



A&M TRAVEL, HOSPITALITY & LEISURE INSIGHTS

Travel and hospitality demand
is going to recover.

Won't it?



Industry Leaders' Point of View

Rebounding from the immediate COVID-19 liquidity crisis, organisations in the travel, hospitality and leisure sectors must now confront another critical test: building a new understanding of customer demand as economies begin to reopen, with less reliance on pre-COVID patterns, comparables and trends.



In June 2021, A&M hosted a roundtable with senior leaders from the industry to discuss lessons from the pandemic and what lies ahead, as well as examining how best to meet the challenges of a new demand mix. Two central questions structured the conversation: read on to hear our panel's insights.





How do you expect the profile, nature and structure of demand to change for your business?

Recovery is progressing better than expected, based on web search and credit card data. However, the data also indicates volatility and foundational changes between locations, segments and products based on public perception about the pandemic. Both sets of data generally align with investor and lender viewpoints.

The roundtable attendees strongly agreed that long-term structural changes will be primarily focussed on Corporate demand, as opposed to Leisure, but that even within Corporate there will be winners and losers.

For example, looking strictly at Meetings and Events (M&E) demand, there will be different outcomes for organisations offering small meeting services versus large events. Smaller meeting venues may be challenged as a new competitor set is added to the traditional pool of local venues: Teams, Zoom and their virtual meeting provider peers. For those operators able to offer large event services however, the post-COVID shift could potentially provide a major win, as companies move increasingly to adopt remote working standards following the pandemic and possibly reduce office footprints. This may cause an increasing need to bring teams together outside their smaller permanent office environments to re-engage staff, potentially causing an increase in demand for large events.

Panellists acknowledged that Corporate demand is the most uncertain segment of the industry, making it difficult to predict what form the recovery takes and the timing of its return. Potential winners could be hotels that are already adapting to new ways of working in a post-COVID world by reimagining their spaces, services and how they respond to the emerging expectations of remote workers in search of flexibility and well-being.

Beyond the mainstay categories of hospitality demand — rooms, food and beverage (F&B) and meetings and events (M&E) — the panel sees important changes rising to the surface in previously unrelated or emerging categories. Adding non-traditional but complementary services, such as co-living and co-working, will become increasingly valuable, even necessary, by both operators and investors as they seek to diversify the top-line to appeal to future demand trends.

Another emerging trend that will impact demand is the effective and continued integration of environmental, social and governance (ESG) approaches. Unlike in previous crises, ESG issues have accelerated, and the trend is only expected to last. The overall market segment has evolved, and most sub-sectors of travel and hospitality consider ESG a non-negotiable issue, rather than a 'nice to-have' policy, which is further reinforced by COVID-19 being a health-driven financial crisis, and therefore, runs adjacent to the ESG agenda.



What implications do you expect these changes to have for your business internally?

Technology is clearly the most obvious area of implication, focus and investment in response to changing patterns of demand; however, the panel held diverse viewpoints, indicating that the 'right path' to employing technology is neither obvious nor similar between businesses at the moment.

The roundtable attendees were strongly aligned on the value of non-guest facing automation and technology solutions to improve efficiency and, critically, variability in the cost base.

There were however diverse views from the panel when considering how to leverage technology related guest-facing processes and interactions. On one hand, our panel recognised and championed that many guest segments are more open than ever to non-human interactions, such as kiosks. Furthermore, the panel highlighted the necessity of reducing dependence on labour, with growing concerns about staffing, both in terms of cost and reattracting talent back to travel and hospitality, particularly in the UK following Brexit and with mounting payroll inflation as the industry emerges from the COVID crisis. Conversely however, our panel recognised that in some areas of travel and hospitality human interaction and tailored experiences are why so much of the population value the joy of travel and hospitality.

COVID-19 has accelerated data- and analytics-driven decision making, and has added further complexity to our already complicated operating environment. A&M teams and several members of the roundtable have been working on using, to practical commercial and operational effect, new sources of data to understand demand and make better, faster decisions. That includes enhancing and supplementing traditional, historic and comparative data with other data sets, such as credit card spending, airline routes and planning application data to improve business decisions informed by sophisticated analytics.



Final thoughts

The industry has seen enormous shifts take place in a short space of time, and there are still huge unknowns that are affecting every category, but the speed of recovery in recent months has been impressive.

What should sustain leaders in travel, hospitality and leisure is the resilience of underlying demand, summed up by one perceptive comment from a panellist:

“If people didn’t want to meet, travel, and enjoy the company of others, COVID would already be over.”

This sentiment underscores the strength of the opportunity for the sector as people begin to travel and meet again.

Industry Leader Attendees

Olivier Daguzan

COO, Accor Invest

Lionel Benjamin

CEO and co-founder, AGO Hotels

Viv Watts

Co-founder, AGO Hotels

John Brennan

Executive Chairman, Amaris Hospitality

Julian Gorniok

Managing Director, Strategy
& Commercial Development, Anuvu

Vincent Mezard

Global Head of Hospitality and Operated Real Estate,
AXA IM

Jamie Lamb

Co-CEO, Axiom Hospitality

Tim Helliwell

Head of Hotels, Barclays

Giovanni Forni

Senior Vice President, Cedar Partners

Dermot Crawley

CEO, Dalata

Guus Bakker

CEO, Europe, Fraser Hospitality

Jonathon Liu

Director of Revenue & Marketing Strategy, GLH Hotels

Puneet Kanuga

Managing Director, Kildare Partners

Vikki McKay

Partner, Real Estate, Proskauer



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When traditional improvement activities are not enough, A&M's restructuring and turnaround heritage brings fact-based, action-oriented leadership to transformation and delivers rapid results.

Our professionals have both operational and advisory experience together with a proven track record in leading businesses through tough, complex situations.

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