

A photograph of the Bellagio Hotel in Las Vegas, featuring the iconic Fountains of Bellagio in the foreground. The hotel's facade is a grand, multi-story structure with a central tower topped by a red-lit dome. The word "BELLAGIO" is visible on the tower. The sky is overcast with grey clouds. The water of the fountains is a deep blue-green color.

US HOSPITALITY INDUSTRY REPORT

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MANGAL ANALYTICS AND
RESEARCH CONSULTING

Delivering Excellence, Partnering Success.

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Market Overview

The hospitality industry in the United States had been growing, with the number of international travellers visiting the country for leisure trips constantly rising, and the rising business travel within the country. Cities, like New York, managed to record high numbers of both leisure travellers and business travellers. Growth in digital innovation helped in recording this increasing number and it also helped the players who operate shared spaces, like Airbnb, to be able to reach out to their target audience.

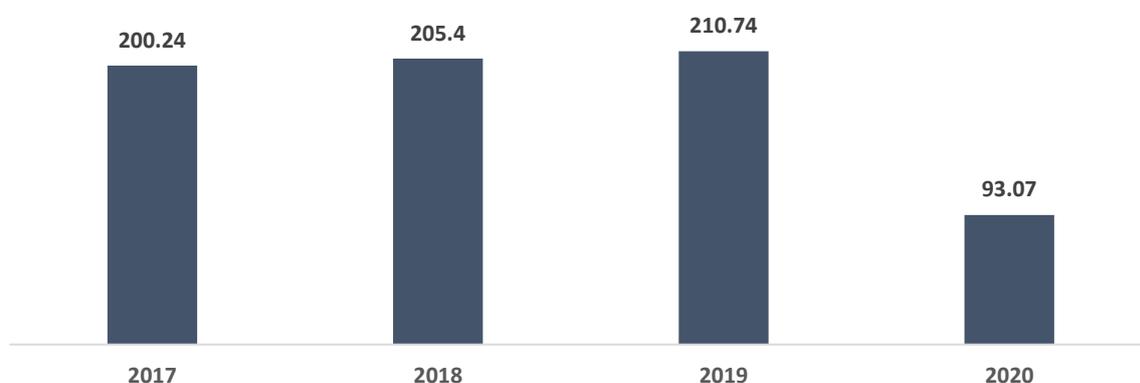
The U.S. hotel industry suffered its worst year on record in 2020, as the coronavirus pandemic severely cramped business travel and Americans gave up on vacations to stay at home.

- Market Size and Growth

The market size of the hotel and motel sector in the United States was valued at approximately 93.07 billion U.S. dollars in 2020, down from the previous year's total of 210.74 billion U.S. dollars in 2019.

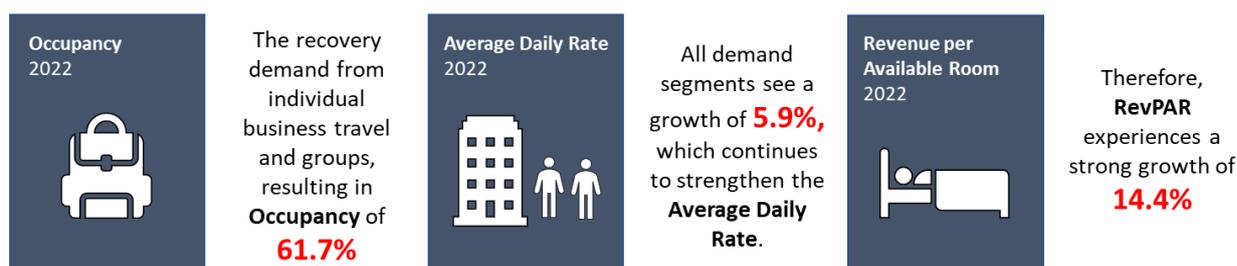
In 2021, the market size of this sector was forecast to reach 133 billion. There are over **91,000 hotels** and motels in the US, according to IBISWorld. According to lodging industry analyst CBRE, lodging demand in the USA is predicted to return to pre-pandemic levels by the fourth quarter of 2023. The US has the highest contribution from the travel and tourism industry to its GDP, worldwide at \$1.5 Trillion, accounting for almost 8% share.

Market size of the hotel and motel sector in the United States (In \$ Billion)



Source: Statista

Hotels Forecast in Numbers 2022 – Moderate Rebound Scenario



Source: US Hospitality Direction: November 2021, PwC

- Market Segments

By Type

Chain Hotels: Are defined as hotels under the ensign of a hotel group. Example – Marriot International.

