HSMAI DC Present

Revenue Strategies for Recovery

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The Path Ahead

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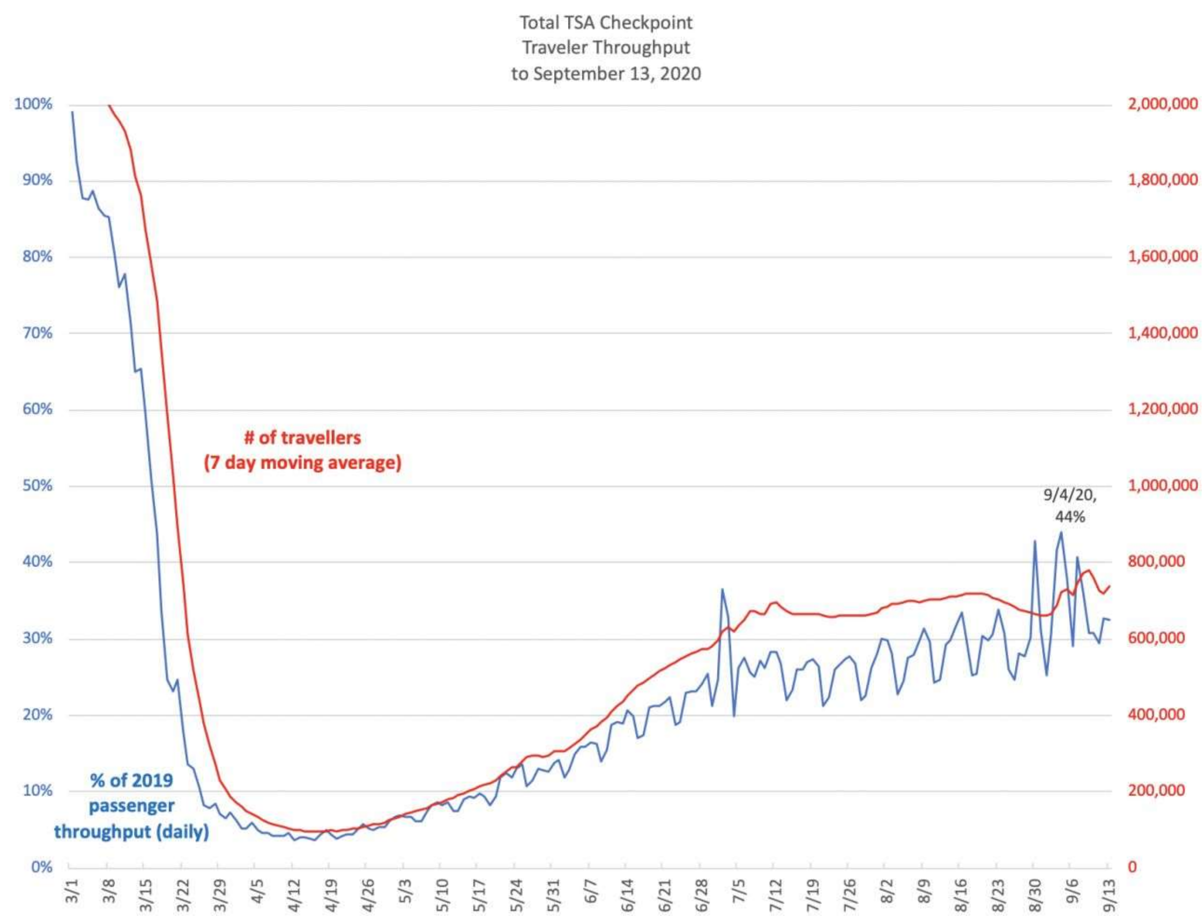

