

The Hotel Sentiment Survey

Key findings

March 2021

Introduction

To help identify the business impact of COVID-19 in the hospitality industry, Deloitte is conducting a survey of sentiment from senior figures in international hospitality

- These are the key findings from the Deloitte Hotel Sentiment Survey, conducted between 24th February and 10th March 2021, as part of the annual European Hotel Industry Conference. The findings are based on the responses of 101 senior figures in international hospitality.
- The findings in this document represent the tenth survey conducted since March 2020.
- Stay tuned for our next set of hotel sentiment survey findings and please contact: EHIC@deloitte.co.uk to sign up.

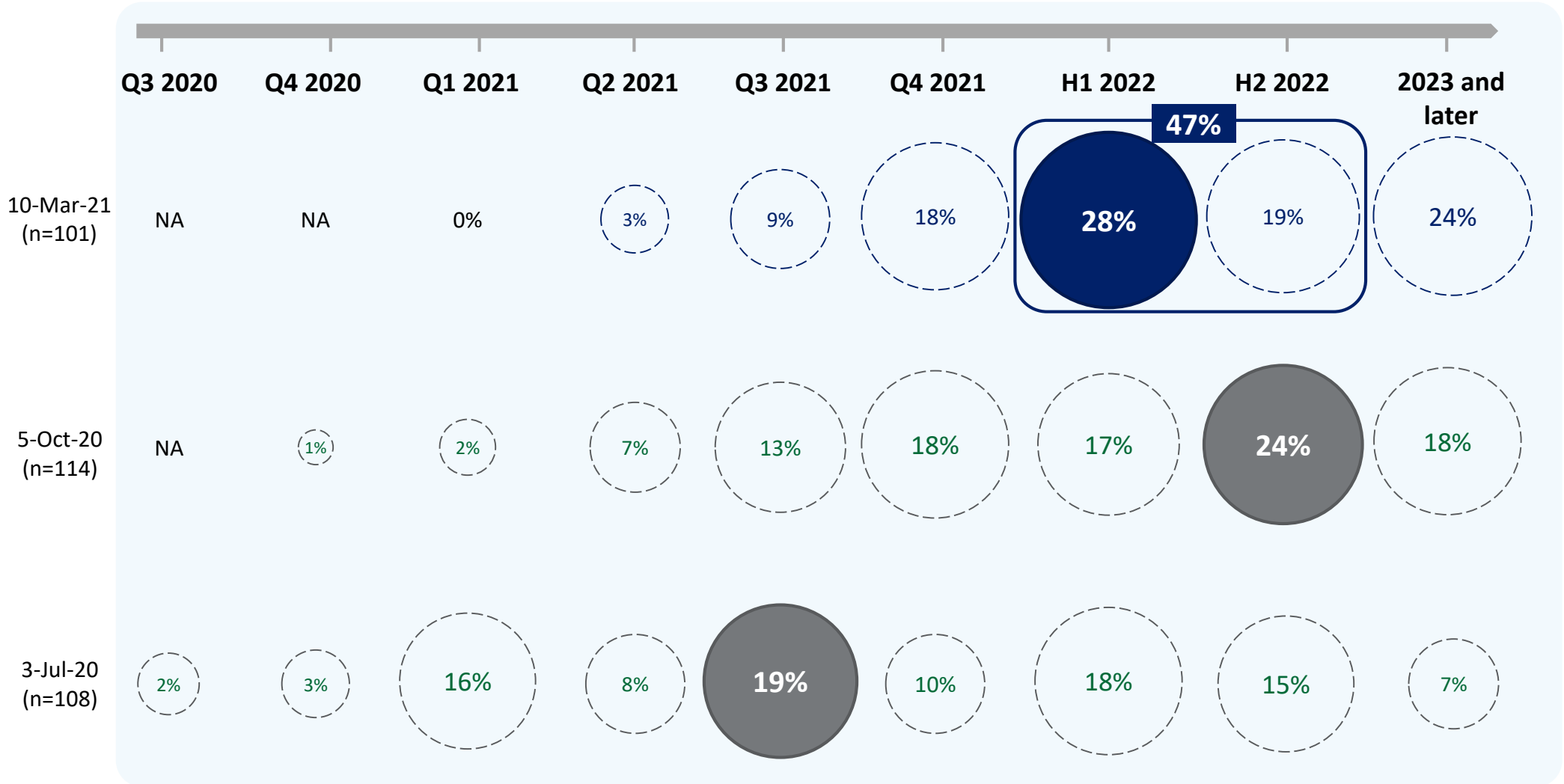


Deloitte treats survey responses as being made in the strictest confidence. Access to such responses is restricted to those within the firm working on the survey. The results of the survey will solely consist of data aggregated from individual responses to our questions, therefore respondents will not be identified on an individual basis. The data for the survey is collected via an open weblink and as such, participation is not limited to a controlled list of intended recipients.

