

WHITE PAPER

The State of the Market and Recovery

With an increase in vaccinations and more coordinated pandemic responses, more hoteliers and agencies are beginning to see a light at the end of the pandemic tunnel. But even with some of the advances, there are still questions about the state of the market and best practices for approaching recovery.

Following a recent webinar, Onyx polled attendees to gauge clarity into their experiences in the market. Participants included a global mix of travel agents and hoteliers across age groups. The responses provided relevant insights and gave a market pulse that can help in navigating recovery.

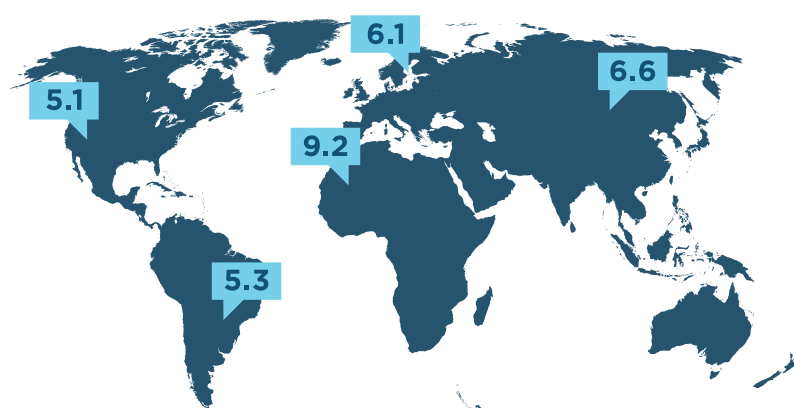
CURRENT STATE OF THE INDUSTRY

Travel volumes reached unprecedented lows in 2020. International travel, for instance, saw a [74% decline in arrivals](#) contributing to over \$1 trillion in losses for the industry. After a few lulls and spikes in cases, many consumers are itching to get back into travel mode.

However, at the heart of the COVID-19 discussion is the handling of the pandemic by countries and regions. The response has been varied, and as a result, global recovery isn't following a unified trend.

While the majority of countries are seeing an upward trend in vaccination statistics, there is a wide gap in percentage of population vaccinated. The United Kingdom, for example, has reported that [over 50% of its population is vaccinated](#). Contrast that with India, who is currently reporting a less than 10% vaccination rate.

Onyx asked webinar participants how well they thought their countries responded to the COVID-19 pandemic. Of the respondents polled, those in Africa were the most pleased with country response, averaging a 9.2 on a 10-point scale. Europe and Asia followed, both averaging scores around 6. The Americas yielded the lowest scores, with both continents averaging a score of around 5.



Country Averages (by continent)

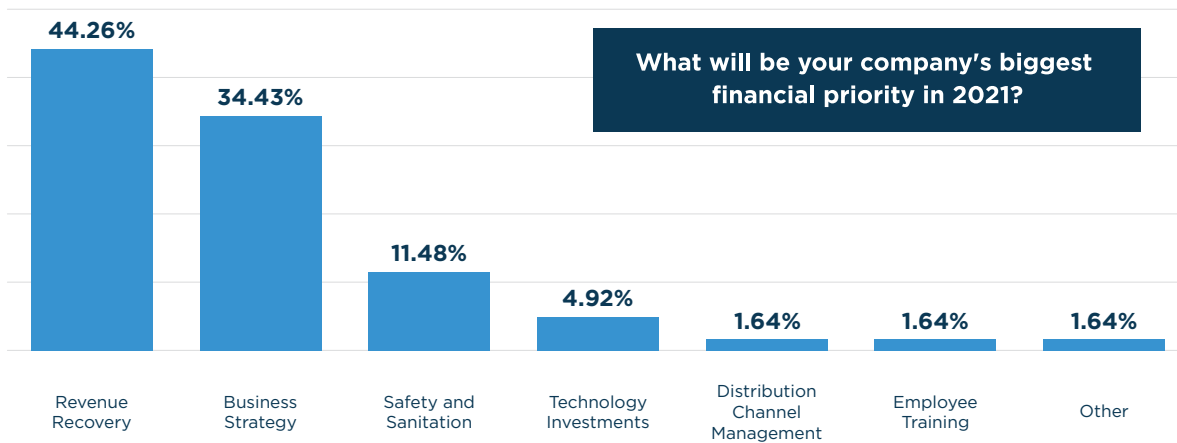
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|---------------|-----|
| Africa | 9.2 |
| Asia | 6.6 |
| Europe | 6.1 |
| North America | 5.1 |
| South America | 5.3 |

Until these figures are more uniform on a global scale, it could lead to traveler hesitation to or from certain parts of the globe, so it's worth keeping an eye on these numbers moving forward.

