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THE HOSPITALITY INDUSTRY REPORT

Q1 2019

THE REPORT
EXPLAINED

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Based on first-party data gathered from over 18,000 hotel properties across more than 50 hotel brands, the Hospitality Industry Report analyzes global trends in website visitation, site activity prior to booking, and booking details including lead time, length of stay, and booking values. The data is aggregated to show trends over time as well as by hotel tier.

EXECUTIVE OVERVIEW

THE DATA

The data in this report was aggregated from across 50 hotel brands, comprising more than 18,000 hotel properties.

Q1 2019 PERFORMANCE

In Q1 2019, we tracked 5.3M bookings, $1.7B in total revenue, and $2.74B in lost revenue due to cart abandonment.

CART ABANDONMENT

Cart abandonment rates were static quarter over quarter with the most significant change observed in Luxury hotels, with abandonment rates increasing by 1.5%.

GROWTH

Relative to Q4 2018, bookings are up by 13% and revenue is up by 25%.
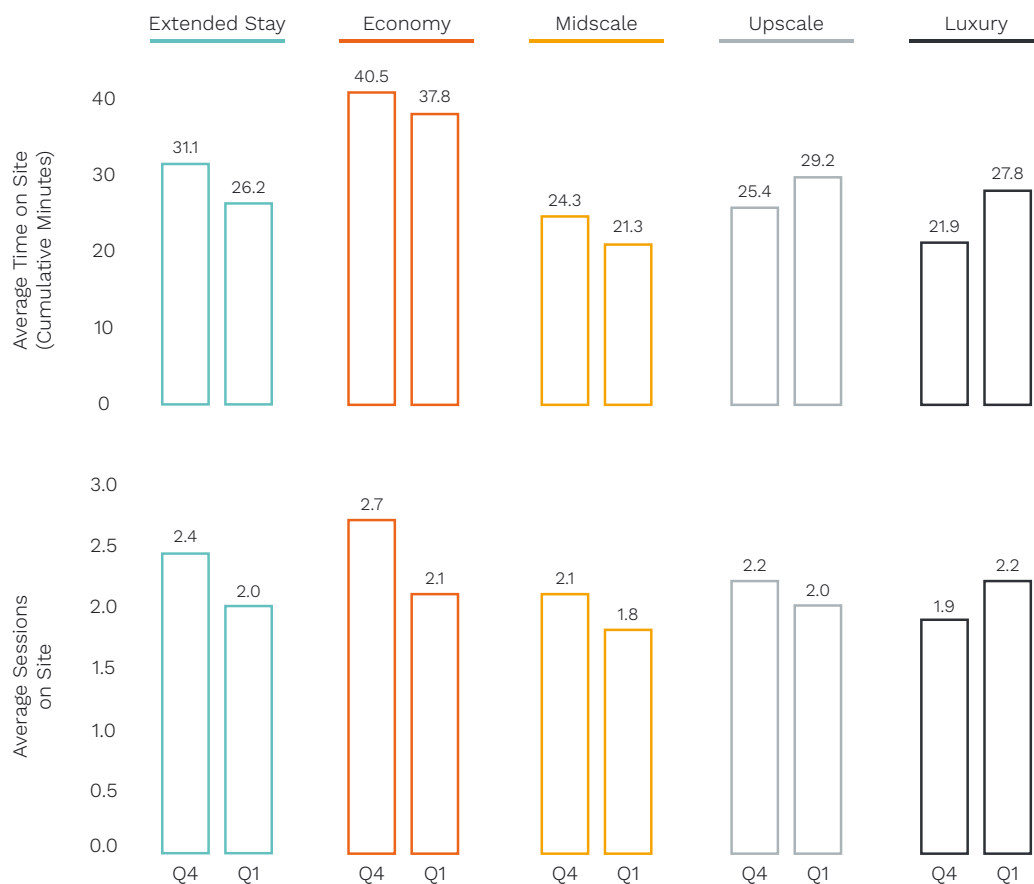
NEW INSIGHTS

This report analyzes booking trends by weekly booking volume, check-in day, and popular destination cities.

CROSS-QUARTER COMPARISON

This report includes several more hotel brands than were included in the Q4 2018 report, resulting in more data for more detailed analysis, but note that these additional brands account for any discrepancies in the figures from the Q4 report.

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SITE ACTIVITY

SITE ACTIVITY PRIOR TO BOOKING

| Extended Stay | Economy | Midscale | Upscale | Luxury |

Average Time on Site (Cumulative Minutes)

- Extended Stay: Q4 31.1, Q1 26.2
- Economy: Q4 40.5, Q1 37.8
- Midscale: Q4 24.3, Q1 21.3
- Upscale: Q4 25.4, Q1 29.2
- Luxury: Q4 21.9, Q1 27.8

Average Sessions on Site

- Extended Stay: Q4 2.4, Q1 2.0
- Economy: Q4 2.7, Q1 2.1
- Midscale: Q4 2.1, Q1 1.8
- Upscale: Q4 2.2, Q1 2.0
- Luxury: Q4 1.9, Q1 2.2

Definitions:

