fraction of demand will return. But this outlook needs to be tempered by the patchwork nature of recovery in markets like the United States, where different states and cities are seeing vastly different virus outcomes.

In fact, it was hospitality executives in Asia-Pacific who seemed to be most optimistic about the industry's full recovery, suggesting that operations could be fully back to normal by early 2021.

This could be related to the earlier stage at which markets like China, Taiwan, and Singapore first started dealing with Covid-19, along with their extensive history and experience dealing with previous health crises like SARS. Meanwhile, respondents from Europe and Latin America were much more muddled in their predictions, suggesting a lack of clear consensus. ◆

ON-PROPERTY GUEST EXPERIENCE

The previous section focused on hospitality's recovery timeline: when, and how quickly, industry executives and customers predicted it would take before hospitality business would start to return. But looking beyond the predictions, there are other factors that will be equally important in determining when travelers feel comfortable enough entering and staying at a hospitality property.

Another pressing question is likely to be about the hotel experience itself: How can consumers feel confident that hospitality companies are doing all they can to keep them safe and healthy? As many executives in the industry recognize, a redesigned guest experience will play an important role in this process: How will they redesign hospitality products, services, operational procedures, and guest technology to satisfy traveler needs?

To start, the most critical guest experience will be modifying operations to enable increased cleanliness and social distancing. In the absence of a vaccine for Covid-19, many consumers will look to government officials and businesses to put in place protocols that minimize the potential for infection.

Without such procedures in place, it's doubtful that travelers will return to hospitality businesses in any significant numbers.

"We know that for our colleagues, guests and customers to feel confident returning to our hotels, their peace of mind is critical," said Frank Lavey, senior vice president of global operations at Hyatt. "We are taking decisive actions — like committing to third-party accreditation across our more than 900 Hyatt hotels, appointing hygiene managers or teams at every property, and working closely with medical experts and industry professionals from companies like American Airlines and Gensler — to make sure our guests and colleagues feel confident that everything we do is with their safety and well-being as a top priority."

This growing focus on cleanliness and preventing infection was echoed in the Skift and Oracle survey. Ninety percent of executives said they were considering or already adjusting the frequency of their cleaning and disinfecting procedures, and another 89 percent said they were considering or already implementing new training procedures for staff related to cleaning or guest interaction. Meanwhile, 84 percent said they were considering or already altering public spaces to enable social distancing (below).

From the consumer perspective cleaning procedures and social distancing were an equally high priority. Sixty percent of travelers said that the increased frequency of cleaning and disinfecting would be the most important property change to make them feel comfortable staying in hotel again. Another 39 percent mentioned social distancing in hotel public areas, the second-most popular answer (following page).

We know that cleaning procedures will be an important component of the recovery process. But what does a revamped cleaning strategy look like for hospitality? "We've always had to have clean
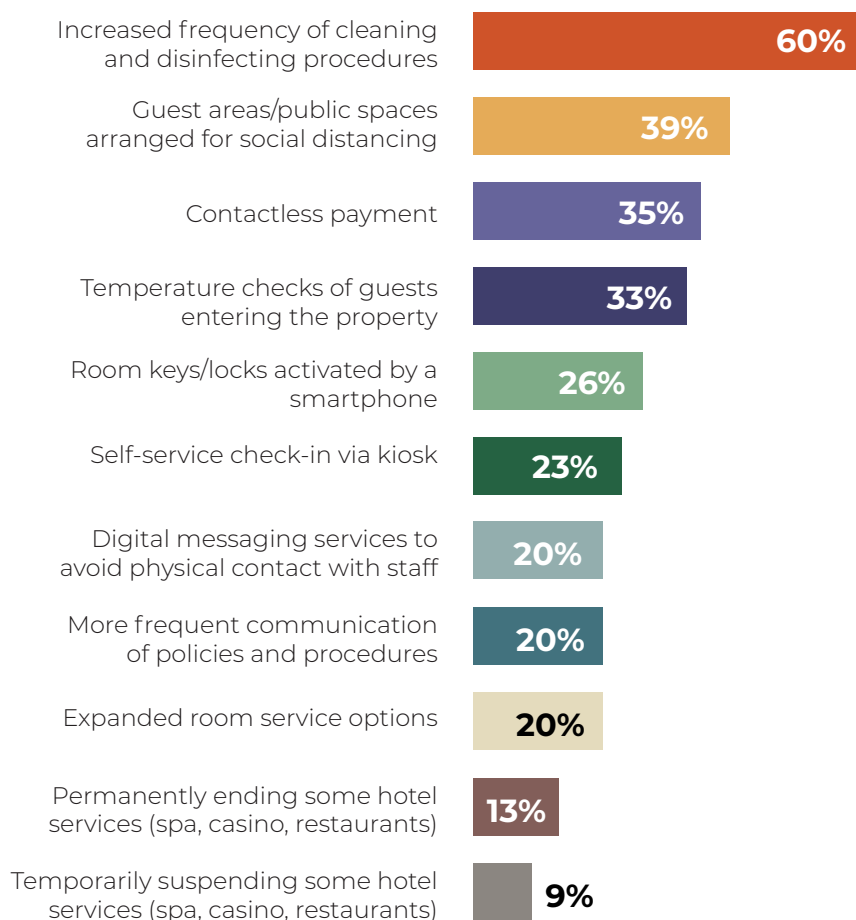
What changes, if any, are you planning to make to your on-property hospitality experience in response to Covid-19?
Hotel Executives

