

Booking.com

European Accommodation Barometer

Summer 2023

Current and future trends
in the travel accommodation
industry in Europe



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01 Executive Summary

The European hotel and accommodation sector is preparing for a historic year. Economic sentiment among European hoteliers is in many places exuberant, reflecting two consecutive 6-month periods of strong growth in occupancy and average daily prices as well as a positive outlook for the future. In fact, nearly half of European accommodation businesses expect 2023 to be the year of the highest revenue in the history of their establishment. To put it in three words: Travel is back!

European accommodations are on track for a record-breaking year

The Summer 2023 edition of the Booking.com-Statista European Accommodation Barometer sees a sector that continues its strong recovery from the impact of the COVID pandemic and which is on track to a record-breaking year in many places.



46%

of surveyed accommodation businesses across Europe expect 2023 to be the year of highest revenue to date

Across Europe, 46% of surveyed accommodation businesses expect 2023 to be the year of highest revenue to date. Revenue outlook is the most positive in Spain and Greece, where two-thirds of surveyed businesses expect the highest revenue year in the history of their establishment. This is no coincidence as both countries are a

favorite among summer vacationers and consumers continue to splurge on leisure travel post-COVID. As a result, 59% of beach or seaside establishments expect 2023 to be their record year and almost three-quarters (73%) of 5-star hotels are bound to set a new benchmark. More generally, 57% of accommodations see the higher appreciation of travel as one of their biggest business opportunities.

Over the past six months, 60% of European accommodation businesses saw an increase in occupancy levels, up 2% from the previous period. At the same time, 51% experienced an increase in room rates, likewise up 2% from the previous period. This uplift may sound modest, but that's not the core story, it's the second consecutive six-month period of impressive growth that's remarkable.

As a result, 71% of accommodation businesses characterize their development over the past

six months as good or very good and 61% view their current economic situation as good or very good. In contrast, only 6% of hoteliers saw a negative development over the past six months and 5% characterize their current economic situation as negative. Looking ahead, 49% believe the next six months will bring a positive or very positive development, with only 10% of businesses having a more negative outlook. 2023 truly has the potential to be a historic year for the European accommodation sector.



57%

of accommodations across Europe see the higher appreciation of travel as one of their biggest business opportunities



Regional disparities and the rebound of hotels

While the economic development and expectations are positive across Europe, there are marked differences between countries and accommodation types.

Spain and Portugal experienced the strongest growth in occupancy and daily rates over the past 6 months while Austria, France, and Germany saw growth rates closer to EU averages. In the Netherlands, Nordic countries, Italy, and Greece developments were below European averages even if some countries, such as the Netherlands, saw their numbers improve.

Looking at overall business sentiment, Spain, Portugal, Austria, Netherlands and the Nordics lead on the optimistic side while France, Italy, and Greece have a more subdued outlook. Germany is somewhat in the middle. Dutch accommodation businesses are the most satisfied with the current economic environment

while Portuguese hoteliers are most optimistic about the future. Greece has the lowest share (34%) of positive future expectations while at the same time having the highest confidence (69%) in 2023 being a record-breaking year. An apparent contradiction, which might be explained by the fact that Greek businesses see emerging challenges (e.g. rising costs, price sensitivity of consumers, taxation) as more pronounced than any other country.

When it comes to differences between accommodation types, hotels outperform holiday homes and other short-term rentals. This is in contrast to the development during COVID, when many hotels had to close while vacation homes saw a boom, in particular from domestic travelers. Fortunes are now reversing.

Over the past six months, occupancy and average daily rates increased much stronger for hotels than



12%

of short-term rentals reported a decline in their occupancy levels, four times the number of hotels

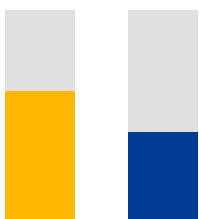
for short-term rentals (with a 9 percentage point lead on both counts). In fact, 12% of short-term rentals reported a decline in their occupancy levels, four times the number of hotels. As a result, while 73% of hotels perceived business to develop positively over the past six months, only 56% of short-term rentals stated the same. Overall, there is a 13 percentage point difference between hotels and short-term rentals with regard to the perception of the current business sentiment. Hotels are clearly emerging as a winner of the rebound in travel this year.

Small and independent accommodations continue to lose ground

Small and independent accommodations have been losing ground to larger chain-operated businesses for a number of years. The latest European Accommodation Barometer confirms this trend. Independent properties score worse across a large number of metrics, including occupancy and average daily rate development, business sentiment, investment plans, access to financing and capital as well as future outlook. Often the difference amounts to double-digit percentage points.

Moreover, the gap has widened since the Fall 2022 Barometer. For example, while the percentage of chain businesses that view their current economic situation as positive has increased from 60% to 75% (+15%) for chain businesses; it only increased from 56% to 59% (+3%) for individual properties. Notably, while 62% of chain properties expect 2023 to be the year of highest revenue for their business to date, only 43% of independent businesses expect the same.

Even if the business for independent accommodations has developed positively over the past six months, it is clear that these smaller properties are not recovering from the financial impacts of COVID as fast as larger chains. As a result, challenges are more pronounced and it's harder for smaller businesses to seize emerging opportunities. Thirty-three percent of chains are planning to invest more over the next six months, but only 27% of independent businesses plan to do the same. Investments in building improvements and room upgrades are seen as particularly challenging for smaller independent properties. They also feel less well-prepared for the challenges of sustainability and decarbonization.



While 62%

of chain properties expect 2023 to be the year of highest revenue for their business to date, **only 43%** of independent businesses expect the same



42%

of independent businesses state that more fiscal and tax incentives would help them the most in their development towards a more sustainable and climate-friendly business model

Struggling to prepare for the future, independent accommodation businesses expect their governments to create a more conducive business environment and provide more financial support. Forty-two percent of independent businesses state that more fiscal and tax incentives would help them the most in their development towards a more sustainable and climate-friendly business model, a figure that rises to 50% for businesses with nine or fewer employees. In contrast, for larger properties (10-249 employees), this number is only 37%.

At the same time, independent businesses view the impact of

government existing policies on their business to be more negative than positive (6% net negative). The opposite is true for chain properties (16% net positive). In fact, more than a quarter of independent accommodations view government policies as having a harmful or very harmful impact on their businesses. This figure rises to 37% for accommodations with nine or fewer employees. In particular, taxation, labor market policies, and overall economic policies (e.g. inflation measures) are viewed by a significant share of independent properties as having a detrimental impact on their business. This share is also markedly higher than the one for larger or chain businesses.

Circle Bridge, Copenhagen, Denmark



More than a quarter

of independent accommodations view government policies as having a harmful or very harmful impact on their businesses. This figure rises to 37% for accommodations with nine or fewer employees.

Opportunities trump challenges for European accommodations

Looking to the future, European accommodations are optimistic and, on average, see many opportunities while acknowledging the challenges. Attracting more travelers, a higher appreciation of travel after COVID, offering local experiences, and higher interest in sustainable products & services top the list of the most recognized opportunities across Europe. But there is some regional variation to these themes.

For example, the Nordic countries, Netherlands, Spain, and Italy see more opportunities in attracting international visitors over the next six

months. In contrast, France, Germany, and Greece believe domestic tourism to be a better source of future growth. Portuguese and Austrian accommodations view both opportunities as equally meaningful.

Offering local experiences is particularly attractive to accommodations in Spain, Portugal, the Nordic countries as well as the Netherlands. With the exception of Portugal, this group of countries also most appreciates the opportunity arising from a higher interest in sustainable products & services. Finally, Italy, Spain, and Greece believe they can benefit from a higher appreciation of travel after COVID more than others.

At the same time, they continue to struggle with rising costs (in particular for energy), economic uncertainty, and the challenge of acquiring and retaining staff. It is therefore no surprise that investments in energy efficiency are top of mind for European accommodations with 58%

of properties planning investments in this area over the next six months. Salaries, long working hours, work-life balance, and stress levels at work are seen as the root causes of the ongoing labor shortage across Europe, but with regional variance in the prominence of these factors.

Hoteliers see a prominent role for governments in the area of training schemes and labor upskilling, the potential positive impact of policies in this realm has been ranked on par with investments in destination marketing and digitalization of government services.

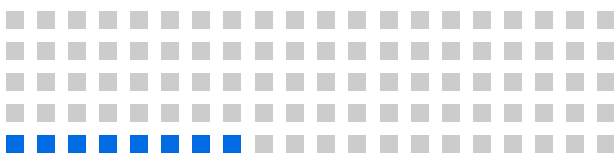
The coming AI revolution

A lot of hype has recently unfolded around Artificial Intelligence (AI), driven by the recognizable improvements in the performance and scope of applications of large language models. For European accommodations, AI does not feature prominently yet, but a revolution might be in the making. Across Europe, only 8% of accommodation businesses already make use of AI-powered business applications, such as customer chatbots or dynamic pricing algorithms. A further 23% do not currently use AI tools but plan on introducing them in the next six months. This would amount to a quadrupling of AI business users in the accommodation sector within a

very short period of time. Eventually, the 66% of accommodations that currently have no plans to use AI in their business might have to revisit this decision as AI transforms the travel experience.

It is also noted that the gap between smaller independent and larger chain-operated businesses also persists when it comes to the adoption of AI. While only 7% of independent properties currently make use of AI-powered tools, 14% of chain properties already do. Likewise, future adoption plans are more pronounced among chain properties, with

29% planning implementation in the next six months. Independent businesses might thus soon be faced with another competitive disadvantage. Policymakers should take note and make sure the needs of smaller businesses are taken into consideration when developing AI strategies.



8%

of accommodation businesses already make use of AI-powered business applications. A further 23% do not currently use AI tools but plan on introducing them in the next six months. This would amount to a quadrupling of AI users within a very short period of time.



The European Accommodation Barometer

This second edition of the European Accommodation Barometer is based on a survey of 1,040 executives and managers across the European accommodation sector. It is jointly produced by Booking.com and Statista.

Cala Macarelleta, Menorca, Spain

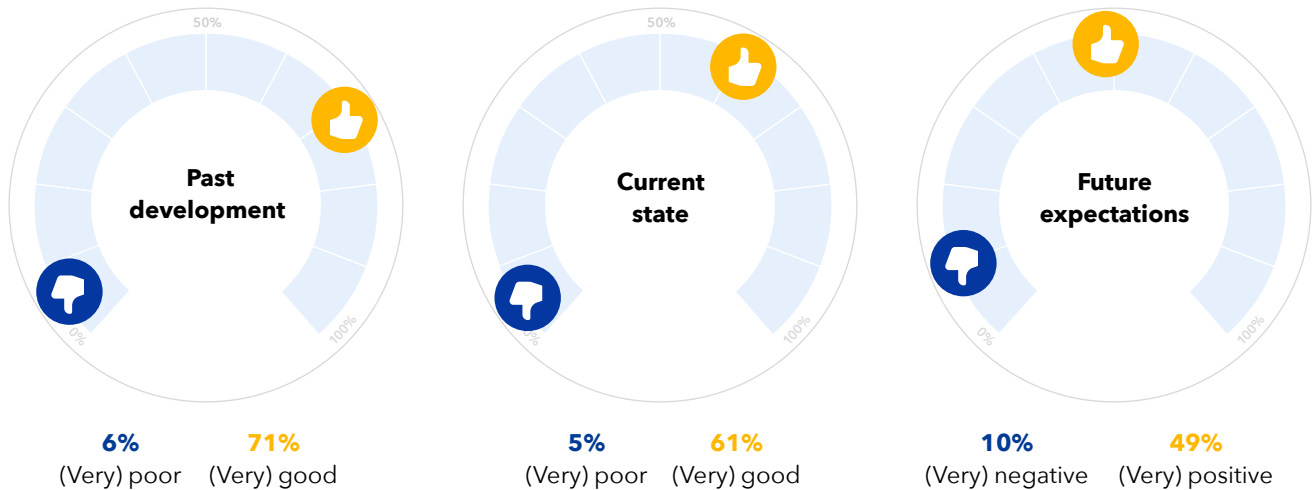


02 Economic Situation and Investments

Recovery continues and hoteliers are now looking to the future with optimism.

Now that the wider impacts of COVID-19 pandemic are fading away, the accommodation sector is continuing its recovery. Despite ongoing anxieties caused by high energy costs as well as macroeconomic and geopolitical uncertainty, many businesses are confident and optimistic with regard to future growth but remain a bit wary of investing, for the time being.

Accommodations' perception of their economic development



Travel is back

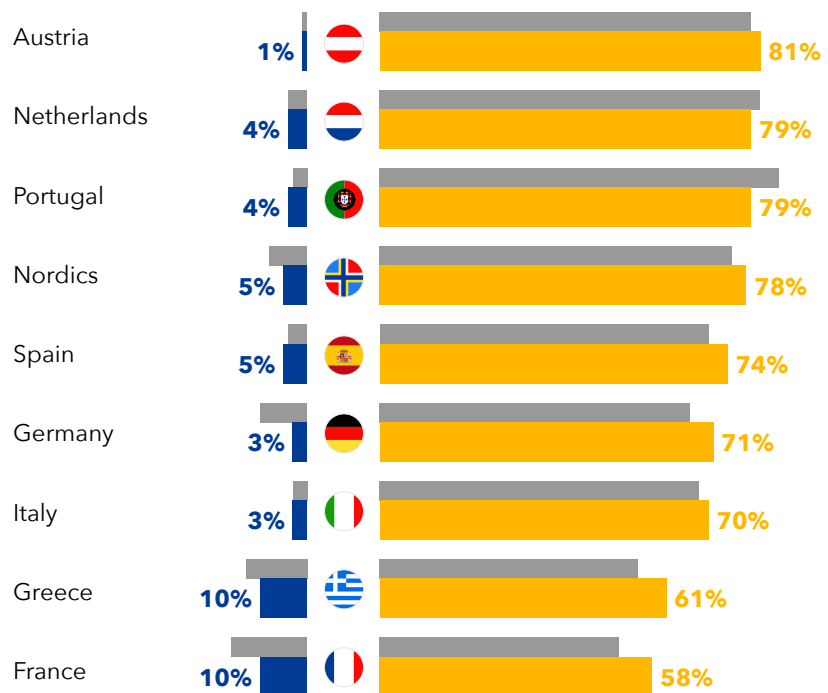
When asked to comment on their business development over the previous six months, the majority of accommodation providers rated their general business development as (very) good (71%). This reflects the continued strong recovery of the accommodation sector, which now appears to be stabilizing.

While there was an exceedingly positive sentiment to general development in the past, the perceived development of the current economic situation was more subdued yet still positive, and slightly higher than in 2022. While future expectations still reflect concerns about the macroeconomic situation and rising energy costs, the overall sentiment is significantly more optimistic than it was in 2022.

More than three quarters of respondents from Austria, the Netherlands, Portugal and the Nordic countries indicated that their business development in the previous six months was (very) good, while France

How do you characterize the development of your accommodation business in the last 6 months?

■ (Very) poor ■ (Very) good ■ 2022



and Greece were least positive about the development of their business in the first half of 2023. The Netherlands and Portugal recorded a slight

drop in the percentage rating their performance as (very) good since 2022, whereas elsewhere there were improvements across the board.

Hotel chains demonstrate greater resilience

There were improvements across all metrics since last year and both independent hoteliers and chains recorded an incremental improvement in general development, with chain businesses faring slightly better. In terms of overall business development in the last six months, 81% of

chains reported positive business outcomes as compared with 69% of independent hotels.

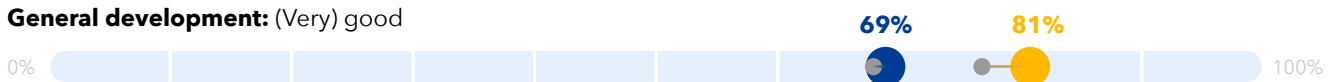
Average daily rate (ADR) development only increased marginally for both independent and chain businesses. However, fewer independent hotels rated the

performance of their occupancy rate as (very) good in the last six months than chains, with the number of independent businesses rating their performance as (very) good increasing from 56% to 57% and positive outcomes reported by chains increasing from 65% to 72%.

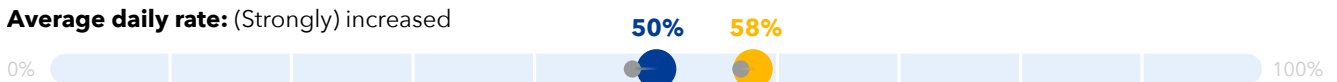
Accommodation business development in the last 6 months

● Independent business ● Chain business ● 2022

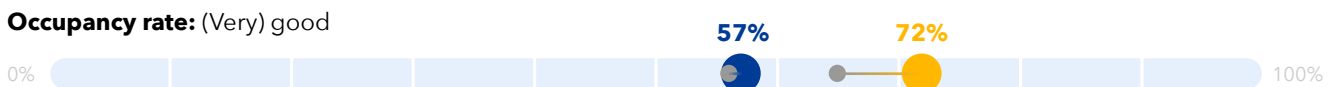
General development: (Very) good



Average daily rate: (Strongly) increased



Occupancy rate: (Very) good



Access to financing improving but recent shocks make hoteliers wary of investment

In 2023, few travel accommodations (5%) had an overtly negative perception of the current economic situation. The majority felt that they are in a (very) good economic situation (61%; 2022: 57%), yet the relatively large proportion of respondents who chose a neutral response (33%)

remains a sober reminder that a significant minority remain cautious and uncertain. Access to capital improved slightly in 2023, when 43% of respondents reported no difficulty (2022: 38%) and 19% reported having difficulties (2022: 22%).

Current overall economic situation

■ (Very) poor
■ Neutral
■ (Very) good

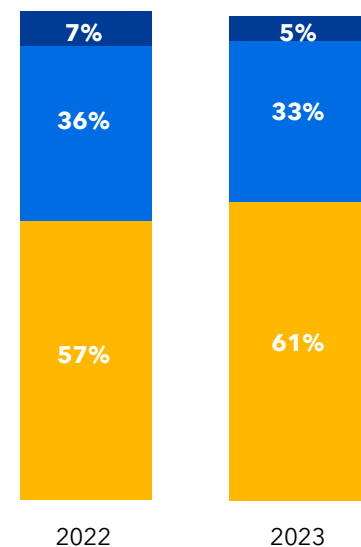
Current overall situation on access to financing and capital

■ Not difficult (at all) ■ Neutral ■ (Very) difficult ■ Don't know

2022



2023



European countries reported improved access to financing and capital across the board, with the Nordic countries and the Netherlands showing the greatest ease to gaining such access (61%). Southern European countries still struggle more with access to finance, and Greece is

again the prime example of that. 43% of Greek hoteliers reported difficulties with access to capital, and only 27% did not. Although this is a marked improvement from last year, there is still a long way to go for the challenge to dissipate.

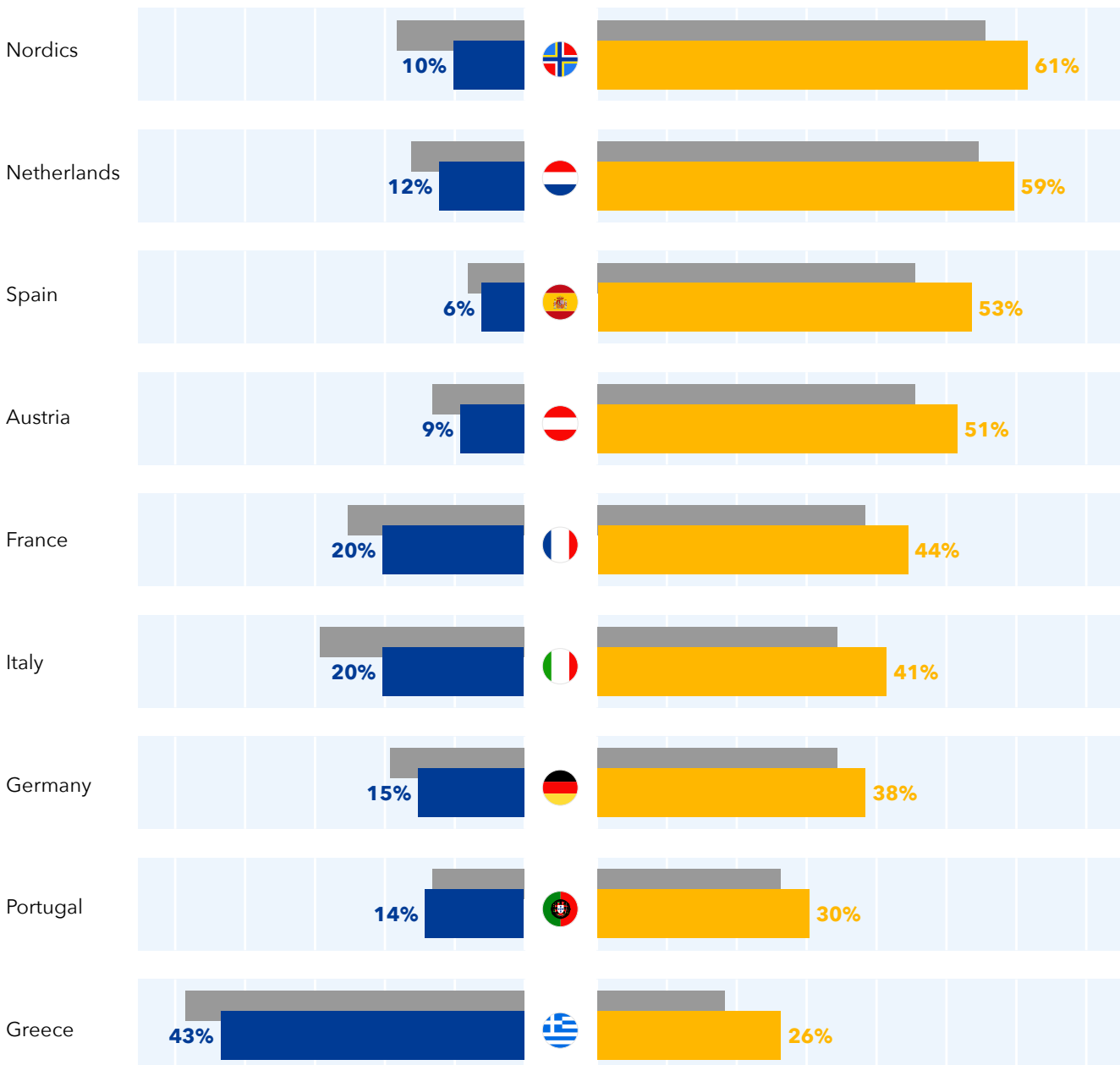


57%

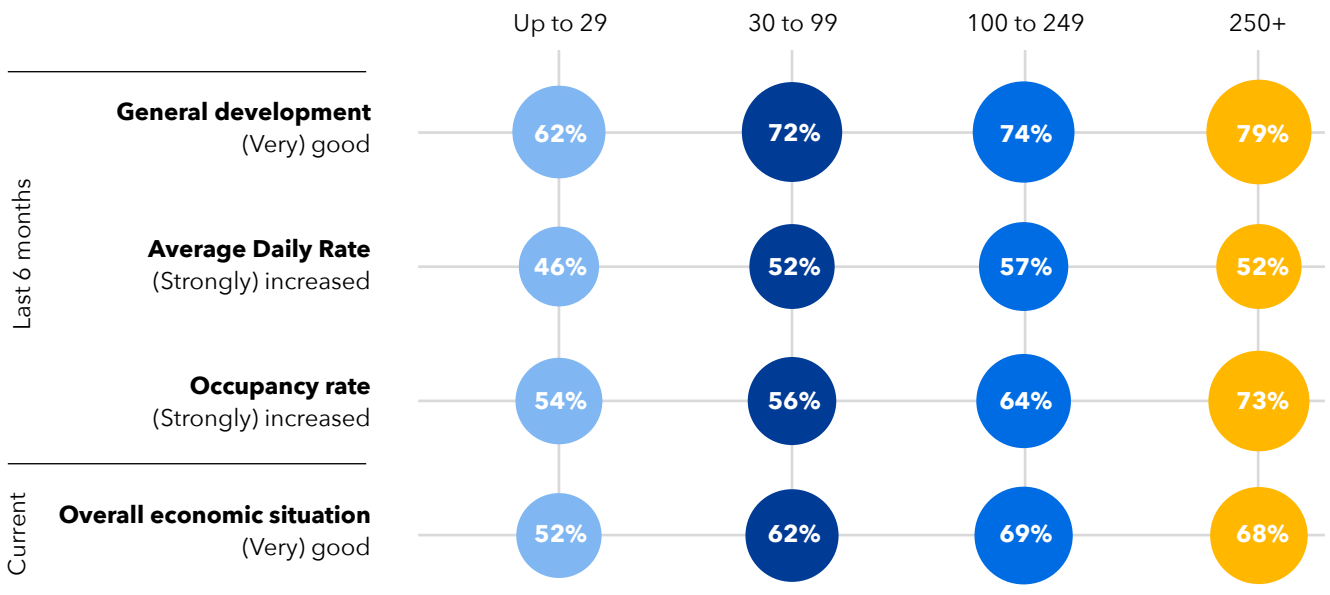
of chain businesses found it not difficult or not difficult at all to access capital compared to 40% of independents

How do you characterize the current access to financing and capital of your accommodation business?

