

The Clermont Hotel Group Report
January 2023



Travel trends in *a changing world*

CLERMONT HOTEL GROUP

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Travel has faced challenges that few could have foreseen in the last few years. However, it was Albert Einstein, no less, who said that ‘in the middle of adversity is great opportunity.’

To an extent we have seen this in action already with operators pivoting and adapting to a rapidly changing world. Advances in technology have been key to this and play an essential role along every step of the customer journey. Yet this report is a timely reminder of how human interaction remains at the heart of all travel experiences.

Our research of the market shows that customers crave connection from the moment they start planning their trips to when they reach their destination. Hotels that adopt a people-first approach and invest in committed and knowledgeable staff are best placed to provide it.

It is people who ensure customers have confidence in the booking decisions they make. It is people who provide guests with that all important welcome and first impressions, and it is people who share their expertise about the local area that ensure guests can enjoy extraordinary experiences and make memories that last a lifetime. In doing so they uphold and enhance the reputations of operators and more widely our sector.

Despite the cost of living challenges that we all face, there is still a strong desire for British people to enjoy time away from home and, for a number of factors that this report examines, the UK market is best placed to service this need.

We have a discerning public who may travel and spend less frequently in the current climate, but when they do they demand great quality.

It is up to us to provide it.

Jon Scott

Clermont Hotel Group, Chief Executive Officer



Home and away

The cost of living crisis is undoubtedly impacting on decision-making and planning for holidays and short breaks in 2023, but the British appetite for travel remains undimmed.

Although our survey results show that more than a quarter of people do not expect to go on holiday at all this year, with the cost of living cited as a major factor by 42%, the majority of British travellers are planning to take a trip. Age is relevant here, with those aged under 25 the most likely to plan a holiday than their older counterparts.

According to Statista, around 65% of the population holidayed in the UK in 2022. This figure stood at 72% in 2019, before the pandemic had such a major impact on every area of life. Our findings suggest that there is still a large chunk of the population who plan on taking a break this year, either at home or abroad. This is backed up by VisitBritain, whose latest Domestic Sentiment Tracker (December 2022) indicates that 69% of the population are planning an overnight trip in the UK in the next 12 months.

Despite the challenges, there is still a thirst for travel.





Overseas

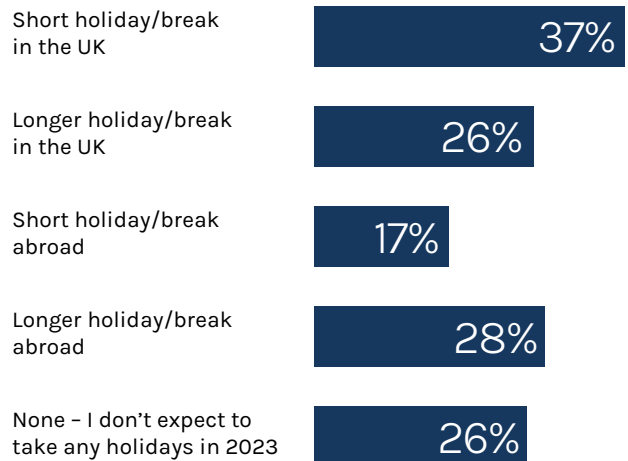
On top of the cost of living, there are other factors that are likely to impact on the British choosing to travel abroad, such as the weakness of the pound and the disruptions many witnessed and experienced at airports last summer. 52% agreed they are less likely to go abroad due to airport disruption, while 55% cited the value of the pound as a factor that was putting them off. This opens up further opportunities at home.

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Domestic holidays

The caution around travelling abroad indicates that the popularity in UK holidays is likely to continue. Of the people we surveyed, a short break in the UK was the most likely holiday option they will take in 2023. This follows on from what people did in the last 18 months, when trips abroad were not as popular as holidays in the UK.

