The Hospitality Industry Report

1H 2020

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What This Report Will Cover

The Hospitality Industry Report analyzes global trends in hotel website visitation, pre-booking site activity, booking details, booking values, and length of stay. The information included in the report is aggregated to show trends over time and by hotel tier. Everything you are about to read is based on based on first-party data gathered from 12,000+ hotel properties and more than 25 hotel brands, as well as third-party datasets.

Key Insights

1. The impact of COVID-19 on travel is softening, with recent demand paralleling January levels and recent case spikes not having impacted bookings volume to-date.

2. Booking lifecycles have dramatically changed in a post-lockdown world – lead times are over a week shorter than what they were.

3. ADRs have steadily climbed over the last 6 weeks meeting the growing demand in consumer confidence

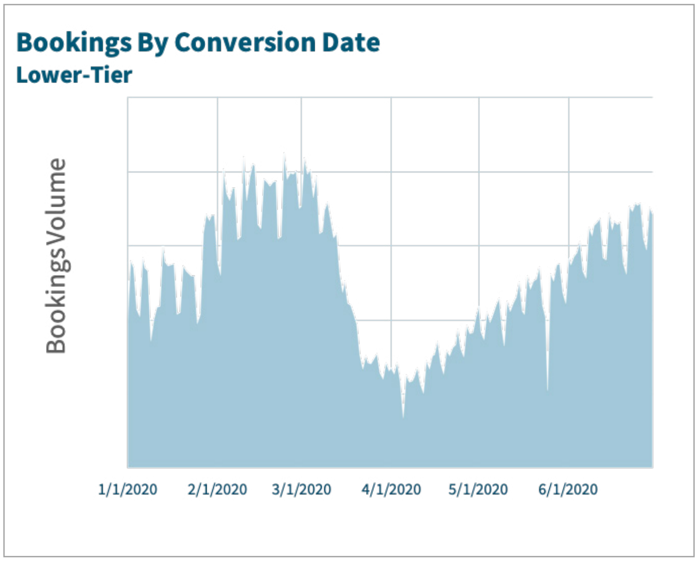
4. Extended stays spiked during the heart of national shutdowns, paralleling needs to safely quarantine as well as rent/housing concerns

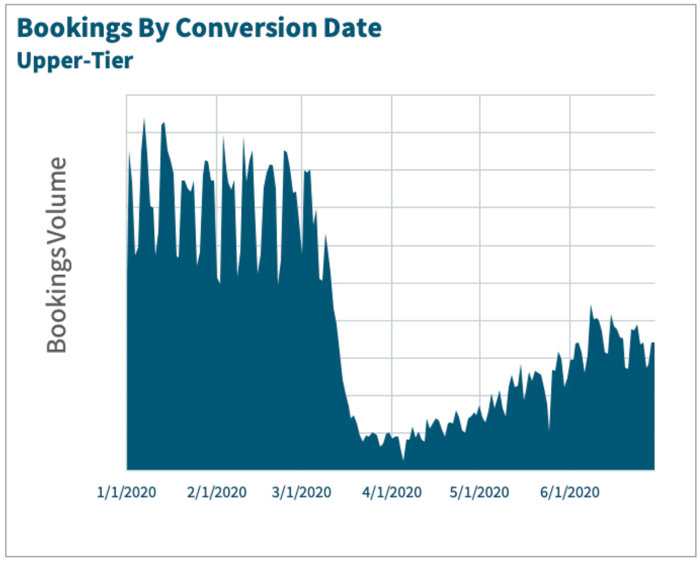
5. Most travelers decided to book their July 4th trips last minute

Bookings

Booking Volumes

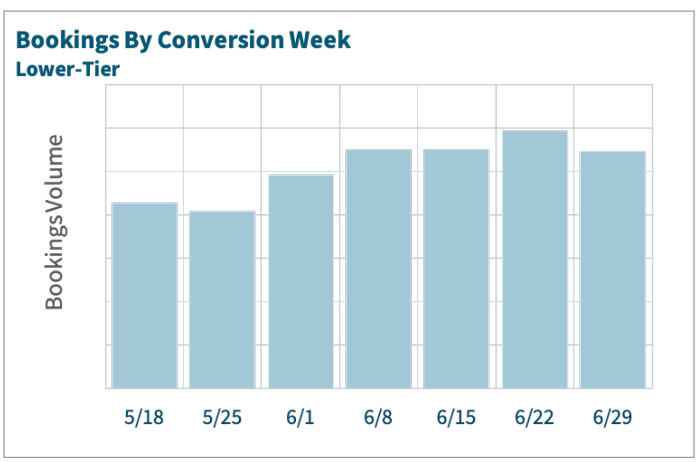
Despite seeing a steep decline in bookings immediately following the nationwide shutdown in March, both lower- and upper-tier hotels saw a steady increase in reservations throughout the second quarter. Year-over-year bookings in Q2 dropped 39% overall, and 61%, 42%, and 15% in April, May, and June, respectively. Daily bookings at lower-tier hotels are now higher than they were in January, while bookings at upper-tier hotels are only halfway back to their pre-COVID-19 level.

