

# COVID-19: FROM SURVIVAL TO RECOVERY

Supporting the Hotel & Visitor Accommodation Industry through the Crisis

**UPDATE 4: 23 JULY 2020**

## Introduction

This is the fourth 'From Survival to Recovery' update from Hotel Solutions providing further information on how the COVID-19 crisis is affecting the UK hotel and visitor accommodation industry to help DMOs and local authority tourism teams to support their hotel and visitor accommodation businesses as they move from the reopening to the recovery phase.

This fourth update shows signs of some optimism as UK hotels and visitor accommodation businesses have started to reopen, but still many concerns about the challenges ahead. It is becoming clear that many hotels and visitor accommodation businesses are going to find it difficult to make a decent profit while social distancing measures remain in place, and that the sector is likely to see an increasing number of staff redundancies and business failures while consumer confidence remains weak and as the Coronavirus Job Retention Scheme is wound down. Non-serviced accommodation in rural destinations and hotels in leisure tourist destinations continue to make the strongest recovery, while city centre hotels are still struggling. The upcoming winter is clearly going to be very challenging for many hotels and accommodation businesses without the strong summer demand that they are experiencing now and as options to provide outdoor guest experiences become more limited. The priority going forward is going to be for hotels and visitor accommodation businesses to adapt their business model to the new normal operating requirements and changed consumer behaviours and find ways to reassure their guests that they are safe places to stay.

## Winners

The 21-bedroom **Roseate Villa Bath** boutique hotel has reported a room occupancy level of 75% since reopening on 4 July and strong bookings for the rest of July and August as a result of strong demand for staycations in Bath.

**Premier Inn** has said that it is seeing 'good demand' in regional tourist destinations as it plans to reopen all of its UK hotels by the end of July. 270 UK Premier Inns have already reopened, adding to the 39 that remained open for key workers during the COVID-19 lockdown. While the company is seeing good summer demand for its hotels in leisure tourist destinations, demand for its hotels in London and other major cities remains subdued.

## Losers

Two companies that organise **stag and hen parties** have recently gone into administration. Nottingham-based GO2 Experiences, which also ran corporate events, entered administration at the end of June. Stag and Hen Ltd also ceased trading in June, citing the impact of COVID-19 as the reason for its insolvency.

The Travelodge Owners Action Group, representing the landlords of more than 400 **Travelodge** hotels has confirmed that it is in 'advanced negotiations' with major hotel operators, including Accor, Marriott, IHG, Hilton, Jury's Inn and Magnuson Hotels, after Travelodge's creditors approved its Compulsory Voluntary Arrangement (CVA), which included a landlord break option allowing landlords to explore options with other hotel operators.

## Consumer Sentiment

BVA BDRC and Commercial Acceleration ran a very interesting webinar on 7 July on the topic of **Navigating the Changing Hospitality and Leisure Sectors post COVID-19**. Some of the key points from the webinar were as follows:

- Consumers have become less optimistic about the future as they have increasingly realised that the pandemic is going to continue for a long time to come. More people are not now expecting normality to return until Q2 2021 and beyond.
- Consumer sentiment has become very polarised between those that are feeling better off financially and those that are more worried about their future financial situation. Many furloughed workers have been able to save money while they have not been working and many retired people have not really been affected financially by the crisis. Some people are feeling more affluent and willing to spend again on holidays and breaks. Others are much more cautious.
- The COVID-19 lockdown has resulted in a number of consumer lifestyle changes that many consumers say they intend to keep. Key changes are:
  - Spending more time with family and friends;
  - Adopting a slower pace of life;
  - Spending more time relaxing;
  - Doing more exercise.
- The convergence of technological communications solutions, corporate financial imperatives to reduce costs, and employee preferences for working from home look set to lead to home working continuing in the future. This is likely to have a ripple effect on the hospitality sector in terms of reduced corporate hotel demand and a changed demand for face-to-face meetings and conferences.
- The pandemic has given rise to a growth in socially conscious consumption and localism.
- The crisis has accelerated the trends towards digitalisation and personalisation.
- Three new types of consumer have emerged:
  - COVID-Sensitive
  - COVID-Cautious
  - COVID-Fatigued
- Consumers are doing more research about COVID safety before they book; booking direct more; looking for more flexible booking terms and free cancellations; and interested more in outdoor experiences.
- Tourism and hospitality businesses need to focus on value added promotions rather than discounting; promoting local experiences; and customer loyalty programmes.