Time on site: Cumulative time (minutes) spent on site across all site visits
Sessions on site: Number of distinct site visits

Relative to Q4 2018, lower tier segments saw a decrease in time spent on site; higher tier segments saw an increase

Trends across Q4 2018 through Q1 2019 in time spent on site varied by hotel tiers, with lower tier segments seeing a decrease in the average time spent on site prior to booking, while higher tier segments saw an increase in time on site by booking users. Compared to last quarter, Upscale and Luxury bookers spent around 15-25% more time researching hotels before completing a booking while Economy, Midscale, and Extended Stay travelers spent 5-15% less time researching before completing their reservations. The latter trend was similar for distinct site visits for lower tier bookers, while the volume of distinct site visits for Upscale and Luxury were relatively static.

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BOOKING

WEEKLY BOOKING VOLUME

Bookings spiked weeks in advance of major events, e.g. Super Bowl LIII

To analyze trends in booking activity, we looked at the volume of bookings that were completed each week in Q1 2019. We then indexed these weekly volumes to the average number of weekly bookings across the six-month period from October 1, 2018 (i.e. the beginning of Q4 2018) until the end of Q1 2019 on March 31, 2019. We focused this analysis on four major U.S. cities: New York, Las Vegas, Chicago, and Atlanta.

Weekly Booking Volume by City

	12/31-1/6	1/7-1/13	1/14-1/20	1/21-1/27	1/28-2/3	2/4-2/10	2/11-2/17	2/18-2/24	2/25-3/3	3/4-3/10	3/11-3/17	3/18-3/24	3/25-3/31
NYC	13%	22%	16%										
Las Vegas						19%	10%	17%	23%				
Chicago						11%	10%			11%		10%	
Atlanta		13%	12%										

Figures indicate % increase or decrease from the average number of weekly bookings during 10/1/18 - 3/31/19

New York City: Booking volume was particularly pronounced in January. While New York is typically dreary in the winter months and it is considered a "low season" for tourists (particularly after the holiday season), NYC nevertheless showed a relatively high volume of bookings during this time. We observed that average booking values during this three-week period were more than 10% lower than the six-month average. Lower prices for hotels and Broadway shows, as well as presumed lower traffic for popular tourist attractions like museums and city landmarks, may attract more tenacious travelers willing to book trips at discounted rates to New York during the winter.

Las Vegas: The highest volume of bookings occurred in February. Events such as March Madness and Spring Break occurring throughout March may explain the rise in bookings in February, as tourists planned their travels for these dates accordingly.

Chicago: Bookings were more evenly dispersed across Q1 in Chicago relative to other cities. This could be due to Chicago hosting several smaller events as opposed to one or two larger ones. For example, Chicago Theater Week ran from February 7 through February 17, and the Chicago Auto Show (the largest in the US) took place from February 9 through the 18th. These events may explain the increase in bookings in early February. There was a similar increase in bookings in early to mid-March, which could be the result of the Star Wars Celebration that ran April 11-15. The last Celebration was in Orlando in 2017 and had an attendance of over 70,000 people; this 2019 event is estimated to have been even bigger as it included the first reveal of the trailer and title for the upcoming movie set for release later this year.

Atlanta: Two weeks with the highest booking volume over the last six months were in early to mid-January. The Super Bowl LIII was a major attraction in Atlanta, taking place on February 3. Booking activity in January could be attributed to football fans traveling to Atlanta for the festivities. Additionally, the Divisional and Conference Championship rounds of the NFL playoffs took place during this window, which could have resulted in a spike in Atlanta hotel bookings as travelers booked their trips once the teams competing in the Super Bowl were decided.

