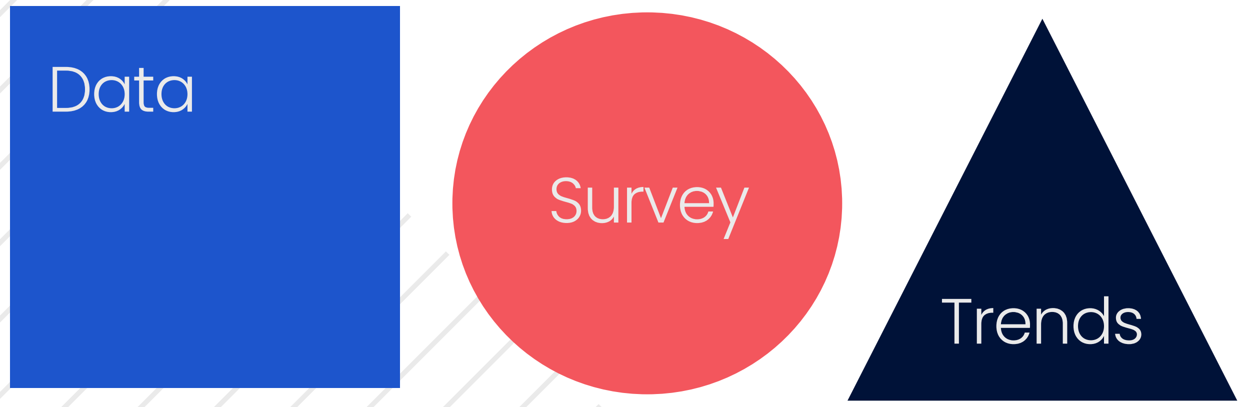
2023 State of Independent Lodging Report

Contents



Founders' note

Cloudbeds is an authority on independent lodging, a segment we've powered for over a decade. During this time, we've enjoyed a front-row seat to one of the most dynamic and accelerating industries in the world. Today, we're paying that privilege forward. Welcome to our inaugural annual report, the State of Independent Lodging.

We've aggregated and anonymized a wealth of data from across the globe to deliver key insights on independent lodging businesses, including data from property types and segments often overlooked. In these pages, you'll find answers to pressing questions like the current state of recovery, booking behavior post-pandemic, and the travel trends most influencing consumer behavior. Our aim in publishing this research is to arm owners, operators, and the industry with clarity as they navigate the ever-changing travel landscape. This report not only sheds light on the state of the industry, but will also give you a deeper understanding of the goals and challenges of independent owners and operators.

Knowledge is power, and this is just the beginning.

Adam + Rich
Founders, Cloudbeds

Introduction

It's a good time to be an independent property

In 2023, the travel industry is poised to continue its path to recovery and even exceed pre-pandemic performance in some areas. But with numerous headwinds threatening to temper the pace of growth, it won't always be smooth sailing.

"People around the world are feeling overwhelmingly more optimistic about traveling in 2023 compared to 2022," reports Booking.com.[1] "If 2022 was about the triumphant return of travel, 2023 will be about creatively reimagining it amidst the chaos."

The data tells us that more travelers are much more focused on unique experiences in 2023, rather than standard accommodations with typical amenities. But they aren't looking for trip inspiration in the usual places, and they're more value-oriented than usual due to uncertainty about the economy. Freed from the shackles of the office, travelers are extending vacations to work remotely. And they're happy to stay in a hotel, boutique, or short-term rental – as long as they don't have to wait in line.

Given the conditions, the power dynamics have shifted in recent years toward independent lodging businesses and will continue to do so. Without franchise agreements and rigid brand guidelines to conform to, independent properties are uniquely positioned to benefit from the confluence of macro and micro trends in travel and provide the distinctive, personalized experiences travelers are seeking. But whether you operate a full-service hotel, boutique, inn, guest house, or vacation rental, it will take foresight, agility, and ingenuity to adopt the trends that make sense for your property and market so you can gain a competitive edge.

> *People around the world are feeling overwhelmingly more optimistic about traveling in 2023 compared to 2022*

[1] Booking.com. "Seven Predictions for the Creating Reimagination of Travel in 2023." October 2022.

With a soft recession on the horizon, discretionary spending on travel may shrink. Independent lodging businesses will have to battle it out for their share of a smaller piece of the pie with branded hotels that benefit from global brand awareness and massive marketing power. And hoteliers and hosts of all types and sizes will face continued inflationary pressures and labor shortages.

How will your property maintain the upper edge? It's vital to pay close attention to the data and trends. In the first report of its kind, Cloudbeds has amassed a trove of data, surveys, trends, and insights cultivated exclusively for independent accommodations.

In the first section, we share booking data from thousands of independent properties around the world to help you benchmark performance against industry peers. In the second section, we share highlights from our survey of owners and operators to provide insights into shared goals and challenges. And in the third section, we explore five trends shaping the travel landscape, along with strategies for adapting to the trends and ensuring long-term growth.

At Cloudbeds, it's our goal to provide the technology and the know-how independent lodging businesses need to compete with hotel brands for more reservations and happier guests. We believe that with the right technology, operating an independent property is not only easier, it's the smarter choice. After all, amazing hospitality isn't just the domain of the big brands. In fact, we think it's best served by independent properties. And we're here to help.

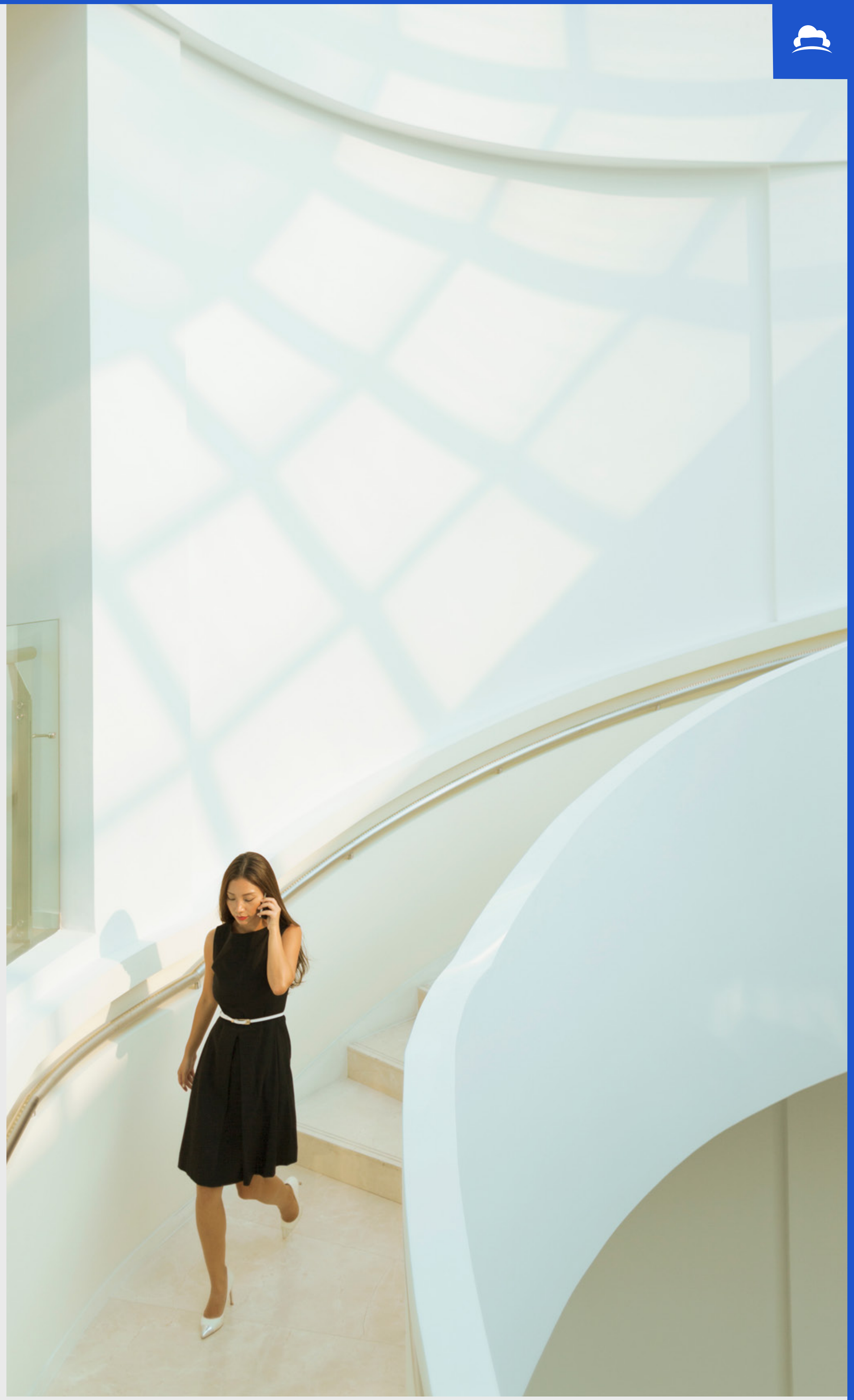
Data

Traveler booking behavior and insights

As a leading hospitality management technology provider for independent properties, Cloudbeds has a wealth of booking data from ten of thousands of properties. The data in this report draws from a representative sample of 1,400+ properties across 60 countries worldwide, selected to ensure statistically significant distribution across geographic regions and include various property types.

The results are divided into four key regions: North America, Latin America (including Mexico), Europe, and Asia Pacific (including Australia and New Zealand). Properties in the data set comprise hotels, hostels, bed & breakfasts, vacation rentals, motels, and alternative accommodations. As noted within the data, certain property types were excluded from select metrics to avoid skewing the results.

To understand how the pandemic affected booking patterns and what the recent data tell us about 2023 trends, we analyzed four years of data from 2019 through 2022. Here, we share highlights from the analysis.



ADR & Occupancy

Average daily rate (ADR) is the average price guests pay for rooms per day. It is a key driver of hotel profitability. Here we report rate data from hostels separately from other property types (which include hotels, B&Bs, vacation rentals, etc.) as they are priced per bed rather than per room.