The Week 9 (13-17 July) results of the **VisitBritain/VisitEngland COVID-19 Consumer Weekly Tracker** show a slight downturn in consumer confidence about taking a near-term UK holiday or short break in August and September, reducing confidence about when life might return to near normal and lower demand for UK holidays and breaks between October and December and in 2021. While the proportion of consumers that said that they were confident about taking a UK holiday or short break in July increased from 24% in Week 8 to 26% in Week 9, the proportion saying that they were confident about having an August staycation in the UK dropped from 34% in Week 8 to 33% in Week 9, and confidence in taking a September staycation fell slightly from 44% of respondents in Week 8 to 43% in Week 9. Consumer confidence about when life might return to normal has reduced significantly. Only 9% of Week 7 respondents expect normality to return by September, compared to 32% in the Week 1 survey, and the proportion of respondents expecting life to get back to normal by December has dropped from 54% in Week 1 to 24% in Week 9. These lower levels of confidence are

translating into reduced confidence about taking a UK staycation between October and December. 50% of Week 9 respondents were confident about taking a UK holiday or break in these months compared to 53% in Week 8. Confidence about taking a UK holiday or short break in 2021 has also steadily declined from 75% in Week 1 to 67% in Week 9.

[www.visitbritain.org/covid-19-consumer-sentiment-tracker](http://www.visitbritain.org/covid-19-consumer-sentiment-tracker)

## Tourism Business Surveys

**Visit Lincoln** has conducted a second survey of tourism, hospitality and leisure businesses in Lincolnshire to assess the ongoing impact of COVID-19 on these sectors. A total of 98 businesses took part. The results show some optimism about the future as businesses start to open up again, but still many challenges ahead. Some of the key findings are as follows:

- 85% of the responding businesses expect to be open by the end of August.
- Over three quarters of businesses have at least a reasonable level of confidence that they have the financial resources to continue operating as lockdown restrictions ease, although only 12% were extremely confident;
- Key opportunities are seen as greater demand for rural breaks, focusing on quality experiences and products and staycations;
- Only 34% of respondents expect to be able to trade at full capacity with the 1 metre social distancing rule in place;
- 62% of businesses expect supplier costs to increase, while only 34% anticipate putting their prices up;
- Only 32.5% of respondents expect to make a profit with social distancing measures in place, while 42.5% expect to break even;
- Only 19% of respondents expect to employ 100% of their pre-lockdown workforce once they start trading again;
- 23% of businesses anticipate making some staff redundant as a result of COVID-19;
- Key concerns going forward are a second wave of the virus; the cancellation of events and festivals; a national and global recession; decreasing consumer confidence; not making enough money to survive the winter; demand for future bookings; and managing social distancing;
- Key support needed from Visit Lincoln was identified as an extensive Lincolnshire marketing campaign; positive PR to build consumer and local resident confidence; downloadable digital signage; marketing advice; business support; and continued lobbying for the sector.

**VisitWiltshire** undertook another survey of Wiltshire tourism businesses at the beginning of July. 70 businesses responded. Key findings were as follows:

- Rural camping and glamping sites are all doing well in July and August, with some having little capacity remaining.
- Self-catering holiday cottages and some other accommodation in rural locations reported good levels of business.
- Hotels and self-catering apartments in larger urban areas are very concerned about bookings. Some hotels have reopened their bedrooms but not their restaurant.
- Of the Wiltshire tourism businesses that were reopening at the beginning of July, only 40% felt that they would be able to do so profitably. Reasons given for not being able to re-open profitably were significantly reduced capacity (with many businesses only able to operate at 20-40% of their usual capacity); lack of forward bookings; the costs of adaptation; a lack of business tourism; no international visitors; no group bookings; some attractions not yet open; and a lack of domestic marketing to help stimulate staycations.

