hsmai ROC@HOME LIVE

21 HOURS
of HOTEL EDUCATION
from around the GLOBE

JUNE 17, 2020 VIRTUAL EVENT

Forecasting in the age of the Crystal Ball
Heidi Gempel
Managing Partner/ HGE International

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Heidi Gempel, Managing Partner, HGE International and HSMAI Board Member

Heidi knows firsthand the complexities and overwhelm of the online distribution landscape facing Hotels. For the past 10 years she has worked with independent hotels on building a robust digital distribution and revenue management strategy, so that they continue to compete in this challenging marketplace.

Heidi founded a consultancy for revenue management, distribution and digital strategy in 2010. HGE International also provides outsourced revenue management solutions for branded hotels and high-end resorts.

She is most passionate about enabling independent hoteliers to have opportunity and access to expertise in order to succeed in a world of mega-brands.

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What to expect:

- ❑   30 min of presentation
- ❑   10-15min of answering your questions (please use the Q&A function)
- ❑   Insights on Forecasting
- ❑   Practical steps to consider in re-evaluating market segmentation.

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Forecasting in the age of the Crystal Ball

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What is a Forecast

Prediction of future behavior and results based on:

- Historical behaviors
- Patterns with similar parameters
- Data - Gutfeel in some cases

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Why do we forecast – Marketing Strategy

UNDERSTAND DEMAND BY MARKET SEGMENTS

SET PRICE DIFFERENTIATION BY MARKET SEGMENT

OPTIMIZE RATE AND OCCUPANCY FOR MAXIMUM REVENUE

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Why do we forecast - Operations

PROJECT OCCUPANCY –
OPERATIONAL
IMPLICATIONS

PROJECT MARKET
SEGMENTS **PERFORMANCE**
FOR **SERVICE DELIVERY**

FINANCIAL
CASHFLOW/**FINANCIAL
PROJECTION**

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Should we still forecast?

Y
E
S

Visibility – although vision may be limited

Understanding changing trends

Ready to respond

Business Necessity

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Forecast Considerations

- Leisure vs Business Travel
- Historical Data
- Non traditional Distribution
- Repeat vs New Guests
- Other Revenue vs Rooms Revenue
- Strategy/product changes

Forecast Considerations

Domestic vs Regional/International Travel

Other countries/states

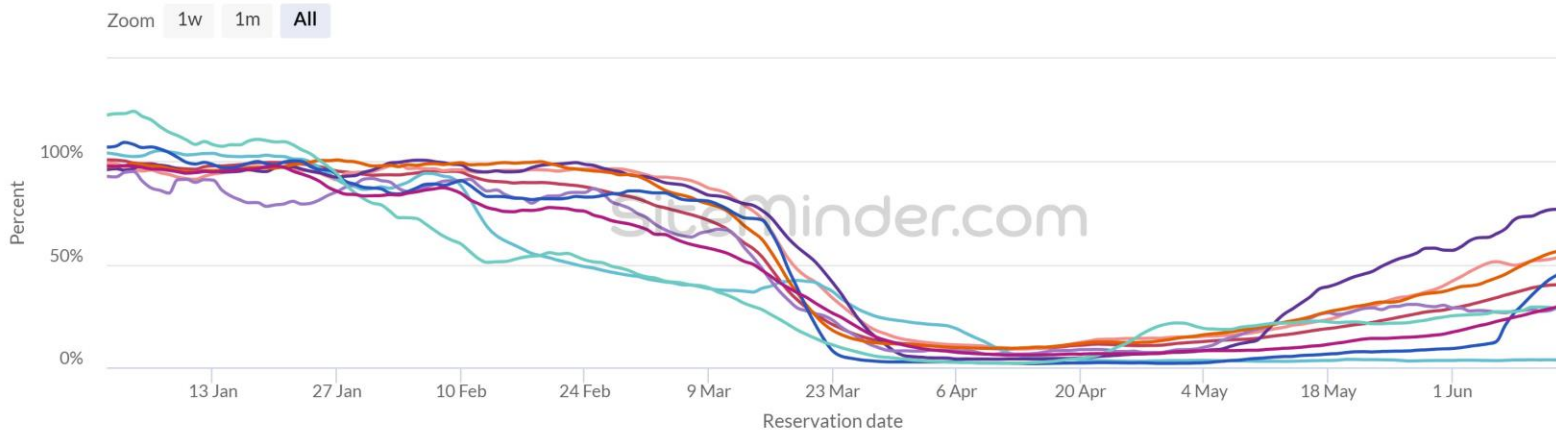Information and Statistics by Governments and Tourism Boards