	No plans to change	Considering this change in the future	Already made/making this change
Increasing frequency of cleaning and disinfecting procedures	10%	27%	63%
New training procedures for staff (cleaning, guest interaction)	11%	32%	57%
Altering guest areas/public spaces to enable social distancing	16%	41%	43%
Adding contactless payment options	19%	38%	43%
New digital messaging services to handle guest requests	28%	44%	28%
Self-service check-in procedures	32%	42%	27%
Expanding room service options	36%	39%	25%
Temperature checks of guests entering the property	39%	39%	22%
Room keys/locks activated by smartphone	41%	42%	17%

Which of the following changes to the hotel stay, if any, would you make you feel more comfortable staying in a hotel once you're willing to travel again?
Consumers

Change	%
Increased frequency of cleaning and disinfecting procedures	60%
Guest areas/public spaces arranged for social distancing	39%
Contactless payment	35%
Temperature checks of guests entering the property	33%
Room keys/locks activated by a smartphone	26%
Self-service check-in via kiosk	23%
Digital messaging services to avoid physical contact with staff	20%
More frequent communication of policies and procedures	20%
Expanded room service options	20%
Permanently ending some hotel services (spa, casino, restaurants)	13%
Temporarily suspending some hotel services (spa, casino, restaurants)	9%

hotels, right?," said Accor's McRory. "But taking it up to the next level of making sure people feel very comfortable and, frankly, [addressing] the infectious disease side of the equation, it takes just a different level of discipline."

A wide variety of solutions are under investigation. One part of the solution will rely on new technology. "We've got things like UV light air purifiers and electrostatic disinfection technology that we're looking to procure and deploy to our hotels as part of our opening and maintenance protocols," said Montage's Berman.

Another part of the solution is the creation of company- and industry-wide cleaning procedures

for staff. As noted in the report introduction, several dozen hotel brands and industry organizations are already launching initiatives to help address this question. But as a consensus is emerging, that doesn't mean the path forward will be simple. In fact, as these cleaning initiatives proliferate, the next industry task will be deciding who should take a leadership role in standardizing these protocols. Otherwise the very same protocols designed to reassure travelers could create unwanted confusion.

"It is a very tough challenge to find special guidelines. Because there's a lot of information coming in — every day you have new protocols," said Enrique Calderon, chief operating officer,

Grupo Posadas. "There are international protocols. There are hotel protocols from competitors that they were sharing with us. The hotel associations, they're doing protocols [as well]."

Equally important will be striking the right balance between overzealous cleaning, visibly showing guests that sterilization is taking place, and making sure guests still feel welcome and comfortable. It's easy to imagine a situation where hotel staff dressed in hazmat suits and gas masks could inadvertently make guests feel less — rather than more — at ease.

"I think it's going to be about the perception of showing the things we're already doing," said one cruise executive who asked to remain anonymous. "At the same time, the big question we're asking ourselves is what's the level at which you can still deliver a great product without seeming like a hospital?"

