



Horwath HTL

Hotel, Tourism and Leisure

HHS.TrendStudy Hospitality 2021/22

The industry between sustainable returns and future viability?

In collaboration with

HTN

HEILBRONN UNIVERSITY
OF APPLIED SCIENCES

FiNFAM

HEILBRONNER INSTITUT
FÜR ANGEWANDTE MARKTFORSCHUNG

November 2021 Edition

HHS.Trendstudy Hospitality 2021/2022

The hospitality industry between sustainable returns and future viability – price increases of establishments exceed the guests' willingness to pay

- **Top current results of the Heilbronn Hospitality Symposium B2C and B2B Hospitality Survey** – in cooperation with the Heilbronn Institute for Applied Market Research (H-Infam) of Heilbronn University and Horwath HTL DACH - initiated and conducted by Dr. Joachim Allhoff, Prof. Dr. Christian Buer and Prof. Dr. Markus Zeller (Jade University of Applied Sciences) - was presented at the 11th Heilbronn Hospitality Symposium on 11.11.2021
- **The study captured guest and host reactions after the Corona crisis and put them in perspective.** What has increased? How has guest awareness changed? How are hosts responding to the current situation? To what extent is technology or digitization being more consciously embraced and implemented? Where does the behavior between hosts and guests match and thus meet mutual expectations? Has sustainability and social responsibility increased in awareness for the hotel and hospitality industry?

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Key findings from a guest (B2C) perspective for hotels and restaurants:

Sustainability & Ecology:

- Sustainable consumption is moving more into awareness: seasonal & regional has the highest relevance. 32% consciously (very) or situationally (somewhat) pay attention to the ecological certification of food and beverages.

Social responsibility and acceptance of higher prices:

- 78% of guests accept higher prices for food and beverages and 69% of guests accept higher room rates as a consequence of higher wages and thus the consequence of the pandemic.
- Most guests (about 35%) accept this price increase of about 5% for food, beverages or the overnight stays.
- With the expectation related from sustainability and ecology, almost two-thirds of respondents (63%) accept the higher prices for ecological certification of hotels and restaurants.
- Nearly a quarter (23%) do not see spending a higher price for food and beverages in restaurants and hotels and do not understand this. In the case of overnight stays, about a third (31%) are not willing to accept a surcharge on the room rate for higher wages.

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What does the host expect from the consequences of the pandemic for his employees and his future economic development? In essence, he is positive. The results from the perspective of hotels and restaurants with "overweight" for the hotels:

Business situation, goals and digitization

- On a scale of 1-10 (1=bad, 10=very good), about half (56%) rated the business situation in a year as "good" to "very good" (scale 8-10).
- Technology or digitalization is finding its way into hotels and restaurants at an accelerated pace due to the impact of the pandemic and grants. The planned use of digital technologies are back-of-house and relate mainly to: Merchandise ordering systems (B2B), staff management, table reservations and handhelds or upgraded POS systems.
- Awareness of the direction of the business (strategy) has returned as a result of the pandemic. Ten years of steady growth has not focused the awareness. The pandemic has brought focus back to operational goals: Key operational goals are guest retention, enforcing price increases, and increasing profitability

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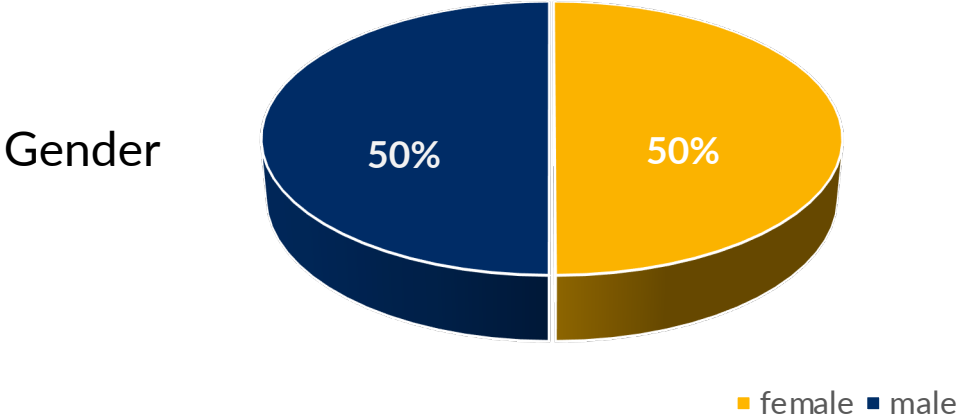
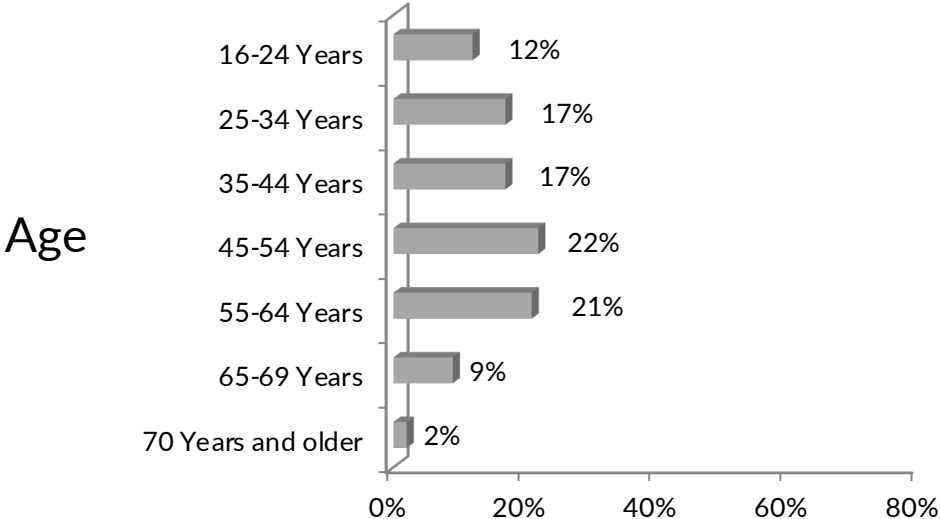
What does the host expect from the consequences of the pandemic for his employees and his future economic development? In essence, he is positive. The results from the perspective of hotels and restaurants with "overweight" for the hotels:

Revenues & prices, costs & processes

- Cost reductions are more likely to take place in purchasing and less in staffing, leasing and marketing
- Already implemented or planned price increases are mentioned by 83% of hotels for rooms, 87% for beverages and 93% for food - increases between 6 and 10% are mentioned most frequently.
- Processes to optimize hotel and restaurant planning and management: 60% of establishments have already implemented or are planning to implement cancellation fees for reservations.
- Ensuring revenue per guest by setting minimum food and beverage consumption levels is planned by only 10% of establishments surveyed; 90% do not plan to set minimum consumption levels for guests
- Counteracting churn through higher wages: 90% have already increased wages or plan to do so - most commonly, wage increases are between 6-10%

