

LUXURY HOTELLERS

3rd Quarter 2020

ILHA

Webinar Series Reportback
Highlights on recovery

AVMS SAFE MEETINGS AND
EVENTS STRATEGIES REIMAGINE
EXPERIENCES

*Living
plant walls*
TO INSPIRE WELLNESS
& A SENSE OF PEACE

SPOTLIGHT ON

Elizabeth Blau

Reinventing restaurant operations, best practices & innovation



SPOTLIGHT ON

Michelle Woodley

President, Preferred Hotels & Resorts

By Sharon Hirschowitz



Michelle details creative imaginings their hotels are designing so that guests can have fun while feeling safe. She talks about the last three months in travel, their Open Road Series, and what the future could possibly hold.

Do you think that we will see the same upward trend in the United States as shown in Asia?

Based on what we have seen to-date relative to bookings, we indeed see patterns from one area of the world to the next and overall, the trends in Asia are certainly indicative of activity in the United States. For example, in Asia, an early summer holiday filled many hotels (both city and resorts) for a long weekend and boosted guest confidence in the health and safety of hotel stays following the onset of the pandemic. We saw the same in the United States for the Memorial Day weekend with hotels in Arizona and California and others reporting full. The holiday example did not set a trend of high occupancy, but it did provide a much needed positive result for travel. In terms of hotel openings, as of last week, 100% of our hotels in China were open and 95% in Japan. By mid-July, we expect to see the same for our portfolio in North America.

Similarly, we saw occupancies in Asia grow steadily through late May and June, albeit still 50 – 70% off of last year, and the same occurred for the United States starting in early June. Looking forward to third and fourth quarter, we see all hotels pacing behind 2019, albeit with more momentum than June and July.

Are staycation leisure guests enough to get you through the summer?

As our Preferred Hotels & Resorts brand promise states – Believe in Travel. A strong belief in travel drives everything we do as a company and what has fueled our steadfast commitment to be the champion of independent hotels and an inspiration to global citizens around the world who want to travel for the virtues it provides in making people better versions of themselves. Whether our guests are ready to travel today or searching for inspiration for tomorrow, the Preferred Hotels & Resorts portfolio has incredible experiences to offer them.

The leisure traveler has always been an important market for Preferred Hotels & Resorts. With more than 750 properties across 85 countries, leisure is a major segment for us, which includes guests who book through our luxury travel partnerships such as Virtuoso, Ensemble, Signature, and Fine Hotels & Resorts. In addition, our own branded program – Preferred Platinum – is a significant driver of leisure business to our hotels. We also instituted an important net rate program for high end tour operators a few years ago. Through all of these programs, we see continued growth, and we are very appreciative of the agency community that has been exceptional supporters of our brand.

In addition, we just launched our Open Road Series, which is two-fold and includes inspirational itineraries across clusters of hotels in cities, states, and countries. Thus far, we have completed three for California and up next are Ireland, New England, and the Nordics with more to come. The goals of these Curated Journeys are to inspire our travelers and agents and connect the dots across our portfolio, presenting unforgettable, diverse experiences. The second prong of the Open Road Series is Loving Local, a highly localized luxury hotel campaign across 21 regional markets. This offer-driven program is for bookings made by July 31 for stays through December 31 and includes best available rate, daily breakfast options for two, a stay credit, and I Prefer benefits such as fast track to Elite status and bonus points. For our agency partners, the offer adds 3% to the already commissionable 10% rate.

For many of our hotels, these leisure “staycation” – type initiatives are very important to build on business and to generate new interest. For most hotels, this will keep guests moving through the hotels and taking advantage of other hotel services such as food and beverage outlets. The activity in the hotels and resorts is invigorating for guests in the hotels and guests watching the action via social media, as well as for employees of our hotels.

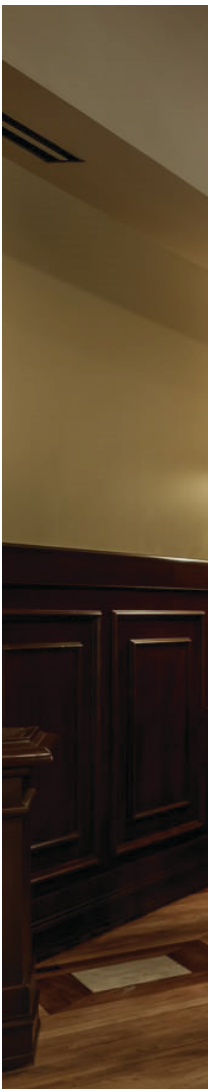
We have enhanced our loyalty program, I Prefer Hotel Rewards, to ensure flexibility and value for our most loyal customers. In April, we launched our Flexible Member Rate, available exclusively to I Prefer members, that provides a minimum of 10% savings off of the best available rate at more than 300 participating hotels. Most importantly, this rate can be cancelled up through the day of arrival providing the traveler comfort in booking with us. Our Elite Platinum Members now enjoy added benefits and amenities at more than 170 participating hotels. And, of course, to all our I Prefer Members, we have extended point expiration through December 31, 2020. We strongly believe that loyalty is key through this turbulent time.