■ (Very) difficult ■ Not difficult (at all) ■ 2022



Accommodations business development, by number of beds

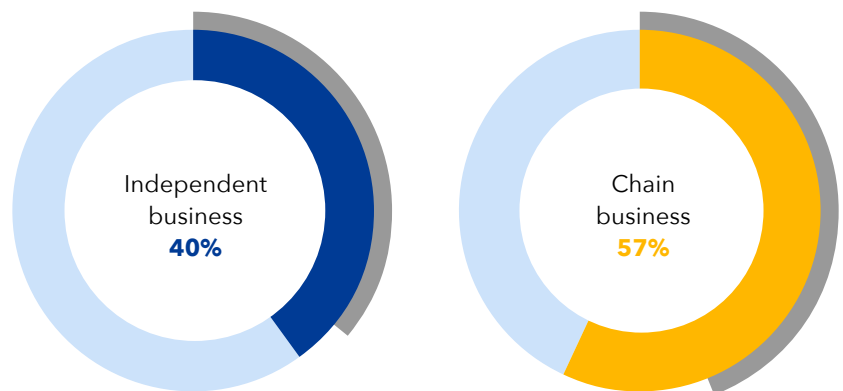


Property size matters

Closely linked to the comparative stability of hotel chains, size is another factor that correlates strongly to the success and stability of accommodation businesses. Larger businesses of 100 beds or more were more likely than smaller businesses to rate their economic situation, ADR, occupancy rate, and general developments as positive or very positive. The smallest properties with 29 beds or less underperformed the very large businesses with 250+ beds on this set of matrices by a quarter on average.

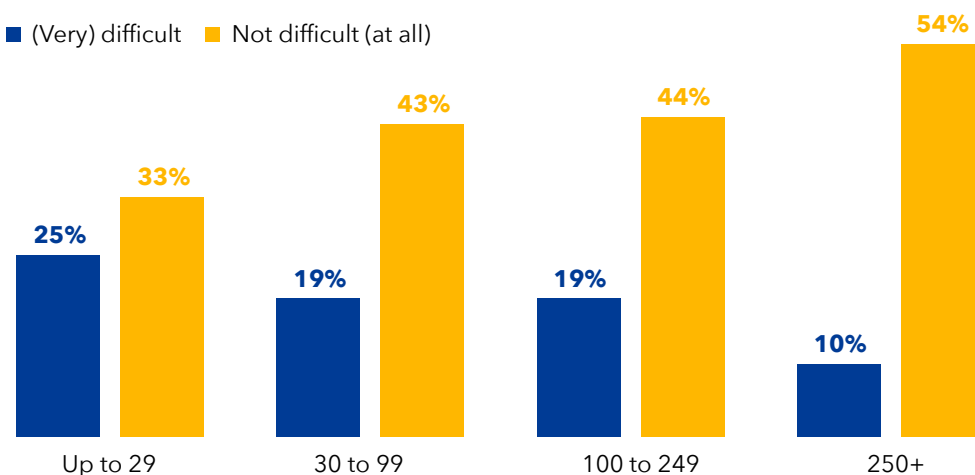
Access to financing and capital, by business type

Not difficult (at all) ■ 2023 ■ 2022



Access to financing and capital, by number of beds

■ (Very) difficult ■ Not difficult (at all)



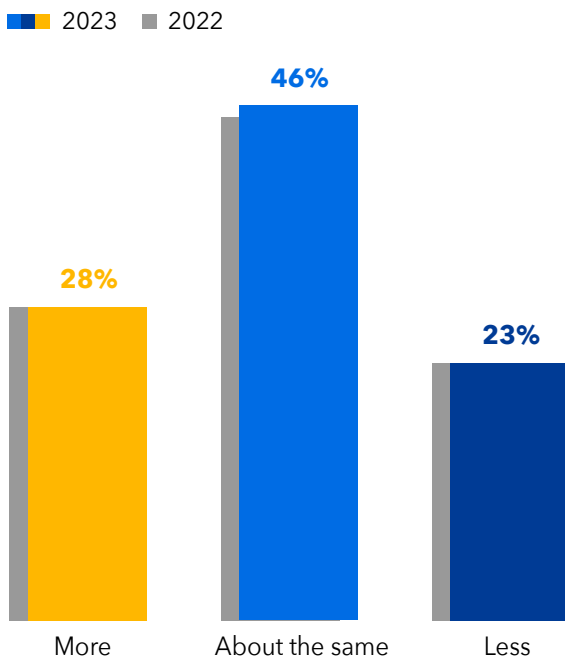
Business outlook continues to improve

2023 is shaping up to be a very positive year for the tourism industry as it returns to pre-pandemic levels and now that lockdown restrictions are finally a thing of the past. However, the economic uncertainty, inflation, and the fears caused by the energy price hikes resulting from the Russian invasion of Ukraine, triggering widespread inflation, have likely influenced mixed responses about future investments, which have remained practically unchanged

from the previous year. Almost half of the respondents (46%) indicated that they would be investing about the same in the next six months compared to the previous six months. Accommodations planning to change their level of investment in the next six months were split with 28% of respondents indicating that they would spend more and 23% indicating that they would spend less.

The economic outlook, however, has markedly improved since last year, with 48% of respondents indicating that they expected to see positive business development in the next six months, compared with 38% last year. On top of that, almost half of European hoteliers expected 2023 to be a record year in terms of revenue, signifying the accommodation industry's strong confidence in what the year could offer.

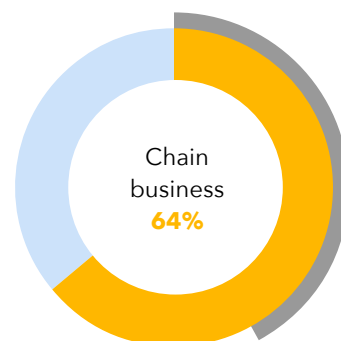
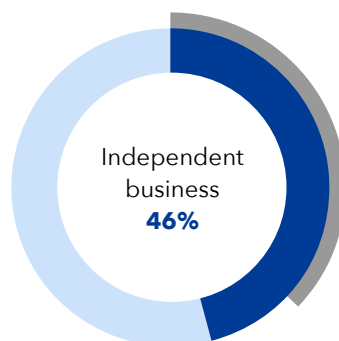
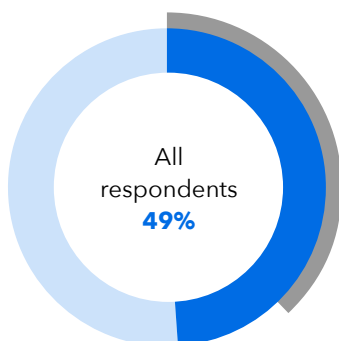
Compared to the last 6 months, investment plans for the next 6 months



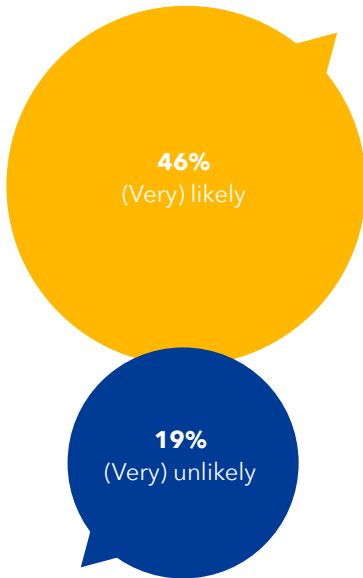
The Glória Funicular, Lisbon, Portugal

Accommodation business development in the next 6 months

(Very) positive 2023 2022



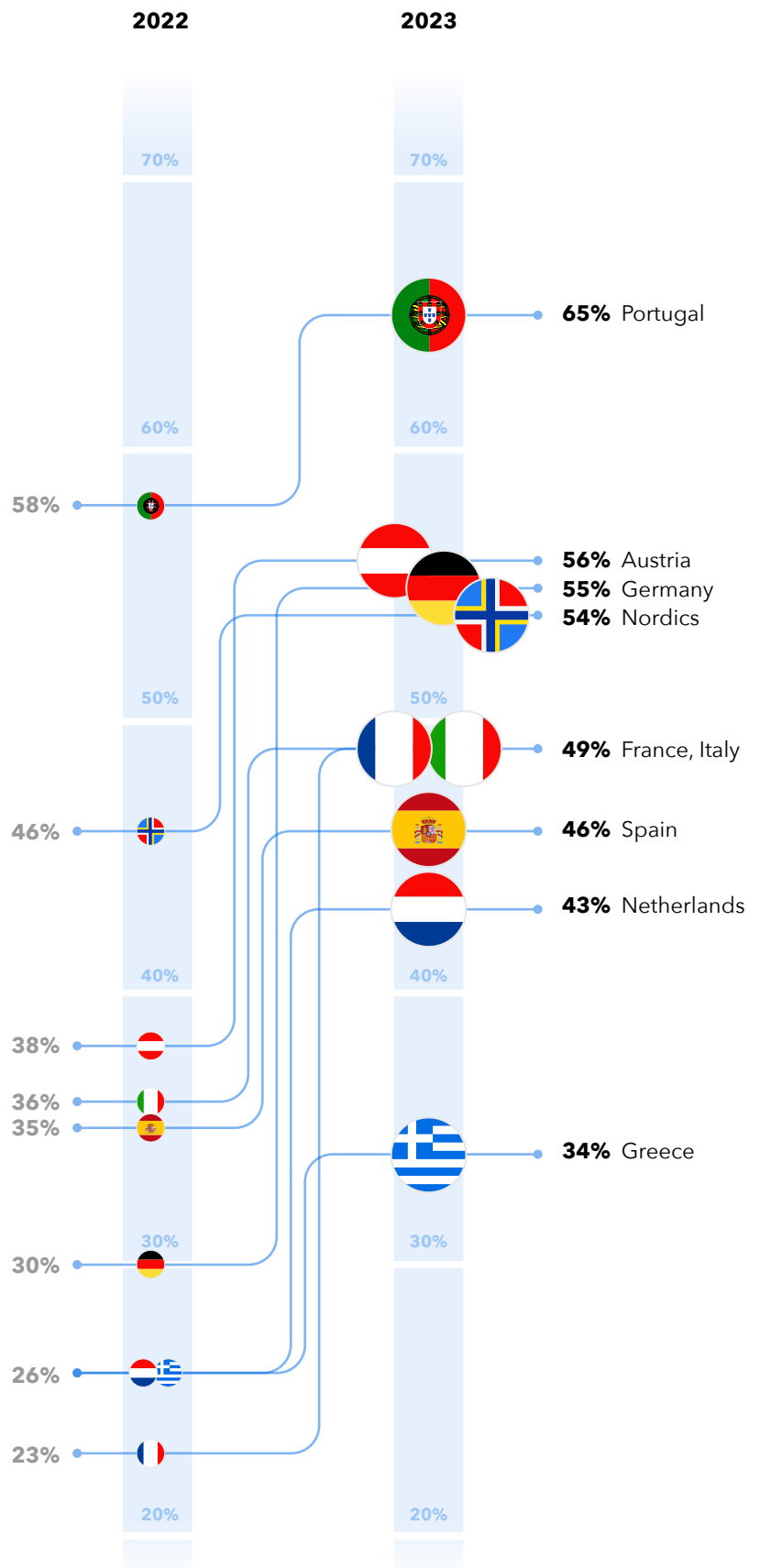
To what extent do you expect 2023 to be the year of highest revenue for your accommodation business to date?



A number of countries reported impressive improvements in the future outlook. France and Germany saw the greatest mood lifts regarding the business development in the next 6 months, with the countries reporting uplifts of 26% and 25% respectively compared to 2022. Hoteliers from countries such as Austria and the Netherlands were also considerably more optimistic about the next 6 months in the 2023 survey compared to last year's survey. Portugal remains the country with the brightest perceived future outlook, while Greece has the dimmest outlook.

Accommodation business development in the next 6 months

(Very) positive



Lake Achen, Tyrol, Austria



03 Challenges and Opportunities

Hoteliers continue to worry about the energy costs and the overall economic conditions, while staffing-related challenges remain critical.

High energy prices resulting from the Russian invasion of Ukraine continues to be hoteliers' biggest concern. The difficult economic situation marked by high inflation and the ongoing staffing crisis remain top challenges for European hoteliers, while they also see opportunities in attracting more international and domestic guests.

Top challenges (now or expected for the next 6 months)

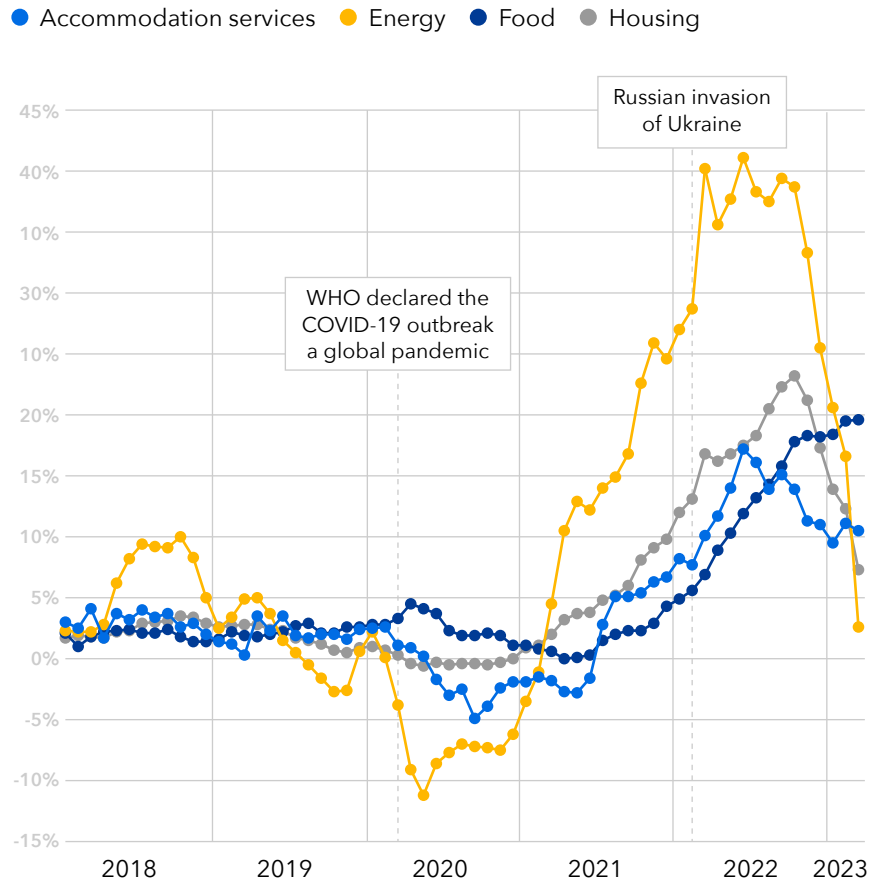


Energy costs remain the greatest short-term challenge for European hoteliers

With the Russian war in Ukraine dragging into the second year, geopolitical uncertainties and high utility bills continue to weigh on the minds of European hoteliers. Energy inflation has come down considerably from the staggering high of 41.1% in June 2022. But now, the prices are high that even if they stop growing, it presents a problem. A greater share of hoteliers see the energy costs as a key challenge in the 2023 survey (86%) compared to last year (80%). Accommodation providers were equally troubled by geopolitical uncertainties in both years' surveys, and slightly more concerned with staffing-related issues in 2023.

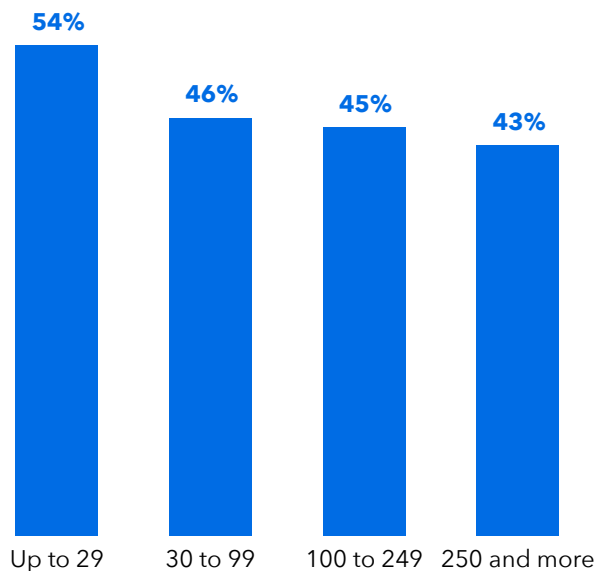
The size of the establishment also matters when it comes to the perception of challenges. The smaller the hotel, the more likely it is to consider the overall economic situation a challenge. Smaller properties also struggle more with access to capital: two times as many hotels with up to 9 employees reported this as a challenge compared to hotels with between 50 and 249 employees.