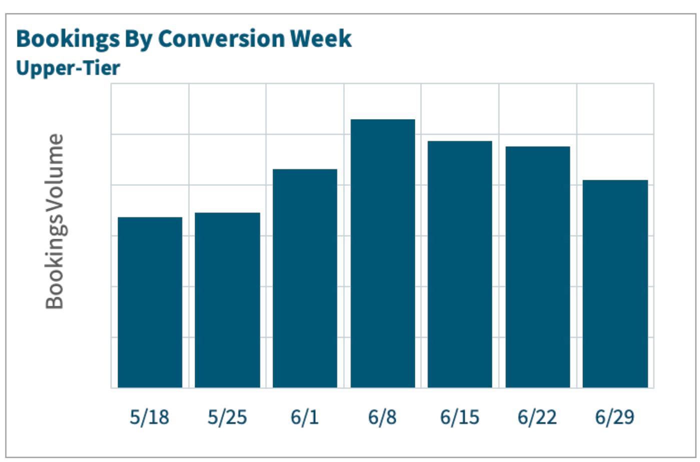




Week-over-Week Booking Total

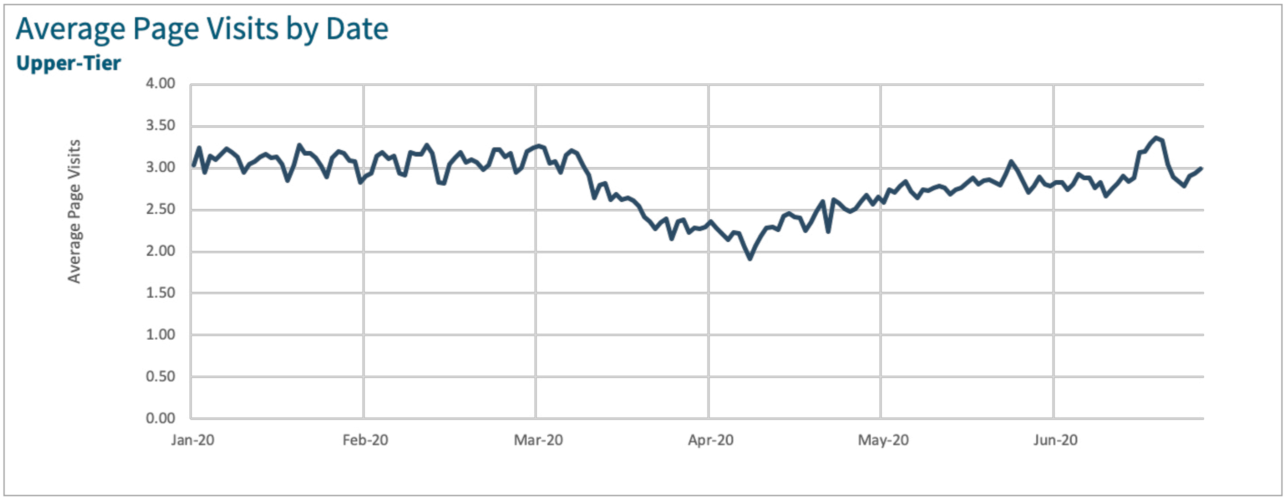
The recent COVID-19 surge seen in certain parts of the country (namely the southeast and sunbelt) is yet impact overall hotel traffic. Lower-tier bookings continue to show steady growth, and even though upper-tier bookings saw a decline for the week of June 22nd, they remain 30% higher than where they were at the end of May.





