

## **MARKET TRENDS – Group Sales (updated 7/14/2023)**

### Overall Market Trends as of Q2 2023 – Amy Butterfield

- While lead volume was at 2019 levels in Q1 of 2023, Q2 is seeing a bit of a slowdown with leads. Clients are concerned about the current state of the economy – fueled by the Banking Crisis, the Tech layoffs and issue with the debt ceiling. Traditionally we see Group Business slow during an election year – and we are seeing that this concern over what the political landscape will look like is starting a bit early
- Clients, due to their concern about the future, are also taking longer to sign contracts
- With the leisure bubble softening, we are finding that more hotels now want group business. Rooms/Space for groups seems to be more available in many markets (particularly short term availability) So – competition for the business is getting fiercer,
- Majority of clients still focusing on North America/Mexico/Caribbean (specifically Mexico) . Airline issues (staffing, pricing & reliability) are causing clients to re-think long-haul destinations – especially when direct flights are not an option
- Most of the demand is for resort destinations - although now starting to see city center requests
- Direct customers & Third party Planners are continuing to do more with less.
- While Rate growth has climbed, we are not always seeing budgets increase at the same rates. While most of the incentive programs have been willing to pay higher price point, we are seeing programs that are reducing number of nights and/or attendance in order to fit within the budgets
- Addendums not as frequently being accepted, so we are continuing to recommend that client trim down their long list of concessions and addenda items.
- While our Customers are overall THRILLED to be attending client events and to meet in person for sales calls, in many instances, we are seeing that current program demands for the clients are hindering their ability to attend.
- Leisure bubble softening which has led to larger group ceilings and short term availability. Many hotels now are trying to fill the leisure gap with last minutes groups. Hotels looking for short term group may need to be more flexible with group rates due to competition
- Here are some of the comments we are hearing from our clients:
  - Clients are sharing their concerns regarding the “firm terms” of contracts, but recognize this is an overall industry trend.
  - Clients continue to be concerned about hotel staffing & program execution. They are finding that they need to add more Travel Staff for programs which has been difficult due to their own staffing issues

### Insurance & Financial Trends Q2 2023 – Katy Gettinger

- Due to the rise of interest rates in 2023 many I&F companies anticipate record profits this year
- The banking challenges in Q1 2023 have not had a substantial negative effect with PHG and most of our hotels. Some banks have been slower to sign but we have not seen large cancellations.
- Incentives in this market are still strong domestically but showing huge momentum for Europe for 2024 & beyond.

- Mexico became acceptable post pandemic with companies that previously would not consider. This trend seems to continue but could change if continued bad press does not subside.
- This market is typically not price sensitive, more concerned with quality of product, service levels and creating a unique, memorable program.
- Many Insurance & Financial companies are out-sourcing the hotel sourcing process due to low planning staffing levels
- Planning teams are stretched to meet internal demands of short timelines and number of programs in condensed timeframes
- Executives are eager to bring teams together and ensure they are connecting with their sales forces. Specifically with non-captive companies

#### Southwest Territory Trends as of Q2 2023 – Christie Pienaar

- Trending segments: technology, finance, direct sales business, association – almost everything is on the upswing!
- 85% of customers are using Cvent as a sourcing tool
- Demand is strong out of Utah and has been consistently strong throughout the pandemic and well afterwards. Travel has persisted around the globe – Europe, Mexico and North America are top markets but Utah has not seen any restrictions in business. Primarily incentive, direct sales segment, but also some booming technology business out of the “Silicon Slopes” mecca outside of Salt Lake City.
- Mexico, Caribbean destinations still in high demand to match overwhelming number of incentive groups who want all inclusive experiences
- Short term bookings inside of 60 days – lots of last minute contracting happening most likely due to cost unpredictability.
- Clients still drawn to destinations that offer unique experiences
- Loyalty program is growing in popularity, customers incentivized by subsidizing additional planner points and custodian accounts are also growing.
- Inflation costs are affecting budgets overall especially with airfare unpredictability. Many people are pulling programs domestically and to Mexico as there is more value and flexibility and you get more for your money
- Some financial companies slowing down in booking and a few cancellations due to banking crisis
- 4-5 star resorts are highly coveted and in high demand
- Average group size 50-100 rooms peak
- Growth in number of hotels being sourced especially when looking at resort destinations due to high demand and lack of availability

