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COVID-19
Hotel Sentiment Survey

Drive-In Destinations Thailand

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Drive-In Destinations refer to notable destinations located within a reasonable driving distance between two to six hours from Bangkok. This survey includes hotels from **Chon Buri**, **Rayong**, **Prachuap Khiri Khan, Nakhon Ratchasima**, **Kanchanaburi**, and **Trat**.

The survey discusses **COVID-19** pandemic and its unprecedented impact on the **Drive-In Hotel Markets**. On a property level, the survey focuses on hoteliers' point of view on **reopening strategies, domestic demand profile, and market outlook**.

SURVEY QUESTIONS

Re-Opening Strategy

- The level of effectiveness for each re-opening strategy measure
  - Rooms Department
  - Food & Beverage Department
  - Marketing Department
  - Others
- The implementation of guestroom promotions and packages
- The range of discount on the following offers:
  - Guestrooms
  - Restaurants
  - Bars
  - Spas
  - Meeting Space

Demand Profile & Market Outlook

- COVID-19 domestic market share
- Average length of stay and booking lead time
- Domestic market's recovery period
- International market's recovery period
- Estimated and expected occupancy for 2020
- The market's dynamic between pre- and post-COVID-19

- The survey was distributed to participants on 11 June 2020.
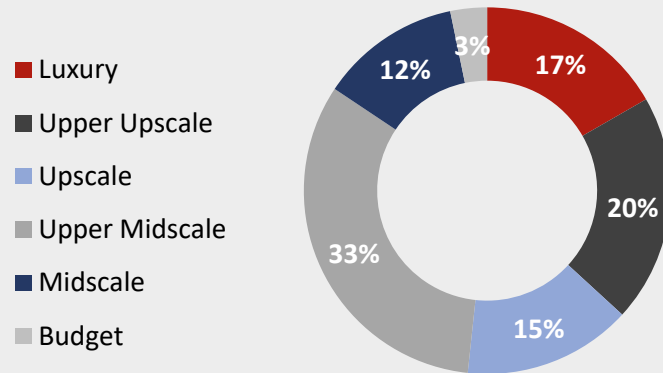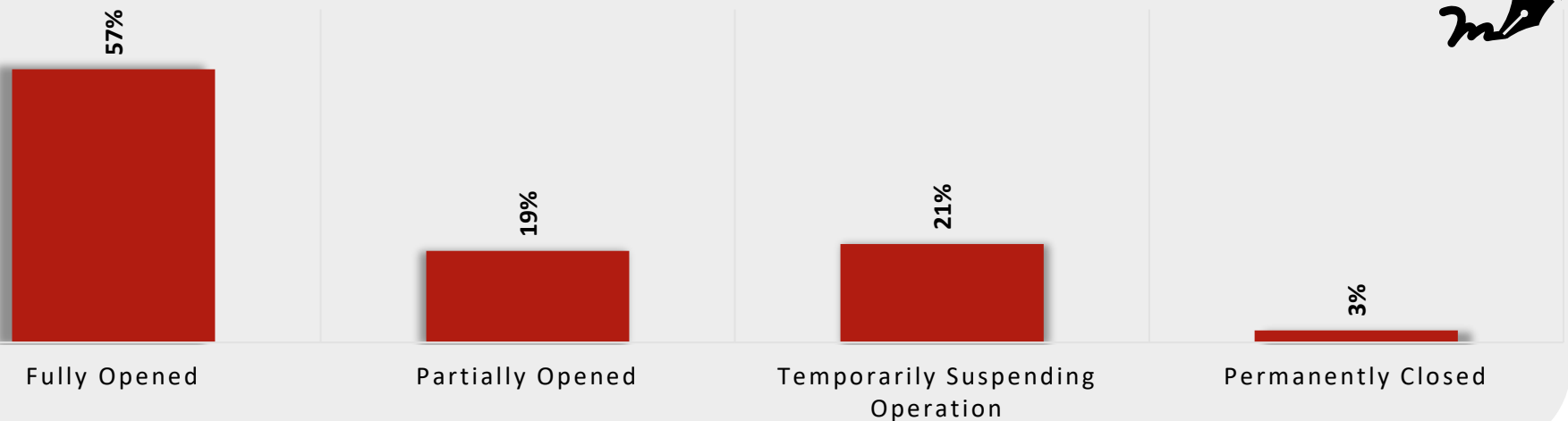- The data collection period was available through 8 July 2020.

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Key Takeaways

- On **1st June 2020**, the Thailand's government eased the restrictions including the **lifting of curfews**, **reopening of more businesses and activities**, and **allowing for cross provinces travel**.

- Around **80%** of the hotels that are currently in operation have **re-opened** their hotels to **accommodate domestic demand**.

- Once re-opened, hoteliers should **communicate with prospective guests** in case of any closure of facilities prior to confirming the reservation.

- Most hoteliers agree that **staff training, social distancing, wearing masks, temperature checking, and SHA certificate** are the most important measures to implement.

- Hoteliers are now active in marketing, which focus mainly on **raising awareness of their properties**, as well as **increasing booking via a direct channel**.

- Majority of responses are giving **from 20% to more than 25%** discount on guestrooms.

- **Domestic leisure demand** is expected to be the **first market to recover** in the short to medium term, followed by **domestic corporate demand**, while **international demand** would take **more than one year** to recover.

- Most hoteliers agree that the market will **lure more domestic demand** and that the hotels will employ **less full-time staffs to be cost-efficient**.

- The majority of respondents believes that the **occupancy will reach at least 45% and up to over 75% by Q4 2020**.

Respondents
35 Hotels with approximately 6,000 Hotel Rooms

Legend:
- Luxury
- Upper Upscale
- Upscale
- Upper Midscale
- Midscale
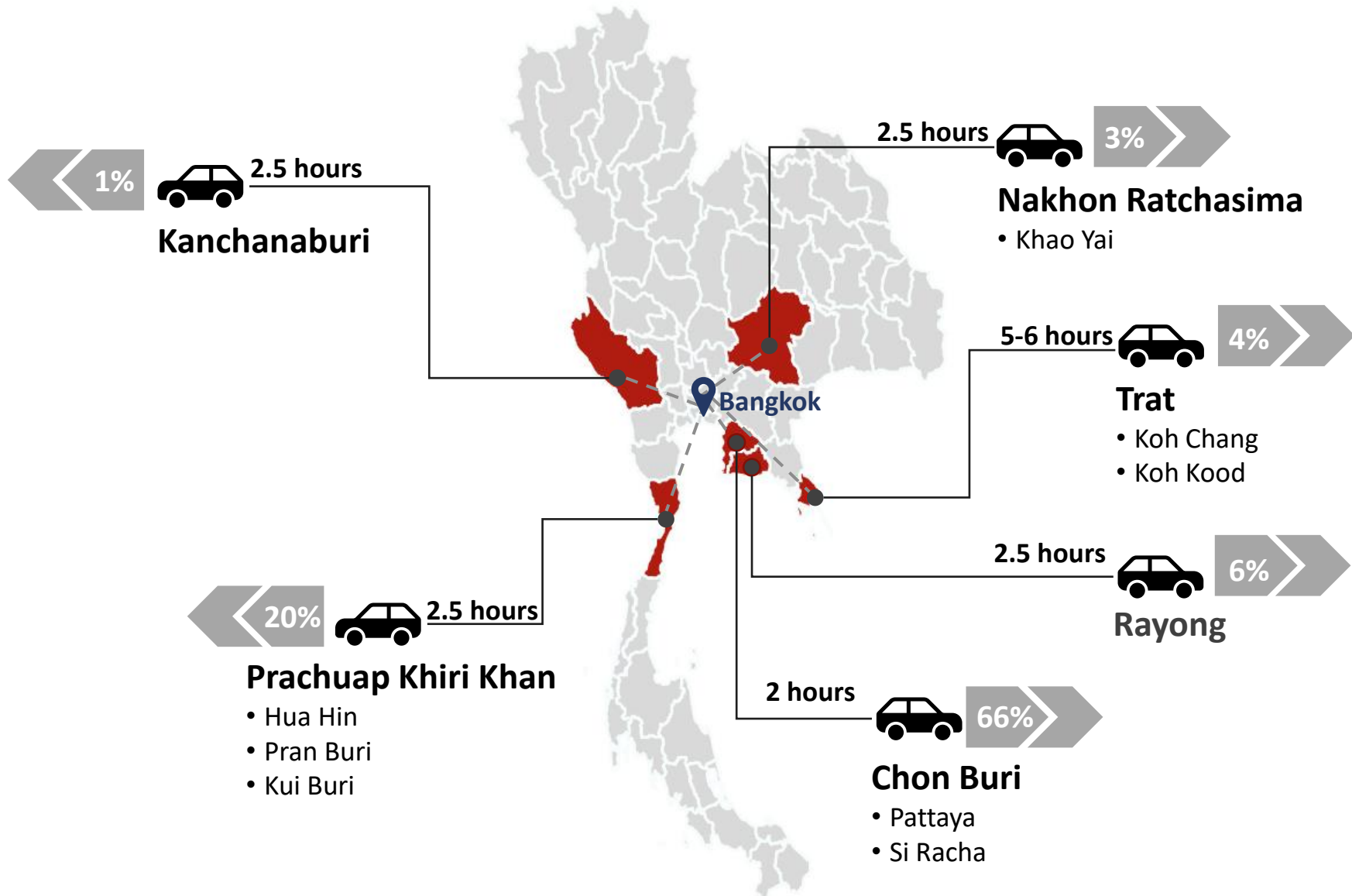- Budget

Donut chart values: 17%, 20%, 15%, 33%, 12%, 3%

- Approximately **35%** of the properties in the survey sample are in the upper-upscale and upscale tiers.

- More than **50%** of the survey sample are fully opened for operations.

- **80%** of the properties that are fully opened had suspended their operation for two months between **April** and **May**.

