



EMEA-Market

Update- Q2 2022

LEISURE TRAVEL

France

Unlike many other airlines, Air France has not yet reduced its flight frequencies. Air France confirms that 90% of its capacity compared to the pre-Covid period will be maintained. The missing 10% mainly concern Asia.

Across all destinations, travel sales through physical and online agencies increased by 29% in June 2022 versus June 2019. The "Revenge Travel" phenomenon continues despite inflation and high airfares. 74% of French people plan to go on vacation this Summer. This is the highest rate in the last 15 years.

Medium-Haul:

Spain remains the first destination (+88% revenue in 2022 vs 2019) before Greece (+68%) and Italy (+13%). Tunisia (+54%), Turkey (+49%) and Morocco (+82%) keep recovering strongly.

Long Haul:

On long-haul routes, the Dominican Republic remains the leading destination (+18%) followed by Mauritius (+8%) and Tanzania (+35%).

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Iberian Peninsula & Mediterranean

Spain Incoming

After 2 years marked by continuous restrictions, insecurity, health risk and uncertainty, the gradual feeling throughout Europe of overcoming Covid 19 and its related restrictions, together with the dammed demand as a result of travel difficulties for nearly 2 years, have generated an unusual rise in family and leisure trips, which has been accompanied in turn by the improvement in the business segment and a strong rebound in the meetings, incentives, congresses and events segment, which has led to GDP tourism in this 2Tr up to a value +1.1% higher than that of 2019.

The rebound in activity and business turnover has not been reflected in consistent final results to the intensity of the recovery in tourist demand, due to the sharp increase in some costs (+25% for energy, +16% for supplies and +7.5% for labor). In fact, before some final prices that rise +6.5% on average, only 23.4% of the cost overruns, in a scenario with additional problems of an operational and labor nature, given the generalized difficulty in Spain and all of Europe in accessing trained personnel in base positions and media in multiple areas related to tourism (airports, handling, hospitality...), as well as low staffing in various key services for connectivity (police control at airports).

Foreign demand picks up sharply in May and June thanks to a strong recovery of European tourists, with greater intensity in the use of housing, with revenues already +2.8% compared to 2019 records in the 2Q, for -2.0% of Spanish demand, which maintains its strength.

The countries of central Europe (Holland, Austria and Luxembourg), together with the countries of the East, despite of the war in Ukraine, are already in the 2Qr among the markets of origin with positive figures compared to 2019, while, within the large markets, the good performance of France, with a greater lag than the United Kingdom, Germany and Italy, while the US pulls hard.

Spanish demand maintains its strong dynamism in Q2, after a good Easter Week and a positive behavior of the breaks in May and June (closing the 2Tr - 2.0% vs 2019), led by the profiles with the greatest saving and spending capacity, also with a part of that expense that is beginning to be transferred to international destinations.

Spain Outgoing – Where are they traveling?

While Europe is in first position, international trips where mainly into Mexico, Morocco and USA. Then Emirates, Colombia and Rep Dominicana.

This has been also an exceptional quarter for Safaris in Africa.

Posición	País	Enero-mayo '22	Mayo '22	Duración media de los viajes (días)
1	Francia	2 393 888	504 812	2,8
2	Portugal	1 774 354	411 357	2,2
3	Italia	679 694	171 611	4,2
4	Andorra	378 987	37 845	1,7
5	Marruecos	357 814	87 171	2,0
6	Reino Unido	353 683	90 197	4,5
7	Alemania	349 087	90 529	4,9
8	Estados Unidos de América	184 225	43 719	8,7
9	Países Bajos	148 611	35 833	4,8
10	Bélgica	137 171	32 516	4,4
11	Gibraltar	107 332	25 381	2,9
12	Suiza	91 264	21 882	5,7
13	Rumania	68 224	16 491	7,5
14	Turquía	67 945	16 558	5,1
15	Irlanda	64 746	15 832	5,3

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Central Europe

The wanderlust has returned in 2022 and in particular for the summer season:

