

HOTELS & BUSINESS

 CUSHMAN &
WAKEFIELD

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**SPECIAL
COVID-19**



round-up

4 UNDER CONSIDERATION

WHAT CHANGES DO YOU THINK THE PANDEMIC WILL BRING TO THE SECTOR? IN YOUR AREA OF ACTIVITY, HAVE YOU TAKEN ANY MEASURES TO ADAPT TO THIS NEW REALITY? WHAT KIND OF MEASURES?

16 REPORT

MEASURES TO OVERCOME THIS HISTORICAL CONTEXT

18 MEASURES IN THE HOTEL SECTOR

THE HOSPITALITY SECTOR REMAINS INVOLVED IN THE FIGHT AGAINST THE PANDEMIC

20 HOSPITALITY LAB

THE KEYS TO REACTIVATE TOURISM, CONCLUSIONS FROM HOSPITALITY LAB

AT THE
CENTER OF
**WHAT'S
NEXT**

Hotels & Business is an initiative designed by Cushman & Wakefield's hospitality team in Iberia. Similar to the Hotel Investment in the Iberian Peninsula joint initiative, this publication aims to provide a systematic and informed approach to the hospitality tourism sector in a region that is one of the most coveted tourist regions in the world - the Iberian Peninsula.

In this edition, we will provide an overview of the hospitality sector and it was for this reason that we created the section entitled, 'Your Opinion Matters' in which we asked relevant national tourism players for their opinion. Each perspective is fundamental to gain a better understanding and further insight at this time of uncertainty. We would like to thank everyone for their time and cooperation.

We have also included conclusions from Hospitality LAB, an on-site workshop initiative carried out with relevant players in the sector. In this edition, the participants' experience mainly lies in the Spanish market. Nonetheless, the conclusions drawn and concerns obtained can also be applied to the Portuguese reality.

At Cushman & Wakefield, we are aware of the gravity of the current situation, and how the months and years ahead should be approached in order to recommend measures and projects vital to the hospitality sector. From our perspective, there are four main aspects to be taken into consideration to preserve the sector's competitiveness under the present circumstances.

The first is business plan analysis. Projecting different scenarios will allow us to adjust to events more quickly. These scenarios take into account all the relevant dimensions, namely operational and financial, human resources, investment plans, sales and marketing. The pandemic hit the sector at a time of maturity, after years of a positive cycle, which allows liquidity (to some extent) to be ensured - the main threat in the short-term. We are facing a crisis that is completely different from the one generated after the global financial crisis that started in 2008. This is a sudden, severe and transversal crisis, to which we must respond effectively, with solutions aimed at the aspects that will ensure liquidity for the survival of projects. Thinking about solutions in contexts with low visibility requires highly flexible scenarios to be developed. This step will provide information on when to take the next step.

The second stage is reopening. After analysing the best time to resume business, it is necessary to put a reopening plan in place. In the current context, the reopening of business implies the loss of temporary support. Therefore, it is necessary to be very

clear about the break-even point of each operation. Preparation for this reopening should consider two aspects: a) that the customer feels absolutely comfortable and safe; and b) that the professional team is prepared to provide the service safely and, above all, confidently. Training of staff is now essential so that this confidence can also be conveyed to customers.

The third aspect is to prepare, together with tourist destinations, an offer that surprises and attracts tourists. It is a task that should be carried out in coordination with all economic agents in each destination. After a period of confinement and difficulty, as the one recently experienced, much of the demand is likely to quickly recover given the desire to travel. If in this context, in which the safety of our health is crucial, a vaccine is made available, this recovery will be even faster.

The fourth point focuses on the guidelines issued by the government for the next stages, namely safety and trust. The hospitality sector, undoubtedly one of the most affected by the pandemic, must recover its activity based on these two attributes, which relate to all stakeholders, customers, suppliers, financial entities, public administration, health authorities, investors, etc.

At Cushman & Wakefield, we strive to set an example, adapting our workspaces to be able to resume on-site activity as soon as possible, as can be seen with the [6FeetOffice](#) initiative, establishing safety protocols with staff, customers and suppliers, continuously analysing the market to anticipate scenarios and enable readjustment, in order to overcome current difficulties and take advantage of future opportunities.



GONÇALO GARCIA
Head of Hospitality - Portugal

under consideration



Luis Araújo

President of Turismo de Portugal

1 What changes do you think the pandemic will bring to the sector?

Tourism is a resilient and dynamic sector that knows how to adapt, adjust and respond to market changes. I believe that, henceforth, the greatest challenge will lie in cohesion, in an even greater coordination of public and private efforts to convey confidence to consumers and, it goes without saying, a commitment towards innovation and technology.