- Many respondents stressed the need for a longer-term support package for the sector from the UK Government.
- 75% of businesses reported below average forward bookings compared to the same week in 2019.

**UK hotel occupancy** showed a slight improvement in the first week of July but remains very low. STR data for the week of 6-12 July put UK hotel room occupancy at 30% compared to 20% in the previous week. Luxury hotels saw room occupancy improve to 20% compared to the previous week. Plymouth saw the highest hotel occupancy for the week at 51%, while Edinburgh saw the lowest at 17%.

**The Caterer's Business Leaders Recovery Report**, produced by CGA, showed some optimism among the 164 hospitality business leaders surveyed, but concerns about the long-term impacts of the COVID-19 pandemic in terms of changed consumer trends and ongoing requirements for social distancing and nervousness about the wind down of the Coronavirus Job Retention Scheme. 79% of those polled said that they had furloughed 80% of their staff, demonstrating what a lifeline the Job Retention Scheme had been. However, on average business leaders plan to retain 71% of their staff once the furlough scheme ends, indicating that almost a third of the workforce could be lost. The average percentage of pre-lockdown turnover that leaders expect to achieve is 42%, with 50% of businesses predicting that they will achieve less than 10% of their pre-lockdown profit in 2020, demonstrating that the recovery process will not be easy and suggesting that there will be business failures along the way. The full report is available to The Caterer Gold Club subscribers [www.thecaterer.com/insight](http://www.thecaterer.com/insight)

## Forecasts

New research from the French hotel company Accor reveals that a third of **corporate travel** managers across Northern Europe believe that their business travel programmes will recover within the next six months, driven primarily by domestic business travel, with a longer-term recovery expected in international corporate business. Only 7% of the corporate travel managers surveyed believe it will take longer than 12 months for their business travel programmes to get back on track, and 21% predict that it will take less than 3 months. While location and price remain the most important criteria for selecting hotels, over a fifth (22%) of the corporate travel buyers interviewed ranked additional sanitary measures and COVID-19 protection as their top priority, underlining the importance of hotels educating corporate customers on the measures they have put in place to tackle COVID-19.

## Trends and Changed Consumer Behaviours

Two articles in the latest edition of Glamping Business have looked at **longer-term changes that glamping businesses will need to make** to prepare for a possible second spike in coronavirus infections and to adjust to likely permanent changes in consumer demand as follows:

- Glamping businesses will need to think about diversification to introduce additional sources of income to reduce their reliance purely on accommodation bookings;
- The trend towards experiences that has been evident for a while has been accelerated by the COVID-19 lockdown;
- An online presence has never been more important. The trend to online looking and booking has been accelerated by the lockdown, making it even more important for glamping businesses to have a strong website and to make good use of online booking platforms and social media;
- The lockdown has seen a greater appreciation of green spaces and outdoor activities, which glamping businesses can capitalise on;

- The lockdown also seems to have heightened interest in more eco-centric living, as people have seen a positive impact on their local environment and improvements in air quality. This could fuel a shift towards more eco-centric glamping sites and resorts. Eco resorts were gaining traction before the lockdown, but now that people are looking for ways to keep breathing clean air and reduce their carbon footprint, they could become even more popular.

## Reopening

The government has announced that **business events, conferences and general events** will be allowed to restart from 1 October, subject to social distancing and successful pilot events that will take place in the next few weeks. New guidance, being developed by the Department for Digital Culture, Media and Sport and the Association of Event Organisers, will help event organisers and venue operators to understand how they can host business events and conferences and keep both their guests and staff safe.