Visits

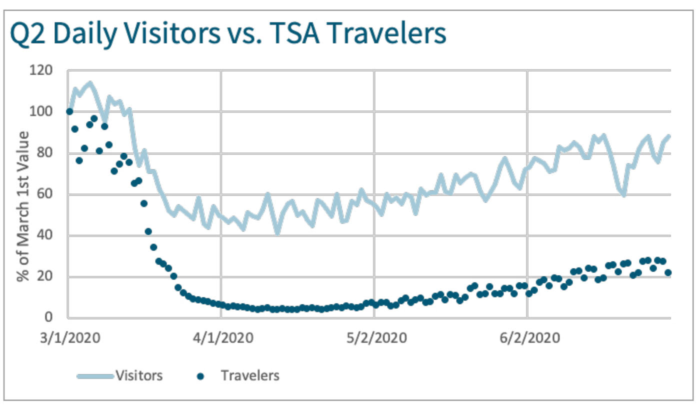
Average Page Visits per Visitor



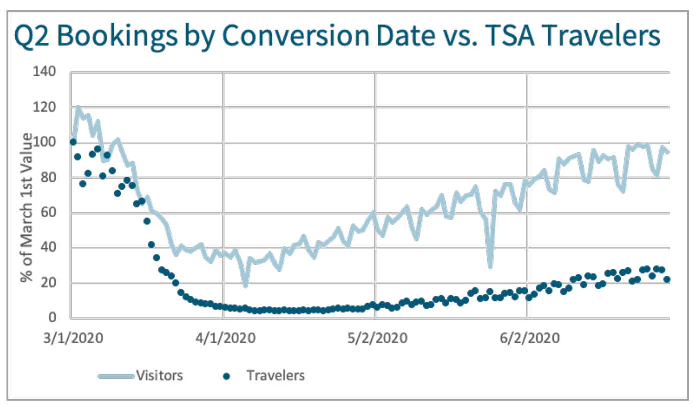
Source: Zeta Data Cloud (Jan 1- Jun 30, 2020)

Although upper-tier hotel bookings are still recovering, user engagement with upper-tier brands appears to be back to normal. The average number of page visits per session by users on upper-tier hotel sites finished the second quarter at a 2020 high. This signal suggests consumers visiting upper-tier hotel sites are (likely) serious about booking a trip soon.

Average Page Visits per Visitor



Source: TSA checkpoint travel numbers for 2020



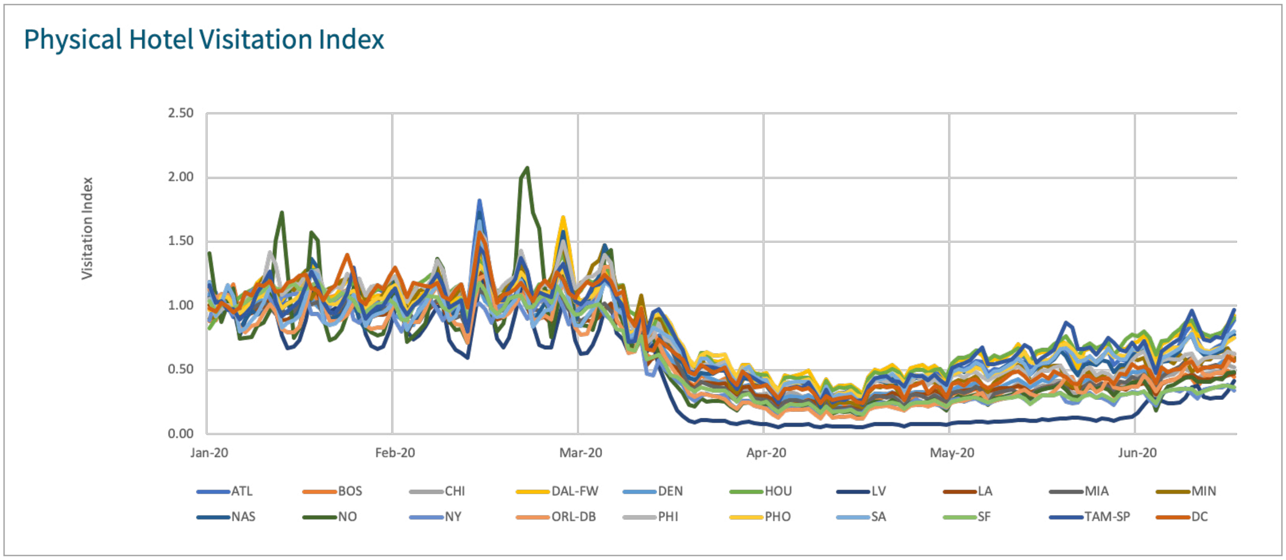
Source: TSA checkpoint travel numbers for 2020

Increases in daily site visitation are also being observed, and are correlated with the number of travelers passing through TSA checkpoints since March.

It is worth noting, however, that post-lockdown TSA traveler numbers bottomed out at 5% of the pre-lockdown figures, while bookings only decreased by 45%. This matters because bookings typically occur weeks and months in advance of planned travel, suggesting prospective hotel customers remained optimistic about the future of travel despite everything that's going on.

