

Drivers of success

Factors fuelling demand for the
world's most ambitious Hotels &
Leisure companies

'Bleisure' and new tourism

Bleisure travel combines leisure with business, resulting in longer stays.

This evolving new tourism market is expected to grow by almost 20% annually.

It appeals to digital nomads, people who can work anywhere. They are driving demand in less frequented destinations.

Many of them are 'culture-shock seekers', keen to explore and get out of their comfort zone.

There has also been an upsurge in medical tourism, as people go abroad for medical procedures and physical enhancements.

Covid has increased the number of 'wellness getaways' and trips focused on connecting with nature.



ESG impacts everything

Investors are increasingly focusing on green and sustainable leisure projects.

Hotel owners and developers that are putting measures in place to meet growing ESG (environmental, social and governance) requirements will find it easier to secure finance for refurbishments and new projects. In hotels and leisure, ESG

impacts activities across the board. Architects must design more energy-efficient buildings, while construction companies must source more sustainable materials.

When projects are built, operators must find ways of reducing food waste and improving energy efficiency.



Brands spread their wings

Market share of trusted hotel and hospitality brands will increase as travellers look for 'known' choices when booking trips.

There has been an upsurge in smaller boutique brands but many of these are sub-brands of major corporates seeking to penetrate all markets.

As the world continues to reopen after Covid, there is a shift in East-

West dynamics. Successful Asian leisure groups are expanding into North America, Europe, the Middle East and Africa while major Western hotel chains are growing significantly in Asia-Pacific.

This will bring about more customisation of offerings to suit different market needs and specialisation in the types of services on offer to guests.



Doors opening for hotels

Covid is generally believed to have left the hotels and leisure sector in a financial hole – but many companies recovered well last year and are now looking to expand.

The big brands are getting bigger, often developing and expanding sub brands. The strategy of major players like IHG, Hilton, and Accor is to expand into as many different market segments as they can, from budget to boutique and right up to luxury.

They are also moving their portfolios to a franchise model which reduces upfront costs, spreads risk and has a positive impact on internal rates of return on investment.

The shift is also good for smaller independent hotel operators that can fold their already successful businesses into global chains.

Crucially, it is also a transparent model that is popular with investors.



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