Trends outside of hospitality
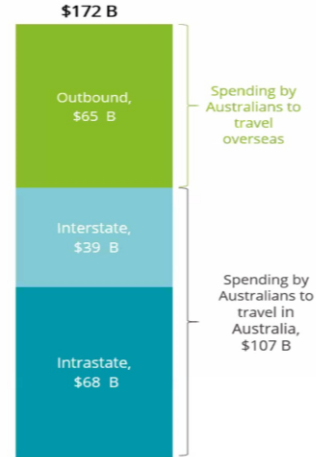
Demand Levels Covid-19

Australia Insights

The restart of the tourism sector will be right here in Australia, with home region travel to first to revive...
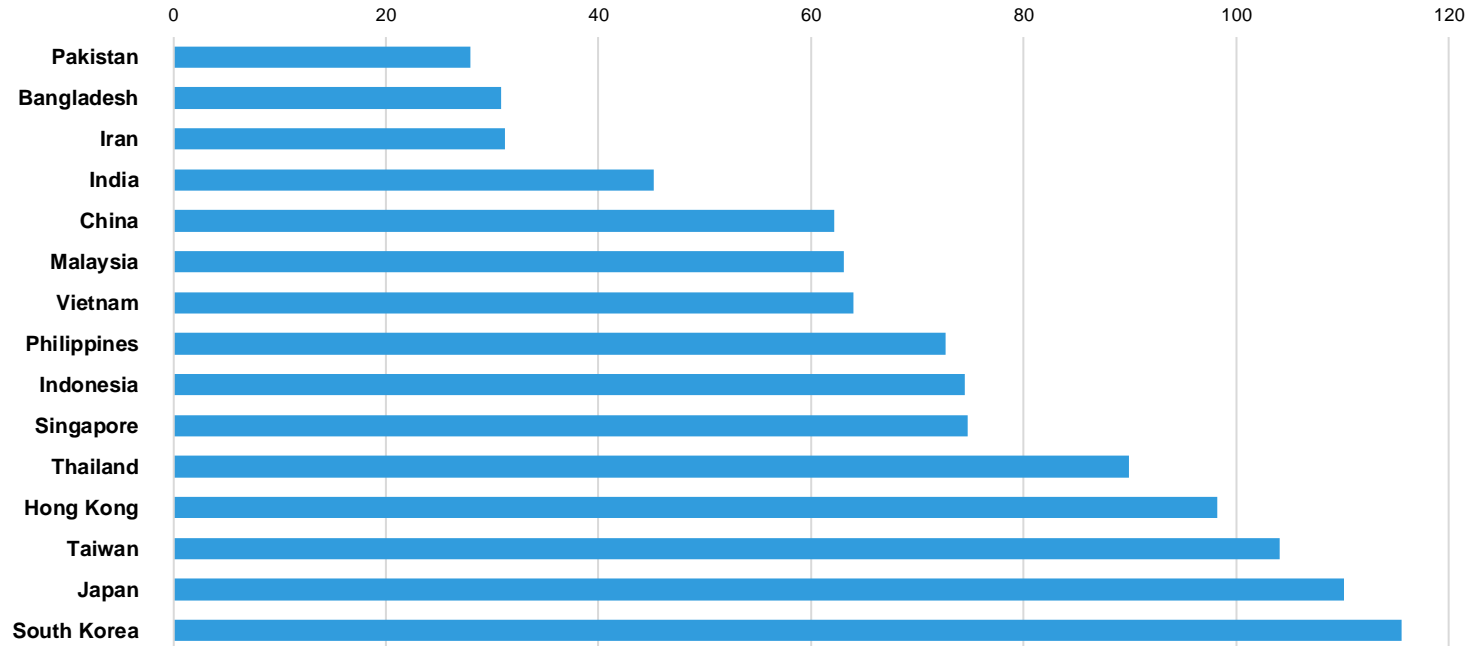
Tourism spend in Australia, 2019