Hotel/Restaurant Visitor Study

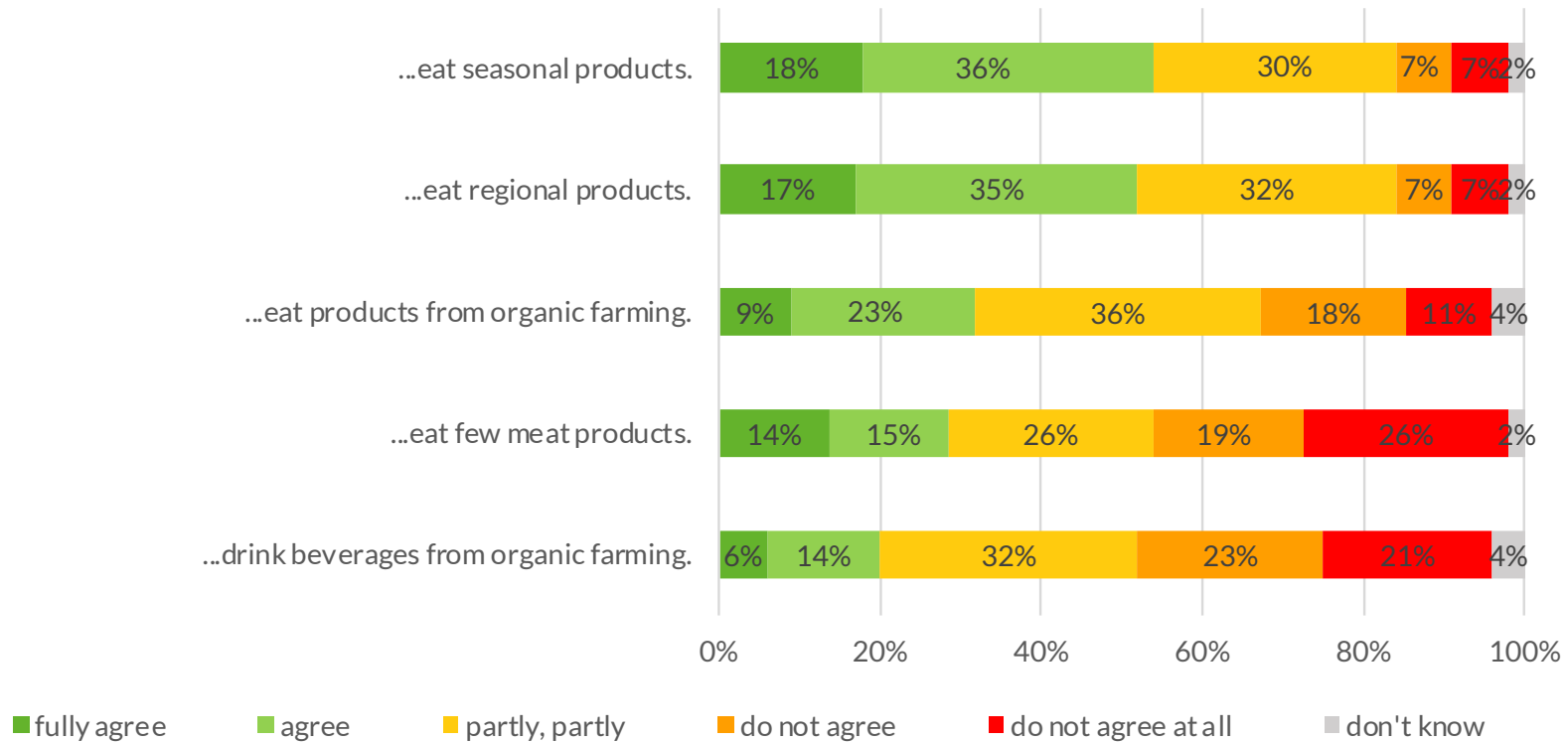
- Method: online survey via an online access panel
- Field phase: November 25 - 28, 2021
- Sample: 500 respondents (hotel stay/restaurant visit in 2020/21)



Ecological Sustainability

Sustainable consumption in restaurant/hotel

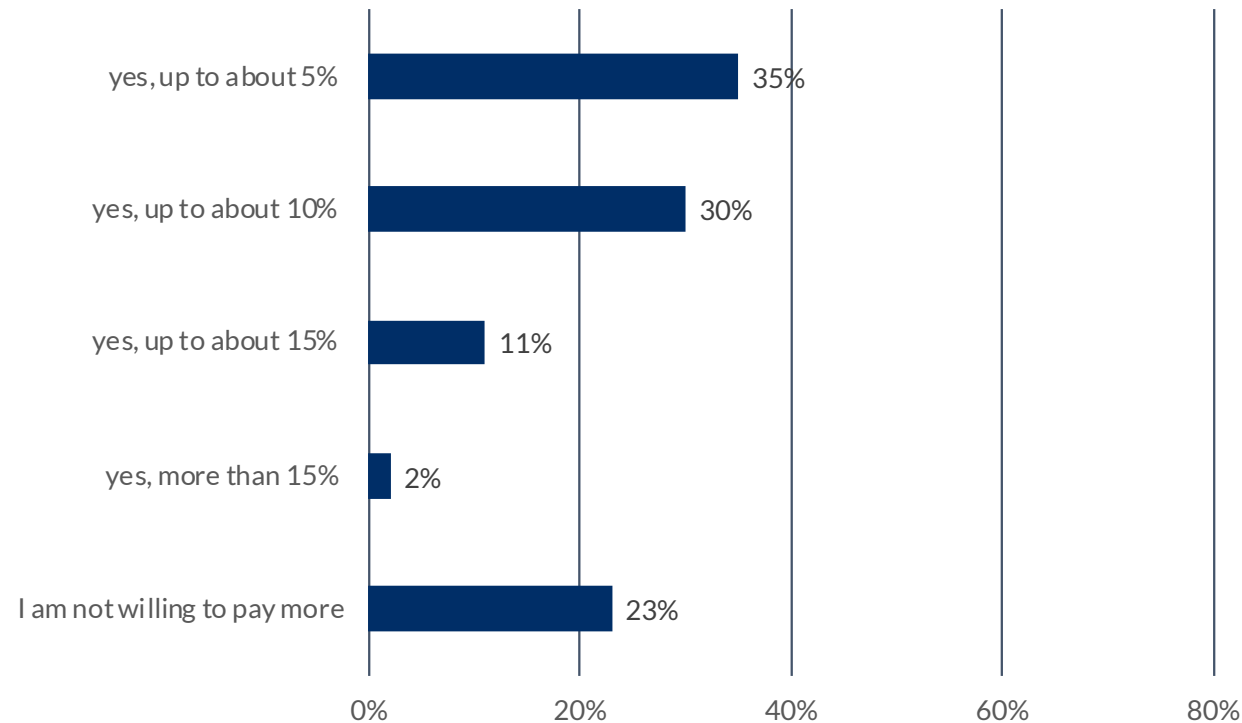
For each of the following statements, please indicate how much you agree or disagree with each statement. I make sure that I also eat as much as possible in restaurants and hotels....