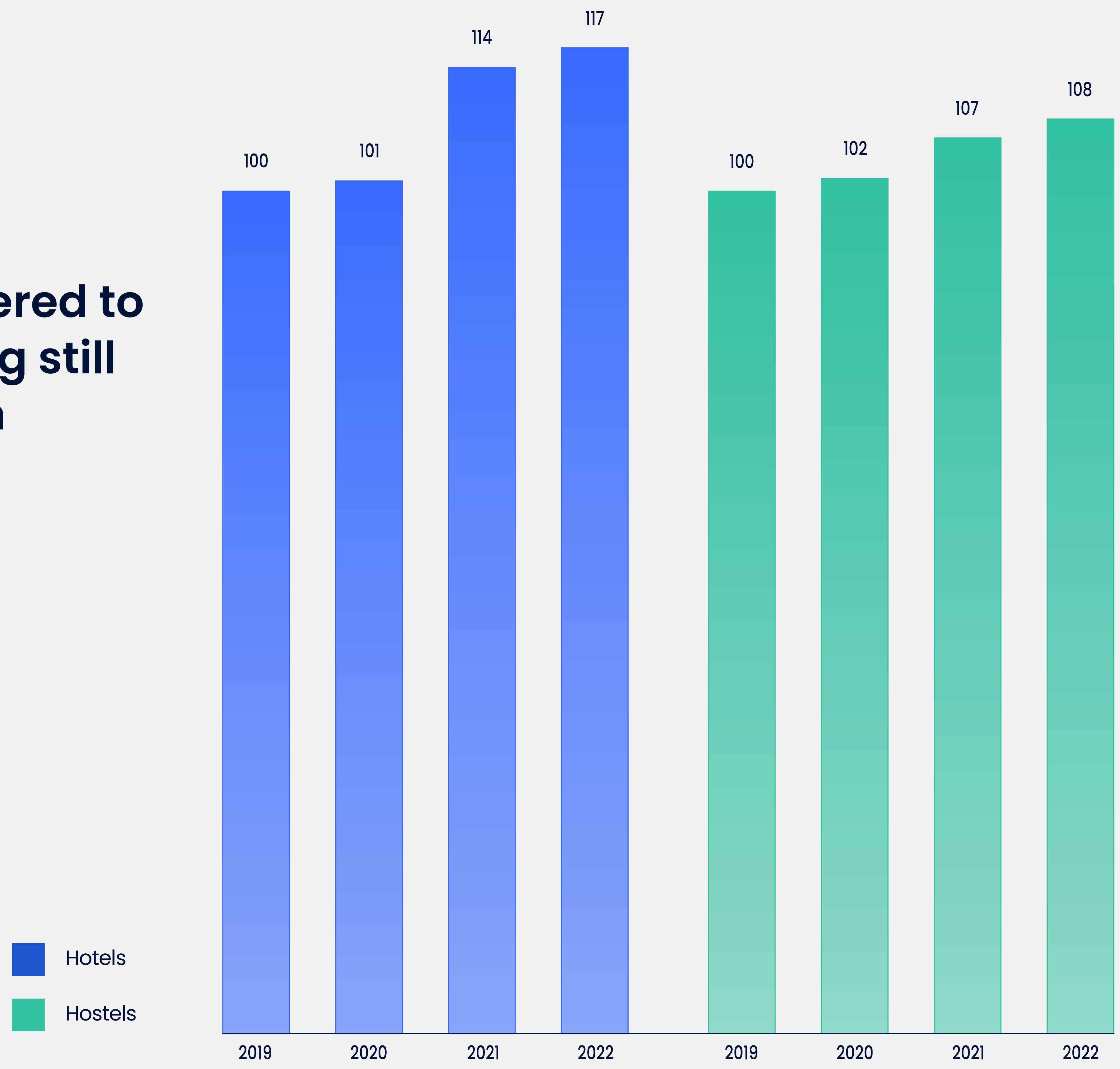
Among independent properties, hotel rates actually increased slightly from 2019 to 2020 and continued to grow in 2021 and 2022, exceeding the 2019 ADR by 17%. In the hostel segment, ADR also showed steady growth, although at a more moderate level, with an 8% increase from 2019 to 2022. The graph on the next page shows that hostels are not as affected by seasonality as other property types.

It's important to note that ADR data reported here has not been adjusted for inflation. According to STR, inflation was so strong in 2022 that, in real terms, ADR was relatively similar to 2019 results and even lower in some months.[2]

[2] CoStar. "Story of 2022: Strong Hotel ADR Growth Offset by Cost Increases." December 2022.

ADR for independent properties has recovered to 2019 levels, but pricing still impacted by inflation

Global ADR, indexed to 2019



Source: Cloudbeds booking data, 2019-2022

ADR & Occupancy

ADR for hostels less impacted by seasonality, but has not recovered as strongly as other property types

Global ADR Quarter-over-Quarter

Source: Cloudbeds booking data, 2019-2022

ADR & Occupancy

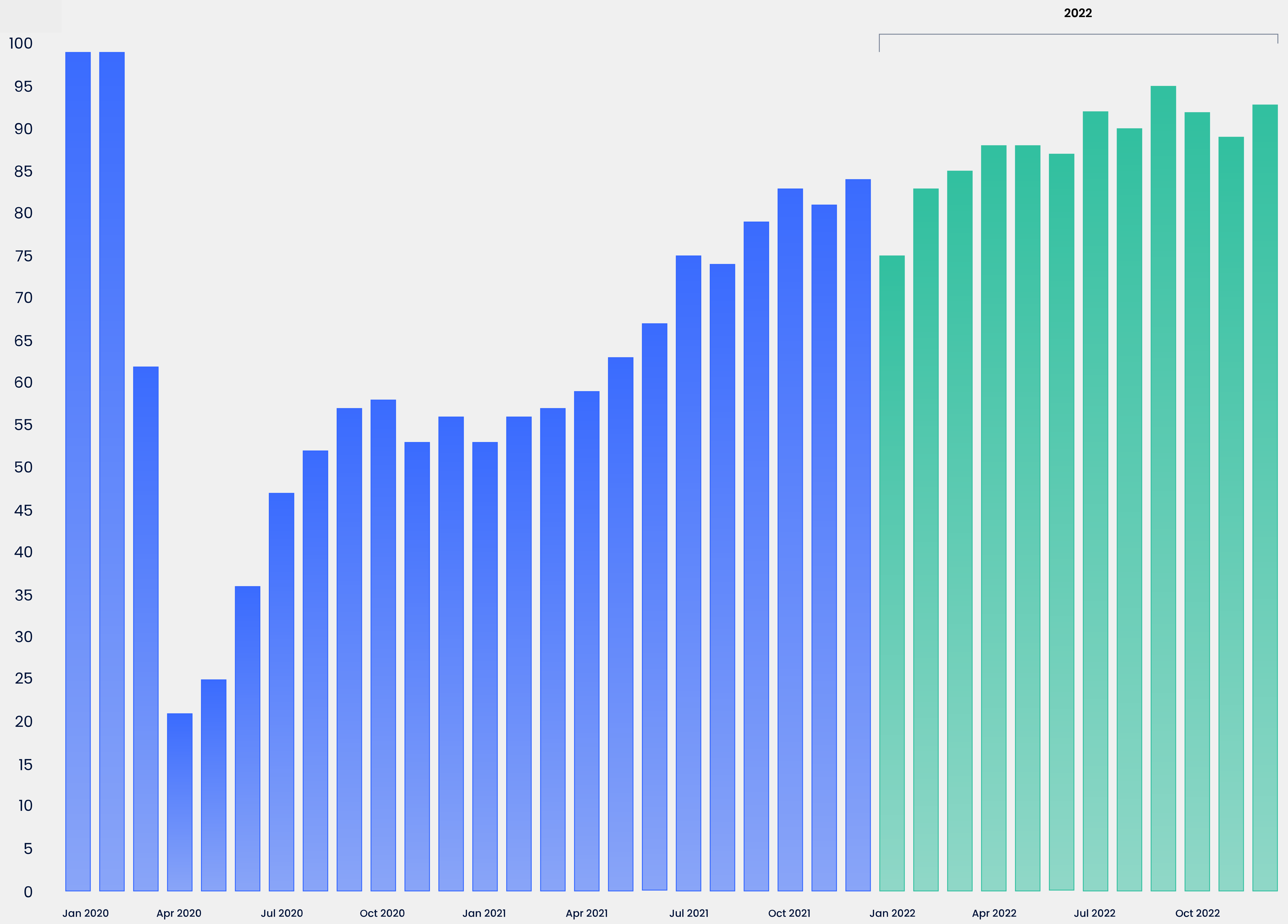
Occupancy rate is a term used to indicate the percentage of occupied rooms compared to total available rooms in a specific time period. Aggregated occupancy rates are often an indicator of overall market demand.

Among independent properties, global occupancy rates in 2021 and 2022 have improved steadily year over year since the pandemic, but have not yet reached 2019 levels. With China opening up again for outbound tourism in 2023, demand is likely to increase, especially for APAC countries where China comprises a significant portion of the inbound travel market.[3]

[3] China Daily. "China to resume outbound group travel to selected countries." Jan 2023.