Independent Hotels: Is a hotel which is independently owned and run.

By Price Segmentation

Service Apartments: Is a fully furnished apartment, available for both short-term and long-term stays, providing amenities for daily use, housekeeping and a range of other services, all included within the rental price.

Luxury Hotels: Are hotels that have a 4-to-5-star rating, and provide luxurious accommodation experience to its guests.

- Key Players

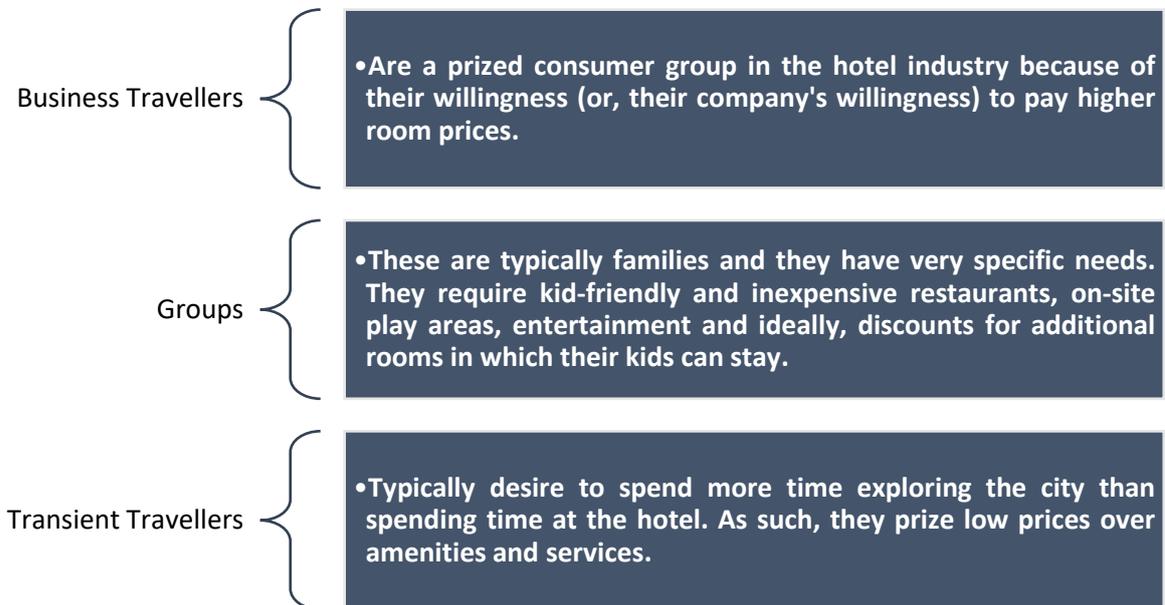
	Marriot International	Choice hotels International	Hilton Worldwide
USP	Marriott cares about customer loyalty, and the goal is to make customers always choose Marriott when they travel.	Choice Hotels International's Unique Selling Point or USP lies in it being one of the world's largest and most profitable lodging franchisors , with a focus on affordability and high-quality service that provides a unique customer experience.	Hilton Worldwide is known for its excellent services, complimentary breakfast and wi-fi, sustainable practice, and great hotel design.

	Marriot International	Choice hotels International	Hilton Worldwide
ESG	<p>The hotel chain has set a goal to reduce their environmental footprint by 2025.</p> <ul style="list-style-type: none"> • Water: Reduce water intensity by 15% • Carbon: Reduce carbon intensity by 30% • Waste: Reduce waste to landfill by 45%. • Reduce food waste by 50% • Renewable energy: Achieve a minimum of 30% renewable electricity use. 	<p>The chain has a programme called Room to be green, which focuses on energy conservation, water conservation, recycling, waste reduction, etc.</p> <ul style="list-style-type: none"> • Partner with non-profit Clean the World® to recycle soap and amenities. • Ensure the use of eco-friendly cleaning products or consumables. • Invest in enhancements like energy management systems or renewable energy sources. 	<p>Travel with purpose is Hiltons ESG strategy to drive responsible travel and tourism globally.</p> <ul style="list-style-type: none"> • Science-based targets: Reduce Scope 1 and 2 carbon intensity from managed hotels by 61%, and they also aim to work with franchisees to reduce Scope 3 carbon intensity from franchised hotels by 52%. • Reduce water use in the managed operations by 50%.