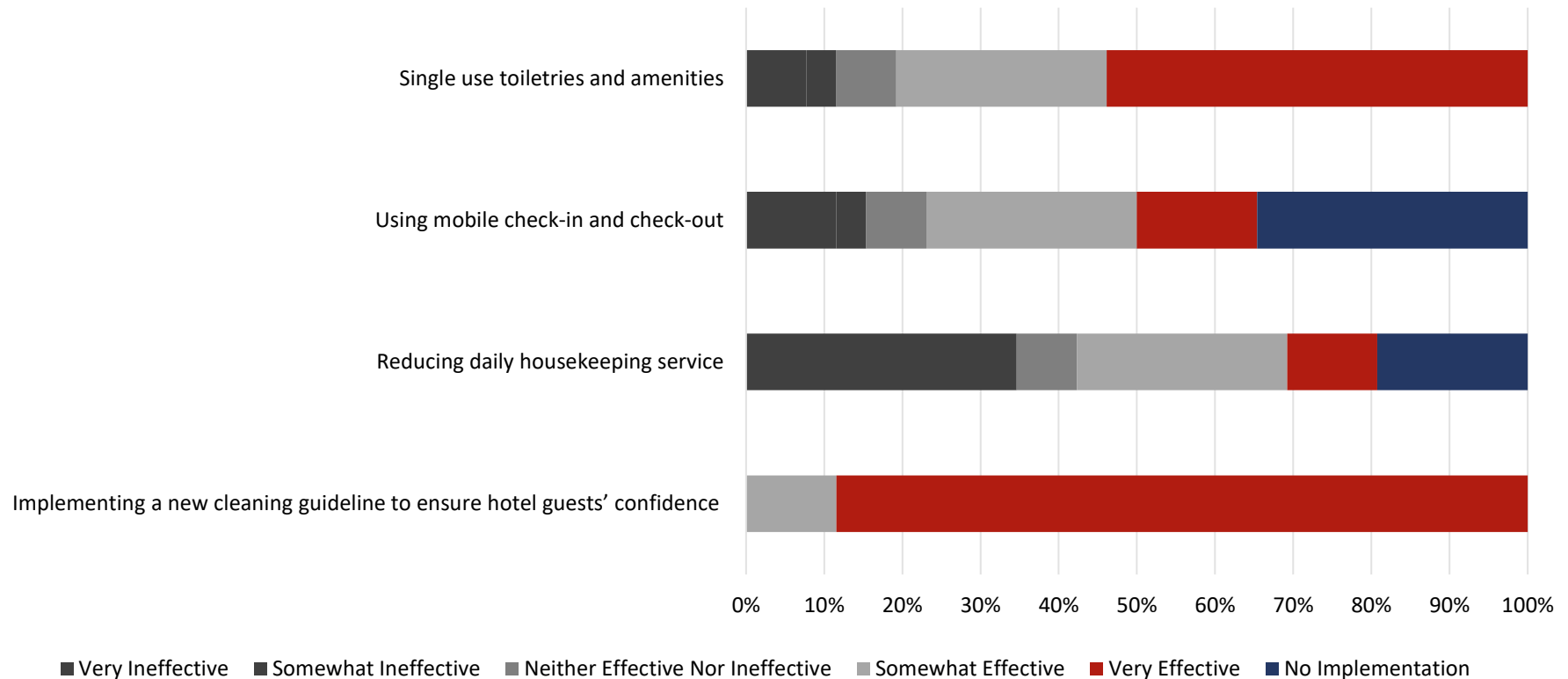- The majority of hotels in the sample survey are **branded hotels**.

Bar chart:
- Fully Opened: 57%
- Partially Opened: 19%
- Temporarily Suspending Operation: 21%
- Permanently Closed: 3%

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Respondents by Drive-In Destinations
9 Markets, 6 Provinces

2.5 hours — **3%** → **Nakhon Ratchasima**
- Khao Yai

1% ← **2.5 hours** — **Kanchanaburi**

5-6 hours — **4%** → **Trat**
- Koh Chang
- Koh Kood

📍 **Bangkok**

2.5 hours — **6%** → **Rayong**

20% ← **2.5 hours** — **Prachuap Khiri Khan**
- Hua Hin
- Pran Buri
- Kui Buri

2 hours — **66%** → **Chon Buri**
- Pattaya
- Si Racha

Respondents are based on the total number of rooms.

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RE-OPENING STRATEGIES

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Chart: Level of effectiveness for each measure (horizontal stacked bar chart, 0%–100%)

Categories:
- Single use toiletries and amenities
- Using mobile check-in and check-out
- Reducing daily housekeeping service
- Implementing a new cleaning guideline to ensure hotel guests' confidence

Legend:
- Very Ineffective
- Somewhat Ineffective
- Neither Effective Nor Ineffective
- Somewhat Effective
- Very Effective
- No Implementation

- As some of the hotels from the sample only recently re-opened, some of the measures are not fully implemented. It is evident that the **implementation of a new cleaning guideline** is expected to be one of the most effective measures.

- The upfront cost for developing a **mobile check-in platform** is costly. Thus, using mobile check-in and check-out to reduce human contact is expected to be ineffective. The majority of the hotels have not implemented the system yet.

- **Reducing daily housekeeping service** received mixed comments as some argue that there is a demand for more cleaning to keep the hygiene of the rooms. In contrast, others prefer less housekeeping service to minimize human touch.

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Legend: ■ Very Ineffective   ■ Somewhat Ineffective   ■ Neither Effective Nor Ineffective   ■ Somewhat Effective   ■ Very Effective   ■ No Implementation
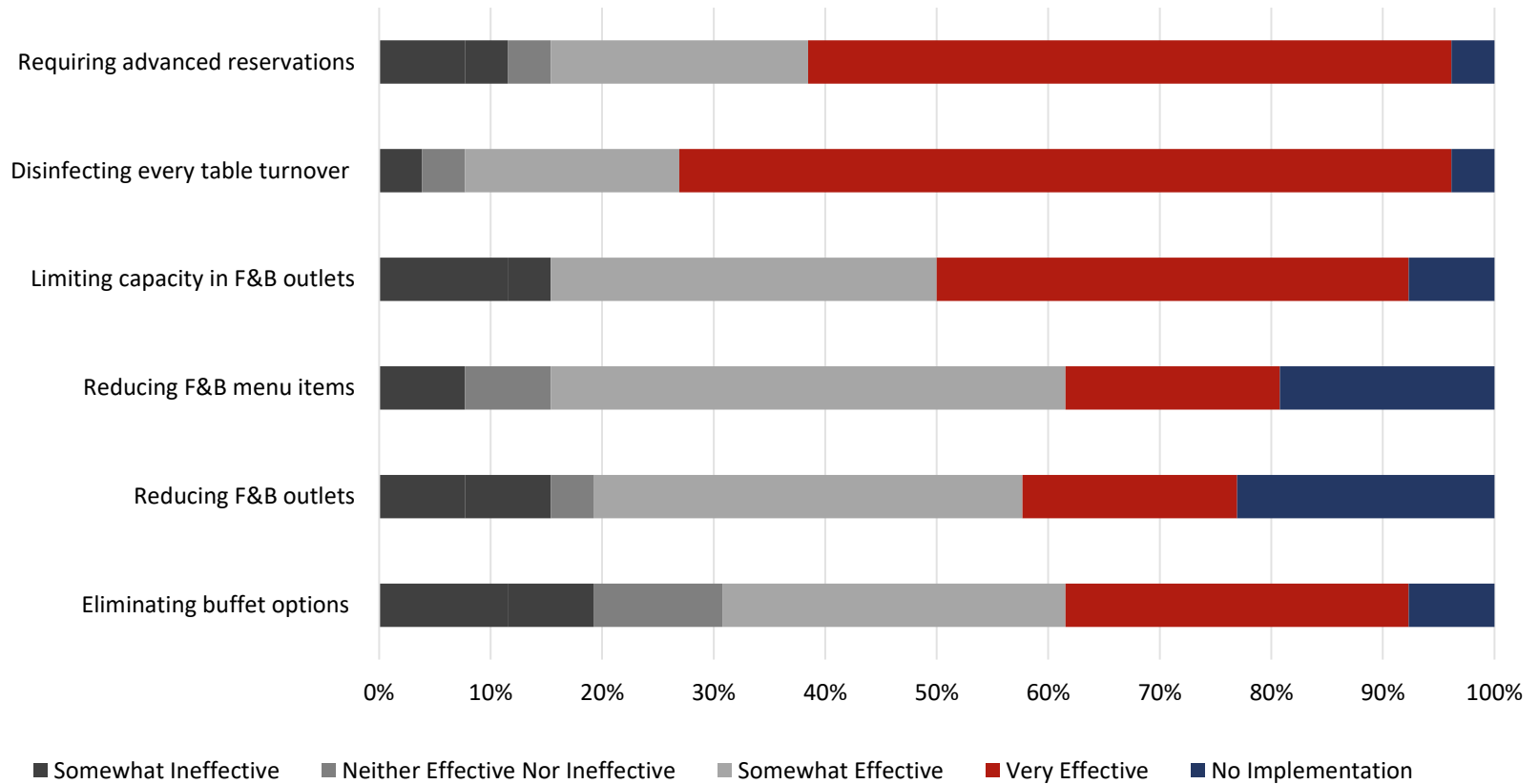
- **46%** of hotels in the survey sample have less than **100 rooms**. Thus, these hotels offer limited food and beverage facilities and may not necessarily need to reduce F&B outlets.

- **Disinfecting every table turnover** is expected to be the most effective.

- **Limiting capacity in food and beverage outlets** is also deemed to be effective. Demand for in-room dining service is expected to become more prevalent in hotels to avoid crowded space.