Agree or disagree: "Moving forward, self-service technology will be increasingly important for our organization to assist guests while minimizing unnecessary contact or possible infection."
Hotel Executives

Strongly agree	33%
Agree	40%
Neither agree or disagree	18%
Disagree	6%
Strongly disagree	3%
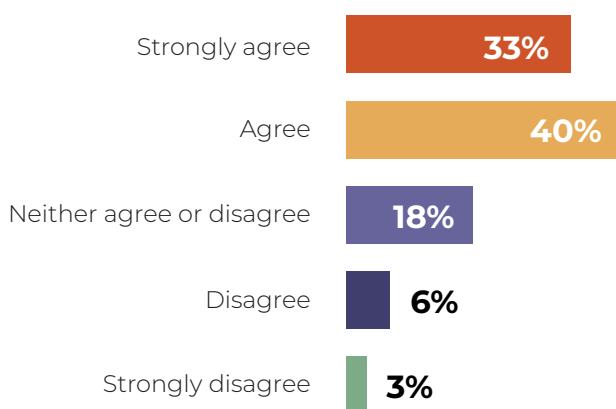
TECHNOLOGY'S POTENTIAL ROLE IN RECOVERY

In addition to new cleaning procedures, many hospitality businesses are looking to technology solutions to help them safely reopen. Whether this means digital messaging systems, contactless payment solutions, keyless room entry, or beyond, more hotels now recognize that these tools can help them safely handle guest requests while minimizing the need for unnecessary physical contact.

It's worth reiterating that hospitality technology is increasingly ubiquitous in the hotel sector. After all, properties around the world have been working to integrate automated systems for guests for well over a decade. But in the past, these changes have been slowed down by problems related to interoperability with legacy systems and challenges with standardization, especially at bigger chains. What's changed in the era of Covid-19 is that there is now a growing sense of urgency devoted to the process. "When there is this massive change in life, or day-to-day activities, it's usually ripe for innovation," noted Montage's Berman.

The hospitality executives surveyed by Skift and Oracle show a strong appetite for self-service technology solutions to help cope with Covid-19. Over 70 percent either agreed or strongly agreed that self-service technology will be important to assist guests while minimizing unnecessary contact (left).

This same interest in self-service hospitality technology is shared with travelers. More than 70 percent either agreed or strongly agreed that they would be more willing to stay at hospitality businesses that implemented these types of services (following page, top right).

It's clear that both travelers and executives are on board with further use of hospitality technology as a piece of the recovery process. But the bigger
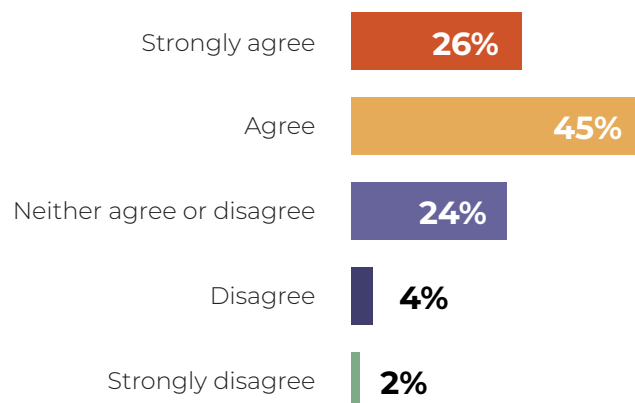
question is which technology solutions will be most effective or useful. It appears that there is no single answer to this question, although a range of technology-enabled services investigated by Skift and Oracle have wide support.

When hospitality executives were asked about their stage of implementation for various technology solutions, more than 70 percent said they were considering or already using contactless payment and digital messaging services. Another two-thirds said they were considering or already using self-service check-in procedures, while close to 60 percent were considering or already using room keys activated by smartphone (see chart below).