#### Midwest Territory Trends as of Q2 2023- Kate Nawracaj

- In the early part of 2023, I was learning from some Midwest clients that they were leaning towards “second tier cities” (Kansas City, St Paul, Milwaukee) for their more regional/team meetings, due to overall costs associated with events.
- Later part of Q1- starting to see more activity/movement in tier 1 cities (Chicago, NY, Washington DC, Boston)
- Incentive travel is still showing for the Caribbean, Mexico and some domestic options, but with slow movement on decisions.
- Still seeing majority of programs that are booking 2-6 months out (\*out of 27 contracts booked in Q1 - 25 were for 2023 and only 2 were in 2024)
- Programs outside of 9 months are taking longer to make decisions – impacts are “Media related incidents and or Economy related internal approvals”.
- Still finding most clients are still working a semi-remote role.
- Most organizations have indicated “in-office” visits are either reduced or eliminated due to the level of employees in the office at any given time, as well as how busy they are with double the volume of work and less time to carve out for visits and or attending events.
- Attended two separate regional industry events in Q1 and with each of these events, the planner to supplier ratio was close to 25%/75%. (considered a 3<sup>rd</sup> Regional Event- the registration list showed closer to 20% Planners/80% Suppliers)
- NHS Partnership is still going strong with 3 months remaining on the current “Partnership Terms” for continued push on short term opportunities to consume by May 31, 2023.

#### Northeast, Pharmaceuticals and Canada Territory Trends as of Q2 2023- Anne Chao

- Lead volume is up 20% in comparison to 2019
- Industries that are coming back strong: Pharmaceuticals & Healthcare, Consulting, Technology and Consumer Products
- Cities are coming back strong – Boston, NYC and Chicago specifically. Drive destinations are still an option. # of peak nights is usually 2.
- 50% Meetings are still within the next 60-90 days. Average size is 30-40 rooms on peak which is great for the majority of our hotels
- Large programs – are mostly Company Wide Meetings and Incentives. For the remainder of 2023, clients still focusing on warmer locations Caribbean and resort destinations within Mexico
- For 2024 and onwards, companies are heading back to Europe. Portugal, Greece and Spain are popular destinations
- Travel to Asia Pacific from US and Eastern Canada is determined by local office, but we see a small increase in locations – Japan, India, Thailand., Singapore and Australia
- Direct and Meeting Planning Companies are still very lean and may remain this way. Some are being cautious with potential recession indicators from their clients and respective industries.

- Addendums specifically for Pharmaceuticals and Consulting Companies are still necessary. Many of the companies are looking to have more MSA (Master Service Agreements) in place. They are looking to streamline the contracting process.
- Clients are eager for face-to-face interactions. We continue to see sales trainings and client driven programs in 2023 and 2024, unless there are drastic changes to the economy.

#### Southeast Territory Trends as of Q2 2023 – Michelle Sukala:

- Lead volume is flat for Q1 2023 as compared to Q1 2022 with closure up 6%.
- 90% of customers are using Cvent as a sourcing tool.
- Still experiencing delays in response for email opportunities. More follow up is required and in some cases customers are moving on.
- Program size increase for total room nights of confirmed programs to 334 over 310 for Q1 2022.
- Southeast clients are focused on all domestic destinations with heaviest focus on central, east & southeast US as well as destinations in Mexico & Europe.
- Customers are aware of availability challenges and moving quicker to secure. Accommodations for site visits are more difficult to confirm based on availability.
- All segments represented with an increase in technology sector for Q1 2023.
- Consumed business for southeast in Q1 has increased 475% in revenue, 150% in total room nights, & 320% in ADR. Some of this increase may be due to southeast confirmed business was managed by other GSO regions until Fall 2021.

