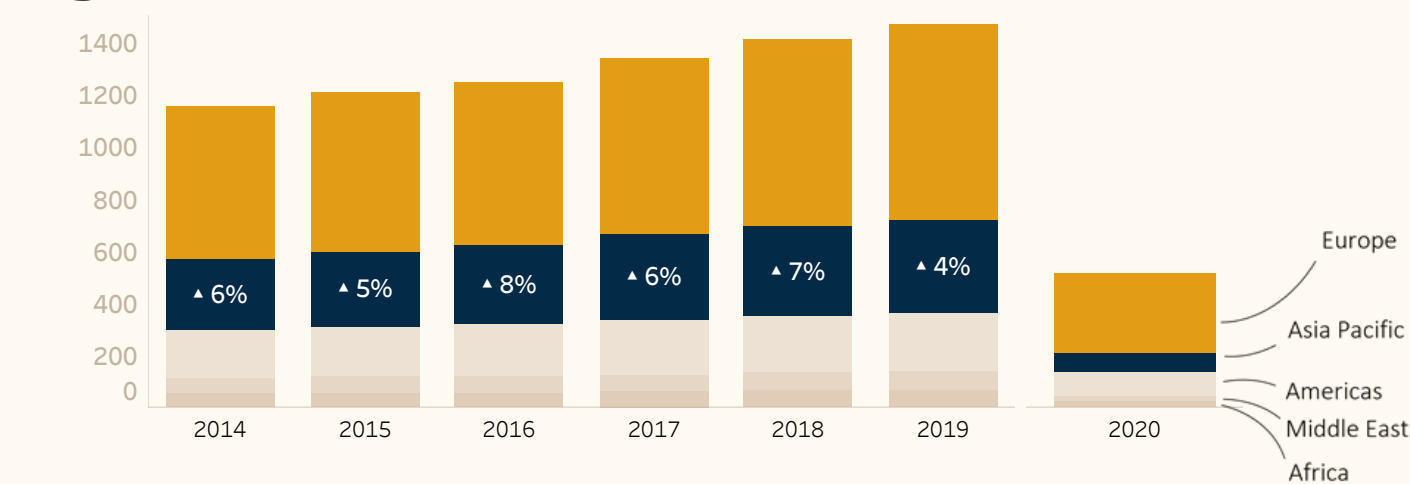


# **Asia Pacific Hotel Chain Trends & Strategic Decision for Accor**

Prepared by **Dmitrii Aleshin**,  
Postgraduate of Masters in Business Analytics  
of Hult International Business School

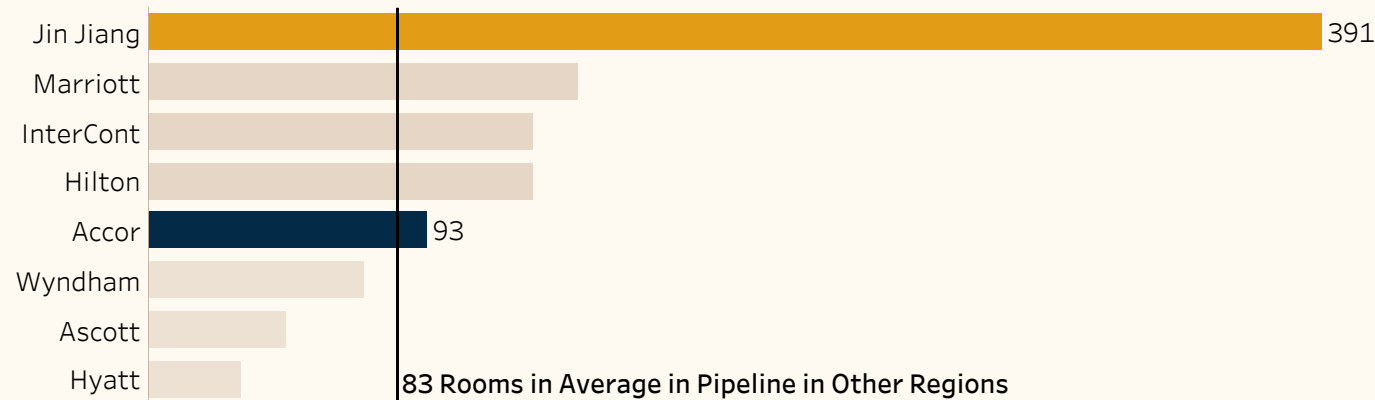
email: [alesh.dmitriiy@gmail.com](mailto:alesh.dmitriiy@gmail.com)  
instagram [@barrhann](#)