In contrast, something that will not change is the challenge related to People and Talent that has been, and will be, one of the strategic and operational priorities of Turismo de Portugal. It is not by chance that we are and have been recognised, for three consecutive years, as the Best Tourist Destination in the World in the World Travel Awards. Our touristic offer is renowned for its quality on all levels, from infrastructure to accessibility, but above all for its human resources.

We are committed to mitigating the effects that this situation has created for business owners and workers. We aim to return to the outstanding results of recent years and, with hard work and dedication, together, we will succeed.

2 In your area of activity, have you taken any measures to adapt to this new reality? What kind of measures?

Turismo de Portugal has focused its attention on responding to the needs of companies and their staff, tourists and citizens through the development of various solutions and support to the tourism sector. Our structure has demonstrated a remarkable flexibility and capacity to adapt to respond rapidly to those needs.

Therefore, amongst other initiatives, it is worth highlighting the creation of a support Credit Line for Micro-enterprises in the Tourism Sector in the amount of 60 million euros, the suspension of grant repayments in all incentive schemes supported by Turismo de Portugal's own resources, the implementation of an online consultancy service for tourism companies and a specialised Service Centre for business owners. I would also like to mention the commitment to training in the sector with online training programmes, several Webinars (many produced by delegations abroad) as well as the launch of promotional campaigns that are nothing more than a message of hope, during a time in which we need to stop, refocus and combine efforts so that the sector can move forward. The recovery of the sector is our main goal in the medium-term and, one of the projects we are committed to is the recognition of tourism companies such as "Clean & Safe". Hence, we have created a Label that aims to distinguish tourist activities that ensure compliance with hygiene and cleaning requirements for the prevention and control of Covid-19 and other possible infections, thus, reinforcing everyone's trust in the national tourist offer.

At this time, it is crucial to keep Portugal as the first place to visit as soon as international tourism shows signs of activity once again and, above all, to continue to monitor the business framework of national tourism, providing the best possible response to its concerns and needs.

As a result of clear measures and goals, as well as a rigorous public health strategy, support to companies, in addition to strict compliance, by citizens, to the measures issued by governmental entities, Portugal is managing to present itself as an example at an international level in the control and management of the pandemic situation. If we add to this Turismo de Portugal's positioning strategy, with tactical and factual, but also emotional, communication, Portugal as a destination, will certainly be able to recover and, most importantly, to react in the most relevant way and at the most appropriate time.

At the “under consideration” section, usually reserved to two or three testimonials, we broaden the scope to incorporate different point of views, allowing the tourism and hotel industry plurality to be reflected in two questions.

1 What changes do you think the pandemic will bring to the sector?

The Covid-19 pandemic has in fact paralysed the entire tourism industry, but I think this will be a short-lived scenario, although it is still far from over. I believe that recovery will take place in stages until the development of a drug or a vaccine allows a complete return to normal. Until then, companies will have to adapt to this new reality. However, I do not believe that there will be lasting changes in the way services are provided, with the exception of more digital solutions and the growth of teleworking, when feasible. Digitalisation and innovation could be an obvious result of this situation, and it is certain that, although temporarily on hold, people’s desire to travel will not disappear.

2 In your area of activity, have you taken any steps to adapt to this new reality? What kind of measures?

At Vila Galé Hotels, we have implemented several phases over the last few months. At first, we closed almost all hotels, leaving only five open: Vila Galé Porto, Vila Galé Coimbra, Vila Galé Opera in Lisbon and Vila Galé Évora, mainly to support health professionals. Vila Galé Santa Cruz, in Madeira, also remained open to receive those who arrived on the island and that had to follow mandatory quarantine requirements. It goes without saying that we carefully follow all recommendations of the Portuguese Directorate-General of Health (DGS) and the World Health Organization (WHO), to ensure the hygiene, safety and well-being of customers and staff.

Regarding staff, wherever possible, we introduced teleworking. Simultaneously, during this downtime period, we took the opportunity to launch some businesses that are in some way complementary to our activity, benefitting from the already established capacity and our know-how. For example, we started a takeaway service and also opened an online grocery store to sell basic products and Santa Vitória wines and olive oils, also owned by the group. We also wanted to ensure that we kept in touch and supported our customers and as a result we developed a lot of content that we shared on our website, social networks and newsletters such as recipes to make at home, games to play with children or tips to relax and exercise. When the time came to prepare for the reopening of a few more units - scheduled for early June - we started working with our teams on several fronts. For example, we began to focus on the development of our own app to check-in and check-out guests and for booking services among other features; training staff through webinars and safety manuals; reinforcing and introducing new hygiene and disinfection measures, ensuring the safety of all. When activity resumes, it is essential that guests feel confident. For this purpose, we will have, among other measures: increased disinfection and cleaning of common areas; installation of alcohol-gel dispensers in all areas; use of personal protective equipment (masks, visors, gloves and gowns) by the teams; limitation of the capacity of restaurants and bars as well as in the pool area and the gymnasiums, which will need to be pre-booked according to usage times; an interval of at least 24 hours between guests leaving, cleaning the room and the arrival of the next guest.