$152 B

International, $45 B — Spending by international visitors in Australia

Interstate, $39 B

Intrastate, $68 B — Spending by Australians to travel in Australia, $107 B
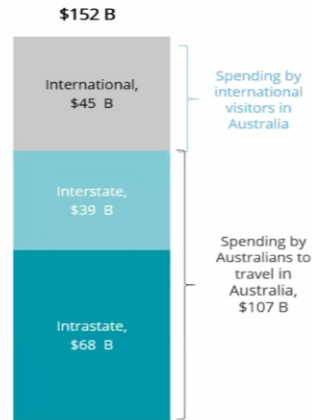
What Australians spend on travel
$172 B

Outbound, $65 B — Spending by Australians to travel overseas

Interstate, $39 B

Intrastate, $68 B — Spending by Australians to travel in Australia, $107 B

Source: Deloitte Access Economics, Tourism Research Australia

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Average lead times* of travel from Asia
2019, departures from Asia

Country	Lead time (days)
Pakistan	28
Bangladesh	31
Iran	31
India	45
China	62
Malaysia	63
Vietnam	64
Philippines	72
Indonesia	74
Singapore	74
Thailand	90
Hong Kong	98
Taiwan	104
Japan	110
South Korea	115

*Lead Time – the number of days between booking date and travel date. That is, how far in advance travellers book their trips.

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ForwardKeys

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Average Lead times* for Long Haul travel to LATAM
(average 86 days)
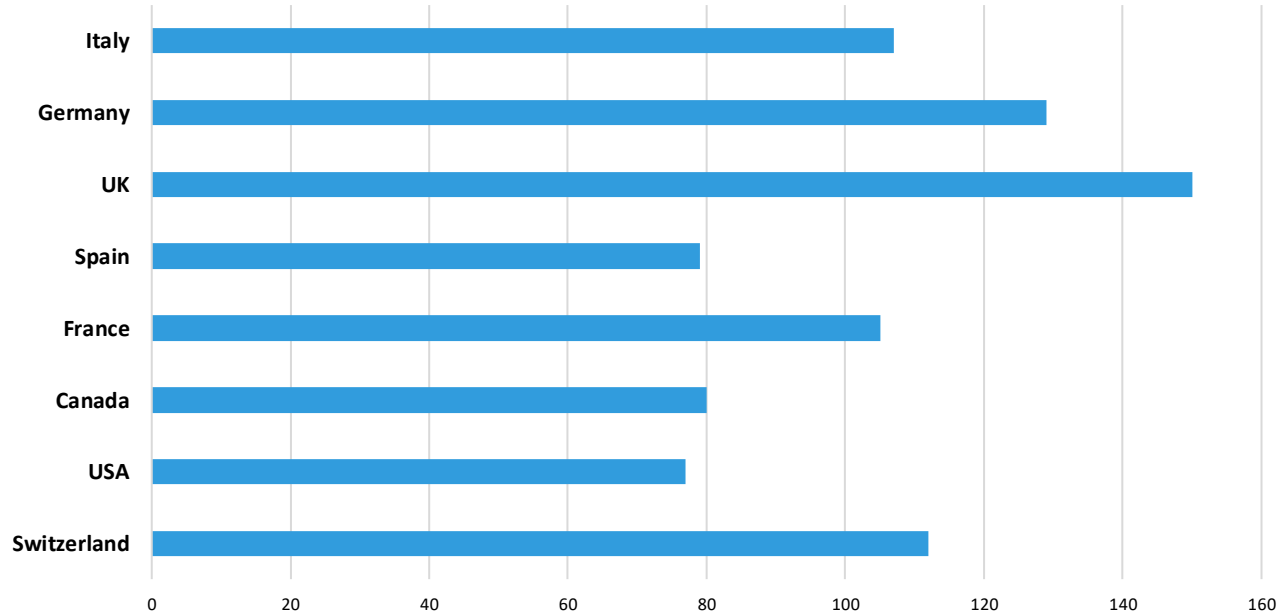
Country	Lead time (days)
Italy	~107
Germany	~129
UK	~150
Spain	~78
France	~105
Canada	~80
USA	~77
Switzerland	~112

*Lead Time – the number of days between booking date and travel date. That is, how far in advance travellers book their trips.