Occupancy strengthening steadily since pandemic

Global Occupancy Indexed to 2019 by Month



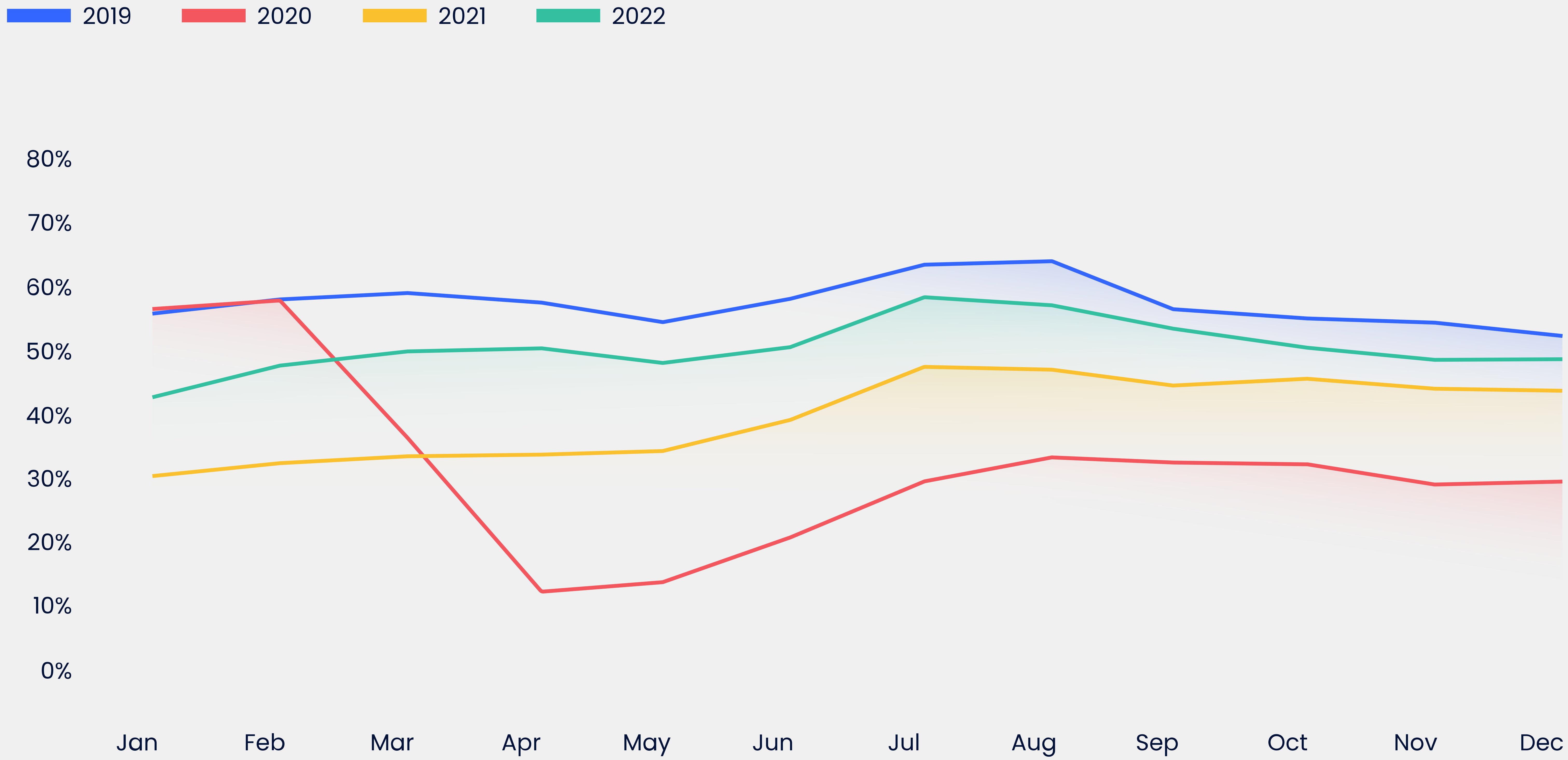
Source: Cloudbeds booking data, 2019-2022

ADR & Occupancy

In 2022, global occupancy rates had a sluggish start due to the Omicron variant, at 14 percentage points below 2019 levels. By July, global occupancy rates rose significantly, recovering to within 6 percentage points of their 2019 levels for the remainder of the year.

After slow start, 2022 occupancy rates driven up by summer revenge travel

Global Occupancy Rates Year-over-Year



Source: Cloudbeds booking data, 2019-2022

Booking source

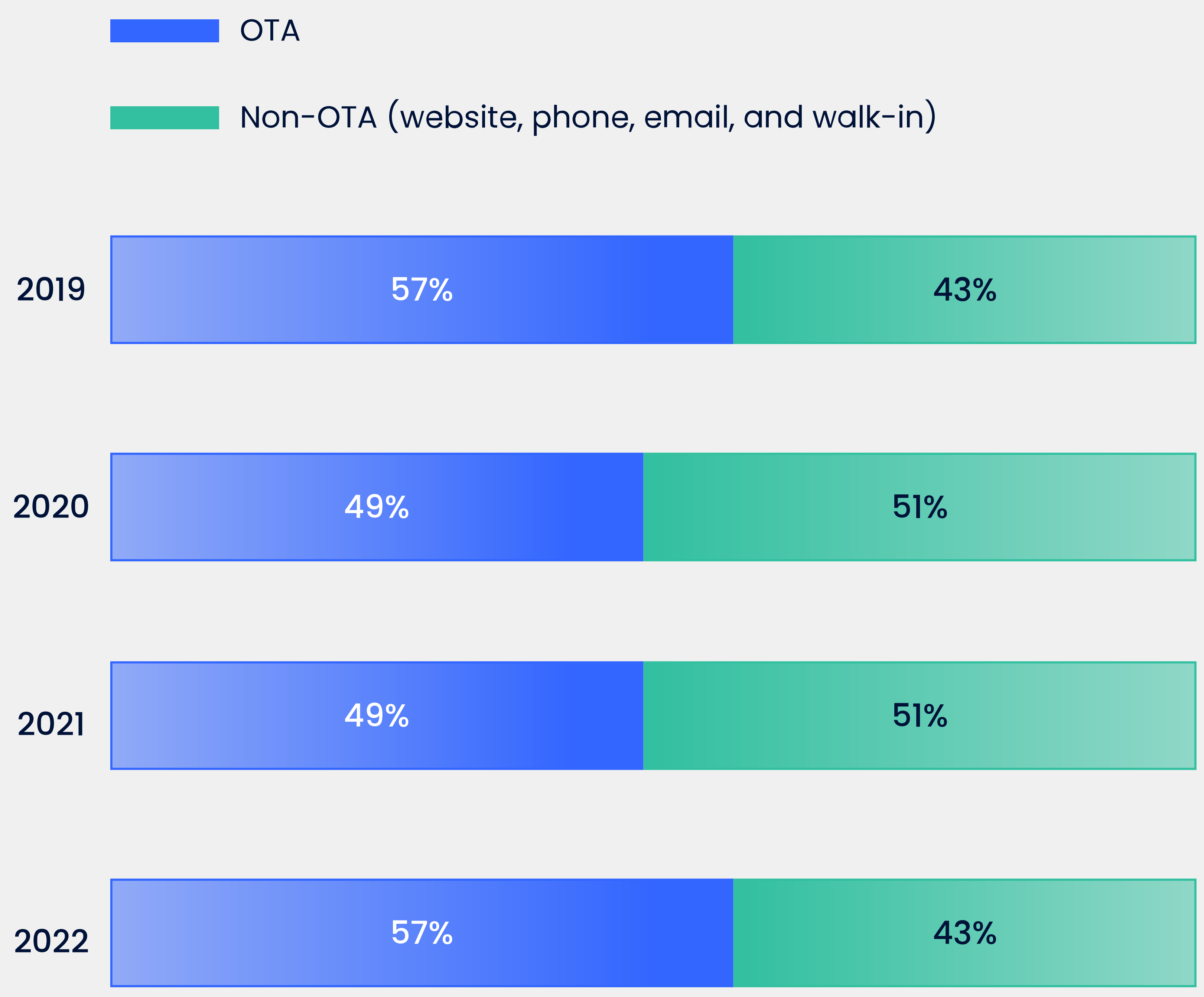
Booking sources are the distribution channels on which travelers choose to make reservations. Every booking channel comes with different costs to the property, so it's a good idea to pay close attention to distribution allocations and costs and to strive to manage a diverse distribution strategy.

OTA sources include all bookings made through an intermediary in the graphs pictured here. Non-OTA sources (or "direct" bookings) include all bookings made directly with the lodging business, including the property website, phone, walk-in, and email.

Within our global dataset, in 2019, OTA-sourced bookings made up 57% of all reservations, while non-OTA bookings made up 43% of all reservations. During the pandemic, there was a significant shift toward direct bookings as low demand forced OTAs to curtail advertising budgets. With Covid restrictions limiting most travel to regional and domestic markets during this time, direct channels such as walk-in and phone surged in 2020 and 2021. In 2022, pent-up demand for travel has shifted the balance back in favor of OTAs, reaching 2019 levels again.

OTA share of bookings decreased during pandemic, but has recovered to 2019 levels

Global percentage of total bookings by booking source, OTA vs. Non-OTA



Source: Cloudbeds booking data, 2019-2022

Booking source by region

Breaking down **booking source by region** for 2022, we see significant differences across regions. Among properties in Europe and Asia Pacific, OTAs account for a much higher share of bookings than Non-OTA sources, with 75% of all reservations in Europe and 61% of all reservations in APAC coming from online booking sites. By contrast, OTAs only accounted for 55% of total reservations in Latin America, and 44% of total reservations in North America.

One notable regional difference is that in North America, booking through the property website is much more common than in other regions of the world. Website reservations make up 32% of all bookings in North America, and only 12% of all bookings in all other regions.

