The Global Luxury Hotels Market – Key Trends and Opportunities to 2017

Technological Changes and New Demand Trends to Drive Growth

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1 EXECUTIVE SUMMARY

The global luxury travel market recorded strong growth in 2011–2012, after a significant decline in 2009 and modest recovery in 2010. One of the key drivers of this growth was the increasing number of high net worth individuals (HNWIs) globally, primarily in the BRIC countries (Brazil, Russia India and China). This growth in global luxury travel is expected to continue over the forecast period to 2017.

Global luxury hotels record revival in demand after the financial crisis

Use of mobile technology to make luxury hotel companies operationally efficient

New customer demand to drive growth

Global hotel construction outlook is improving, led by a revival in the US hospitality industry

BRIC countries to drive growth in the global hospitality industry

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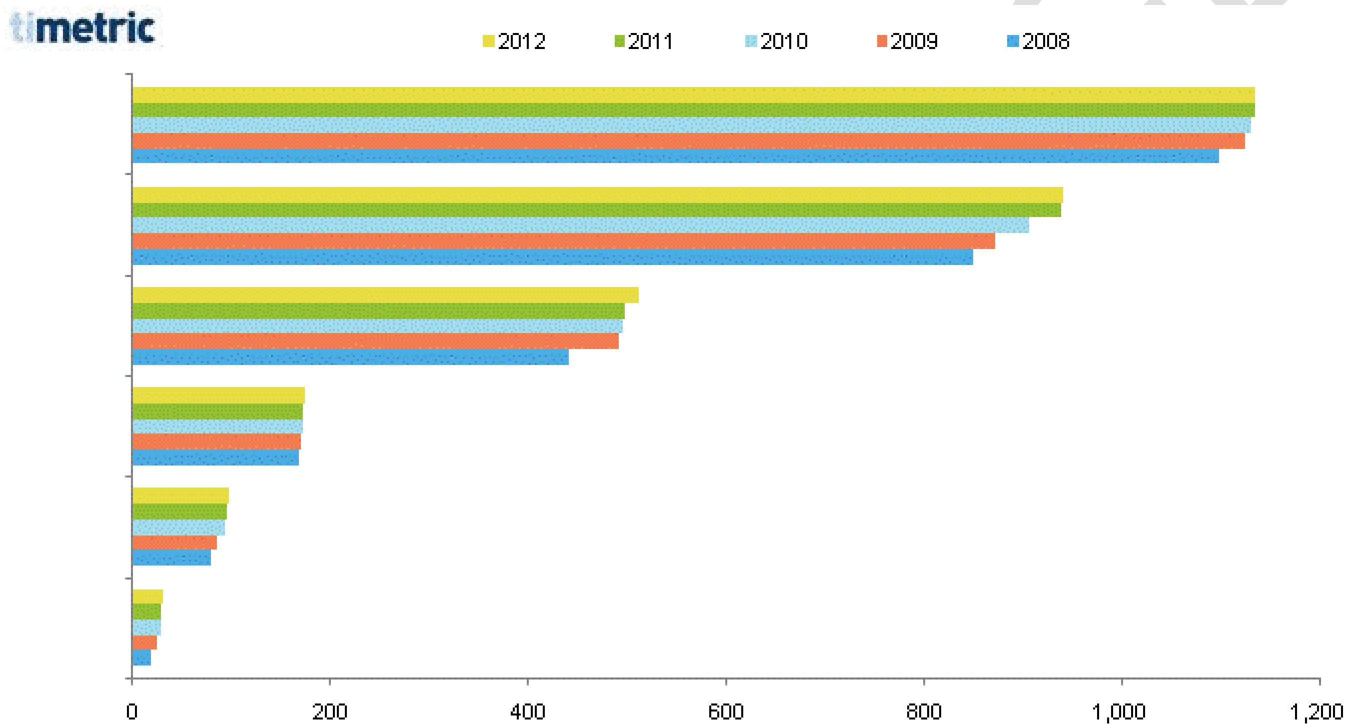
1.1 Global Luxury Hotel KPIs – the Americas

1.1.1 The Americas – number of luxury hotel establishments (2008–2012)

- The US was the largest country in terms of the number of luxury hotel establishments in the Americas region, with X,XXX luxury hotel establishments in 2012.