BOOKING

BOOKINGS BY CHECK-IN DATE

Total Bookings

By Hotel Tier

Extended Stay
Economy
Midscale
Upscale
Luxury

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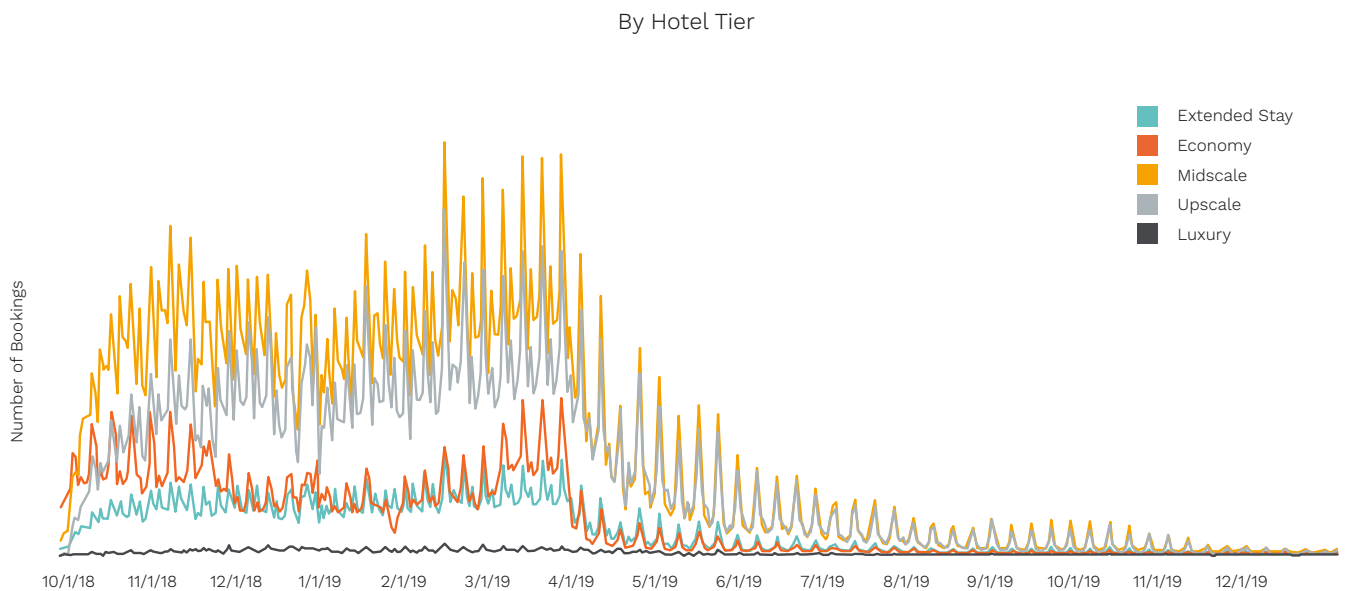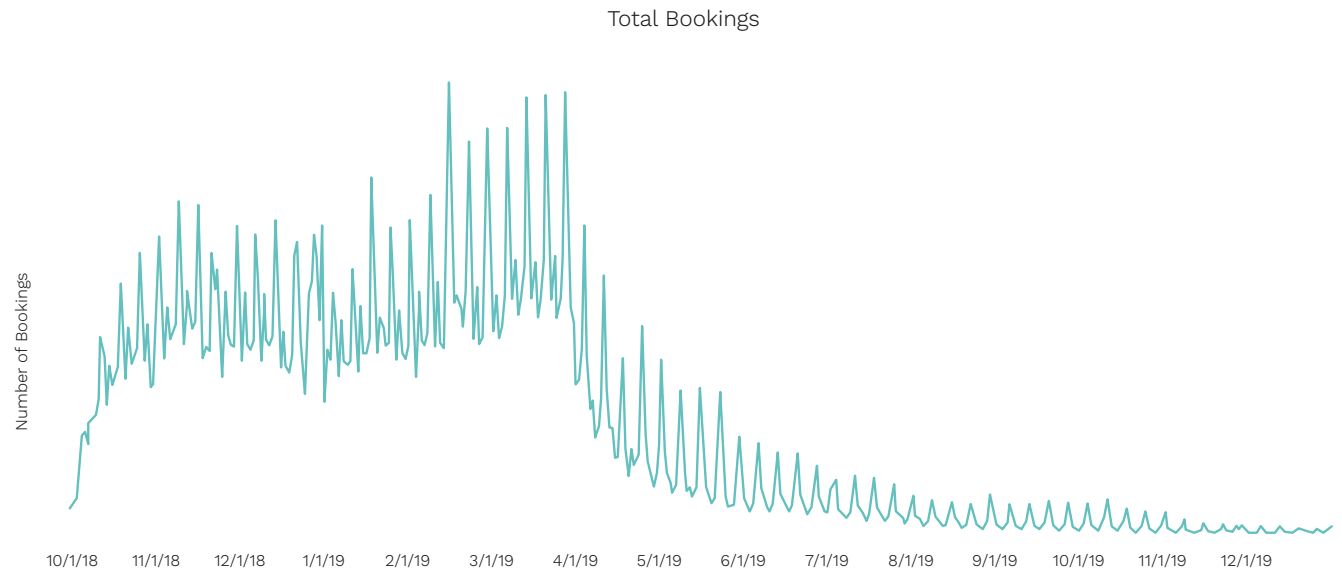
BOOKING