Gonçalo Rebelo de Almeida

Board member at Vila Galé Hotéis



Pedro Seabra

Senior Partner at
Explorer Investments

under consideration

1 What changes do you think the pandemic will bring to the sector?

To answer that question we need to have a short and a medium to long-term view, two very different perspectives.

In the short-term, changes are drastic and operating difficulties are enormous, during a time when it is very likely that occupation rates will be low and, simultaneously, a considerable rise in costs will be seen with carrying out what is now fundamental, creating the necessary environment so that everyone feels safe, staff and guests alike. This requires not only countless hygiene and distancing measures, but also a code of conduct and everyone's involvement, owners, operators, staff and guests.

In the short-term "cash is king". All measures that can generate savings and create liquidity are of the utmost importance. In the medium to long-term, once the fear that governs our lives today has faded, for which we depend on science and time, everything will return to normal, of course, different to our way of lives before the pandemic because everything changes, but very much the same in our desire to enjoy life, food, comfort, experiences, good service, to socialise with parties and festivals, hugs and kisses.

However, there are going to be some consequences. Technological development during this crisis period is unprecedented, and it will leave us with tools that will be integrated into our lives as a precaution against future pandemics. Furthermore, it seems natural to me that it heightens our already existent tendency to turn more towards nature and everything that is biological and local.

Regarding the investment market, this situation will drastically reduce the number of transactions in a market that was fairly dynamic for some time, due to a mismatch in values, with buyers demanding a discount, sellers believing that the eventual loss of value in their assets is temporary and that they should not be penalised, and valuations trying to be prudent bridging the gap between these two realities. This market will improve in the medium-term, in some cases for the wrong reasons, meaning that some owners are highly leveraged and will not survive, and the banking sector, which had not yet fully solved the last crisis, will once again become a fundamental market "player" adopting a role other than lender.

2 In your area of activity, have you taken any measures to adapt to this new reality? What kind of measures?

With respect to hospitality operations, countless measures must be taken very seriously. We already know that hygiene, distancing and the use of a mask and disinfectant are fundamental. However, in the hospitality sector, we need procedure manuals, checklists, training and to be fully aware that this is applicable to everyone, owners, managers, staff and guests. Manuals can vary depending on the operator and can reflect your philosophy as an operator, they are too big to be described in this article, but they all have a common objective, keeping everyone safe and feeling safe.

New ways of cleaning and sanitation and minimising physical contact through technology will continue in the future.

1 What changes do you think the pandemic will bring to the sector?

In the short-term, the reopening of tourism will be carried out in phases, with both progress and setbacks and will translate into lower occupation levels in hotels and consequently increased price competition. The increase in the necessary safety standards required by the various players, be it airports, aeroplanes, hotels and other local elements of tourism supply in turn will lead to a reduction in profit margins vis-à-vis the supply chain and increased uncertainty, affecting expansion plans and, in the case of players with lower liquidity, to their disappearance or a subsequent concentration phenomena, although this is highly dependent on the availability of capital and tenuous demand. This reduction in activity is expected to continue into the medium-term in the corporate and event segments that, without a doubt, will experience reduced demand, which eventually will become permanent, but remains difficult to estimate. It is also likely that less specialised or more common hotel products will eventually feel the effects of this change in demand habits in a more sustained way that could lead to a process of transformation and differentiation.



Cláudio Santos

*Board Member at
Porto Bay Hotels &
Resorts*

2 In your area of activity, have you taken any measures to adapt to this new reality? What kind of measures?

In order to address these foreseeable changes, hotels will have to evolve on several levels, whether it is by immediately prioritising refundable packages (with an impact on business predictability) and, operationally, increasing safety parameters and ensuring they are compatible with comfort levels, a very difficult challenge. These adjustments will require investment in renovation in which the issue of safety and hygiene will be central, in addition to training staff in new interaction practices – all of this in the context of less capital and more unpredictability that will only serve to reinforce the challenge faced by small operators. In our case, the importance of creating multidisciplinary teams, centred on safety, identifying best practices and the necessary adaptations is already a reality. We will certainly witness a revolution in terms of creativity in countless aspects of hotel interiors, in order to provide – and communicate – to customers this dual safety/comfort arrangement, particularly focusing on food and beverage areas and common social and leisure zones. Disintermediation when welcoming guests, simplifying menus, increased “personal space” in public areas, increased hygiene and sanitation processes and a completely new perspective regarding the entertainment area inside hotels are the new realities and the new focal point of innovation.