- During the review period, Peru had the lowest number of luxury hotels in the region, with XX luxury hotel establishments in 2012.

Figure 1: The Americas – Number of Luxury Hotel Establishments, 2008–2012



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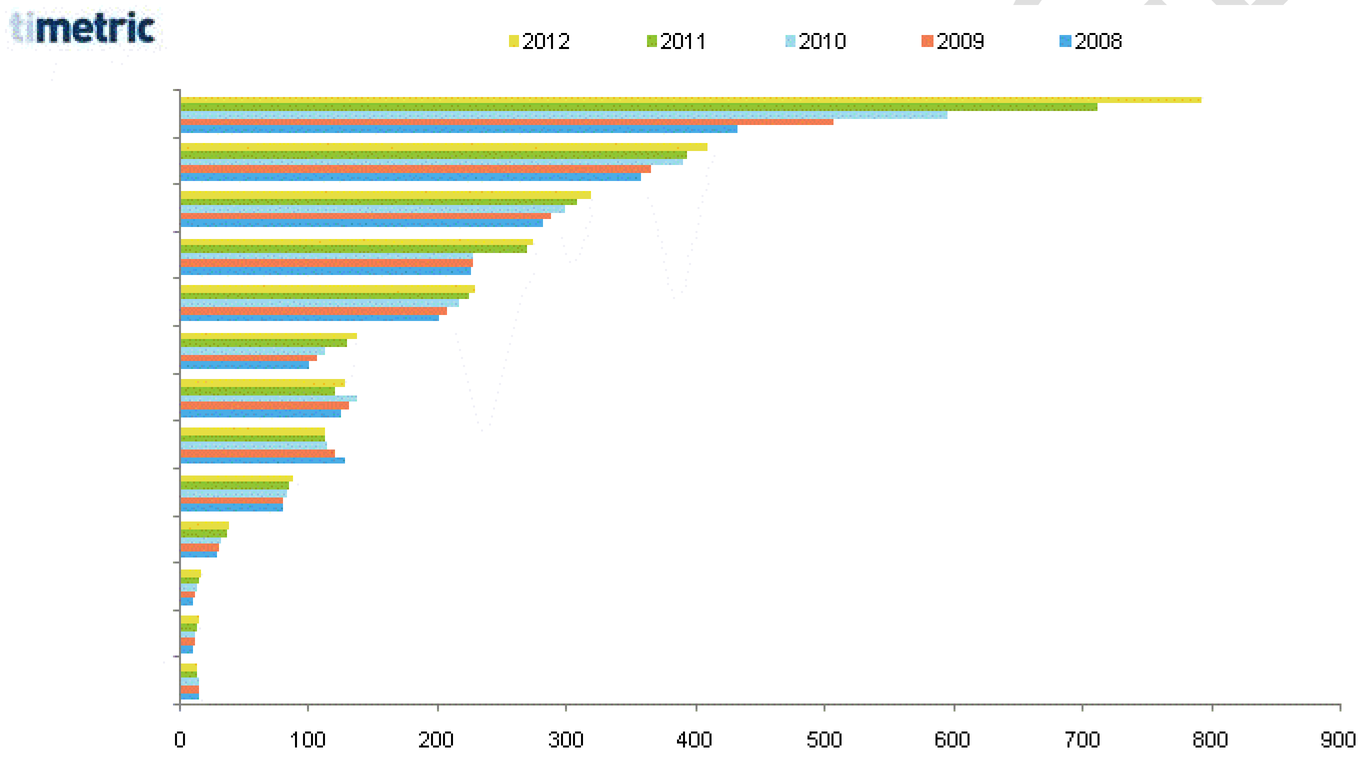
1.2 Global Luxury Hotels KPIs – Asia-Pacific

1.2.1 Asia-Pacific – number of luxury hotel establishments (2008–2012)

- China had the highest number of luxury hotel establishments in the Asia-Pacific region with XXX in 2012.