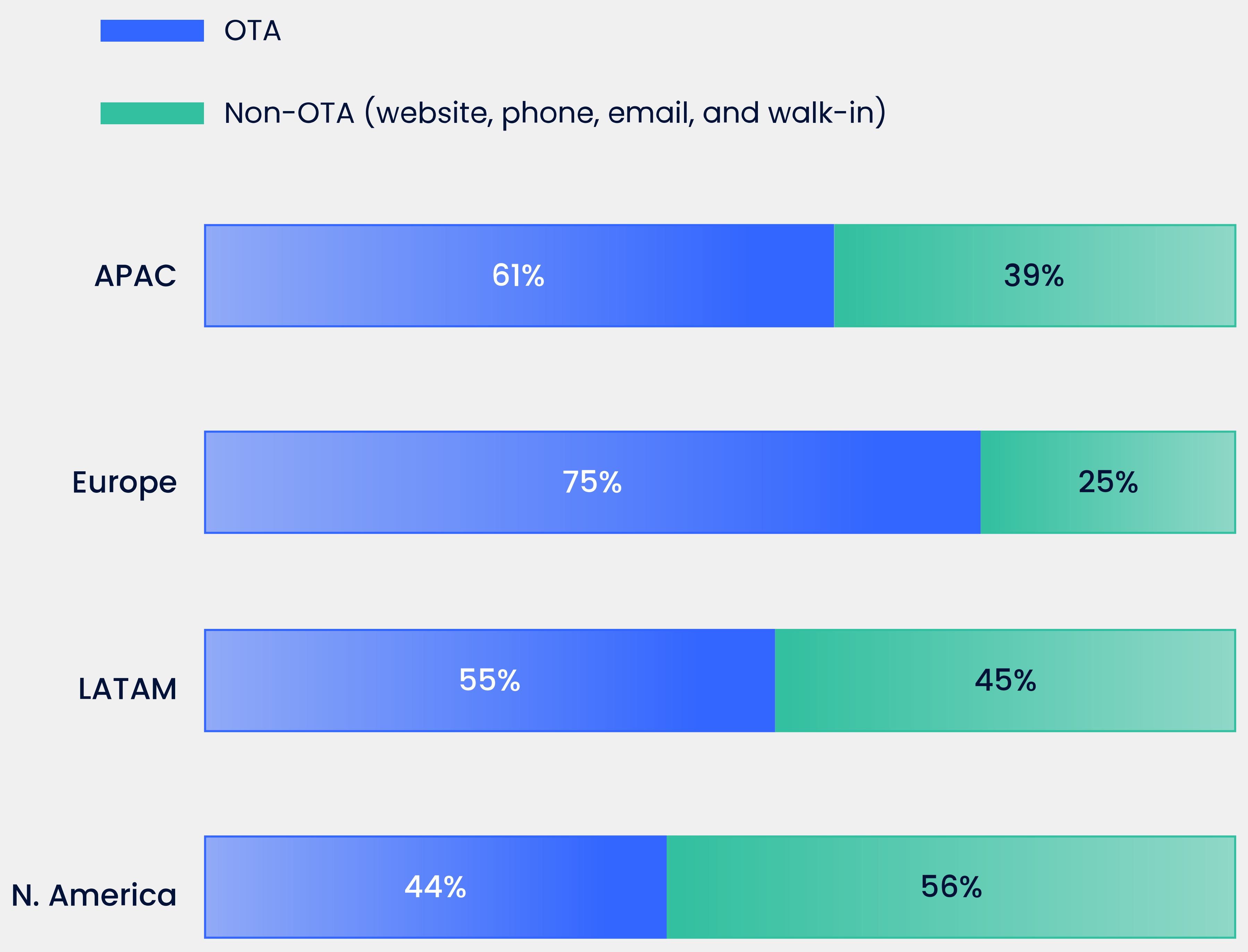
Percentage of bookings made through the property website

32%
North America

12%
All Other Regions

2022 OTA share of bookings by region

Percentage of total bookings by booking source and region



Source: Cloudbeds booking data, 2019-2022

Booking window

The **booking window** is the average number of days travelers book trips in advance of the arrival date. Generally, the longer the booking window the better for the property. When lodging businesses have advanced notice of how busy they will be, they can more effectively manage pricing and operational planning.

In 2019, booking windows were generally similar across the four regions, with a global average of 34 days. After the pandemic hit and most travel stopped, those who did travel were reluctant to make long-term plans and often booked last-minute, driving down the average booking window. In 2021, as people began to feel more confident about booking trips in advance, the booking window began to lengthen again, especially in North America and Europe,

In 2022, we see the effects of "revenge travel" and pent-up demand. In North America, the average booking window exceeded 2019 levels by five days; in Europe, it was two days. Meanwhile, ongoing travel restrictions in the Asia Pacific region kept the booking window five days short of the 2019 average. Looking ahead to 2023, a similar pent-up demand effect is expected from travelers in the Asia Pacific region, and especially in China, where travel restrictions were finally eased early this year.

Booking windows for independent properties driven higher in 2022 by "revenge travel"

Average booking windows for independent properties by year and region, 2019-2022

Source: Cloudbeds booking data, 2019-2022

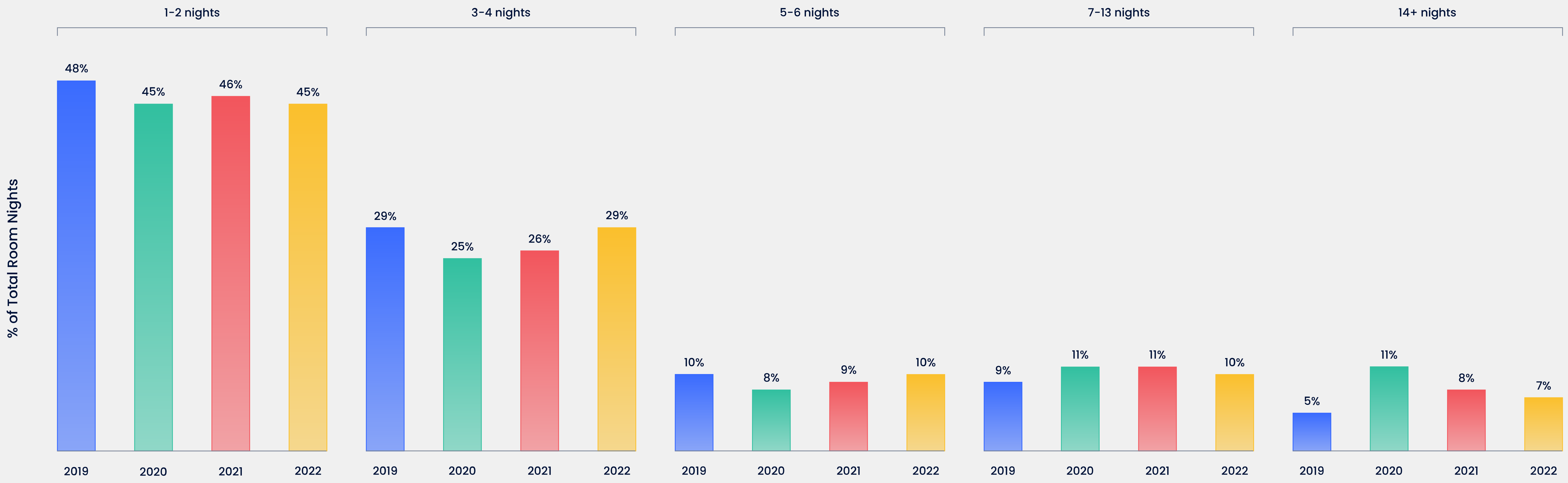
Length of stay

Length of stay (LOS) is the average number of nights guests stay at a property. Generally, properties strive to attract guests for longer stays in order to boost occupancy and lower operating costs. However, long-stay guests often expect lower rates, which can drive down ADR.

Over the past four years, the vast majority of travelers within the data set booked stays of 1 to 2 nights. The next most popular length of stay was 3 to 4 nights. Combined, these two lengths of stay represented 74% of total booked room nights in 2022.

74% of booked room nights are stays of 4 nights or less

Percentage of booked room nights by length of stay, 2019-2022 (global, all property types)



Source: Cloudbeds booking data, 2019-2022

Trend Tracker

Are long-term stays here to stay?

As a percentage of booked room nights, stays of 14+ days more than doubled from 2019 to 2020 from 5% to 11%, but has since fallen in share in 2021 and 2022, remaining slightly above 2019 levels.

What does this mean? During the pandemic, “workcations” emerged as a popular trend as travelers took advantage of remote work to book long-term stays. OTAs promoted the workcation trend heavily in 2021; Airbnb claimed that in 2021, long-term stays of 28 days or more were the company’s fastest-growing trip length. Booking.com introduced a Work-Friendly Program to promote ideal “workcation” properties.

We predict that “workcations” as a percentage of bookings will continue to decline over time, especially in an inflationary environment where many people simply can’t afford long-term stays in addition to their primary residences.

This is different from the “digital nomad” trend in which remote workers have no primary residence and instead live temporarily in different locations around the world. While the digital nomad workforce may be growing around the world, it’s unlikely that their presence influences hospitality trends significantly, as they typically stay in residential accommodations rather than in lodging accommodations.

Early signs of the “blended travel” trend

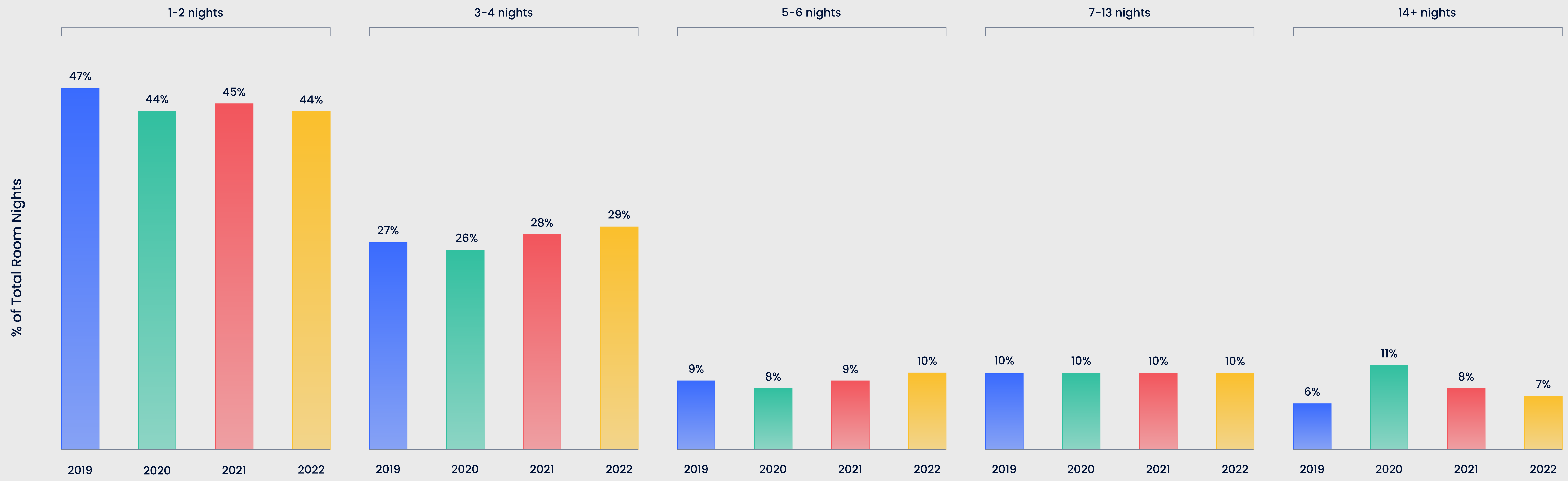
Though workcations may be out, blended travel, sometimes called “bleisure” for blending business and leisure travel, appears to be changing travel patterns. These stays, which are often scheduled business trips extended by a few days for leisure, are typically anywhere from 3 to 6 days.