Interviews with hotel executives confirm the importance of hotel tech to their recovery plans. "[We plan to] offer more online services such as online check-in, online [food and beverage] ordering,

Agree or disagree: "When I return to a hotel in the future, I would be more likely to stay at a hotel offering self-service technology that minimize physical contact with the staff."
Consumers

Strongly agree	**26%**
Agree	**45%**
Neither agree or disagree	**24%**
Disagree	**4%**
Strongly disagree	**2%**

What changes, if any, are you planning to make to your on-property hospitality experience in response to Covid-19?
Hotel Executives

	No plans to change	Considering this change in the future	Already made/making this change
Increasing frequency of cleaning and disinfecting procedures	10%	27%	63%
New training procedures for staff (cleaning, guest interaction)	11%	32%	57%
Altering guest areas/public spaces to enable social distancing	16%	41%	43%
Adding contactless payment options	19%	38%	43%
New digital messaging services to handle guest requests	28%	44%	28%
Self-service check-in procedures	32%	42%	27%
Expanding room service options	36%	39%	25%
Temperature checks of guests entering the property	39%	39%	22%
Room keys/locks activated by smartphone	41%	42%	17%

online check-out, and Bluetooth-enabled door locks," confirmed Thiruselvam Tholtan, group IT director for Minor Hotels. "This will reduce risk of infection."

Other hoteliers emphasized the importance of using hotel tech in order to reinforce other social distancing and cleaning procedures. "We're looking really around the whole ecosystem of contactless integration," said Montage's Berman. "How can you present a room service menu without having a printout or having to touch something in a room through mobile. Again, nothing that doesn't exist in the industry today, but just not something that is normal, I would say, on the ultra-luxury side."

Yet another example comes from Hilton, which announced in May 2020 that it would be adding more contactless functionality to its Hilton Honors app. Although Hilton first launched its connected rooms initiative back in 2017, Covid-19 is increasing the company's deployment of in-app functionality including digital room selection, smartphone-powered room keys, and touchless room control to access the TV remote, room temperature settings, and lighting.

"The core elements of our business, in the long-term, I don't think any of that is going to change," said Hilton CEO Christopher Nassetta. "Certain mechanical elements of the experience are going to be digitized, but that was happening anyway. It'll just happen faster."

As executives think about their own plans to implement such technology, it's also important to keep simplicity in mind. Rather than building overly specialized devices or interfaces, many executives suggest that hospitality businesses should look for ways to make use of travelers' existing devices. "Self-service technology must be extremely simple and intuitive, ubiquitous but not invasive," said GHA's Angiolini. "[And] whenever possible delivered to the guest's own device."

FOCUS ON: REGIONAL VARIATIONS IN TECHNOLOGY ADOPTION

Across the globe, a growing consensus of consumers and executives recognize the potential benefits of technology to help improve the hospitality experience. While the perceived benefits of hotel technology to mitigate Covid-19 were almost universally positive, executives and consumers in North America and Latin America demonstrated the most favorable responses.

Hotel executives who agree or strongly agree that self-service hotel technology will be an important tool to assist guests and minimize the infection risk related to Covid-19:

Latin American hotels: **77%**

North American hotels: **74%**

European hotels: **67%**

Asia-Pacific hotels: **62%**

Consumers who agree or strongly agree that self-service hotel technology will be an important tool to get assistance and minimize the infection risk related to Covid-19:

North American consumers: **77%**

Latin American consumers: **75%**

Asia-Pacific consumers: **69%**

European consumers: **65%**

While it's hard to explain the geographic discrepancy, one factor for the seeming gap between North America and Latin America on the one hand and Europe and Asia-Pacific on the other might be a result of the rate of deployment of hotel technology in these markets. Consider, for instance, the rapid adoption rates for mobile payment infrastructure in Asia or Europe, a feature that has not been as readily adopted in North America or Latin America. Perhaps Covid-19 will prove to be the catalyst for growing interest in these low-touch/touchless solutions. ◆

EMPLOYEE EXPERIENCE

Hospitality is ultimately a business built around serving the needs of guests. But an equally important cohort is hospitality employees, a group of individuals now facing increased risks to their health and employment as they seek to adapt to the new reality of Covid-19. For those employees who may be on temporary leave or rehired as consumer demand picks up again, there are also questions about how to ensure proper training and continuity.

What changes are hospitality executives considering or already making to protect, train and serve employees as they begin the recovery process?