- One of the new ways to operate the **buffet** is by letting the hotel staffs serve the food from a buffet line in order to avoid human touch with shareable items.
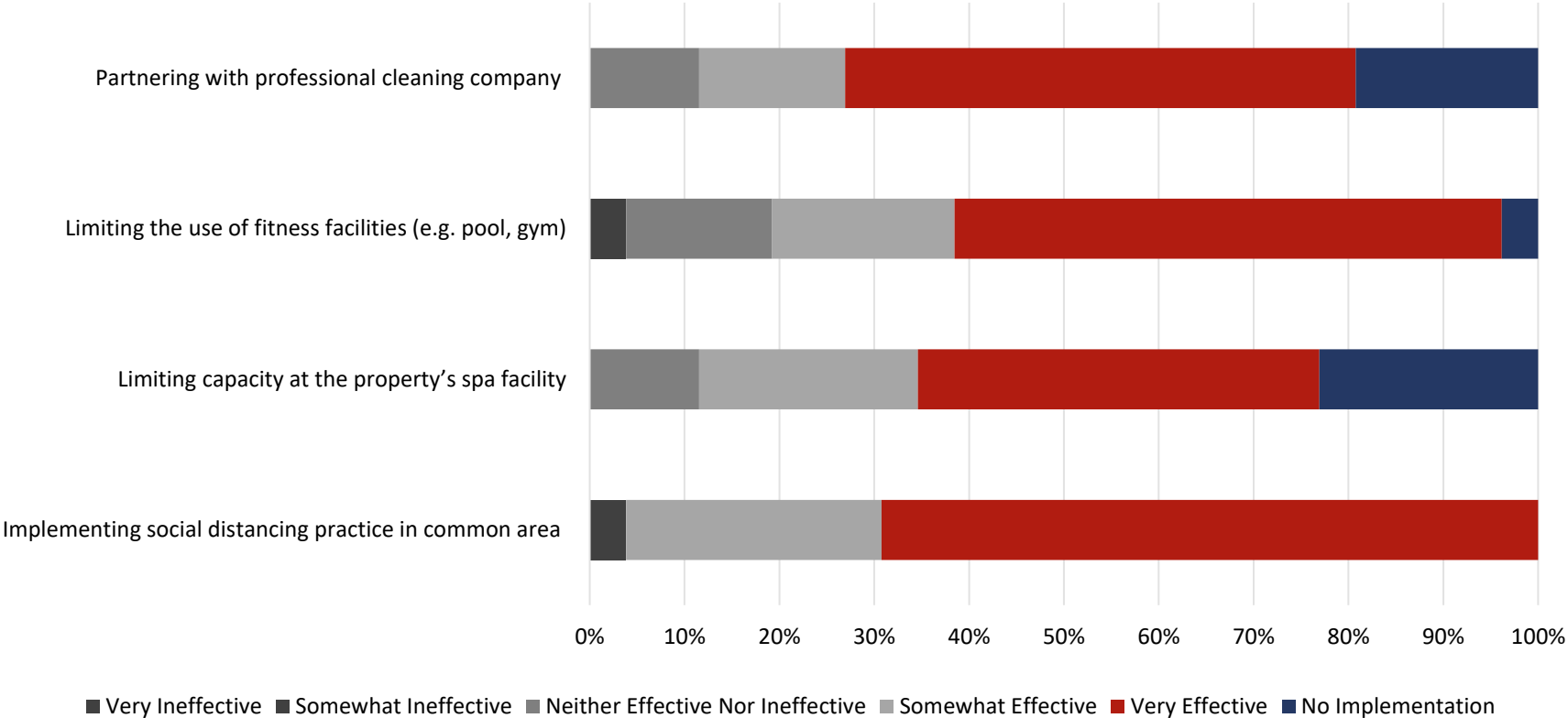
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What is the level of effectiveness for each measures?
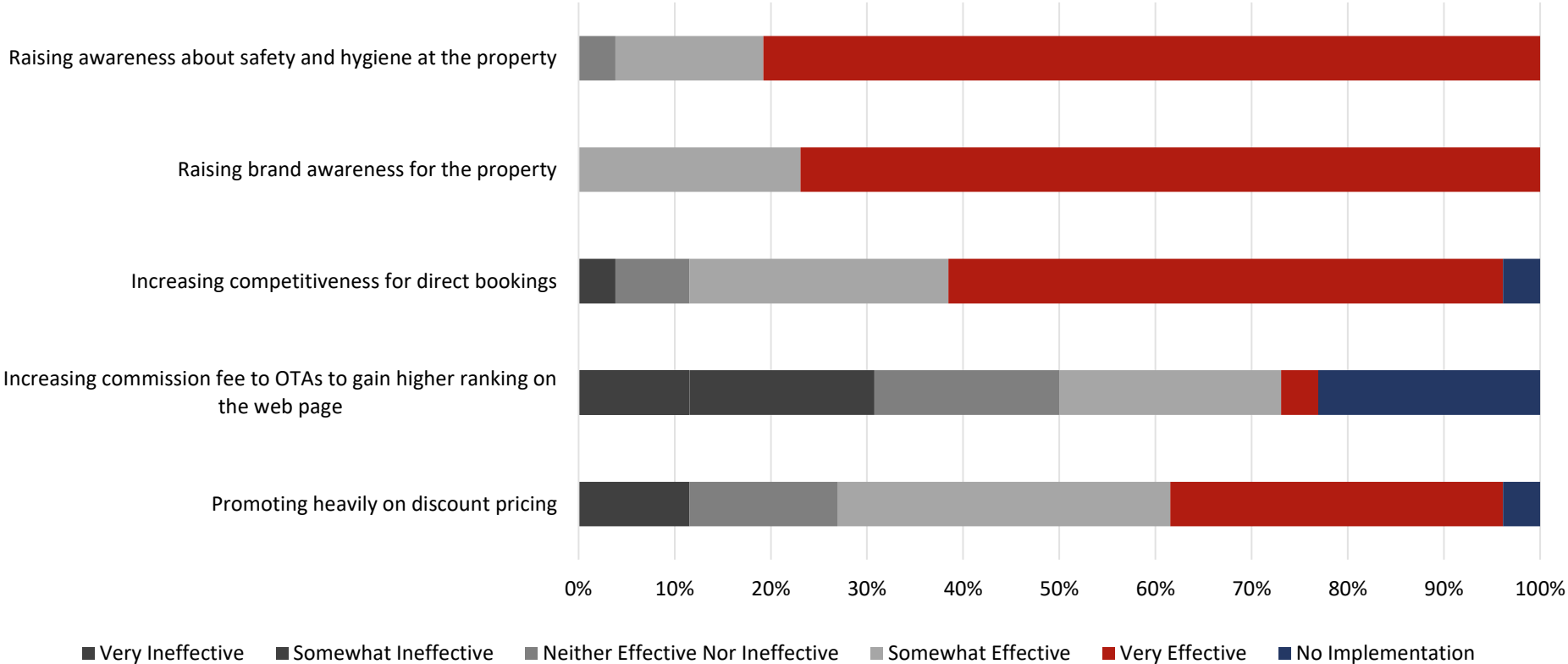
- It is expected that **raising awareness about safety and hygiene**, as well as **the hotel's brand awareness**, are deemed to be the most effective methods of marketing.

- Hoteliers are **active in marketing**, especially during COVID-19 pandemic, to reflect their commitments to support medical staffs and at the same time increase publicity.

- Hoteliers rather focus on **direct booking** instead of increase booking via OTAs channel. It is a good opportunity for hotels to increase their bookings via the direct channel.

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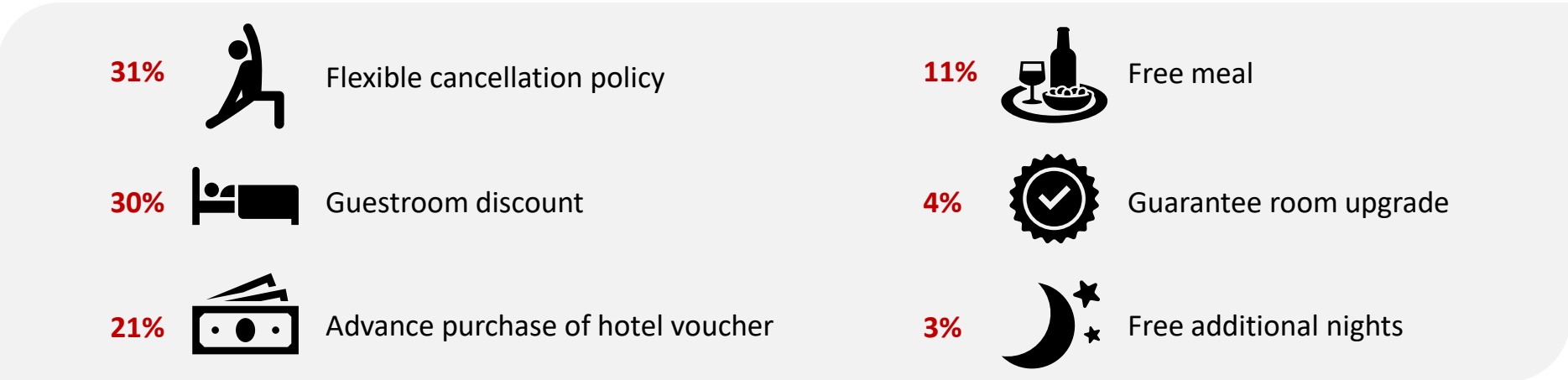What is the level of effectiveness for each measures?

Legend: ■ Very Ineffective ■ Somewhat Ineffective ■ Neither Effective Nor Ineffective ■ Somewhat Effective ■ Very Effective ■ No Implementation

- Most hoteliers agree that applying **social distancing** policy, limiting capacity, and partnering with professional cleaning companies would be effective for hotels' facilities and public spaces.

- The hotels are encouraged to deliver **clear messages** to guests should there be any changes in the hotel's facilities or public space policy prior to confirming the booking reservation.

- **Partnering with the cleaning company** is expected to take time as the decision is generally being made from a corporate level.
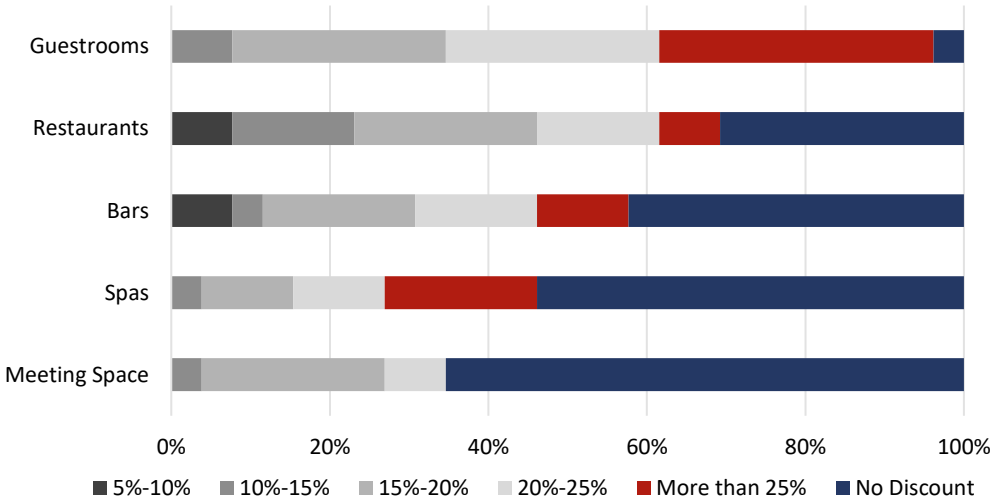
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Discount and Promotion

What are the guestroom promotions or packages you are currently implementing?

31% Flexible cancellation policy

30% Guestroom discount

21% Advance purchase of hotel voucher

11% Free meal

4% Guarantee room upgrade

3% Free additional nights

- Over **60% of responses** are giving **20% to more than 25% discount** on guestrooms.

- **More than 50% of respondents are giving no discount on the spa**. This could be attributed to the nature of its service with direct human interactions, as well as higher operating cost.