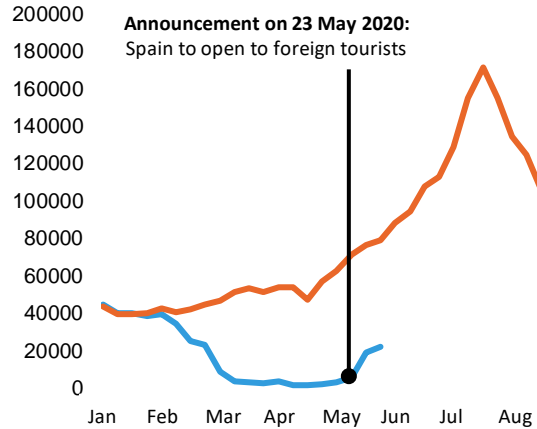Average Lead Times for travel between 1 January and 31 December 2019   Only considered pax staying 1 to 21 nights at destinations.   Source: ForwardKeys Air Reservation data.
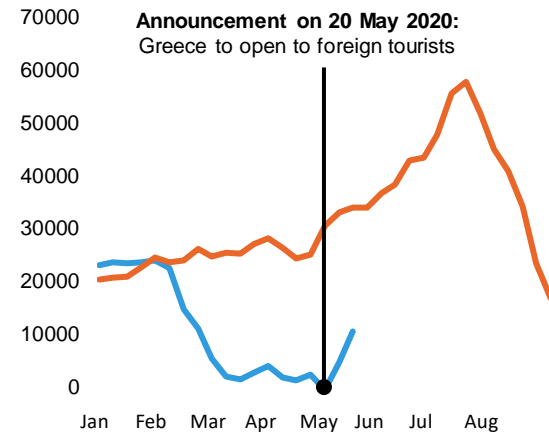
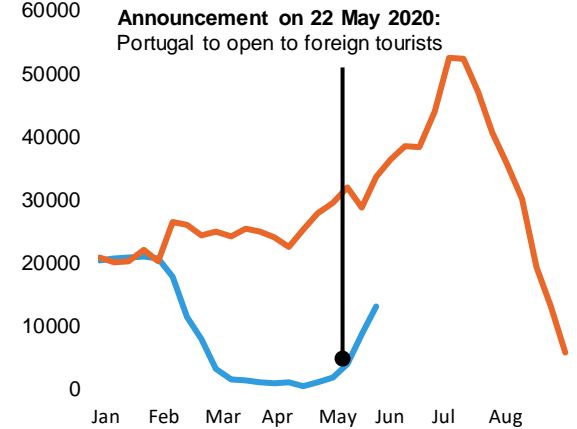# Tickets issued for international flights* to Spain, Greece and Portugal for travel in July and August 2020