# International Tourist Flows by The Region of Arrival '000



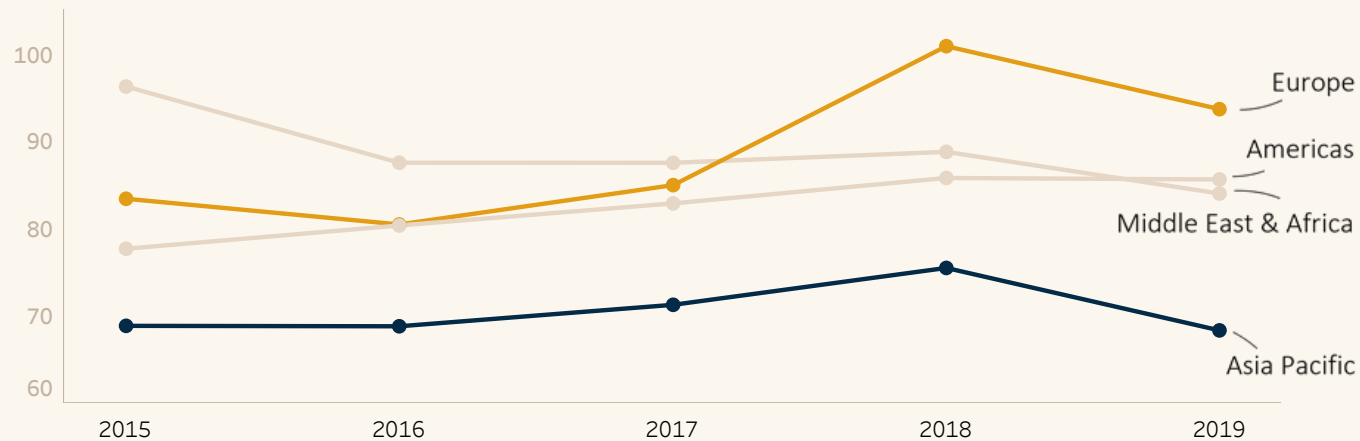
Europe is the most prominent tourist destination, with 750 million people in 2019. The Asia Pacific region ranks second, but every year until 2019, the flows of international tourists to Asian countries increased by an average of 6%, in contrast to Europe. However, tourist flows have dropped dramatically with the onset of the covid pandemic.

## Pipeline by Top Hotel Chains in Asia Pacific



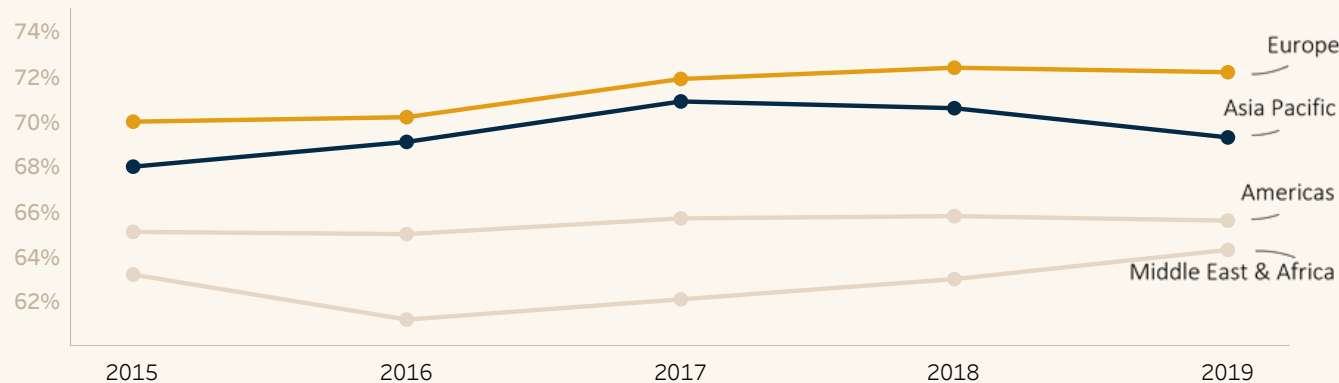
The top 5 largest hotel chains expand into the Asian region faster than anywhere else. Jin Jiang International is a leader in the hotel building and partnerships - Pipeline - in the area. At the same time, Accor keeps up with market trends but does not keep up with its direct competitors.