- Over **70%** of respondents have not yet applied **discounts** for **meeting space** due to the expectation that MICE demand will recover at a slower pace.

- It is expected that there will be **small social events or weddings** held at the Drive-In destinations.

What is the range of discount of the following offers?

Categories (top to bottom): Guestrooms, Restaurants, Bars, Spas, Meeting Space

Legend: 5%-10% | 10%-15% | 15%-20% | 20%-25% | More than 25% | No Discount

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DEMAND PROFILE

Pre-COVID-19

- Most of the hotels generally had a **higher portion of domestic demand**. Prior to COVID-19, about 70% of the hotels reported that domestic demand accounted for more than 60% of the total demand. Some hotels' demand is 100% driven by domestic travellers.

- Almost 20% of the hotels in four markets (**Chon Buri**, **Kanchanaburi**, **Trat**, and **Nakhon Ratchasima**) reported having a share of 70% domestic and 30% international demand.

- **Chon Buri**, consisting of **Pattaya** and **Si Racha**, had the most diverse share of demand prior to COVID-19. **Pattaya** being an international destination driven by leisure demand relied more heavily on the international market. On the other hand, **Si Racha**, driven by local corporate demand, is more dependent on the domestic market.

- Other markets such as **Kanchanaburi**, **Nakhon Ratchasima**, and **Prachuap Khiri Khan**, including the tourist destinations such as **Hua Hin**, **Pranburi**, and **Kui Buri**, have traditionally been driven by domestic leisure demand.
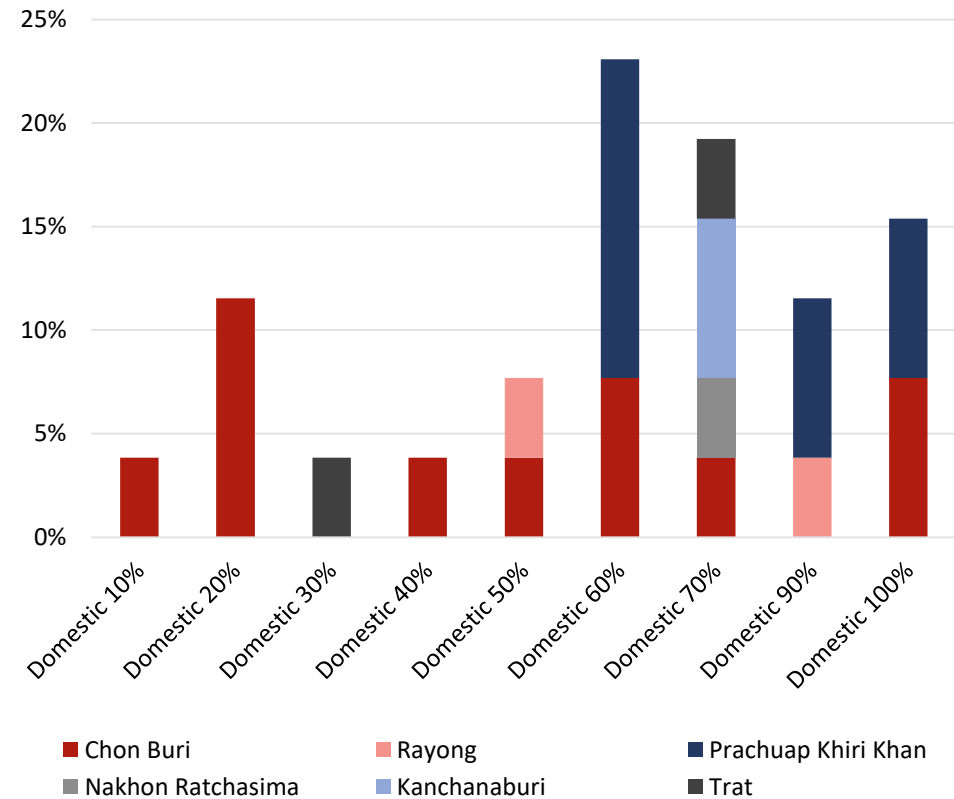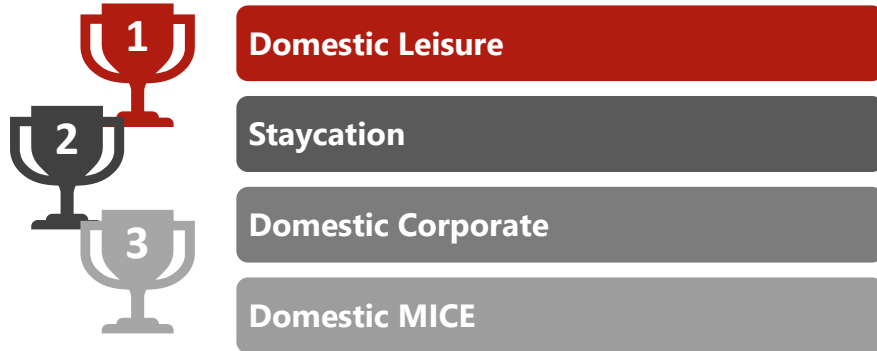

COVID-19's Current Situation

- Due to international travel ban and government's initiative to boost domestic travel, the demand was mostly driven by domestic travellers in Q2 2020.
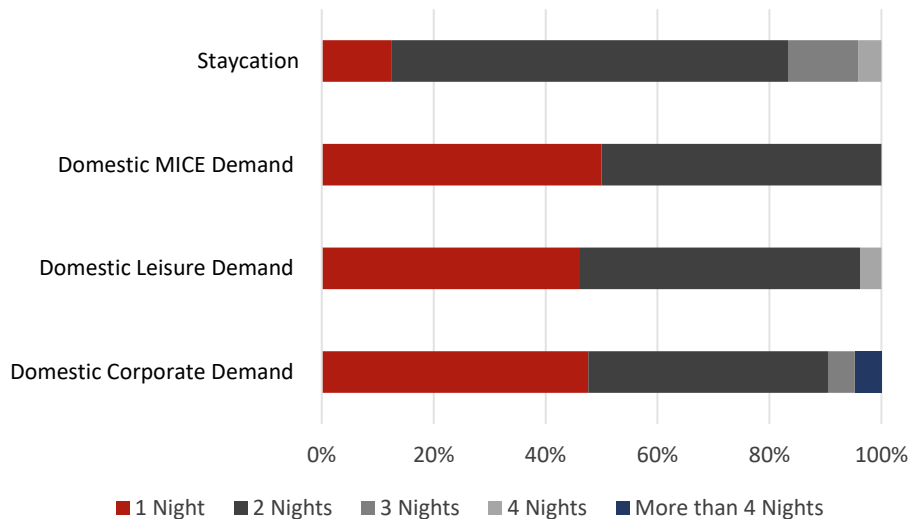
Ranking of the largest to the smallest demand segment

1. **Domestic Leisure**
2. **Staycation**
3. **Domestic Corporate**

Domestic MICE

Average Length of Stay

Staycation

Domestic MICE Demand

Domestic Leisure Demand

Domestic Corporate Demand

0% 20% 40% 60% 80% 100%

■ 1 Night ■ 2 Nights ■ 3 Nights ■ 4 Nights ■ More than 4 Nights

- During the COVID-19 pandemic, hotels in the Drive-In Destinations **rely heavily on the domestic market**. The hotels witnessed the largest portion of domestic leisure and staycation, followed by corporate and MICE demand.

- Over 95% of the leisure demand has an average length of stay of 1-2 nights, mainly attributed to **weekends demand**.

- About 65% of the **staycation** generally stays for at least two nights.

- 4% of the respondents said **corporate demand** stayed for more than four nights, due to long-stay demand in branded service apartments that was least affected by the COVID-19 situation.

- Over 85% of the hotels observed **a shorter booking lead time;** 78% registered a lead time of less than one week and 17% registered lead times of 1-2 weeks.

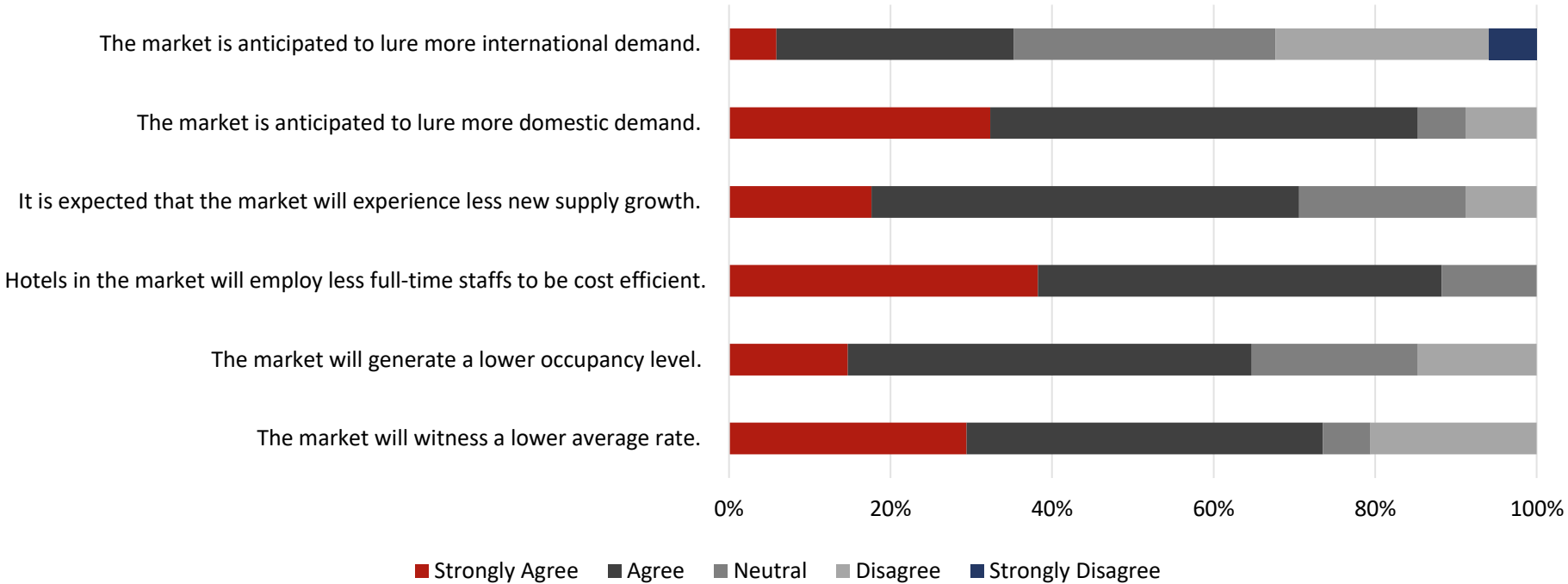### Have you witnessed a shorter booking lead time?