Harmonized index of consumer prices (HICP) inflation rate in EU, by purpose

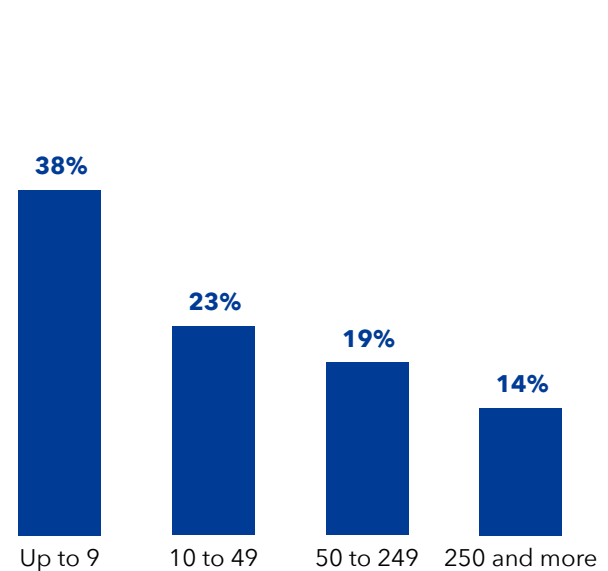












Note: EU28 from 2018 to 2019, EU27 from 2020 onwards
Source: Eurostat

Share of hoteliers who see the overall economic situation as a challenge, by the number of beds



Share of hoteliers who see the access to finance/capital as a challenge, by the number of employees

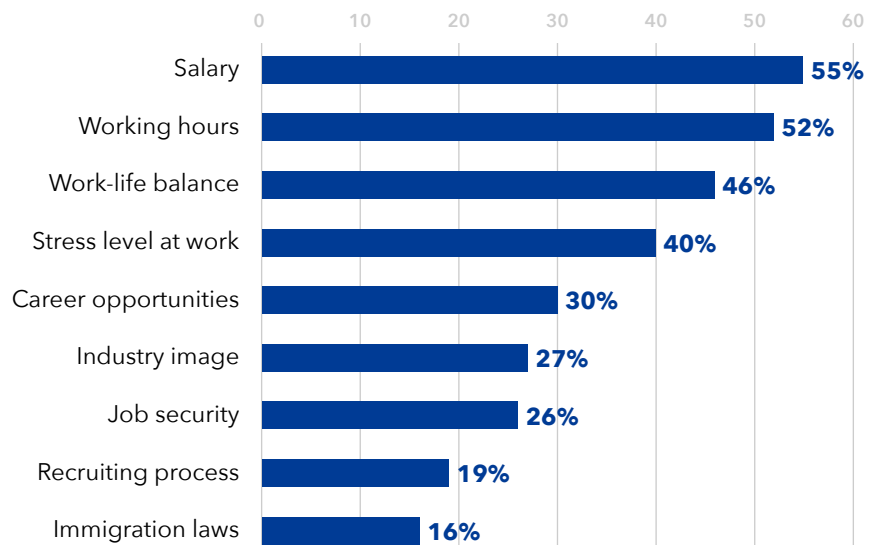


Challenges (now or expected for the next 6 months)	Spain	Austria	Netherlands	Germany	Portugal	EU average	Italy	Greece	Nordics	France
										
Energy cost	94%	93%	92%	90%	88%	86%	84%	80%	78%	75%
Overall economic conditions	60%	46%	51%	49%	60%	47%	45%	49%	35%	34%
Cost of staff	35%	56%	53%	58%	38%	46%	49%	41%	48%	36%
Acquiring/retaining staff	51%	55%	42%	53%	38%	44%	51%	46%	35%	44%
Cost of inputs and services	61%	43%	46%	39%	36%	40%	38%	40%	36%	35%
Decarbonization	21%	59%	40%	54%	28%	38%	43%	36%	36%	38%
Taxation	56%	38%	11%	35%	46%	36%	40%	68%	19%	31%
Consumer expectations	49%	25%	36%	21%	35%	33%	23%	56%	34%	18%
Sustainability	30%	35%	30%	43%	24%	32%	40%	33%	36%	24%
Price sensitivity of customers	46%	19%	30%	23%	40%	31%	30%	61%	15%	11%
Competition from other accommodation providers	31%	29%	36%	21%	43%	31%	35%	31%	35%	20%
Investments	30%	35%	26%	33%	30%	30%	36%	25%	21%	33%
Changes in consumer spending behavior	45%	24%	21%	28%	34%	29%	29%	58%	19%	13%
Digitalization	26%	31%	28%	30%	20%	28%	33%	23%	26%	26%
Shifting consumer trends	26%	26%	21%	30%	16%	27%	48%	25%	16%	29%
Customer acquisition	25%	33%	20%	29%	35%	26%	30%	11%	29%	30%
Access to financing/capital	29%	23%	11%	19%	26%	25%	39%	40%	15%	16%
Competition from other destinations	30%	25%	26%	19%	33%	24%	28%	23%	15%	19%
Connection/accessibility	20%	9%	9%	18%	8%	18%	18%	29%	28%	28%
Regulation	26%	26%	15%	24%	29%	15%	5%	5%	9%	6%
Travel restrictions	14%	6%	4%	6%	25%	8%	4%	5%	5%	5%
Other challenges	-	-	1%	-	5%	1%	-	-	1%	1%

On the country level, hoteliers in Spain, Austria, the Netherlands, and Germany were the most concerned with energy costs, with no less than 90 percent of respondents in these countries reporting this as a challenge to their business. Portuguese and Spanish hoteliers worried the most about the overall economic conditions, as three in five respondents there saw it as a concern. Taxation remained a sore spot for Greek accommodation providers (68%), way more than it is the case for most other EU countries. Austrian (59%) and German (54%) hoteliers were more preoccupied with the challenges of decarbonization.

Greek hoteliers were **6 times** more likely than Dutch hoteliers to see taxation as a challenge

Top causes for the shortage of skilled workers



When taking a closer look at the staffing challenges in the European accommodation industry, salary (55%), working hours (52%), work-life balance (46%), and stress level at work (40%) stood out as the top causes of the shortage of skilled workers. Salary was a more pressing concern in countries such as Spain (73%), Greece

(65%), and Germany (64%), whereas the long and often irregular working hours were particularly ill-received by Austrian (65%) and German (63%) accommodation industry workers. Italian hotel industry workers tended to be unsatisfied less with their pay, but more with the work-life balance and stress level at work.

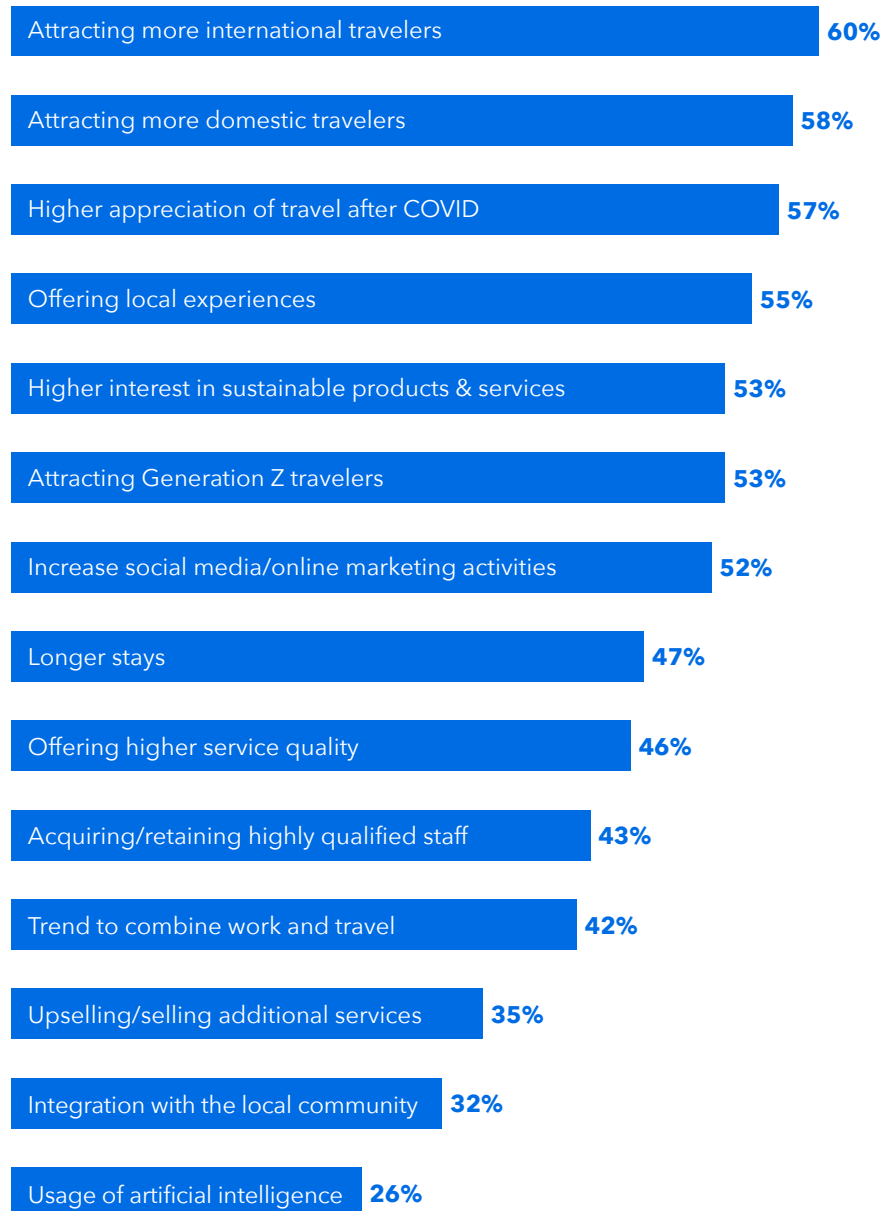
Top causes for the shortage of skilled workers	Country								
	Spain	Greece	Germany	Nordics	Netherlands	Austria	Portugal	France	Italy
Salary	73%	65%	64%	61%	55%	48%	38%	36%	33%
Working hours	40%	58%	63%	44%	52%	65%	48%	59%	43%
Work-life balance	45%	43%	61%	29%	47%	48%	28%	33%	55%
Stress level at work	38%	50%	48%	16%	31%	54%	30%	54%	46%
Career opportunities	41%	29%	29%	43%	24%	28%	28%	21%	20%
Industry image	48%	24%	40%	23%	28%	36%	19%	23%	19%
Job security	30%	29%	18%	30%	19%	11%	18%	30%	44%
Recruiting process	21%	18%	15%	14%	19%	11%	15%	18%	10%
Immigration laws	14%	14%	8%	11%	10%	15%	13%	18%	10%

Despite all the challenges European hoteliers face, with the pandemic fading into the background and travel coming back in force, there is also an abundance of opportunities waiting to be explored. Above all, the return of international travelers (60%) is seen as a major opportunity that hoteliers are excited about, as well as the prospect of attracting more domestic travelers (58%).

People’s higher appreciation for travel after the pandemic also contributed to hoteliers’ positive outlook for the future. According to the 2022 YouGov survey, more than a third of global travelers stated that travel has become more important to them since the pandemic.

Other trends, such as travelers’ growing appreciation for local experiences and more sustainable travel, the rise of Gen Z travelers, as well as the increasing popularity of “bleisure” - blending business trips with vacation - all give European hoteliers hope for novel revenue possibilities.

Top opportunities (now or expected for the next 6 months)

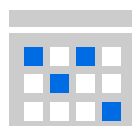


Global consumers’ travel attitudes or plans as of the end of 2022



35%

of travelers state that travel has become more important to them since the pandemic, compared to only 27% who state the opposite



27%

of consumers plan to take 3 or more trips in the next 12 months (for leisure, business, or personal reasons.)












67%

of consumers are planning a leisure trip in the next 12 months (56% domestic and/or 26% international)

Methodology: n=19,000, respondents come from 18 global markets; survey was fielded from 9. to 23.November 2022

Source: YouGov

Top opportunities (now or expected for the next 6 months)	Netherlands	Spain	Nordics	Greece	Portugal	Austria	Germany	Italy	France
									
Attracting more international travelers	80%	78%	78%	58%	58%	55%	44%	34%	33%
Attracting more domestic travelers	60%	66%	59%	64%	55%	50%	61%	25%	68%
Higher appreciation of travel after COVID	45%	80%	54%	91%	51%	36%	39%	61%	48%
Offering local experiences	64%	73%	65%	48%	65%	54%	51%	28%	36%
Higher interest in sustainable products & services	68%	83%	73%	69%	45%	38%	39%	28%	39%
Attracting Generation Z travelers	54%	86%	48%	59%	60%	43%	39%	26%	44%
Increase social media/ online marketing activities	63%	90%	71%	24%	64%	36%	35%	23%	20%
Longer stays	45%	75%	51%	54%	54%	38%	35%	20%	20%
Offering higher service quality	51%	78%	63%	28%	54%	40%	33%	14%	19%
Acquiring/retaining highly qualified staff	48%	74%	49%	33%	50%	35%	34%	9%	23%
Trend to combine work and travel	56%	50%	59%	55%	46%	24%	30%	15%	15%
Upselling/selling additional services	34%	84%	40%	49%	50%	21%	24%	13%	14%
Integration with the local community	41%	63%	29%	30%	49%	23%	31%	10%	19%
Usage of artificial intelligence	44%	41%	23%	15%	28%	24%	24%	11%	25%

Dutch (80%), Spanish (78%), and Nordic (78%) hoteliers were most optimistic about the prospect of attracting more international travelers, whereas French (68%) and Greek (64%) hoteliers saw greater potential in attracting more domestic visitors. Greek (91%) and Spanish (80%) hoteliers were also extremely confident in people's higher appreciation of travel after the pandemic.



3 in 5

European accommodations see attracting more international travelers as an opportunity for their business



Amsterdam, The Netherlands

04 Digitalization and Sustainability

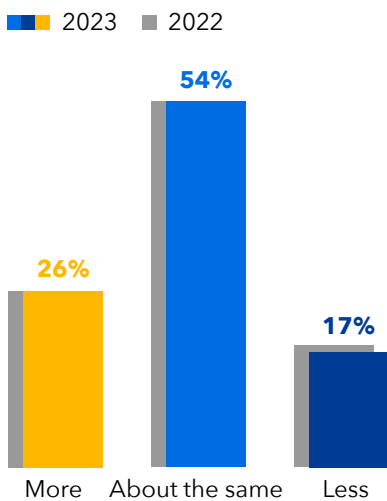
The European travel industry is at the forefront of digital and green transformation.

European hoteliers are generally prepared for the digital transformation of their businesses with social media marketing being the most important topic. The adoption of artificial intelligence (AI) is only beginning. But everyone agrees that more progress is needed on the sustainability front.

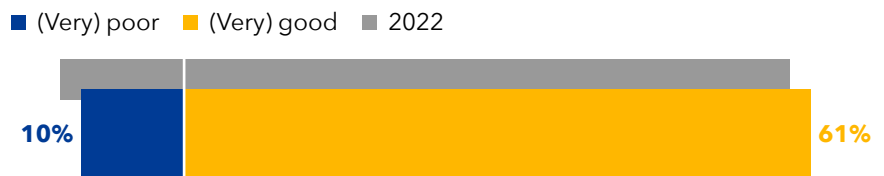
Our digital and sustainable future - a twin challenge

On top of immediate concerns such as rising energy costs and the overall economic situation, in order to stay relevant and competitive, European accommodations are also under pressure to prepare themselves for digital and green transformations.

Compared to the last 6 months, investment plans for digital transformation for the next 6 months



Preparedness for digital transformation



Hoteliers' preparedness for digital transformation is moderately high. The majority (61%) of survey respondents perceived their preparation for digital transformation to be (very) good, while only 10% were dissatisfied with their status in this regard.

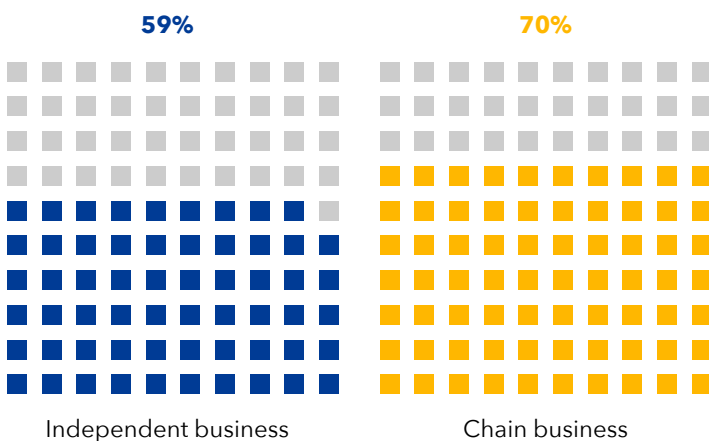
This confidence might be a reason behind the somewhat reserved investment readiness - just one-quarter of hoteliers said that they would invest more in digital transformation in the next six months, only slightly higher than the proportion of hoteliers (17%) that planned to invest less. The majority

(54%) of survey respondents would maintain the same investment momentum. This was virtually unchanged from 2022.

Chains were more ready for digital transformation in comparison to independent hotels. 70% of chain respondents said that they were (very) well prepared to transform their businesses digitally, compared to 59% of independent respondents. Meanwhile, over two-thirds of hotels with four or five stars reported that they felt prepared, while only half of the hotels with one or two stars felt the same.

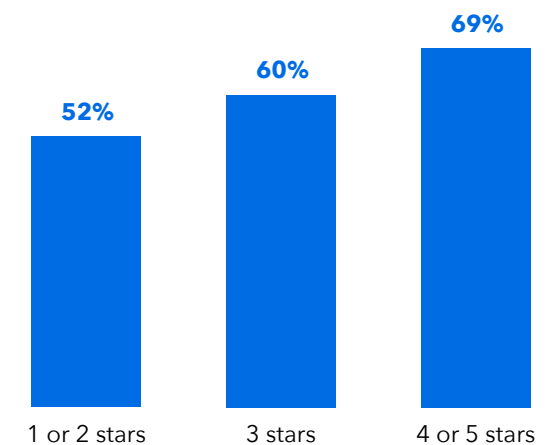
Preparedness for digital transformation, by business type

(Very) good



Preparedness for digital transformation, by star classification

(Very) good



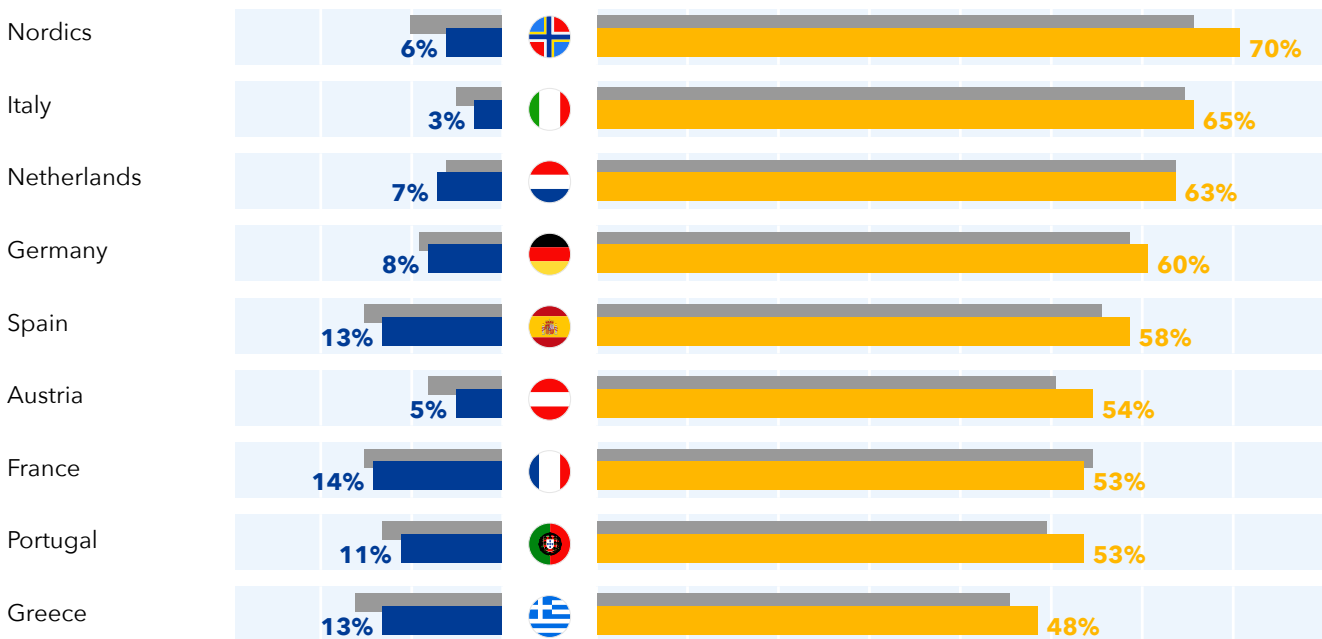
Compared to their peers in other countries, survey respondents from the Nordic countries (70%), the Netherlands (63%), and Germany (60%) were feeling the most prepared for digital transformation.

While the Nordic countries and the Netherlands were most likely to invest more in digitalization endeavors in the next six months, Italy and Spain were both more prepared to invest than Germany.

“
(We want) availability of more than one presence in the social media to be more visible.
”

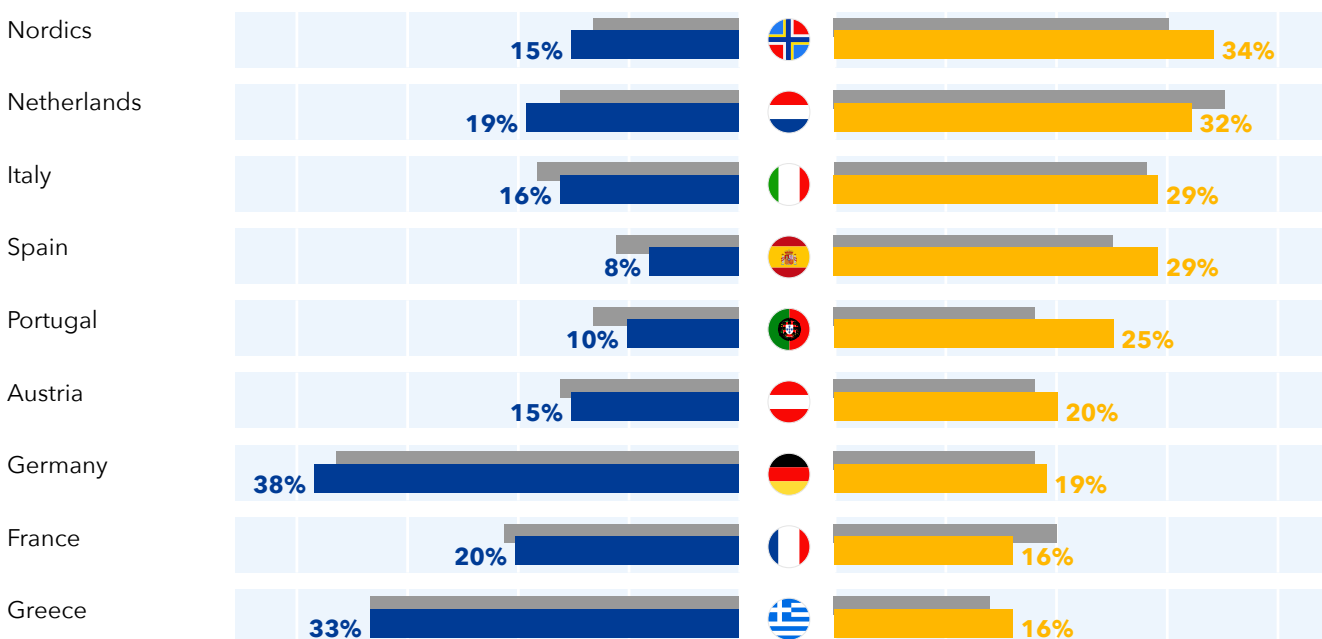
Preparedness for digital transformation

■ (Very) poor ■ (Very) good ■ 2022



Investment plans regarding digital transformation

■ Invest less than the last 6 months ■ Invest more than the last 6 months ■ 2022



Social media marketing is still the most important topic for hoteliers when it comes to digitalizing their businesses, as over one-third of survey respondents reported. The creation and maintenance of business websites were also seen as important issues by 34% of survey respondents. Managing different aspects of the business such as customer relationships and online advertising are also areas that European hoteliers are working to digitalize.