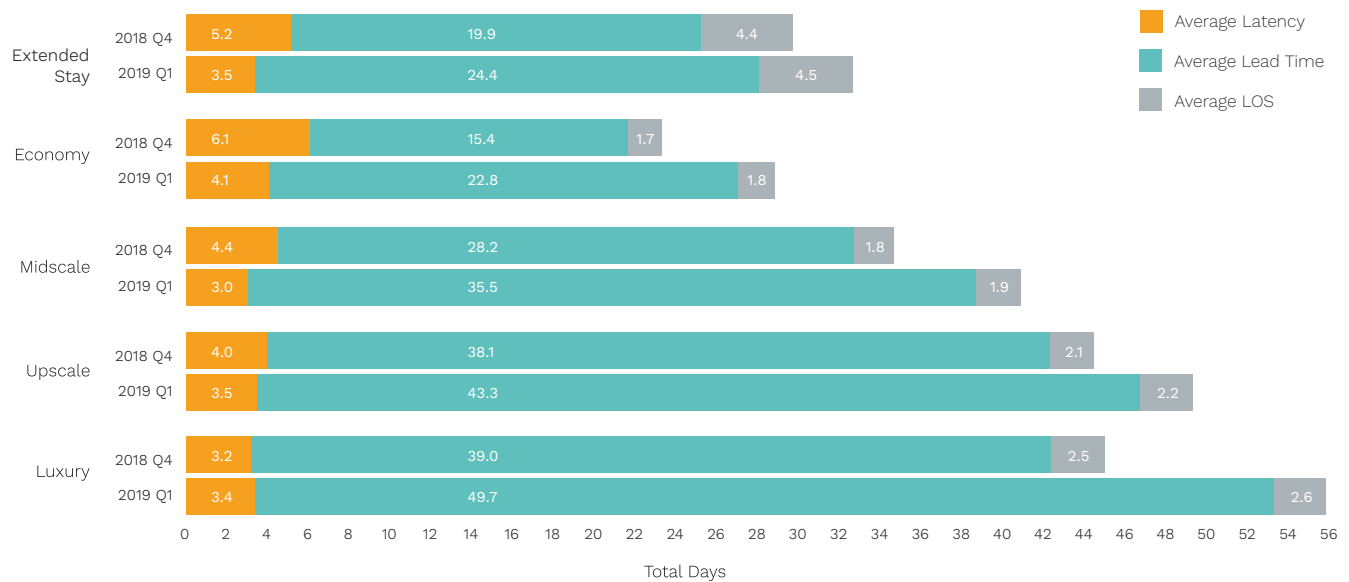**Consistent cyclical booking patterns, with check-in dates peaking on Fridays**

Over the last six months, the most popular check-in day was February 15, the Friday of President's Day weekend. This was followed closely by the last three Fridays in March, which coincides with common vacation times for many people who have time off from school or work for Spring Break.

There is a cyclical trend in check-in dates throughout the entire observed period, where bookings for check-in Sunday through Wednesday are low, Thursday sees a bump, check-ins peak on Fridays, and Saturdays see a similar volume as Thursdays before the cycle resets. This trend is consistent, with the exception of holidays and other events. For example, December 31, 2018 had a spike in check-ins because of New Year's Eve even though it was a Monday. Similarly, November 21, 2018, a Wednesday, had more check-ins than that following Friday, because most people did their traveling prior to Thanksgiving, which fell on November 22.

Trips with check-in dates after March 31, 2019 have a lower volume of bookings because the data does not include trips booked with shorter lead times—i.e., bookings that are made after March 31. Total bookings for those dates will increase over time as data is collected from travelers who book their trips only a few days in advance of the check-in date.

BOOKING

AVERAGE BOOKING LIFECYCLE

Legend:
- Average Latency
- Average Lead Time
- Average LOS

Extended Stay
- 2018 Q4: 5.2 | 19.9 | 4.4
- 2019 Q1: 3.5 | 24.4 | 4.5

Economy
- 2018 Q4: 6.1 | 15.4 | 1.7
- 2019 Q1: 4.1 | 22.8 | 1.8

Midscale
- 2018 Q4: 4.4 | 28.2 | 1.8
- 2019 Q1: 3.0 | 35.5 | 1.9

Upscale
- 2018 Q4: 4.0 | 38.1 | 2.1
- 2019 Q1: 3.5 | 43.3 | 2.2

Luxury
- 2018 Q4: 3.2 | 39.0 | 2.5
- 2019 Q1: 3.4 | 49.7 | 2.6

Total Days

Definitions:

Latency: Time from first site visit to booking
Lead time: Time from booking date to hotel check-in date
LOS: Length of stay (check-in date to check-out date)

Lower latency and longer lead times across all tiers

Compared to last quarter, Q1 saw lower latency and longer lead times across all hotel tiers. Within Q1, trends across segments were similar to those observed in Q4 2018, with Economy showing the longest latency on average and higher tier hotels showing longer lead times. Over the six-month period, Upscale and Luxury lead times are over 2x longer than Economy lead times. This makes sense, as travelers who are spending more on higher tier hotels are likely to book their trips further in advance. For more insight into trends in lead time, we looked at the distribution of lead time over the six-month period, as opposed to the overall average.

BOOKING

LEAD TIME DISTRIBUTION

|	Same day	1-6	7-15	16-30	31-90	91+
Extended Stay	14.1%	28.8%	16.5%	13.9%	17.0%	9.7%
Economy	42.4%	29.5%	9.7%	6.7%	7.2%	4.5%
Midscale	10.6%	29.4%	17.7%	14.7%	17.8%	9.8%
Upscale	6.2%	22.0%	16.9%	16.8%	24.5%	13.7%
Luxury	3.5%	16.1%	14.4%	17.1%	31.8%	17.1%

Days

Note: Figures indicate % of trips booked within corresponding range in lead time.
Outlined cells indicate where overall average lead time falls for each tier.