- China also recorded the highest growth in the number of luxury hotel establishments in the Asia-Pacific region, at a review-period CAGR of XX.X%.

Figure 2: Asia-Pacific – Number of Luxury Hotel Establishments, 2008–2012



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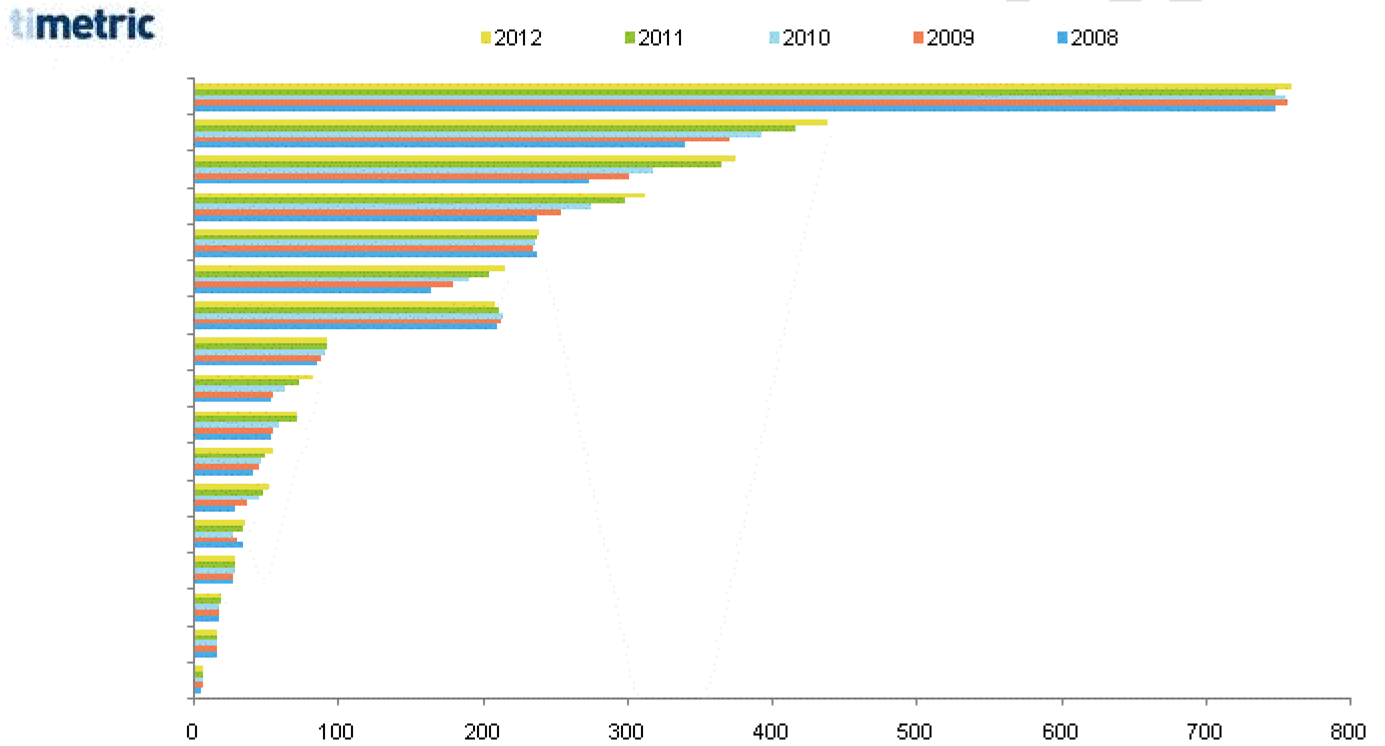
1.3 Global Luxury Hotels KPIs – Europe

1.3.1 Europe – number of luxury hotel establishments (2008–2012)

- The UK was the largest country in terms of number of luxury hotel establishments in the European region, with XXX luxury hotel establishments in 2012, after growing at a review-period CAGR of X.X%.

- Despite being a relatively small market in the region, Poland recorded the highest growth rate in the number of luxury hotel establishments with a CAGR of XX.X%, increasing to XX in 2012.