THE BUSINESS IMPACT OF COVID-19

Traveler experience wasn't the only area impacted by the pandemic. As tourism shut down, it meant that hotels and travel agencies would take a hit. The travel and tourism industry [lost \\$4.5 trillion in 2020](#), a steep decline from 2019 levels. Agencies specifically [predicted a 73% decrease](#) in business during the third quarter of 2020, while hotels saw [occupancy plummet to 24.5%](#).

While the industry is expected to continue its rebound, agencies and hoteliers alike have indicated that they need to outline specific areas of focus in order to stay on track. In Onyx's recent survey, participants were asked to identify their top financial priorities moving into late 2021.

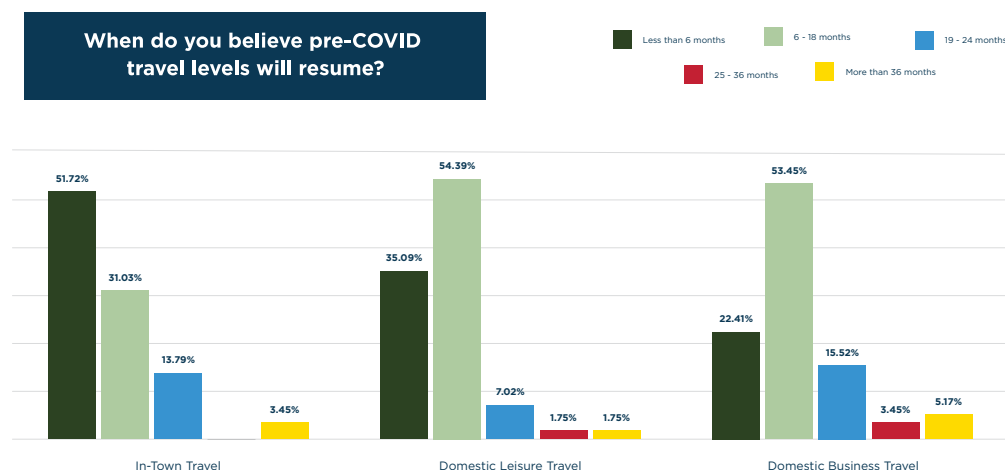


By and large, revenue generation was the major focus as companies work to regenerate lost cash flow. Business strategy, along with safety and sanitation measures, rounded out the top three, showing that the “new normal” will need to be taken into account at all levels moving forward.

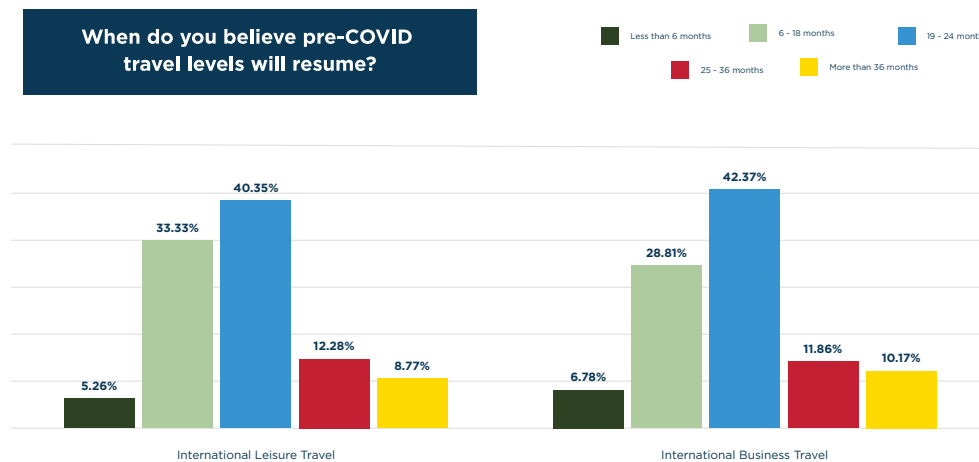
RECOVERY OUTLOOK

As the industry is still reeling from the effects of the COVID-19 pandemic, estimates of when the market will fully recover are varied. However, many think that it will be several years before hospitality returns to pre-pandemic levels. In a recent article, Northstar Meetings Group noted that the American Hotel and Lodging Association believed [employment wouldn't reach pre-2020 levels until 2023](#), and STR estimated that the industry wouldn't bounce back fully until 2023.

In Onyx's recent webinar, participants were a bit more optimistic about recovery timelines.