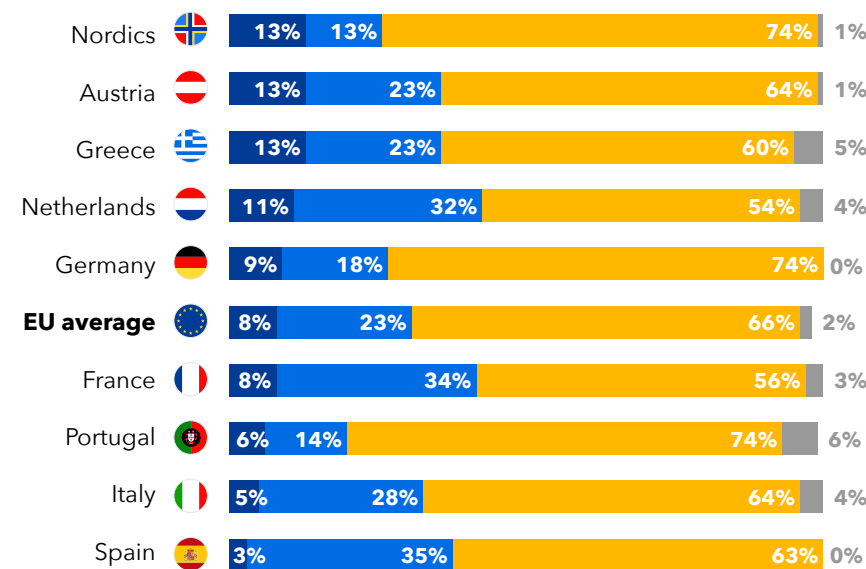
No longer just a buzzword from the tech industry, AI is increasingly finding its way into our daily lives and the business world. A certain level of wariness is to be expected for this technology, which is still developing quickly and has yet to be regulated. As with other innovations, it is likely to find greater acceptance as its use and benefits become more widespread and better understood. However, some countries in Europe with a stronger emphasis on protecting personal data and the rights of the individual may show resistance for longer.

Most important digital transformation topics



Current/planned use of AI

- Yes, we already use AI
- Not yet, but we plan to use AI in the next 6 months
- No, we do not currently use or plan to use AI
- Don't know



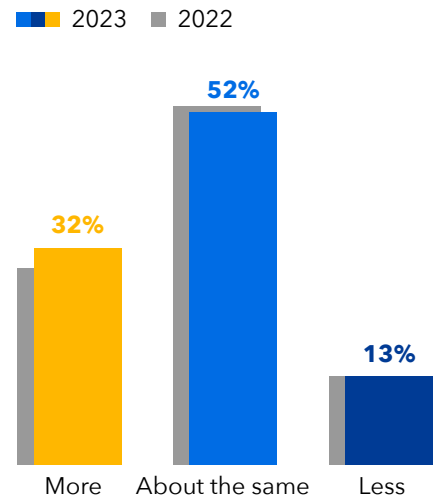
For Europe as a whole, about one-quarter of accommodation providers are intending to use AI in the next six months, while two-thirds do not plan to use it. This approximate trend is seen across all countries, with some minor variations. The Nordic countries, Germany, and Portugal are the most skeptical, with 74% of respondents in each of these countries stating that they do not plan to use AI. Meanwhile, Spain, France, and the Netherlands are relatively open to the integration of artificial intelligence into their business practices, with around one-third of respondents in each stating that they are open to the idea.

Gearing up for the green transition

Compared to last year (39%), European hoteliers felt slightly more prepared (42%) to tackle the challenges of sustainability and decarbonization in 2023, and a smaller share of respondents reported poor preparedness.

A similar trend can be observed in hoteliers' investment plans regarding sustainability-related projects, with a slightly higher share of respondents saying that they will invest more in the next 6 months.

Compared to the last 6 months, investment plans for sustainability & decarbonization for the next 6 months



Preparedness for challenges of sustainability & decarbonization

■ (Very) poor ■ (Very) good ■ 2022



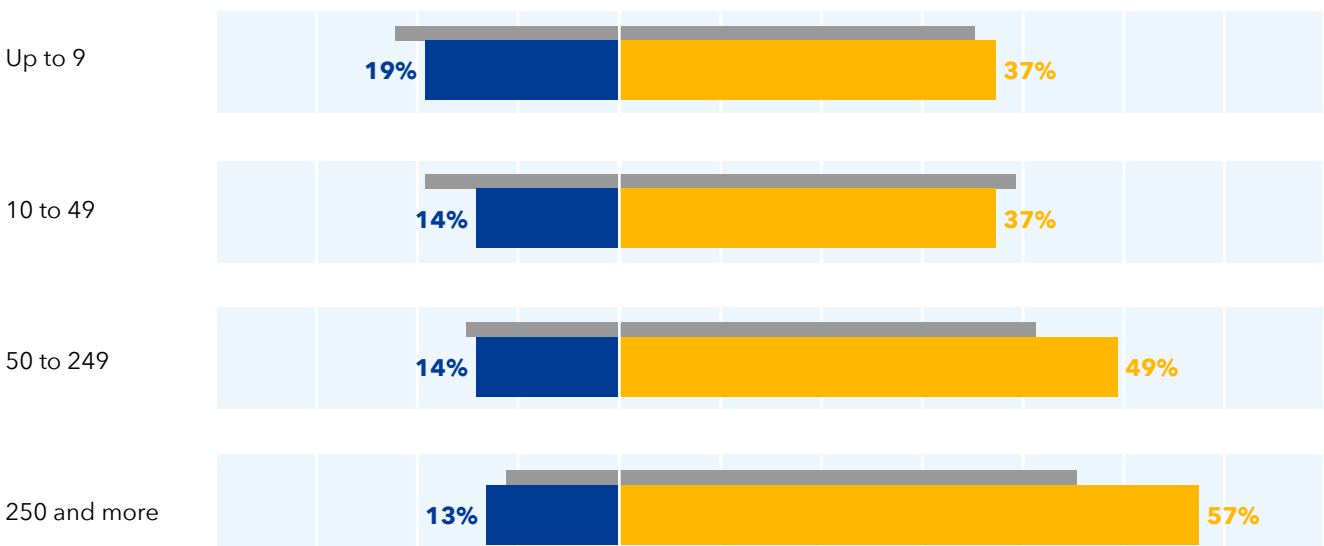
“We want to implement more solar panels and sort the trash in different kinds to recycle more easily.”

Size comes into play as well in the context of sustainability and decarbonization: the bigger the hotel is, the more prepared it is for the challenges. In the 2023 survey, 57% of respondents from hotels with 250 and more employees reported

(very) good preparedness for these challenges, compared to just 37% of respondents from hotels with under 50 employees. The size effect became more prominent in 2023 when the difference between small and big hotels widened.

Preparedness for challenges of sustainability & decarbonization, by number of employees

■ (Very) poor ■ (Very) good ■ 2022



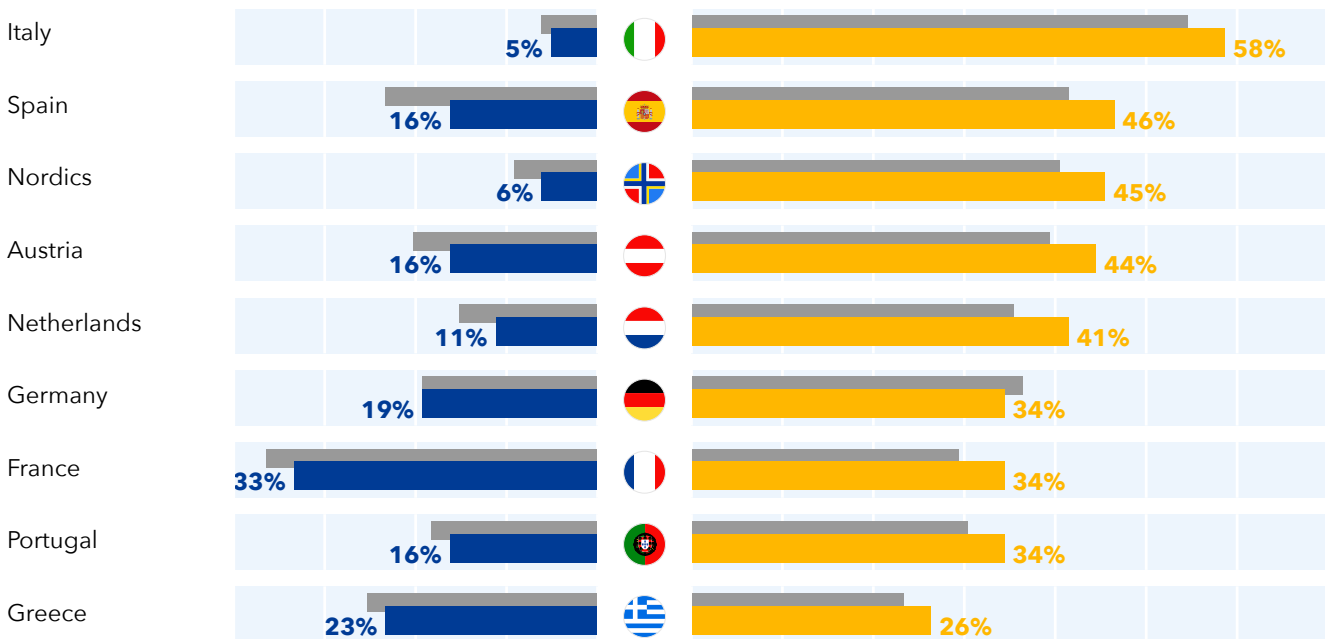
“
We use detergents that
are biodegradable.”
”

Consistent with last year's results, Italy is the country where accommodation providers felt the most confident (58%) about their preparedness for sustainability, whereas Greece is the country with the least confidence (26%)

on this topic. Austrian hoteliers remained the most enthusiastic about sustainable investments, as 2 in 5 Austrian respondents said that they would invest more in the next 6 months, twice as much as Portuguese respondents.

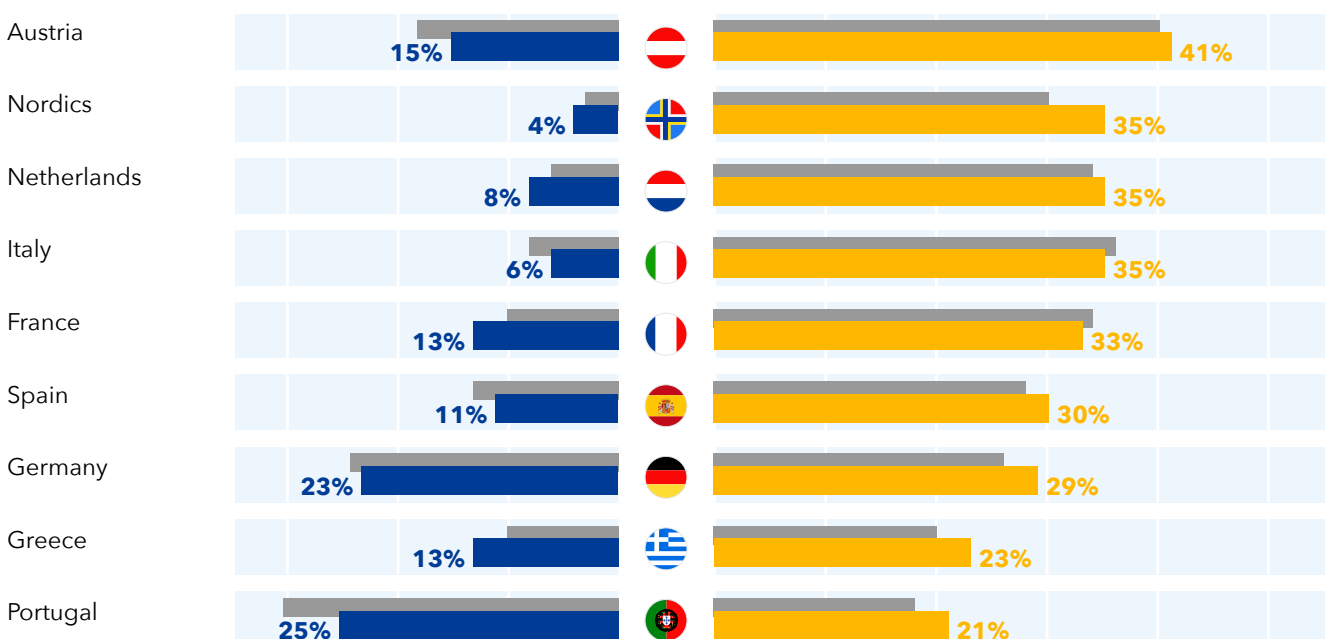
Preparedness for sustainability & decarbonization

■ (Very) poor ■ (Very) good ■ 2022



Investment plans regarding sustainability & decarbonization

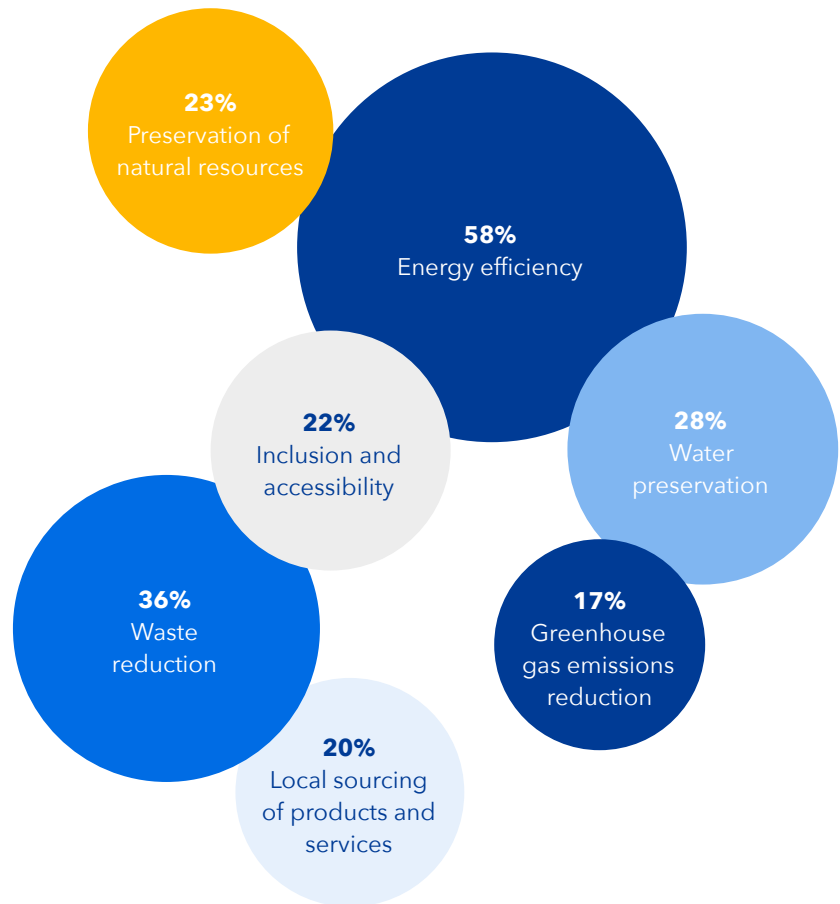
■ Invest less than the last 6 months ■ Invest more than the last 6 months ■ 2022



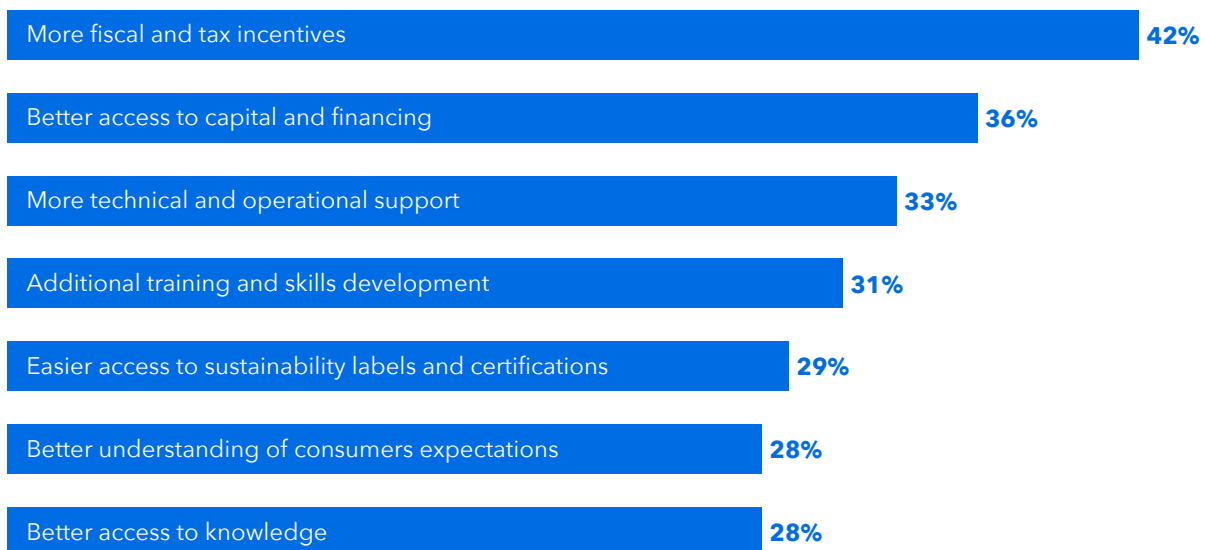
Given European hoteliers' incredibly high level of concern for rising energy costs, it is not surprising that they focused overwhelmingly on energy efficiency when it comes to the topic of sustainable investment, with 3 out of 5 respondents saying that they are spending money in this field. Other popular investment areas include waste reduction (36%) and water preservation (28%). The growing importance of local experiences during travel can also be reflected in accommodation providers' plans to invest more in providing such products and services (20%).

As the following chart shows, hoteliers are in most need of financial support if they want to gear up for the green transition. Around 2 in 5 respondents said that more fiscal and tax incentives from the government would help to accelerate their business development towards a more sustainable business model, and a similar share stated that better access to capital and financing would help them advance on this journey.

Sustainability investment plans over the next 6 months



Which of the following aspects would help you most to accelerate your development towards a more sustainable and climate-friendly model?



This echoes the findings of Booking.com’s annual Sustainability Report, where surveyed accommodation providers revealed that the top barrier stopping them from doing more for sustainability is the high cost of investments.

“
Our most important sustainability topic is to renovate (so that we can) meet (the new) standards.
”

Leading blockers that prevent accommodation providers doing more around sustainability

The cost of the investments needed is too high



Difficulty finding viable sustainable alternatives to products/services



Not sure what return on investment sustainable practices will bring



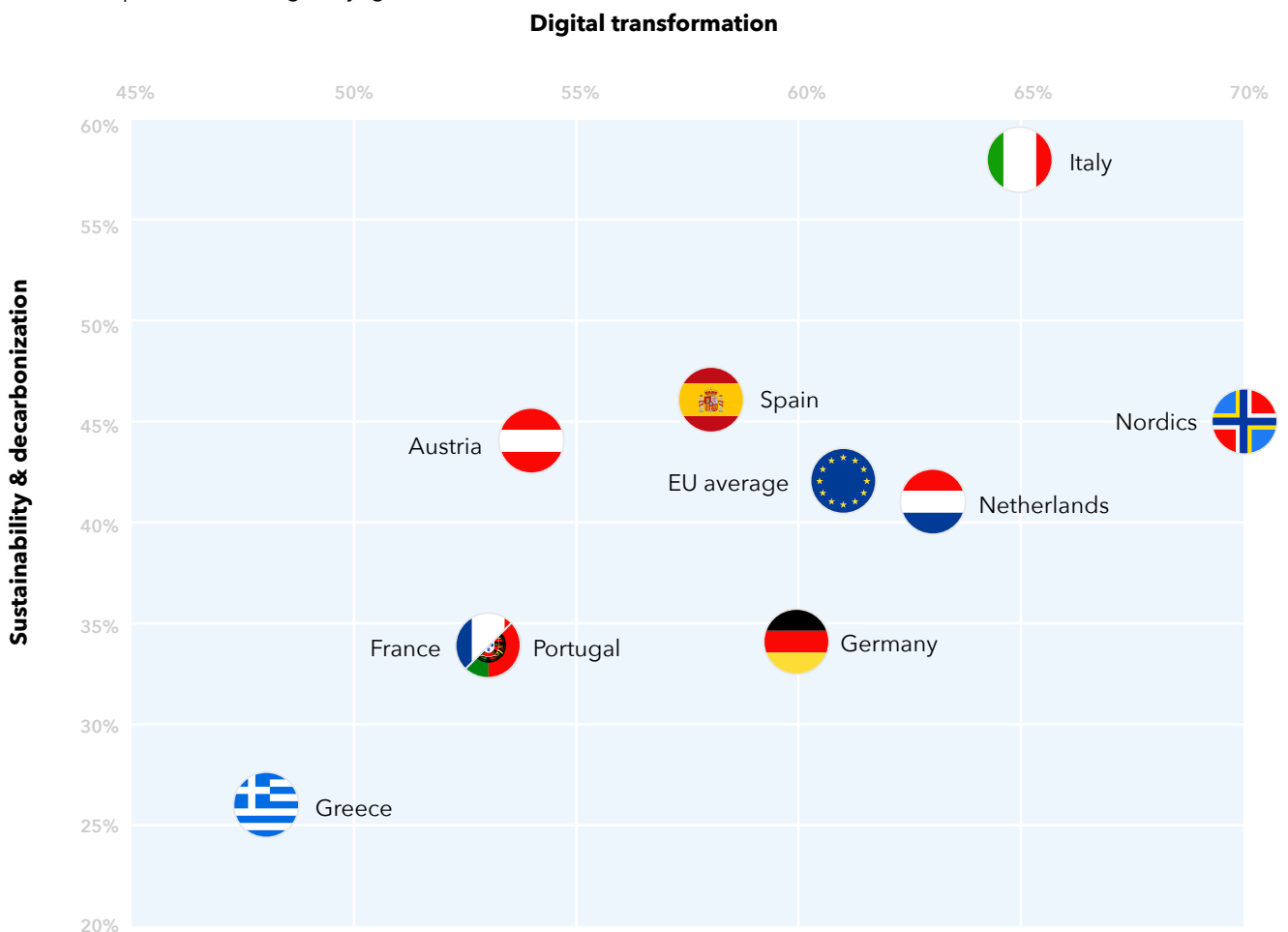
Don't know which sustainable practices to implement next



Methodology: 3,061 accommodation providers from 18 countries worldwide surveyed in April 2022
Source: Booking.com

Preparedness for digital transformation and the challenges of sustainability & decarbonization

Share of respondents stating (very) good





Reichstag Building, Berlin, Germany

05 Government Policies and Support

Accommodation providers hope that governments would shield them from high energy costs. As they continue to master digital transformation and move towards more sustainable business practices, European hoteliers foresee a prominent role for their governments too.