Visits

Hotel Visitation



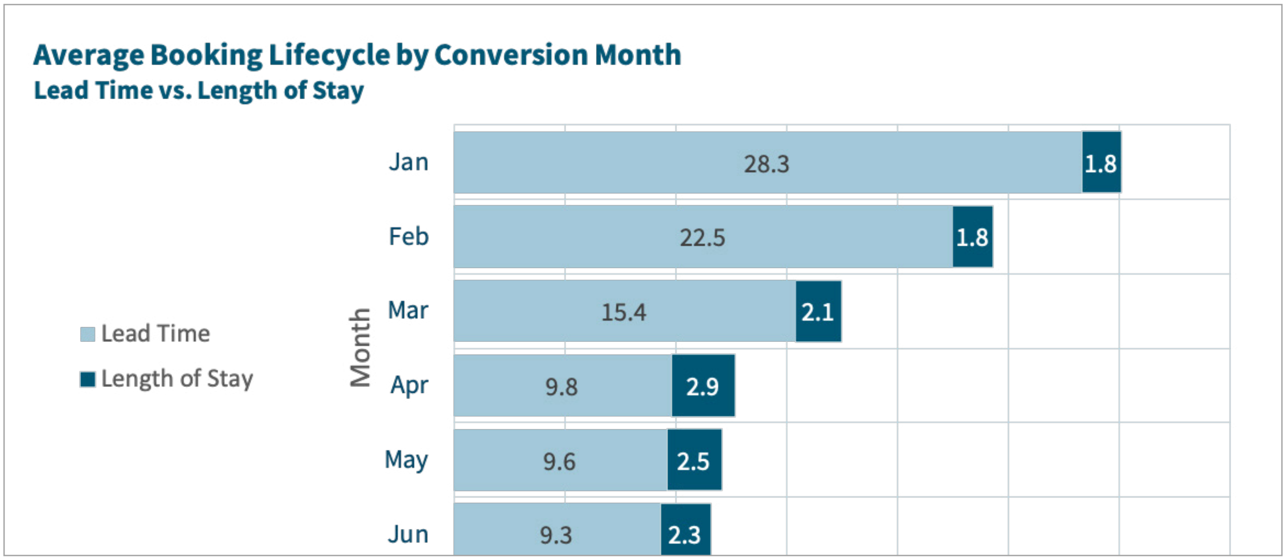
Source: Zeta Proprietary PlaceIQ (Jan 1- Jun 30, 2020)

Using location tracking data, Zeta observes daily visitation to actual hotel locations—year-to-date visitation (indexed against the first week of the year for the top 20 cities in volume) shows a steep drop in mid-March coinciding with the start of lockdown.

Certain cities defined by high-density, leisure travel (e.g. Las Vegas) were more affected than others. Fortunately, most of these cities are seeing a strong rebound in foot traffic, with a few metros (Tampa, Houston, San Antonio, Dallas-Ft. Worth and Phoenix) approaching their foot-traffic figures for January 2020. Interestingly, the cities with the highest increases in foot traffic are all in states that are now seeing a surge in new COVID-19 cases.

Booking Lifecycle

Lead Time vs. Length of Stay

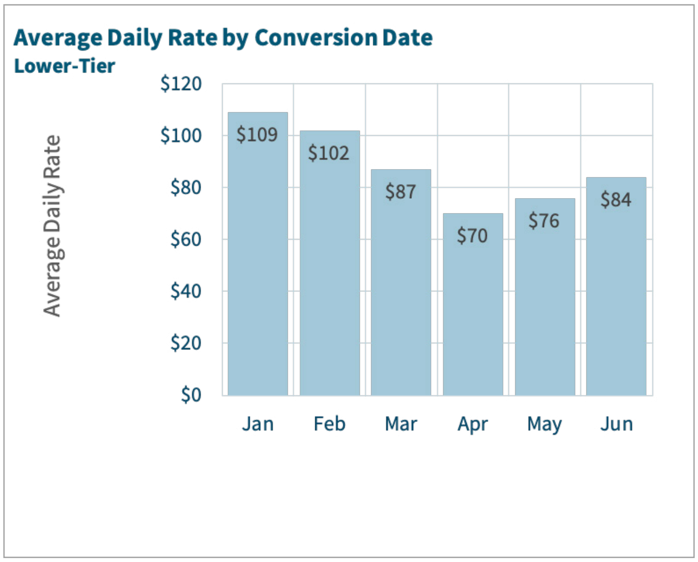


Source: Zeta Data Cloud (Jan 1- Jun 30, 2020)

