

# US HOTELIERS NEED TO GET SMART ABOUT CONSUMERS' DIFFERENCES



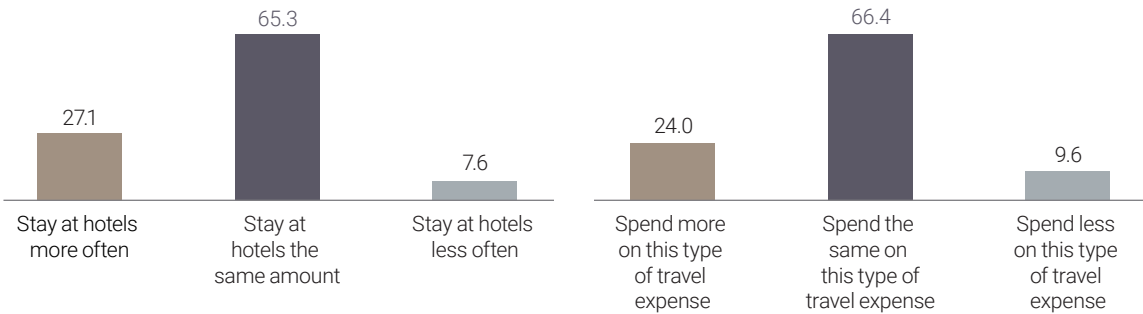
Americans still feel bullish about travel—but their hotel-stay plans differ across demographic and industry segments.<sup>1</sup>

**HOTEL VISITS AND SPENDING  
WILL INCREASE IN THE COMING YEAR**

Americans plan to visit hotels more frequently and spend more at hotels in the next 12 months, but some want to stay at midscale and economy brands. Meanwhile, an improving economy may mean good news for leisure travel, including greater interest in cruising and more nights spent at resorts.

**FIGURE 1: LAST 12 MONTHS VERSUS NEXT 12 MONTHS SPEND AND STAY COMPARISON (Q3 2018)**

(%)

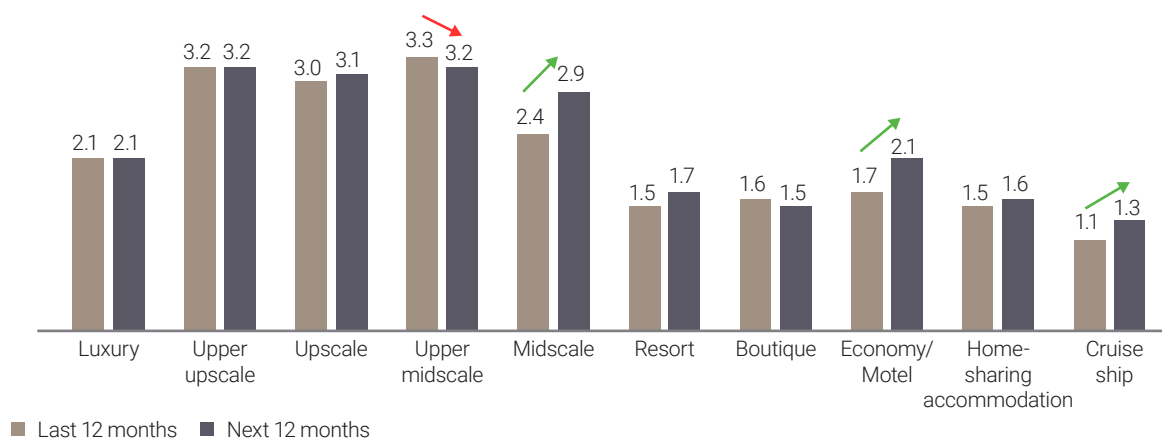


Source: AlixPartners NA Hospitality Survey

<sup>1</sup> AlixPartners surveyed more than 1,000 US consumers in August 2018

**FIGURE 2: CONSUMER EXPECTATIONS ABOUT HOTEL-STAY FREQUENCY, BY INDUSTRY SEGMENT<sup>2</sup>**

(Number of trips per year)



Source: AlixPartners NA Hospitality Survey

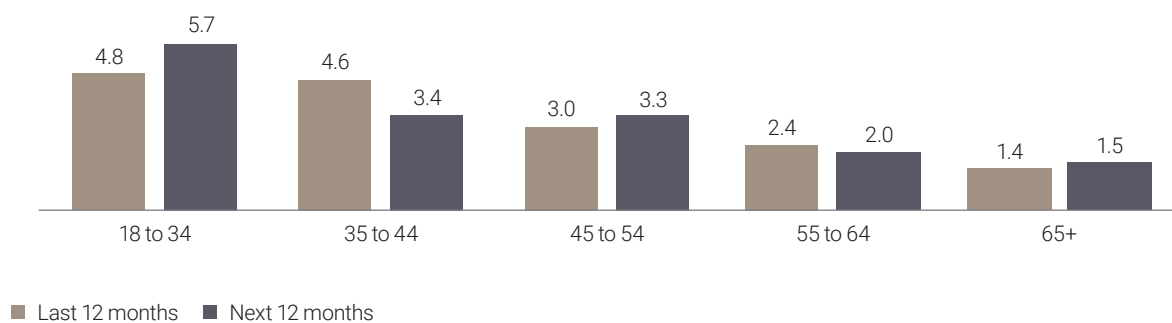
### TRAVEL PLANS DIFFER ACROSS AGE GROUPS