Social vs. Economic Sustainability

Acceptance of price increases for beverages/meals

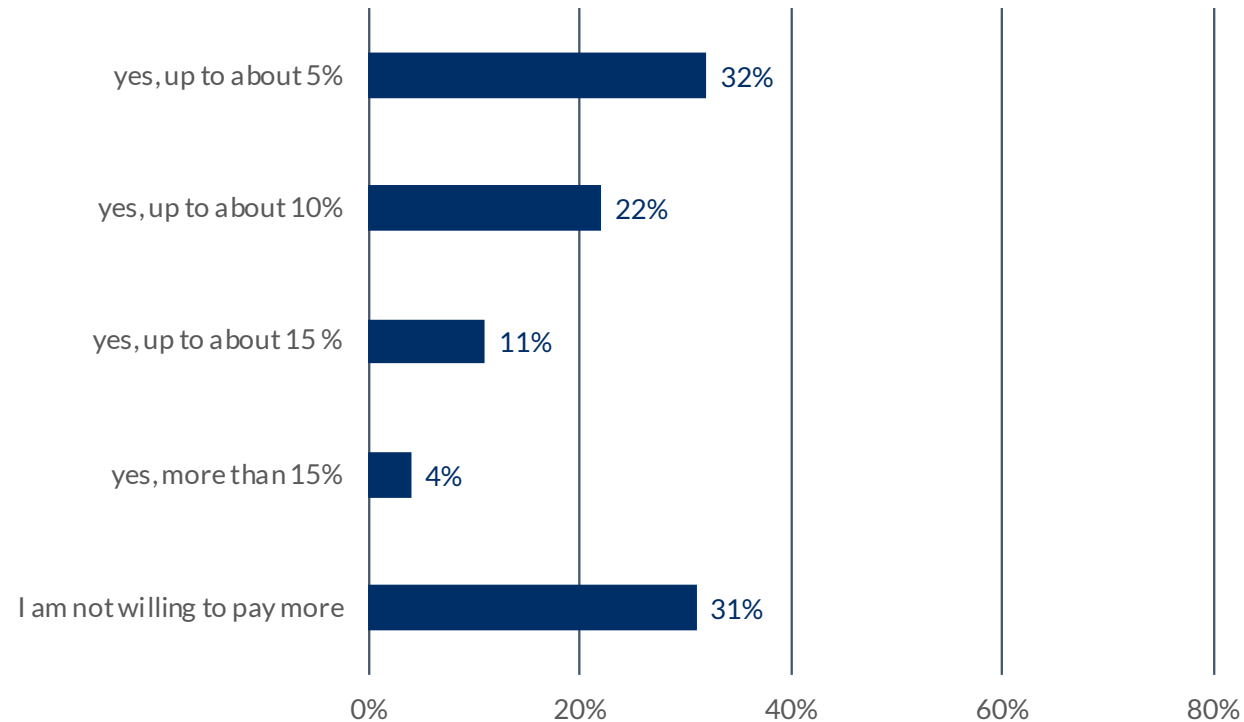
Would you be willing to pay higher prices for drinks and food in exchange for a wage increase for service staff in hotels and restaurants? Please assume that these drinks and meals together cost 16 euros before the price increase.



Social vs. Economic Sustainability

Acceptance of price increases for rooms

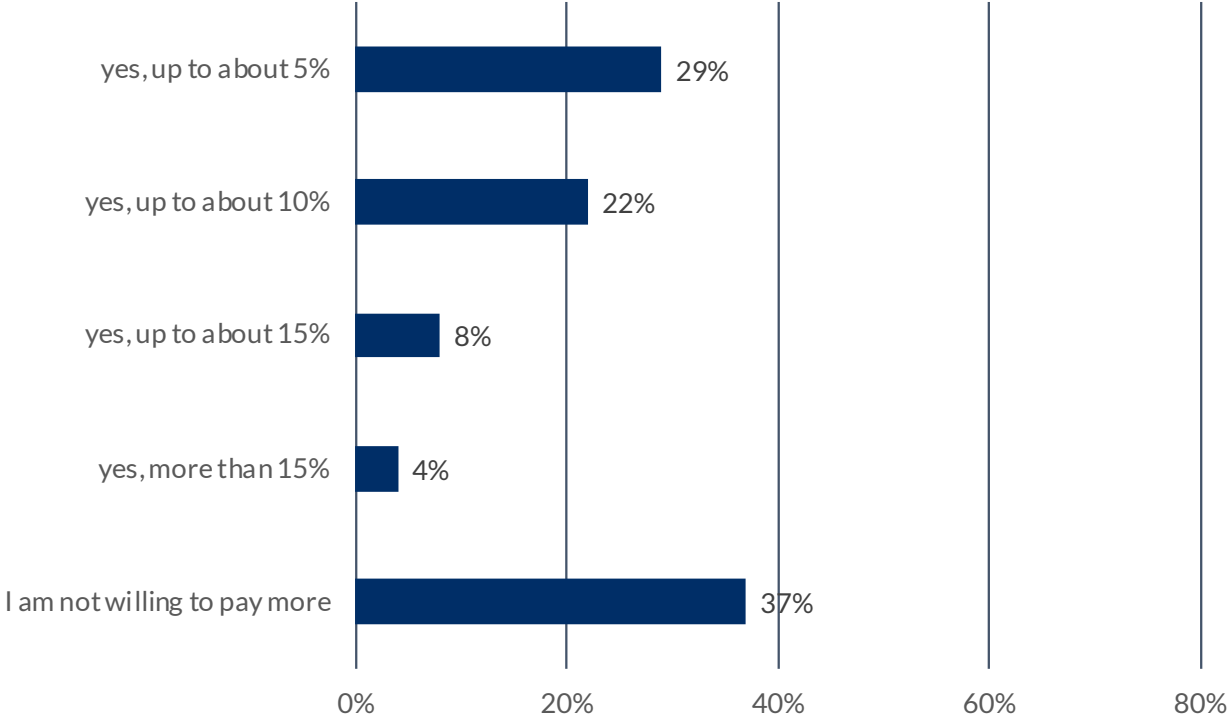
Would you be willing to pay higher prices for a room in exchange for a wage increase for service employees in hotels and restaurants? Please assume that this room cost 100 euros before the price increase. (hotel visitors only)



Ecological vs. Economic Sustainability

Acceptance of price increases for organic food

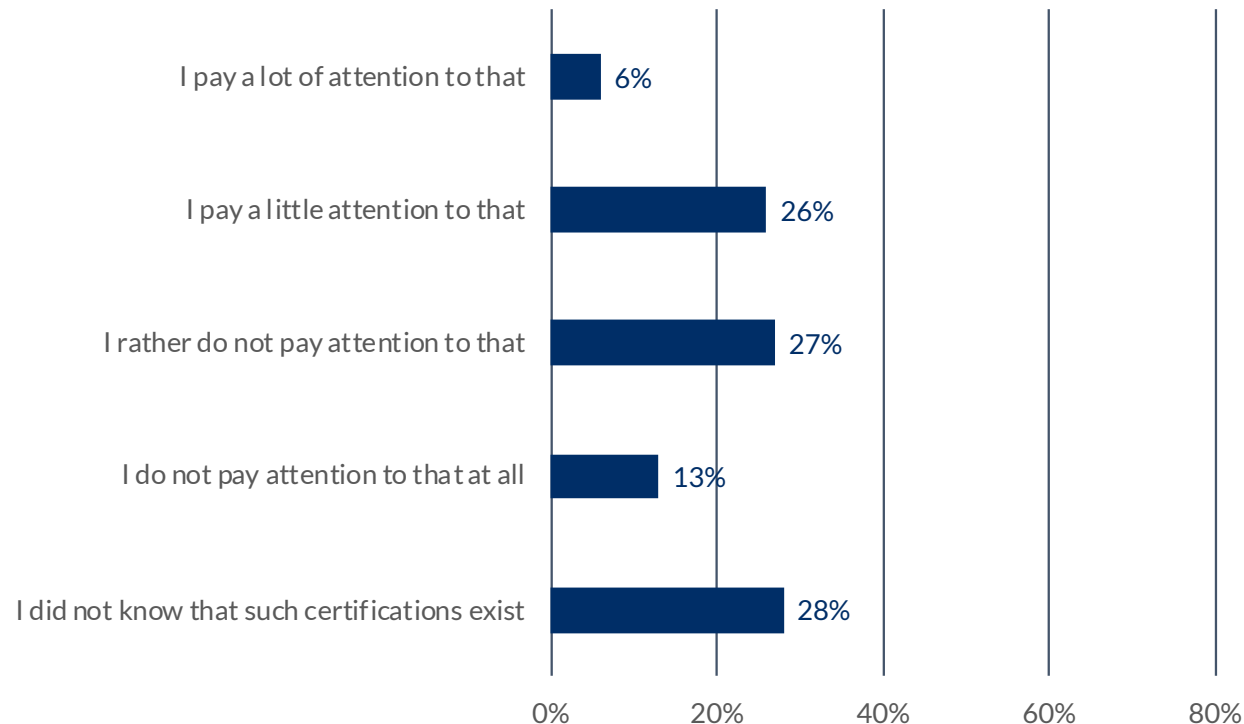
And would you be willing to pay higher prices for ecologically certified food in a hotel or restaurant?



