

# The Great COVID Do-Over? Looking for a Silver Lining in Dismal Group and Transient Demand Trends

By **Chris Klauda** - December 21, 2020



Since COVID-19 struck in March of this year, group and transient demand has plummeted, taking both ADR and RevPAR with it. At the low watermark in April 2020, both transient and group demand dropped more than 90 percent compared to the same month in 2019. Group demand has yet to recover, while transient demand is getting “less bad”—improving from -90 percent in April to -55 percent in August.

ADR declines, while steep, are not as steep as demand declines. Transient ADR dropped below -46 percent in April and group followed with an ADR drop of -45 percent in May. ADR for both segments is starting to improve. The minimal demand that exists for groups comes from lower-rated group business, which includes health and construction workers. Traditional large group and convention business that occupies higher-rated hotels with ballrooms and other group space is basically non-existent.

This one-two punch of demand and ADR declines results in a knockout for RevPAR, hitting group harder than transient. Transient RevPAR dropped to almost -95 percent in April and has started to improve. Group RevPAR matched transient RevPAR declines in April and has not really recovered. One unique trend influencing this recovery is the shift in business mix. Transient demand is stronger in midscale and economy hotels, as well as less urban locations, which in turn is resulting in lower transient ADRs and RevPAR. Group demand and ADR is coming from lower-rated types of groups, which holds down group RevPAR.

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## basically non-existent due to health concerns and regulations restricting large gatherings.

So where is the silver lining? As transient and group guests and planners start to return, hoteliers have an opportunity for the “great COVID do-over.” So much has changed because of COVID, from intensified cleaning standards to social distance requirements. Guests’ preferred destinations are changing. Meeting planners have to contend with an ever-evolving list of requirements. All these changes give hotels an opportunity for a do-over with guests recovering from their COVID trauma and with meeting planners who will eventually start to book meetings in hotels again. The hotels that can deliver a great experience for these new guests and planners have an opportunity to build loyalty.

The industry is experiencing declines that it has never experienced before, but hoteliers will recover. They should use this period to re-earn the loyalty of guests and meeting planners as they plan for the next trip.

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