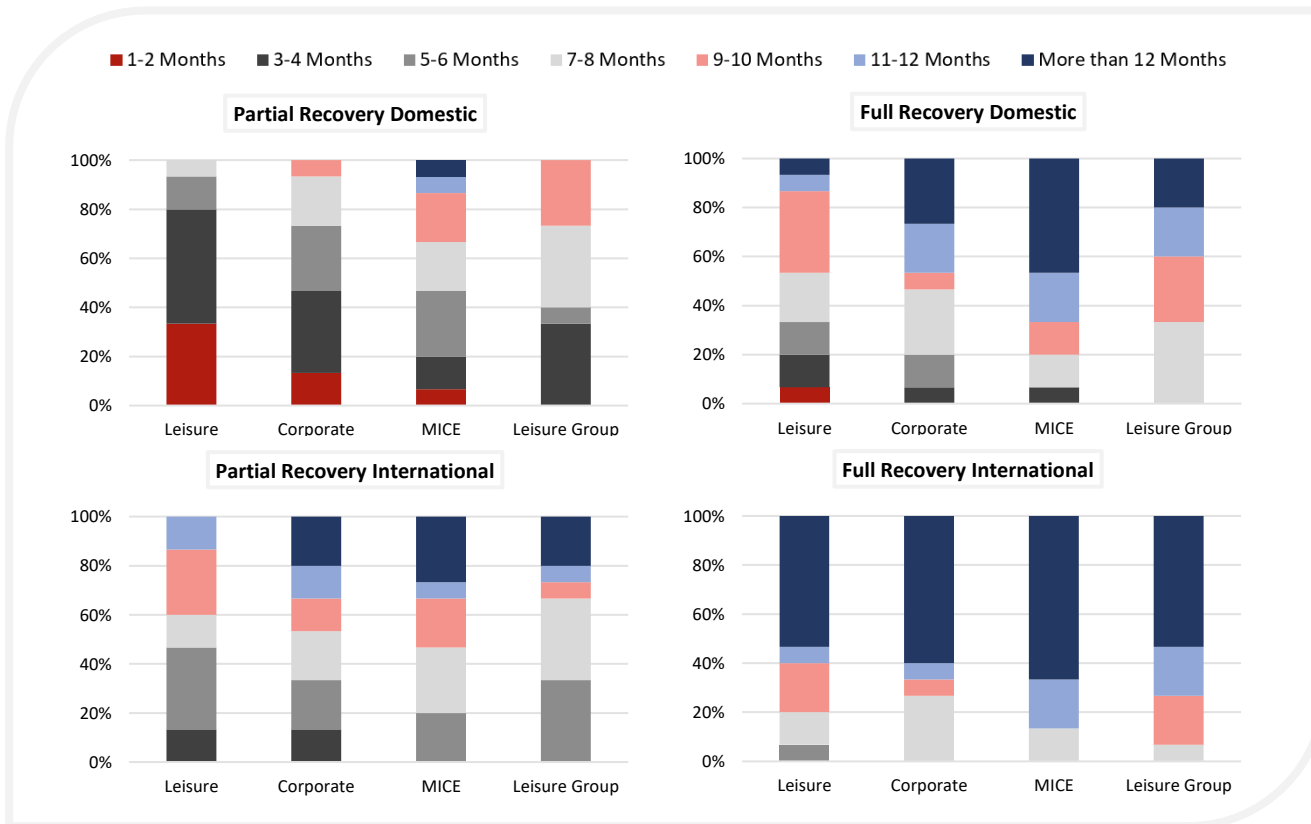✔ **88%**   ✘ **12%**

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MARKET OUTLOOK

Drive-In Destinations' Market Outlook

Assuming that the market will be recovered by Q2 2021, how would the market perform in comparison to the pre-Covid-19 period? Please rate how much you agree or disagree with the following statements.

Legend: ■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

Chart categories:
- The market is anticipated to lure more international demand.
- The market is anticipated to lure more domestic demand.
- It is expected that the market will experience less new supply growth.
- Hotels in the market will employ less full-time staffs to be cost efficient.
- The market will generate a lower occupancy level.
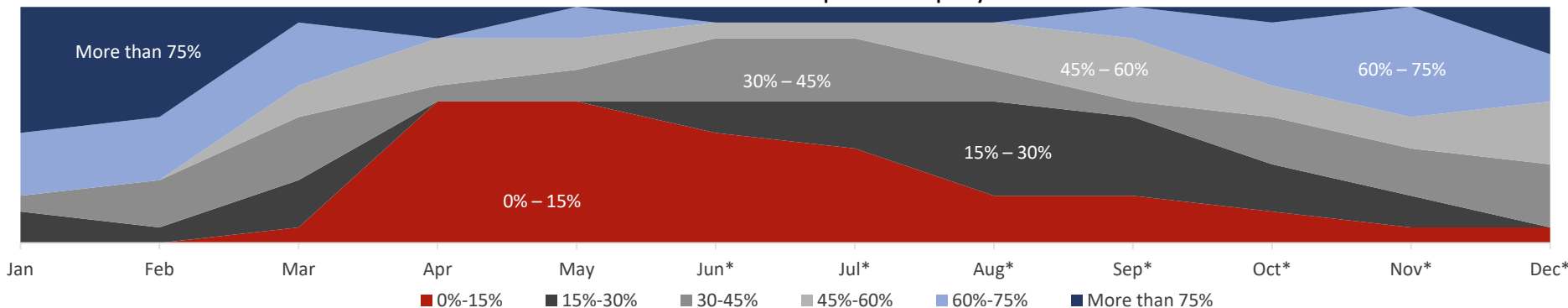- The market will witness a lower average rate.

- More than 85% agree that the market will **lure more domestic demand** and that the hotels will employ **less full-time staffs to be cost-efficient**.

- Only 35% agree that market will **lure more international demand**.
- Over 70% believe that the market will experience **less supply growth**.

- More than 65% are more **pessimistic regarding the outlook of occupancy and average rate** in the market.

Pattaya, Si Racha, Chon Buri

- Being a short drive from Bangkok, 80% expects domestic leisure demand to recover between 1-4 months, while international demand can take up to a year.

- Due to the lockdown in Q2, 60% saw the occupancy drop to a range of 0%-15%. A gradual increase is expected in Q3 as the easing restriction begins to take place. By Q4, the occupancy is expected to hover between 60% and 75%.

- Market like Si Racha, which had a large portion of branded service apartments, was more resilient to the situation as it had a large portion of long-stay corporate demand.

Legend: ■ 1-2 Months ■ 3-4 Months ■ 5-6 Months ■ 7-8 Months ■ 9-10 Months ■ 11-12 Months ■ More than 12 Months

Partial Recovery Domestic

Full Recovery Domestic

Partial Recovery International

Full Recovery International

Chon Buri: Estimated and Expected* Occupancy

Legend: ■ 0%-15% ■ 15%-30% ■ 30-45% ■ 45%-60% ■ 60%-75% ■ More than 75%
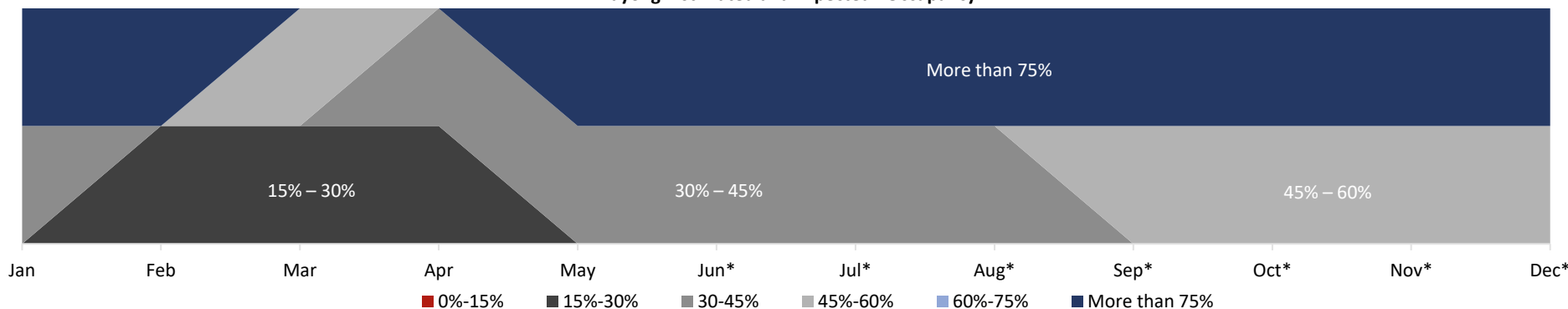
Partial Recovery is defined as the market is 50% recovered.
Full Recovery is defined as the market is 100% recovered.

Rayong

- The sample size of Rayong market is relatively small because of the limited branded supply in the area. The mixed opinion is shown in the survey indicating a wide gap in each segment. Most hoteliers agree that it will take at least seven months to more than 12 months for the market to recover fully.

- Unlike the other markets in the survey, the hotels in Rayong did not record the occupancy level below 15% as none of them suspended their operations even during the lockdown. The optimistic outlook toward Q4 2020 is expected with occupancy ranging from 45% to over 75%.