## RevPAR of Hospitality Industry by Region \$



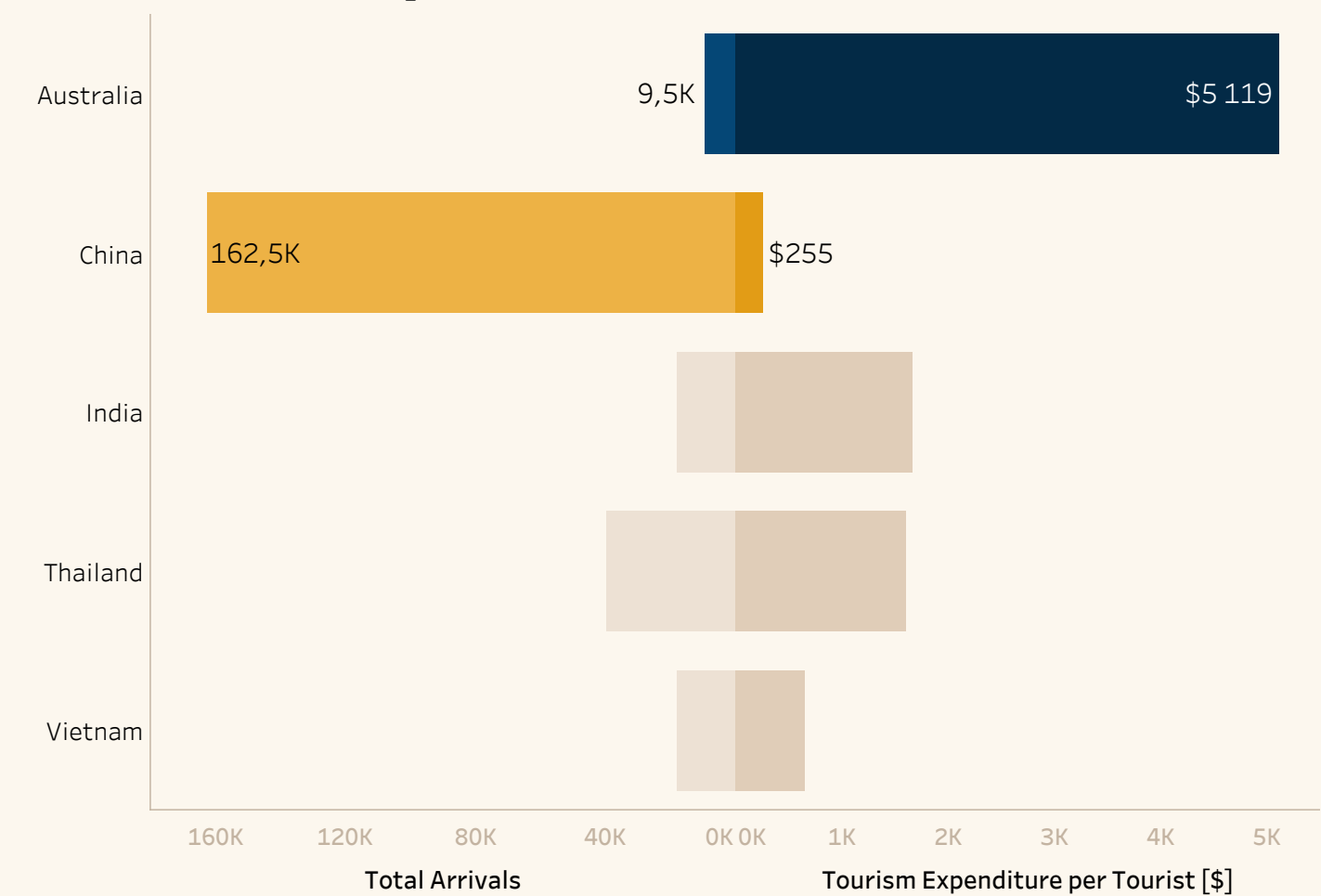
Despite the overwhelming interest of top hotel chains in the **Asia Pacific region**, it shows the lowest RevPAR compared to other areas. **Europe is the leader** in this indicator, despite the fall in 2019.