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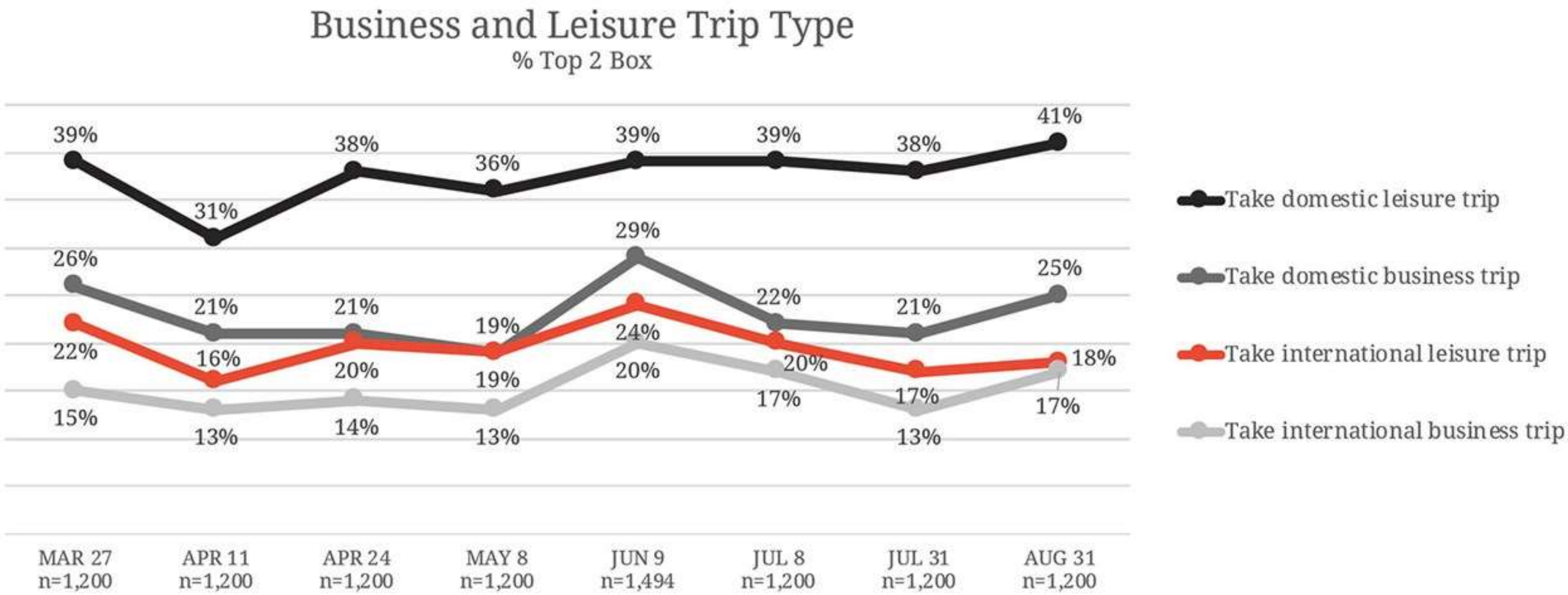
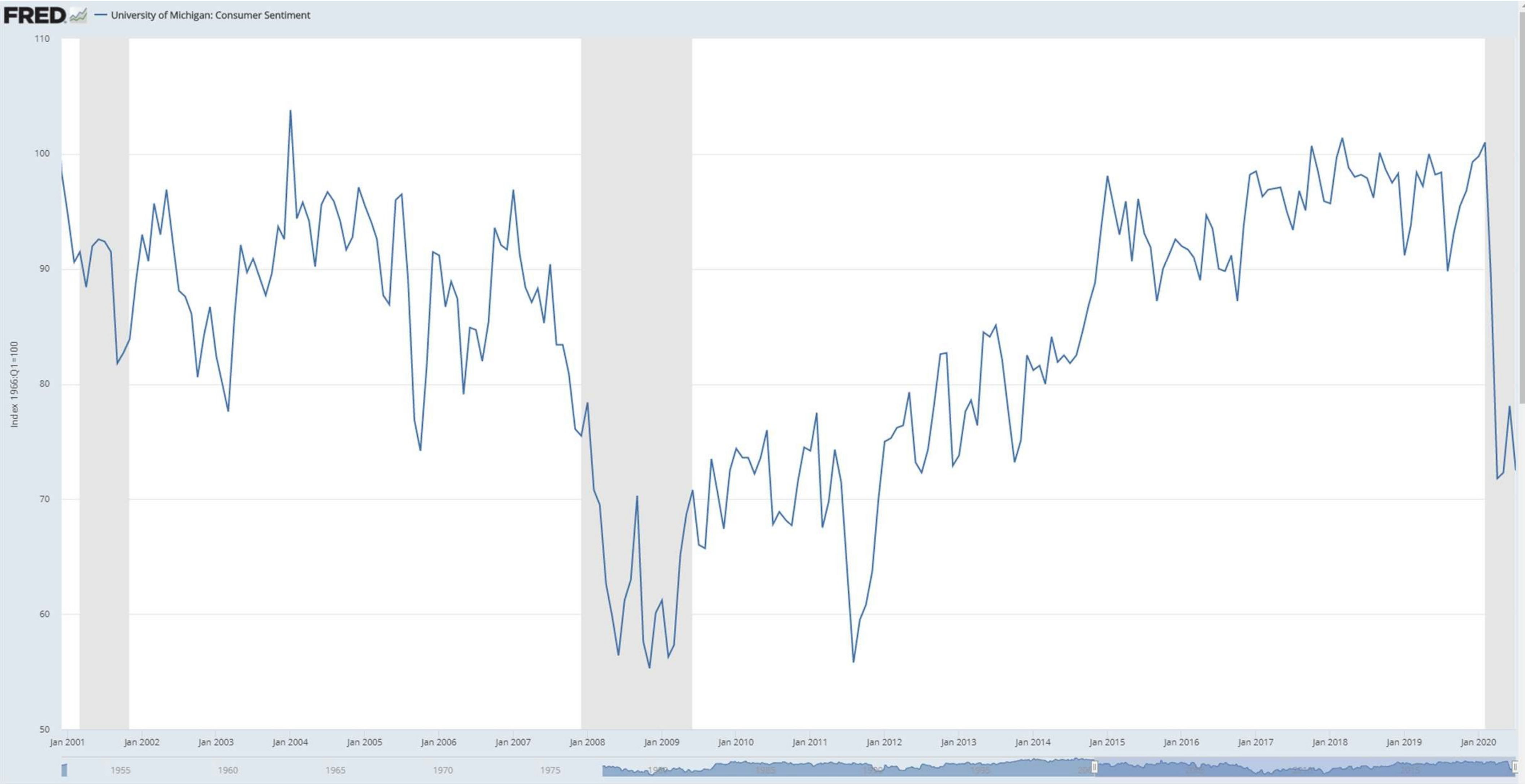
Likelihood Of Taking All Trip Types During Next Six Months Increased