Cloudbeds booking data shows that these lengths of stays are slightly trending upward in North America.

The percentage of stays that are 3-6 nights has risen since the pandemic and now exceed 2019 numbers by 3%, with hotels, boutiques, bed and breakfasts, and resorts benefitting most from this trend. This may be a sign that blended travel is gaining momentum, at least in North America, as we discuss in the Trends section later in this report.

Share of 1-2 night stays drop, 3-4 night stays on the rise in North America

Percentage of booked room nights by length of stay, 2019-2022



Source: Cloudbeds booking data, 2019-2022

Check-in / Check-out trends

Here we look at arrival and departure patterns. On what days do travelers check in and check out most often? By understanding these patterns, hotels can manage pricing and inventory controls to distribute bookings more evenly throughout the week and flatten out peaks and valleys in occupancy.

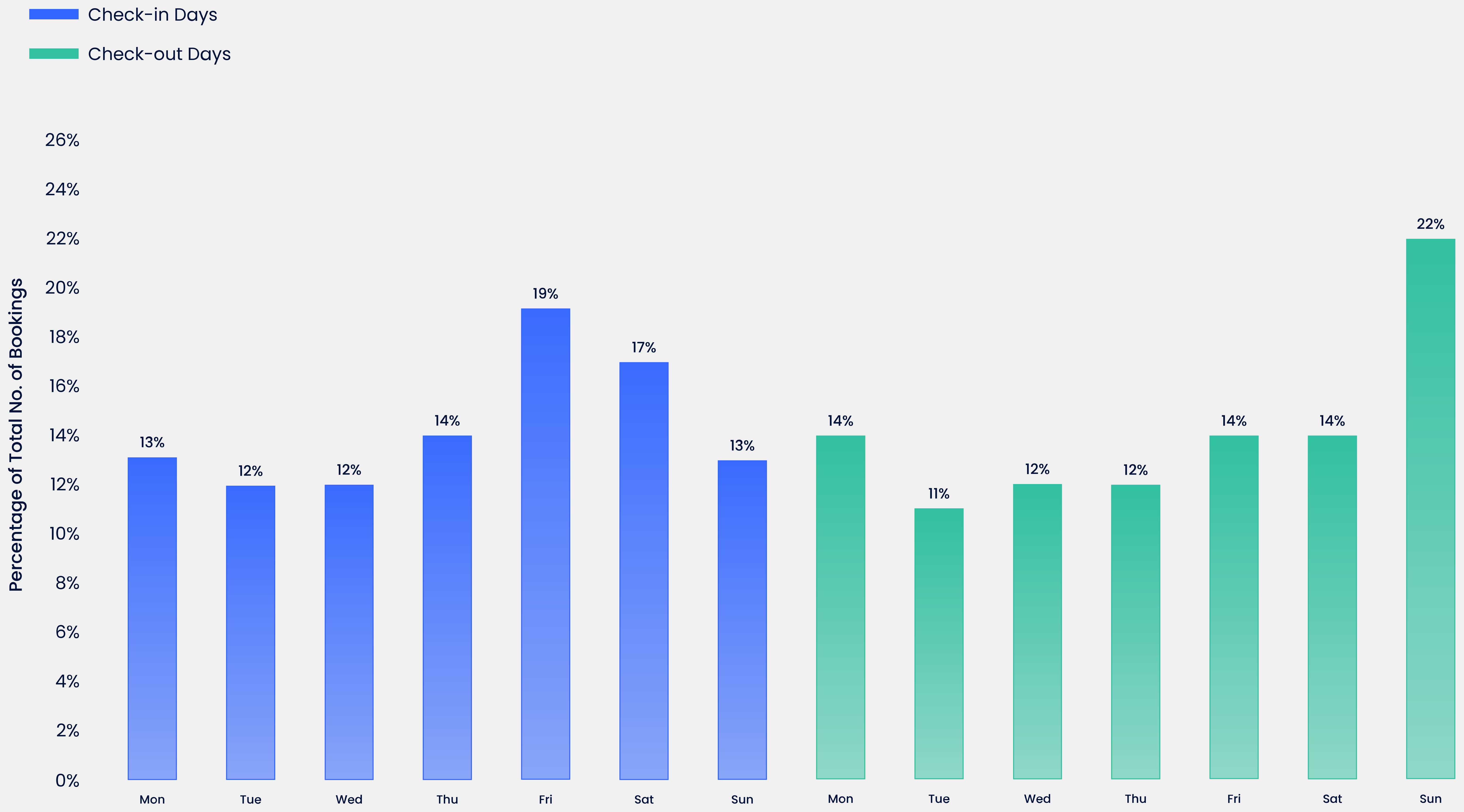
Over all four years of the study, travelers showed a clear preference for checking in on Friday and Saturday, which together accounted for 36% of check-ins. In North America, Friday check-ins were five points more popular than Saturday check-ins, with 21% of bookings checking in on Friday.

As for checkout days, Sunday was by far the most popular departure day in all regions, followed by Monday. Together, Sundays and Mondays represented 36% of departure dates globally. Overall, the high proportion of weekend arrivals and departures reflects the high volume of leisure travel activity during the time period of the dataset.

Check-in and check-out patterns did not change significantly during the pandemic; therefore the following graphs present 2022 data only.

Weekend stays most prevalent among independent properties

Most popular check-in and check-out days globally



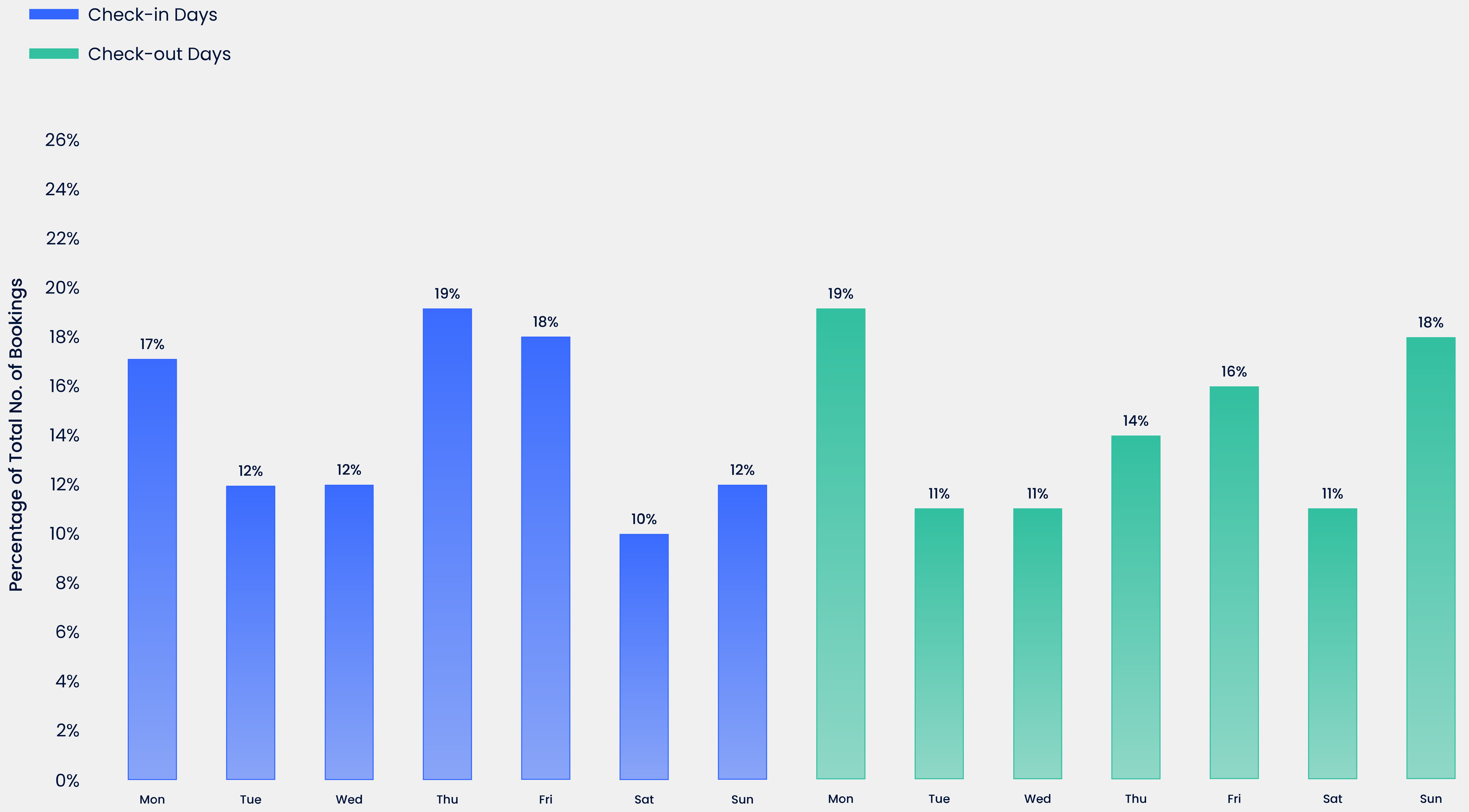
Source: Cloudbeds booking data, 2022

Check-in / Check-out trends

When filtering for 3- to 4-night stays, the most popular check-in days are Thursday, Friday, and Monday, and the most popular check-out days are Monday, Friday, and Sunday. This indicates that extended weekends (Thursday to Sunday and Friday to Monday) were quite popular, although we also see that Monday to Thursday/Friday was a popular stay period.