Environmental Sustainability: Significance & Certification

Sustainable consumption in restaurant/hotel

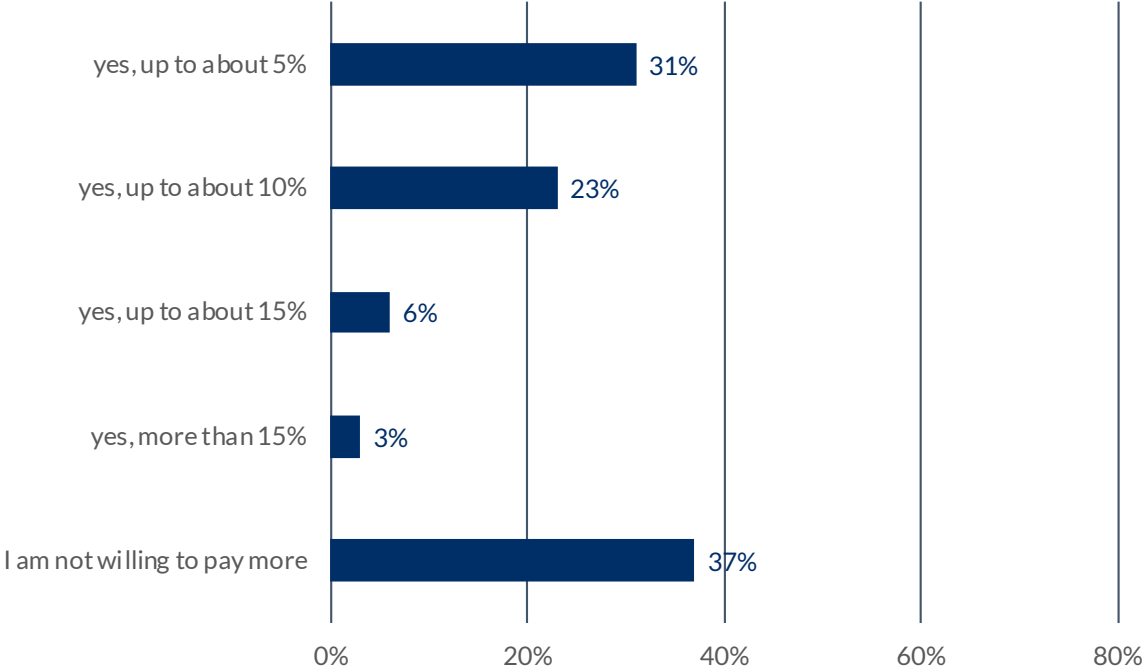
Hotels and restaurants can also be certified for their environmentally friendly and sustainable operations (e.g. less water and energy consumption, fair wages for service staff). When visiting restaurants and hotels, do you pay attention to whether these businesses are ecologically certified?



Ecological Certification vs. Economic Sustainability

Acceptance of price increases with ecological certification

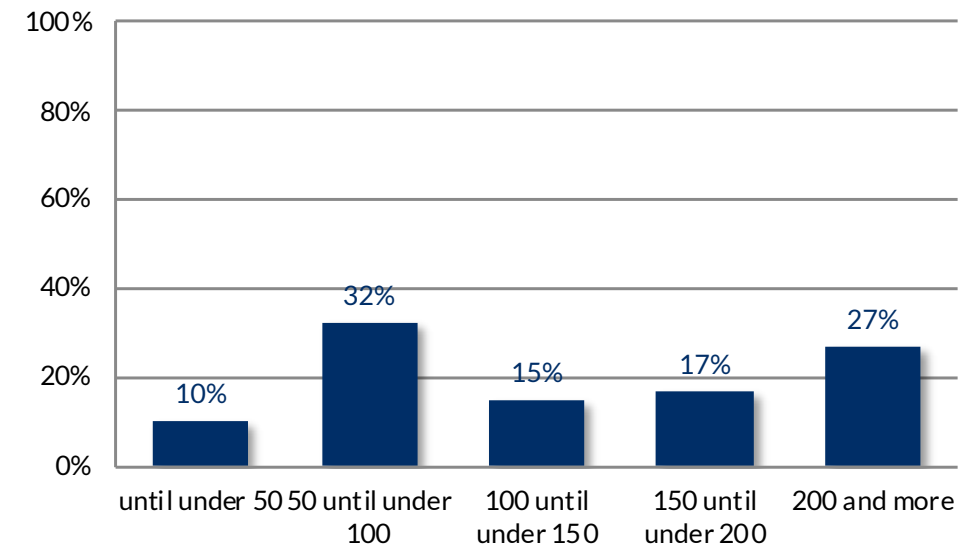
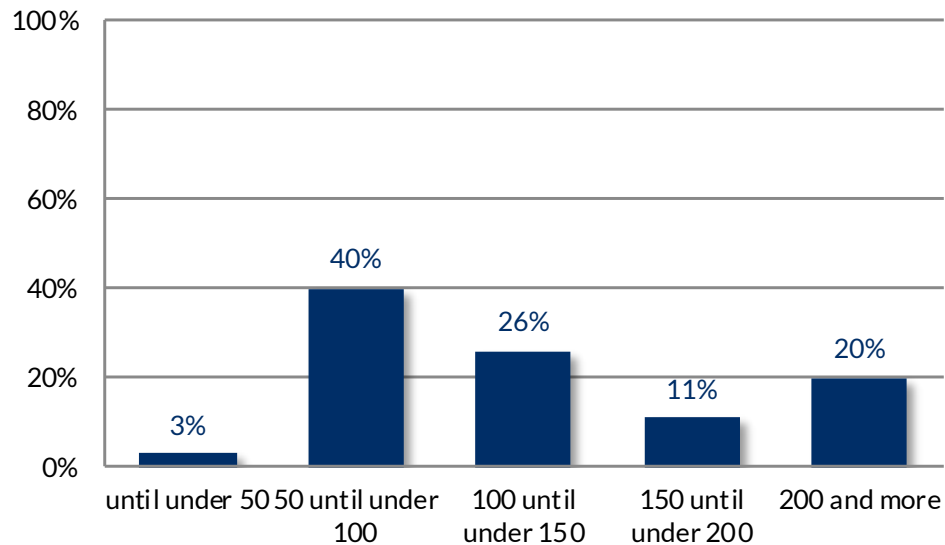
With these certifications, there are higher costs for restaurants and hotels (due to renovation work, higher wages or other). Would you be willing to pay higher prices for ecologically certified hotels or restaurants?