Question / Using a scale of 1 (not at all likely) to 5 (extremely likely), based on how you feel today, how likely are you to engage in each of the following activities during the next 6 months?

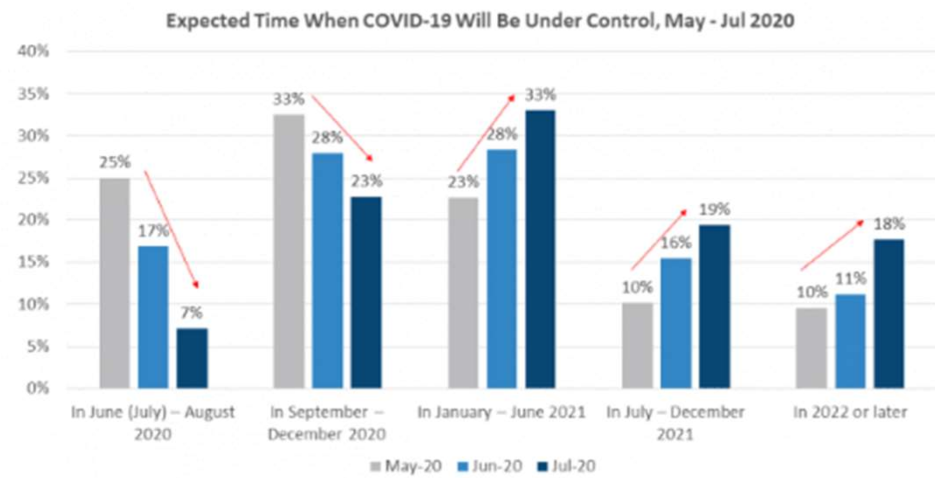
MMGY Travel Intelligence

Consumer Sentiment:



When will Covid 19 be under control

Consumer sentiment sends the same message. The number of consumers who believe Covid-19 will be under control by the end of the year continues to decline in July. More than one-third of Americans now expect Covid to be over in the second half of 2021 and beyond.



Source: Skift Research, July 2020

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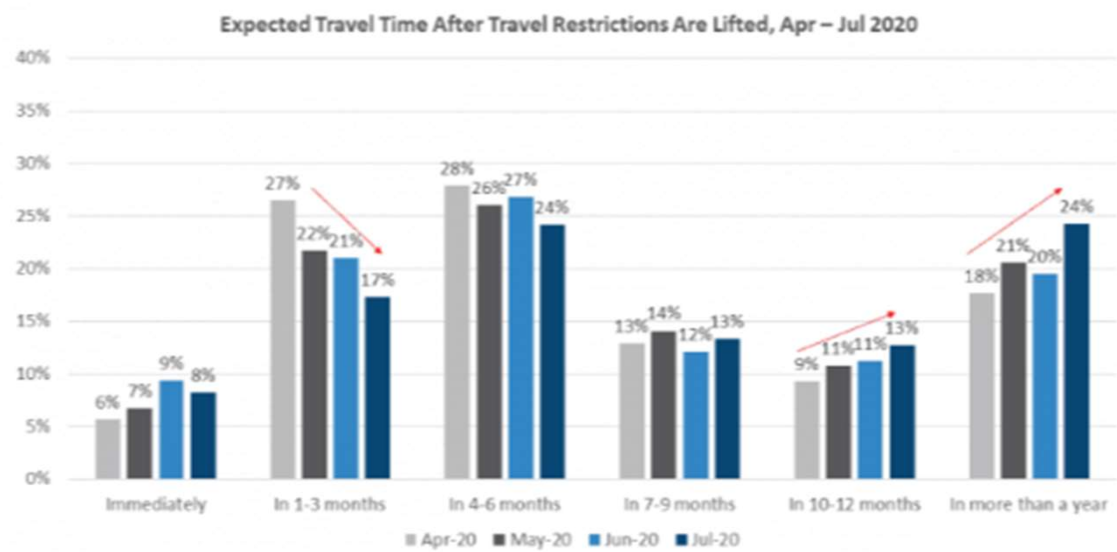
Planned Travel After Travel Restrictions Lifted

Similarly, after holding fairly stable for the past two months, the number of people who planned to travel in three months or sooner after travel restrictions were lifted started to decline in July.