- 67 percent of Germans are looking forward to travelling this year
- For the coming summer, 61 percent have planned at least one trip
- One third plans to spend more money on travel in 2022

TOP DESTINATIONS:

- Travel within the own country is still very popular
- Europe: European Cities, USA, Southern Europe (in particular Spain and Italy)
- Long Haul: UAE, Maldives, USA and Mexico
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Further Travel Trends:

- Long Haul Travel is growing slowly
- Covid still affects almost all holiday planning: concern about cancellation greater than infection – flexible cancellation policies are still important. In particular for the winter months, clients are often not willing to commit yet otherwise
- Travel time is increasing again
- The high inflation could have an effect on the holiday booking behavior next year when customers have paid their heating bill
- The impact of a possible stagflation/energy shortage cannot be predicted yet

Recommendations:

1. Be flexible in regards to the cancellation terms (in particular for the winter season)
2. Make sure rates and different categories are loaded
3. Please watch rate parity
4. Offering higher percentage of commission to support high end travel agencies
5. Additional concession for customers of high end travel agencies are appreciated

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Italy

- The impact of COVID-19 on tourism in Italy has been tough, however the most recent Italy tourism statistics show that this summer will be the most normal season for the tourism industry in Italy since before the pandemic. COVID travel predictions for 2022 show that the desire to travel is back, especially when it comes to staying in hotels
- According to the Italian tourism council, Confturismo, 23 million residents in Italy intend to take a trip during the summer, and a third of them will choose hotel accommodation, while millions more are expected to travel to the country from abroad.
- According to a Confturismo survey, the travel intention index has returned to pre-pandemic levels, i.e. 67 points out of 100. Of the 23 million Italian residents aged between 18 and 74 who plan to book a holiday in summer 2022, only a quarter have already done so: the rest are waiting for last-minute opportunities.
- There are also some notable changes in Italy's tourism trends : last year 34% of respondents chose a holiday rental, compared to 26% who preferred to spend their summer holiday in a hotel. However, in 2022, the percentages tell an opposite story and hotels are making a comeback: 31% of respondents will choose a hotel while 21% state that would prefer a short-term holiday rental. The desire to enjoy a relaxing, carefree holiday, without fear of the pandemic is back.
- Among the most popular destinations in Italy this summer are the beach, followed by mountains, cities of art and culture, while the average expenditure is expected to be 1,080 euros for a holiday of more than 7 days.
- Top outgoing Summer destinations:

Middle- Haul destinations: Greece, Croatia, Spain, Tunisia
Long -Haul destinations: USA, Maldives

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CORPORATE/BUSINESS TRAVEL

France

Against a backdrop of a sharp decline in the constraints associated with business travel and a climate of confidence in suppliers at its highest level since 2020, business travelers confirm the efficiency of face-to-face meetings in the context of their missions and therefore the need to travel: 76% of travelers believe that travel is indispensable or necessary and useful for carrying out their missions. As a direct consequence, travel has resumed and travel intentions are on the rise, driven mainly by domestic and European travel.

Today, almost 50% of companies have implemented a mobility policy that takes into account economic issues, carbon impact and employee well-being. And 2/3 of the Travel Buyers only consider partners which adopt Green policies. The environmental impact is more and more important in the choice of hotels and some companies have already developed tools to evaluate the CO2 consumption of each stay.

Main 2023 first RFP trends:

- Some companies which current hotel program is running for 2 years may however review their needs and would consider adding hotels due to the fast recovery (i.e.: LVMH).
- Focus on highest volume destinations and hotels. Secondary destinations and hotels may be covered either by Chain Deals or Consortia rates.
- Increase the number of negotiated rates with LRA and lower use of dynamic rates. Reduce the best buy mode (i.e.: Thales)
- “0% diet” may apply: 0% inflation on prices, 0% prices above city caps are bookable, 0% tolerance for travelers safety (i.e.: Thales)
- Focus on hotels with CSR certifications (to improve travelers sanitary protection, to reduce the carbon print, to continue the sustainability development)

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Iberian Peninsula & Mediterranean

Business Travel Trends

- In May is the beginning of a recovery in this sector, which will return to pre-pandemic levels in 2023 according to AMEX GBT Spain.
- There is a change in trends. such as flexibility, comfort and sustainability.
- While Q1 was domestic BT mainly, May notoriously increased business travel into Europe, US and Mexico.
- Longer stays.