Legend: ■ 1-2 Months ■ 3-4 Months ■ 5-6 Months ■ 7-8 Months ■ 9-10 Months ■ 11-12 Months ■ More than 12 Months

Partial Recovery Domestic

Full Recovery Domestic

Partial Recovery International

Full Recovery International
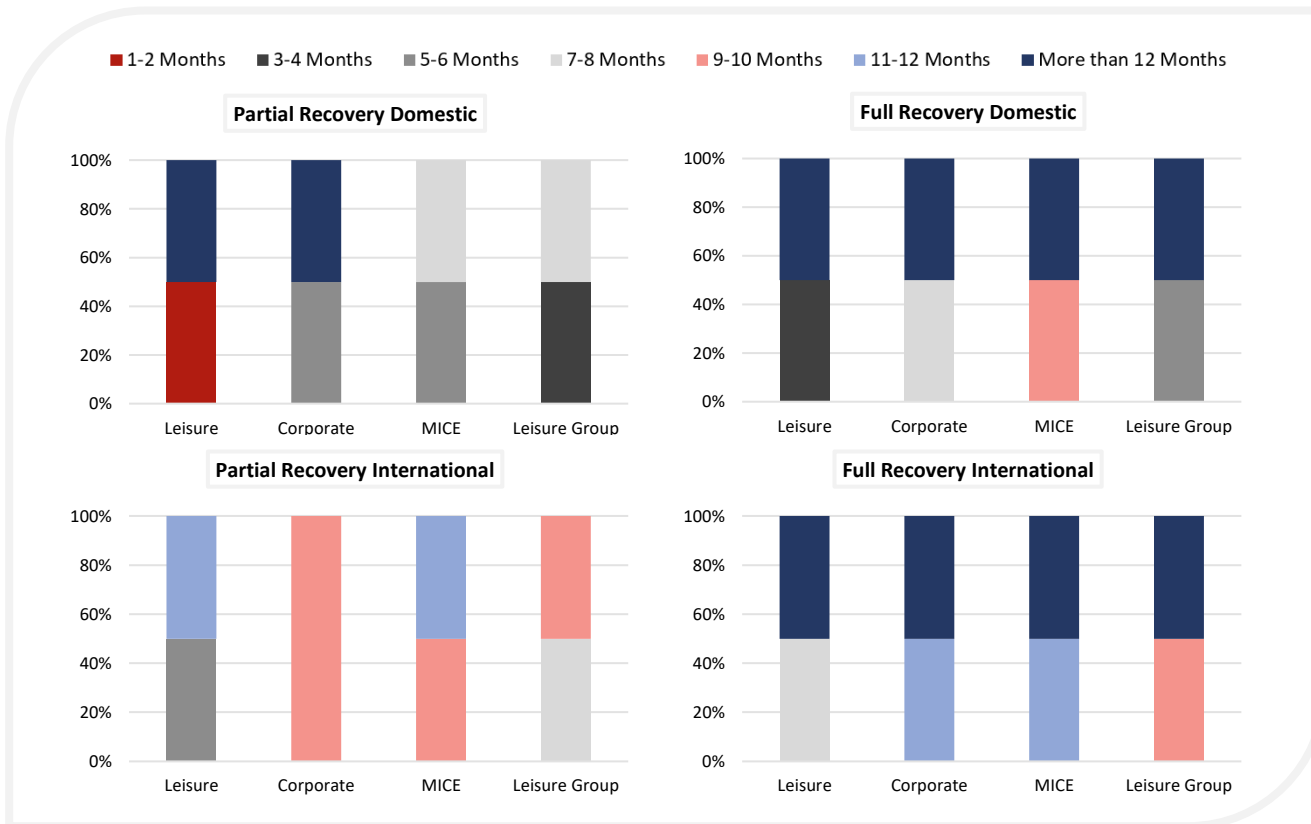
Rayong: Estimated and Expected* Occupancy

Legend: ■ 0%-15% ■ 15%-30% ■ 30-45% ■ 45%-60% ■ 60%-75% ■ More than 75%

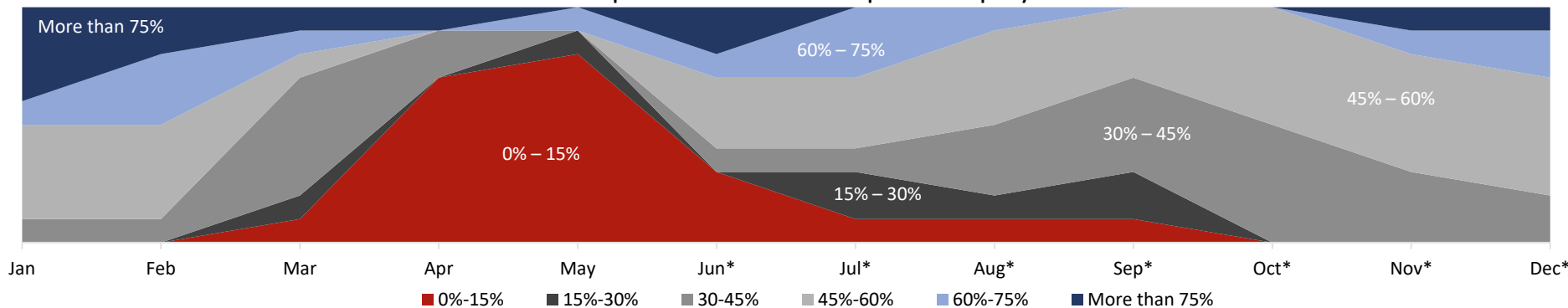*Partial Recovery is defined as the market is 50% recovered.*
Full Recovery is defined as the market is 100% recovered.

Hua Hin, Kui Buri, Pran Buri

- Prachuap Khiri Khan relies mainly on domestic demand. Therefore, it is expected that domestic demand will recover first, and it will take up to 12 months for international demand to recover as Prachuap Khiri Khan needs to compete with other leading destinations in Thailand such as Phuket, and Chiang Mai.

- Based on the survey result, most of the hoteliers in Prachuap Khiri Khan believe that the occupancy level will recover at a faster pace to approximately 30% to 60% after the ending of the lockdown in June.
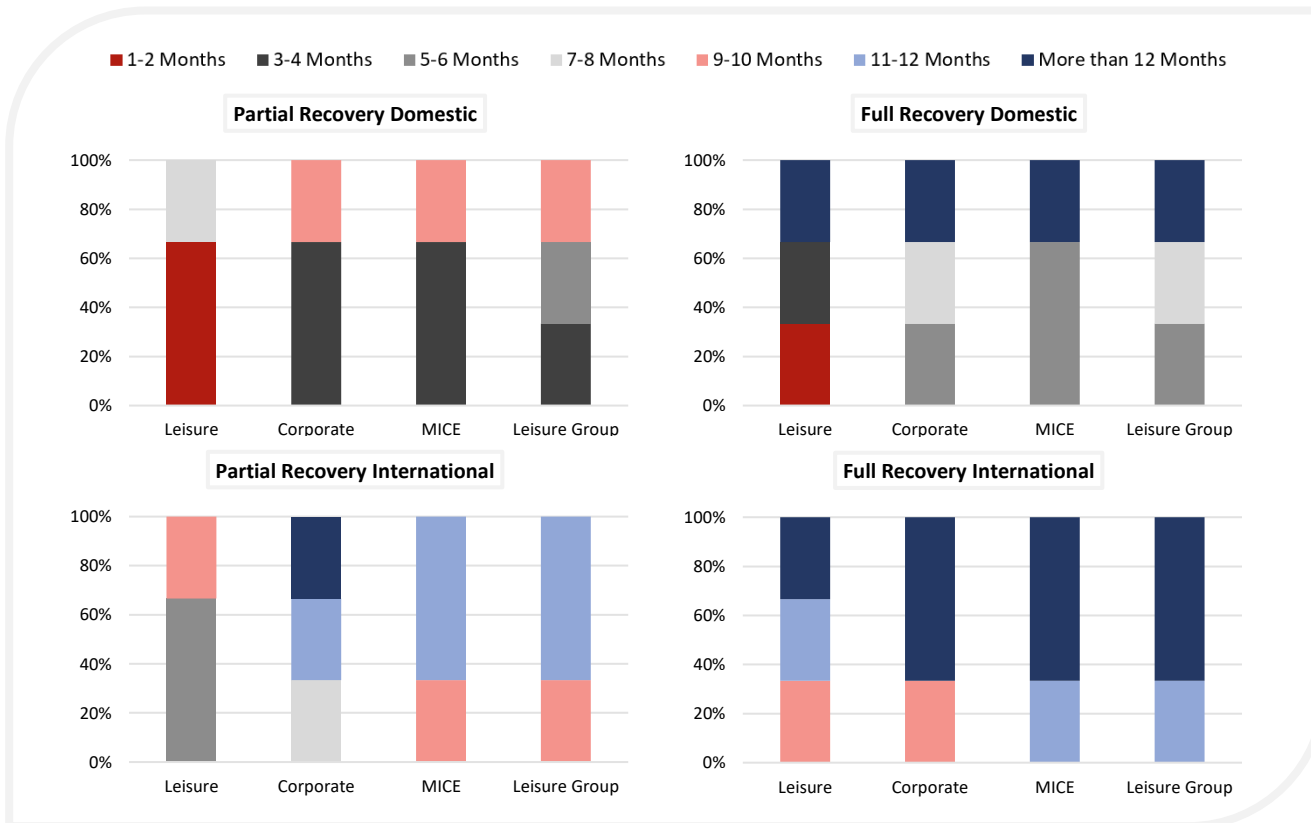
Legend: ■ 1-2 Months ■ 3-4 Months ■ 5-6 Months ■ 7-8 Months ■ 9-10 Months ■ 11-12 Months ■ More than 12 Months

Partial Recovery Domestic

Full Recovery Domestic

Partial Recovery International

Full Recovery International
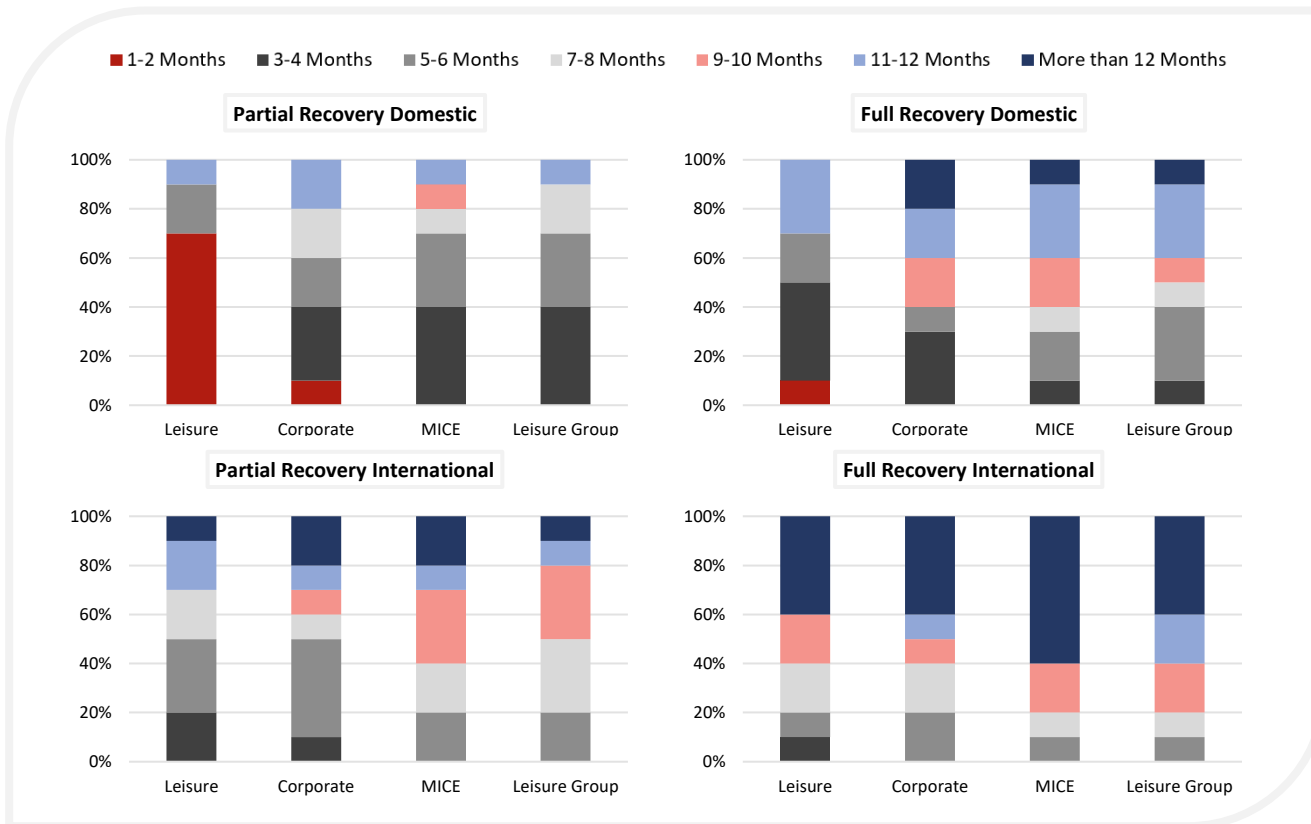
Prachuap Khiri Khan: Estimated and Expected* Occupancy