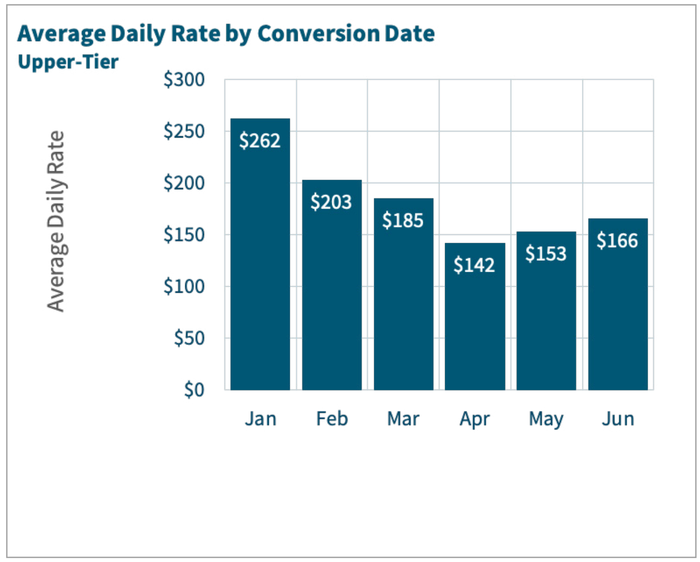
Bookings in lower-tier hotels are back to pre-COVID levels, but the booking lifecycle is radically different. Lead times (i.e. time between booking and occupancy) in lower-tier hotels are almost seven days shorter than they were in March, and 19 days shorter than they were in January levels. Conversely, the average length of stay is now 30% longer than it was in January.

Booking Lifecycle

Average Booking Value/Average Daily Rate



Source: Zeta Data Cloud (Jan 1- Jun 30, 2020)



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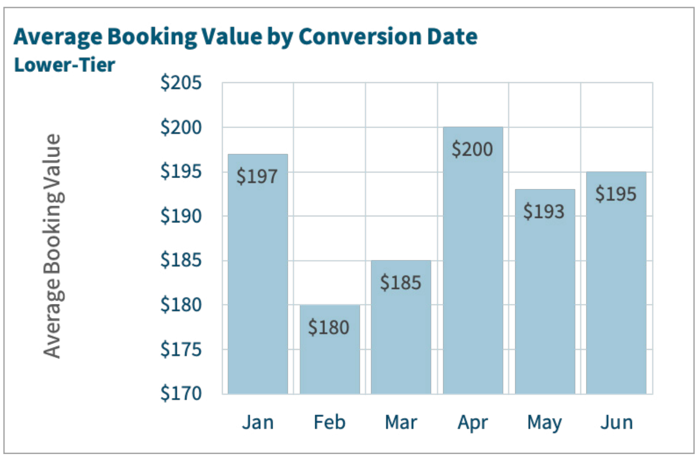

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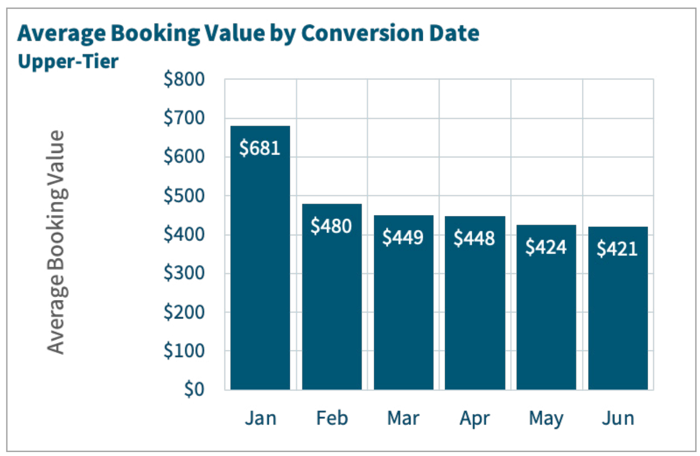


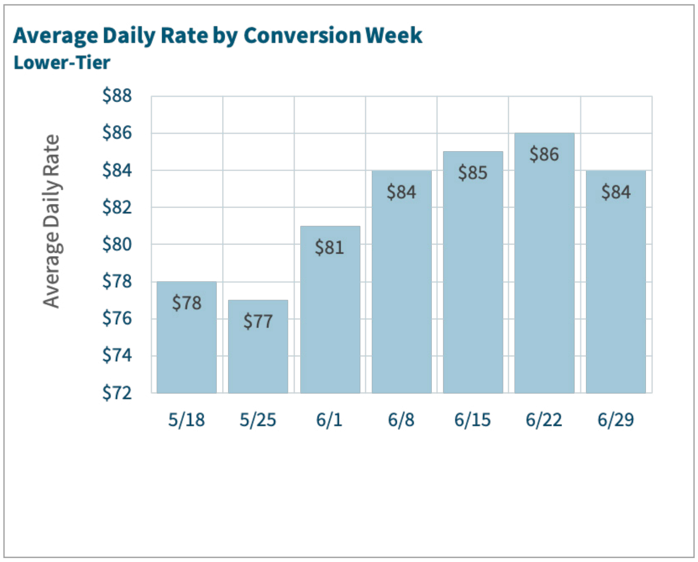
Source: Zeta Data Cloud (Jan 1- Jun 30, 2020)