Government policies were perceived to be slightly more important in the 2023 survey compared to 2022, as well as slightly more beneficial than harmful. Hoteliers consider governmental investments in infrastructure and the digitalization of government services to be especially helpful to their business.

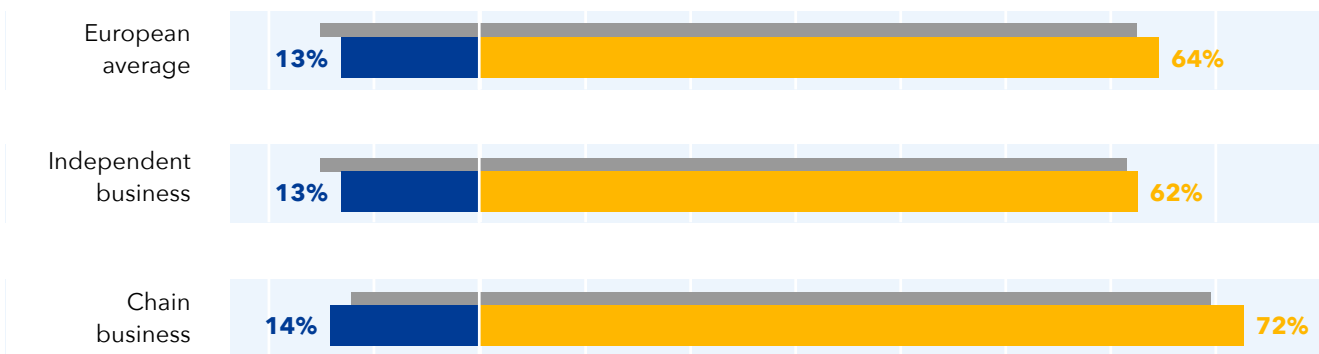
During the COVID-19 pandemic, European governments have enacted numerous policies that aimed at mitigating the spread of the virus, which had a huge impact on the accommodation business. Throughout 2022 and early 2023, as the pandemic slowly ran its course, such regulations were gradually lifted. The World Health Organization’s (WHO) official declaration of the end of COVID-19 as a global health emergency marked the end of the pandemic, and life has largely gone back to the pre-pandemic state in most parts of the world.

The importance of government policies, however, remains high: as in the previous year, almost two-thirds of European hoteliers regarded government policies as important or very important to their business success. The active role of governments for accommodation businesses thus proves to go beyond pandemic interventions. Again, chains (72%) rated the importance of policies significantly higher than independent hotels (62%).

In line with last year’s findings, albeit to a lesser degree, the overall impact of government policies was regarded as more harmful than beneficial: 24% of respondents claimed policies to be beneficial whilst 27% perceived them as being harmful. Once again, chain businesses seemed to benefit more from such policies compared to independent businesses, and this discrepancy only widened in 2023. Compared to 2022, a greater share of chains believed government policies to be beneficial in 2023, although this was hardly the case for independent businesses.

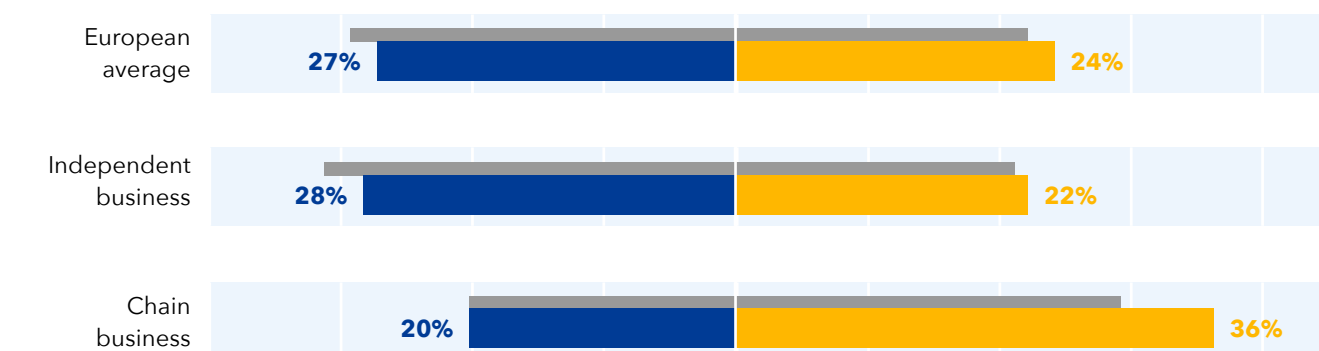
Importance of government policies

■ Not (at all) important ■ (Very) important ■ 2022



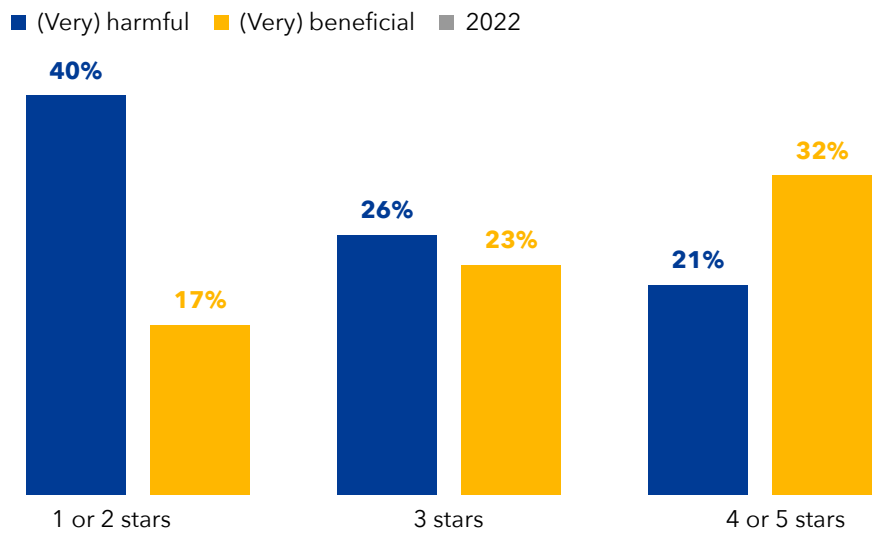
Expected impact of government policies

■ (Very) harmful ■ (Very) beneficial ■ 2022



Hotels' star classification also had a significant impact on how different accommodations perceived government policies. In general, policies were viewed as likely more beneficial by higher-star hotels. More than twice as many 1- and 2-star hotels expected policies to be harmful to their business (40%) compared to those that expected to benefit from policies (17%). 4- and 5-star hotels, in contrast, were much more optimistic about the impact of government policies, with less than one quarter (21%) expecting them to have a negative impact and 32% expecting a positive effect.

Expected impact of government policies, by star classification



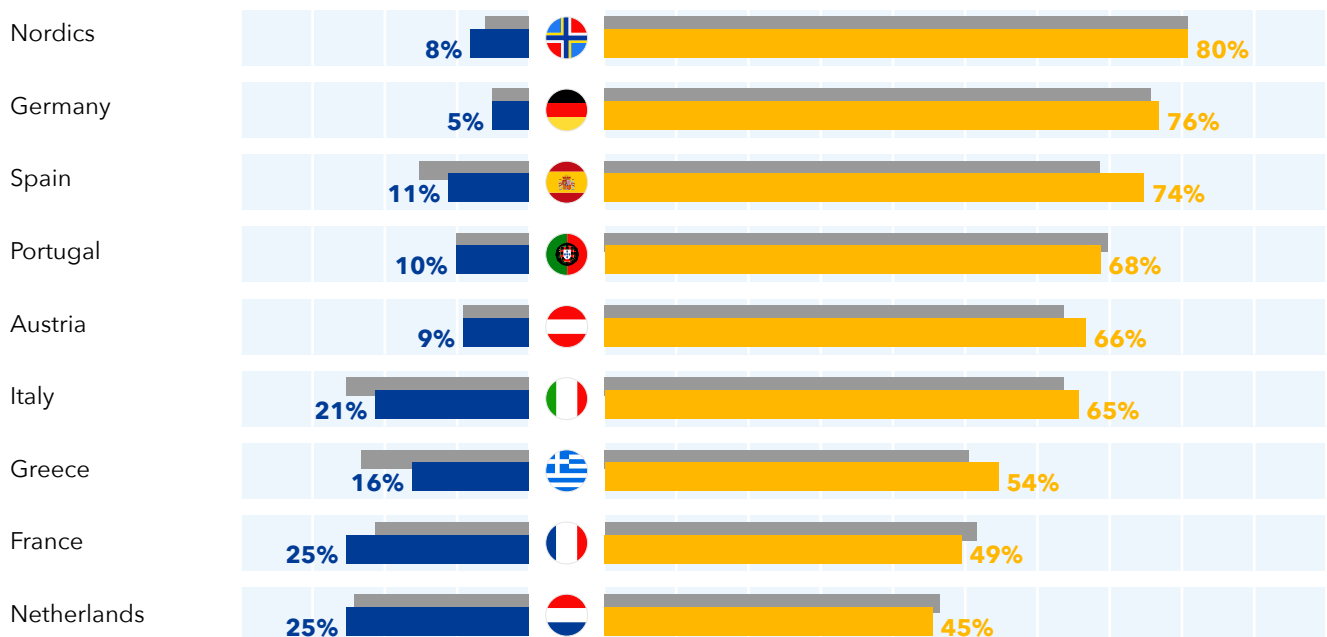
Across Europe, the greatest shares of hoteliers from Germany (76%) and the Nordic countries (80%) regarded government policies as important or very important to the success of their businesses; also, the smallest share of respondents from these countries

regarded policies as not important. Government policies were considered most harmful by Italian hoteliers, as nearly half of them (49%) shared this stance. Compared to Nordic hoteliers (10%), Italian hoteliers were nearly five times more likely to see government

policies as hurdles to their business success. Generally, the EU average is fairly evenly divided between hoteliers believing that policies have a negative or positive impact, with 27% believing the former and 24% believing the latter.

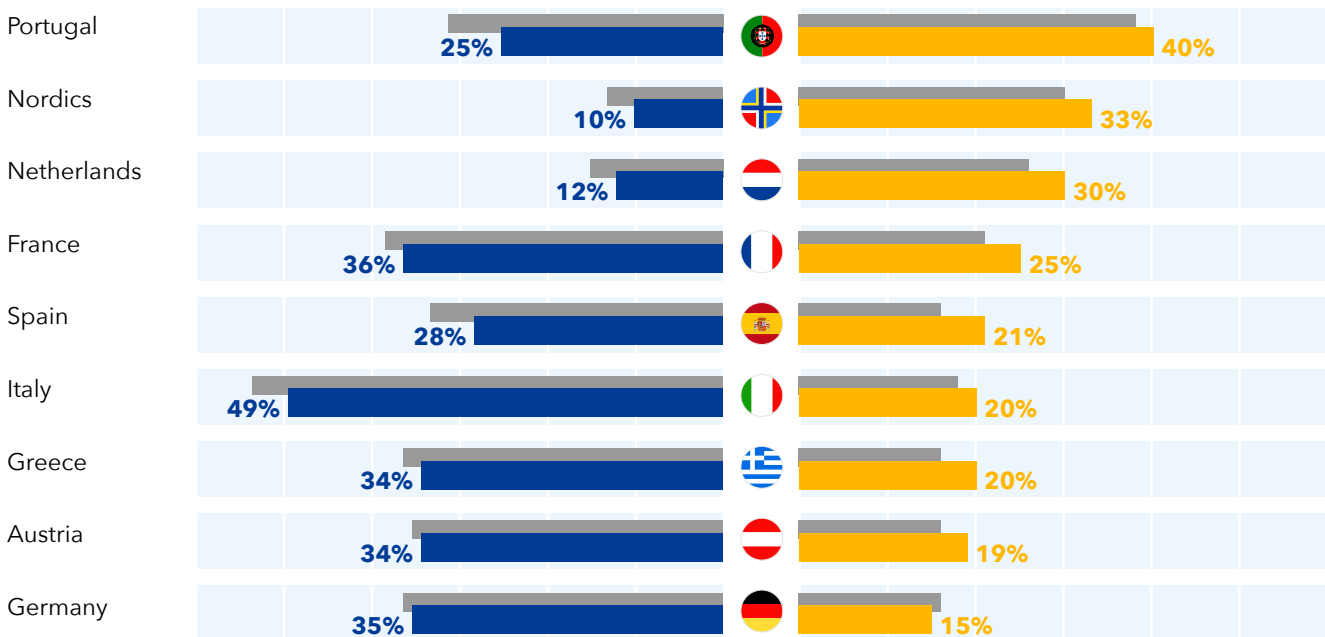
Importance of government policies

■ Not (at all) important ■ (Very) important ■ 2022



Expected impact of government policies

■ (Very) harmful ■ (Very) beneficial ■ 2022



When asked about the kind of government policies hoteliers would find helpful, their thoughts centered around a few key issues: infrastructure investments, digitalization of government services, travel sector-related education/ training schemes, and investments in destination marketing.

“ Help with the use of renewable energies and to become self-sustaining. Assistance in recruiting new employees. ”

“ Simplify laws and help to integrate automation technologies. ”

“ Inflation must be eliminated as soon as possible. People want to travel, but not when it comes to (the high) prices. ”

When it comes to the impact of specific government policies, investments in infrastructure such as public transportation and internet connectivity were rated as having the most positive impact. 44% of European hoteliers felt that they could benefit from government policies this way, compared to 15% of respondents who felt the opposite. Digitalization of government services

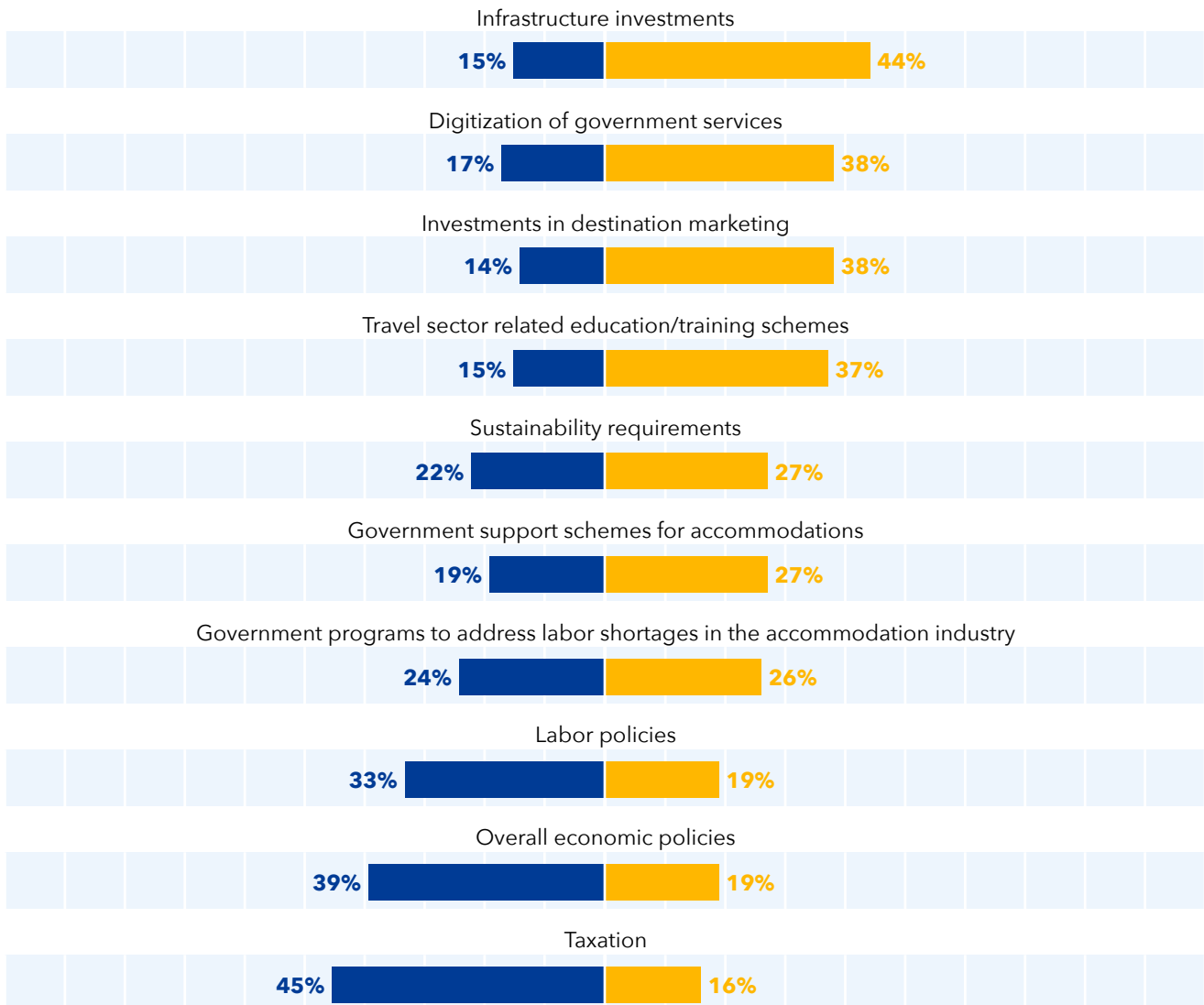
(38%), investments in destination marketing (38%), and travel sector-related education or training schemes (37%) are the other top areas that hoteliers saw as having more potential to benefit their business than to harm it.

Taxation stood out as the area of government policy least favored by the hoteliers. 45% of European

accommodation providers believed that the government's taxation policies are harmful to their business, vs 16% who thought the opposite. Hoteliers were also largely unconvinced by the government's overall economic policies such as those that should help them combat inflation, with 39% of them regarding such policies as harmful compared to 19% who saw these as beneficial.

How would you characterize the impact of the following aspects of governmental policies on your accommodation business?

■ Negative impact ■ Positive impact



Appendix A

Country Insights



Nordics
Pg. 35



The Netherlands
Pg. 37



Germany
Pg. 39



Austria
Pg. 41



France
Pg. 43



Italy
Pg. 45



Spain
Pg. 47



Portugal
Pg. 49



Greece
Pg. 51

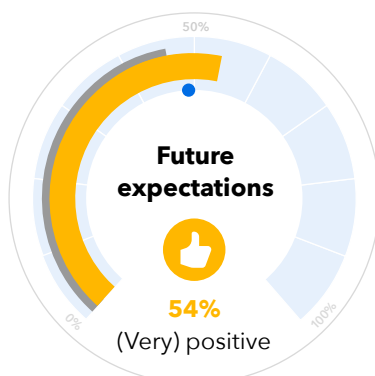
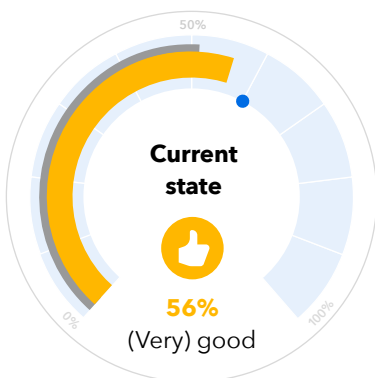
Nordics

Following on from a strong business development in 2022, above the EU-average, the Nordic countries (Finland, Norway, Sweden, and Denmark) have maintained similar room rate development and slightly better improvement of occupancy rate. The share of Nordic hoteliers indicating that they have a positive outlook on the future has risen to 54% which is likely buoyed by their relatively secure financial situation regarding access to capital. Every second respondent in the Nordics (51%) expected 2023 to be their highest revenue year to date. Despite their comparatively comfortable financial situation, cost concerns dominate Nordic countries' top three challenges, namely energy cost, cost of staff, and cost of inputs and services. Of all the countries surveyed, the Nordic hoteliers placed the most importance on government policies (80%) and were second most likely to characterize this impact as positive (33%).



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

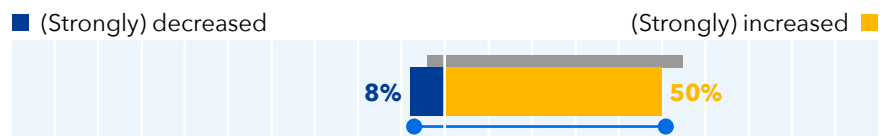


Overall situation

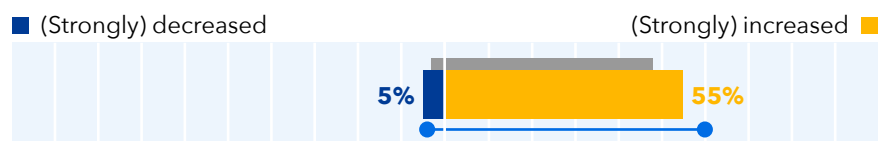
78% of those surveyed in the Nordic countries have experienced good or very good levels of development in their businesses in the past 6 months. More than half (56%) would even go as far as to say that their current overall situation is good

or very good. Fewer respondents (54%) had a positive or very positive outlook on the future development of their financial situation, yet this is still 5 percentage points above the European average, and much better than in 2022 with just 46%.

