



LUGANO
REGION

Hotel Industry Winter 2019-2020 and expectations for Spring 2020

PARTNER

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Sezione del Sottoceneri

DATI

 **H-BENCHMARK**
Hospitality Data Intelligence



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Summary and Comments

Winter quarter

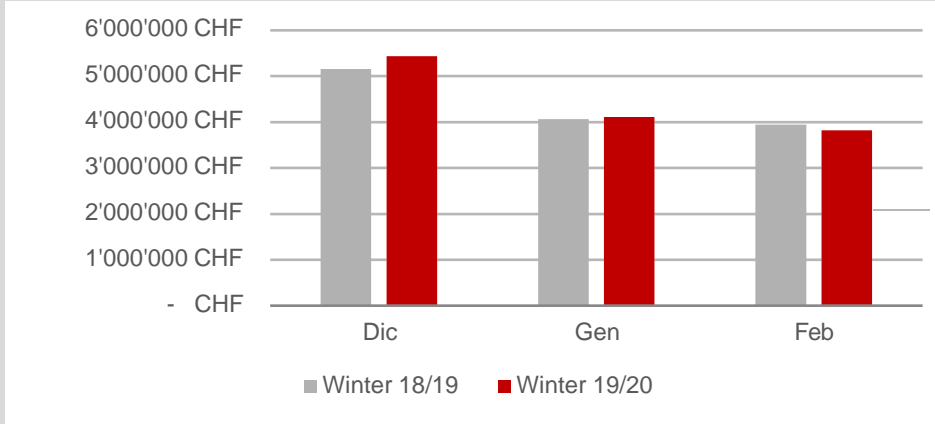
During the last winter quarter, the total turnover generated by hotels in the Lugano region was an estimation of roughly 13,367,215 francs, an increase of 1.6% compared to the winter of the previous year. As can be seen from Graph 1, the turnover increased by 5.4% in December from 5'158'516 CHF to 5'437'111 CHF. During the month of January, the increase was 1.3% from CHF 4'588'653 to CHF 4'112'244. Lastly, 3.2% decrease, from CHF 3'945'620 to CHF 3'817'860, was estimated for the month of February. At the level of accommodation categories, the only structures that have suffered a decline are 4 * hotels (-4.4%), while from the estimations the 0-2 * (+ 7.9%) and 5 * (+ 7.4%) positively stand out. Even the 3-star hotels gained a 6.6% increase in terms of total revenues compared to winter 18/19.

First impacts of the Covid 19 outbreak and expectations for the spring quarter

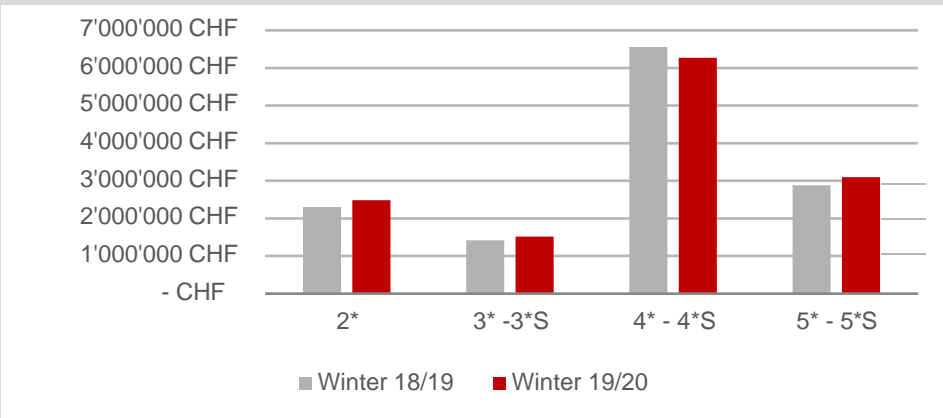
The spring period is expected to be a very difficult time for tourism in the region and the entire canton due to the Corona virus epidemic. The previous overview provided for the month of February, already showed the first effects of the alert wave that arose due to what in a few weeks turned into a real outbreak: in the last week of February, in fact, the booking rate in the hotels registered on the platform had already dropped by 14 percentage points. Considering this, it is important to point out that the first cases of infected people were identified in the nearby Lombard territory during the weekend of 21-22 February.

At this moment, the data collected through the H-Benchmark platform (which refers only to 23 hotels in the Lugano area) show that for the month of March we should expect a 43% decrease in the rooms booked and, therefore a far greater decline in overnight stays. If only the structures participating in the H-Benchmark platform are considered, it can be observed that turnover for the month of March is 61% less compared to that recorded in the same month of 2019. Considering the current bookings for the months of April and May, these reductions are even more substantial. Given the current state of the restrictions imposed at federal level and the limits in force in foreign countries regarding the movement of individuals, the data for the month of April are not expected to change significantly compared to the current forecasts. At this moment, if we consider the period from 1 to 19 April (therefore including the Easter weekend), the rooms booked are just 9.2% of those actually sold during 2019.

