

## **Supranational Hotels: 'Downturn is creating new business travel trends'**

- **executives plan further ahead; work harder; reject hotel price tariff increases; ignore green issues**
- **'reality check' for hoteliers will leave many in difficulties**
- **travel agents urged to take deposits to outflank non-commission paying hotels**

New business travel trends prompted by the economic downturn include the booking of hotels further ahead, cutting back on executive free time, the rejection of price increases, and a growing disinterest in green issues.

These assessments, identified by the 1250-member Supranational Hotels Consortium, coincide with a weakening of the corporate travel market that will leave many hotels facing a 'reality check' in the next 12 months.

Supranational managing director, Niels Pedersen, believes that 20% of hotels still refuse to believe the bad economic forecasts, 50% are taking precautions only half-heartedly, and that only 30% are responding to anticipated changes with the necessary concern and determination.

Analysis suggests that 'more disciplined executives are planning their diaries up to three months ahead in order to commit their schedules to key clients, that many have refused or cut into family holidays in order to display their work ethos, and that evening working in hotels is now typical. It is an emerging pattern that requires hotels to become more flexible over long-stay pricing and makes it urgent that free internet access is offered,' he says.

Pedersen also argues that hotels will not any longer be able to demand year-on-year tariff increases for procurement contracts. In a more competitive market they will nevertheless be expected to raise service standards, as well as be more flexible towards booking conditions such as Last Room Availability, and guaranteed pricing for any day of the week.

There is, however, mixed news on environmental issues. 'Unable to raise their rates, hoteliers will work harder to cut energy costs, reduce waste and recycle, and this will do more to help the planet than any voluntary initiatives,' says Pedersen. 'But at the same time many price-sensitive corporate bookers and travellers will become eco-hypocrites and no longer care whether green policies are being offered,' he adds.

A more hands-on approach to running their properties by hotel managing directors, staff cuts in favour of the most qualified and hard-working personnel, smaller food portions, and more efficient housekeeping rotas are other likely cost-reducing responses from hotels

Pedersen also believes that the anticipated global slowdown will make many hotels – possibly 1 in 2 on a worldwide basis – less willing to honour their commission obligations to the trade. 'Agents experiencing problems should choose groups such as Supranational that operate automated commission payment systems or be prepared to insist on an advance deposit equivalent to the commission, or even the full charge,' suggests Pedersen.

**Notes:**

1. Supranational Hotels are one of Europe's largest producers of electronic bookings valued over 200m USD annually
2. Niels Pedersen can be contacted at his office on 0207 357 0770 or by mobile at any time (including the evenings) +44(0) 776 890 8782

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