under consideration



Nicolau Pinheiro da Veiga

*Board Member at
Just Stay Hotels*

1 What changes do you think the pandemic will bring to the sector?

The pandemic brought challenges with it that no operator could foresee and had a huge impact on the management practices of all stakeholders along the value chain. With respect to demand, consumers will incorporate their perception of safety alongside the price factor as decisive elements for their consumption decision. The pandemic has shown that some business trips can be replaced by video conference systems, which will have, at least in the short-term, a negative effect on the volume associated with the corporate segment. In terms of supply, we will see a strong commitment to creating products that make symbiosis as perfect as possible between the concepts of safety and hospitality, with offers that add more value, not necessarily through price, but with new features such as, for example, an increase in the age of children who do not have to pay. The main challenge is related to gaining people's trust. We must ensure an overall sense of safety, presenting Portugal as a safe destination. Hence, the importance of initiatives such as the "Clean & Safe" label, promoted by Turismo de Portugal, which STAY HOTELS will soon display.

2 In your area of activity, have you taken any steps to adapt to this new reality? What kind of measures?

We are already working on the reorganisation of the customer experience in order to ensure compliance with safety requirements and due to physical distancing, which implies operational changes in numerous processes such as check-in, customer service or breakfast service (room service will be the solution). It will be important to limit the capacity of hotel common areas. The main change concerns prevention and infection control standards, ensuring alcohol-based antiseptic solution dispensers and personal protective equipment (PPE) are available to staff and customers, as well as more frequent cleaning of common areas and rooms, complying with all recommendations issued by the Portuguese Directorate-General of Health (DGS).

Since 2016, STAY HOTELS has been certified under ISO 9001 and ISO 14001 by Lloyd's Register Quality Assurance (LRQA). The Integrated Quality and Environment Management System, resulting from these standards, incorporates, in management, a methodology known as the Plan, Do, Check, Act (PDA) cycle, which aims to comply with JSH's internal rules, legal obligations, customer satisfaction and reduced environmental impact. This certification is undoubtedly a competitive advantage for the future.

1 What changes do you think the pandemic will bring to the sector?

I believe it will bring a greater sense of realism to the hospitality investment scene, especially to newcomers who had the wrong perception of the risk associated with the business.

At the same time, the sector's consolidation process will be boosted, as those companies that survive will be able to grow at an accelerated rate, with a more balanced risk.

I am convinced that most of the local accommodation advertised on digital platforms, such as Airbnb, located in the main urban centres will be converted into long-term leases, as a result of the drastic loss of profits in the short and medium-term.

In the short and medium-term, we will continue to see demand predominantly from customers from European countries. Intercontinental air travel (Asia and America) will decline for a few years.

Customers' consumption patterns will evolve and safety and hygiene criteria will become as important as the location or price when selecting a hotel.

2 In your area of activity, have you taken any steps to adapt to this new reality? What kind of measures?

In relation to the hotels operated by the Hoti Hotéis group (17), we closed 14 and kept 3 open with minimal services to support our regular customers.

As part of the cost reduction strategy, we used the simplified lay-off regime to help with the cash-flow of the company, in order to safeguard all jobs. We used the support credit lines provided by the Portuguese government with the aim of preventing further adverse scenarios in the future that are not yet on the horizon.

Ongoing investments continued, but at a slower pace. The construction of a new hotel with 220 rooms, located in Parque das Nações in Lisbon, has been completed and will be opened to the public only when there is enough demand to justify the decision.

In order to prepare for the reopening of hospitality operations, the best safety and hygiene practices are being implemented in all hotels operated by Hoti Hotéis, as well as the "Safe & Clean" certification label awarded by Turismo de Portugal.

In conclusion, we are working to adapt our offer and the hospitality service to respond to the demanding challenges we face, anticipating the likely behaviour of the consumer market and protecting the Balance Sheet so that we can seize the opportunities that lie ahead in 2021, namely the possibility of carrying out acquisitions in a specific European market, where Spain stands out for its natural integration into the current Hoti Hotéis Group offer.



Ricardo Gonçalves

*Board Member
at Hoti Hotéis*

MEASURES TO OVERCOME THIS HISTORICAL CONTEXT

The impact of the pandemic has varied significantly across the activity sectors, to the point of causing a recognisable drop in Gross Domestic Product. According to data from the International Monetary Fund, an 8% fall in Portugal's GDP is expected, with tourism being one of the sectors most affected by this crisis.

The situation we are experiencing was impossible to predict three months ago. Although uncertainty still remains about how the pandemic will unfold, all agents linked to the sector, business owners, workers and public administration have raised concerns about the need to create a new scenario, a new normality to which everyone is referring.

THE FIRST ASPECT TO SOLVE IS THE LIQUIDITY OF HOSPITALITY COMPANIES

This crisis has caused a completed drop in the hospitality sector's revenue, forcing the government to take a series of measures to support the sector. The first such measure was defined by Normative Order nr. 4/2020, through which the criteria were established for granting credit to micro-enterprises in the tourism sector whose activity was substantially affected by the economic effects resulting from the outbreak of COVID-19. Most business owners called for increased efficiency regarding the processing of these applications, in order to obtain credit as soon as possible.