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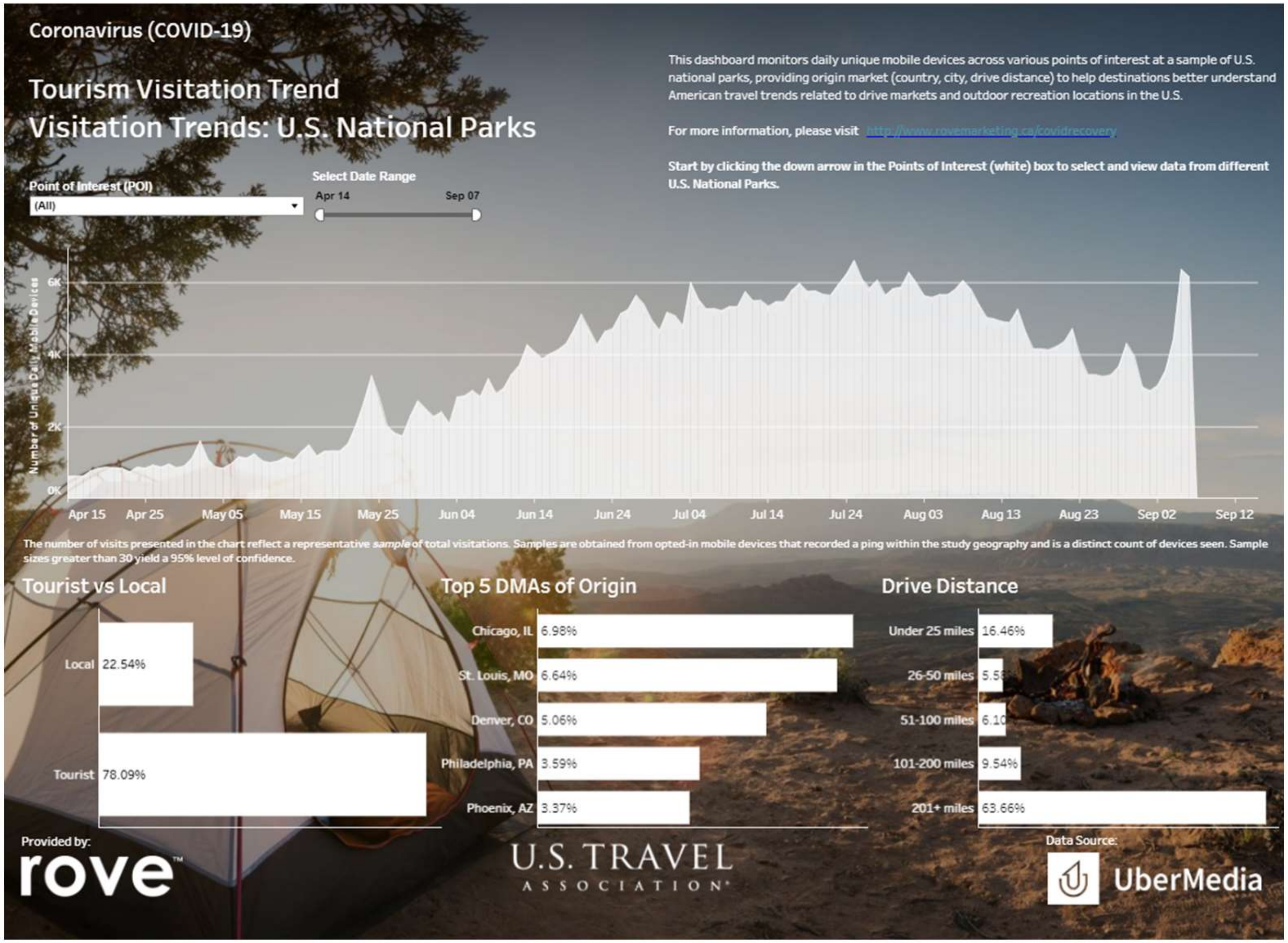
Travel Spend by Region:

YEAR-OVER YEAR % CHANGE IN WEEKLY TRAVEL SPENDING								
WEEK ENDING...	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**
United States	**-51%**	**-48%**	**-46%**	**-44%**	**-44%**	**-43%**	**-30%**	**-43%**
Northeast	**-59%**	**-56%**	**-53%**	**-52%**	**-55%**	**-56%**	**-45%**	**-57%**
New England	-56%	-51%	-47%	-44%	-48%	-46%	-36%	-49%
Middle Atlantic	-60%	-58%	-55%	-54%	-58%	-59%	-48%	-59%
Midwest	**-47%**	**-45%**	**-44%**	**-40%**	**-41%**	**-42%**	**-31%**	**-45%**
East North Central	-48%	-47%	-46%	-44%	-44%	-45%	-35%	-48%
West North Central	-45%	-42%	-41%	-36%	-36%	-38%	-25%	-40%
South	**-46%**	**-43%**	**-41%**	**-39%**	**-39%**	**-37%**	**-22%**	**-35%**
South Atlantic	-48%	-46%	-44%	-42%	-42%	-40%	-24%	-38%
East South Central	-38%	-37%	-33%	-33%	-33%	-38%	-25%	-34%
West South Central	-45%	-40%	-38%	-35%	-35%	-29%	-15%	-29%
West	**-53%**	**-50%**	**-49%**	**-46%**	**-43%**	**-45%**	**-32%**	**-42%**
Mountain	-46%	-43%	-41%	-36%	-34%	-37%	-22%	-38%
Pacific	-57%	-54%	-53%	-51%	-49%	-49%	-37%	-44%