## Occupancy Rate of The Hospitality Industry by Region



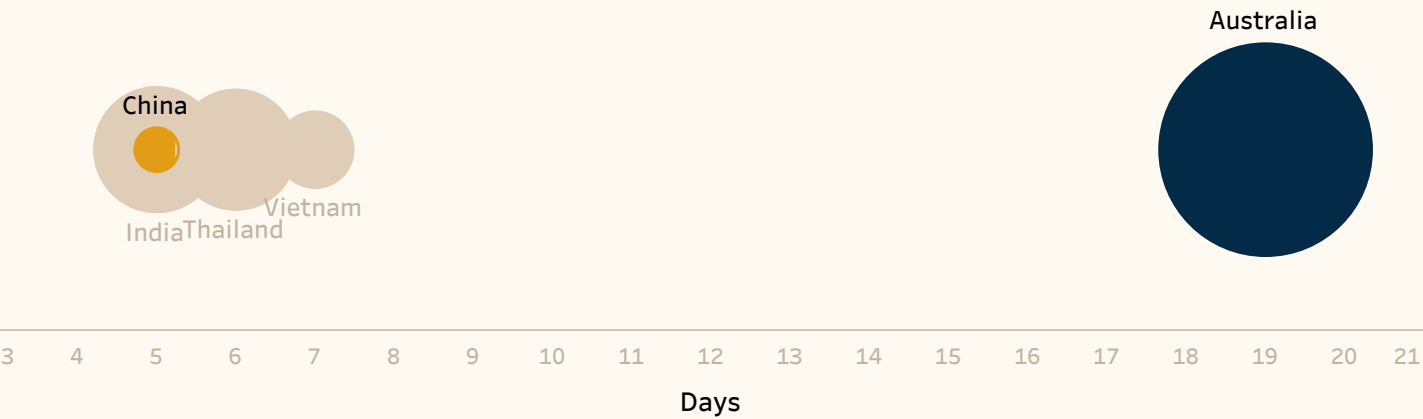
However, if we pay attention to the occupancy rate - one of the RevPAR components - it becomes evident that the **Asia Pacific is highly close to the high European level**. Thus, the **problem of low Asian RevPAR is in the Average Daily Rate**. But where exactly is the problem, and where does Accor need to invest to solve it?