What is the outlook for business travel and events?

For business travel, we are seeing mixed signals from the market with stops and starts based on traveler origin and destination location, type of travel (train, car,

air), and country restrictions. The recovery for business travel – both individual and events – will be slow and cautious and highly dependent on market economic conditions. Most corporations continue to operate under “essential travel only” policies, though the definition may shift from week to week. Approvals and high levels of concern for traveler safety and company liability influence this segment heavily. We are assuming conservative estimates of low travel volumes for the remainder of 2020 with most clients citing the use of virtual software as an acceptable substitute for now. Just about everyone we speak with is optimistic about a resumption of business travel in 2021 with a steady increase throughout 2021 and 2022. We do not foresee 2019 levels for quite some time, and we are all adjusting our strategies and operations accordingly.

We remain in close contact with the Corporate Travel Managers as well as Meeting Planners to ensure that as a brand we are listening and adjusting to the needs of the market and that our hotels remain informed of the same. To support our hotels, Preferred has



held several Town Halls featuring discussions among key buyers in the United States, Europe and Asia Pacific Regions, and our Corporate and Group Sales Team are providing ongoing education and consultation to our hotels.

What changes have your hotels put in place to make guests feel that they are safe?

Our Preferred Hotels & Resorts properties have always maintained excellent standards in cleanliness and sanitation. In mid-February, I was in Japan for a week and, there, our hotels were already instituting new procedures including face masks at the front desk and

temperature checks for associates. I was impressed with the swift action our hotels took to demonstrate their concern and action.

Whether hotels are now reopening after temporary closures, or remained open during the pandemic, the management teams have instituted even more aggressive practices for cleanliness, health, and safety for guests and associates. To educate consumers and travel bookers, we have posted each hotel's cleanliness policies on the hotel's property page on PreferredHotels.com. The features are direct from the hotel versus a generic form and explain in detail their distinct, enhanced policies and procedures.

Last week, we announced a global partnership with Bureau Veritas offering our member hotels the opportunity to have their health and sanitation programs certified by an independent third-party through BV's Safe Guard™ Hygiene Excellence and Safety Label, reassuring guests of the property's cleanliness and safety. Bureau Veritas leverages its global footprint and auditing expertise to make available a consistent and uniformed standard to every Preferred member hotel around the world through remote video audits, followed by systematic on-site audits to ensure the relevant measures are efficiently implemented locally at each hotel.



With potential restrictions on offerings, how are you giving guests the same level of experience?

As independent hotels, our members have never been bound by corporate rules or mandates, and now is no different as our

hotel added plum wine dispensers in each guest room, which preserve, chill, and serve by-the-glass wines from nearby vineyards. Guests who want the tasting experience can simply tune into a special TV channel for 10-minute virtual tastings with local winemakers.

Hotel food and beverage outlets are innovating with QR codes

Houstonian Hotel, Club, and Spa, the team converted its 400-person ballroom into a romantic dinner theater where 26 couples enjoy a romantic Dinner & A Movie Date Night, complete with a four-course menu with wine pairings themed around that evening's movie selection.

Technology is and will continue to be an enabler for all of us in offering safe and clean service and our hotels are finding the right balance between tech and personalized people service. While some guests will want to avoid contact, many still want to interact with front staff and our hoteliers certainly want to continue to engage with them. Hotels like Hotel Emma in San Antonio, Texas, and the Beaumont in London are making adjustments to ensure the guest is comfortable such as offering a service tray to pass back

and forth identification if needed, contactless check in and check out via QR code or hotel app and in-car check for a speedy non-contact arrival. At the Grand Hotel Huis ter Duin in the Netherlands, the staff is practicing "intelligent hospitality" alongside its guests and providing guidance to distancing and respect for each other without overbearing signage or instruction. Pre-arrival communication via email and phone is key at the Windsor Court in New Orleans where personalized service remains top priority – the phone calls have come as a welcome surprise to many of the guests.



exceptional portfolio of hotels continue to provide excellent service with the health and safety of guests and associates top of mind. The creativity is amazing!

Many of our hotels such as the Can Bordoy in Palma, Mallorca and The Hermitage in Nashville, Tennessee have been creative in re-creating the hotel experience "at home" for their local clientele through in-home catering with pre-cooked meals or ready to cook meals with instruction or even to-go cookie decorating or craft cocktail kits to help local residents celebrate specific holidays. At Carneros Resort & Spa in California's wine country, the

for branded, interesting menus, ordering and payment options, as we have heard from Swire Hotels properties out of Hong Kong such as The Upper House and East Hong Kong. The Inn at Perry Cabin on Maryland's Eastern Shore took advantage of its outdoor space to create dining pods (formally known as its Private Waterview dining options, The Boat House and The Pool House), which are private, converted greenhouses that feature a luxurious sitting area and dining for two, and the hotel experienced 100% occupancy in the month of July for tastings, toasts and celebrations of all kind. Over at The