Human resources are a determining factor in Tourism and are one of the most important responsibilities when it comes to the operating accounts of tourism

companies. In this instance, the simplified lay-off regime was a fundamental measure in supporting companies' short-term cash flow. Industry associations have been consulted and involved in the design of solutions to be implemented, particularly in aspects concerning the reopening of hotels.

Finally, a less prevalent aspect of the Portuguese hospitality tourism scene, but one that is vital for the sustainability of companies, is supporting rent moratoria. To date, several companies have negotiated with asset owners to agree deferrals or to renegotiate rental amounts. This aspect has the greatest impact on the liquidity of hospitality companies exposed to this reality, after staff costs are guaranteed. Whatever the formula, tax and financial measures defined, a special rent regulation must be created that guarantees the rights of both owner and tenant, in this absolutely exceptional context. In most negotiations, risk sharing is supported by both sides. Direct assistance to companies in the sector is sorely needed in this area and can help ensure the continuity of thousands of hospitality companies.



DEFINING WHEN ACTIVITY SHOULD RESTART

Tourism is a determining factor for the Portuguese economy, and for that reason the restart of its activity is fundamental to pave the way towards economic recovery. In order to be executed, the strategic plan regarding the opening of facilities requires the establishment of a specific timetable, as well as the definition of hygiene and safety conditions, which can now be certified by Turismo de Portugal, through the “Clean & Safe” label. A gradual reopening will force decisions to be taken in terms of professional teams and, for this reason, support measures that promote lay-off mechanisms are essential. Although it is difficult to predict how the situation will unfold, the recovery of the hospitality sector cannot be expected before the summer of 2021.

Business decisions will be constrained in different ways depending on the nature of the tourist destination. In relation to some destinations, the reestablishment of international air connections will be essential. Concerning others, road mobility will be enough to ensure the correct flow of tourists. Nevertheless, the situation is highly complex and therefore, within the general regulatory framework, business solutions should be studied individually.

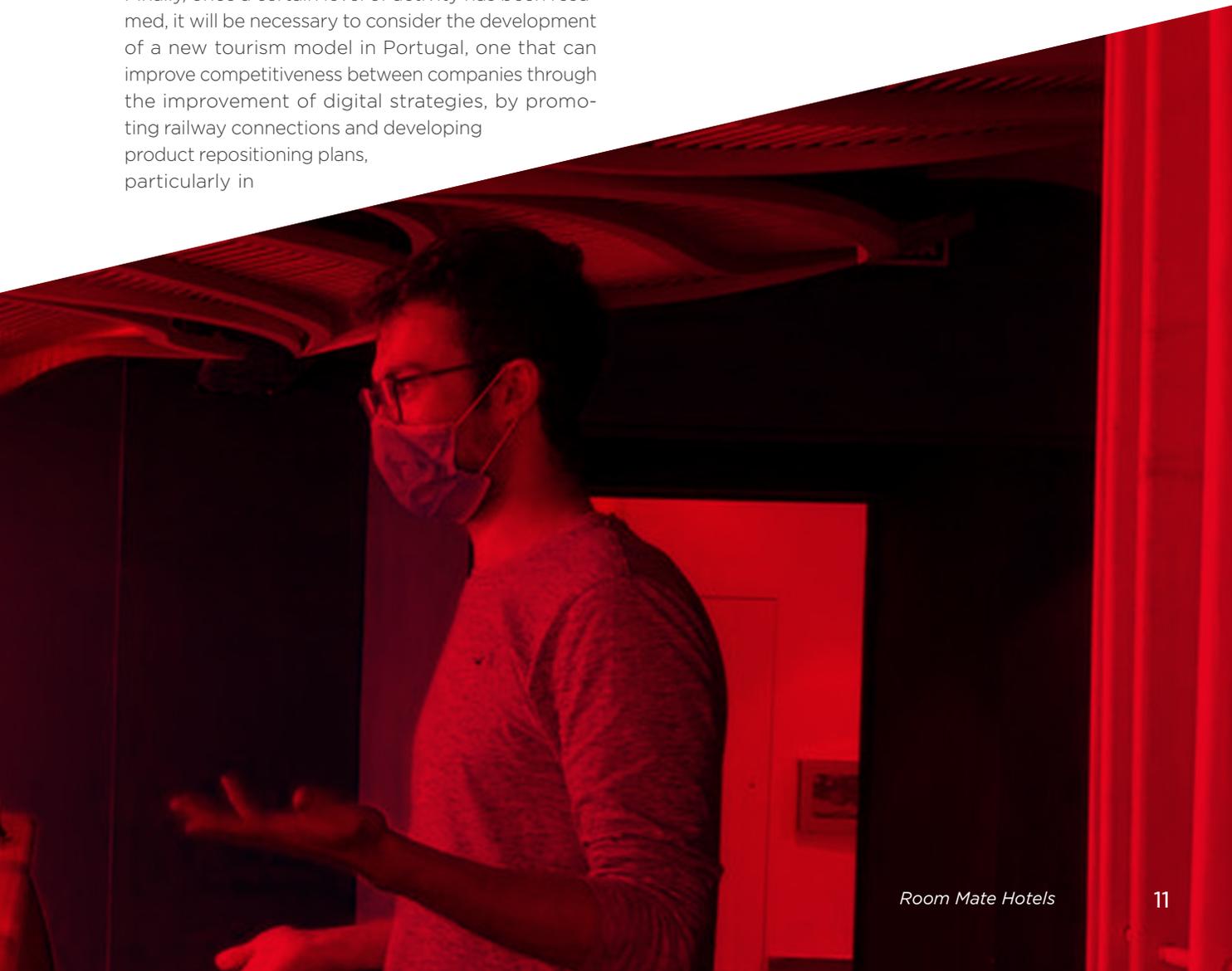
Finally, once a certain level of activity has been resumed, it will be necessary to consider the development of a new tourism model in Portugal, one that can improve competitiveness between companies through the improvement of digital strategies, by promoting railway connections and developing product repositioning plans, particularly in