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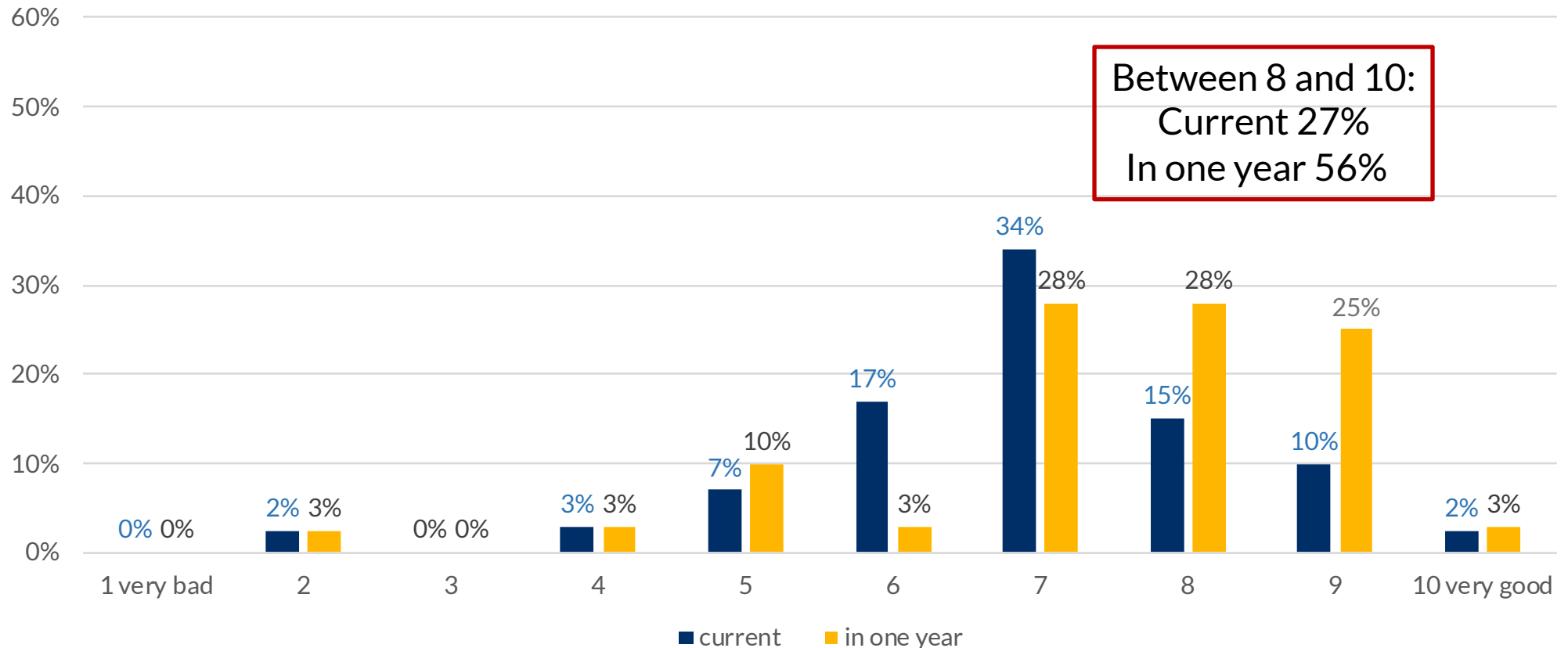
Hotel & Catering Industry

- Method: Online survey via distribution list of AHGZ, Foodservice, Prognos, Hotel Directors Association B.-W.
- Field phase: October 1 to 26, 2021
- Sample: 46 respondents (85% management, 15% department management/employees with management functions)
- Decision-makers mostly from the hotel industry (n=35) / few from the restaurant industry (7) / no information (4)



Assessment of the business situation (current/in one year)

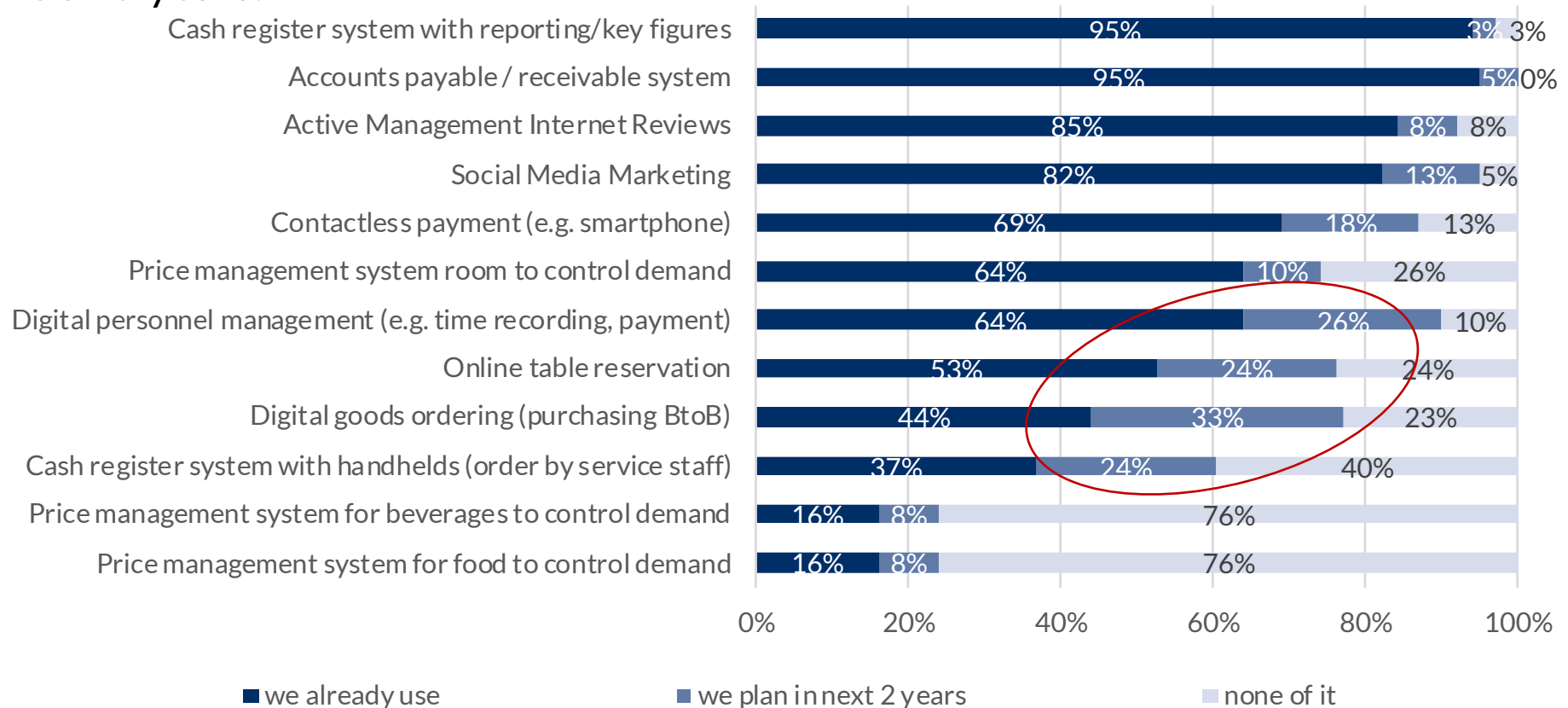
On a scale of 1 (very poor) to 10 (very good), how would you rate your **current business situation** / **business situation in one year**?



