

Hotels Count the Cost of COVID-19 Pandemic and Look to Remodel Business to Rebuild Consumer Confidence

May 12, 2020 / By Russell Kett



With much of Europe's hotel sector still closed for business, the industry faces a huge challenge to rebuild consumer confidence once COVID-19 lockdown restrictions start to lift later this year.

Providing hotel businesses survive financially – utilising a combination of rent and bank loan freezes, Government support, working with owners and furloughing staff – they also face the question of how long it will take for consumers to once again feel confident staying in hotels.

'When demand for hotels does start to return, whether that's later this year or next year, operators will be coming back into a very different market than the one they were in previously, with a new set of consumer concerns and requirements,' commented HVS London Chairman Russell Kett.

'Building trust between hotelier and customer will be paramount, with businesses operating and presenting their services in a way that makes the guest, and the staff who take care of them, feel comfortable, confident and protected.'

Ongoing hygiene and cleaning protocols will be top of the agenda, with global operators Marriott, Hilton and Accor already launching programmes designed to communicate and promote high standards of hygiene and cleanliness. Operators will need to consider how best to protect guests and staff at each interface – screens at check-in and a remote check-in/out option; social distancing in public areas such as restaurants, corridors and lounge areas; controlling the numbers of people using lifts at any one time; as well as how guests can, and should, make safe use of leisure facilities, pools, gyms and spas.

'Hoteliers will need to rethink almost every part of their business, focussing on all areas that are accessed by guests as well as considering the safety and protection of staff. The traditional buffet breakfast is likely to become a thing of the past – at least for the time being,' Kett added.

HVS expects most hotels to reopen gradually, adding rooms and rehiring staff when demand improves. This might result in the need for furloughing schemes to be continued for some staff while hotels implement this ramping up.

'Governments must understand there is no "one size fits all" approach to the hotel sector and prematurely curtailing the furlough scheme could sound the death knell for many hotels.'

'Likewise, kitchens need to consider a pared down menu that can be produced by a smaller team with what could be limited supplies. Room service may also need to be stepped up as some guests will perceive this as providing more safety,' said Kett.

Some European hotel markets are expected to show quicker recovery than others depending on when their lockdown restrictions are lifted and the profile of their business. Those with a strong domestic market and high percentage of leisure guests are likely to see a quicker recovery than those relying on international travel, corporate business and MICE customers.

HVS has already identified Germany as being likely to have a faster recovery than other European countries. Germany has both a large domestic leisure base and a significant domestic corporate travel base, ranking second in a European context. This strong domestic demand will fuel growth once the German government opens up more commercial activities in the country.

Summary

HVS London Chairman Russell Kett discusses the path to reopening for hotels as restrictions ease from the COVID-19 pandemic.

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'This pandemic is likely to change our habits until a satisfactory vaccine is developed, and consumers will remain cautious about using hotels until their trust is restored. Longer term, we are confident that the European hotel sector can bounce back to levels experienced in 2019, although it may well be 2022 or 2023 before this is accomplished,' concluded Kett.

Note: Please click the links to access the following articles: **Is the German Hotel Market Poised to be one of the Fastest in Europe to Recover from COVID-19** by Arlett Hoff and **Recovery from COVID-19 in Spain** by Sophie Perret.

About **Russell Kett**



Russell Kett is Chairman of the London office of HVS, which he joined in 1995. He has 45 years' specialist hotel consultancy, investment and real estate experience, focused on providing valuation, feasibility, shared ownership, property, brokerage, investment, asset management, strategy and related consultancy services, advising hotel companies, banks, developers and investors on all aspects of their hospitality industry related interests, throughout the EMEA region. Russell is a frequent writer, moderator and speaker on the international hotel industry, especially topics relating to hotel valuation, investment, marketing and finance. For more information, contact: [\[email protected\]](#)