Figure 3: Europe – Number of Luxury Hotel Establishments, 2008–2012



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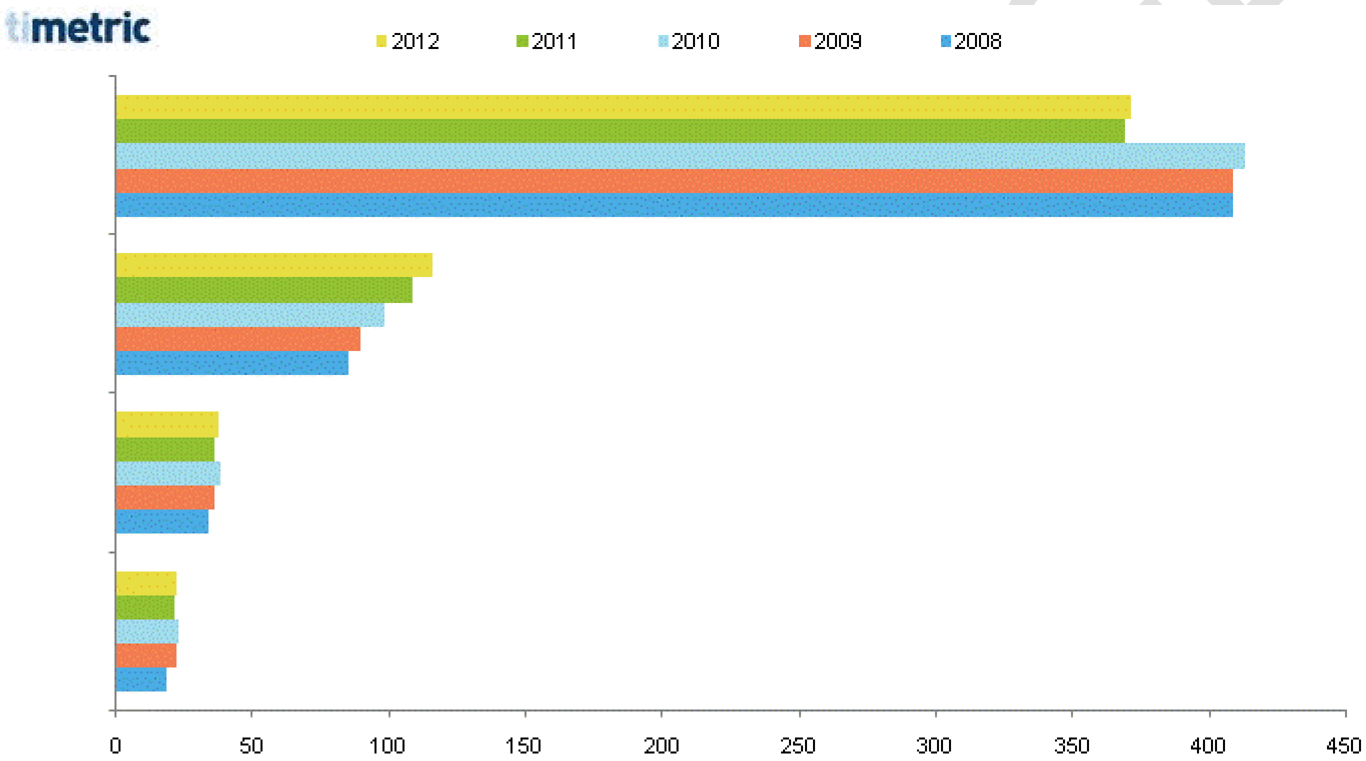
1.4 Global Luxury Hotels KPIs – Middle East and Africa

1.4.1 The Middle East and Africa – number of luxury hotel establishments (2008–2012)

- Egypt had the largest number of luxury hotel establishments in the Middle East and Africa region in 2012 with XXX.
- South Africa had the lowest number of luxury hotels in the Middle East and Africa region with XX in 2012, despite recording growth at a CAGR of X.X%.