# # of Tourists Arriving in Top-5 Asia Pacific Countries & Their Tourism Expenditure



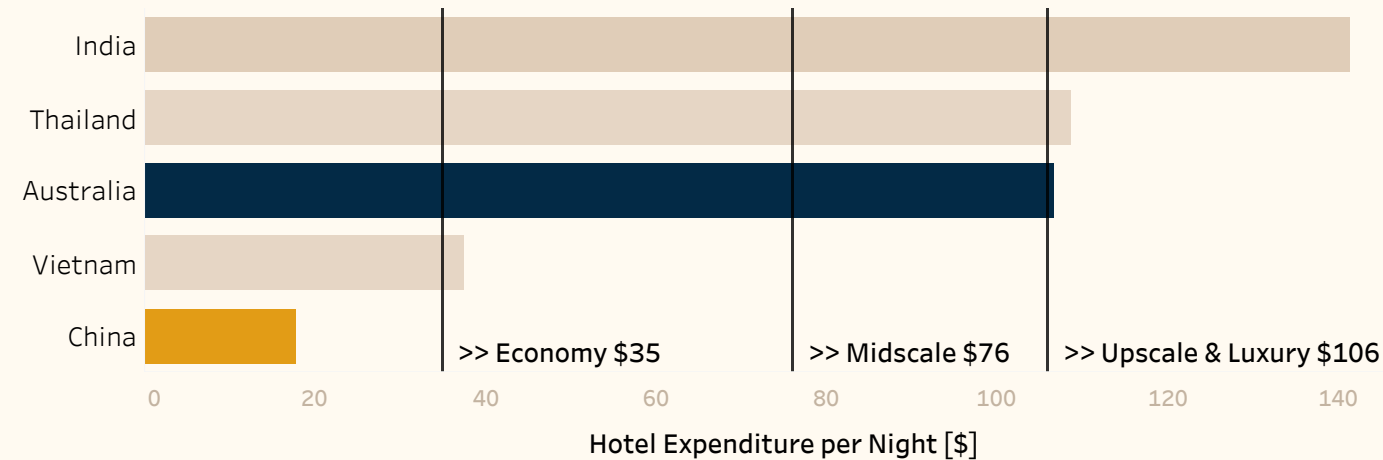
The most significant number of tourists is in China - 162.5K, but this is not the best investment since the average travel expenses are \$255 per trip per tourist. At the same time, it is worth paying attention to Australia, where the average tourist brings in about \$5K per trip, but the flow of tourists there is extremely low. India and Thailand do not have a large flow of tourists, but their travel expenditures exceed China. Thus, there are two extremes - China and Australia, where a completely different approach to management is needed - raising the attendance in Australia and the average spending in China.

# Tourism Expenditure & Average # of Travelling Days



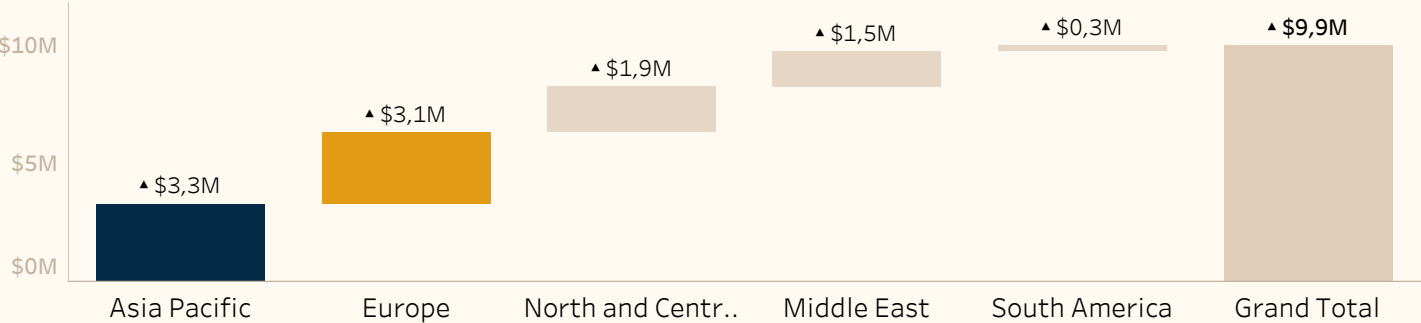
Notwithstanding the above, **the average travel in Australia lasts much longer - 19 days** - in contrast to China and other countries - 5-7 days. Long-term hotel stays are a big plus as it increases stability.