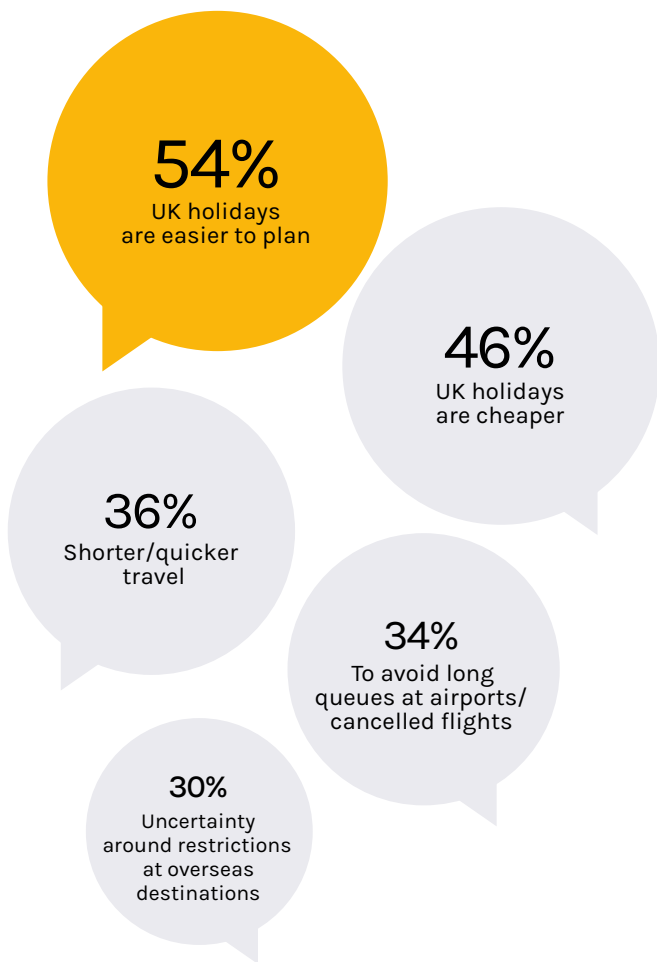
Which of these do you expect you'll take in 2023?



Income, age, and status are all factors in determining who is most likely to holiday at home. Only 28% of people earning £21,000 or under expect to holiday in the UK in 2023. This jumps to 41% to those earning between £21,000 and £62,000. Status is also relevant, with couples with or without kids (both 42%) more likely to holiday at home than either single people (29%) or pensioners (37%).

Top 5 reasons for UK preference vs overseas

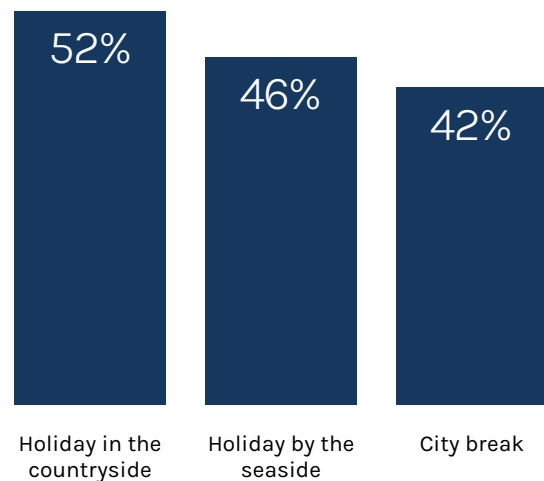
VisitBritain Domestic Sentiment Tracker, December 2022.



Homeward bound

In terms of where holidaymakers plan on heading, things are really up for grabs with different types of destination almost equally popular. With rather an even split between taking a city break, holidaying in the countryside or by the seaside.

Which type of holiday in the UK do you expect to take?



In terms of choosing a city break, those that earn the higher annual salaries tend to be more inclined to choose this type of holiday (50% of those who earn over £62,000), indicating that those on a lower salary may see the city break as potentially more costly. This suggests that for hotels and destinations it is even more paramount to showcase the additional value that can be provided as part of a city break, whether that is access to the historical sites, culture, entertainment and world class food and drink.

The merits of all types of holiday are clearly valued by the British who seek different kinds of experience. In terms of accommodation preference, the top three are holiday resort, independent hotel, or chain hotel.



Where do you prefer to stay when you go on holiday?