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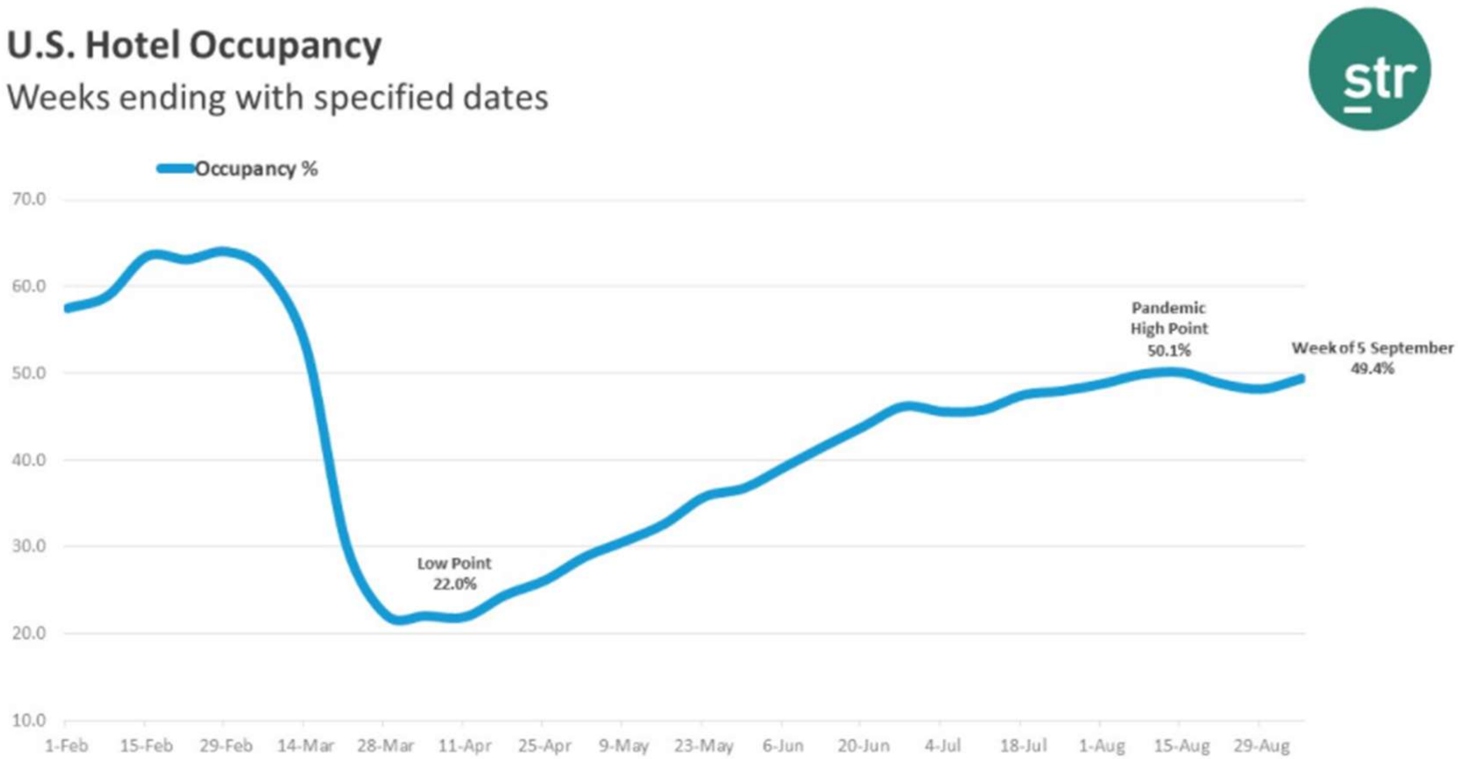
State of the US Hotel Industry



Source: STR. 2020 © CoStar Realty Information, Inc.