The guidance makes clear that the following measures should be considered to allow for safe resumption of business events and conferences:

- Attendees will need to pre-book and pre-register to attend events;
- Contactless registration systems will be introduced at venues to reduce waiting times and limit contact between organisers and guests;
- A digital first approach will be adopted to eliminate the need for physical badges and lanyards;
- Paper handouts and gifts will no longer be offered;
- Entrance to event or conference spaces will be staggered to reduce queuing and overall capacity will be limited to ensure social distancing can be maintained;
- Events will be planned around one-way systems for visitors;
- Spaces between exhibition booths will be increased and aisles widened to achieve social distancing requirements;
- All venues will also have enhanced cleaning procedures, with hand washing and sanitising facilities at frequent intervals;

## Redesign and Pivoting

The AA 5 Red Star **Rockcliffe Hall** hotel, spa and golf resort near Darlington has reopened with a number of changes in place. The spa team has created takeaway spa treatments, a champagne and cocktail trolley service has been introduced, guests can dine on the various patios and terraces around the hotel, and can order picnic hampers. There are also plans for an outdoor pop-up bar.

The luxury boutique hotel operator The Hoxton has announced the launch of **Camp Hox** [www.camphox.com](http://www.camphox.com), a Hoxton-style pop-up glamping experience in the grounds of the 18<sup>th</sup> Century Eynsham Hall in Oxfordshire. 12 lotus tents will be available to book for a minimum 2-night stay in August, with the price including a free night at one of the brand's three London hotels. The concept has been introduced as the company is aware that many of its customers are still wary about staying in London. Each lotus tent is decked out with a proper bed, Hoxton pillows and duvets, plants, a stocked fridge, and a pour-your-own Graham's white port and tonic bar, and comes with a private powder room toilet and shower. All guests will get a Hox breakfast bag each morning. Each tent will also have its own barbecue, cooking equipment and complimentary pot-washing service.

The **Devonshire Arms** hotel at Bolton Abbey in North Yorkshire is opening a new pop-up Laurent Perrier Champagne and Seafood Terrace in a bid to add a 'resort feel' to its offering for hotel guests and local diners. It will be open until mid-September.

The **Vineyard at Stockcross** hotel in Berkshire has relocated its dining offer to a new InsideOut outdoor pavilion offering a full socially distanced outdoor restaurant experience.

The AA 5 Red Star **Seaham Hall** on Durham's Heritage Coast has created a number of new socially distanced experiences for guests, including a secret cinema in its grounds, outdoor hooded pods, alfresco candlelit dinners, and luxury picnic hampers. The hotel's spa will open on 25 July with treatments available on a terrace or via in-room pamper hampers.

## Industry Support Services and Products

**doormakaba** offers a range of integrated access and security solutions to suit hotels of any size, from entrance systems, door hardware, lodging systems and more, to help hotels to provide touch-free access.

[www.dormakaba.com/gb-en/solutions/market-sectors/hospitality-and-leisure](http://www.dormakaba.com/gb-en/solutions/market-sectors/hospitality-and-leisure)

TruDomes has launched the Dining Yurt and Dining Cube as flexible multi-purpose **dining shelters** to support socially distanced and outdoor dining. <https://trudomes.com/dining-out/>

Unique Fire and Security is working with several businesses across the UK to install **fever screening technology** using cameras to detect people that have a high temperature. The system can detect elevated skin-surface temperatures in moving crowds with accuracy of  $\pm 0.3^{\circ}\text{C}$ .

<https://uniquefireandsecurity.co.uk/covid-19-fever-screening-thermal-imaging-cameras-installation-uk/>

## Take Up of Government Loans

A number of hotels and hotel companies have taken up loans and overdraft facilities through the Coronavirus Business Interruption Loan Scheme (CBILS) to help them to get through the challenges that they are facing as the pandemic continues:

- Crieff Hydro, a family-run Scottish hotel group of seven hotels, has secured a £5m CBILS overdraft from Santander UK.
- The family-owned Webb Hotel Group, which owns four hotels in the Midlands, has secured CBILS funding from Yorkshire Bank to support the cost of reopening its hotels and help maintain cashflow as business starts to rebuild. The company's 250-strong workforce has returned from furlough. While the company is expecting business demand to recover fairly quickly, the future of its weddings, corporate functions and spa breaks business is much more uncertain until lockdown restrictions are further eased.
- North Yorkshire-based residential and holiday caravan park operator York House leisure has secured a £750,000 CBILS loan from Lloyds Bank to pay its overheads and staff wages and support the company's continued investment in a new residential park near Selby.