1. Holiday resort
2. Independent hotel
3. Chain hotel
4. Airbnb
5. Friends and family
6. Bed & Breakfast
7. Caravan
8. Other
9. Campsite
10. Hostel

Statistics from CGA indicate that seven out of 10 top UK cities recorded greater sales in September, October and November 2022 than pre-Covid in 2019. This has been positively impacted by inbound tourism but challenged by travel disruption and growing costs.





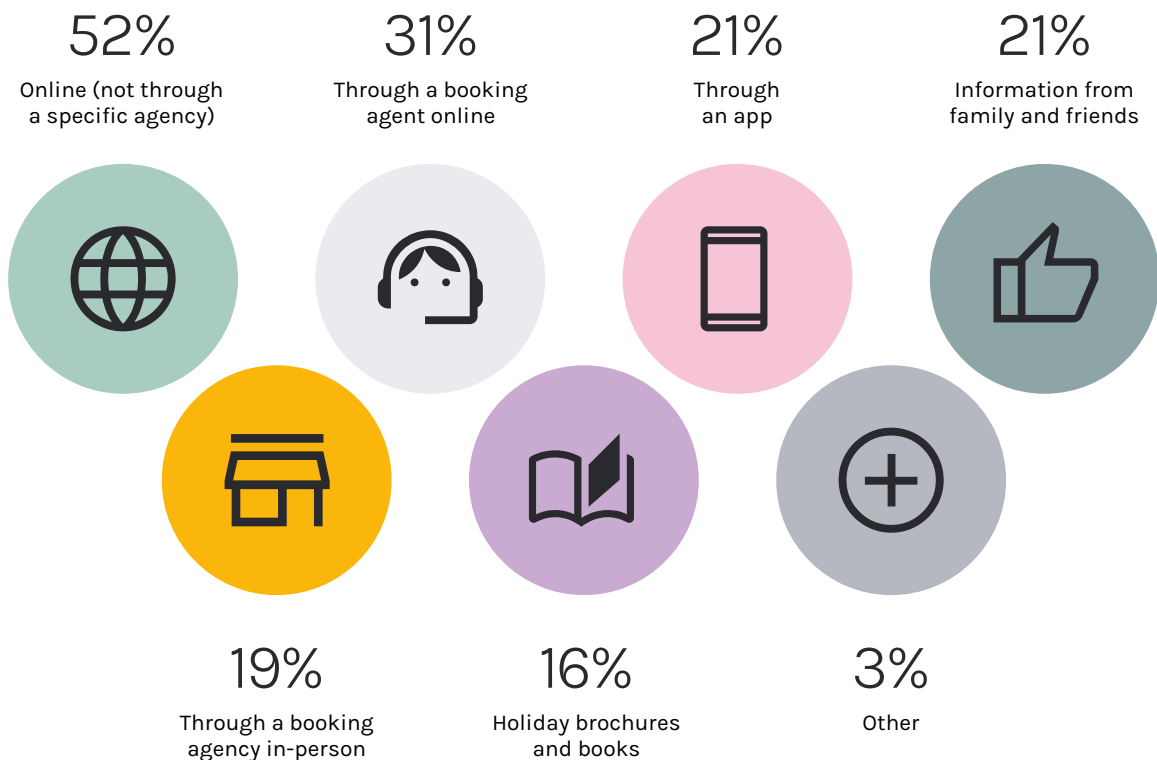
The caution around travelling abroad indicates that the popularity in UK holidays is likely to continue.

The human touch

Advances in technology have revolutionised travel: from researching destinations and accommodation, through to booking, checking in, travelling, the holiday experience itself and returning home to leave a review. It is evident on every step of the journey, yet our research shows how vital it is that hoteliers and tourism operators do not overlook the importance of the human touch.

With 95% of the UK population having access to the internet and 55 million people owning smartphones (Statista), it is little surprise that online searches for accommodation are predominate. The most popular method of research is online (not via an agency), which is used by more than half of all holidaymakers. On top of that, 31% use online booking agencies and one in five use apps - the same number as those who research by quizzing family and friends. The once essential holiday brochure and guide book is now used by just 16% of people. However, it remains more popular among those who favour hotels, with 22% using them.

Through which method do you typically research your potential holiday?