## Average Tourists' Expenses for Hotel Per Night



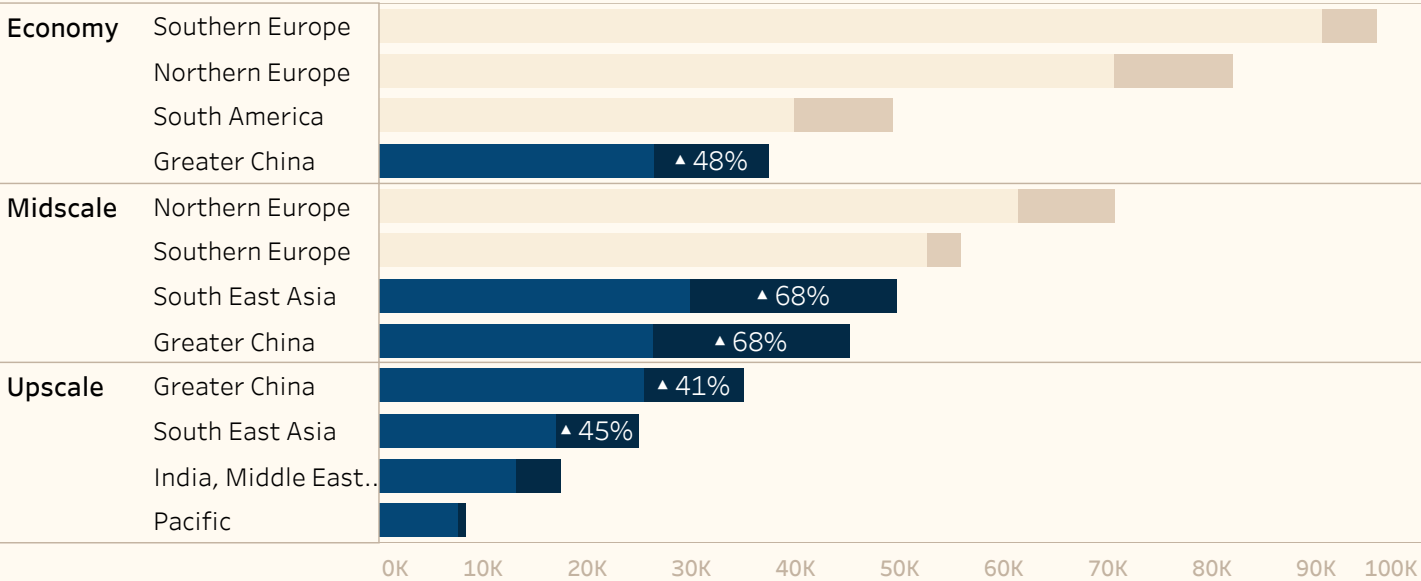
Thus, it is possible to consider the average accommodation expenses of ordinary tourists ~ 40%. Like India and Thailand, **Australia is a market for predominantly upscale clients**. According to Accor price segmentation, the **average tourist visiting China will not be able to stay even in an economy class hotel** of the Accor Group.