The distribution of lead time shows how the overall averages are skewed, most significantly for Economy hotels. Even though 71% of all bookings (regardless of hotel tier) occur within a month before the check-in date, the 29% that occur 31-90 days or 91+ days in advance are pushing up the overall average for each hotel tier. The lead times for bookings made over a month in advance range from 31 days all the way up to over a year; within the 31-90 day range, the average lead time over the six-month period (spanning Q4 2018 through Q1 2019) was 53, while the average lead time for bookings made 91+ days in advance was 170 days. This distribution shows where the majority of bookers fall in terms of lead time as opposed to the average booker, a nuance that can help hotel marketers effectively target more prospective travelers at the opportune time.

The variance in trends across hotel tiers becomes more apparent when viewing the distribution. Economy has by far the highest proportion of bookings that occur same-day (i.e., the booker checks in the same day that they book the trip), with this scenario occurring 3x more frequently than any other hotel tier. Combined, about 72% of Economy bookings occur less than a week in advance of check-in date. Luxury and Upscale are more skewed toward longer lead times, with over 80% and 70% of bookings occurring more than a week in advance of check-in date respectively. These tiers also see a slightly higher proportion of bookings falling into the 16-30 range, while lead times for lower tier hotels index more towards the 7-15 range. Midscale and Extended Stay trends are similar, with the majority of bookings occurring less than a month in advance but not same-day.

BOOKING

BOOKING RATES
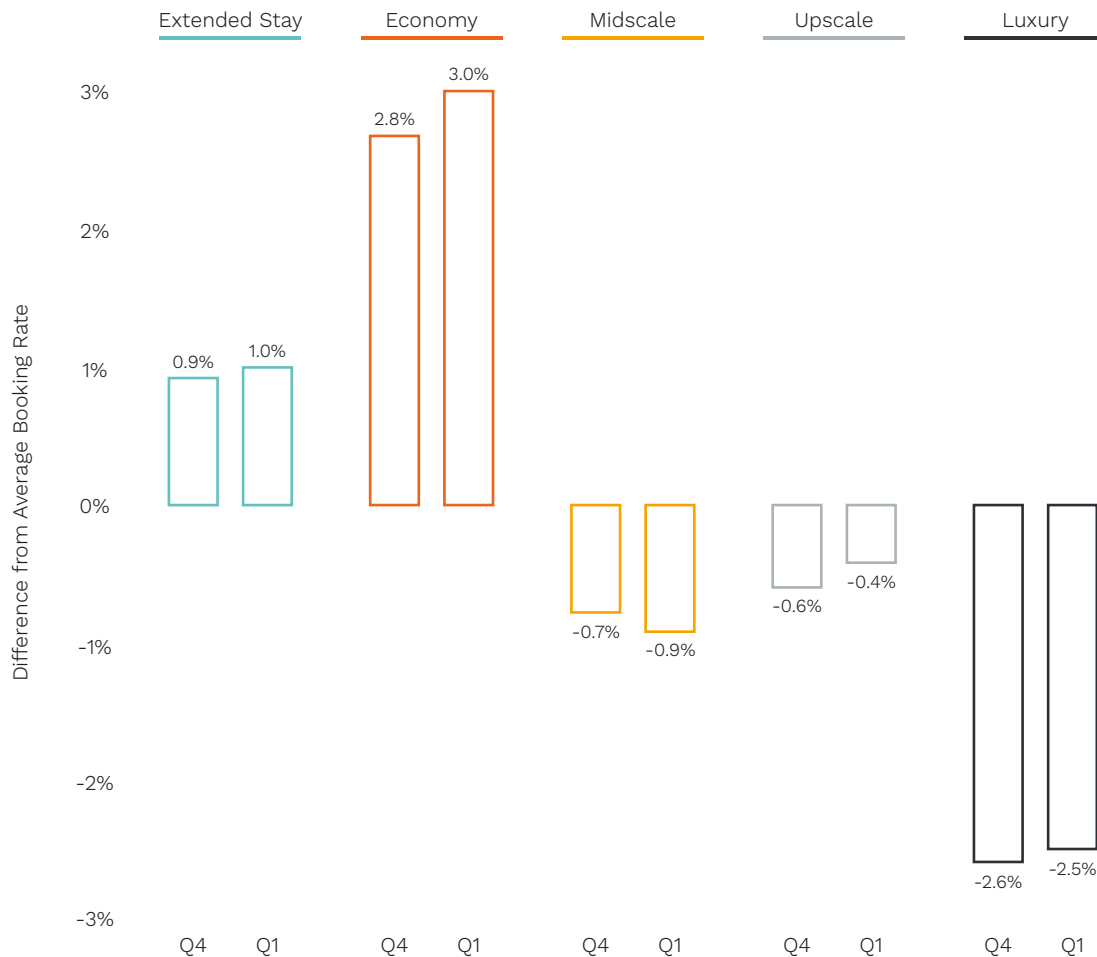
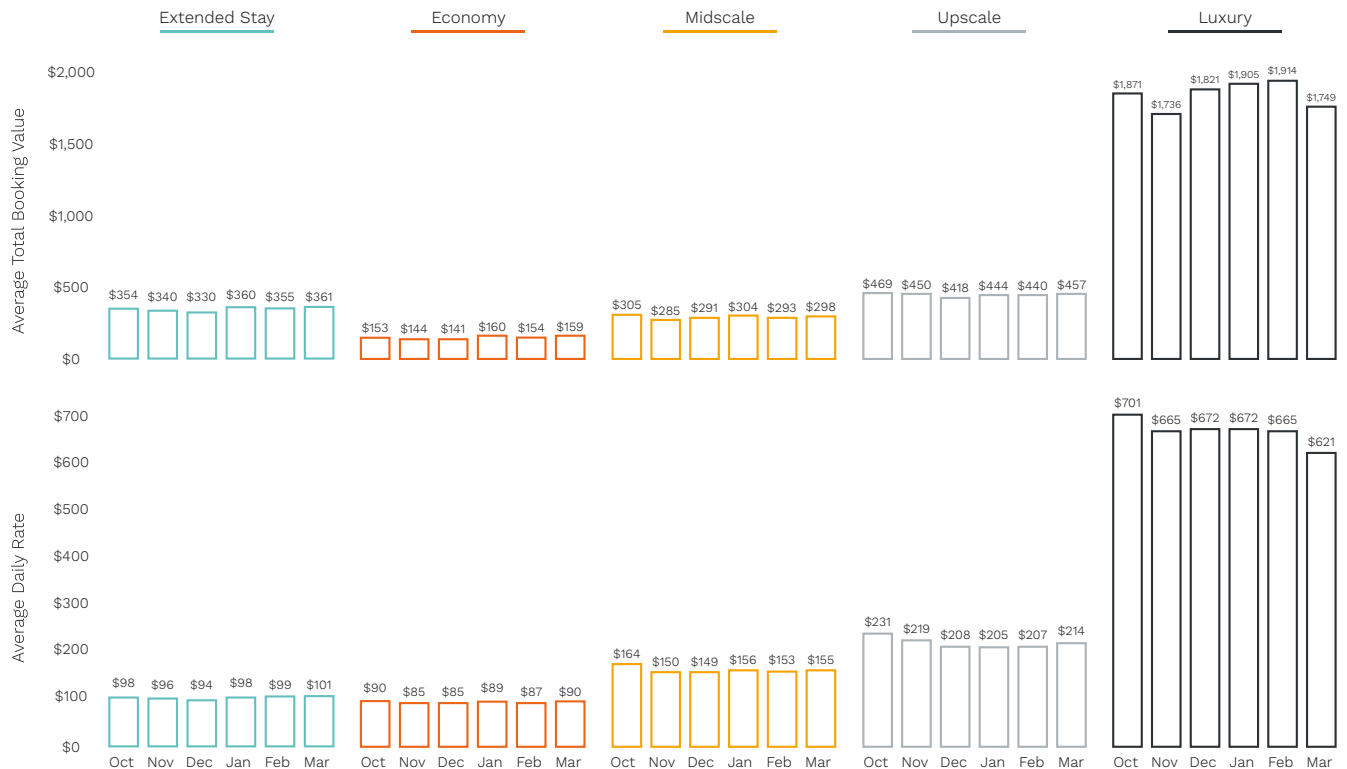Booking Rate: % of all site visitors that complete a booking, indexed to the average rate across all hotels