#### Mid-Atlantic Territory Trends as of Q2 2023 – Kate Anthony

- Clients are actively sourcing new programs at record highs.
- As a result of the staffing changes, my clients are consistently sharing that their departments are still smaller than in 2019 – so the existing planners multi tasking and very busy!! Looking for hotels that make contracting and operating fast & easy
- Washington DC and Philadelphia remain the two strongest cities out of the Mid-Atlantic market.
- My market has seen elevated interest in international destinations once the COVID testing and restrictions were lifted in May.
- Popular destinations being sourced out of the Mid-Atlantic (excluding Washington DC) include Phoenix/Scottsdale, Nashville, San Diego, Florida, Denver, Boston and Atlanta.

#### Texas and Tennessee Trends as of Q2 2023 – Penni LeRoy

- Demand is up out of Texas in all areas including: corporate, incentive, sports, association and pharma.
- Demand is strong in Texas and Tennessee, and we are seeing old clients return and book further out again; working on bids up to 2025.
- Short term demand has also picked up as pharma clients are back and booking more city center, Europe and Asia again.
- Mexico continues to be a hot market for Texas due to lift and all-inclusive options.

- Caribbean and other beach options are also in demand, as incentives pick up, and many clients traveled to Mexico during pandemic and look for a new option.
- We continue to see some movement in planners, as roles changed, were eliminated, and are now coming back.

#### Business Development Insights as of Q2 2023 – Cristina Godwin

- For direct new business we are seeing more internal meetings popping up. With the transition during the pandemic to remote work, companies are seeing the need to bring people together as vital and kick off meetings are turning more into quarterly meetings and regional meet ups. These meetings are meant to foster relationships and promote collaboration, therefore activity offerings, creative meeting spaces and unique activations will attract the eyes of these planners.
- Authenticity wins, clients are more interested in authentic destinations (why our portfolio is so amazing). No longer are they wanting just the normal downtown or resort property. They want guests to leave with a real sense of the destination.
- Ease of travel: seeing more and more clients pay attention to the guests travel experience as part of the selection process. Information about travel experience and flights is always appreciated.
- Most business development clients are inexperienced booking events. Clear communication about deadlines and your offerings is extremely helpful. Also information about how much things cost, including activities and any additional offerings on property are helpful as they are developing budget.
- Still looking very short term for meetings.
- Sectors that are a large focus, tech, retail (influencer trips, brand trips), creative agencies, and bio-tech.

#### Mexico & Central America as of Q2 2023 – Liora Sulkin

- Most groups are held within each country
- Large groups from Mexico mostly look for Cancun or Puerto Vallarta, Los Cabos continues to be perceived as an expensive destination
- International groups are small and mostly incentive for directors and above
- Groups continue to be requested with little notice
- Customers review more and more options and always look for the best cost/benefit and have more for less
- Third parties often looking for 60-day loans and 15%+ commissions from hotels.
- They keep looking for all-inclusive hotels because it is easier for them to calculate the budget from the beginning
- Availability in Cancun is challenging because clients are requesting space with a short lead time
- Direct companies in Mexico uses third parties as banks since they give 30-60 days credit

#### UK Territory Trends as of Q2 2023 – Mark Beverlo

- Lead times are currently short with 1-3 months on average, however we are starting to convert business with a longer lead time : 2024-2025 currently.
- Much stricter addendums and T&C's put in place in contracts and the expectation that hotels should be flexible on these
- Trending segments: Technology, Consultancy firms, Financial Services & Pharmaceutical

- UK & Europe still remain the top locations of choice. Destinations booked outside of Europe include USA (Boston, Miami, New York), Asia (Tokyo, Singapore)
- Majority of the accounts I am looking after enquire direct and do not use CVENT. BCD, CWT, First and AMEX, however, book via CVENT, and therefore it is important hotels ensure all information is kept up to date

#### The Netherlands and AMEX M&E UK Trends as of Q2 2023 – Mark Beverlo

- Positive recovery seen in The Netherlands with a healthy stream of business confirming. Conference Hotel Group continues to be top performer and please ensure your hotel is listed on their website. If you are not currently listed then please contact Mark Beverlo directly.
- Majority of confirmed groups this Quarter are from 3<sup>rd</sup> party planners, booking all segments, mostly into Europe (Italy, UK, Greece, Spain and Scandinavia ) and Boston, Miami, New York