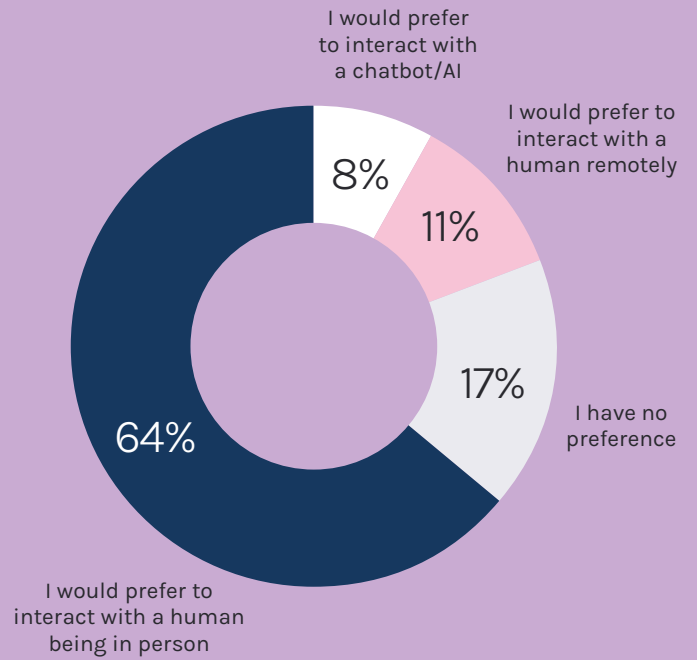


Guests prefer human interaction to tech alternatives.

People vs Technology

The role of having great people who directly interact with customers can not be underestimated. In every scenario we put to respondents, they preferred the option of interacting in person rather than a chatbot or with a human remotely.

This is most starkly evidenced by the responses to how guests feel about checking in. Here, 64% said they wanted human interaction compared to the 8% who favoured a bot.



When checking in at your holiday destination

Whether researching a holiday, booking it or finding out information about the surrounding area when at the destination, more customers prefer to deal directly with staff in person than any other method.

This is not solely due to tradition but also trust. The number one reason that consumers prefer to deal with humans rather than bots is because they feel more secure about the decisions they are making. The importance of trust is also reflected in the type of accommodation customers will book. Of those who indicated that they prefer hotels, three-quarters (74%) said that booking with a brand they recognise provided reassurance.

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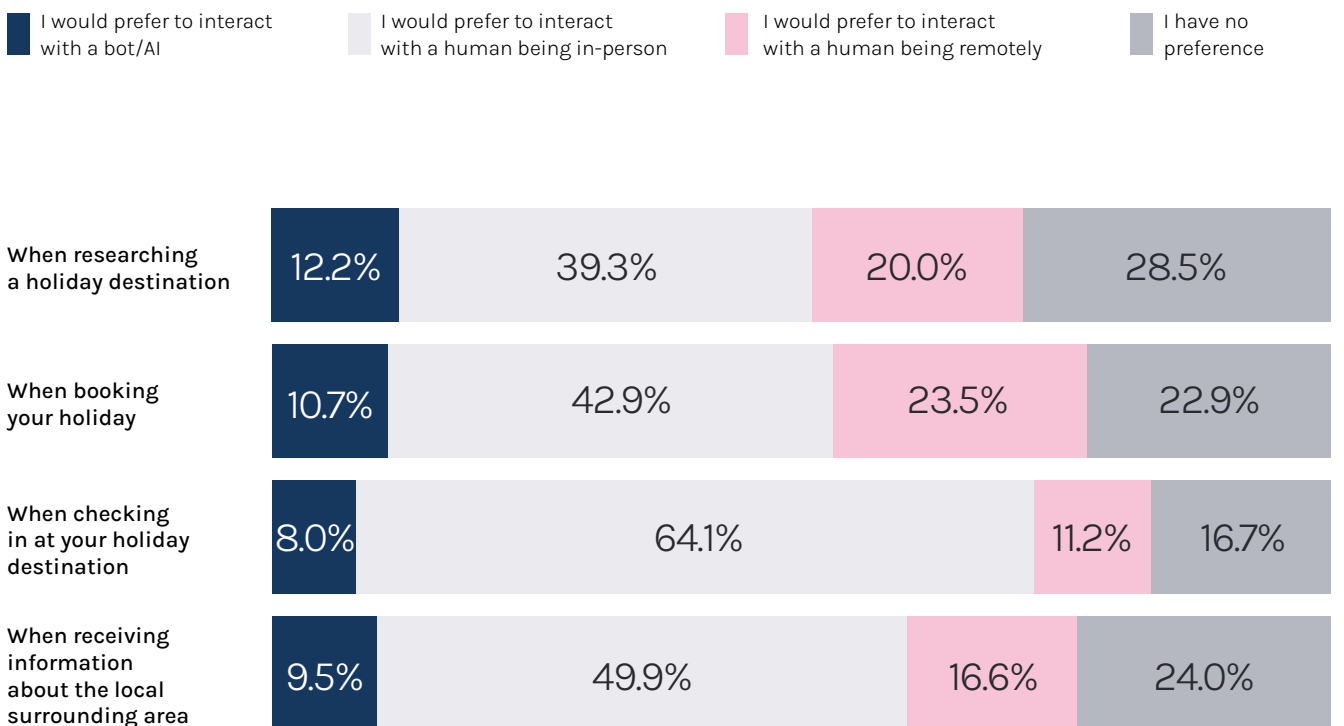