Figure 4: The Middle East and Africa – Number of Luxury Hotel Establishments, 2008–2012



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2 APPENDIX

2.1 What is this Report About?

This report is the result of research on the global luxury hotels market, covering its dynamics and competitive landscape. The report broadly covers four regions – the Americas, Asia-Pacific, Europe and the Middle East and Africa – and includes Timetric data and analysis for 40 leading hospitality industries. It provides insights on trends and issues, and analysis of key hospitality metrics for these markets along with forecasts to 2017. The report also includes key market trends in emerging luxury hospitality industries such as the BRIC countries. It also provides an overview of the 10 leading luxury hospitality companies, along with SWOT analysis and details of strategic initiatives undertaken by them.

2.2 Definitions

For the purposes of this report, the following timeframes apply:

- Review period: 2008–2012
- Forecast period: 2013–2017
- Base year for forecasting: 2012

All data is collected in local currency. To avoid distortions due to currency fluctuations, all conversions into US dollars, of current, historical and forecast data alike, are made with a yearly average exchange rate. All values in tables, with the exception of compound annual growth rate (CAGR) are displayed to one decimal place. Growth rates may, therefore, appear inconsistent with absolute values due to this rounding method.

The key market categories featured in the report are defined below:

Table 1: Timetric Global Luxury Hospitality Sector Definitions

Term	Definition
Global	Four broad regions are covered: the Americas, Asia-Pacific, Europe, and the Middle East and Africa.
Americas	Countries covered are the US, Mexico, Brazil, Canada, Argentina and Peru.
Asia-Pacific	Countries covered are China, India, Thailand, Malaysia, Philippines, Indonesia, Australia, Japan, South Korea, Vietnam, Hong Kong, Singapore and New Zealand.
Europe	Countries covered are Turkey, Russia, Spain, Italy, the UK, Germany, Austria, Portugal, France, Switzerland, Poland, Czech Republic, Netherlands, Belgium, Norway, Denmark and Finland.
Middle East and Africa	Countries covered are Egypt, UAE, Saudi Arabia and South Africa.
Tourism demand factors	Factors which influence time and money spent on tourism. Typical factors include the amount of holiday leave available to the average employee in the country, and mean household income.
Annual employee holiday entitlement	The number of days the average resident of a country will accrue annually through entitled holidays, including annual leave and public holidays. Public holidays are statutory holidays to which a country's residents are entitled.
Domestic trip	A trip taken to a destination within the traveler's country of residence.
International trip	A trip taken to a destination outside the traveler's country of residence.
Trips taken by season	The number of trips undertaken by the residents of a country (both

	domestic and international), segmented into four quarters: January–March, April–June, July–September and October–December.
Number of trips by residents	The number of trips undertaken by the residents of a country, segmented by domestic and international trips.
Average length of trip	The average number of nights spent by the residents of a country, segmented by domestic and international trips.
Tourism flow factors	Factors which influence the flow of tourists from one location to another.
Number of overnight stays	The total number of nights spent by the residents of a country on all tourism trips during a given year.
International arrivals	The number of foreign nationals entering a country. For example, a person from Canada who visits France would be an international arrival to France.
Leisure trips	Trips for holidaying, recreation, or visits to friends and relatives.
Business trips	Trips involving business as the primary purpose. It includes trips for meetings, incentives, conventions and exhibitions (MICE), events and conferences.
Other trips	Trips for purposes other than leisure or business, such as education, sports or pilgrimage.
International departures	The total number of citizens leaving their home country and arriving in other countries. This will be higher than the total number of citizens leaving their home country, as a traveler might travel to more than one country.
Domestic tourist expenditure	Expenditure on tourism commodities during trips within national borders by citizens of the country. This spending is categorized into accommodation, sightseeing and entertainment, food service, retail transportation, travel intermediation and others, which include travel insurance and equipment rental.
Accommodation	The total direct spending on accommodation by inbound, domestic and outbound tourists within a single economy.
Inbound tourist expenditure	Expenditure on travel and tourism commodities by international visitors within a country. This spending is categorized into accommodation, sightseeing and entertainment, food service, retail, transportation, travel intermediation and others, which include travel insurance and equipment rental.
Outbound tourist expenditure	The total expenditure by the residents of a country for the purpose of, and during, international tourism trips, irrespective of whether these transactions involve domestic or international providers. This spending is categorized by various categories such as accommodation, sightseeing and entertainment, food service, retail, transportation, travel intermediation and others which include travel insurance and equipment rental.
Hotels	Establishments that provide paid lodging and full guest services, typically with a continuous staff presence. In the case of motels, this includes off-street parking facilities but not necessarily meal services.
Budget hotels	Includes hotels that are considered to be budget accommodation, or have a one- or two-star rating, providing accommodation on a short-term basis at relatively low prices.
Midscale hotels	Includes hotels with a three-star rating. These hotels provide more facilities and comfort than budget hotels, and their services are charged at higher prices.
Upscale hotels	Includes hotels with a four star rating. Upscale hotels include both traditional full-service hotels and smaller select-service hotels with comfortable accommodation at higher prices than midscale hotels.
Luxury hotels	Includes hotels with a five-star rating or higher. Luxury hotels provide top quality accommodation, with a combination of high-class facilities and style, typically at much higher prices than standard hotels.