Almost all hotel tiers saw higher booking rates in Q1 relative to Q4 2018

Booking rates this quarter mirror the trends that we saw in Q4 2018, with an inverse relationship between likelihood to book and the tier of a hotel: the higher-end a hotel is, the less likely a site visitor is to complete a booking. Across both quarters, Economy visitors are most likely to book, while Midscale, Upscale and Extended Stay are all within 1 percentage point of the average rate. Luxury site visitors are least likely to complete a booking.

Almost all hotel segments saw a slight increase in booking rate in Q1 relative to Q4. Midscale hotels were the lone exception, showing a slight decrease in Q1, however the changes are relatively small across the board.
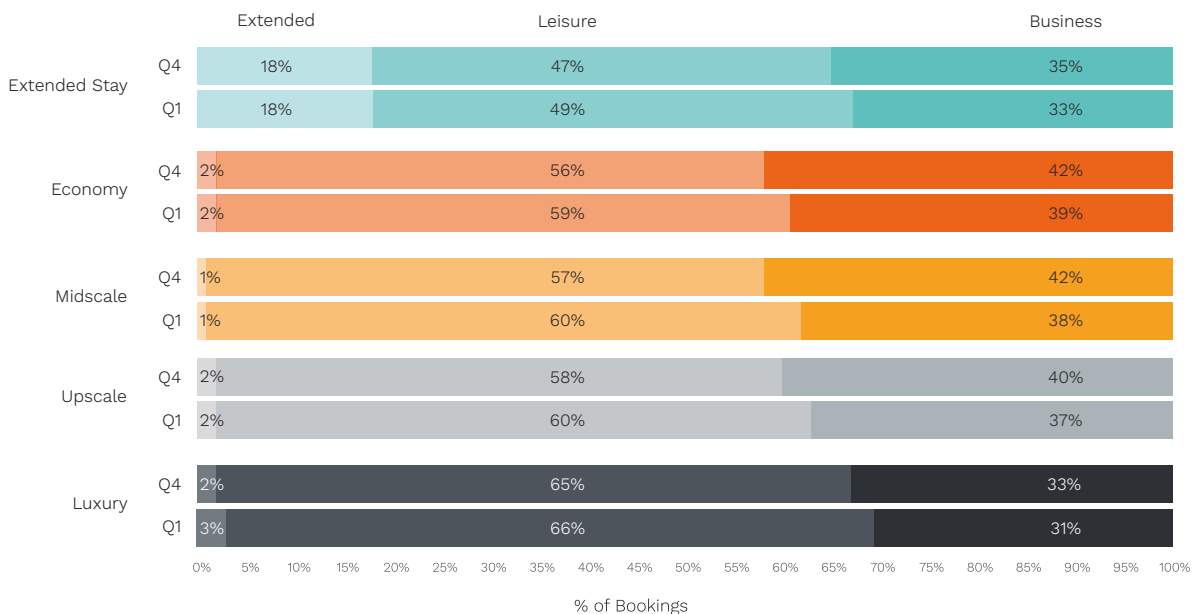
BOOKING