Measures to strengthen future viability

Digital Technologies

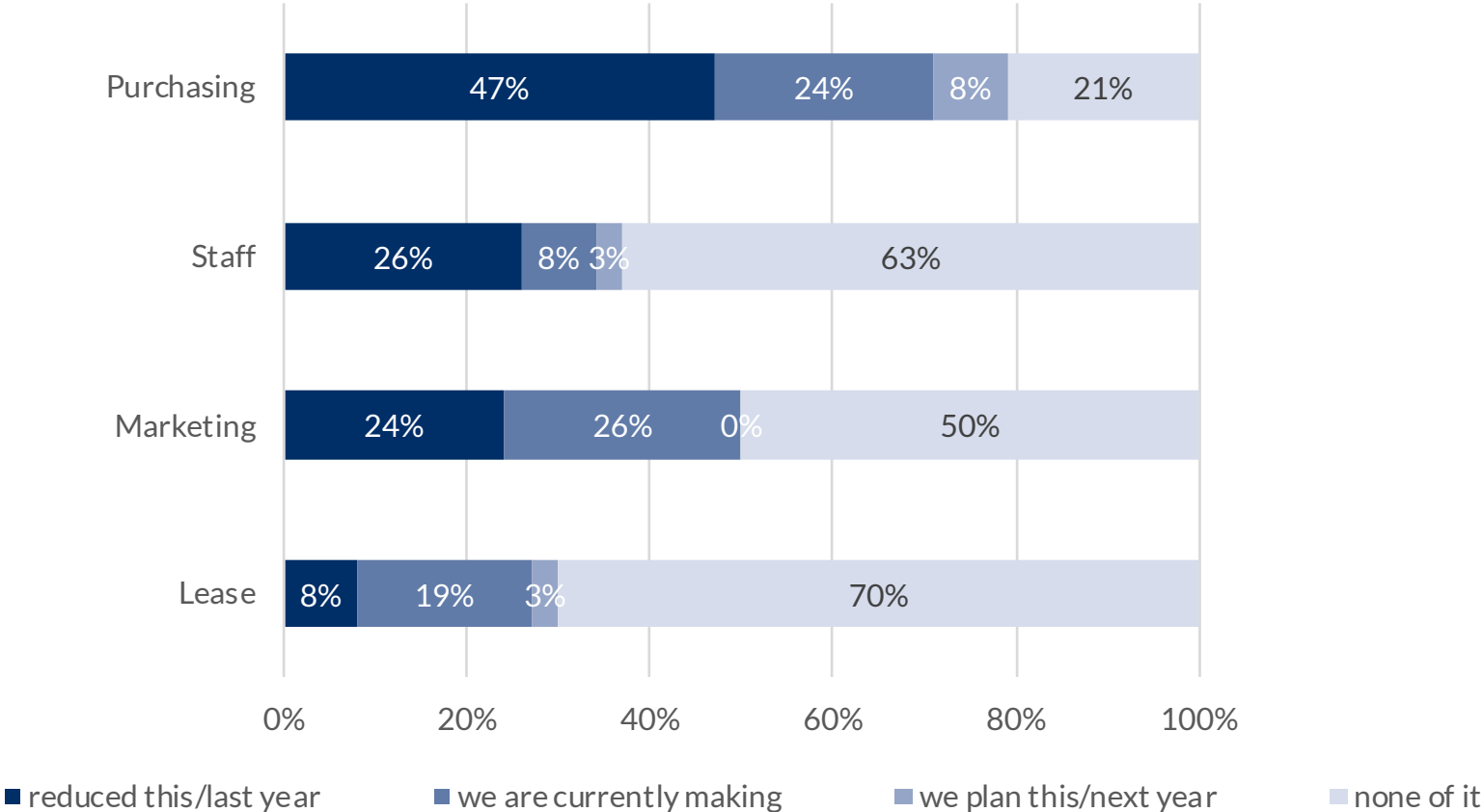
The following is about digital technologies for common work processes in the hospitality industry. Please indicate which of these digital applications you already use or plan to introduce within the next two years.



Sustainable Return

Cost reductions

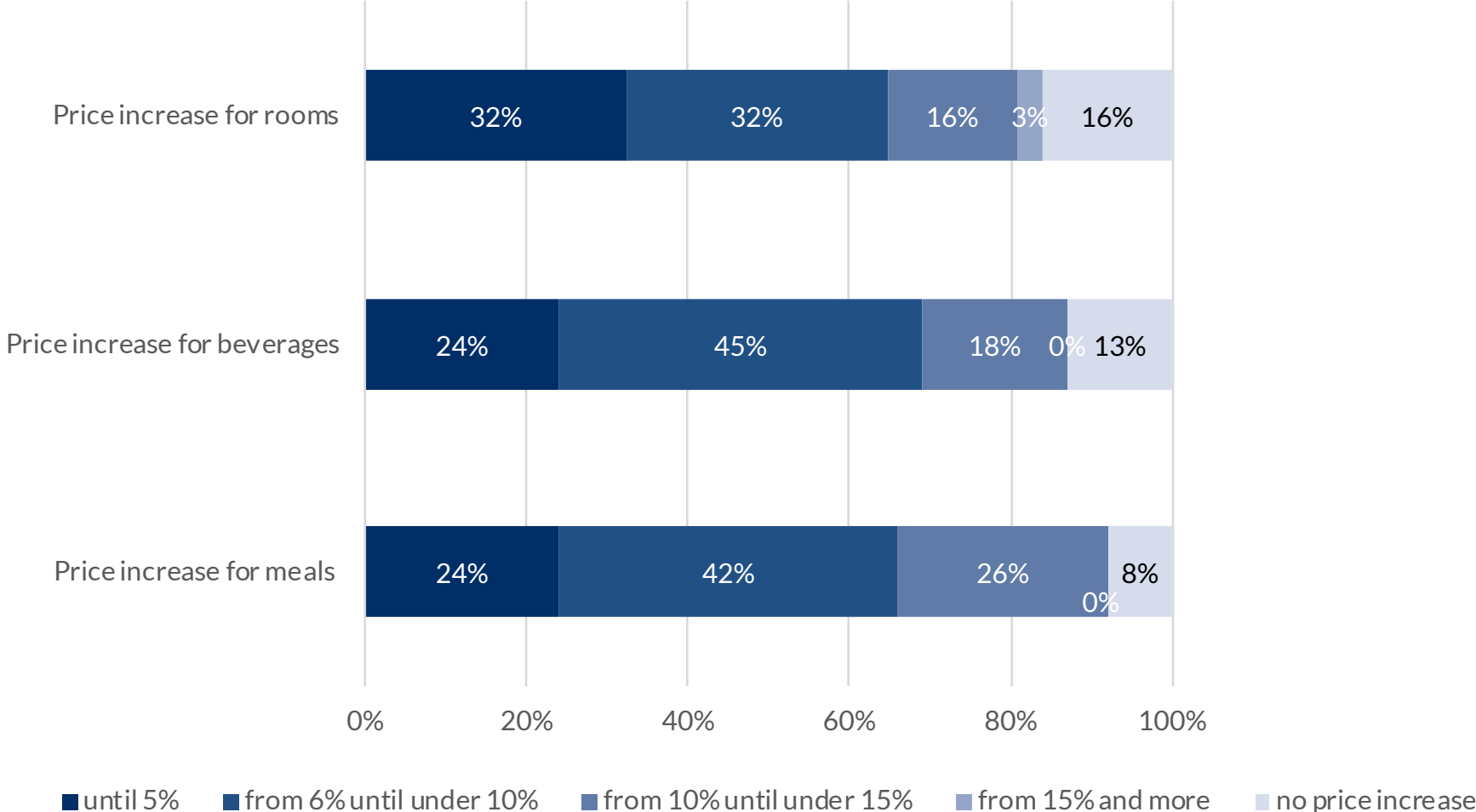
In which of the following areas have you reduced your costs in 2020 to 2022 or do you plan to do so this year or next?