## Hotel & Visitor Accommodation Investment

While hotel and visitor accommodation investment activity has slowed during the lockdown, new development and refurbishment projects have continued to be unveiled and progressed across the UK:

- The 4-star Mere Golf Resort & Spa, near Knutsford in Cheshire is to embark on an expansion project to add 64 new guest bedrooms, increase the capacity of its conference and banqueting facilities to cater for 950 guests, reconfigure its reception area, and upgrade its restaurants, terraces and spa.
- Northern Ireland's Galgorm Collection is currently investing £7million in the development of The Rabbit boutique hotel in Templepatrick, County Antrim. The hotel will offer 24 bedrooms, a bar and restaurant and an outdoor spa. It is due to open later in 2020.
- The Lock & Key boutique hotel in Liverpool has received planning permission to add another 12 bedrooms, taking it to a total of 26.
- Extra MSA Group is progressing an outline planning application for a new motorway service area at Junction 11 of the M62, to include a 100-bedroom hotel.
- The Keith Davidson Partnership has unveiled plans for a 68-bedroom hotel with a ground floor bar and rooftop penthouse on the site of the historic Queen's Royal Hotel in New Brighton on the Wirral.
- Planning permission has been granted for the £250m replacement for the Crompton Place Shopping Centre in Bolton as part of Bolton Council's £1.5bn town centre regeneration masterplan. The mixed-use scheme includes a 110-bedroom hotel, 150 homes, 10,500 sq m of office space and a mixed-use retail, leisure, dining and events space.
- Highland Council planners have granted planning permission for a former office block in Inverness to be converted into a 76-bedroom hotel with a bar, restaurant and gym.
- The Inn Collection Group is opening The Coniston Inn in the Lake District on 1 August, following a major investment programme.
- Sefton Council is seeking approval to remodel and extend Crosby Lakeside Adventure Centre to include a 2,200 sq ft conference and events space and an additional 38 beds in 8 bedrooms within a 'bunk barn' constructed on the roof of the building, designed to accommodate school children and groups visiting the centre.
- The 55-bedroom Strawberry Bank Hotel in Solihull has submitted a planning application for a 30-bedroom extension.
- Plans have been unveiled for a new upscale hotel on Princes Street in Edinburgh as part of a £50m regeneration project that will also include dining and shopping spaces and a new rooftop bar.
- Harbour Hotels has restarted work on the development of the Tides Reach Hotel in Salcombe in South Devon. It is aiming to open the hotel prior to Easter 2021. The hotel will offer larger bedrooms to appeal to families and long stay guests and will include a relaxed dining concept. Harbour Hotels has indicated that it is still on the lookout for new acquisitions despite the impact of COVID-19.

## Business Failures

While there is evidence of continuing hotel and visitor accommodation development activity and interest, stories of hotel and visitor accommodation business failures as a result of the pandemic continue to emerge:

- The family-run Tollgate Hotel in Stoke has announced that it will not be reopening after being hit hard by the coronavirus pandemic.
- The 98-bedroom Harte & Garter hotel in Windsor is to close as a result of its hotel management company, Suite Hospitality, entering administration due to the COVID-19 pandemic

## Redundancies

As well as hotel and visitor accommodation business failures, there is also evidence of growing numbers of staff redundancies in the sector:

- A number of staff have been made redundant at three hotels in Eastbourne run by The Lions Group. The company said that it needed to take 'harsh measures' to secure its survival in the aftermath of the coronavirus lockdown, but did not reveal how many jobs have been lost.
- Up to 400 roles are at risk at Jurys Inn and Leonardo Hotels, which employs 3,500 staff in 48 hotels across the UK and Ireland. The majority of the job losses will be in the company's UK hotels. No hotel closures are planned.
- 450 job losses are expected across the Celtic Collection in South Wales, which includes the 5-star Celtic Manor Resort, International Convention Centre Wales and four further hotels in the area.



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