BOOKING VALUES AND DAILY RATES

Average Total Booking Value

	Extended Stay	Economy	Midscale	Upscale	Luxury
Oct	$354	$153	$305	$469	$1,871
Nov	$340	$144	$285	$450	$1,736
Dec	$330	$141	$291	$418	$1,821
Jan	$360	$160	$304	$444	$1,905
Feb	$355	$154	$293	$440	$1,914
Mar	$361	$159	$298	$457	$1,749

Average Daily Rate

	Extended Stay	Economy	Midscale	Upscale	Luxury
Oct	$98	$90	$164	$231	$701
Nov	$96	$85	$150	$219	$665
Dec	$94	$85	$149	$208	$672
Jan	$98	$89	$156	$205	$672
Feb	$99	$87	$153	$207	$665
Mar	$101	$90	$155	$214	$621

Booking values up in Q1, especially for Luxury trips

Overall, booking values increased from last quarter. Luxury hotels saw the biggest increase at over 10%, followed by Extended Stay and Economy, while Midscale and Upscale booking values saw a slight bump but were relatively static. January and February were the primary drivers of the Luxury booking value increases, and this may be due to higher demand for hotels during the long President's Day weekend in February (which was also the weekend after Valentine's Day) and Spring Break in March. Lead times indicate that most Luxury travelers would book these trips a month to a month and a half in advance of these holidays, which would place the booking confirmation times for those February and March trips in January and February. Other hotel segments saw more consistency in booking values throughout the quarter.

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BREAKDOWN BY TRAVEL TYPE

% OF BOOKINGS CLASSIFIED AS BUSINESS VS LEISURE VS EXTENDED

	Extended	Leisure	Business

Extended Stay
- Q4: 18% | 47% | 35%
- Q1: 18% | 49% | 33%

Economy
- Q4: 2% | 56% | 42%
- Q1: 2% | 59% | 39%

Midscale
- Q4: 1% | 57% | 42%
- Q1: 1% | 60% | 38%

Upscale
- Q4: 2% | 58% | 40%
- Q1: 2% | 60% | 37%

Luxury
- Q4: 2% | 65% | 33%
- Q1: 3% | 66% | 31%

% of Bookings

Definitions:

Extended trip: Length of stay ≥ 7 days
Business trip: Monday-Thursday check-in date, Tuesday-Friday check-out date, LOS <7 days
Leisure trip: Non-Business trip, LOS <7 days

All tiers saw an increase in share of Leisure trips to Business, relative to Q4 2018

Economy, Midscale, and Upscale segments have a very similar breakdown of Business vs Leisure vs Extended trips, with an approximate 58-40 split of Leisure to Business and the small remainder accounting for Extended trips. Luxury hotels see a higher proportion of Leisure trips than other hotel segments at about 66% of all trips.

Unsurprisingly, the Extended Stay segment sees a significantly higher proportion of Extended trips, i.e. trips that last more than a week. The 18% shown above is the average across hotels defined as Extended Stay brands, though there is significant variance in that number within the segment—several hotel brands labeled as Extended Stay actually perform more similarly to normal hotels and show only about 5% of trips as Extended. The "true" Extended Stay brand hotels see a significantly higher proportion of trips lasting more than a week, regularly above 25% and in some cases with over 50% of trips falling in the Extended classification.

In Q1, all hotel segments had about 2-3% more trips classified as Leisure as opposed to Business than in Q4 2018, despite Q4 being a high travel period with Thanksgiving and Christmas. It's possible that travelers plan for those trips further in advance, completing bookings before Q4. Meanwhile, the holidays in Q1 (Martin Luther King Jr. Day, President's Day, Spring Break) are smaller and potentially require less planning and shorter lead times, resulting in the increase in Leisure trips in Q1.