The biggest topic on the minds of those in the industry is working to ensure employee safety and minimize the risk of infection. Seventy percent or more of executives said they were considering or already making changes related to proactive Covid-19 testing, regular temperature checks, reducing staff allowed on-site, and enforcing use of masks or social distancing (following page, top).

A related topic for hospitality staff has to do with furloughs and training procedures. Because of the dramatic decline in travel demand, many hospitality businesses currently find themselves

What changes, if any, are you planning to make to your property's employee experience in response to Covid-19?
Hotel Executives

	No plans to change	Considering this change	Already made/making this change
Enforce social distancing procedures for staff and guests (maintain separation)	10%	31%	59%
Asking staff to wear masks to limit infection	12%	33%	54%
Reducing number of guests/staff allowed on property at any time	20%	37%	43%
Taking regular temperature checks of staff when arriving for work	19%	41%	34%
Proactive COVID-19 testing of all employees	30%	50%	21%

in an unfortunate situation where they have furloughed employees with the hope of bringing them back in the near future.

According to the results of recent research, nearly one-third of hospitality businesses have furloughed between 76 and 100 percent of their staff, a truly sobering statistic which further emphasizes the size and speed of the recent decline (right).

Many in the industry now find themselves facing difficult decisions about how to best support such employees and prepare their businesses for a gradually increasing recovery. When these employees return to work, it will be important that they are brought up to speed quickly on any new Covid-19 procedures or systems. But how far along are hospitality executives in the design of those training programs?
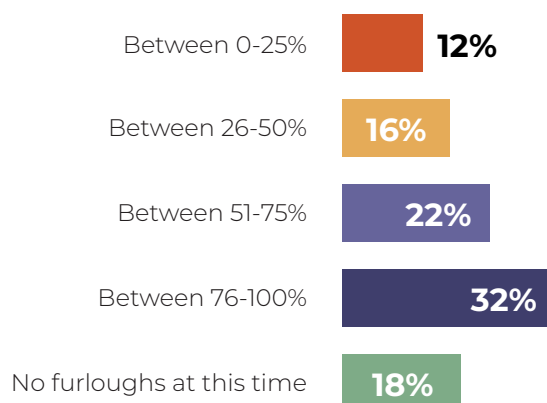
Forty-two percent of executive respondents said they are currently developing a retraining program, while another 22 percent have a program ready to launch. On the flip side, just over one-third of respondents don't have a retraining program at this time, suggesting that they plan to develop one or

simply are not prioritizing the process. (see chart, following page)

Staff training and protection represents an essential, if somewhat overlooked, portion of the Covid-19 recovery process. But as the results here suggest, more hospitality businesses are recognizing the critical role their employees will play in ensuring the success of their organizations.
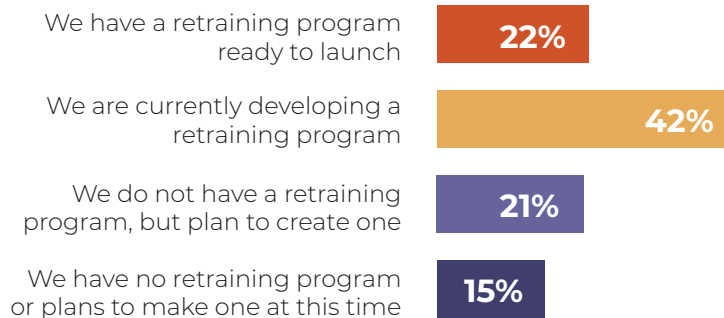
Is any of your staff currently furloughed from your property as a result of the COVID-19 outbreak?
Hotel Executives

Between 0-25%	**12%**
Between 26-50%	**16%**
Between 51-75%	**22%**
Between 76-100%	**32%**
No furloughs at this time	**18%**

Is your organization considering/making a process to help quickly retrain these staff when they return to service?
Hotel Executives

We have a retraining program ready to launch	**22%**
We are currently developing a retraining program	**42%**
We do not have a retraining program, but plan to create one	**21%**
We have no retraining program or plans to make one at this time	**15%**

BOOKING POLICIES AND DISTRIBUTION

As the hospitality industry finds itself further along on the road to recovery, more focus will turn to questions about how and where they will promote their products to potential guests. The unprecedented nature of the Covid-19 situation has created a new set of quandaries for many hotel businesses.