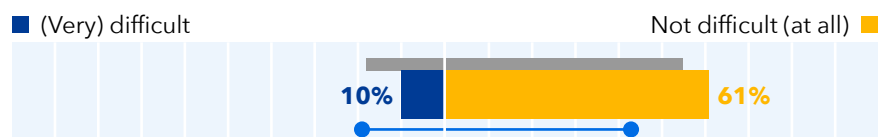
Development of average room rate



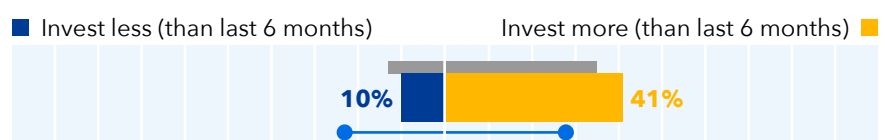
Development of occupancy rate



Access to financing and capital



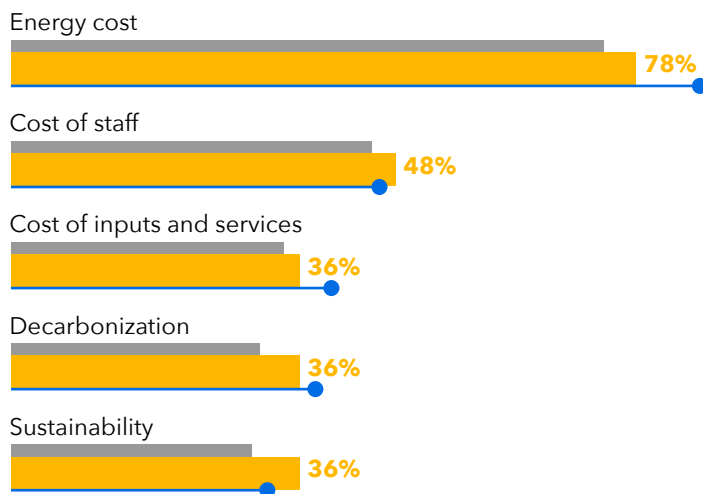
Investment plans



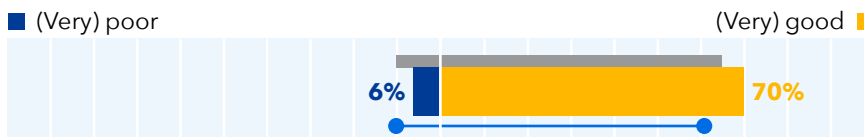
Challenges

Concerns about overall economic conditions and competition from other accommodation providers have slipped off the top 5 challenges for Nordic hoteliers in 2023, this has been replaced by challenges relating to expenses, possibly driven by inflation and cost of living concerns across much of Europe. New to the top five are decarbonization and sustainability in equal 3rd place and may also represent potential outgoing costs with 58% of Nordic respondents indicating that they plan to invest in energy efficiency in the next 6 months.

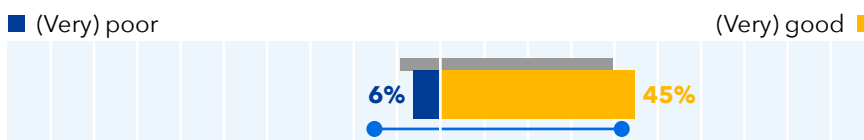
Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Preparedness for sustainability and decarbonization



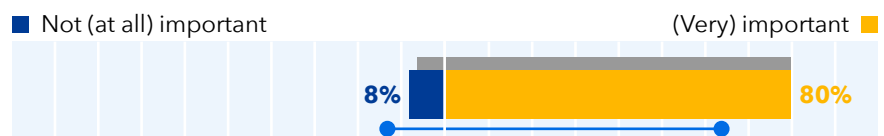
Sustainability and digitalization

The Nordics' most important topic in terms of digital transformation was social media marketing and they generally felt prepared for digitalization, with only 6% of respondents indicating that they were not ready. There was also moderate confidence that Nordic accommodations were prepared for sustainability and decarbonization with 45% indicating that their level of preparation is good or very good. 13% of accommodation businesses said that they already use AI and 74% indicated that they had no intention to use it.

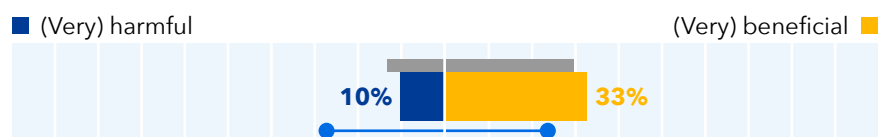
Government policies

Four in five Nordic respondents believed that government policies are important, significantly more than the average European country. Furthermore, 43% of respondents even went as far as to say that government policies are very important to their business. The expected impact of these policies was also perceived as more positive on the whole in comparison to the European average.

Importance of government policies



Expected impact of government policies



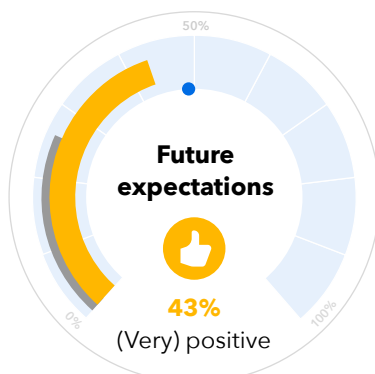
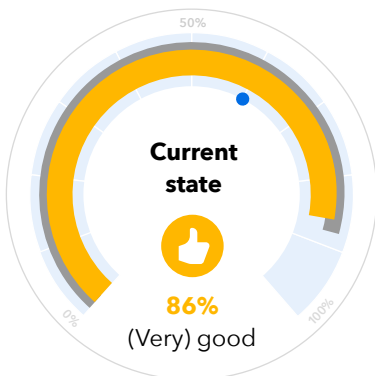
The Netherlands

As with last year, Dutch accommodations were far more likely to rate their past business development as positive or very positive and vastly exceeded the European average in terms of how they assessed their current state. Furthermore, governmental policies were seen as less important for businesses and more likely to be perceived in a positive light. Although Dutch accommodations appeared to have the highest positive assessment of their current state, they had some of the lowest future expectations of the countries surveyed, although Dutch respondents with a positive future outlook jumped significantly from 26% in 2022 to 43% in 2023. Nearly half of Dutch hoteliers believed 2023 will be their highest revenue year to date.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

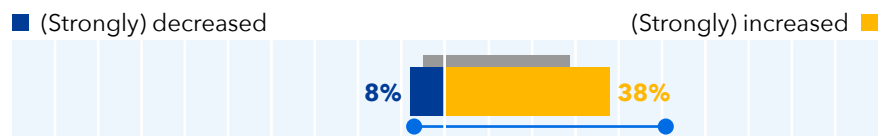


Overall situation

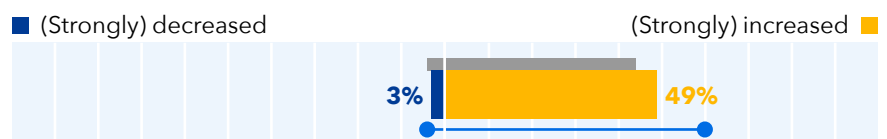
Dutch accommodation managers have witnessed positive advancements in the past half a year, with the majority (79%) saying that the development of their business has been either good or very good. Over eight in ten (86%) even said that the

current economic situation was good or very good - a significant contrast to the European average of 61%. They also had fewer problems in accessing financing and capital, with just 12% saying that they found it difficult to some degree.

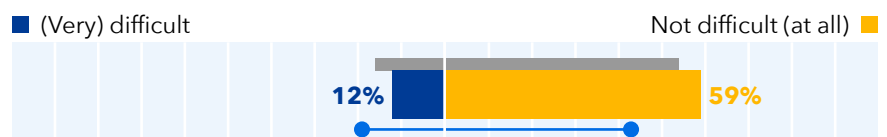
Development of average room rate



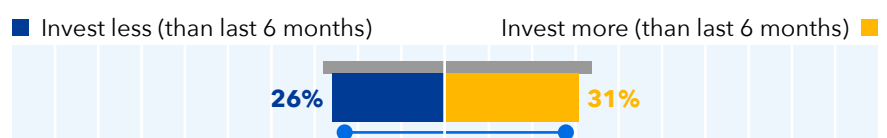
Development of occupancy rate



Access to financing and capital



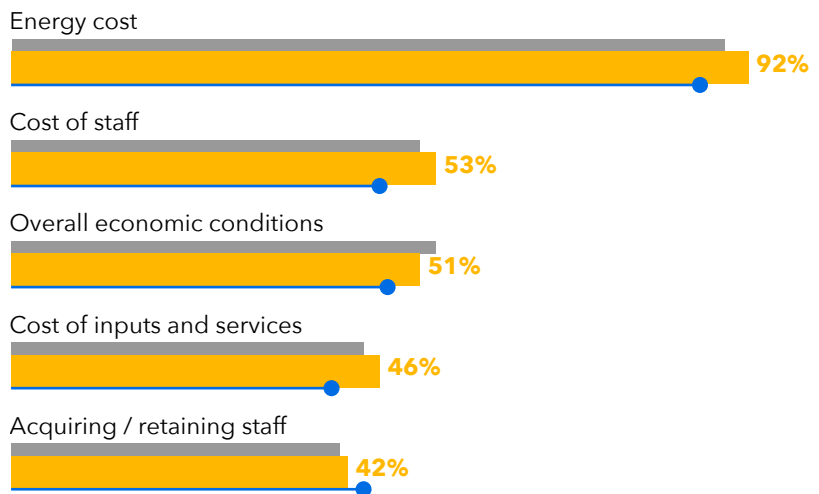
Investment plans



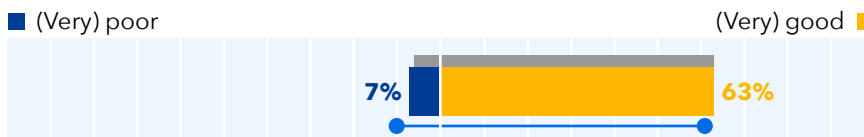
Challenges

The top 5 challenges for accommodations in the Netherlands remained identical to the previous year and were overall more concerned about upcoming challenges than the average European, with nine in ten showing concern for the cost of energy.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



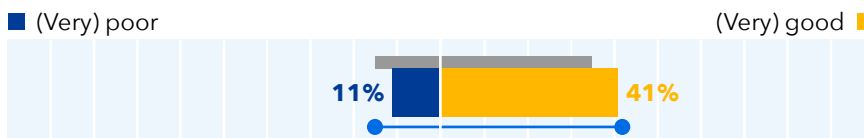
Preparedness for digital transformation



Sustainability and digitalization

Dutch hoteliers were moderately confident about their preparedness for digital transformation with social media marketing placed as their most important topic on this subject and they showed the greatest interest in AI technology with 43% of respondents indicating they were either already using AI or planned to in the next 6 months. Regarding sustainability, four in ten were confident that they were prepared for sustainability and decarbonization, closely resembling the European average.

Preparedness for sustainability and decarbonization



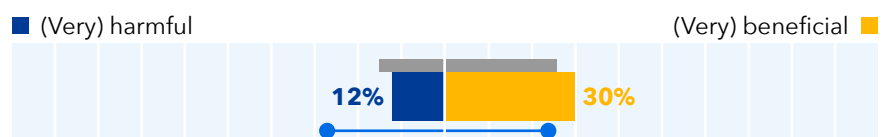
Government policies

Government policies were less important to Dutch respondents - less than half (45%) believed that policies were important or very important, in contrast with the European average of 64%. Furthermore, while 27% of Europeans expected the impact of these policies to be harmful to some extent, just 12% of those in the Netherlands said the same, highlighting the generally more optimistic outlook and trust that government policies will support the Dutch accommodation sector.

Importance of government policies

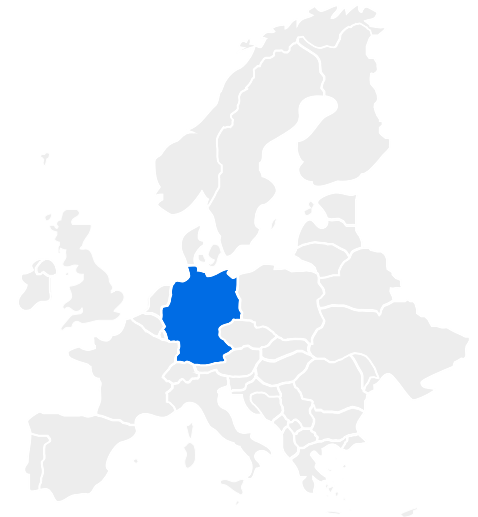


Expected impact of government policies



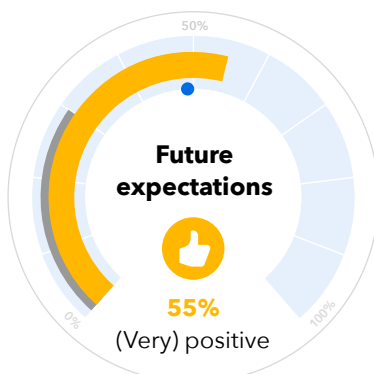
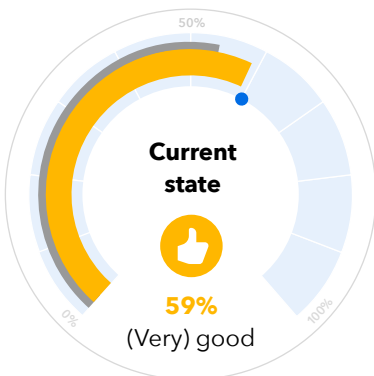
Germany

As with last year, Germany's results mostly align with the European average. Hoteliers in this country were cautiously raising their hopes for the future, encouraged by another 6 months of good business development. Nevertheless, German accommodations were still less inclined to increase investments, reflecting concerns about rising costs, staffing issues, and uncertain economic conditions. National policies continued to have a significant impact on German accommodations businesses but were seen as harmful more often than not. In comparison to the EU average, German accommodations were more reserved about their assessment of the upcoming travel season. Still, two out of five (39%) respondents expected that 2023 will be their highest revenue year to date.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

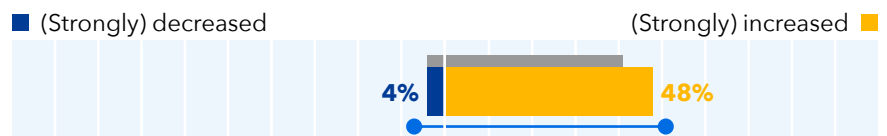


Overall situation

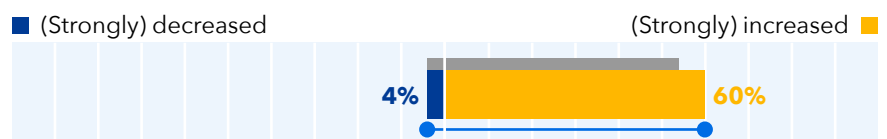
The overall financial situation of accommodation business in Germany remains positive, with seven out of ten (71%) respondents stating that the development of their accommodation business had either been good or very good over the past 6 months, up from 66% in the previous year. Despite

many of Germany's progress metrics being on par with the European average, fewer German hoteliers had easy access to financing and capital (38%) than the European average (43%) and Germans were much more likely to be investing less (35%) than more (15%) in the next 6 months.

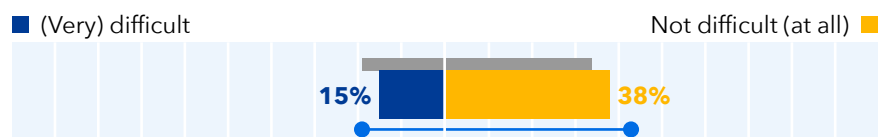
Development of average room rate



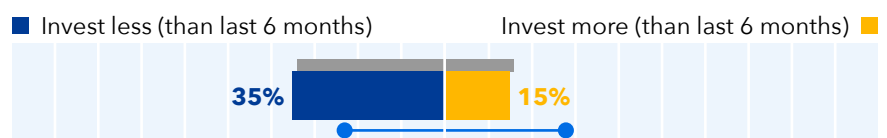
Development of occupancy rate



Access to financing and capital



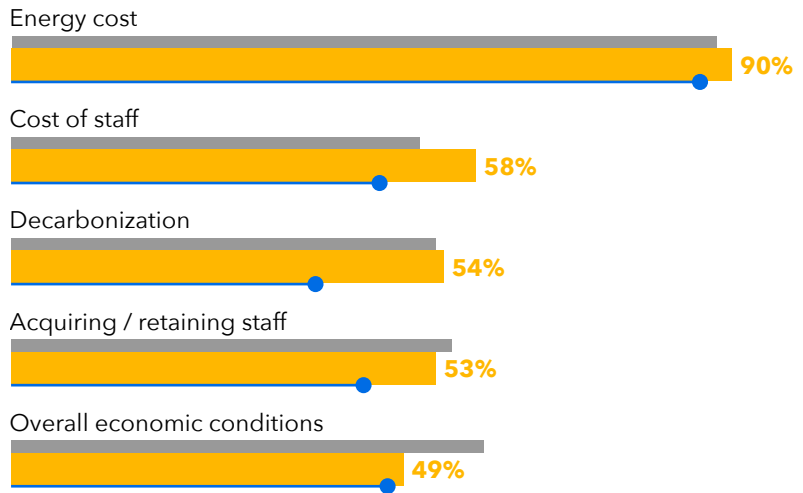
Investment plans



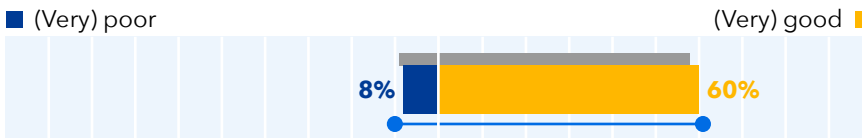
Challenges

Germany's top 5 challenges were less aligned with that of all of Europe this year. Energy costs topped the list but the overall economic situation has dropped from 2nd to 5th place. Gaining importance and rising to 2nd place was the cost of staff.

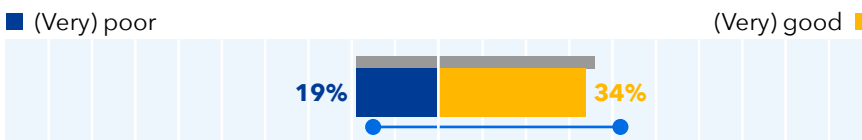
Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Preparedness for sustainability and decarbonization



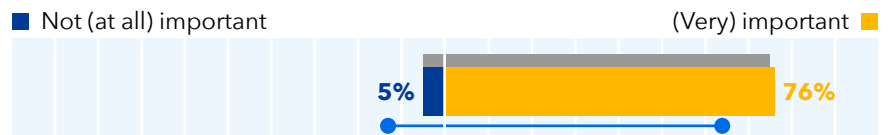
Sustainability and digitalization

Once again, German accommodations were close to the European average when it comes to how prepared they are for digital transformation, and while their preparedness for sustainability and decarbonization has not changed significantly, they remained only slightly behind the European average. Germans also seemed less enthusiastic about AI trends, with just 9% of German accommodations saying that they use AI and 74% indicating that they do not use it and are not planning to use it.

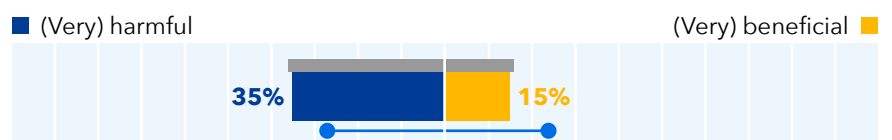
Government policies

In terms of politics, there are some real differences among German respondents in comparison to the European average - while over three-quarters (76%) of those surveyed in Germany stated that government policies are either important or very important for the success of their accommodation business, just 64% of Europeans could say the same. Feelings of how they expected these policies to impact business in the next 6 months varied greatly, however, Germans were more pessimistic than their European counterparts with over a third (35%) expecting policies to have a harmful impact on their business.

Importance of government policies



Expected impact of government policies



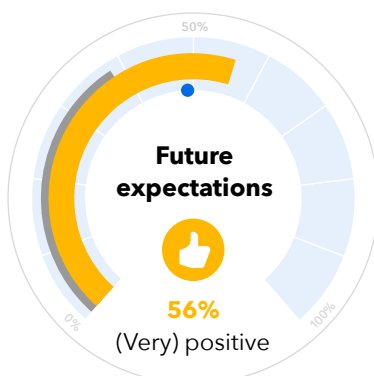
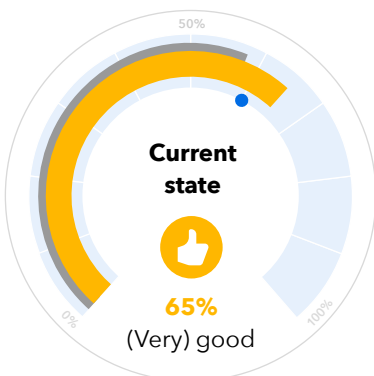
Austria

Overall, Austrian accommodation businesses experienced better-than-average business development over a 6-month period in 2022 and this continues in 2023. Access to financing improved even further, as did Austrian hoteliers' outlook on the future, yet they remained cautious about investing. Apart from energy costs, decarbonization stood out as one of Austrian hoteliers' main challenges. Like their German neighbors, Austrian accommodation businesses were conservative about their revenue prediction for 2023, with only 38% of businesses anticipating this year to be their highest revenue year to date.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

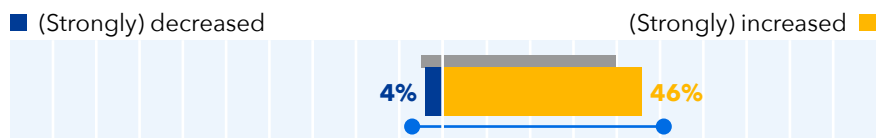


Overall situation

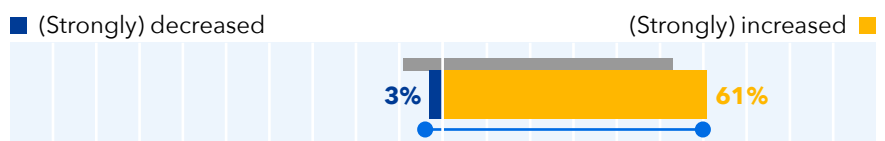
With 81% of Austrian respondents stating that the development of their accommodation business was either good or very good in the past 6 months and over half not finding access to financing and capital difficult in any way, Austrian accommodation managers continue

to experience a better financial situation than many of their European counterparts. However, this positive situation was having less of an impact on plans to invest, with just one in five (21%) of those surveyed in Austria planning to invest more than in the past half year.