Great staff also enhance the customer journey and give them confidence about the choices they make. Not far behind this factor is the belief that dealing with humans makes for a smoother and faster process (41%) and because it is simply more enjoyable (39%), which is, of course, at the heart of every holiday experience.

So while we can expect voice recognition, virtual assistants, and augmented reality to develop and enhance the customer's online and physical journey, it should not come at the expense of the human experience consumers crave.



Please state whether you would prefer to interact with a human being or interact with a chatbot/AI?



Reasons to stay



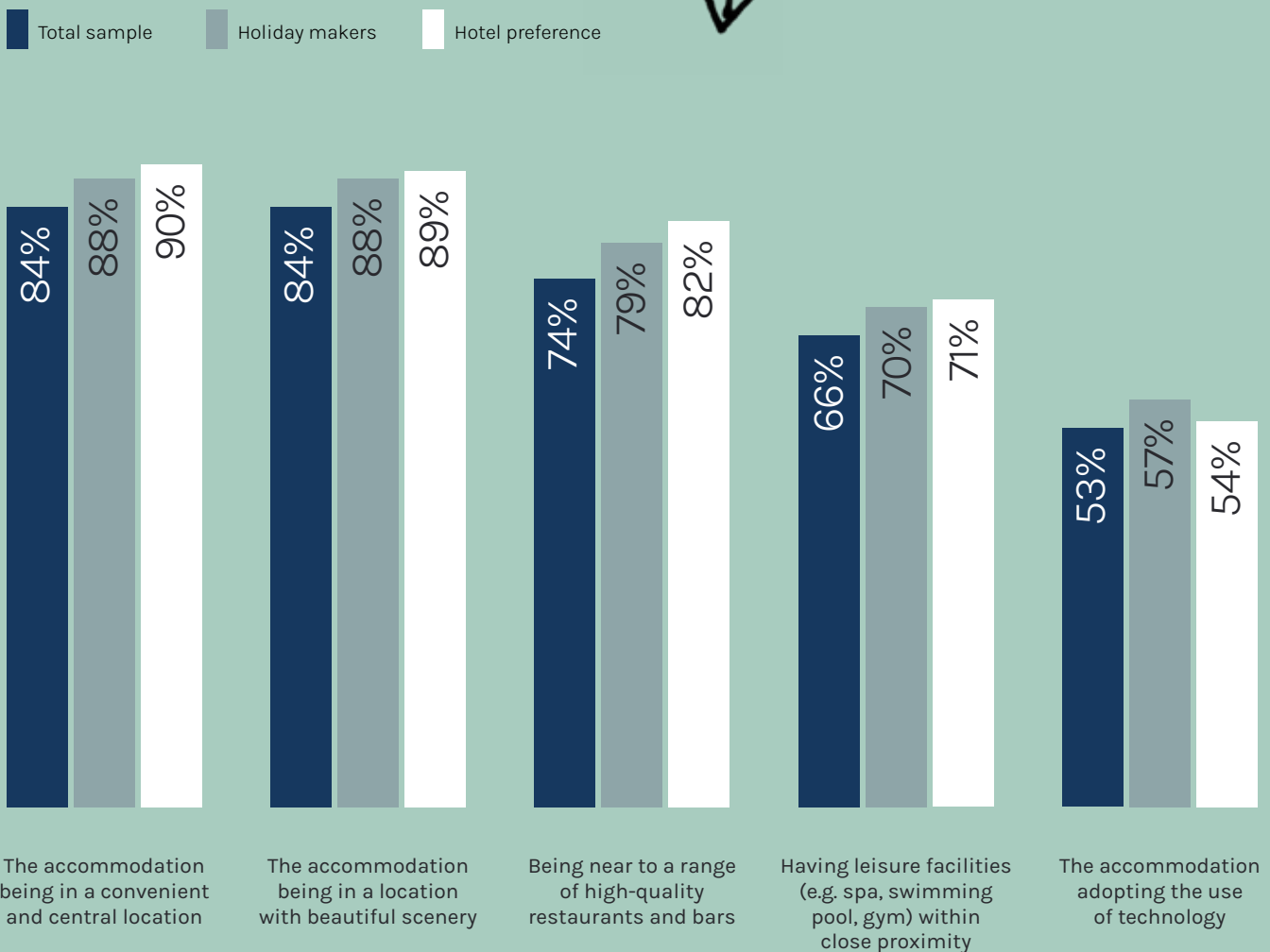
Price and destination are the two most important factors that come into play when consumers look and then book their holidays. However, other elements have significance and the marketing of these could make all the difference as to the final choice customers make.