BREAKDOWN BY TRAVEL TYPE

AVERAGE LEAD TIME FOR BUSINESS VS LEISURE VS EXTENDED TRIPS
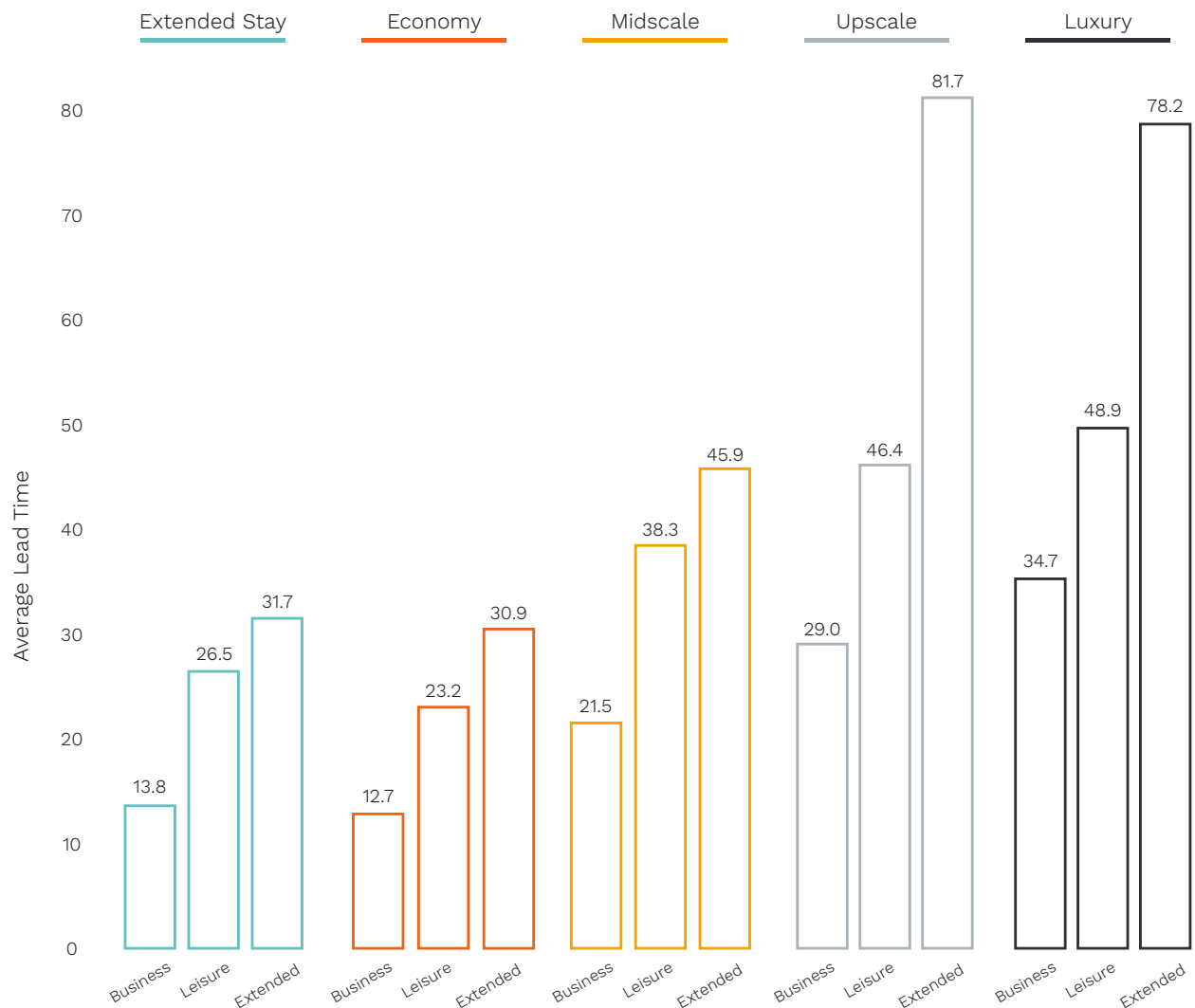
For lead times, Extended > Leisure > Business

Across all hotel segments, Extended trips have the longest lead times, followed by Leisure trips, with Business trips having the shortest lead time. Leisure trips have average lead times 1.5-2x higher than that of Business trips, while Extended trip lead times are around 2.5x higher than Business trips. It makes sense that travelers planning trips a week or longer are completing their reservations significantly further in advance than Business travelers, who more often book their trip on short notice. This trend becomes more pronounced in higher tier hotels; on average, Extended trip travelers who stay at Upscale and Luxury hotels book their trips almost three months in advance of their check-in date.

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ABOUT IGNITIONONE

IgnitionOne's leading Customer Intelligence Platform empowers marketers to find and engage their most valuable customers across channels using a data-driven approach. By focusing on cross-channel scoring and robust personalization, IgnitionOne's technology provides real-time, actionable insights for smarter marketing decisions and omnichannel engagement to maximize overall results. IgnitionOne is one of the largest independent marketing technology companies in the world, currently scoring over 600 million users monthly in 75 countries and powering more than $60 billion in revenue each year for leading brands, including General Motors, Stuart Weitzman, The Cosmopolitan and Speedo, as well as advertising agencies such as 360i, GroupM and Zenith Media.

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