Stay patterns for 3- to 4-night stays

Most popular check-in and check-out days globally by length of stay



Source: Cloudbeds booking data, 2022

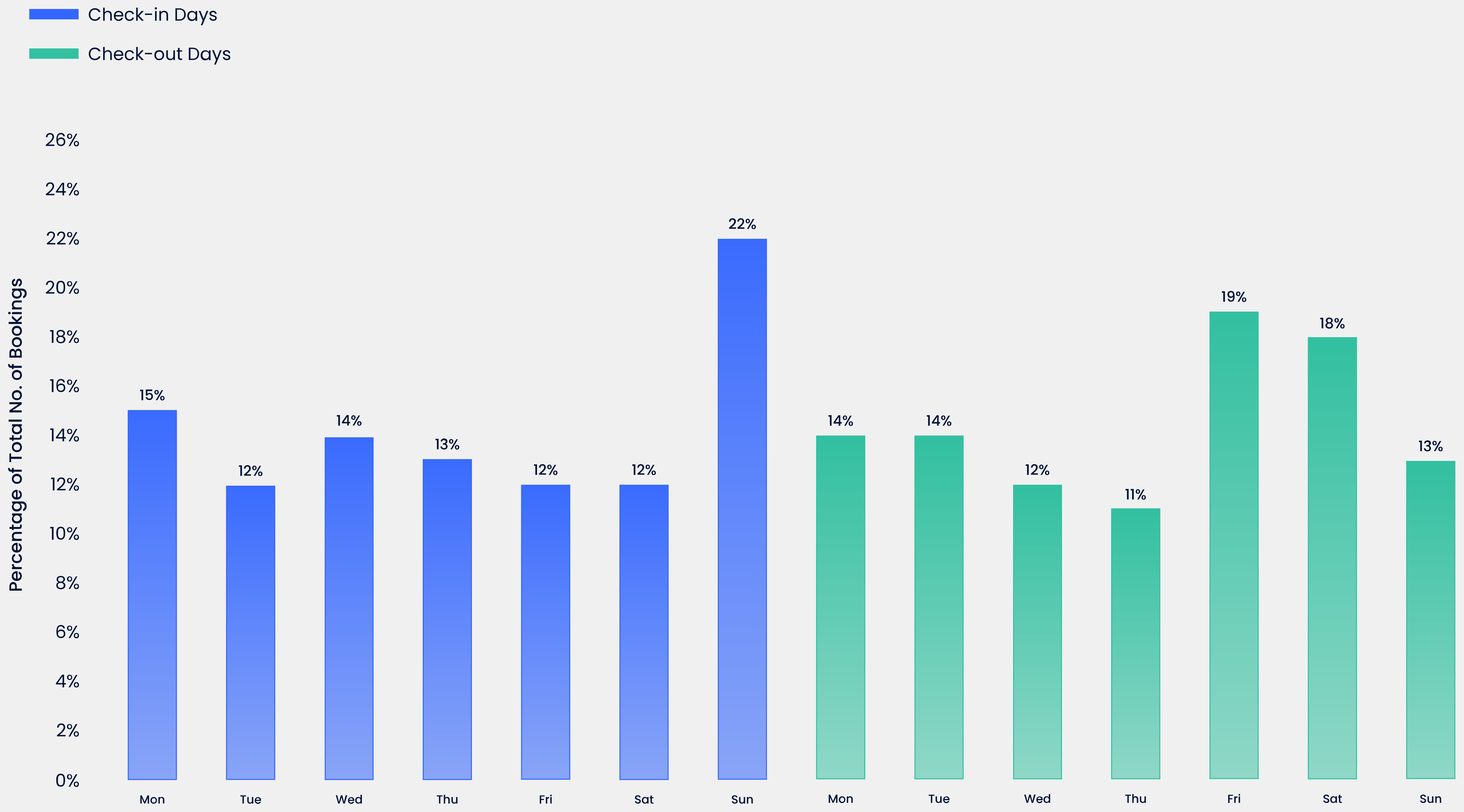
Check-in / Check-out trends

For 5- to 6-night stays, the most popular check-in day is Sunday, indicating that Sunday to Friday/Saturday stays are most common in this length of stay cohort.

Understanding stay patterns is the first step in better revenue management for your property. Knowing when demand is generally higher or lower can help you adjust pricing to drive occupancy or increase ADR.

Stay patterns for 5- to 6-night stays

Most popular check-in and check-out days globally by length of stay



Source: Cloudbeds booking data, 2022

Survey

Goals & challenges for independent properties

In October 2022, Cloudbeds surveyed customers using Cloudbeds Hospitality Platform and asked them to share their plans, challenges, and goals for 2023. The survey respondents comprised 600 independent properties across 80 countries.

The survey results support the takeaways from our booking data and other trend indicators we've observed in recent months. In 2022, independent lodging businesses took advantage of the boom in leisure demand to increase room rates and offset climbing costs. In 2023, the focus will shift to increasing occupancy and RevPAR. To further boost profitability, hoteliers plan to reduce costs by generating more direct bookings and improving operational efficiency. At the same time, properties expect to face continued challenges, including higher costs of labor and property maintenance.

As owners and operators of independent properties, our survey respondents understand they can't do it alone. In 2023, more properties will invest in technology to help create new revenue opportunities, build better websites, manage marketing campaigns, automate services, and improve the guest experience.

Top 3 business goals for 2023

Independent properties ranked their top business priorities for the coming year.

52%
Increasing occupancy

51%
Increasing direct bookings

34%
Improving operational efficiency

39%

Among North American properties only **39%** of survey respondents said that increasing direct bookings was a key business goal, significantly lower than in other regions.

Notably, North America is the only region where a larger percentage of bookings came from direct sources versus OTAs (56% vs. 44%)

What are your biggest challenges currently?

Independent properties rated the top challenges they are currently facing.

46%
Inflation and rising costs

30%
Property maintenance

22%
Digital marketing

15%
Guest experience

14%
Pricing & revenue management tools

28%

28% of properties with 1-15 rooms say digital marketing is one of their biggest challenges.

31%

31% of properties with 70+ rooms say guest experience is one of their biggest challenges.

Top 5 technology investments for independent properties

These are the most popular technologies that independent properties plan to add or upgrade in the next 2 years.

1
Guest engagement

2
Website design & digital marketing

3
Mobile keyless entry & pre-check-in

4
Frictionless payments

5
Pricing & revenue management solutions

Trends

5 trends shaping the travel landscape

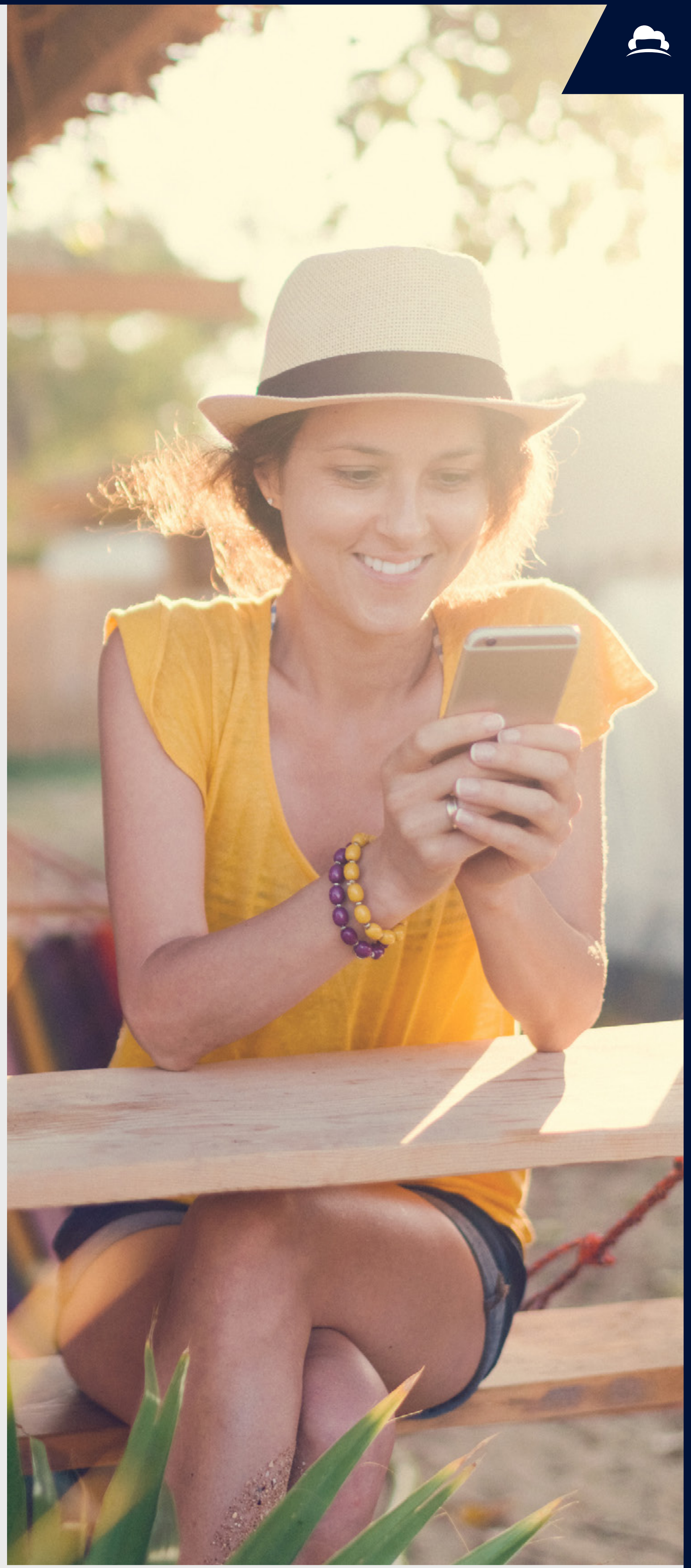
After a sharp rebound in 2022, growth in leisure demand is expected to level off in 2023 but still remain strong, with higher demand in the business, group, and international travel segments picking up the slack. Growth in international travel will be driven in part by the Asia Pacific region, the last holdout for pandemic travel restrictions. The rapid rate of growth hotels enjoyed in 2022 is expected to level off in 2023.[4] Concurrently, the International Monetary Fund predicts that inflation will also fall as well.[5]

In 2023, we can expect a shift in demographics too, as Boomers begin to age out of travel and younger generations take their place. With their children now reaching adulthood, Gen Xers are ready to flaunt their newfound freedom. Meanwhile, Millennials are hitting peak earnings, and Gen Zs, who are far more tech-savvy and environmentally aware than previous generations, are beginning to flex their travel muscle.