Survey responses

Length of the disruption to the hospitality sector

Sentiment on disruption has shifted towards the longer term with 71% of respondents expecting it to last beyond 2021 (vs. 59% in Oct-20); on a positive note, the majority (28%) now believe that disruption will last up to H1 2022 and a total of 47% up to the end of 2022; though 24% expect it to last until at least 2023



Q1: How long do you expect material disruption to the hospitality sector to last?

Note: Please note that percentages may not add up to 100% due to rounding-off error

Hospitality industry's pace of recovery

Respondent sentiment on recovery has shifted further out, as 90% now believe that performance will not return to pre COVID-19 levels until at least 2023; more than half (52%) expect 2023 to be the year of recovery while 38% expect recovery in 2024 and beyond



Q2: Once the COVID-19 outbreak is contained, how long do you estimate it will take for your business to get back to business as usual?

Note: Please note that percentages may not add up to 100% due to rounding-off error

Current key priorities

Cash management remains the top priority over the next four weeks; transactions/expansion have emerged as the second priority (+10ppts) at the expense of financial considerations (-20ppts), whilst the significance of remote working capabilities has decreased

Priorities and ppts ⁽¹⁾ change between Mar-21 and Oct-20			10-Mar-21 (n=101)	5-Oct-20 (n=114)	3-Jul-20 (n=108)	28-May-20 (n=113)
●	Cash flow/cash management (forecasting cash flows, maximising inflows and minimising outflows)	↓ 1	70%	71%	85%	87%
●	Transactions/expansion	↑ 10	45%	35%	27%	29%
●	Stakeholder relationships	↓ 2	43%	45%	54%	52%
●	Financing/lender considerations	↓ 20	40%	60%	44%	53%
○	Strategic growth initiatives (incl. long term investments) ⁽²⁾	New measure	34%	NA	NA	NA
○	Workforce health and safety	↓ 3	32%	35%	53%	52%
○	Propping up/supporting/streamlining operations	↑ 4	31%	27%	44%	33%
○	Preparing for withdrawal of Government support schemes ⁽²⁾	New measure	26%	NA	NA	NA
○	Remote working capabilities	↓ 10	11%	21%	11%	12%
○	Supply chain	↑ 5	7%	2%	7%	5%
○	Infrastructure gaps digital upskilling, bandwidth and cybersecurity limitations	↑ 1	5%	4%	2%	4%
○	Other	↑ 1	5%	4%	12%	6%