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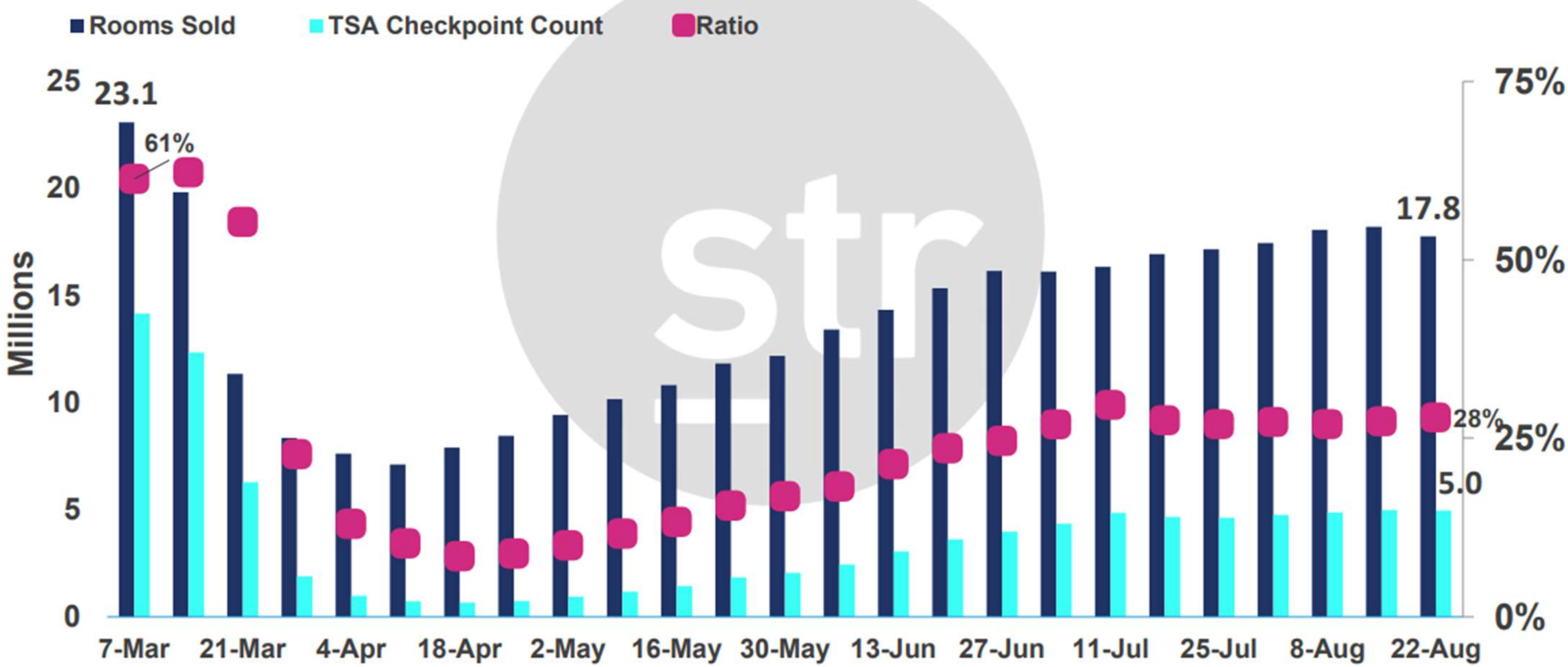
Week of Aug. 22: First Demand Decrease Since April 11