certain destinations where demand was already beginning to show some signs of fatigue.

PROMOTION MEASURES

Regulatory entities should also contribute to the internal and external decision regarding tourism destinations. In Portugal, there are holiday destinations, such as the Algarve, for which the contribution of international demand has played a central role in their sustainability. In parallel, there are other more inland destinations where national tourists are the main customers. Hence, in the first few months where a lack of confidence is to be expected, promotion measures should aim to attract national tourists, given that international tourists are likely to be limited by air connections.

This promotional action should also foster positive public-private collaboration. Both the public and private sectors need to be aware of how much our economy and society rely on the tourism sector. It is not only about balancing taxes and job creation, tourism is also a driver of cultural knowledge, exchange and business development. This value as a tourist destination plays an important role in relation to Portugal as a brand.



THE HOSPITALITY SECTOR REMAINS INVOLVED **IN THE FIGHT** **AGAINST THE** **PANDEMIC**

The current pandemic has brought the hospitality sector to a standstill and its consequences are immeasurable for the Portuguese economy. However, many hotels, despite the overwhelming uncertainty, have avoided standing idly by waiting for the storm to pass, and have adopted a proactive attitude, supporting all those on the frontline in the fight against this outbreak, by making themselves available to the health authorities to help wherever they could be useful.

The tourism sector, once again, proved to be decisive and demonstrated that it knows how to support society, both in good times and in times of crisis and uncertainty. In this context, numerous projects have been carried out, and it is impossible to mention them all in this article, but it is worth noting some of the most outstanding initiatives.

At the end of March, when the pandemic grew exponentially and the number of intensive care hospitalisations increased, several hotel chains such as Hoti-Hotéis, VIP Hotels and DHM, among others, offered health professionals their accommodation facilities in urban centres, preventing their families from possible further contagion, in addition to supporting homeless people highly exposed to the virus.

From the north to the south of the country, hoteliers' initiatives and contribution to fight the pandemic took the shape of what they do best: "welcome". Without wanting to overlook any offers of help by not mentioning all the good examples, and certain that the wave of solidarity shown is common to all the various national tourism players, we would like to highlight the welcoming initiatives provided by Hoti-Hotéis in Braga. This hotel welcomed nursing home residents, from the northern part of Portugal, at a time when the news predicted an alarming spread in such structures that are so fundamental to human dignity. The Ramada By Wyndham in Lisbon also made 90 rooms available, under the management of DHM.

Hotel suppliers have also joined this cause by offering some free services during this emergency period. Acciona (that provides cleaning and disinfecting services) and Pradditive (that ensures the cleaning and disinfection of air conditioning circuits), are examples of such initiatives.

WHILE ALL OF THIS IS TAKING PLACE...

The hospitality industry is anxious to return to normality and enjoy a time when the coronavirus is under control so that borders can be reopened and the reality that we once enjoyed returns.

Therefore, initiatives such as the one developed in Spain, by Meliá Hotels International, do not come as a surprise. Designed to reward health professionals for their excellent work recently, they offered 10,000 two-night stays for two people at the chain's hotels worldwide.