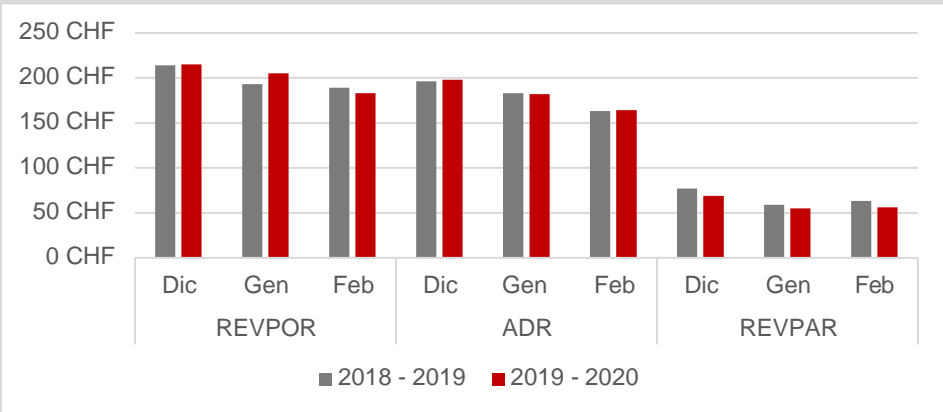
Winter Trimester



Graph 1 - Overall turnover for the winter period for the Luganese OTR



Graph 2 - Overall turnover for the winter period for the Luganese OTR



Graph 3 - Monthly rate indicators

- In the winter of 2019-2020 the revenues of the Lugano hotel sector increased by 1.6%
- The months of December and February had a big impact in the winter quarter, the first positively while the second negatively (probably due to the first effects of the outbreak at the end of the month)

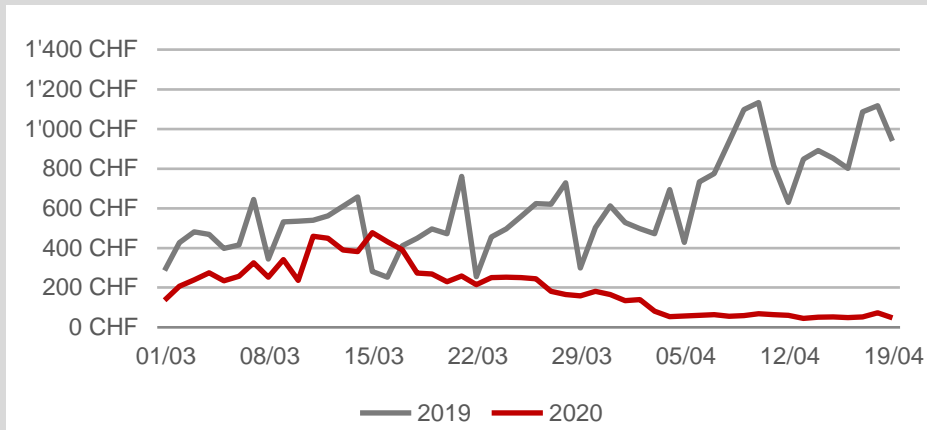
- Regarding the categories of accommodation, the only one to have suffered a decline is that of the 4*, which suffered a 4.4% decrease in terms of turnover

- The remaining categories instead generated higher revenues than last year

- The overall average revenue per room sold (REVPOR) increased on average by 1.2% in the winter of 2019-2020

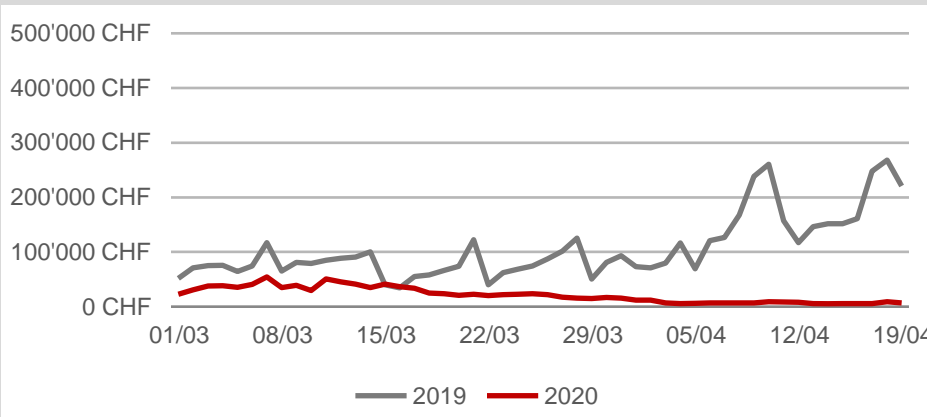
- During 2018-2019, the cost of the room (excluding additional services) represented 90% of the rate, while in 2019-2020 period this value decreased to 89.2%

The first impact of the COVID – 19 outbreak



Graph 4 – Rooms sold, 1 mar. - 19 apr.