The average daily rate value (ADR) dropped by about 30% in late March/early April compared to where it sat in early Q1. This drop isn't surprising given hotels needed to incentivize consumers to continue booking hotel rooms in the face of steep economic uncertainty. Now that the economic outlook is less dire, ADR is on the rise in both lower- and upper-tier markets.

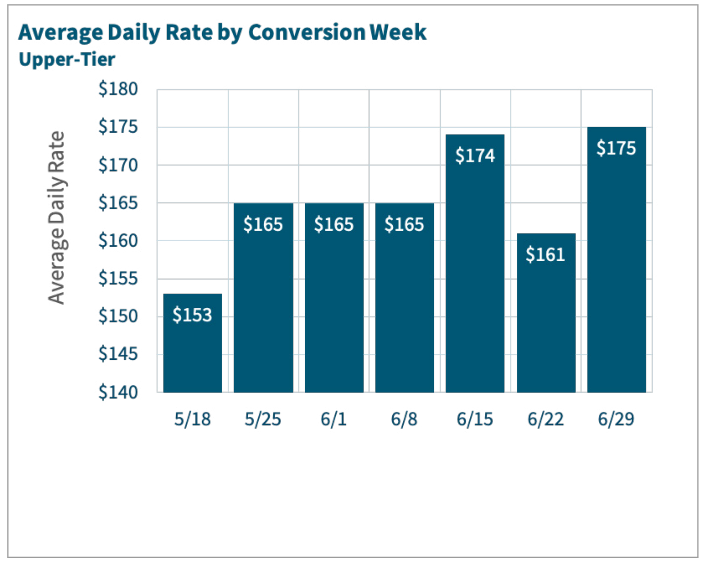
Interestingly, the average total booking value appears to be about the same across the first six months of 2020. This "steadiness" is likely due to the fact consumers are booking longer stays, which is offsetting the lower ADR.

Booking Lifecycle

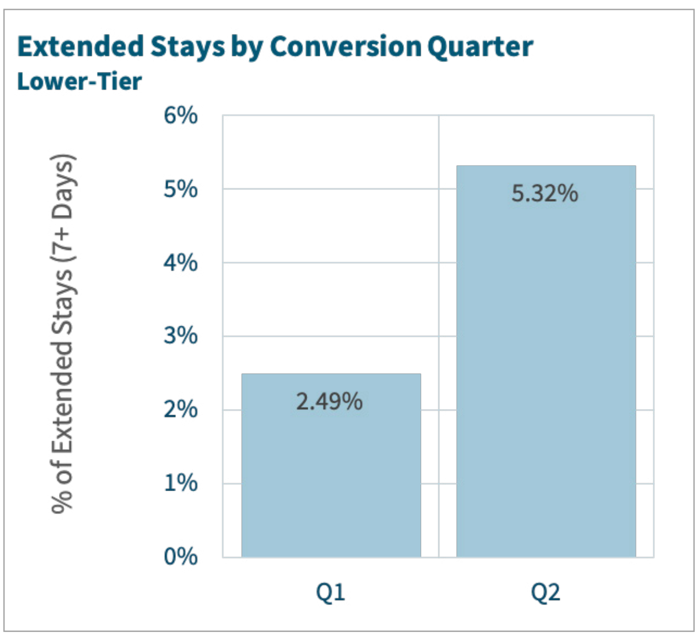
Average Booking Value/Average Daily Rate



Source: Zeta Data Cloud (Jan 1- Jul 5, 2020)



Source: Zeta Data Cloud (Jan 1- Jul 5, 2020)