Location, location, location

Centrally and conveniently located accommodation is important to most people and influences the decision of 88% of holidaymakers – up to 90% for those who prefer hotels. Specifically, people are keen on being based near to bars and restaurants and places of cultural interest – this influences more than seven out of 10 guests. The factors are even more important to those who prefer hotels to other types of accommodation. Staff who can provide local knowledge about the social scene and history are a major asset to any hotel.

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The vast majority of guests (79%) will eat and drink in the hotel at least once during their stay.

In-house added value

Hotels that provide a distinctive experience in terms of bars and restaurants, have a major advantage. The vast majority of guests (79%) will eat and drink in the hotel at least once during their stay - with a quarter (26%) doing so more than once a day. The most likely group to drink and dine at the hotel at least once are those in the highest income bracket.

In terms of price points, 51% of people are willing to spend more than £15 on breakfast or lunch at the hotel. Two thirds would be willing to pay more for dinner. Good value is cited as a reason to eat at the venue by 27% of people. The number one factor is convenience (55%) which is a huge advantage hotel bars and restaurants have over local competition.

I eat in the hotel food and drink facilities more than once per day

26%

I eat in the hotel food and drink facilities once per day

30%

I eat in the hotel food and drink facilities at least once during my holiday

24%

I never tend to eat in the hotel food and drink facilities

13%

I have never been on holiday and stayed at hotel accommodation

7%



Culture, experiences and beauty

The importance of location extends way beyond leisure. Being based in a location with beautiful scenery is important to 84% of all and 89% of hotel guests. This is considered to add even greater value than both the proximity of leisure facilities and the accommodation adapting the use of technology. Culture and history are relevant factors that guests will consider and many can see them close to home. More than half (56%) said that London offers some of the best cultural experiences in the world while a similar percentage (57%) agreed that the food and drink in London is of just as high quality as other top global destinations.

A new era for Clermont Hotel Group

Clermont Hotel Group, the largest hotel owner-operator in London rebranded from glh in November 2022, to represent a culmination of a £90 million investment over five years and a renewed strategy to align more closely with its anchor brand, The Clermont. More distinctly repositioning the company within the travel, hospitality and leisure markets, the business has streamlined and repositioned a number of property assets under three key brands: The Clermont, Thistle and Hard Rock Hotel London.