Strong priority
 Somewhat of a priority
 Weak priority

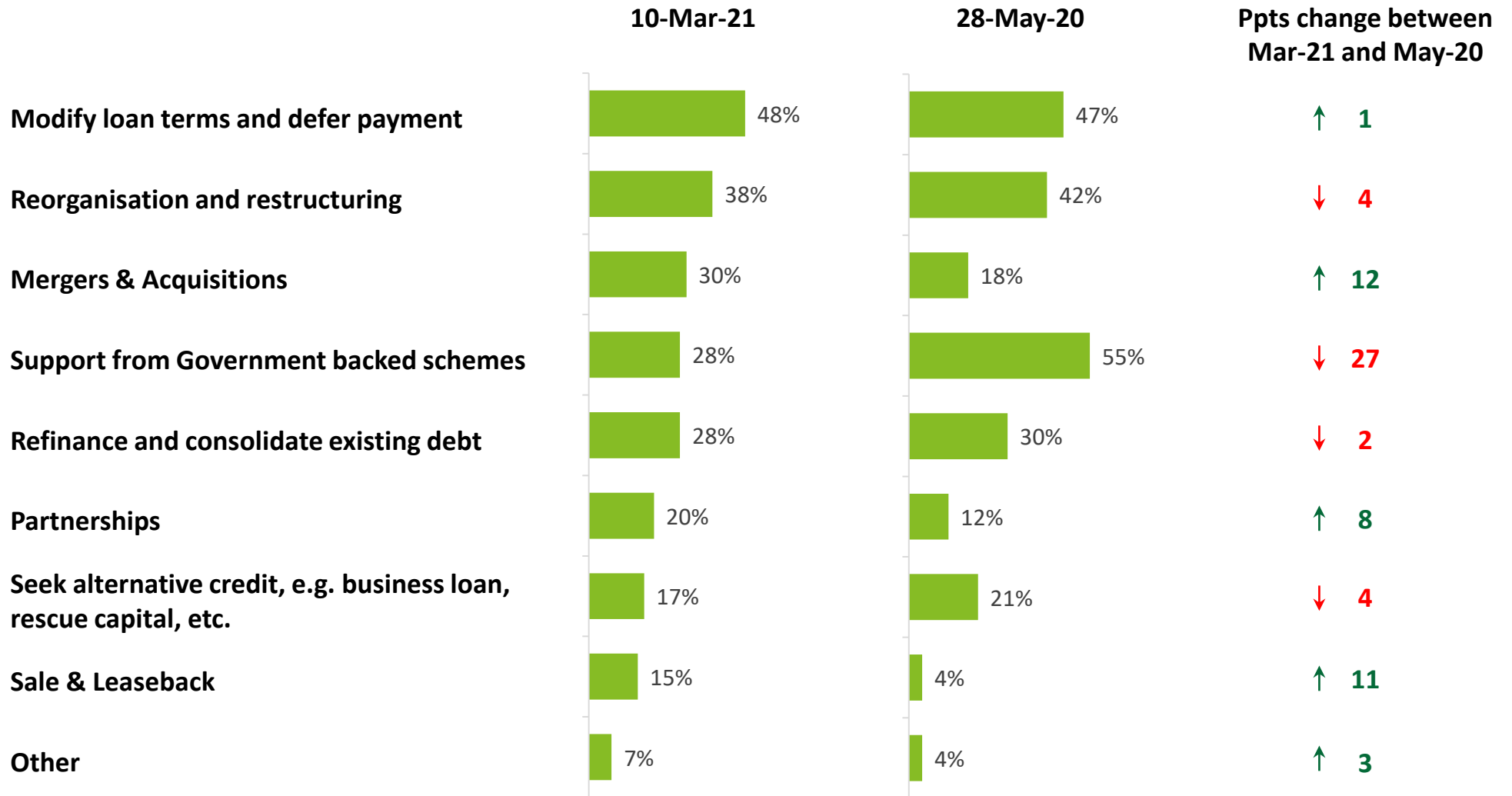
Q3: What are your key priorities over the next four weeks? (multiple answers possible)

Note: 1) Ppts refers to percentage points

(2) 'Strategic growth initiatives' and 'Preparing for withdrawal of Government support schemes' added in March 2021