MICE Trends

- Very last minute requests (even buyouts) mainly into Europe and US, problems with availability.
- Sustainability as a key trend.

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Central Europe

The German economy is still in turbulences with a much lower economy growth than expected, currently the numbers are estimated by 1.9% and for 2023 1.7%. Reasons for this low growth expectation is the Russia-Ukraine war which effects are high inflation (8.5%).

Additionally, the German economy is very depending on Russian gas, which has been reduced the delivery to 40%. The effects of the war and the still existing, uncertain Corona situation are driving up government spending. Furthermore, the central bank's announcement to raise the key interest rate also causes a reduction in investments worldwide.

Finally, travel managers decided to concentrate more on sustainability to reduce the carbon footprint per employee. As a result, a few companies have already decided to reduce the travel volume by 50% (compared to 2019), An average reduction of business travel by 30% can be expected until end of 2023.

Since the Easter Break the corporate business picked up again and reached approx. 60% of the 2019 revenue, because of higher ADRs and slightly higher length of stay. The RN's and bookings are on a much lower level.

2023 RFP Trends:

1. A further very **high consolidation** and focusing on top volume hotels because of reduced volume.
2. Only **top destinations** will run with **static rates and dual rates**; lower volume destinations will be covered by **Rate Chain Agreements and TMC / Consortia partners**.
3. Outsourcing of Hotel RFP management and Volume Analyzing. Top Supplier for 2023: HRS Sourcing, Advito (BCD), CWT Consulting, American Express, Ratefinding (DER).
4. TOP RFP Tools 2023: Cvent, RATEFINDING (compatible to Cvent) and HRS eRFP (compatible to Cvent).
5. **Sustainability & Safety / Security questions** at RFP's are key to getting into a hotel program
6. **Self-booking tools** for travelers are the most popular.

Recommendations:

- Double Check your **Hotel & Rate Description in SynXis**. Is all information loaded correctly and understandable for travelers?
- Please **guarantee rate parity**, because Self booking tools include OTAs such as Expedia, booking.com or HRS.
- Grab the **PHR Rate Chain Agreement opportunity** and all other **Dynamic Corporate opportunities** in Cvent.
- When signing up for the **PHR Rate Chain Agreement**, please think about **including breakfast** (with a higher rate), which makes the deal more attractive to travelers.
- When you are planning the **2023 rate strategy**, **increase the BAR significantly**, not only because of the high inflation, but to have **more scope for higher discounts off BAR** (e.g. 20% instead of 15%) -> **travelers are looking for the BEST Deal not the lowest rate**.
- Include the **iPrefer opportunities** into your corporate offers (double points, specific amenities, etc.)
- Combine all your promotional offers to the NEG rate to make sure that the traveler is getting the best rate and to avoid that you have to pay extra commission on it.

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Italy

In 2022 Italian Companies have demonstrated a strong interest in participating in Chain agreements rather than negotiating ad hoc rates with each hotel. This because the volume of travel did not justify the negotiation and because a chain agreement allows them to always have the best rate at the best condition at the time.

Travel managers focus on safety and sustainability which are among the main reasons for choosing one hotel over another and go beyond the issue of rate. They look for those hotels that can guarantee the security of their employees when travelling. Business travellers are making sustainable choices themselves. 2 out of 3 people are in fact worried about the environmental consequences caused by means of transport and would even be willing to pay a little more to reduce CO2 emissions.

All of this shows how strong it is **sensitivity in relation to the issue of sustainability**. Travelers show increasing attention in the use of low-polluting vehicles, both as regards departure and once they arrive at their destination. A real green revolution in business travel habits and everything suggests that this phenomenon will become even more widespread in the future.

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