This also marked a wider cultural change at Clermont Hotel Group, which has adopted a people-first approach with all key stakeholders including employees, guests and partners which will reinvigorate the business and its people as it moves into a new commercial and employment environment.

Extraordinary people,
extraordinary places.



The Clermont

Clermont Hotel portfolio includes three exceptional, historical properties in the heart of London, The Clermont's Charing Cross and Victoria which as a collective, recently went through an £18 million investment and refurbishment. The Clermont brand also includes The Royal Horseguards Hotel, which joins the portfolio following the rebrand. Outstanding upscale hotels, each offers a unique proposition within its iconic building.

- The Clermont Charing Cross - opened in May 1865, the 239-room luxurious hotel is housed in a Grade II listed Victorian building and is conveniently connected to Charing Cross railway station. Refurbished in 2021, the hotel encapsulates a century and a half's worth of history within its grand doors and has been referenced in no less than four Sherlock Holmes adventures.
- The Clermont Victoria - designed by James Thomas Knowles and opened in 1862 (with an extension in 1910), The Clermont is a beautiful and historic Grade II listed railway hotel in Victoria station. The 348-room hotel, which was refurbished to contemporary designs in 2021, also offers three unique F&B spaces, The SOAK being its jewel in the crown and a standalone venue unto itself, as well as the Tea Lounge and Reunion Bar.
- The Royal Horseguards Hotel - opened in 1884, the hotel is discreetly located in the heart of London, on the River Thames at the Embankment. The hotel has 282 bedrooms as well as five suites, many of which have riverside views. The Royal Horseguards offers Victorian grandeur combined with elegant, first-class contemporary comfort which sets The Royal Horseguards Hotel apart as one of the finest hotels near Westminster, Houses of Parliament.

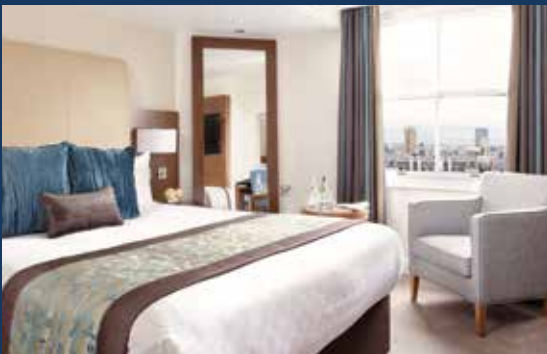
Thistle

Thistle Hotels offer fantastic affordable quality, value and amazingly convenient locations. With nine central London locations to choose from, two Thistle Express locations cater to Luton and Swindon.

Thistle Hotels offer an extensive range of event spaces as well as conference facilities that can suit any event, from a family function to a corporate event.

Following glh's rebrand to become Clermont Hotel Group, Tower Hotel joins the nine Thistle-branded properties as the jewel in the crown.

- The Tower Hotel, London, sits proudly on the River Thames, overlooking Tower Bridge and in the midst of some of London's most iconic landmarks and famous locations, including the Tower of London, St Katharine Docks, HMS Belfast, the Shard, and more. The Tower Hotel London combines comfort and convenience with unparalleled views. With 801 rooms to choose from, including accessible options and suites, a range of bars and restaurants and fantastic service, The Tower Hotel offers an unforgettable London stay.



Hard Rock Hotel London

Hard Rock Hotel London offers the ultimate music-inspired hotel destination on Oxford Street, a stone's throw away from the best that London has to offer including the green spaces of Hyde Park, famous department stores, and some of the best nightlife and culture in the world. The 900-room hotel, caters to the needs of business and leisure travellers and is a music-lovers dream. With a number of F&B offerings including the legendary Hard Rock Café, as well as GMT bar, the exclusive Rock Royalty Lounge, Constant Grind and Third Half Sports bar, it is well placed for everything from a quick shopping pit-stop to a big night out.

Methodology: For this report Trajectory surveyed a representative sample of 1,500 to assess consumer appetite for holidays in 2023. All surveys were carried out online using a third party panel provider between 4th and 11th October 2022.

Further information in this report has been taken from research by Statista and VisitBritain's Domestic Sentiment Tracker (December 2022)

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