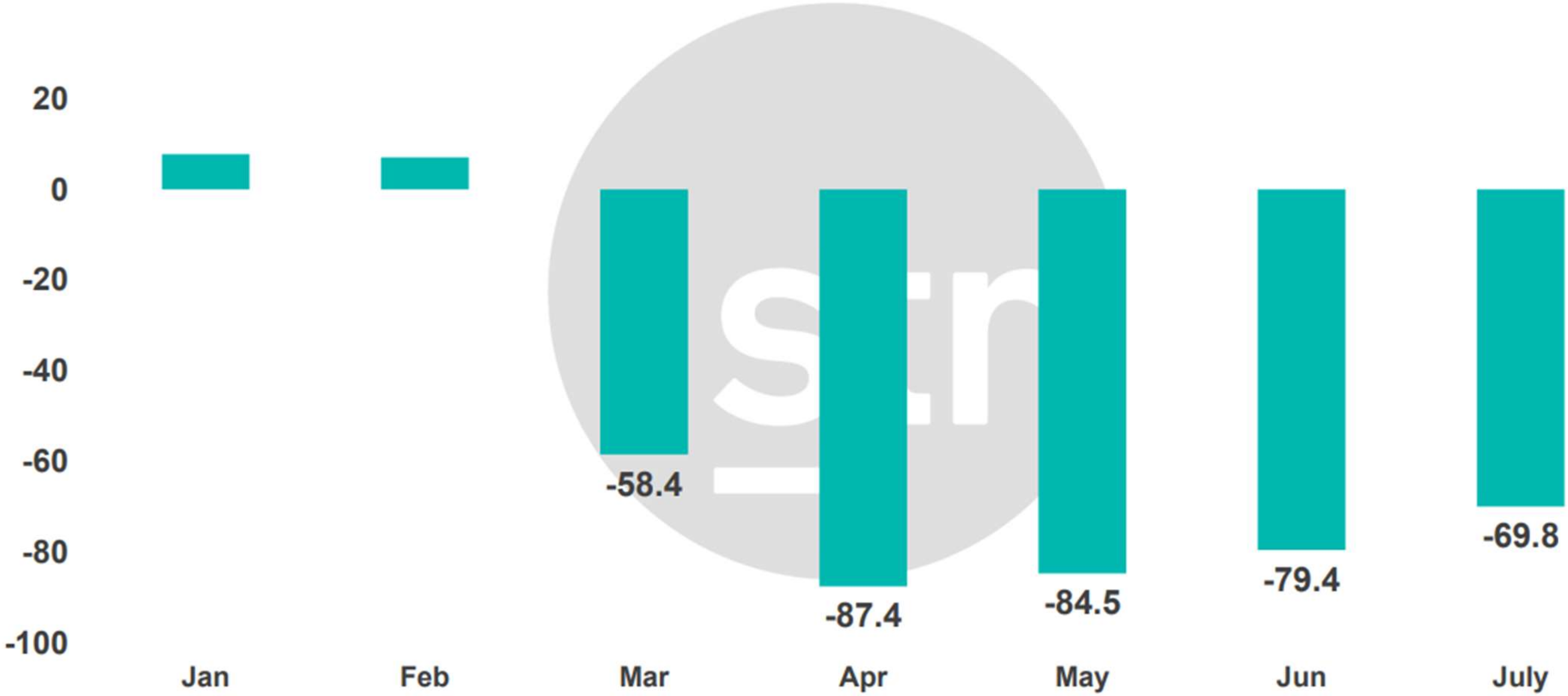
Total US, by week



https://www.tsa.gov/coronavirus/passenger-throughput

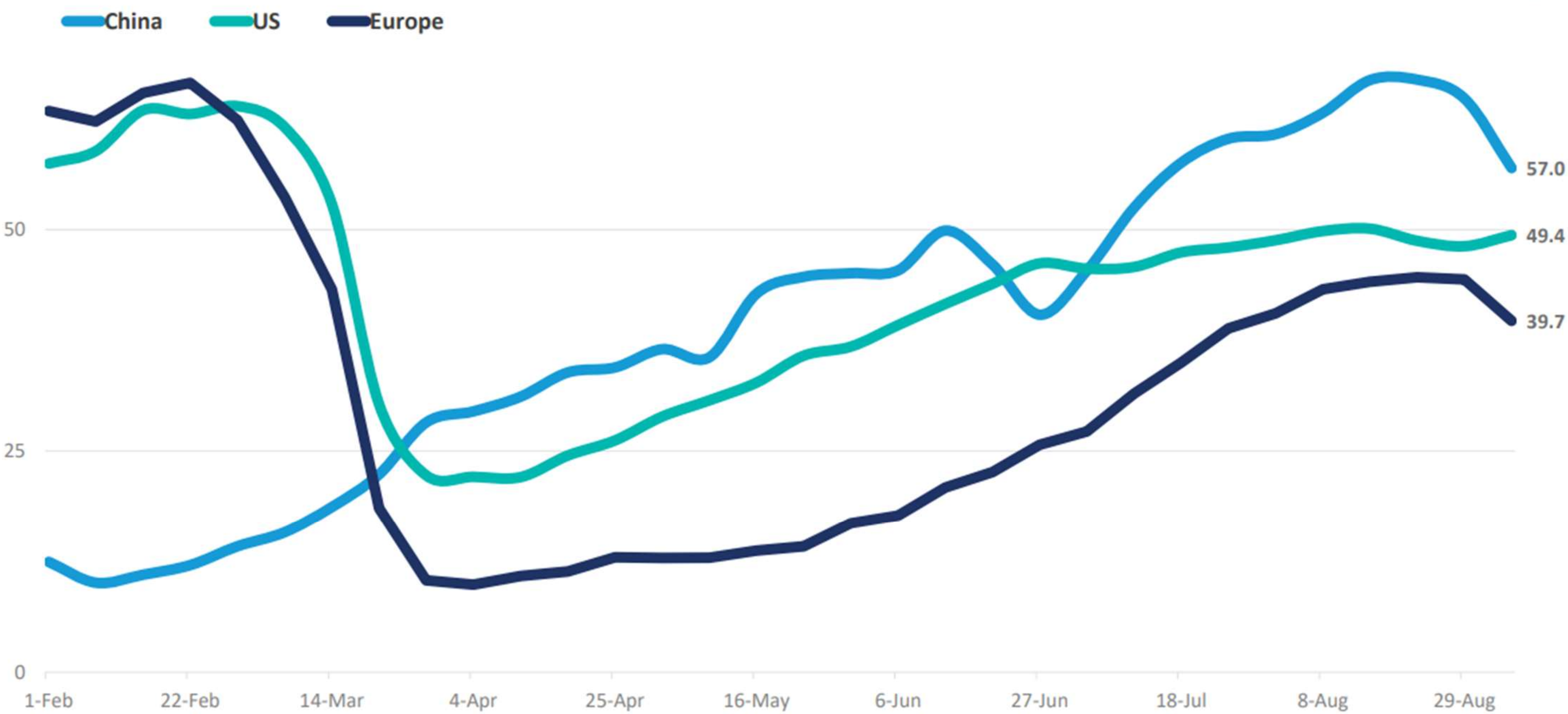
Monthly DC RevPAR Change: Not Really A Recovery Yet

Metro Market, Jan. – July 2020



Europe opens up. China at 67%. US backtracks to 48.8%

Absolute Occ %, Select Areas, Week ending September 5



US Forecast (as of Aug. 13)

