

NORDIC TOURISM COLLECTIVE GET-TOGETHER #4 ACCOMODATION

A slow re-opening across the Nordic region has begun. Although the road to recovery will be long, it is encouraging to see signs that restrictions are being lifted, borders are being opened, airlines are re-commencing operations and hotels are once again welcoming guests. Whilst domestic tourism remains the short and medium term focus, early indications show that the Nordic region is well positioned to appeal to the post-covid international traveller by offering destinations that are safe, healthy, have lots of natural space, good healthcare systems and have shown to have managed the crisis well

Invited participants

Andreas Gottlieb - Director of Sales, Scandinavia - BWH Hotel Group

Erik Källqvist - Sales Manager for the Nordic's - A&O Hostels

Paul Taylor - Member of the Board of Unique Hotels Group - Estonia

Sara Forselius - Hotel Manager - The Britannia Hotel in Trondheim

Tomas Forsrup - Strategic Accounts Manager, Sales - Hotelbeds

The current situation

AG - These are tough times and expect it will be one year before we see a full recovery. Currently operating with 50% staff. Most hotels are open and have remained open. Had between 25-30% occupancy across the region on Monday night (18th May 2020)

EK - Maintained one hotel open in each city within limitations. Others converted to helping in the crisis offering social housing and accommodation to those with visa problems. The focus will be on flexibility in the future

SF - Closed the hotel in March and tried to move most conference bookings to autumn. Furloughed 300+ staff and kept bare minimum for maintenance and bookings. Change noticeable after Easter with more enquires and now the hotel is open Wed-Sun for the local leisure market in the region

PT - Initially closed all properties but following economic help from the Estonian Government, reopened three hotels. Lockdown was finally announced as over in Estonia today (19 May 2020). Now part of the Baltic bubble with Latvia and Lithuania. Occupancy is still only at around 5% and waiting for other international markets to join the Baltic bubble, especially Finland, a key market.

TF - Continued operations throughout mainly to deal with cancellations. Maintaining relationships with Clients and hotels. As a global company now seeing some areas 'waking up'.



The return of the leisure market

AG - Domestic of course with careful-self-drive and families. High end may not return so rapidly as this sector is older and at higher risk. Sweden has had a different approach to the crisis and it's possible they may not be allowed to visit other Nordic countries. Denmark will benefit from connections with Northern Europe, especially Germany. Norway is more isolated and will focus on domestic - where high-end properties outside the cities will do better.

TF - Domestic first but a return from all sectors including the high-end. Increased focus on health and safety. Important for authorities to have a common standard for everyone - currently this does not exist.

SF - Due to a lack of coordination on common requirements and standards of Health and Safety covering hotel, spa, restaurants, fitness the hotel had to collate all information alone to produce a 10pg document. There are signs that some other hotels are offering price reductions to lure business back but this is impossible because you actually need more staff to enforce new standards. Just maintaining current rates is a challenge. Closest market for international business would be Denmark - Sweden unfortunately has a bad reputation.

EK - The younger market will start travelling and expects to see a Nordic bubble including Germany, but again excluding Sweden.

PT - Domestic market is satisfactory but would like to see Poland and Germany join the Nordic Bubble alongside Finland which is the main market. Estonia is considered a domestic market to Finland. Self-drive to return and maybe the Russian market by the end of the year

TF - Increased interest from Southern Europe, particularly from those countries that have suffered a hard-lockdown, Finnair are also re-commencing operations to Asia, which offers hope and potential.



Pricing - will there be discounting?

AG - At the moment most are focusing on creating unique offerings and promotions by including extra value, meals, spas, activities etc. As soon as demand starts to return there will be discounting by hotels desperate for business using price as their only tool - this may lead to a snowball of price discounting. Following the return of the high-end visitor, then stability will return to the market. But lower rates are unsustainable

Are people looking for lower rates for 2021?

AG - Currently very few requests for 2021. Expects there will be pressure and an expectation that rates will be lower, especially in the business segment

TF - Have seen no indications that rates should be lower

SF - Customers only expect to see the same rates and not higher or lower

EK - School groups have unspent budgets and so there is little pressure for cheaper rates

PT - Requests have been generally been for the same rates but economic conditions may dictate going forward.

Credit worthiness and payment terms for the future

AG - Very concerned, looking into payment terms for specific hotels and expect conditions to be toughened

PT - Treating with caution as winter could be a big problem with cash flow for many

SF - Dealing carefully and asking for pre-payments on some occasions

TF - What is most important is flexibility on cancellation terms



Changes to health and safety

SF - Have created a complete programme of checks on how to deal with covid safety. Potential customers now take time to go through all H&S issues when enquiring.

EK - Actually hiring more people now to deal with all the issues required to ensure correct standards

TF - Questions about H&S are now priority, but this has been a trend for a number of years and will continue to be most important. The most pressing problem is that there is no common standard

Are there any requirements for an in-house doctor or quarantine rooms?

EK - We have done work in both during the crisis although no requirement as yet from customers

SF - Quarantine rooms are actually available and work with company healthcare to provide 48hr tests if required

What about buffet dining?

SF - Buffets are now no longer allowed at all in Norway

PT - Have scrapped all buffets and moving to a la carte dining

AG - Buffets are popular in Sweden but have worked on scheduling to ensure no crowds



Take-aways

Not out of the woods yet but the borders are opening, restrictions are being lifted and prices seem to be holding for 2021

Tuesday 19th May, 2020