How can they offer potential guests more flexibility to change or cancel their stays without overly complicating their efforts to achieve profitability? And what changes, if any, should be made to the channels they rely on to secure reservations?

Respondents to Skift and Oracle's survey said that guest flexibility was at the top of their policy and distribution wish list. Eighty-two percent of executives said they were considering or had already made changes to allow for more flexible cancellation and refund policies for guests. Meanwhile, another 82 percent were considering or already making changes to their revenue management strategy, while 76 percent were considering or already making changes to their digital distribution strategy. (see chart, following page)

Not surprisingly, these adjustments are already aligned with the desires of travelers. Seventy-six percent said they would be more likely to reserve a hotel room at a property that offered more flexible cancellation and refund policies (following page, bottom right).

What changes, if any, are you considering to your company's booking and distribution strategy?
Hotel Executives

	No plans to change	Considering this change in the future	Already made/making this change
Creating more flexible cancellation/refund policies	19%	37%	45%
Revising our revenue management strategy	19%	43%	39%
Revising our digital distribution strategy (where we sell online)	23%	43%	33%
Adding new/more frequent room discount promotions	29%	46%	24%
Removing/reducing minimum length of stay requirements	39%	36%	26%
Removing/reducing room deposit requirements	41%	38%	21%

These responses are echoed by emerging initiatives from various hospitality companies across the industry. Hyatt, like many other competitors, is taking steps to provide additional booking flexibility to guests. "We've temporarily adjusted our policies to allow for flexibility and help guests and customers make the right decisions regarding travel during this time of uncertainty," said Hyatt's Lavey. In addition, Hyatt is adjusting earning/redemption rules for its loyalty program, offering members additional time to use accrued points, extending elite status through 2022, and postponing planned changes to its award redemption rates.

Others echoed the importance of flexibility and empathy for guests during this difficult moment. "It's very important for us to retain these relationships," said Montage's Berman. "Just trying to understand, be empathetic and understanding of what we're all going through."
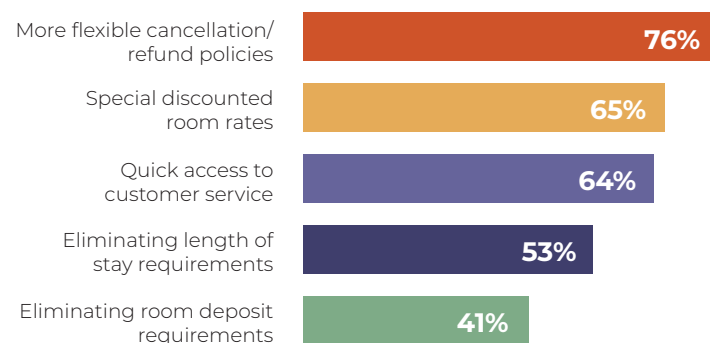
While these steps are admirable, there are also larger questions looming for owners and operators about how best to optimize their business using closely watched hotel metrics like occupancy, RevPAR, and third-party commission fees. While most would agree that providing greater flexibility is essential during this difficult moment, it may not be sustainable over the long term. In fact, the old hospitality playbook may need to be revised coming out of this crisis to take into account a new range of success factors.