Spain

Announcement on 23 May 2020:
Spain to open to foreign tourists

(y-axis: 0 to 200000)
Jan Feb Mar Apr May Jun Jul Aug

Greece

Announcement on 20 May 2020:
Greece to open to foreign tourists

(y-axis: 0 to 70000)
Jan Feb Mar Apr May Jun Jul Aug

Portugal

Announcement on 22 May 2020:
Portugal to open to foreign tourists

(y-axis: 0 to 60000)
Jan Feb Mar Apr May Jun Jul Aug
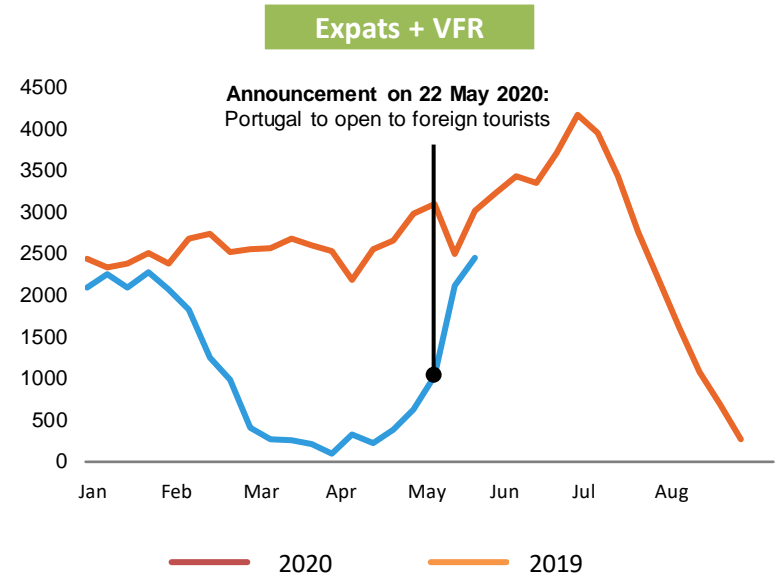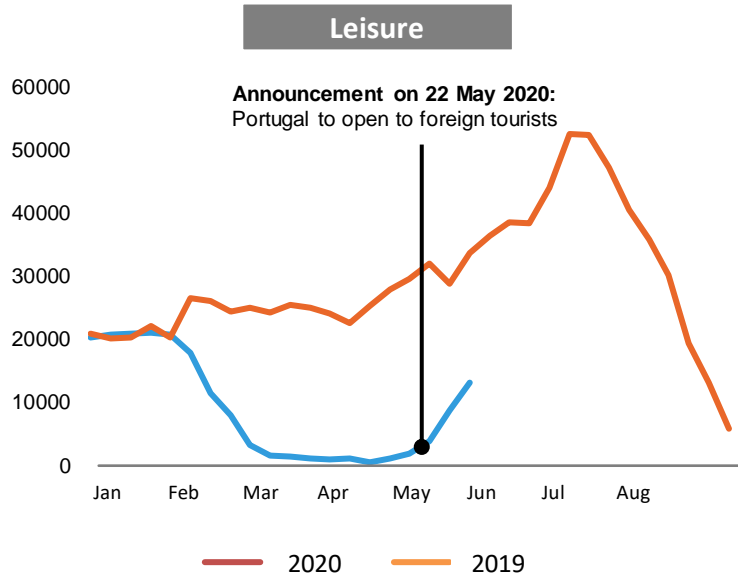
Legend: ━ 2020   ━ 2019

*Excluding Domestic

Tickets issued from 07 July 2019 to 03 Jun 2020 vs same period last year, for travel in July –August 2020 vs travel in July – August 2019.

Only considered pax staying at least 1 night at destination.

Source: ForwardKeys Air Ticket Data.

ForwardKeys

Tickets Issued for flights* to Portugal in July & August 2020

Leisure

Announcement on 22 May 2020:
Portugal to open to foreign tourists

— 2020   — 2019

Expats + VFR

Announcement on 22 May 2020:
Portugal to open to foreign tourists

— 2020   — 2019

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Domestic China air arrivals year to date

Chinese domestic arrivals

Chinese New Year 2020

Implementation of travel restrictions

Start of the economic recovery

Chinese New Year 2019

01/01/2020 08/01/2020 15/01/2020 22/01/2020 29/01/2020 05/02/2020 12/02/2020 19/02/2020 26/02/2020 04/03/2020 11/03/2020 18/03/2020 25/03/2020 01/04/2020 08/04/2020 15/04/2020 22/04/2020 29/04/2020 06/05/2020 13/05/2020 20/05/2020