What all generations have in common is a strong urge to travel. According to Expedia, travel is more important than it was pre-pandemic for 46% of travelers and is even more so for Millennials (52%) and Gen Zs (50%).[6]

No matter what market segments your property targets, an increase in travel promises to benefit all accommodation suppliers. As the saying goes, a rising tide lifts all boats. However, be prepared for the tide to carry travelers with different expectations from previous years. The better you understand them, the better positioned you will be to satisfy their needs.

Here we explore five enduring trends that should be on every hotelier's radar.



[4] Global Business Travel Association. "Business travelers set to see air fares rise by 8.4%, hotel rates by 8.2%, and car rental charges by 6.8% in 2023." August 2022.
[5] International Monetary Fund. "Inflation Peaking Amid Low Growth." January 2023.
[6] Expedia Group. "Traveler Value Index 2023." November 2022.

TREND 1

Value-driven decision-making

We know travelers love upgrades, but what about downgrades? With the high costs of travel and economic uncertainty in the air, travelers will be more price-sensitive than usual in 2023. According to a Skift survey, 34 percent of Americans plan to cut down on their travel spending in 2023 because of high prices of travel products.[7] For some people, this may involve taking shorter trips, traveling off-season or mid-week, or choosing a more affordable property or room type.

Research from the biggest players in travel all points to a similar trend. Last August, Google observed that searches for hostels and budget hotels had grown by 300% globally from the previous year. "Consumers are shifting their priorities to get the best bang for their buck," the search giant noted. However, Google cautioned that travelers "aren't ready to give up on small luxuries just yet … They are looking for quality experiences at a good value."[8]

More recently, a survey from Expedia found that 35% of travelers are more concerned about value than ever before and 43% plan to stay in one to three-star hotels in 2023. Again, that doesn't mean compromising comfort or the cool factor. Expedia anticipates a boom in bookings of three-star hotels that offer "excellent amenities, stylish interiors, and unique vibes as a standard."[9]

Make way for the bargain-hunters, says Booking.com. "2023 will see financially-savvy itinerary curation at its finest, with people planning travel budgets more tightly by taking advantage of deals, hacks and smartly-timed travel and prioritizing value for money with discounts and loyalty programs."[10]

[7] Skift. "U.S. Travel Tracker: December 2022." January 2023.
[8] Think With Google. "Global Insights Briefing: Shifting Priorities Toward Value." August 2022.
[9] Expedia Group. "The No-normal: Unexpected Travel Trends in 2023." November 2022.
[10] Booking.com. "Seven Predictions for the Creating Reimagination of Travel in 2023." October 2022.

What does this mean for independent properties?

As we saw from our survey, inflation is also top of mind for independent lodging operators. In 2022, hotels were able to counter rising costs by increasing room rates. With price sensitivity higher this year, that tactic might only deter travelers from booking.

However, dropping rates has never been a sound long-term growth strategy. So how best to satisfy travelers' desire to find a deal? According to Expedia, the most appealing deals to travelers are complimentary add-ons and discounts for booking in advance, last-minute, a package, or a longer stay.[11]

Use promotions to incentivize desired traveler behavior such as offering last-minute deals to fill unsold rooms, discounts for longer stays and packages, and non-refundable rates to deter cancellations. Consider offering value-adds such as upgrades, welcome amenities, free parking, or food & beverage credits. And throw in some of those "small luxuries" and "cool factors" travelers say they aren't willing to sacrifice.

Strive to maintain a dynamic pricing strategy, adjusting prices in response to changes in market demand, occupancy, and competitor behavior. The end goal is to boost bookings during slower times and boost rates during busier times. Use software tools to automate pricing, rate shopping, and distribution activities.

Bear in mind that value doesn't always mean cheap. Travelers of all types from budget to luxury expect lodging experiences to be worth the price. This means always upholding quality and never resorting to "skimpflation" tactics by reducing product quality or services to save costs. If you compromise on quality, you risk facing a negative backlash in online reviews and guest loyalty, and that can cause long-term damage to your brand.

Trend Indicators

52% increase in U.S. domestic airfares is expected in 2023 compared to 2022, and a 29% increase for international flights.
Source: Kayak

45% of respondents said price is the biggest influence when choosing travel dates.
Source: Tripadvisor

61% of travelers will plan travel further in advance in 2023 in the hope of securing a better deal.
Source: Booking.com

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[11] Expedia Group. "Traveler Value Index 2023." November 2022.

TREND 2

The front desk goes virtual

Traditionally, the front desk is the central hub of hotel operations, where guests check in, check out, and seek assistance throughout their stay. After the pandemic hit and demand for contactless services skyrocketed, travelers discovered there's a better alternative: mobile check-in, along with a host of virtual services that allow them to bypass the line at the front desk.

Granted, hotels are a little late to the party. At banks, airports, and supermarkets, consumers long ago discovered the speed and efficiency of self-serve automation. Increasingly, they expect similar options at hotels.

And the timing couldn't be better. The hospitality industry is in the midst of a long and protracted labor crisis, and it's driving up wages and employee turnover, eating into profits, and frustrating guests.

It's no surprise, then, that more properties are turning to automation technology to reduce operating costs and lower dependency on an unpredictable labor market. This includes everything from mobile check-in and checkout to digital keys to guest messaging solutions, chatbots, and chat apps.

Does this spell the beginning of the end for the front desk? Already at a growing number of short-term rentals, serviced apartments, and hotels, guests can manage their entire stay through a mobile app. For other properties, a hybrid model is emerging, where guests can choose between helping themselves or being served by employees.

What does this mean for independent properties?

In the food and accommodation industry, it now takes 5.5 weeks on average to fill job openings compared to two to three weeks in previous years, according to Skift. "This could indicate a permanent shift in the market," Skift warns. "Hotels need to start rethinking how they staff positions like the front desk now."[12]

That doesn't mean you must rip out your front desk tomorrow, but it does mean taking a serious look at front office operations and deciding where it makes sense to automate guest touchpoints and where you prefer to retain employee-delivered service. According to our survey results, guest messaging and keyless room entry are among independent properties' top tech investment priorities. Some properties may simply offer online check-in to cut down on wait times at the front desk. Others may redesign the lobby to provide communal spaces where guests can relax and serve themselves.

Whichever path you choose, it's essential to recognize that automation has raised the bar. Whether virtual or in person, travelers expect quicker, more efficient service from the front desk. Fortunately, technology solutions have never been more accessible to independent properties. With an open, cloud-based hospitality platform, hotels can enhance speed and productivity at the front desk and seamlessly offer guests a range of virtual services.

Judging from our survey results, it's clear that independent properties understand the urgency of the situation and are taking action. Perhaps the biggest obstacle is owners and operators who cling to old ways of doing business and assume their guests want the same. But there are ways to take advantage of automation without sacrificing the human touch. Hoteliers would be wise to figure out what this means for their property and start implementing a game plan.

Trend Indicators

49% of hotel operating costs are allocated to labor on average globally.
Source: STR

58% of service organizations worldwide have some form of automation.
Source: Salesforce

87% of the world's smartphone population uses messaging apps to communicate, and 64% of people across generations say they prefer messaging to a call or email.
Source: Facebook

[12] Skift. "Travel in 2022 Explained in 11 Charts." December 2022.

TREND 3

Blended travel meets hybrid hospitality

Last year, staycations and revenge travel were all the rage. This year, it's all about blended travel. During the pandemic, the "work from home" trend exploded when offices were closed. Once travel restrictions were lifted, remote workers discovered that even better than working from home is working from an exotic locale or cosmopolitan city. Thus the "work from anywhere" craze was born.

Today, remote workers are combining remote work with leisure travel on the same trip, a trend known as blended travel, "flexcations," or "bleisure." Or, as The Wall Street Journal quips, "mullet travel," with business in the front and party in the back.[13] Expedia's Value Index 2023 survey found that 76% of business travelers plan to extend a work trip for leisure purposes in 2023 and 28% of travelers plan to take a flexcation.[14]

The trend is transforming travel patterns. As we saw in our data analysis, in 2022, stays of 3 to 6 nights were up 3% over 2019 levels at independent properties. We also saw that extended weekend stays increased in popularity. STR reports that in some destinations shoulder days – Sundays and Thursdays – have recovered from the pandemic downturn almost as rapidly as weekends, while midweek days have lagged.[15] As blended travel gains momentum, it is expected to extend peak seasons and boost occupancy in shoulder and lower seasons too.

The trend is driving higher demand for accommodations that provide both leisure and business facilities. This includes aparthotels and short-term rentals as well as newer hybrid lodging concepts like UK-based Selina, which offers co-living, co-working, recreation, and wellness spaces under the same roof. Other properties cater to value-driven travelers. The Pad in Silverthorne, Colorado combines the best of hotels and hostels, allowing guests to choose from a range of room types, from family suites to shared dorm rooms. And the ZERO Box Lodge in Portugal offers accommodation inspired by Japanese capsule hotels where guests stay in minimalistic wooden rooms with minimal amenities in a lively space that offers onsite restaurants, bars, movie theater, sauna, and lounge with library access.

Meanwhile, in what Skift calls "The Great Merging," the lines are blurring between hotels and alternative accommodations. Travel sites like Expedia, Booking.com, and Kayak feature hotels and vacation rentals side-by-side in search results. Big hotel brands like Marriott and Accor are investing in vacation rentals and extended stay offerings. And more travelers are open to different types of accommodation depending on the nature of the trip.[16]

[13] The Wall Street Journal. "Companies Weigh the Pros and Cons of Business Trip Vacations." September 2022.
[14] Expedia Group. "Traveler Value Index 2023." November 2022.
[15] CoStar. "Business Travel Slow to Recover, but Projected to Reach 2019 Levels by Next Year." August 2022.
[16] Skift. "The Great Merging." May 2022.

What does this mean for independent properties?

Even if your property caters primarily to leisure travelers, don't be surprised if more business travelers show up at your door for blended stays and expect business services. At a minimum, this means fast, reliable Wi-Fi and a quiet, dedicated workspace or access to common spaces to work and socialize.

In response, lodging properties are rethinking the design of rooms and public spaces to provide the infrastructure guests need to travel and work seamlessly on property. This could mean repurposing a portion of the restaurant as space for meetings or coworking or changing the function of public spaces at various times of the day. For rooms, it might mean reconfiguring spaces to appeal to a broader range of traveler types and budgets, including remote workers or the families of business travelers.