People aged 45+ expect to spend more versus stay at hotels more often next year—suggesting a higher-end target segment—and 36% more of them plan more frequent cruising. Millennials

predict modest increases in hotel visits in higher-end industry segments (upper upscale, upscale, and boutique) but anticipate a 51% boost in midscale and a 14% increase in upper-midscale.

**FIGURE 3: SPOTLIGHT ON THE UPPER-UPSCALE HOTEL SEGMENT**

(Number of trips per year)



Source: AlixPartners NA Hospitality Survey

### MOVEMENT ACROSS INDUSTRY SEGMENTS WILL DIFFER BY AGE

For instance, within the upper-upscale hotel segment, the 18-34-year-old set plans the greatest increase in visits to hotels like Ace, Sheraton, Weston, Marriott, Hilton, and Hyatt

in the coming year. Meanwhile, the 35-44 age cohort plans the biggest drop in number of visits to hotels competing in this industry segment.

<sup>2</sup> Examples of industry-segment accommodations: Luxury hotels (The Four Seasons, The St. Regis, The Ritz Carlton, Grand Hyatt, Lowe's, W Hotel); Upper-Upscale hotels (Ace Hotel, Sheraton, Weston, Marriott, Hilton, Hyatt); Upscale hotels (Four Points by Sheraton, DoubleTree, Crowne Plaza, AC Hotels, Residence Inn, Wyndham, Hilton Garden Inn, Courtyard, Hyatt Place); Upper-Midscale hotels (Hampton Inn, Fairfield Inn, Best Western Plus, Clarion, Comfort Inn); Midscale hotels (La Quinta Inn, Quality Inn, Candlewood Suites, Ramada, TRU by Hilton); Resorts (Atlantis, Sandals); Boutiques (Kimpton, Edition, bed and breakfast, local inns, independent hotels); Economy/Motels (Super 8, Motel 6, Red Roof Inn, Days Inn, Travelodge, Extended Stay America); Home Sharing (AirBnB, HomeAway, VRBO); Cruise Ships (Carnival, Royal Caribbean, Norwegian, Princess, Celebrity)

**INFLUENCE AND USE OF LOYALTY PROGRAMS  
DIFFER BY AGE AND TRAVEL PURPOSE**

39% of our study respondents describe loyalty points as “very” or “extremely” influential in their choice of hotel. But in the 35-44 age cohort, nearly 50% gave this answer. Travelers age 55+ use loyalty programs most, and loyalty points matter more to leisure travelers than business travelers.

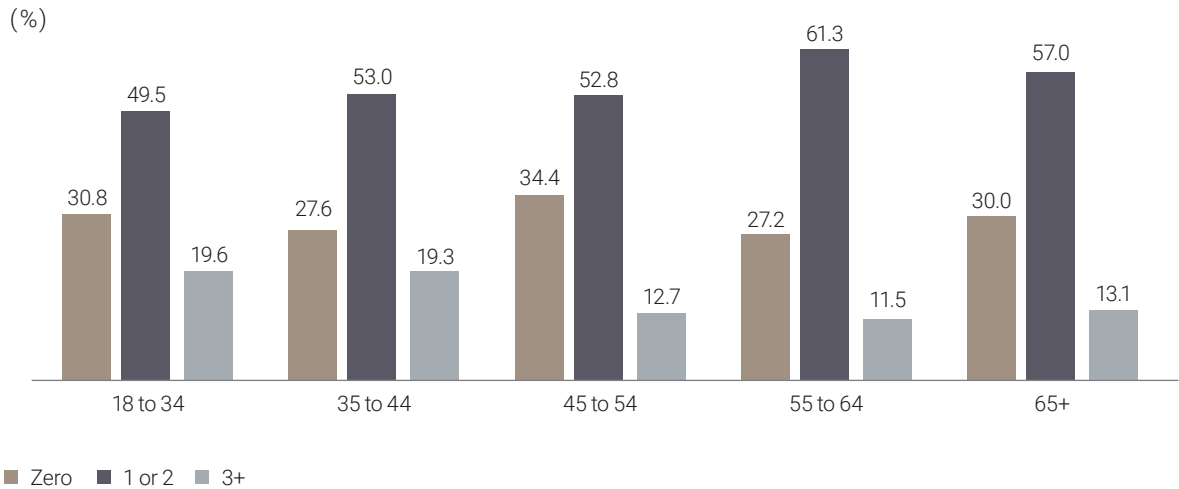
**MULTIPLE FACTORS BESIDES LOYALTY  
PROGRAMS INFLUENCE CHOICE OF HOTELS**

As always, location and price most influence consumers’ choice of hotels for business as well as leisure travel. But localization—such as hotels featuring local art or cuisine—also powerfully informs such decisions. Free wi-fi tops the list of technology influencers, with mobile booking coming in a distant second place.