— 2020 — 2019
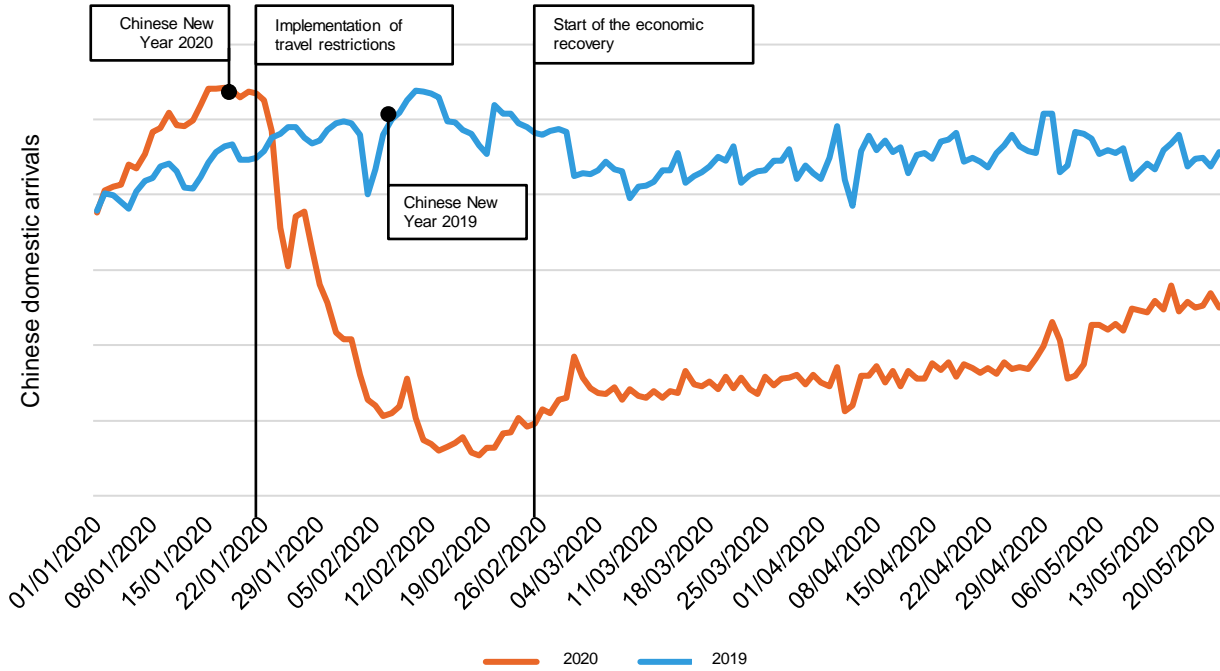
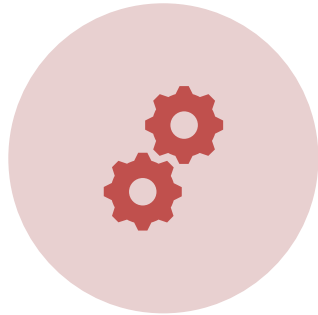Travel dates from 1 January to 21 May 2020 vs same dates previous year.

Considered pax staying more than 1 night at destinations.

Source: ForwardKeys Actual Air Tickets data.

Forecast Scenarios

MULTIPLE MODELS WITH VARIOUS ASSUMPTIONS

RECORD YOUR ASSUMPTIONS

MONITOR POLICY CHANGES AND IMPACT

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Forecast Scenarios

Occupancy	Jun	Jul	Aug	Sep	Oct	Nov
Actual LY	75%	79%	73%	81%	72%	68%
Realistic	12%	14%	18%	25%	35%	42%
Conservative		11%	17%	21%	29%	24%
Worst Case			8%	15%	23%	28%

Realistic:

Domestic travel with demand on weekends…

Conservative:

Closed in Jun, soft demand Jul due to travel restrictions, school holidays….

Worst Case:

Hotel closed Jun/Jul, slow recovery, international travel not allowed…

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Re-opening hotels

CASHFLOW   **RAMP UP**   **RESOURCING**   **MARKETING**

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Breaking the Crystal Ball – Practical Steps

1

Build forecast models, with assumptions, monitor market movements and market segmentation

2

Be responsive to the new frequency of change.

3

Keep open communication channels with senior management

4

Engage with your Marketing teams on demand creation tactics

5

Increase Frequencies of engagement with channel partners, internal and external market information

Q & A

Special Thanks to HSMAI Partners

Thank-you!