Select-service properties	Select-service properties offer the characteristics of limited-service properties along with a selection of services offered by full-service properties. Certain restaurant and banquet facilities are offered by such properties albeit at a smaller scale as compared to full-service properties to keep operating costs low. These hotels do not operate multiple restaurants or offer a large meeting space.
Number of rooms	The total number of rooms available in all hotel accommodation establishments in a country in a year.
Room occupancy rate	The percentage of available rooms sold during a given period.
Revenue per available room (RevPAR)	A measure of financial performance in the hospitality industry. It is the ratio of total room revenue to total rooms available. Average room rates and occupancy can also be used to calculate revenue per available room.
Total room revenue	The room rent that a guest pays for the occupied room.
Total non-room revenue	Revenue earned by hotels other than the room rent. It includes revenue from food and beverages, telecommunications, health and leisure operations, and car rentals.
Number of guests	Guest numbers in all hotel accommodation establishments in a country in a year.
Business guests	The annual number of guests arriving in hotel accommodation establishments for business purposes.
Leisure guests	The annual number of guests arriving in hotel accommodation establishments for leisure purposes.
Tourism packages	A combination of tourism products or services, such as accommodation, travel bookings and car rental bundled together by a tour operator.
Experiential travel	Travel packages offering a holistic experience for travelers who want to go beyond the beaten tourist paths and learn about cultural and social aspects of a country or a place.
Other products	Revenue generated by travel intermediaries from travel products and services that are not classified above.
Travel agents	Businesses that sell travel-related products and services to both leisure and business customers on behalf of suppliers such as tour operators. These may include package holidays, sightseeing tours, airline tickets, hotel accommodation, cruise bookings, car rentals, rail travel and travel insurance. Some travel agents also serve as sales agents for international travel companies.
Tour operators	Tour operators typically combine two or more travel services, such as transport, sightseeing, accommodation, food and entertainment, and sell them either directly to customers or through travel agents as a single product, called a package tour, for one price.

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2.3 Methodology

Timetric's dedicated research and analysis teams consist of experienced professionals with industry backgrounds in marketing, market research, consulting and advanced statistical expertise.

Timetric adheres to the Codes of Practice of the Market Research Society (www.mrs.org.uk) and the Society of Competitive Intelligence Professionals (www.scip.org).

All Timetric databases are continuously updated and revised.

All travel and tourism reports are created by following a comprehensive, four-stage methodology. This includes market study, research, analysis and quality control.

1) Market Study

A. Standardization

Definitions are specified using recognized industry classifications. The same definition is used for every country. Annual average currency exchange rates are used for the latest completed year. These are then applied across both the historical and forecast data to remove exchange rate fluctuations.