Sustainable Return

Price increases

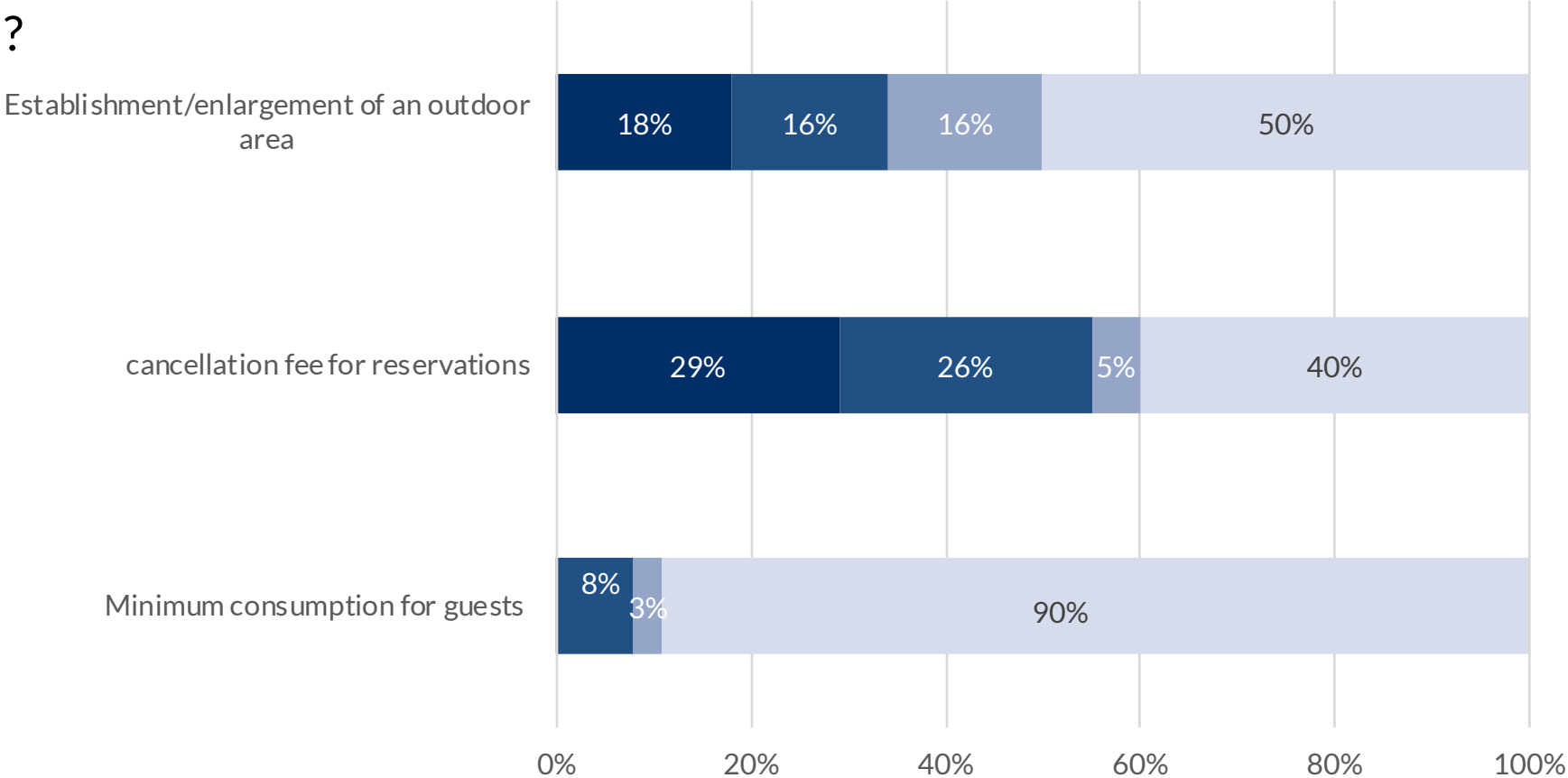
Have you implemented price increases in 2020 to 2022 or do you plan to do so in total during this period?



Sustainable Return

Further measures

Which of the following have you done or are you planning to do this year/next year from 2020 to 2022?

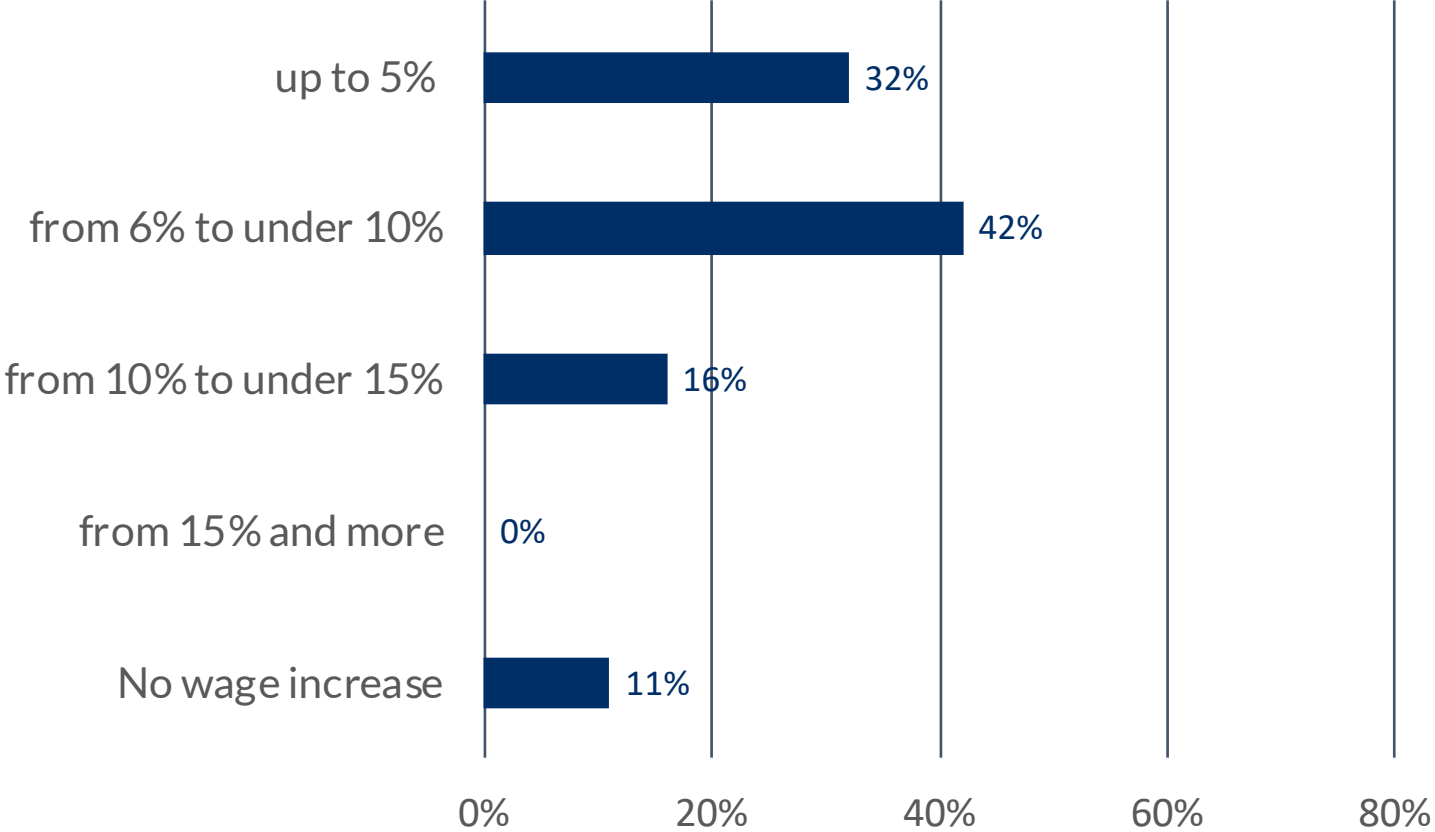


■ we have done this/ last year ■ we are currently making ■ we are planning for this/ next year ■ none of this anymore