Domestic travel was overwhelmingly favored as the type that would recover soonest, with over 50% saying that in-town travel would return to normal in less than 6 months. A similar percentage believed that both domestic business and leisure travel would stabilize in about a year and a half. International travel was expected to take longer, likely around two years.



Globally, both businesses and consumers alike are ramping up for upcoming travel.

The Transportation Security Administration saw the number of air travelers [exceed one million on five consecutive days](#), with one day being the single highest day for passengers since the onset of the pandemic. Couple this increase in travel with a number of countries allowing [fully-vaccinated travelers to enter without restriction](#), and it may indicate that travel demand is finally being accommodated.

WHAT'S NEXT?

So what do hospitality professionals need to do moving forward? It's clear that the industry will never completely return to what was formerly known as "normal," but there are some steps that can be taken to help companies prepare themselves for growth in the "new normal."

Revisit your customer profile

Are you an agency specializing in booking business travel? A hotel dedicated to meetings and events? As both of these segments will likely take longer to recover, it may be time to expand your offerings to include a new or wider customer set. Once you've defined who these new customers are, spend time researching their likes, dislikes, and needs.

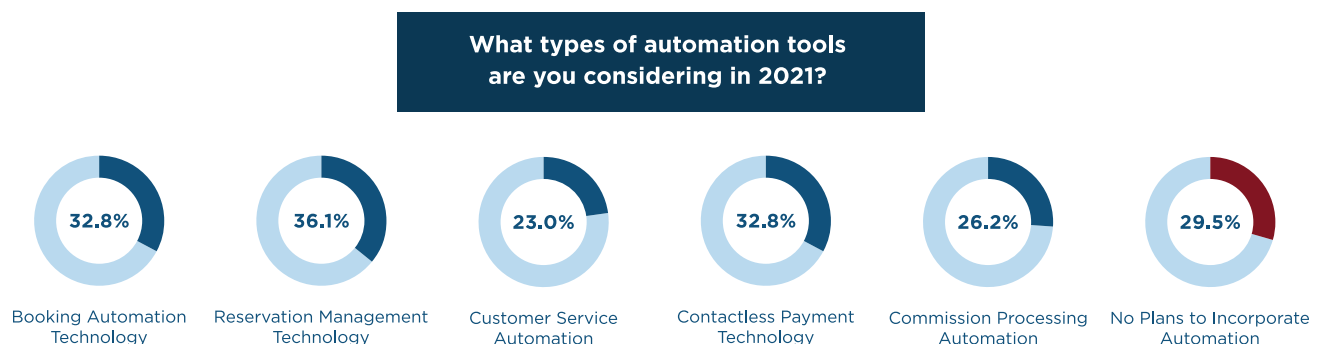
- Are they more concerned about safety than most? Optimize your cleaning practices and reassure them when booking.
- Are they more apt to book travel with family? Consider more family experiences or packages to accommodate.

While you won't want to forget your core audiences – in fact, it's important to keep an eye on them to ensure they'll be covered when the industry recovers – having a new client base can help earn revenue in the interim.

Invest in your technology stack

Changing customer needs also means changing the technology used to service said customers. With personal safety and [high cleanliness standards](#) being a top concern for travelers, many are looking to hotels and agencies to be more digital. Everything from boarding passes to check-ins to payment is moving in a digital, self-serve direction, so it's important to update your technology to accommodate.

Automation tools are currently a hot item, as noted in the Onyx webinar survey.



Reservation, booking, and payment technologies were all identified as top automation priorities in 2021, with commission payment and customer service technologies not far behind.

Develop strategic partnerships

Creating good relationships is a cornerstone for success, and this is no different in the hospitality industry. With everyone seeking to recoup lost revenue from 2020, working together can help with providing everyone with lift. Hotels and agencies have historically worked together in providing travel experiences, but this relationship is even more important now. Travelers want reassurance that their trips will be safe and memorable, and these companies can help customers feel at ease

- Develop travel packages that agencies can promote for a commission
- Join forces to market travel experiences through digital channels
- Discuss non-traditional uses for hotel space and promote them among non-traditional customers

There are several ways companies can work together, all for their mutual benefit.

Third Party Vendors can also provide relief for companies while also helping streamline workflows. If headcount is still a concern, virtual concierge or customer service platforms can help teams manage fluctuations in workflow. In addition, companies like Onyx can help offload commission [payment processing](#) or [consolidation](#) to help keep the administrative tasks off your plate and help maintain reputation among other third party vendors.

Nearly every need can likely be augmented with a partnership, so be sure to take time to review current processes and tools to see where optimization can occur.

For more information about how Onyx CenterSource can simplify your commission processing, [visit our website](#) today.