#### Central European Territory Trends as of Q3 2023 – Stefan Schoewel

- Request still have a short lead time – however it is increasing
- Strong Q1 & Q2: lead volume has been very high
- Clients still prefer to stay within the region. Number of request to Europe in particular to European Capitals, Spain and Italy are increasing
- Due to non availability clients are open for new destinations
- Sustainability: Often a key topic in the sourcing process even though in execution it is not yet often taken into account
- Email is still strong as source tool in the region even by global group sales partners
- Pharma market is key in the region and demand is robust
- Accepted addendums for Pharmaceuticals are still necessary and key to receive leads

#### China (including Hong Kong & Taiwan) Trends for Q2 2023 – Cheryl Siow

- Shorter lead time (within 3 months) on group enquiry and hence the organizers expect fast response time within 8 working hours
- Corporate is cautious in spending and the budget has decreased.
- Group size reduced due to budget constraint, lack of manpower in meeting planners, DMCs and hotels.
- Increased enquiries on overseas hotels including SEA, Japan, Europe, Mexico, U.S especially for Q3 and Q4.
  - Singapore is the popular destination for business meetings.
- In addition to incentive groups, a lot of the group enquiries to Europe and U.S are for business purposes, e.g. attending industry trade shows
- There are still visa and direct flight capacity constraint in Q1 & Q2 and expect easier to travel in Q3 without visa restrictions and increase of direct flights

#### Middle East Region Trends as of Q2 2023 – Kirk McDonald

- The market remains strong as is peak travel season from Saudi Arabia, the UAE and Qatar. Ramadan, generally quiet, has been quite strong with hotels at near full occupancy, generating high ADR.
- Key destinations for the summer remain to be the UK, Germany, Italy, France, Greece and Turkey

- The use of WhatsApp for communicating promotions is increasing across Saudi Arabia.
- Inbound – Middle East is expected to bounce back to pre-pandemic levels in Q1 2023
- A return to pre-pandemic levels may occur in some segments by 2023, with overall market recovery anticipated by 2025.
- Recent growth has been predominantly driven by domestic and intra-regional trips
- Online travel agency Musafir.com has predicted that international travel will witness faster growth in 2023 versus 2022.
- An increase of 10-15 percent in airfare to/from the region. Premium economy sees a rise in popularity whilst forward class cabins have been selling out faster than economy (likely due to people saving during the pandemic)
- Cruise holidays will be one of the most important tourism trends in 2023 with the rise of commercial cruise liners basing itineraries out of Saudi Arabia and the UAE.
- Authentic travel is key, with many wanting to immerse themselves in a complete change of culture, with over half in both markets (55 percent in the UAE and 56 percent in Saudi Arabia) wanting to explore new destinations and cultures.

#### South Asia Territory Trends for Q1 2023 – Gladys Camphuijsen

- Whilst the majority of the leads is still coming for domestic markets, an increase can be seen in outbound towards ME and Europe.
- Trending segments: Finance / Banking, Consulting, Technology and Pharmaceutical.
- Group size remains smaller than pre-covid levels
- BCD Meetings & Events has been the top lead generator amongst strategic partners.
- Internationals Meeting business to Europe / US is low due to delay in getting Visas – the backlog is currently being processed quite rapidly and problems expected to be resolved end of Q3.

#### ASPAC Trends for Q2 2023 – Andrew Kuek

- Since the reopening of Japan last November, demand from group, business & leisure travel have increased tremendously
- Customers from South East Asia are opting to go to Japan as a first choice, rather than Seoul, Taipei, or Hong Kong
- Increased in demand from Japan coming from markets like Southeast Asia and Australia
- Out of Korea, there is an increase in leisure groups heading to Europe
- Group travel for first quarter has returned in numbers bigger than pre-pandemic
- Ongoing challenges include availability, exorbitant and limited airline seats/fares, and popular dates
- With China opening, it will be interesting to note if the Chinese travellers are heading internationally in big numbers for the rest of 2023