Financing considerations

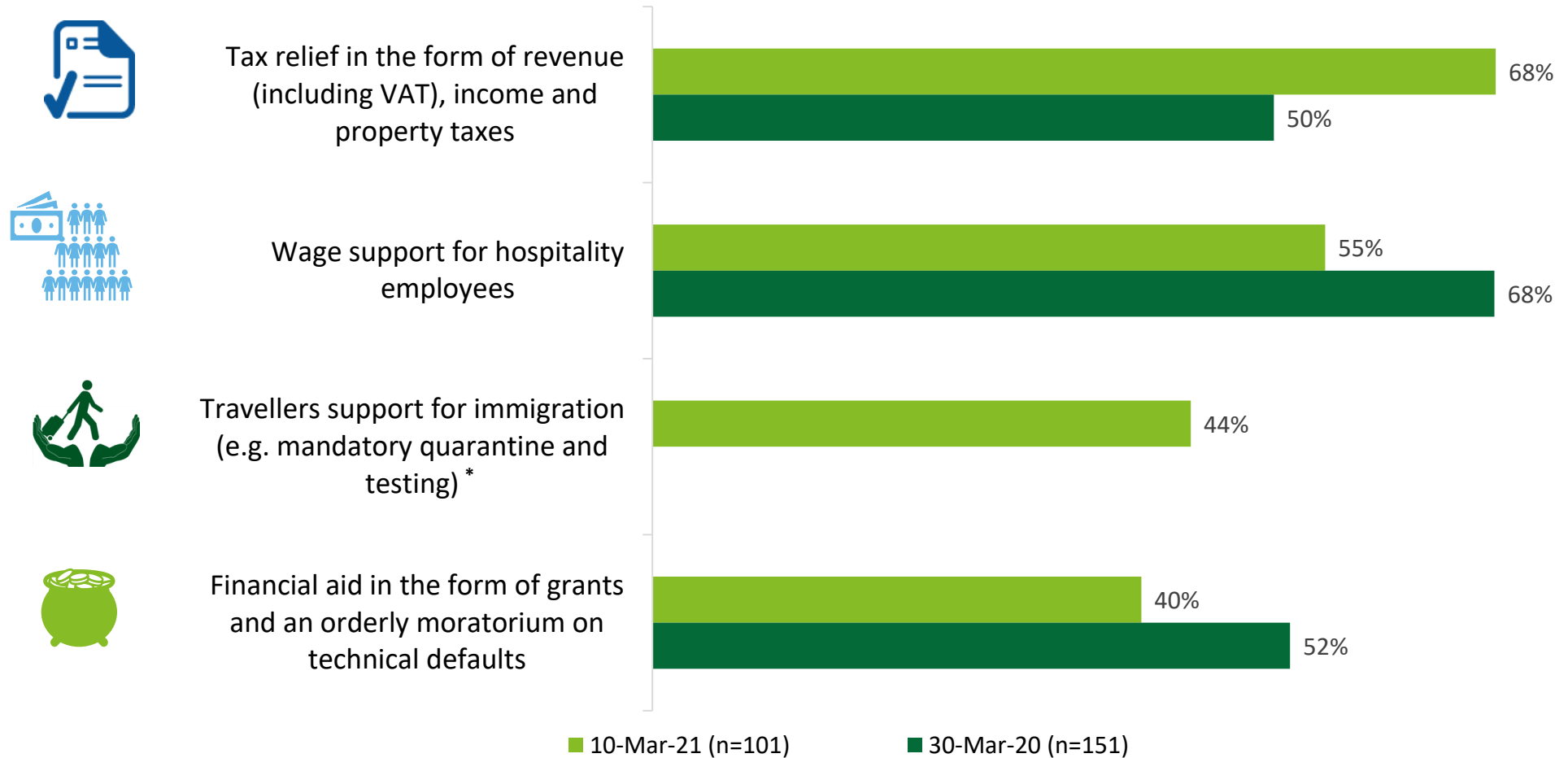
About half of the respondents are currently modifying their loan terms and deferring payments, and 38% are considering reorganisation and restructuring; respondents considering support from government-backed schemes have halved since May-20



Q4: What financing/strategic options are currently being considered? (multiple answers possible)

Government's priorities to support the industry

Majority of the respondents expect the government to now prioritise tax relief in the form of revenue, income and property taxes (+18ppts), followed by wage support; this represents a reversal in sentiment over a year ago when wage support was seen as the highest priority