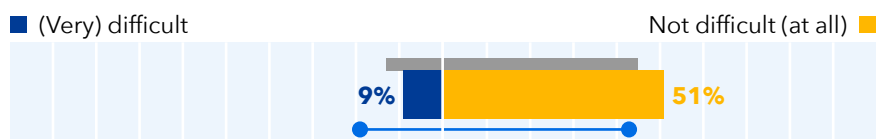
Development of average room rate



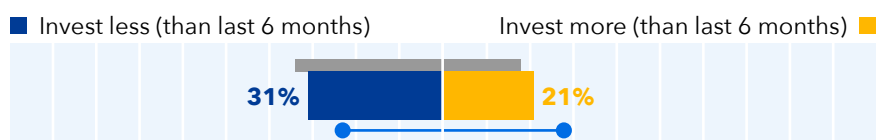
Development of occupancy rate



Access to financing and capital



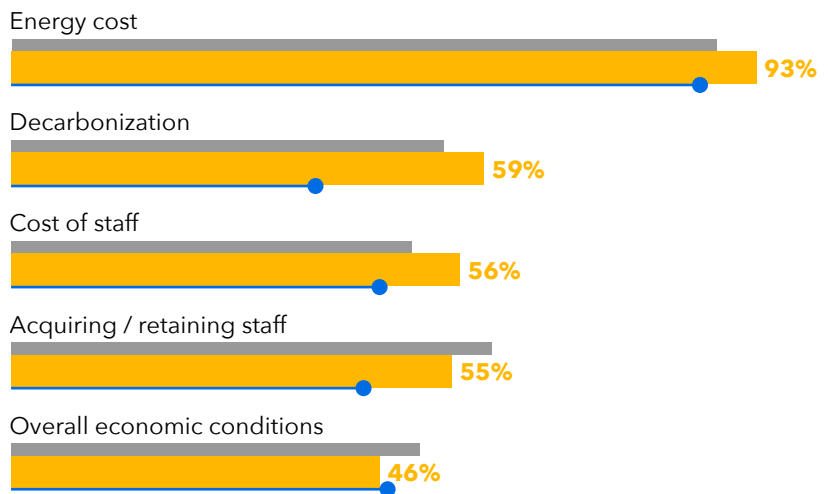
Investment plans



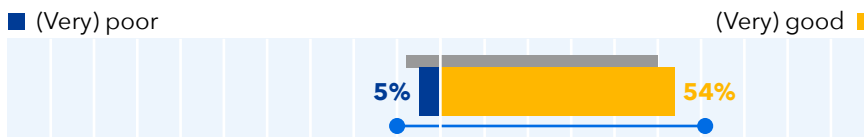
Challenges

As in all other European countries surveyed, energy costs topped the challenges expected by the industry in Austria. Decarbonization and acquiring and retaining staff, however, remained the stand-out concerns among Austrian respondents with over half of accommodations (59% and 55% respectively) stating them as challenges.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Preparedness for sustainability and decarbonization



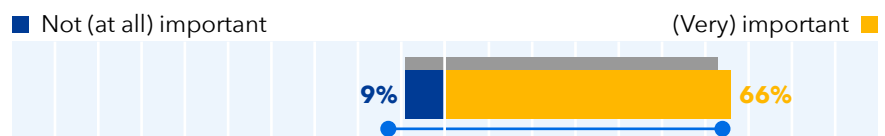
Sustainability and digitalization

Over two in five (44%) Austrian hoteliers rated themselves as being prepared for sustainability and decarbonization, yet 16% felt that they are unprepared. On digital transformation, over half (54%) of all Austrian hoteliers surveyed indicated that they were prepared. Online advertisement and digital enhancement of stays - including digital check-in, online room service, and destination information - were named the leading digitalization topics for Austrian businesses. At 13% of respondents, Austrian accommodations were among the European countries that were most likely to be using AI already.

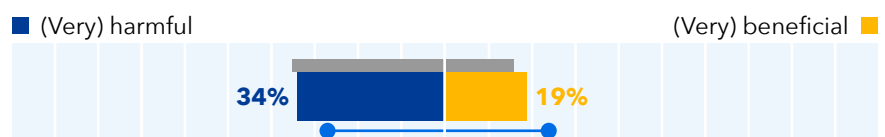
Government policies

Whilst two-thirds (66%) of Austrians felt that government policies were important to the success of their business - almost matching the European average (64%) - almost twice as many Austrian accommodations expected that the impact thereof will be harmful (34%) rather than it is beneficial (19%).

Importance of government policies



Expected impact of government policies



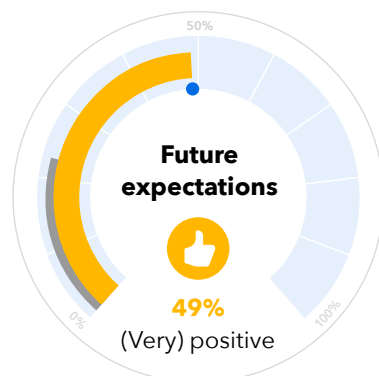
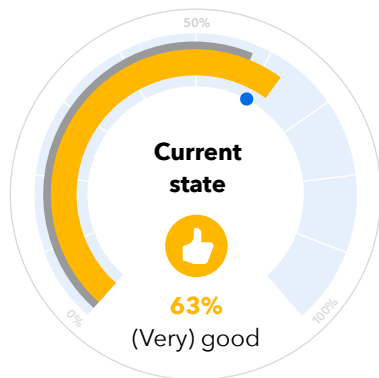
France

Compared to the other European countries surveyed, French respondents were the least likely to rate their past business development as being good or very good, yet their expectations for the future matched the European average. France matched the overall average on nearly all other business development metrics but appeared to be better prepared to invest more compared to the previous 6 months. A third of French hoteliers still felt under-prepared for the challenges of sustainability and sentiment toward government policies has changed little, with over a third believing them to be harmful to business and a quarter believing them to be beneficial. Nevertheless, two out of five or 38% of French accommodations are expecting their business to achieve peak revenue in 2023.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

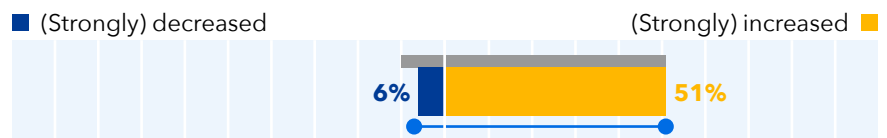


Overall situation

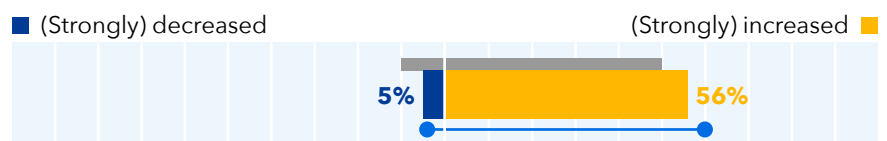
Almost 3 in 5 (58%) of French respondents characterized their business development as having been good or very good, yet compared to the European average (71%), French hoteliers have not done as well as other countries. When it comes to their current state of affairs, however, positive sentiment towards future

expectations (49%), development of average room rate (51%), and development of occupancy rate (56%) matched European averages. This relative stability may also be influencing a slightly higher-than-average interest in investing more than in the previous 6 months.

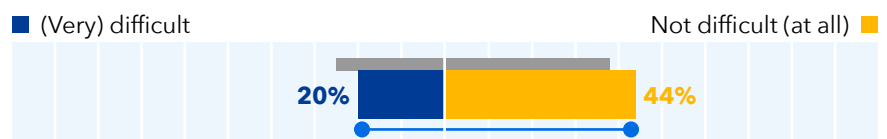
Development of average room rate



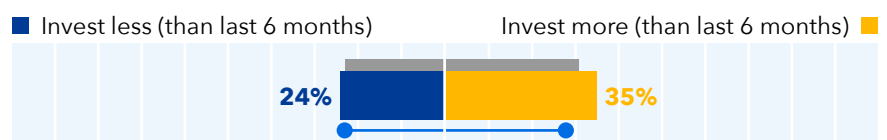
Development of occupancy rate



Access to financing and capital



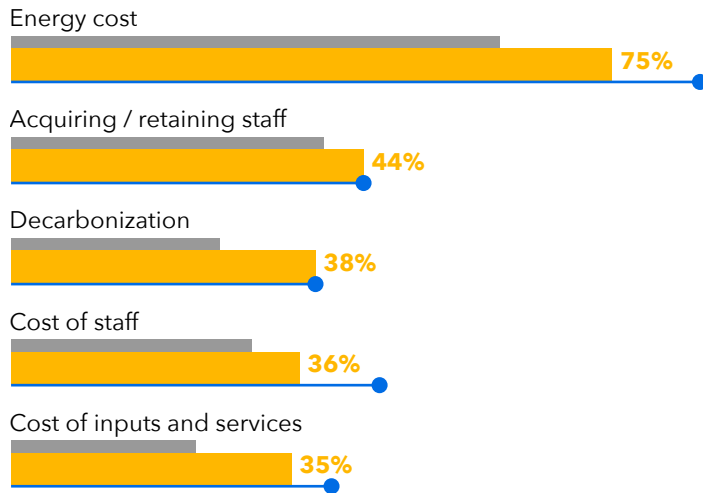
Investment plans



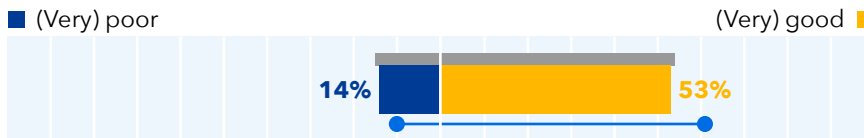
Challenges

France's top 5 challenges have risen in importance compared to the previous year, with the share of respondents believing them to be a challenge rising by 5 percentage points or more for each topic. The greatest increase was seen in the attitude towards decarbonization where around a quarter (26%) of French respondents saw this as a challenge in 2022 which increased to more than a third (38%) in 2023.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Preparedness for sustainability and decarbonization



Sustainability and digitalization

French hoteliers believed that customer relationship management was the most important topic for their business with regard to digitalization. More than half (53%) rated their preparation for digital transformation as being good or very good which is slightly below the European average. Similar to the Netherlands, French accommodations were more open to the idea of using AI for their business with 42% of respondents indicating that they use or plan to use AI. On sustainability and decarbonization, a third (33%) felt that their preparedness for sustainability and decarbonization was lacking.

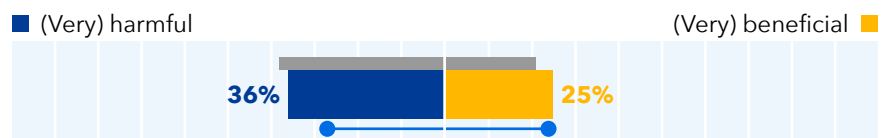
Government policies

French respondents generally viewed government policies to be less important than the average European hotelier, with just less than half (49%) of French accommodation managers saying that these policies are either important or very important, compared to 64% of Europeans. French respondents also expected more negative outcomes from governmental policies, with 36% of accommodations expecting the impact thereof to be harmful to their business, slightly more than those who thought they are beneficial (25%).

Importance of government policies



Expected impact of government policies



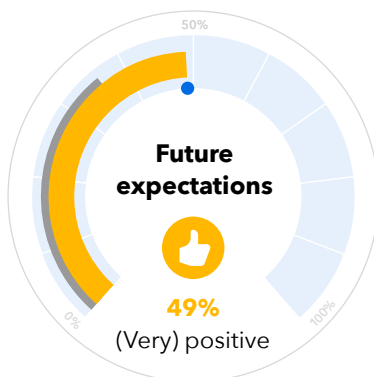
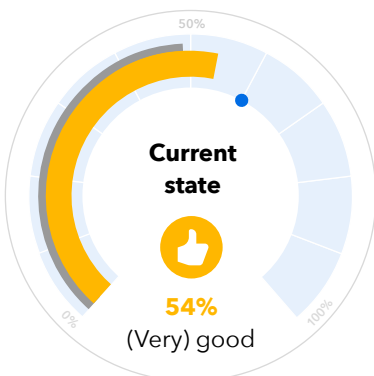
Italy

While Italian accommodation sector entrepreneurs were generally positive about the current state of affairs, their expectation for 2023 to see the highest revenue to date stayed below the EU average. Shifting consumer trends remained one of the top challenges for Italian hoteliers, something that wasn't prevalent in other markets. They saw a higher potential in attracting international travelers vs. domestic, and recognized the newly discovered appreciation for travel after COVID presents as a unique opportunity for growth this year. The influence of governmental policies was also deemed important by the Italian hoteliers, but they still expected mainly negative effects.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

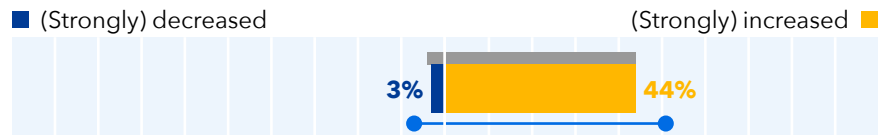


Overall situation

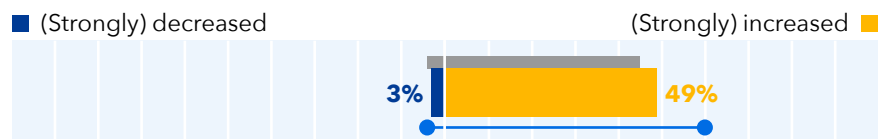
The perceived overall financial situation of the accommodation business in Italy was generally on par with European averages. 70% of Italian respondents stated that development of the business had either been good or very good over the past 6 months as opposed to 71% of respondents across Europe. Financing and capital access

were also similar - 41% of Italian respondents and 43% of European respondents said that their current access was not so difficult or not difficult at all. In this respect, around half (49%) of Italian accommodation managers expected the development of their financial situation to be either positive or very positive.

Development of average room rate



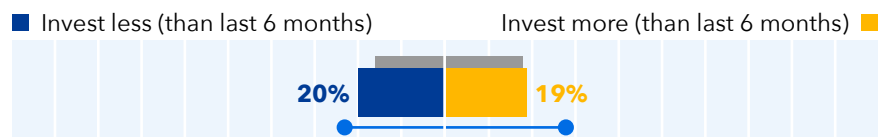
Development of occupancy rate



Access to financing and capital



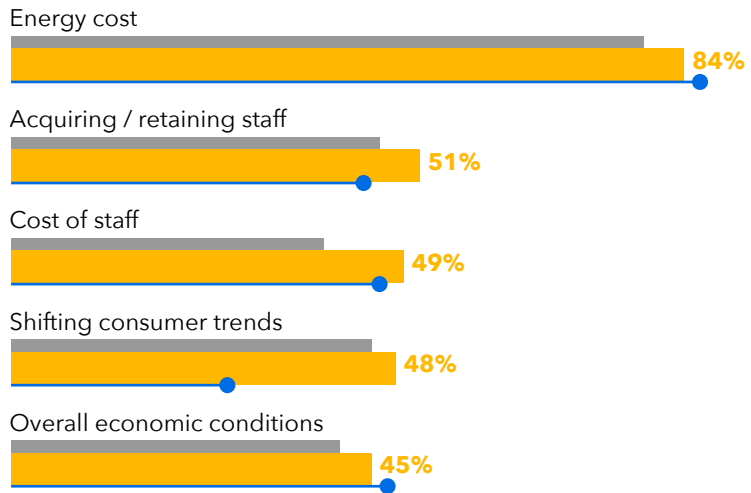
Investment plans



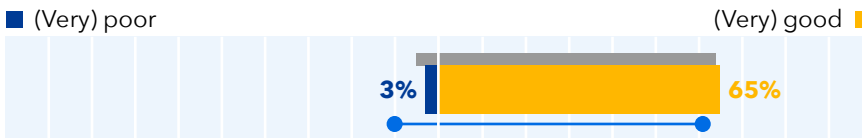
Challenges

As with most European countries, energy costs ranked as the top challenge for Italian respondents at 84%. Acquiring and retaining staff came in second place (51%), which was also a leading issue for Europe overall, however, Italian accommodations deviated from the rest of Europe by placing shifting consumer trends (48%) as their fourth greatest challenge compared to Europe's 15th place.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



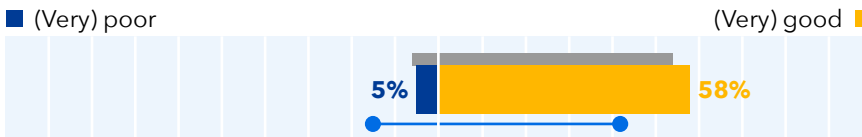
Preparedness for digital transformation



Sustainability and digitalization

Italian accommodations considered themselves to be slightly more prepared for sustainability and digital transformation than the European average with very few respondents indicating that they are under-prepared when it comes to these issues, despite low readiness to adopt AI. The most important topics in these categories were the accommodation website and energy efficiency.

Preparedness for sustainability and decarbonization



Government policies

In line with 64% of Europeans, 65% of Italian respondents found governmental policies either important or very important. The most contrasting results to the European averages could be found in the impact of these policies – around half (49%) of Italian accommodation managers expected them to be harmful to some degree. This was the highest negative response to this question of any other country or region.

Importance of government policies



Expected impact of government policies



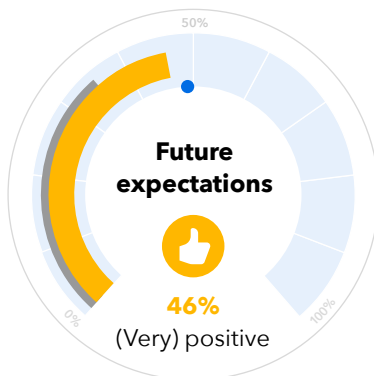
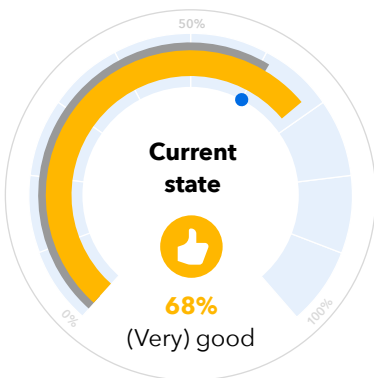
Spain

Optimism abounds when looking at the Spanish results: the Spanish accommodation providers have seen significant improvements in past, present, and future performance metrics, and two-thirds of them were confident that 2023 is going to see the highest revenue to date. Even though Spanish respondents seemed to be more concerned about immediate challenges such as energy costs, they also saw the most opportunities. While continuing to acknowledge the importance of government policies, they still found them more harmful than beneficial.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

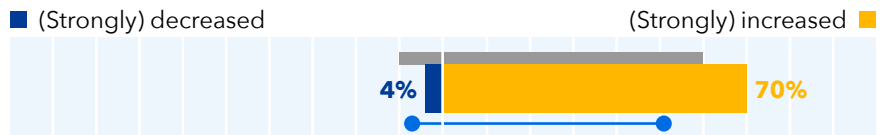


Overall situation

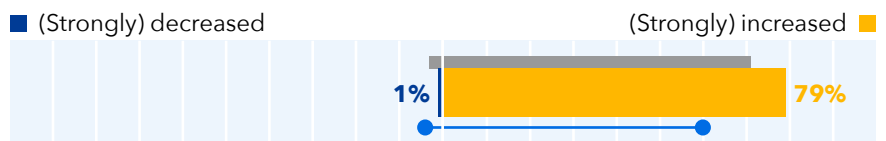
Spanish opinion on the development of accommodation business in the past 6 months slightly outperforms that of the European average - 74% of those surveyed said that development had been good or very good. Occupancy rates saw better growth in Spain with 79% of Spanish accommodation managers saying

that the development of the rates had either increased or strongly increased in the past half a year. On the whole, the Spanish market had a positive outlook for the future - almost half (46%) expected their financial situation to develop positively as opposed to just 4% who expected it to develop negatively.

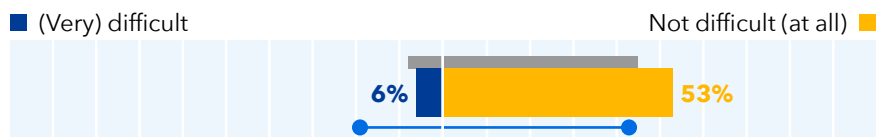
Development of average room rate



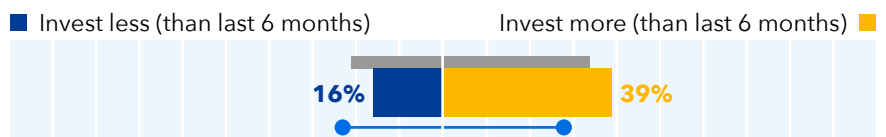
Development of occupancy rate



Access to financing and capital



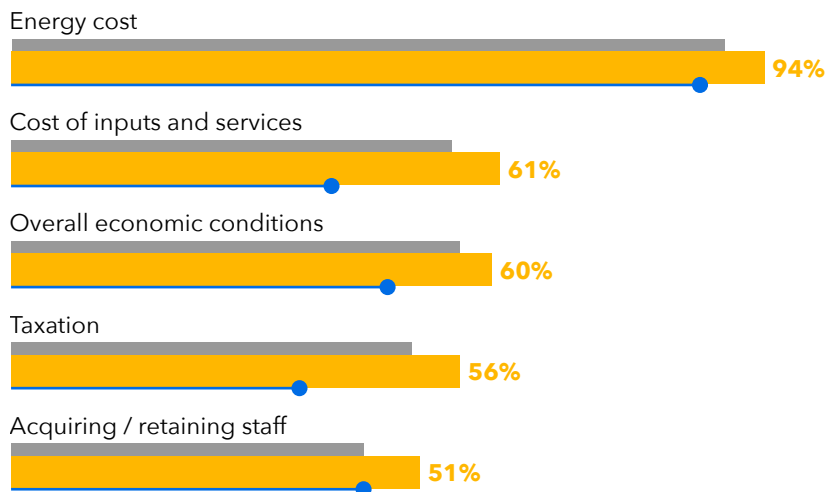
Investment plans



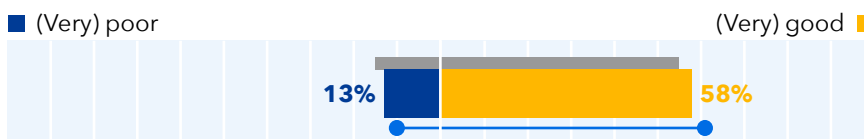
Challenges

Despite Spanish accommodations' strong past and present economic situation, energy and service costs, taxation, and overall economic conditions were high on their list of concerns. Furthermore, the top 5 concerns attracted a high degree of consensus among the respondents, with all 5 challenges being of concern to 50% or more of the Spanish respondents.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Sustainability and digitalization

A significant portion of Spanish hoteliers was confident about their preparedness for digital transformation and sustainability. Although, a lack of readiness for sustainability and decarbonization was a concern for 16% of the respondents. Spanish accommodations' most important topic regarding digital transformation was their accommodation website. Just 3% of Spanish accommodations said they already use AI, 63% do not intend to use it at all.