Key Performance Indicators

2019 – 2020F – 2021F

Metric	2019 Actual	2020 Forecast	2021 Forecast
Occupancy *	66.1%	39.8%	52.0%
ADR	$131.13	$103.71	$109.56
RevPAR *	$86.64	$41.31	$56.95

For Comparison: RevPAR 2010 $56.45

-34%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Annual Performance - Five Year History and Forecast - All US Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2015	66.1%	1.6%	$122.77	5.6%	$81.16	7.2%
2016	66.1%	0.1%	$125.67	2.4%	$83.13	2.4%
2017	66.7%	0.9%	$127.55	1.5%	$85.11	2.4%
2018	66.4%	-0.4%	$130.20	2.1%	$86.51	1.7%
2019	66.7%	0.4%	$130.76	0.4%	$87.22	0.8%
2020F	39.8%	-40.3%	$104.10	-20.4%	$41.46	-52.5%
2021F	52.3%	31.3%	$111.89	7.5%	$58.51	41.1%
2022F	60.2%	15.0%	$120.52	7.7%	$72.50	23.9%
2023F	65.5%	8.8%	$128.90	6.9%	$84.37	16.4%
2024F	66.6%	1.7%	$134.12	4.1%	$89.27	5.8%

Source: CBRE Hotels Research, Kalibri Labs, Q2 2020.

Washington, DC (CBD) Forecast (as of Aug. 14)

Key Performance Indicators
2019 – 2020F – 2021F

TOURISM ECONOMICS
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Metric	2019 Actual	2020 Forecast	2021 Forecast
Occupancy*	76%	25%	54%
ADR	$226	$183	$196
RevPAR*	$172	$46	$105

-39%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Sentiment Survey

Hotel Recovery Strategy – 5 Things to Know

1. **Align your marketing strategy with revenue management** on rate, offers, book direct perks, and flexible cancellations, as your revenue strategy will heavily influence your marketing strategy.

2. **Implement a flexible cancellation policy**. This is crucial to providing consumers with the confidence to book as travel demand slowly ramps up.

3. **Hone in on the right audience and customer personas** throughout your recovery strategy. This is important to ensure that your are reaching the most qualified audience with relevant messaging.

4. **Market to guests and groups that have cancelled** with incentives to rebook (e.g. special offer, complimentary add-on), as they are most likely to book again.

5. **Focus on the right offers and the right messaging** throughout all phases of recovery. Offers should be relevant to the target persona's booking behaviors (e.g. advanced booking, staycations), while messaging should be sensitive and relevant at all times.

Source: NextGuest Digital

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Let the Data Guide Your Recovery Plan

- **Market Data:** CVB data, Airline Data, Broader STR Tract Data, OTA Insights, CBRE, Travelclick, etc.
- **Feeder Markets:** Study origin segment report and determine what has changed
- **Market Existing and New Business:** look at a broader competitive set to understand where existing business is staying.
- **Visibility:** What are your competitors doing? Have they promoted discounts or launched new marketing messaging? Are there ways to break through the noise with your own distinct messaging?

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Planning for Hospitality Marketing Recovery

Leverage Your CRM: let your audience know you are open for business and update them on health and safety measures you have in place. Remind them of the way things used to be.

Pay special attention to guests on the books – communicate with them frequently and accommodate their special needs

Reach out to guests or groups that have not rebooked yet. Find creative ways to encourage them to rebook.

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Opportunity?

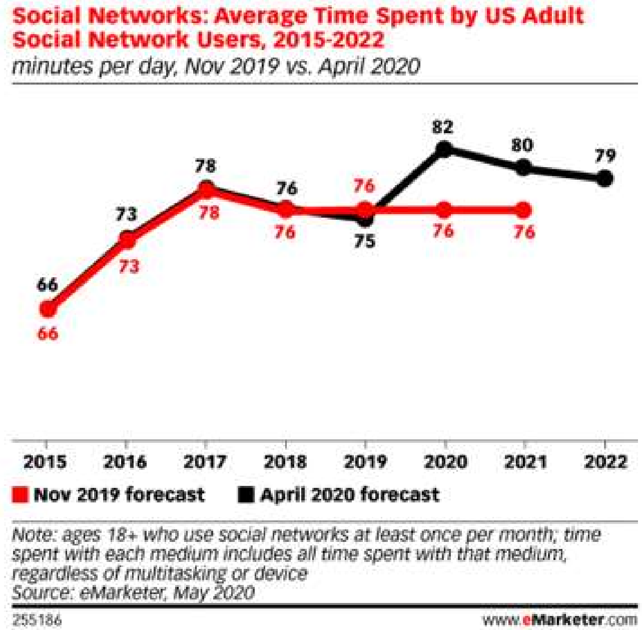
Missed Opportunity?

March 1 = Average CPC - $.95

July 15 = Average CPC - $.65

Cost decrease – 32%*

- Source: Fuel Travel – average across multiple clients and keywords



With the Right Approach >>>>>>>

>>>>>>>>We Can Do This…

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