"It's much more about understanding psychology, sociology, and economics than understanding hospitality and trends these days," said LW Hospitality Advisors chief operating officer Evan Weiss in a May 2020 interview with Skift. "Revenue models have been thrown out the window, and the recovery will be interesting to watch." ◆
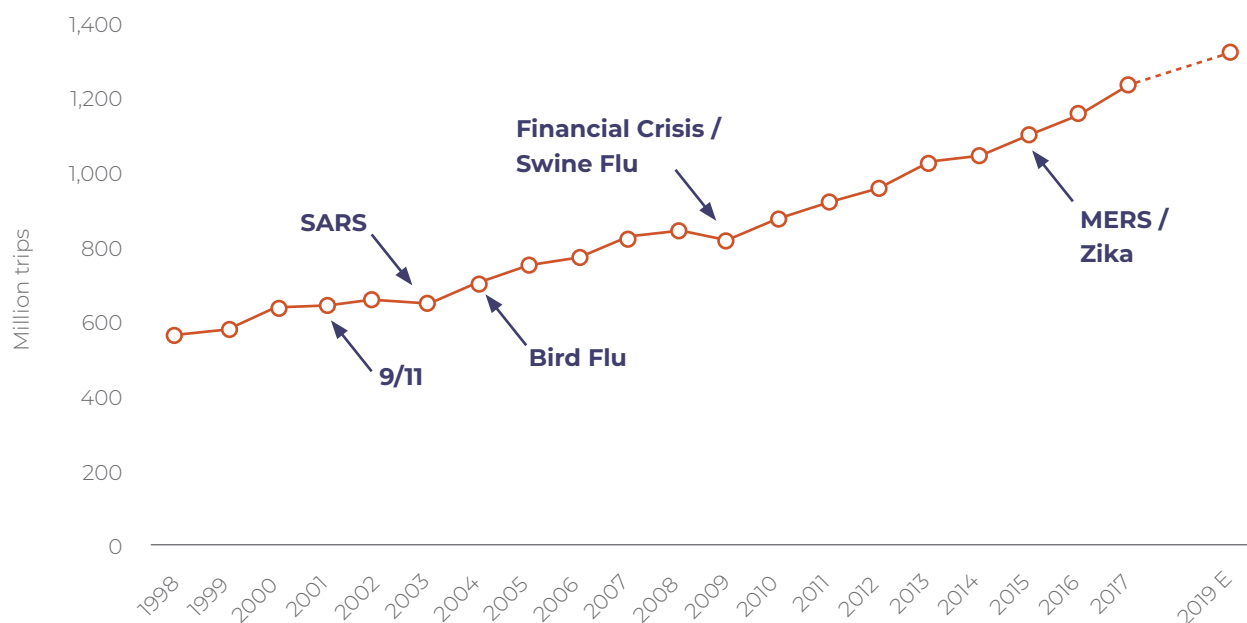
Which of the following changes in the booking/purchase process would make you more likely to reserve a hotel room moving forward?
Consumers

More flexible cancellation/refund policies	76%
Special discounted room rates	65%
Quick access to customer service	64%
Eliminating length of stay requirements	53%
Eliminating room deposit requirements	41%

CONCLUSION

International Travelers Worldwide

Source: World Bank, UNWTO, Skift Research estimates. Data as of March 2020.

The hotel industry finds itself at an unexpected crossroads. A growing consensus of economic data, recovery procedures, and consumer confidence suggests that hospitality will indeed experience a slow but steady recovery process. But how can industry executives have the confidence that they are making the right decisions at such a turbulent, unprecedented moment?

History is no guarantee of future success. But it can offer important lessons for those who are willing to take a long-term view of unexpected events. There's no better illustration of this fact than the following chart above, developed by Skift Research, which plots the overall growth in international tourism from 1998 to the present day.

Scattered along the timeline are some of the most challenging world events of the past two decades: the 9/11 attacks, the SARS outbreak, the 2008 financial crisis. And even as the industry experienced temporary declines following these events, it's worth remembering that each time the growth patterns have eventually resumed their upward trajectory.

Will the same hold true for the Covid-19 crisis? There are signs that the answer may be yes. The countries of the European Union plan to reopen to a select group of international travelers in July, while other countries like New Zealand have already had significant success minimizing the impact of the virus on their residents and economy.

Without the aid of a crystal ball, no one can say for certain what's next for hospitality and Covid-19. But in spite of that, there are optimistic signs that the industry is already putting in place the right recovery strategies to capitalize as travel demand slowly starts to return. ◆

ABOUT SKIFT

Skift is the largest intelligence platform in travel, providing media, insights, marketing to key sectors of the industry. Through daily news, research, podcasts, and Skift Global Forum conferences, Skift deciphers and defines the trends that matter to the marketers, strategists, and technologists shaping the industry.

SkiftX is Skift's in-house content marketing studio, working collaboratively with partners like Adobe, Airbnb, Hyatt, Lyft, Mastercard, and many more on custom projects to engage the world's largest audience of travel influencers and decision makers.

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