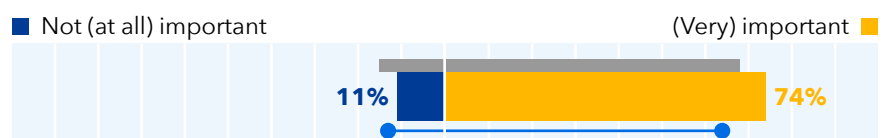
Preparedness for sustainability and decarbonization



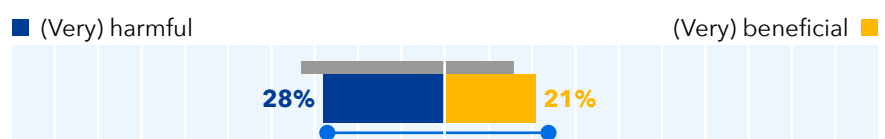
Government policies

Spanish hoteliers generally felt that government policies do more harm than good with 28% indicating that they are harmful to their accommodations business compared to 21% who feel that they are beneficial. However, 74% of Spanish respondents found these policies to be important, indicating that government policies were seen to have a considerable influence on accommodation businesses in Spain.

Importance of government policies



Expected impact of government policies



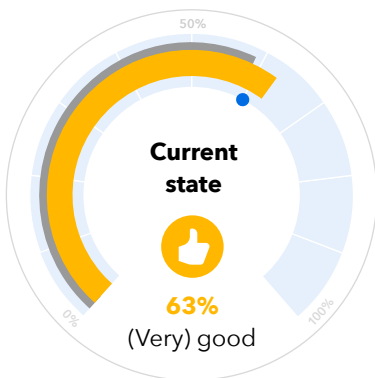
Portugal

Portuguese accommodation businesses again experienced above-EU average development, owing to excellent development of occupancy and room rates, and half of them believed 2023 to be the year with the highest revenue to date. However, the country's hoteliers trailed behind their European peers in areas such as preparedness for digital transformation and sustainability. Taxation and access to capital also remained key challenges for Portuguese respondents, but this hasn't dampened their positive outlook on the future development of their business.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

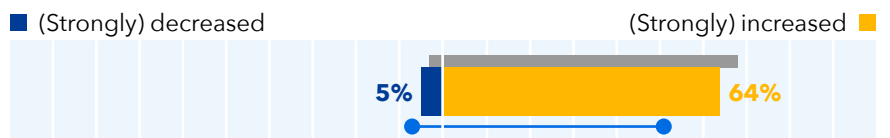


Overall situation

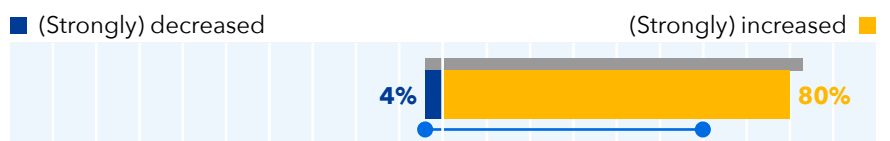
79% of those surveyed in Portugal stated that the development of their accommodation business in the past 6 months was either good or very good - a figure significantly higher than the European average of 70% but lower than the 85% of Portuguese respondents in 2022. This positive view was also reflected in opinions on occupancy rates -

80% of Portuguese respondents said that the development of their rates increased to some extent in the past half a year, compared with the European average of 60%. The outlook for accommodation managers in Portugal is also bright, with more than half (65%) expecting the future development of their financial situation to be positive or even very positive.

Development of average room rate



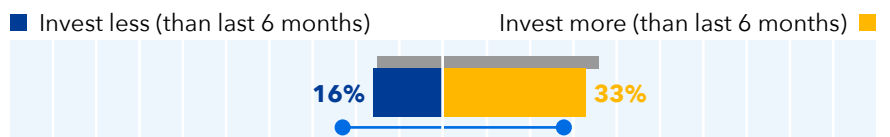
Development of occupancy rate



Access to financing and capital



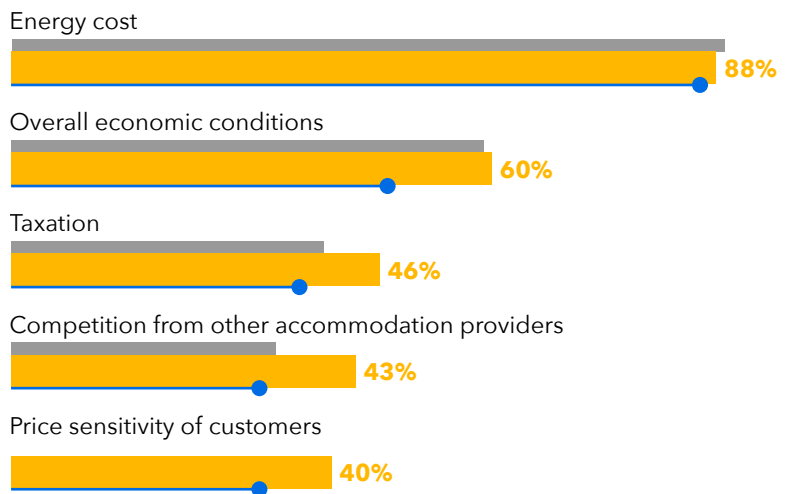
Investment plans



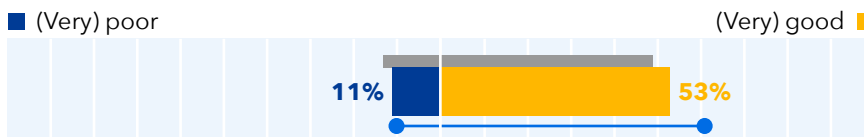
Challenges

Despite the positive outlook, the Portuguese market is still facing a host of challenges, with taxation standing out, as it has grown in significance from 39% in 2022 to 46% in 2023. Competition has also grown in importance with 10% more respondents citing it as a challenge.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Preparedness for sustainability and decarbonization



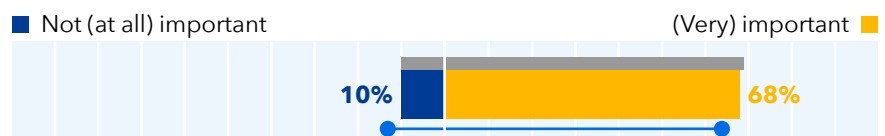
Sustainability and digitalization

Portuguese hoteliers were slightly less confident about their preparedness for digitalization, rating eight percentage points below the European average, and their openness to adopt AI was low with 74% stating that they do not intend to use it at all. On sustainability and decarbonization, Portuguese respondents were also behind the European average with around a third believing that their business was prepared for sustainability and decarbonization.

Government policies

Portuguese respondents took government policies seriously, with more than two-thirds (68%) stating that policies are important. There was a slight improvement in terms of Portuguese hoteliers' perceived impact of government policies: more respondents thought such policies are beneficial and fewer thought the opposite.

Importance of government policies

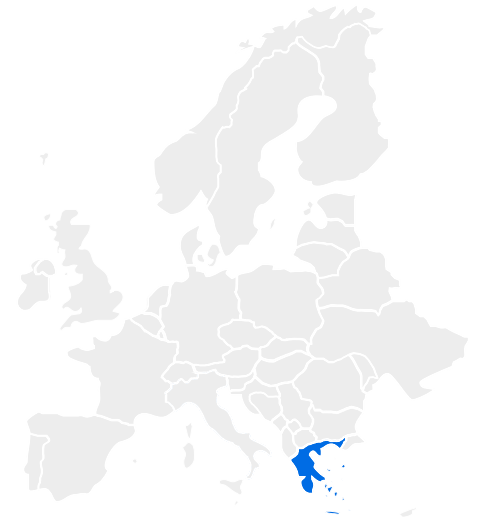


Expected impact of government policies



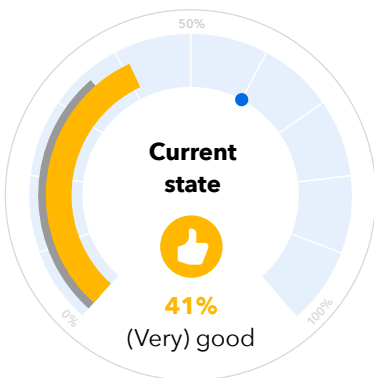
Greece

Energy costs, taxes, and difficulties accessing capital remained pain points for the Greek accommodation sector entrepreneurs, and skepticism regarding the impact of government policies remained high. On all core metrics related to the past, present, and future, the sentiment of Greek hoteliers trailed the European average by 10, 20, and 15 percentage points respectively, showing little improvement from last year. However, 2023 might be the year to change that, as over two-thirds of Greek respondents believed that it is going to be the year that will see their highest revenue to date.



■ 2023 ■ 2022 ● EU average 2023

Accommodations' perception of their economic development

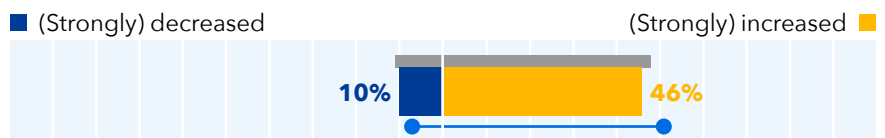


Overall situation

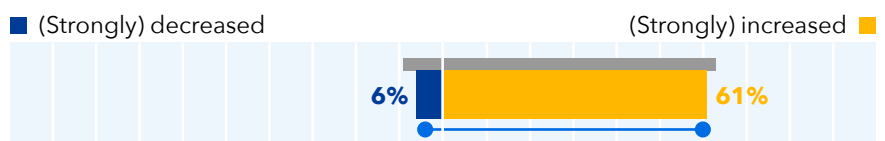
Greece experienced positive development of its occupancy rates, with 61% of respondents saying that occupancy rates had either increased or strongly increased over the past half year. Despite this, just 41% of Greek accommodation managers rated their current overall economic situation as good or very good – a stark contrast to the European average (61%). One of the key

contributors to this could be financing options, as 43% of Greek respondents said that they found it either difficult or very difficult to access financing and capital. This may also explain why only 34% of Greek respondents believed that the economic situation of their accommodation business would develop positively to some degree in the coming 6 months.

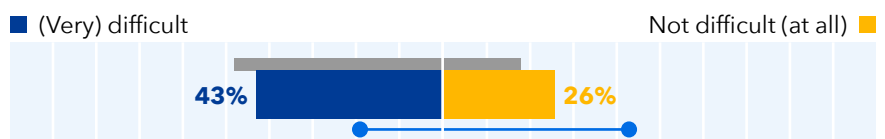
Development of average room rate



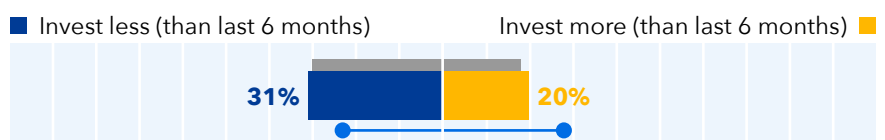
Development of occupancy rate



Access to financing and capital



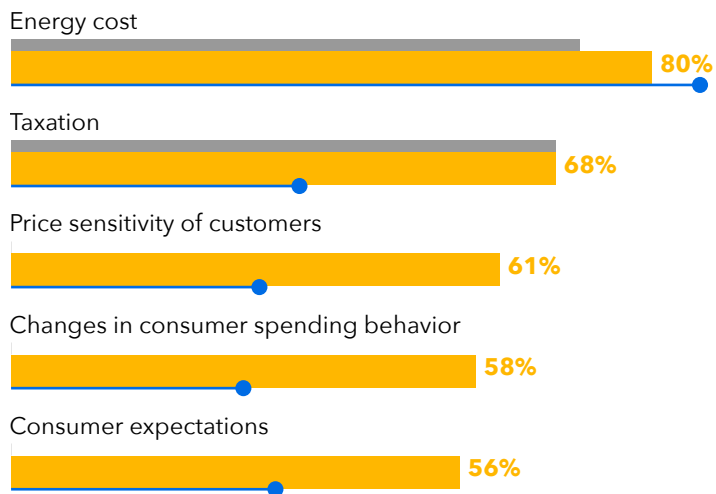
Investment plans



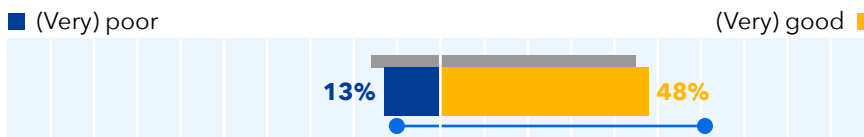
Challenges

Taxation was a key challenge for Greek accommodation managers and was significantly more of a worry in Greece than in other European countries. Greek accommodations were also almost twice as likely to rate the price sensitivity of customers and changes in consumer behavior as concerns, compared to the European average.

Top 5 challenges accommodation businesses currently face or are expecting to face in the next 6 months



Preparedness for digital transformation



Sustainability and digitalization

Although only less than half (48%) indicated that their business is prepared for digital transformation, Greek respondents showed above EU-average readiness to use AI. On sustainability and decarbonization, Greek accommodations were more or less divided. 23% believed that their preparedness for sustainability was poor and a similar proportion (26%) believed they were well prepared, leaving around half of the respondents undecided on the topic.

Preparedness for sustainability and decarbonization



Government policies

Government policies were also less of a concern in Greece, with just over half (54%) of Greek respondents stating that they were either important or very important - a figure that is lower than the European average of 64%. Nevertheless, one in three respondents (34%) believed that these governmental policies were expected to have a negative impact on their business compared to just 20% that expected a positive impact from the government.

Importance of government policies



Expected impact of government policies



Beach in Sardinia, Italy



Appendix B

List of Survey Questions

Methodology

List of Survey Questions

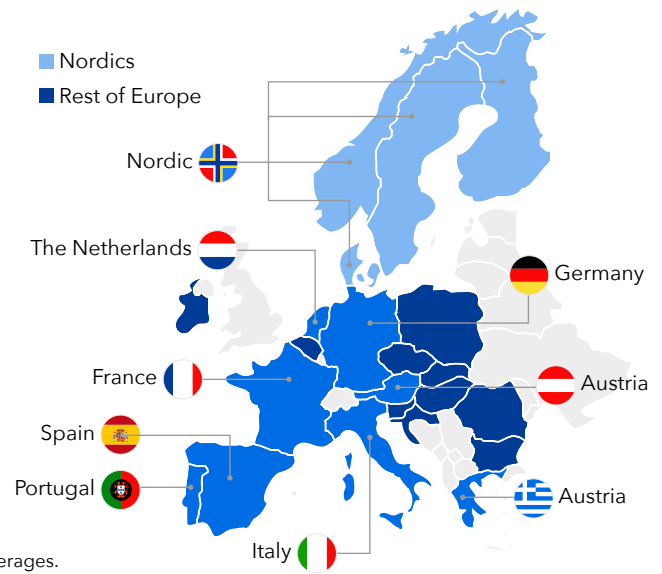
- In general: How do you characterize the development of your accommodation business in the last 6 months? (Answers are on a scale of 1 to 5, from "very poor" to "very good".)
 - How did the Average Daily Rate (ADR) of your accommodation business develop during the last 6 months? (Answers are on a scale of 1 to 5, from "strongly decreased" to "strongly increased".)
 - How did the occupancy rate of your accommodation business develop during the last 6 months? (Answers are on a scale of 1 to 5, from "strongly decreased" to "strongly increased".)
 - All-in-all: How would you characterize the current overall economic situation of your accommodation business? (Answers are on a scale of 1 to 5, from "very poor" to "very good".)
 - How do you characterize the current access to financing and capital of your accommodation business? (Answers are on a scale of 1 to 5, from "very difficult" to "not difficult at all".)
 - In comparison to the last 6 months, what are the investment plans of your accommodation business for the next 6 months? You will ...? (Answers are "...invest less than during the last 6 months", "...invest about the same", and "...invest more than during the last 6 months".)
 - Thinking about the next 6 months: How do you think will the economic situation of your accommodation business develop? (Answers are on a scale of 1 to 5, from "very negative" to "very positive".)
 - What are the biggest challenges your accommodation business is facing now or expecting to face in the next 6 months? (Multiple answers are possible)
 - How prepared is your accommodation business for digital transformation? (Answers are on a scale of 1 to 5, from "very poor" to "very good".)
 - And again, regarding the digital transformation: What are the investment plans of your accommodation business over the next 6 months? Are you planning to... (Answers are "...invest less than during the last 6 months", "...invest about the same", and "...invest more than during the last 6 months".)
 - What is the most important topic with regard to digital transformation for your accommodation business? (Multiple answers are possible)
 - How prepared is your accommodation business for the challenges of sustainability & decarbonization? (Answers are on a scale of 1 to 5, from "very poor" to "very good".)
 - What are the investments plans of your accommodation business over the next 6 months regarding the development of sustainability & decarbonization? Are you planning to... (Answers are "...invest less than during the last 6 months", "...invest about the same", and "...invest more than during the last 6 months".)
 - What is the most important topic with regard to sustainability and decarbonization for your accommodation business? (Multiple answers are possible)
 - How important are government policies for the success of your accommodation business? (Answers are on a scale of 1 to 5, from "not at all important" to "very important".)
 - How would you characterize the expected impact of government policies on your accommodation business over the next 6 months? (Answers are on a scale of 1 to 5, from "very harmful" to "very beneficial".)
- ### New questions in the 2023 survey
- To what extent do you expect 2023 to be the year of highest revenue for your accommodation business to date? (Answers are on a scale of 1 to 5, from "very unlikely" to "very likely".)
 - What are the biggest opportunities for your accommodation business now or with perspective for the next 6 months? (Multiple answers are possible)
 - Thinking about acquiring and retaining staff: In your opinion, which of the following aspects are the main causes of the shortage of skilled workers in your industry? (Multiple answers are possible)
 - Do you currently use or plan to use/ implement business tools powered by Artificial Intelligence (AI) in the next 6 months? (e.g., customer chatbot, dynamic pricing algorithm) (Answers are "No, we do not currently use or plan to use AI.", "Not yet, but we plan to use AI in the next 6 months.", and "Yes, we already use AI.")
 - Do you plan to invest in one of the following areas over the next 6 months??
 - Which of the following aspects would help you most to accelerate your development towards a more sustainable and climate-friendly model?
 - How would you characterize the impact of the following aspects of governmental policies on your accommodation business?

Methodology

The survey was conducted by Statista and took place between March 28th and May 15th, 2023, via telephone interviews. 1,040 executives and managers from the European travel accommodation sector participated in the survey. 80 respondents were interviewed from each country and region which included Austria, France, Germany, Greece, Italy, the Nordics (Sweden, Denmark, Norway, and Finland), Portugal, Spain, as well as 200 respondents each from the Netherlands* and the rest of Europe (Poland, Romania, Belgium, Czechia, Hungary, Bulgaria, Slovenia, Slovakia, Ireland, Croatia).

2022 data is based on the 2022 European Accommodation barometer, held between August 15th and October 21st, which had a sample size of 1,000 respondents, of which 80 respondents were from the Netherlands.

*Results from the Dutch sample has been weighted proportionally in 2023 EU averages.



Position

67%
Hotel manager, managing director, CEO, owner



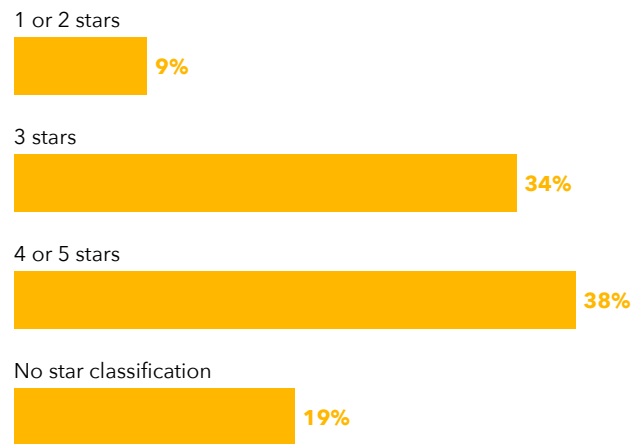
28%
Deputy hotel manager

5%
Team/Department management

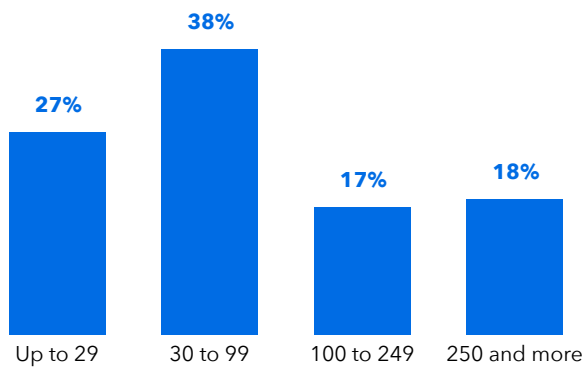
Business type



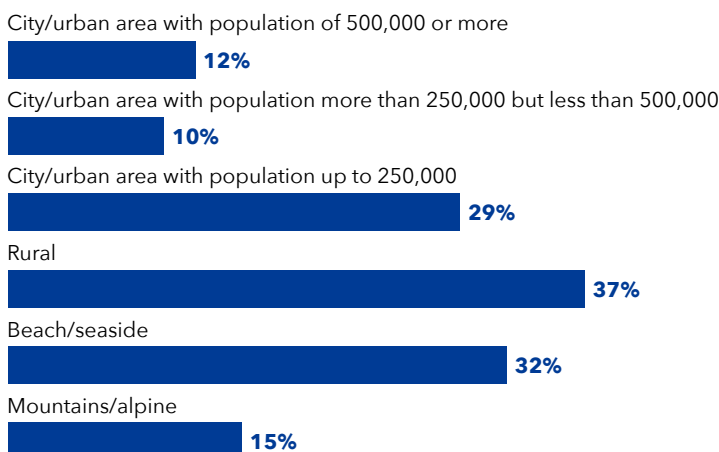
Star classification



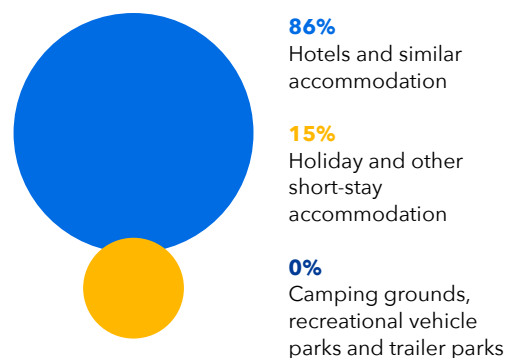
Number of beds



Accommodation location



Accommodation type



Booking.com

statista 