76%

Roughly three-quarters of travelers describe **free wi-fi** as 'very' or 'extremely' influential in their choice of hotels.

**FIGURE 4: LOYALTY PROGRAM USAGE, BY AGE**

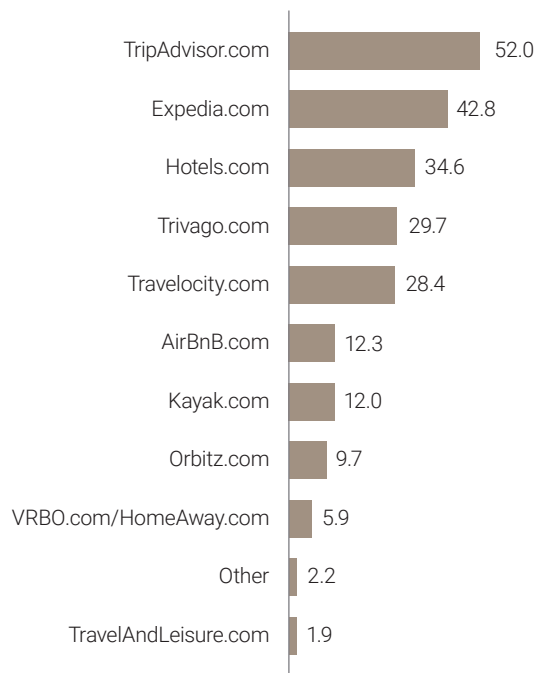


Source: AlixPartners NA Hospitality Survey

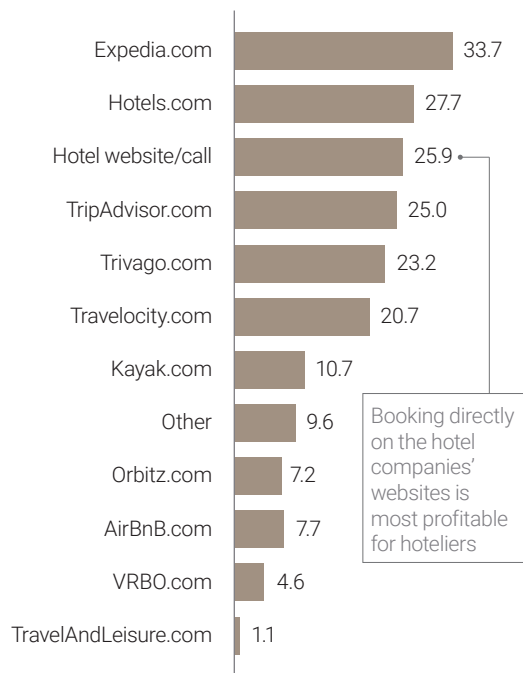
**FIGURE 5: USE OF ONLINE TRAVEL AGENCIES FOR HOTEL REVIEWS AND DEALS**

(%)

Which websites do you trust most for reviews and ratings of hotels?



Where do you feel you usually find the best hotel deals?



Booking directly on the hotel companies' websites is most profitable for hoteliers

Source: AlixPartners NA Hospitality Survey

## SEVERAL FACTORS CAN RUIN A HOTEL STAY

87% of our respondents cite cleanliness as the #1 reason their stay could be ruined. Almost 70% say that a "bad" room and 50% say that poor service or a bad location for a hotel could ruin their visit. But only about 10% cite poor room service or low food quality as a problem, perhaps owing to low expectations for such criteria.

## NEXT STEPS FOR HOTELIERS

Clearly, business is expected to be brisk in the US hospitality industry next year. But hoteliers can't afford to assume that consumers' travel behaviors and intentions are uniform. Our survey findings show that those behaviors and intentions vary considerably across age cohorts and industry segments—in key areas such as how often travelers plan to stay in which hotel segments, how much they anticipate spending, and which factors will most influence their choice of hotel. Hoteliers seeking to win customers and keep new as well as regular visitors coming back for more will have to understand those differences and tailor their competitive strategies accordingly.



This report is the first in a series and provides an overview of key findings from our recent North American hospitality industry survey. Forthcoming installments in the series will present findings on more focused topics explored in the survey—including new gaming laws, disruptors to the industry such as home sharing, and dining strategies for hoteliers.

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For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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