More than 75%

60% – 75%

0% – 15%

45% – 60%

30% – 45%

15% – 30%

Jan | Feb | Mar | Apr | May | Jun* | Jul* | Aug* | Sep* | Oct* | Nov* | Dec*

■ 0%-15% ■ 15%-30% ■ 30-45% ■ 45%-60% ■ 60%-75% ■ More than 75%
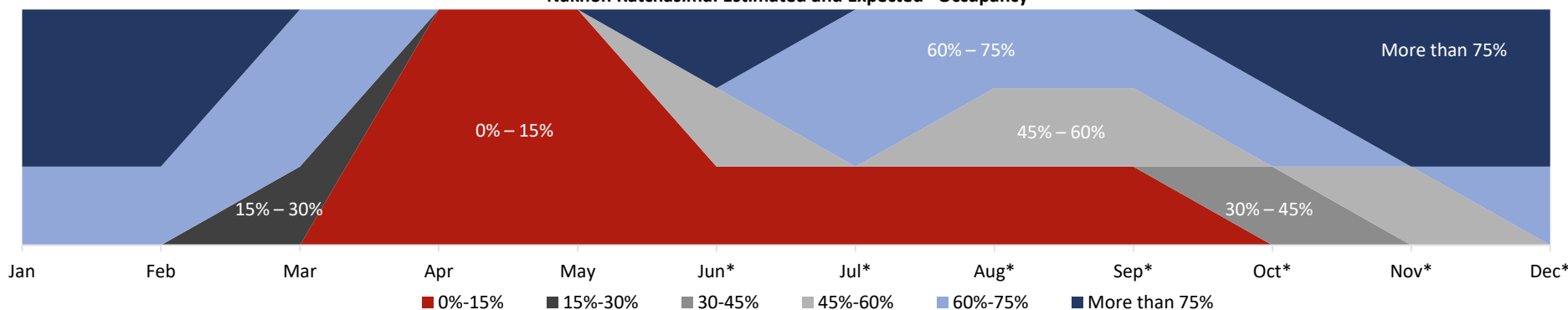
Partial Recovery is defined as the market is 50% recovered.
Full Recovery is defined as the market is 100% recovered.

Khao Yai

- Same as Prachuap Khiri Khan, Nakhon Ratchasima is also mainly driven by domestic demand. It is expected that domestic leisure demand will recover first within a few months. The destination is also popular for Thai local companies' incentive or outing trips. However, MICE and the corporate segment are expected to recover at a slower pace.

- The occupancy level is expected to recover at a pace hovering around 45 to 75%. This could be attributed to its proximity to Bangkok with a number of golf courses. The high season can be observed in November and December when the weather gets cooler.
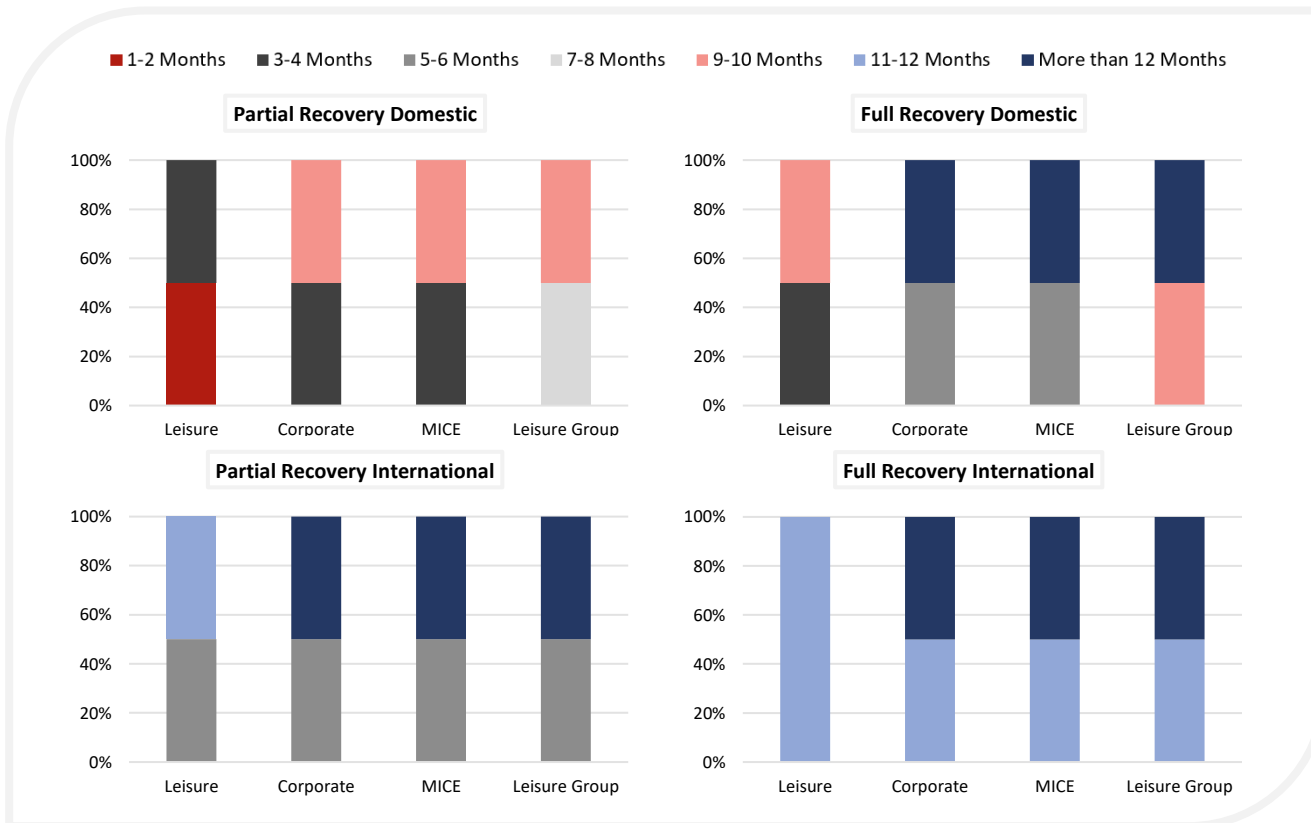
Legend: ■ 1-2 Months ■ 3-4 Months ■ 5-6 Months ■ 7-8 Months ■ 9-10 Months ■ 11-12 Months ■ More than 12 Months

Partial Recovery Domestic

Full Recovery Domestic

Partial Recovery International

Full Recovery International

(Charts categories: Leisure, Corporate, MICE, Leisure Group)

Nakhon Ratchasima: Estimated and Expected* Occupancy

Legend: ■ 0%-15% ■ 15%-30% ■ 30-45% ■ 45%-60% ■ 60%-75% ■ More than 75%

(Months: Jan, Feb, Mar, Apr, May, Jun*, Jul*, Aug*, Sep*, Oct*, Nov*, Dec*)
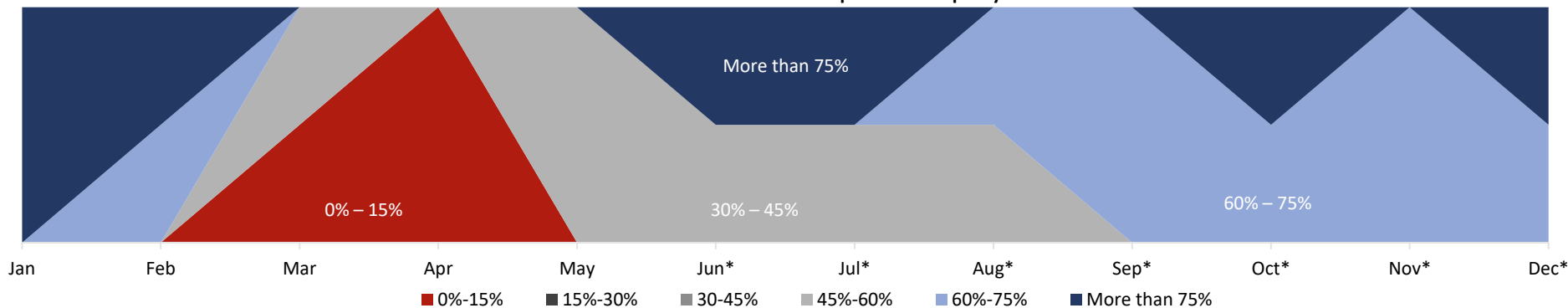
Partial Recovery is defined as the market is 50% recovered.
Full Recovery is defined as the market is 100% recovered.

Kanchanaburi

- Due to the limited branded supply in Kanchanaburi, the sample size of the destination is relatively small. We observed a mixed opinion between each segment with a wider gap in each segment. The market is also driven by domestic demand; therefore, it is expected that domestic demand will recover faster than international demand.