B. Internal Audit

Review of in-house databases to gather existing data:
- Historic market databases and reports
- Company database

C. Trend monitoring

- Review of the latest travel and tourism companies and industry trends

2) Research

A. Sources

- Collection of the latest market-specific data from a wide variety of industry sources:
  - Government statistics
  - Industry associations
  - Company filings
  - International organizations
  - Travel and tourism agencies

B. Expert opinion

- Collation of opinion taken from leading travel and tourism sector experts
- Analysis of third-party opinion and forecasts:
  - Broker reports
  - Media
  - Official government sources

C. Data consolidation and verification

- Consolidation of data and opinion to create historical datasets
- Creation of models to benchmark data across categories and geographies

3) Analysis

A. Market forecasts

- Feeding forecast data into market models:
    - Macroeconomic indicators
    - Industry-specific drivers
- Analysis of the travel and tourism sector database to identify trends:
    - Latest travel and tourism trends
    - Key drivers of the travel and tourism sector

B. Report writing

- Analysis of market data
- Discussion of company and industry trends and issues
- Review of financial deals and travel and tourism trends

4) Quality Control

A. Templates

- Detailed process manuals
- Standardized report templates and accompanying style guides
- Complex forecasting tools to ensure that forecast methodologies are applied consistently
- Quality-control checklists

B. Quality control process

- Peer review
- Senior-level QC
- Random spot checks on data integrity
- Benchmark checks across databases
- Market data cross-checked for consistency with accumulated data from:
    - Company filings
    - Government sources

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If you have any queries about this report, or would like any further information, please contact info@timetric.com.

2.5 About Timetric

Timetric is a leading provider of online data, analysis and advisory services on key financial and industry sectors. It provides integrated information services covering risk assessments, forecasts, industry analysis, market intelligence, news and comment.

Timetric helps over 1,500 financial services institutions and their partner companies around the world benefit from better, timelier decisions.

Timetric provides:
- High-quality data including proprietary, specialized industry data, survey-based research, social media monitoring, macroeconomic data and forecasts
- Expert analysis from experienced economists and analysts, who use robust proprietary models, indices and forecasts
- Powerful proprietary visualization and workflow technology developed over years of extensive investment

Timetric has office locations in London, New York, San Francisco, Hyderabad, Seoul, Singapore and Sydney. It employs 500 people, including 150 analysts and economists, and 200 professional researchers.

2.6 Timetric's Services

Intelligence Centers

Timetric's industry intelligence centers are premium web-based services that provide access to interactive tools, comprehensive research and expert analysis in key sectors. They provide invaluable decision support presented in an easily digestible format and grounded in deep research.

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- Banking
- Insurance
- Wealth
- Construction
- Travel and Tourism

Briefing Services

Timetric offers a range of briefing services, which offer cutting-edge thought leadership and expert commentary on and for the financial services industries. Driven by influential and respected editorial teams with years of experience in their respective fields, these services deliver need-to-know insight and analysis to decision makers across the financial services value chain.

Timetric offers briefing services covering the following financial sectors:

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- Asset Finance
- Banking
- Cards and Payments
- Insurance

Consultancy

Timetric specializes in the development and delivery of innovative research solutions that are designed to provide competitive advantage and profitability to clients.

Dedicated industry analysts and economists provide expert advice and actionable recommendations underpinned by Timetric's market and country knowledge, experience and proprietary databases, panels and research infrastructure.

For projects requiring quantitative data, Timetric undertakes special research projects using its in-house panels and survey technology. These provide ready access to an extensive source of specialist business executives and consumers.

Core capabilities include:

Economic Research and Consulting

Highly experienced economists provide a number of bespoke research services covering subjects ranging from macroeconomic forecasting to sector outlooks, business presentations and workshops.

Industry Analysis and Consulting

Information analysis, independent expert opinion and advice, facilitated decision or strategic support, are provided by Timetric's extensive body of proprietary data and analysis models. It provides expertise-based consulting to deliver solutions that best suit its clients' requirements.

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Timetric connects with thousands of potential customers for various markets every day. Using sophisticated, interactive and highly engaging graphical surveys, research speed is increased and costs reduced, while ensuring that respondents deliver the insight needed.

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Timetric's Qualitative Research service helps customers understand the emotional and cultural behaviors of a target audience. Timetric provides unique access through market-leading publications and information services to decision makers specifically brought together to discuss topics that are important to the client.

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Timetric has built a unique technological platform to collect and visualize data, and employs some of the world's leading experts on data collection and visualization. Through technology and software consulting services, Timetric can provide clients with the means to gather and visualize the data the client has, or wants to collect.

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