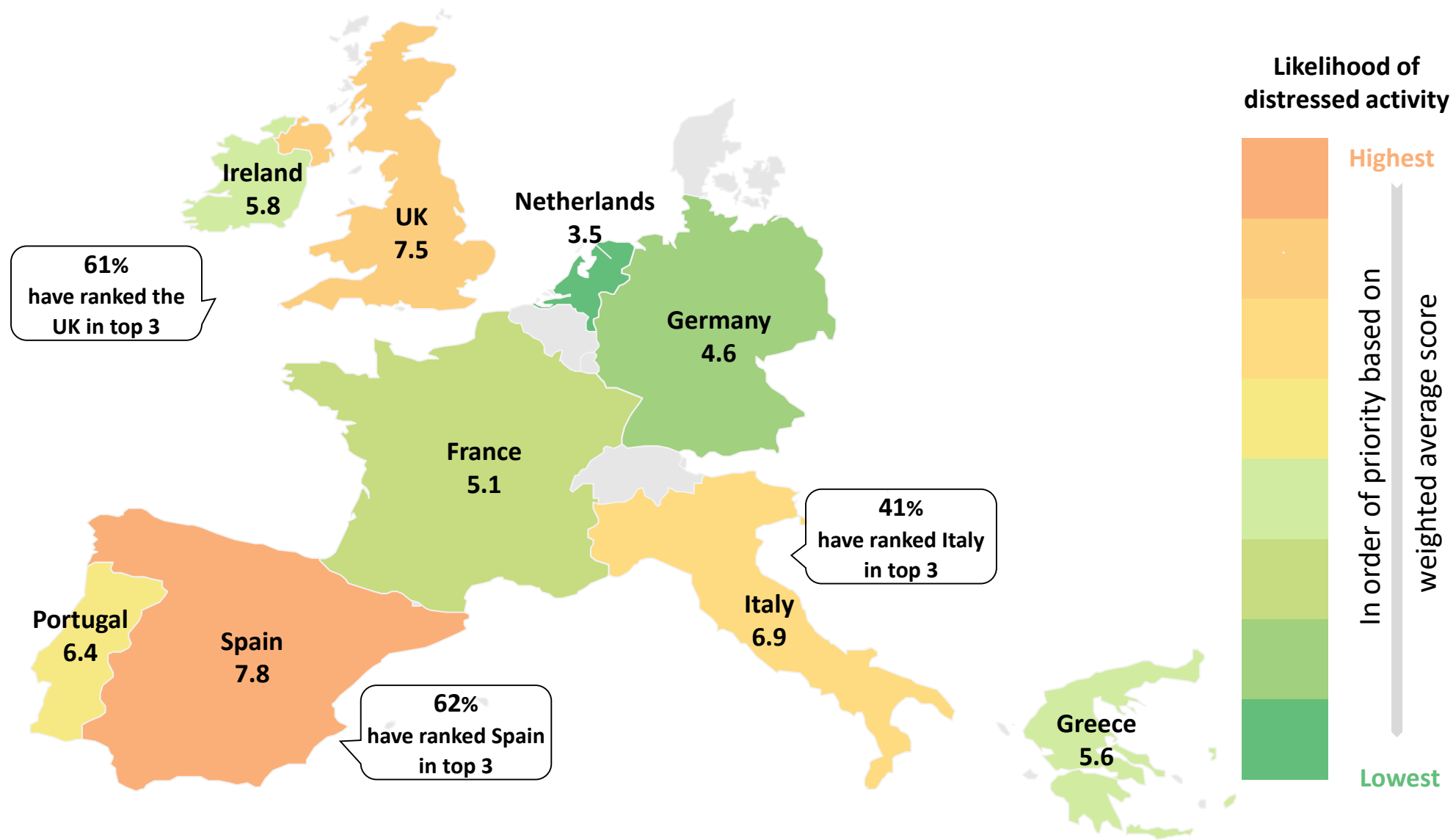


Q5: What should your government be prioritising to support your business/the industry? (multiple answers possible)

Note: *'Travellers support for immigration' added in Mar-21

Source of distressed activity

Spain, the UK and Italy have emerged as the three most likely sources of distress activity



Q6: Where do you expect distressed activity is likely to come from? (Please rank in order of priority)

Note: The score below each country represents the weighted average score of all responses (n=101); higher the score, higher the likelihood of distressed activity from that country

