



EMEA-Market

Update- Q3 2022

LEISURE TRAVEL

Central Europe

Revenues of the pre-Corona period 2019 should be approximately reached in the summer season (May to October) which is coming to an end.

For the autumn holiday season the demand for travel continues to be high.

Top Destinations this summer:

- Travel within own country remained popular.
- Europe remains top: European Capitals, Southern Europe.
- Long Haul: Maldives, USA and Mexico.

Further Travel Trends:

- Lack of flight availability for long haul travel (particular in business class).
- Booking window remains short even for long haul travel.
- Also for the winter holidays in the Alps clients are expected to book short term & shorter stays.
- Because of the strong US Dollar, there is less demand currently for USA, Mexico, UAE and Maldives from Germany and Austria.
- High demand currently predicated for Asia (if borders remain open) - Thailand most requested destination so far.
- Wanderlust still exists for Q4& 2023 but the following could affect the travel behavior:
 - o Inflation & higher energy
 - o Economy
 - o Flight costs
- Demand for all-inclusive offers increases significantly.
- Early booking specials could help to drive demand.

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Italy

- Summer 2022 sees a further step towards normality: according to a survey conducted by Touring Club Italiano, 79% of respondents say they will "definitely" take a trip (it was 71% in 2021) while another 16% will "probably" do so (it was 20% last year). Those who have already chosen to 'definitely' stay at home are a very low proportion (1% compared to 3% in 2021) while 3% answered 'probably not' (it was 6% last year). Overall, therefore, 95% of respondents has a positive attitude towards the upcoming summer.
- In the summer of 2022, Italy is still the preferred destination (73%), but travel to Europe is on the rise again (23%).
The Bel Paese has always been the favourite summer holiday destination of our compatriots. If usually the Italy-foreign ratio expressed was about 60-40, in summer 2022 the trend set by the pandemic still continues: 73% (it was 91% in 2021) will in fact choose a domestic destination. Those going abroad (27%) will mainly choose European travel (23%), while longer-haul trips are still residual.
- The prevalence of domestic travel is also reflected in the choice of transport, which sees a strong polarisation on the car (56%), although less marked than in 2021 (67%) or 2020 when it had exceeded 70%. At the same time, the percentage of those who will use air travel is growing (21% compared to 11% in 2021 and 8% in 2020), although this is far from the pre-pandemic situation.
- The top 10 favourite destinations for Italians for June-August 2022: Catania, Palermo, Barcelona, Naples, Tirana, Milan, Olbia, Ibiza, Cagliari, Paris.

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CORPORATE/BUSINESS TRAVEL

Italy

These the main trends in Business travel segment which is increasing thanks to the feeling that the worst is over and we can look to the future with positivity :

- travel as connection: after a long period without the opportunity to meet in person, human relationships are now more important than ever.
- 'Hybrid' work/ holidays: the term 'workation' has already established itself and indicates the possibility of working anywhere during what would theoretically be a holiday, leading to longer travel and stay times and increased spending
- Continued focus on safety and wellness: safety standards must always be met and the desire is to integrate wellness into every component of travel.
- More business trips, longer transfers, new destinations and more planning. Compared to the pre-pandemic period, new trends are also consolidating.
- Mainly for foreign trips, Italian business travellers stayed away from home on average 16 days (in 2019 12.7 days).
- One-day trips, which accounted for 12.1% in 2019, fell to 6.8%. Another interesting fact is that while in 2019 the percentage of domestic and European trips was almost equal, at around 42%, this year flights for European trips exceed those for domestic trips: 45.7% versus 39.3%.
- Main destinations: India and the Philippines. The United States remains the leading non-European destination. At the European level, however, the United Kingdom dropped from fourth to fifth place, replaced by Turkey. The top three countries remain Germany, France and Spain.

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Central Europe

The German economy is still in turbulences and is going into a recession, even if the inflation is going to stabilize.

The German economy is very depending on Russian gas, which has been reduced the delivery to 10%. The effects of the war with the high increasing energy cost is driving up government spending. Furthermore, the central bank's raised 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. 75% 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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