Social Sustainability

Wage increase for employees

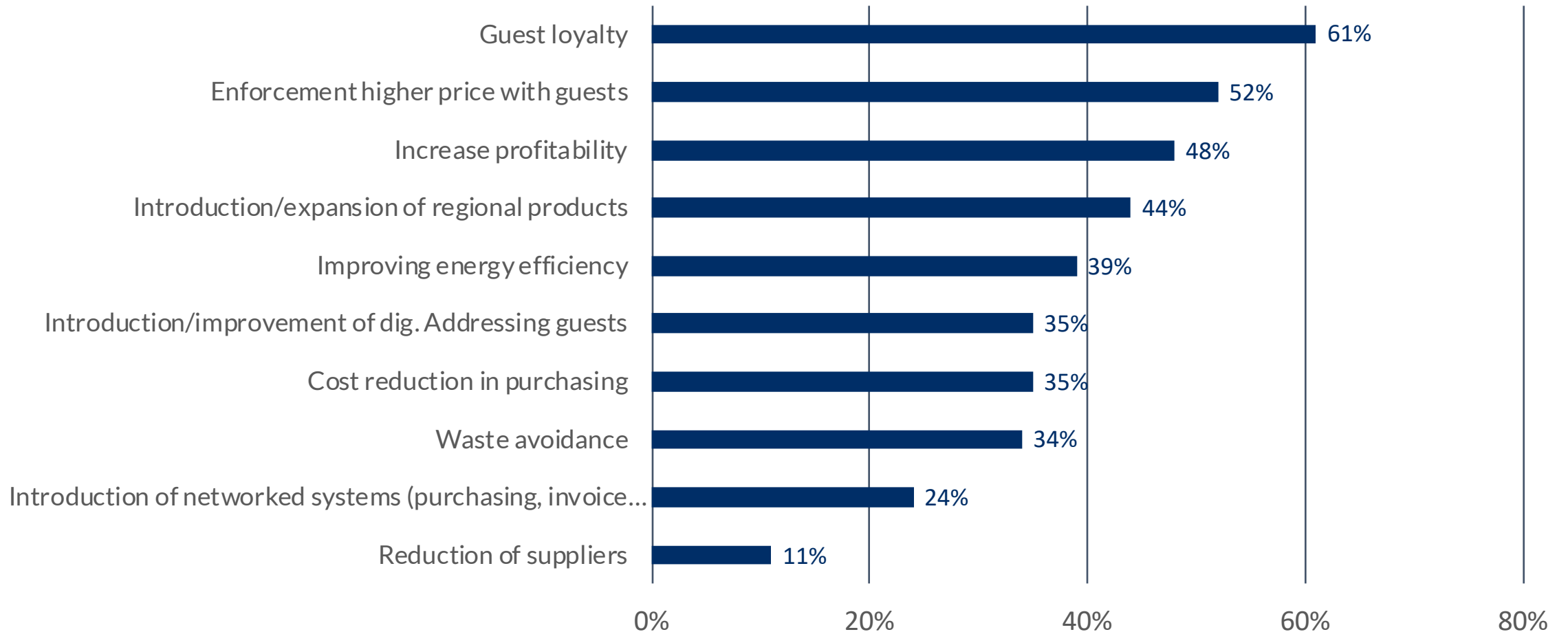
Have you implemented or are you planning to implement pay increases for employees/staff in 2020 through 2022?



Measures to strengthen future viability

Priority operating goals

Which goals do you currently prioritize in your business? Please tick the five most important goals.



Intermediate Conclusion

Guests Hotel Industry / Gastronomy

- Seasonal & regional has the highest relevance for sustainable consumption from the guest perspective
- 77% of guests accept higher F&B prices as a consequence of higher wages
- 69% accept higher room rates for higher wages
- For F&B and room price increases, up to + 5% is most often accepted
- 23% are not willing to pay higher prices for F&B or 31% are not willing to pay higher prices for rooms as a consequence of higher wages
- 32% pay a lot or a little attention to ecological certifications
- 63% accept higher prices for ecologically certified hotels & restaurants

Intermediate Conclusion

Companies (esp. Hotel Industry)

- When it comes to the outlook for the business situation in a year's time, 56% of respondents gave values between 8 and 10 on a scale of 10 (10 = very good).
- When it comes to the planned use of digital technologies, ordering goods (B2B), personnel management, online table reservations and handhelds are mentioned most frequently
- Cost reductions are more likely to take place in purchasing and less in personnel, leasing and marketing
- Price increases already implemented or planned are cited by 84% of establishments for rooms, 87% for beverages and 92% for food - increases between 6 and 10% are cited most often
- Price increases of the enterprises lies over the acceptance of the guests
- Already introduced or planned by 60% of the enterprises cancellation fees for reservations, 90% do not plan a minimum consumption for guests
- 89% have already increased wages or plan to do so - most commonly, wage increases are between 6-10%
- Most important goals: Retaining guests, enforcing price increases, increasing profitability

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If the pandemic has abruptly interrupted the growth experienced since 2010, the hotels and restaurants have learned - perhaps also under pressure of suffering - to focus again. Thus, the guest and his loyalty to the hotel or restaurant is more important than ever before. Prices have to be raised and the return on investment has to be increased. Regionality and sustainability drive the focus for the hotel product offered and digitalization creates the optimized processes to achieve the return secured and prepare the business for the future.

Guests are consciously demanding sustainability and this process has been accelerated by the pandemic. The discrepancy between the hosts and guests in the awareness of pricing is present. If the host is more courageous and increases the price the consumer with its restraint deals only to one third consciously with this challenge! One third of the interviewed guests do not even understand what the prices should be increased for. The raw material prices and their availability and the wages for the coworkers are irrelevant thereby for these the consequence for a height minimum wage is not derivable thereby!

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Conclusion:

The study proves that the consequence of the pandemic is a new self-confidence among the hosts and that the guests have an understanding for the current situation "on the whole". Nevertheless, the study shows that there is willingness for higher prices in the "low range"; but not in clear double digits (e.g. +15%/20%). If also the business situation for 2022 is evaluated in the majority positively is the orientation of the own operating orientation into the new year still in the process of understanding.

For this the study gives much room for interpretation: As Prof. Dr. Christian Buer explained: *"2021 will be the year as a "stuttering engine" and 2022 will be the year when every hotel and restaurant business will "reopen and find its market"*

Authors



Dr. Joachim Allhoff
*Head of Institute and
Director of Studies*
Heilbronner Institut
für angewandte
Marktforschung (H-Infam)
der Hochschule Heilbronn

Dr Joachim Allhoff studied social sciences and economics at the University of Stuttgart and was a research assistant and lecturer at the University of Stuttgart, Institute for Social Research. He then held various positions in market research (including at Motorpresse Stuttgart).

For ten years he has had management experience in market research, data analysis and data mining in media companies and management consultancy. Since 2015, Dr Allhoff has been Institute Director at the Heilbronn Institute for Applied Market Research (H-Infam).



Prof. Dr. Christian Buer
Managing Director
Horwath HTL Germany

Prof. Dr. Christian Buer attended the University of St. Gallen (HSG), Switzerland, after graduating from the Institut Monatana in Zug in 1987. Between 1995 and 1997 Prof. Dr. Buer completed his dissertation at Prof. Dr. Claude Kaspar at the University of St. Gallen on the topic "Design of holistic management systems in hotels - The importance of information requirements, acquisition and processing for a management system in a holistic hotel operation" (Dr. oec. HSG). He held various positions in the hospitality industry (including Steigenberger Hotels).

Since 2004, he has been a full professor of business administration at Heilbronn University and teaches the most important issues concerning tourism companies. Today, he is the Head of Department for Tourism Business, which includes three-degree programs (Bachelor Tourism Management, Bachelor Hotel and Restaurant Management, Master International Tourism Management) and Pro-Dean of the Faculty of International Business.

As an independent management consultant in his own consulting company Nemis, he advises developers, financiers and real estate experts for tourism properties. Since 2021, Christian is Managing Director of Horwath HTL Germany.



Horwath HTL Germany

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

We are a global brand with 52 offices in 40 countries, who have successfully carried out over 30,000 assignments for private and public clients.

We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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- Health & Wellness
- Tourism & Leisure
- Hospitality Crisis Management

Horwath HTL Germany

Frankfurt Office

Niederuau 78

60325 Frankfurt am Main

Phone:

+49 (0)69 7140 2005-0

Email:

germany@horwathhtl.com

www.horwathhtl.de

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