- Split opinion in expected occupancy level from June to September can be observed. However, it is looking very positive in Q4 2020 with an expected occupancy level of around 60% to more than 75%.
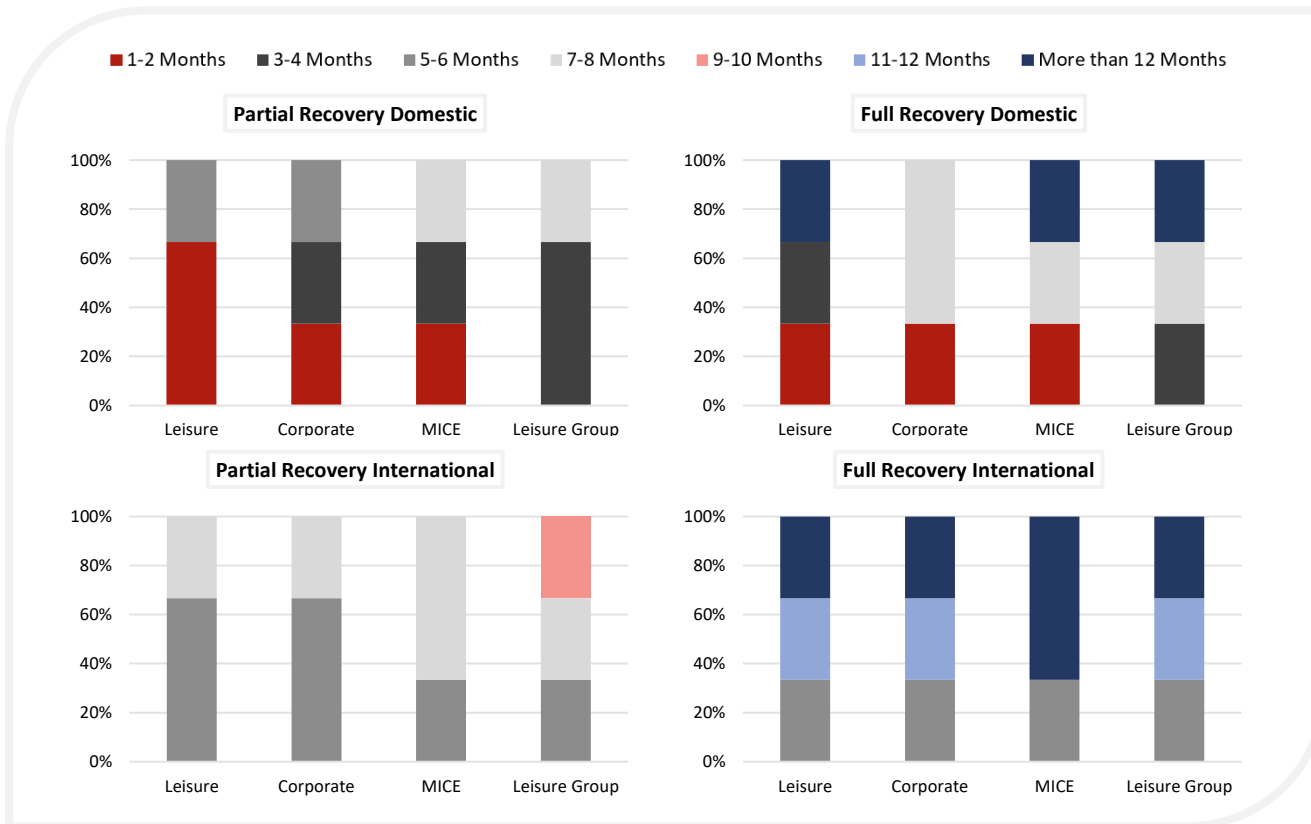
Legend: 1-2 Months · 3-4 Months · 5-6 Months · 7-8 Months · 9-10 Months · 11-12 Months · More than 12 Months

Partial Recovery Domestic

Full Recovery Domestic

Partial Recovery International

Full Recovery International

Kanchanaburi: Estimated and Expected* Occupancy
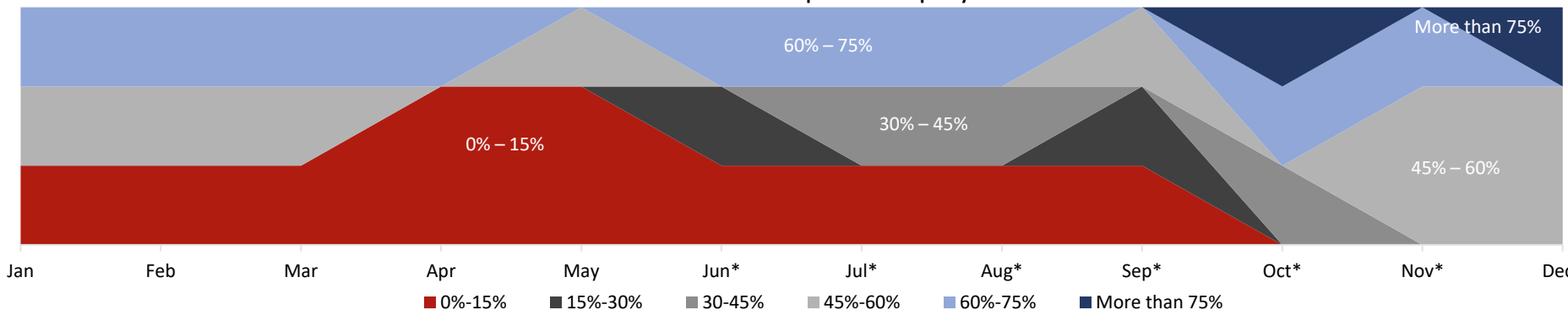

Legend: 0%-15% · 15%-30% · 30-45% · 45%-60% · 60%-75% · More than 75%

Partial Recovery is defined as the market is 50% recovered.
Full Recovery is defined as the market is 100% recovered.

Koh Chang, Koh Kood, Trat

- The hoteliers in the area had mixed opinions regarding the recovery and the occupancy outlook as there are significant differences in the clientele between the hotels on the islands and the hotels on the mainland.

- Being the most distant destination from Bangkok, together with a rather complicated logistic involving public transportation such as ferries, the occupancy is expected to be relatively softer, in comparison to other Drive-In Destinations, ending between 45% and 60% in Q4.
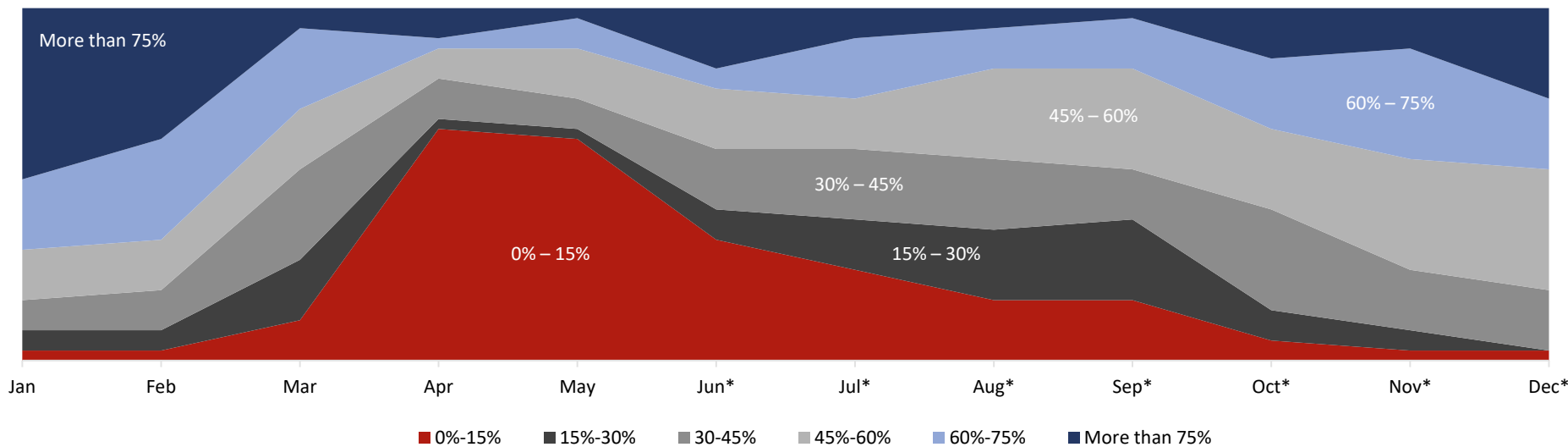
Legend: ■ 1-2 Months ■ 3-4 Months ■ 5-6 Months ■ 7-8 Months ■ 9-10 Months ■ 11-12 Months ■ More than 12 Months

Partial Recovery Domestic

Full Recovery Domestic

Partial Recovery International

Full Recovery International

Trat: Estimated and Expected* Occupancy

More than 75%

60% – 75%

0% – 15%

30% – 45%

45% – 60%

Jan Feb Mar Apr May Jun* Jul* Aug* Sep* Oct* Nov* Dec*

Legend: ■ 0%-15% ■ 15%-30% ■ 30-45% ■ 45%-60% ■ 60%-75% ■ More than 75%

Partial Recovery is defined as the market is 50% recovered.
Full Recovery is defined as the market is 100% recovered.

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Drive-In Destinations: Estimated and Expected* Occupancy

Chart legend: 0%-15% | 15%-30% | 30-45% | 45%-60% | 60%-75% | More than 75%

Months shown: Jan, Feb, Mar, Apr, May, Jun*, Jul*, Aug*, Sep*, Oct*, Nov*, Dec*

- Most of the Drive-In Destinations markets were traditionally driven by domestic leisure demand, with the exception of Pattaya and Si Racha in Chon Buri that also captured a large portion of international and corporate demand. The situation of COVID-19 has emphasised the reliance on domestic demand in these markets.

- Around 65% of the hotels witnessed a drop in occupancy, particularly during April and May due to the nation-wide lockdown. As the easing of restrictions began on 1 June, all the markets are expecting a gradual increase in occupancy toward the latter half of the year.

- The hoteliers are more optimistic toward Q4, with more than 70% of the hotels expect to see the occupancy reaching at least 45% in November and December.

- These markets may enjoy the first-mover advantage when it comes to the recovery speed; however, it might only be a short-term gain, considering that once COVID-19 situation improves, a large portion of domestic demand may switch outbound. Additionally, as destinations, they will also have to compete with other prominent destinations in the country, such as Phuket, Chiang Mai, and Koh Samui. As the occupancy level recovers, the pressure will be put on the average rate.

- Owners are required to make prudent decisions in the short-term while adjusting their expectations towards a full recovery.

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