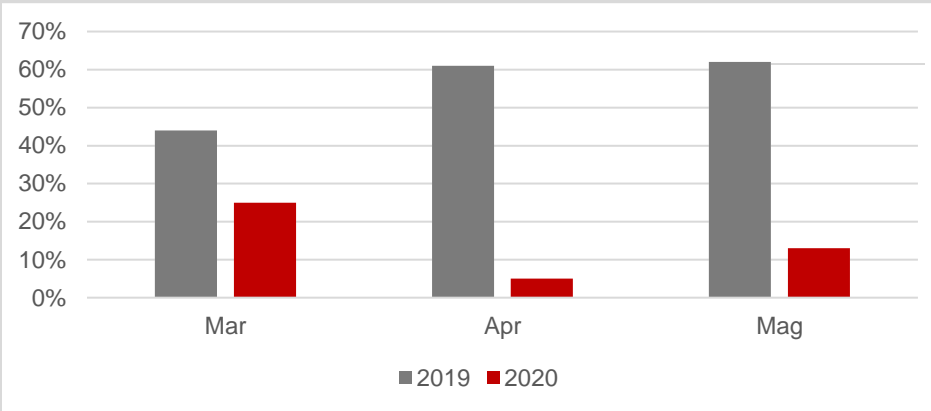
- The impact of the outbreak has been evident since the first days of March. During the month, only 8581 rooms were sold compared to 15178 in 2019
- For the period from 1 to 19 April, at the moment, there are only 1269 rooms booked. For the Easter weekend (10-13 April) there are 237 rooms booked



Graph 5 – Total Revenue Generated, 1 mar. - 19 apr.

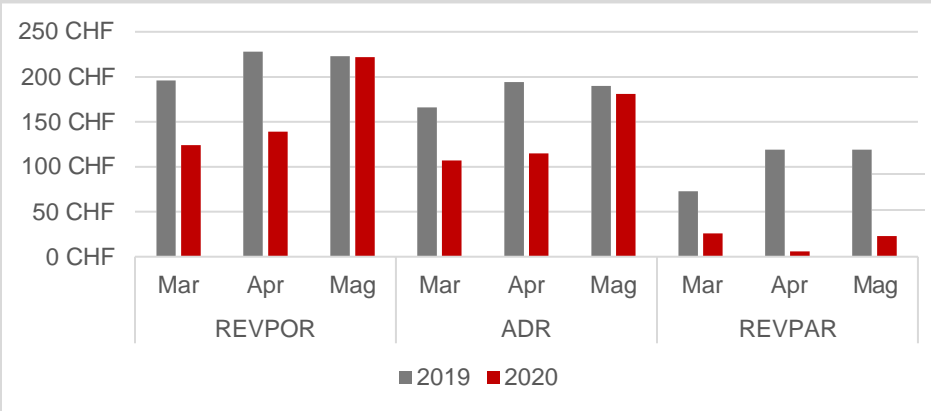
- The average daily revenue for the month of March was 30 thousand francs. For 2019 this value was almost 76 thousand francs, therefore over 2 and a half times as much

Expectations for the spring trimester



Graph 6 – Expectations for the booking (% of rooms booked)

- Compared to March 2019, in 2020, the booking rate decreased by 19 percentage points
- Compared to last year's booking, for the months of April and May respectively, 56% and 49% of bookings are missing



Graph 7 – Expectations for indicators REVPOR, ADR e REVPAR

- Considering the data for March and the current bookings for April and May, it can be observed that for the average rates, there will be a sharp decrease in the spring quarter

VOCABULARY

- **Total Revenue:** indicates the total production turnover, which also includes the revenues associated with meals. The overall revenue obtained for the OTR Luganese hotels is determined by multiplying the overall average revenue per room sold (REVPOR), obtained from the H-Benchmark platform, with the data relating to the rooms sold provided by the official HESTA statistics..
- **Average Revenue per room sold (ADR):**– indicates the ratio between the total daily production turnover (without considering the meal rates) and the rooms sold.
- **Revenue per available room (REVPAR):**– indicates the ratio between the daily production turnover (without considering the meal rates) and the rooms available.
- **Revenue per occupied room (REVPOR):** – indicates the average total turnover per room occupied and is calculated as the ratio between the total daily production turnover (considering the rates for meals) and the number of rooms occupied.
- **Overall Turnover:** – for the calculation of the overall turnover of the sector relating to the entire Luganese region, the REVPOR indicator was combined, i.e. the total average rate per room occupied, including accommodation services and all the complementary services offered by the structures, with the total rooms sold recorded by the HESTA statistics collected by the Federal Statistics Office. Therefore, this figure is an estimate.