## Accor Revenue Drivers



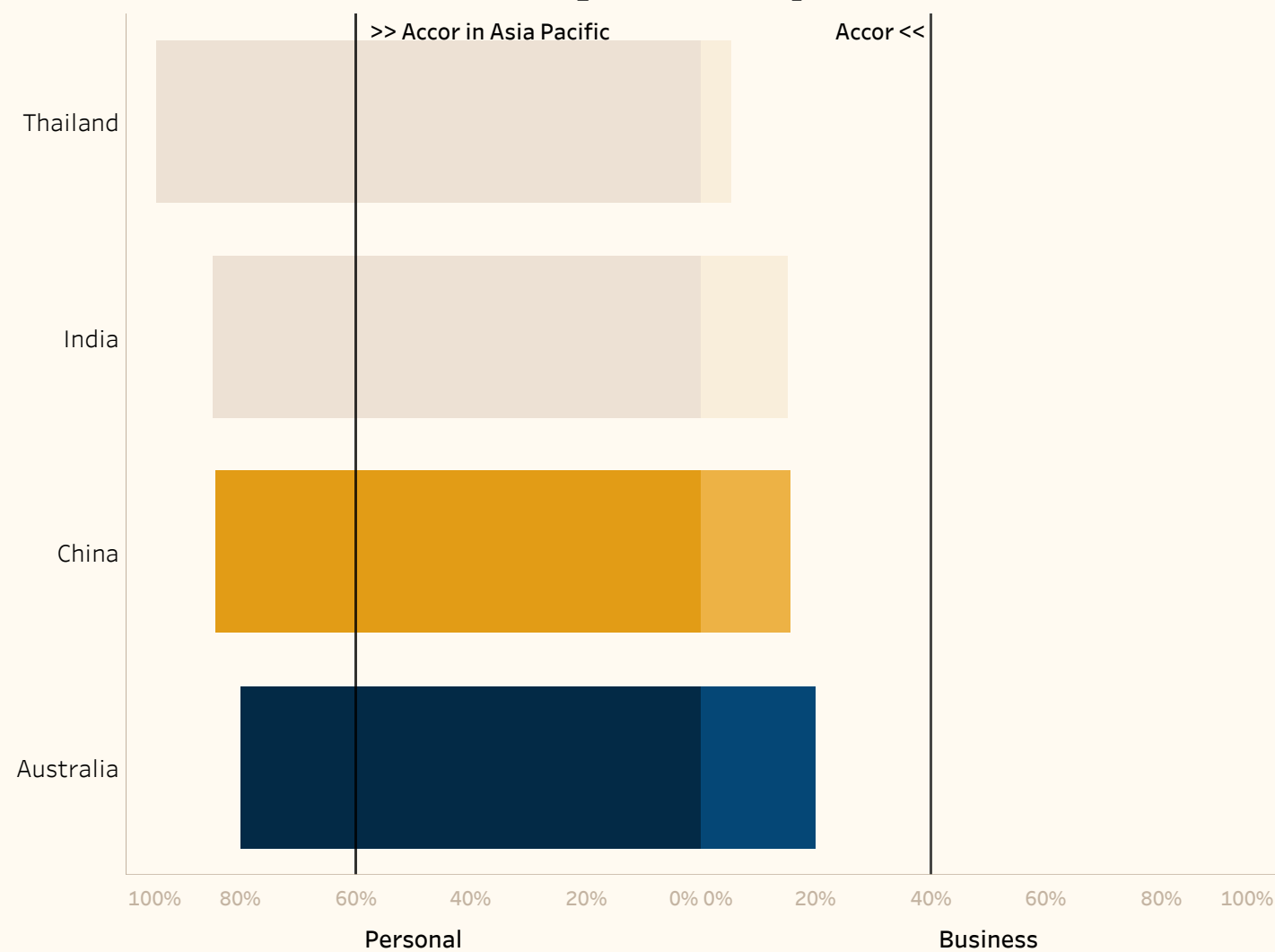
To summarize, Accor annually opens many hotels in the Asian region. **The opening of new hotels in Asia provides the most significant annual profit for the company.** Leadership in Europe consistently brings the company \$3M annually when new rooms are opened during hotel expansion.

## Accor Pipeline by Top-4 Regions in Price Segments



Accor is deliberately increasing the number of high-end rooms in China despite all of the above. At the same time, the most significant increase in numbers in the Asian region - Southeast Asia and China - is accounted for by midscale clients. To avoid potential problems, it is recommended to raise demand by implementing demand drivers or use franchising in other countries for accelerated commissioning.