In the past, the limitations of PMS software made it difficult to offer flexible inventory. Today, new features in modern hospitality platforms enable properties to manage inventory with multiple uses and configurations, splitting or combining rooms, suites, and even full floors and marketing them for different purposes.

Trend Indicators

92 million job holders in the US say they can work remotely at least part of the time.

Source: McKinsey

33% of survey respondents plan to travel more due to increased work flexibility, and two-thirds expect to take the same or more combination business-leisure trips in 2023 compared to 2019.

Source: STR

74% of business travelers find the idea of blended travel appealing, and 50% of travelers have already taken a blended trip.

Source: Google

TREND 4

New tech disrupts travel search and inspiration

The ways people find travel inspiration are changing, and younger generations are leading the charge. While Google remains the world's dominant search engine for travel, two technologies promise to disrupt this space: curated short-form video and conversational AI.

Video has been around for years, of course, but it's getting shorter. Typically no more than a minute in length, short-form videos (SFVs) are the future of social travel marketing, Skift predicts, representing "a cultural shift away from highly polished to more authentic content" that provides entertainment, connection, and discovery all in one place.[17]

The big disrupter in the short-form video space is TikTok, which has amassed an estimated 750 million users globally since launching in 2016.

Today, it's the world's most downloaded app for people ages 18 to 24. Recently, TikTok content has expanded from viral dance videos to become a search engine for everything from finding a local restaurant to discovering a new travel destination. Users say that TikTok videos provide more relevant, personal, visual, and easily digestible information than the text-heavy, faceless websites delivered in Google search results.[18]

Other platforms are taking notice. Google has begun featuring more videos in search results, and YouTube launched YouTube Shorts in 2020. On Facebook and Instagram, posts featuring Reels are given higher priority in user feeds, and the preferred positioning is paying off: watching videos occupies half of the time users spend on these platforms.[19]

In recent months, the world has been abuzz about ChatGPT, a new AI-powered chatbot that can interact with humans in a natural language format. Though in its infancy as a consumer tool, Microsoft and Google are already in a race to integrate generative AI chat into their search engines, which could potentially change how we search for travel. Early adopters have already experimented with asking ChatGPT to design travel itineraries and make curated travel recommendations (to some degree of success[20]), but industry experts say that it may be a while before these tools can become fully integrated into a typical travel booking process.[21]

[17] Skift. "Why Short-form Video Is the Future of Social Travel Marketing." December 2022.
[18] The New York Times. "For Gen Z, TikTok Is the New Search Engine." September 2022.
[19] Meta. "Launching Facebook Reels Globally and New Ways for Creators to Make Money." February 2022.
[20] Travel Weekly. "Can ChatGPT be a travel planner? We tested it out." January 2023.
[21] Phocuswire. "What will ChatGPT mean for the travel industry?" January 2023.

What does this mean for independent properties?

If you're not doing so already, it's time to get creative with visual storytelling. Start by spending time viewing videos on TikTok or Instagram to see what's popular in travel and how your property might achieve similar success. Then try producing a few videos of your own using a smartphone. They don't have to be slick, but they should be on-brand and authentic.

Tell a story through video about your property, your destination, and the experiences you provide, and consider investing a modest amount in advertising to help build and promote your presence. You can also partner with an influencer to leverage their followings and amplify your content. Remember that user-generated content is more popular than brand content, so be sure to encourage your guests to post short-form videos of their own.

As for generative AI chatbots, it might be a bit early to say exactly how this will impact travel search and inspiration, but one thing's for certain: conversational AI is becoming mainstream in 2023, making it even more accessible for independent properties to harness this technology for their own businesses. As our survey revealed, guest messaging software, which includes automated chatbots, are one of the top technology investments planned for independent properties in the next two years.

Trend Indicators

34% of travelers were influenced by TikTok in 2022, a 10% increase from 2021.

Source: MMGY Global

140 billion Reels are played on Instagram and Facebook each day as of October 2022, a 50 percent increase from the previous six months.

Source: Skift

Chatbots are projected to see over a 100% increase in their adoption rates in the next two to five years and are the leading AI use cases in enterprises today.

Source: Gartner

TREND 5

A shift from amenities to experiences

Traditionally, properties distinguish themselves in part by the amenities they provide. Amenities can act as a powerful draw for travelers and can make or break a hotel stay, according to research from Boston Hospitality Review.[22]

In the pre-Covid-19 years, the race to offer the latest and greatest amenities led to clutter in hotel rooms. When the pandemic hit, amenities were removed as a safety measure. And while some have reappeared since then, today's travelers are less interested in amenities and more interested in experiences.

We're not talking about wine tours and golf lessons. "Alternative getaways such as sylvotherapy (forest bathing), chakra sessions, food boot camps, puppy yoga, laughter therapy, and fruit harvesting are increasingly more popular than classics such as cookery courses, sports trips, and meditation sessions," Expedia reports.[23] Then again, a separate Expedia survey found that 96% of vacationers want to spend at least a portion of their trip doing nothing at all.[24]

Booking.com is observing a similar trend toward experience-driven travel. Travelers want unique vacations that shock, surprise, and delight, the OTA reports, with 50% seeking complete culture shock and 73% seeking out-of-comfort zone travel that pushes them to the limits.[25]

One of the biggest trends arising from the pandemic is a higher consciousness of the impact of travel on the environment. According to Expedia, 90% of consumers now look for sustainable options when traveling and half are willing to pay more for transportation, activities, and lodging if the option is more sustainable.[26]

Demand for experiences is changing how some travel sites market accommodations. Airbnb's new "Categories" feature allows users to select from 55 search filters ranging from yurts and tiny homes to mansions and castles in addition to themes like play, golfing, and creative spaces. Expedia has added "Traveler Experience" filters that include LGBTQ-welcoming, business-friendly, and family-friendly options. And Booking.com allows users to filter accommodation searches by sustainability practices.

To meet the demand, big hotel brands are touting more locally sourced products, implementing more environmentally friendly practices, and partnering with local businesses to offer unique experiences. On Accor's website, travelers can select from activities ranging from opera tickets in Rome to capoeira classes in Rio de Janeiro.

[22] Boston Hospitality Review. "A Detailed Study of the Expected and Actual Use of Hotel Amenities." March 2019.
[23] Expedia Group. "The No-normal: Unexpected Travel Trends in 2023." November 2022.
[24] Expedia Group. "7 Relaxing Vacations for Doing Absolutely Nothing." January 2023.
[25] Booking.com. "Seven Predictions for the Creating Reimagination of Travel in 2023." October 2022.
[26] Expedia Group. "Traveler Value Index 2023." November 2022.

What does this mean for independent properties?

By all indications, experience-driven travel will only gain momentum as traveler interests become more diverse. In 2023, it's time to break away from the amenity mentality and focus on experiences. With less time and expense demanded by Covid-19 protocols, properties can refocus efforts on enhancing the guest experience and satisfying travelers' social, environmental, and economic needs.

"There are fundamental flaws in how we travel today, but that is changing," says Cloudbeds' CEO & Co-founder Adam Harris. "We don't live like royalty at home, so why would we expect our towels and sheets washed daily in hotels? We have smartphones and Netflix, so why would hotels spend money on in-room phones and entertainment? Instead, hotels should shift resources to providing experiences that today's travelers care most about, together with efficiency, convenience, and value."

Longitude magazine points out, "Hotels are starting to get the message that guests want more than just a room – they want an experience." Bland, boring, and unremarkable lodging experiences will be replaced by unique, authentic, and appealing properties to the next generation of guests.[27]

Providing personalized and sustainable experiences isn't the exclusive domain of big brands, lifestyle hotels, and boutiques. Independent properties of all sizes are often family owned and operated, with deep connections to the local community that large hotel groups can't rival. They can leverage these relationships to help travelers connect with the local culture, learn and discover new interests and hobbies, and find unique ways to relax, have fun, and reconnect with nature. As for those travelers who want a "nothing-cation," make it easy to access streaming services with a fast Wi-Fi connection.

Equally important is communicating the experiences you offer to travelers. That means ensuring your website, third-party listings, and other marketing channels highlight the experiences that set you apart, whether it's cutting-edge technology, wellness programs, or local culinary experiences.

Trend Indicators

43% of travelers surveyed say that "having new experiences" is critical in making travel decisions since the pandemic.
Source: Expedia

33% of travelers say that activities are the most memorable trip component.
Source: Tripadvisor

79% of travelers acknowledge the importance of sustainable travel, and 43% believe that this includes respecting local culture and heritage.
Source: Trip.com

[27] Longitude. "9 Hotel & Travel Trends That Will Define 2023." May 2022.

Conclusion

It’s time to flaunt your independence

Come what may in 2023, this is the year to ride the wave of renewed optimism toward travel. While we all wish we had a crystal ball, there are still ways to anticipate traveler behavior and ensure you’re well prepared. In addition to monitoring the latest travel news, data, and trends, hoteliers must listen carefully to guest feedback and scrutinize guest data and insights from the PMS, channel manager, and other core software systems.

Then it’s a matter of ensuring you have the resources in place to ride the wave. First and foremost, keep your team members happy and loyal. Second, implement the technology you need to exceed guest expectations and create the upskilling opportunities employees need to evolve as technology plays a greater role in operations. Third, flaunt your independence by providing the authentic, meaningful experiences that travelers seek today and that only your property can offer.

The more proactively you take on these challenges, the better positioned you will be to earn more reservations and happier guests in 2023 and beyond.

2023

State of Independent Lodging Report

About Cloudbeds

Cloudbeds is the platform that powers hospitality, enabling tens of thousands of lodging businesses in more than 150 countries worldwide to grow and thrive. The award-winning Cloudbeds Hospitality Platform brings together technology solutions to increase revenue, streamline operations, and delight guests into a single unified system, enhanced by a curated marketplace of third-party integrations. Founded in 2012, Cloudbeds was named No. 1 PMS, No. 1 Hotel Management System, and No. 1 Guest Messaging Software by Hotel Tech Report in 2023 and was recognized as a major player in the 2022 IDC Marketscape Report. For more information, visit www.cloudbeds.com.