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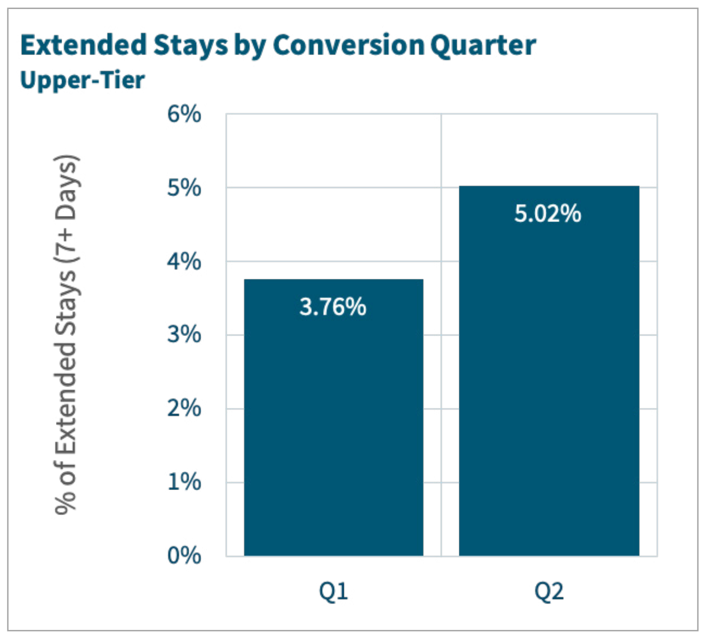
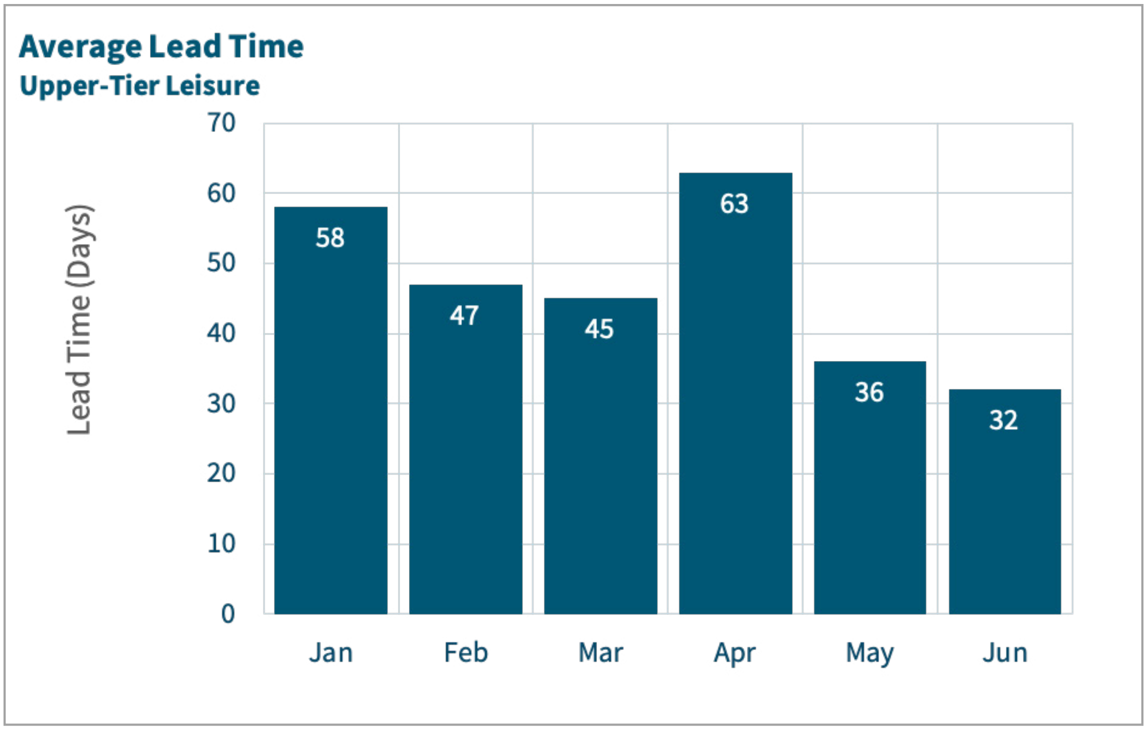


Source: Zeta Data Cloud (Jan 1- Jun 30, 2020)

The percentage of hotel stays lasting more than one week doubled in the Q2 2020 in lower- and upper-tier hotels (albeit to a lesser degree in the latter). Stays of 7+ nights peaked during the heart of the national shutdowns in April, accounting for 7% of total bookings during that time in both tiers. This spike is attributed to families and essential workers needing to relocate for more than a week in order to quarantine safely. The cheaper prices offered by lower-tier hotels create a more affordable option for extended stays, likely attributing to the larger difference between Q1 and Q2 in that sector.

