

Greetings,

I recently read a great quote about predicting the future. Management guru Peter Drucker stated, "Trying to predict the future is like trying to drive down a country road at night with no lights while looking out the back window." Doesn't that explain how we all feel right about now? We keep looking back at our historical patterns; however, we don't know if our business will normalize to these same patterns again.

We hear positive comments about leisure travel growing significantly more than last year due to pent-up demand. A 2022 TripAdvisor report indicated that 71% of Americans plan to travel for leisure in 2022, up 8% compared to 2019's results. These results are especially significant as 2019 was the year most hotels use as a benchmark because it was not only the last "normal" year but was also a landmark year for most operations. On the other hand, we get mixed messages about what will happen with the business traveler. A recent survey conducted by GBTA indicated that 82% of business travelers polled were very or somewhat willing to travel. This figure was up from 64% the month prior; however, many Fortune 500 accounts remain remote or in a hybrid model. I suspect they are hesitant to insist that workers who have been remote for more than a year must return to the office for fear of losing them. I would anticipate we see this hybrid model being around for a while.

But what about the price of gas. . . how will that impact the leisure traveler? STR recently published an article focused on how rising gas prices have historically not had a marked impact on US hotel demand. Travelers will still make trips that require an overnight. The article did mention that "it is more likely that travelers have made different purchasing choices through the level of lodging they select or in other travel expenses, such as meals and entertainment. Simply put, it is not a question of "if" Americans are traveling but "how" they travel during periods with higher gas prices." Let's be sure that we have some value-add options on our channels, such as the Cars Eat Free Package.

Another reason we need to offer a value-add rather than discounting is because inflation rose to 7.9% in February 2022. The last time inflation was this high was back in January 1982. We must grow our rates as much as possible while maintaining occupancy levels. In closing, I will reference another quote by Peter Drucker where he stated, "The best way to predict the future is to create it". We are living at an inspiring time when our industry will enjoy revitalization. We have an excellent opportunity to establish a new normal in the hospitality industry. We just have to create it.

Sincerely,

Tracy