Consumer Analysis

- End-User Segmentation

The three most basic segments are transient (individual travellers), corporate (business travellers), and groups. These are broad segments that have a lot of sub-segments. For example, the group segment can be further segmented into weddings, corporate meetings, government groups, etc.



- Buyer Need Analysis

- 1. Backpackers and Solo Travelers:** Backpackers and solo travellers often prize low prices over amenities and services. Because this group often craves socializing with other travelers as part of the experience, hotels often create common lounges and communal areas as part of the property.
- 2. Couples:** Couples are another demographic of the hotel industry. Couples seek quiet premises, candlelit restaurants and high-quality bedding. Though couples may go offsite to enjoy surrounding attractions, a premium is placed on room interior and hotel conditions.
- 3. Families:** Families have very specific needs. They require kid-friendly and inexpensive restaurants, on-site play areas, entertainment and ideally, discounts for additional rooms in which their kids can stay. Couples with babies require additional amenities, such as booster chairs, wide stroller-friendly paths and changing stations. Open air spaces are also desirable for parents with loud, raucous children.
- 4. Business Travelers:** Business travellers are a prized consumer group in the hotel industry because of their willingness (or, their company's willingness) to pay higher room prices. This group prizes fast Internet access, access to electronic devices like fax machines, printers and scanners and access to lounges. They also have a tendency to remain in their room most of the time, thus requiring hotels to provide attention to detail regarding quality of bedding, room service offerings and furnishing, such as desks with Internet access.
- 5. Health and wellness travellers:** Aside from travellers in general being more aware of cleaning and sanitization due to COVID-19, wellness travellers are those who are taking a trip to promote their own health and wellbeing. These travellers will most likely be interested in relaxation, detoxing, and practicing healthy habits during their trip. Some will be more concerned with physical wellbeing, so things like fitness and outdoor excursions will be important to them. Others will be focused on mental wellbeing, so meditation rooms and complimentary access to apps like Headspace could be appealing.

COVID-19 Impact

There were 2.3 million people working in the hotel industry in the United States in 2018. However, as a result of the coronavirus pandemic, the number of employees decreased in 2020 to 1.1 million.

As of October 2021, the unemployment rate in the hotel industry was 7.5%, which is higher than the national unemployment rate in the same month of 4.6%. Unemployment in the hotel industry reached a peak in April 2020 at 39.3%. The American Hotel & Lodging Association estimates that the pandemic reverted 10 years of job growth in the US hotel industry, as over 670,000 hotel industry jobs and almost 4 million hospitality jobs were lost in 2020.

Travel and tourism had been more severely damaged than any other U.S. industry by the economic fallout of the health crisis. Business travel demand had fallen more sharply than leisure travel demand owing to the work from home environment adapted by major companies, and meetings and conferences shifting to digital platforms.

With an occupancy rate of just 44%, in 2020, the industry surpassed 1 billion unsold room nights for the first time in history, eclipsing the 786 million that went unsold during the global financial crisis in 2009. And with revenue per available room down nearly 48%, the industry was expected to show close to zero profit for 2020, according to STR.

Opportunities and Challenges

Opportunities:

1. **Holistic hospitality, health & well-being:** Preventative medicine and self-care are undisputedly trending right now due to the COVID pandemic. The wellness industry is transforming into a booming trillion dollar market and hospitality venues are well positioned to take a large piece of the pie, especially those with existing spa facilities. In addition to the usual beauty and relaxation spa offering, there is rapidly growing demand for health diagnostic technology and bespoke treatment plans delivered by experts who conduct personal or group sessions to develop vitality, healing, stress management, emotional balance, mindfulness and better sleep.
2. **Digitalized guest experiences:** Apps are increasingly important in the way hoteliers manage the services they provide to their customers and can now control many aspects of the guest cycle and experience. Needless to say, the trend towards digital and contactless services has gained new momentum since 2020. Traditionally, customer-facing services are being given an overhaul thanks to the more widespread use of technology-assisted options, such as mobile check-in, contactless payments, voice control and biometrics.

Challenges:

1. **Threat from other lodging facility providers:** One of the biggest threats for hotels starting from 2017 itself has been the competition from Airbnb and similar apartment sharing websites.
1. **New COVID variants:** With the possible fear of new upcoming variants, a threat of restrictions and potential lockdowns will always loom over hospitality industry in the US. Hotels need to have flexible operations and contingencies planned to tackle this challenge.
2. **A demand for experiences:** The rise of the experience economy, and the expectations of a personalised guest experience have changed what guests want when they travel. A “stay” is not enough – the guests want an experience.