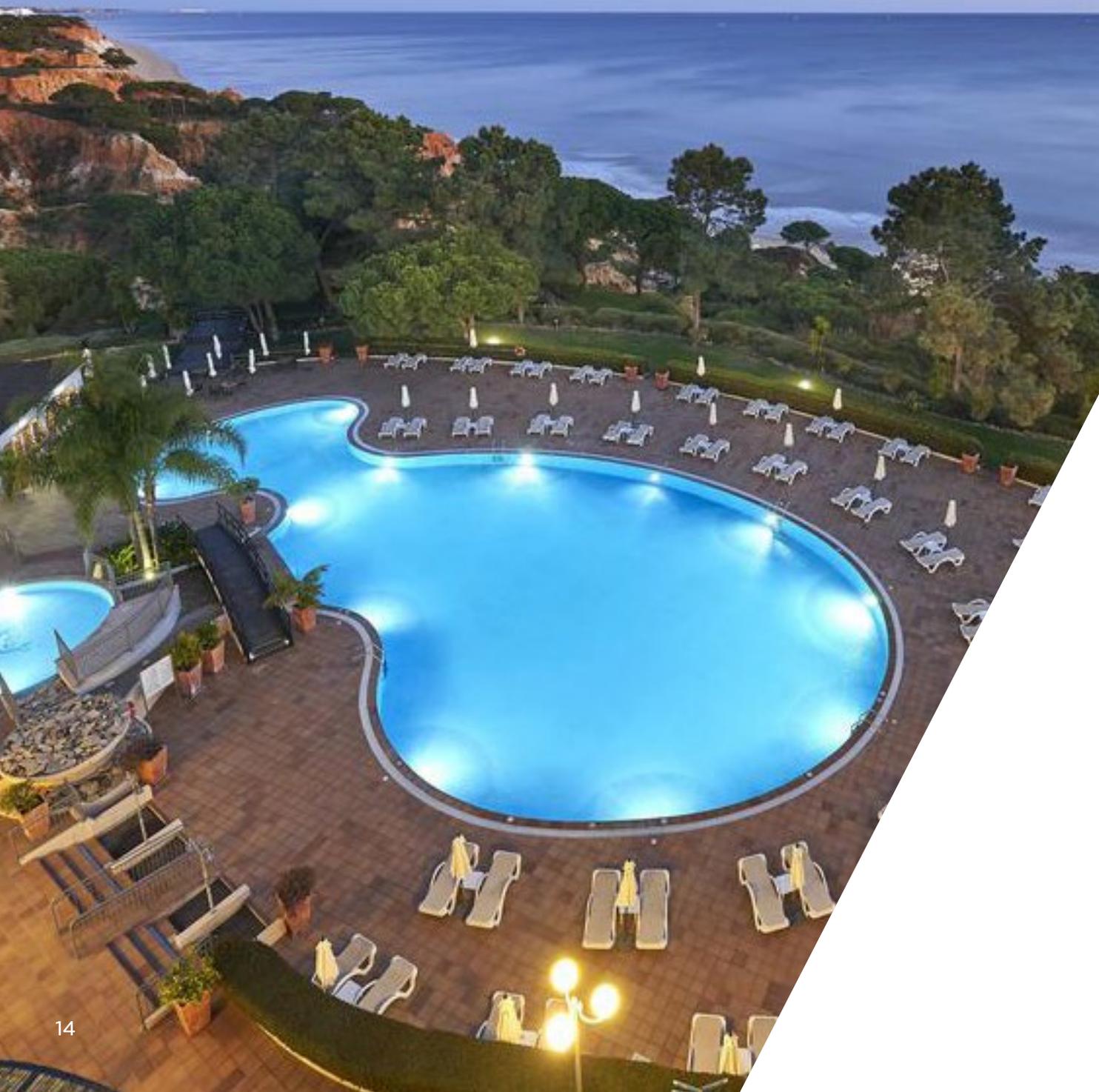
In summary, many hotels, faced with their forced closure due to an inactive market, demonstrated an enormous commitment to society and once again made themselves available to the authorities to help with everything that was within their reach. We trust that in the near future, when the much-wanted normality has been restored, we will be able to enjoy the excellent services that the sector offers in our country, while we are grateful for their contribution during the last three months.



Six Senses Douro Valley

HOSPITALITY LAB

THE KEYS TO REACTIVATE TOURISM



PortoBay Falesi,
Albufeira

In a special session, held in an online format, some of the most well-known representatives of the hospitality sector analysed what the path should be for the recovery of the tourism sector in the wake of the unexpected change in trends that the current pandemic has caused. Cushman & Wakefield's Hospitality LAB is a knowledge initiative about the hospitality sector, organised by a consultant and composed of 16 sector executives.

In the global preparation of the initiative 6 months ago, no one could have foreseen that the third edition, which was meant to be held on the 15th of March in Madrid, would instead be held virtually on the 22nd of April with a completely new central topic.