Contacts

Please reach out if you have any questions



Andreas Scriven

Lead Partner – Hospitality & Leisure

Email: ascriven@deloitte.co.uk

Tel: +44 77 9564 0463

LinkedIn: <https://www.linkedin.com/in/andreas-scriven-THL>

Leila Jiwani

Senior Manager | Hospitality & Leisure

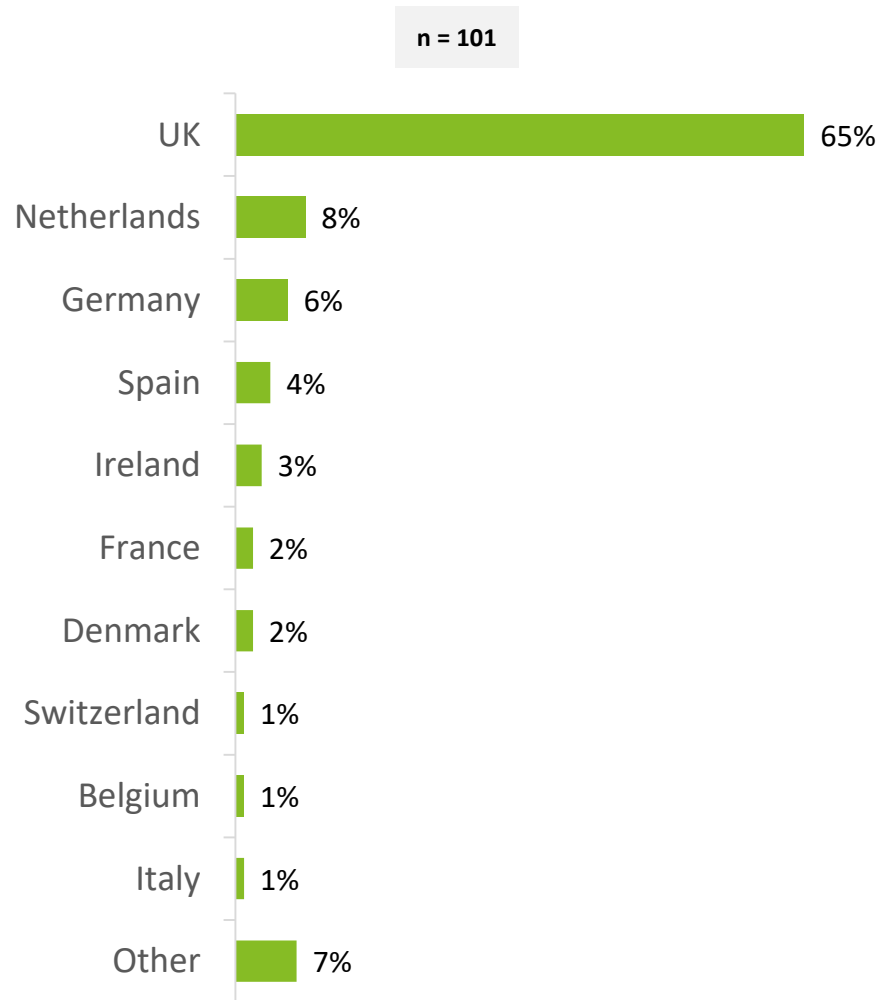
Email: ljiwnani@deloitte.co.uk

Tel: +44 7711 56 1996

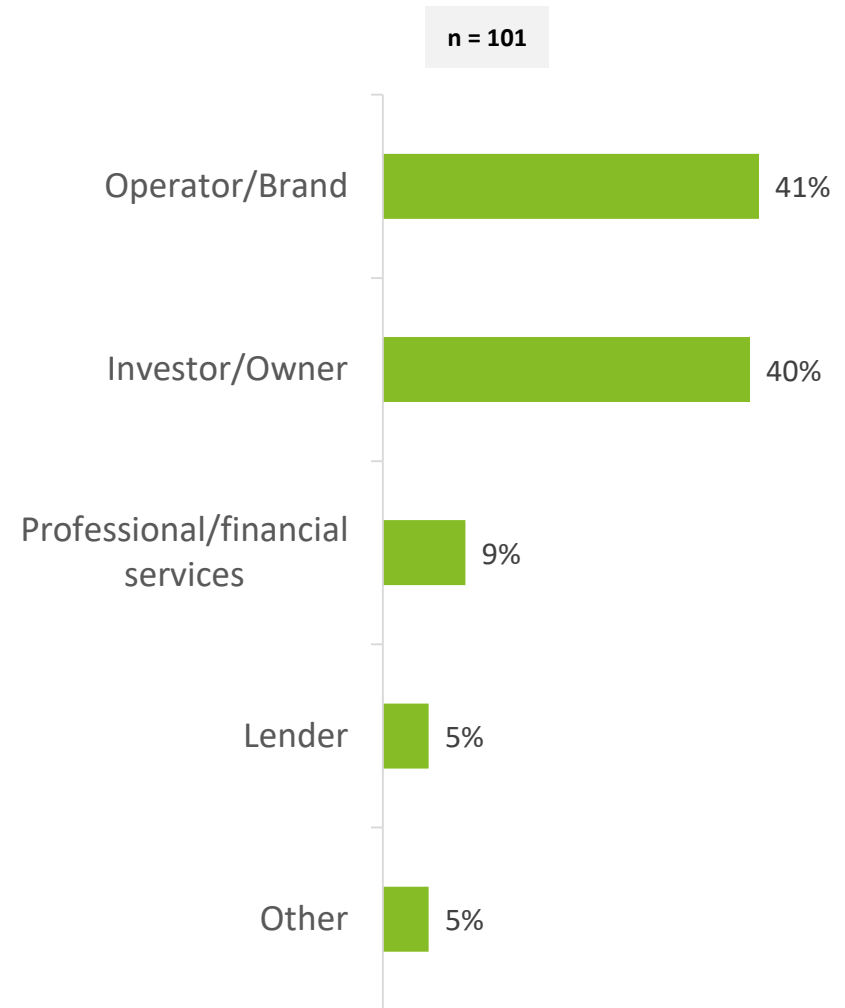
LinkedIn: <https://www.linkedin.com/in/leilaaghdassi/>

Respondent profile

Respondent's Country



Respondent's Type



Q: Which country do you operate from? What is your company type?



This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2021 Deloitte LLP. All rights reserved.