Booking Lifecycle

Lead Time by Travel Type

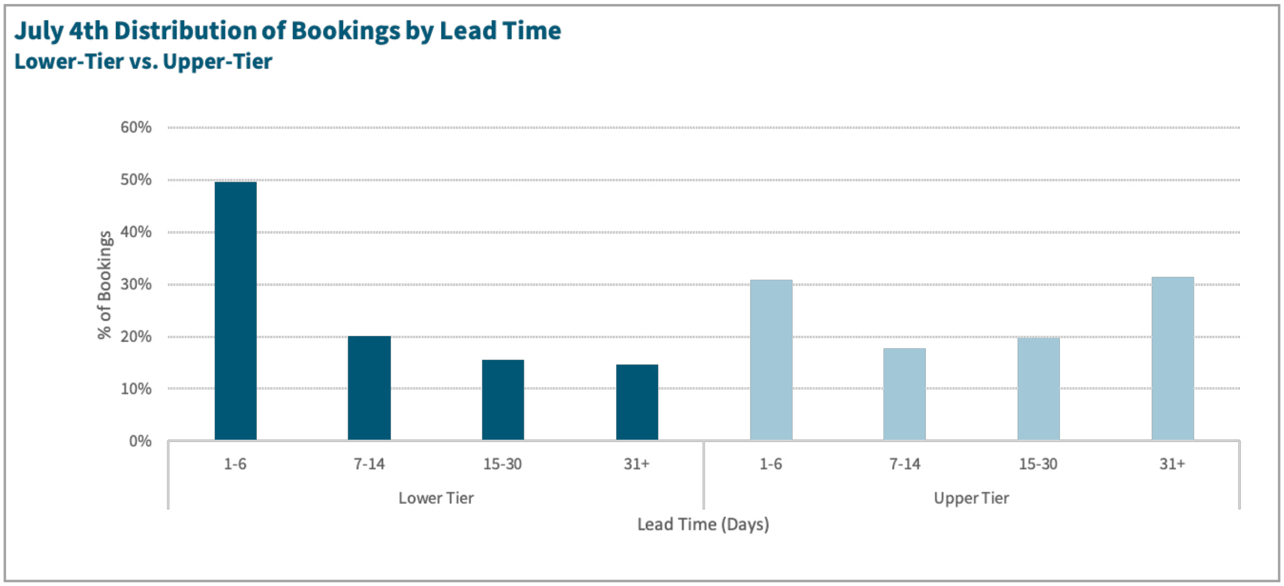


Source: Zeta Data Cloud (Jan 1- Jun 30, 2020)

In April, the average lead time for leisure bookings in upper-tier hotels reached a year-to-date high (more than two months in advance), as prospective travelers scrambled to postpone their nonessential travel for later dates due to the national shutdown.

July 4th Spotlight

July 4th Weekend Bookings



Source: Zeta Data Cloud (Jan 1- Jul 4, 2020)

Looking at bookings for the July 4th holiday (7/1 to 7/4) there is a clear dichotomy between lower- and upper-tier hotels for lead time.
In lower-tier hotels, almost 50% of travelers booked their trip within a week of check-in, compared to 30% of travelers staying in upper-tier hotels. Conversely, over 30% of upper-tier guests booked their trip more than a month in advance of check-in, compared to about 15% of lower-tier guests.

There is also a difference in the length of stays, with 20% of guests in upper-tier hotels booking for 4+ nights, compared to 11% of guests at lower-tier hotels.

Lastly, comparing the average booking values of trips for the holiday against a calendar helped to identify the premium associated with trips starting earlier in the week. In lower-tier hotels, bookings with a check-in of Wednesday July 1st were 47% higher than the ABV for an average Wednesday in 2020. Whereas bookings for Thursday the 2nd and Friday the 3rd were only 10% higher than an average Thursday or Friday in 2020. Interestingly, bookings with a July 4th check-in (Saturday) closely matched average performance for other Saturdays in 2020.

Put plainly, it seems getting an early start to the holiday weekend comes at an additional cost.

Contributing Author

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As the SVP of Hospitality, I am responsible for the overall vision and strategic direction of the Travel and Hospitality vertical within Zeta Global. Previously, I was SVP of Hospitality at IgnitionOne, spearheading advances in direct booking technologies for clients like Motel 6, La Quinta, and Extended Stay America.

For more insights, contact Eric at ebam@zetaglobal.com.

About Zeta

Zeta Global was founded in 2007 by David A. Steinberg and John Sculley with a vision that data was going to change the way marketers engage with consumers to drive successful business outcomes. Today, Zeta is located on four continents serving more than 1000 enterprise clients, including Samsung, Toyota, Sprint and many more.

Our data-powered marketing technology platform houses the third-largest data set in the marketplace (2.4B+ identities) and combined with outcome-driven AI to predict consumer intent, personalize experiences across every channel, and power business growth for Fortune 1000 companies.

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