The first issue to be highlighted was the differences between this crisis and the previous major financial crisis, which began in 2008. The vast majority of experts pointed out that the current slowdown in hospitality operations had little to do with the previous financial crisis. A similar situation was mentioned, albeit with less severe consequences to the sector with some participants highlighting the 9/11 attacks in New York that generated a wave of panic. This panic, however, quickly dissipated.

In parallel, it was also pointed out that at the beginning of the current crisis, the hospitality sector had more liquidity when compared to 2008 in which companies had higher levels of debt. However, some participants stated that this crisis requires a quick response from public administration and regret that some of the initiatives, such as availability of credit, are being carried out with significant bureaucratic and planning difficulties. Tourism will need a specific recovery plan because, together with the retail sector, it is the most affected and has also proved to be an essential sector for the Iberian economy in recent years.

OPERATIONAL SLOWDOWN & INVESTMENT CAUTION

Investors and hospitality operators present at LAB deemed it necessary to analyse operations again, in addition to thoroughly analysing what the new scenario will be, with the goal of presenting projects that would lead to the best guarantees for shareholders, owners and managers. At the same time, they also acknowledged that investors' enthusiasm and liquidity continue and that they are simply waiting for the market to show some signs of recovery, which will ensure greater levels of certainty when it comes to the reopening of business.

However, some of the participants emphasised that, at the time of reopening, the effect may differ depending on the type of destination, anticipating a more significant effect in relation to holiday destinations in 2020, and that a full recovery will not be made until at least Easter 2021. Alternatively, urban hotels may benefit from a better recovery timing, taking advantage of national demand, as soon as commercial establishments reopen. Finally, there is hope that the rural hospitality sector, as well as less crowded destinations, will recover more quickly, as they see a lower concentration of people.

**THE HOSPITALITY
SECTOR HAD
MORE LIQUIDITY
WHEN COMPARED
TO 2008 IN WHICH
COMPANIES HAD
HIGHER LEVELS
OF DEBT**

FUTURE TRENDS

The effect on tourist behaviour was also explored during the LAB sessions. Most experts agreed that it was too early to determine the consequences that the virus could have on consumption habits. On the one hand, if the crisis is solved with the emergence of a vaccine, the return to normality may be much faster than what we think. Regardless, a consensus was reached that from now on some aspects will need to be taken into consideration, those that are possibly here to stay.

Concerning the reopening, a fundamental aspect will be the pricing policy, as it will need to be continuously adjusted to the actual level of demand in the short and medium-term. Based on revenue management, creative and efficient solutions should be offered so that the pricing policy is attractive to potential customers and is profitable to the hotel. Another fundamental aspect will be the F&B services, possibly the most affected by the new situation, which will eventually reduce menus and hours of activity. Some hospitality companies may consider reopening, but only offering accommodation services. In other cases, room service may be promoted, thus ensuring the necessary physical distancing.

It is important to think strategically about the new changes, as the measures now introduced will also serve to overcome possible crises in the future. The existence of new protocols and the knowledge acquired, although involving a high cost in the short-term, will better prepare the sector for similar eventualities in the future. Regarding meetings, incentives, conferences and exhibitions (MICE) tourism, for example, a specialised niche of group tourism, such measures will be essential to attract these types of customers.

AIRLINES AND FLEXIBILITY

One of the participants' main concerns was the recovery of air travel operations, which is vital for the destination as a whole, particularly with source markets such as the British, German and French, mostly in more seasonal destinations, as is the case in Portugal in the Algarve. Low-cost airlines, based on high-rotation models and with the need to sell at their maximum threshold, may be severely affected. The reopening of hotels in these areas may be postponed until the pace of air traffic picks up and reaches at least 50% of what it was in 2019, in order to ensure that tourist activity does not head into a deficit.

Nonetheless, the 2020 summer season has not yet been completely disregarded and it remains to be seen what return to "normal" activity will be. Whether hospitality companies open or not in an acceptable state during the summer, can change the course of their business perspective and business plan, espe-

cially vis-à-vis small and medium-sized enterprises (SMEs), which in Portugal, make up most of the Portuguese tourism industry.

PORTUGAL AS A BRAND

The main question on everyone's mind is how will Portugal be affected by the crisis caused by COVID-19? Many believed that the short-term effect would be negative, but some have already predicted from early booking research, that Portugal continues to be considered a coveted holiday destination. It offers better levels of safety and trust, higher than those of traditionally competing countries in Northern Africa. Despite its good positioning, participants reiterated the need to activate an ambitious marketing campaign to strengthen the country's external image, which has already begun with the creation of Turismo de Portugal's "Clean & Safe" label.

**BASED ON REVENUE
MANAGEMENT, CREATIVE
AND EFFICIENT
SOLUTIONS SHOULD BE
OFFERED IN ORDER TO
CREATE ATTRACTIVE
PRICING POLICIES**

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