# Distribution of Tourists by The Purpose of Arrival

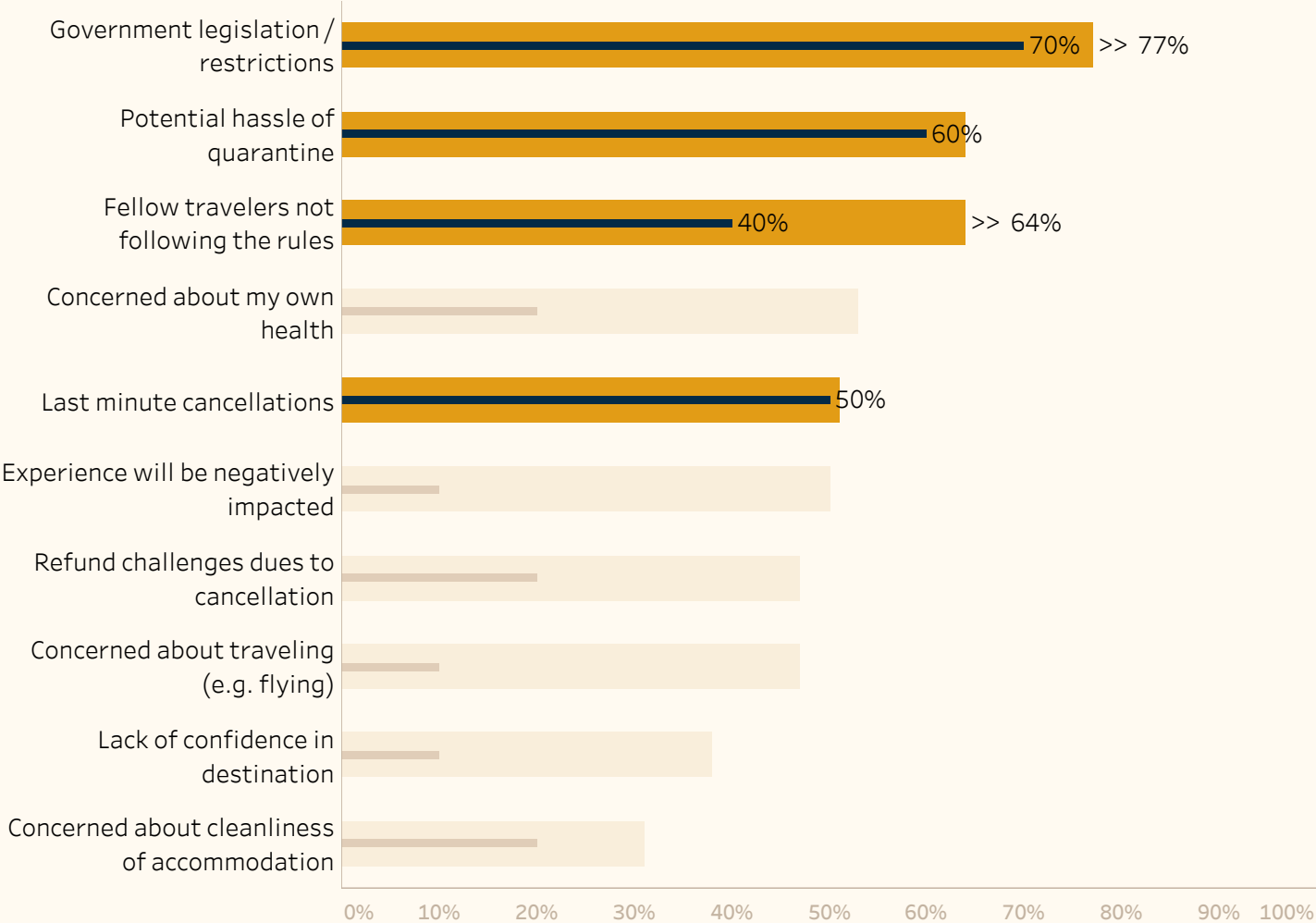


To properly implement the appropriate demand drivers or expand the number of rooms through franchising, it is necessary to understand the correspondence between the portrait of the typical Accor guest and the portrait of the usual tourist in the respective Asian countries.

As you can see, **Accor’s strategy of focusing on leisure and business is different from the largest flow of tourists** who came solely for the sake of recreation.

Thus, Accor needs to emphasize the rest of the tourists, **correctly placing the accents of the existing brands represented in the Asia Pacific** - Pullman, Sofitel, Swissotel, etc.

# Key Barriers to Tourism in 2021-2022 by Impact & Risk for Unbranded Hotels in Asia Pacific



According to experts, the Asian market is an excellent solution for long-term and short-term development during a pandemic. However, barriers in this area can impede development, and vice versa - increase capacity for accelerated growth.

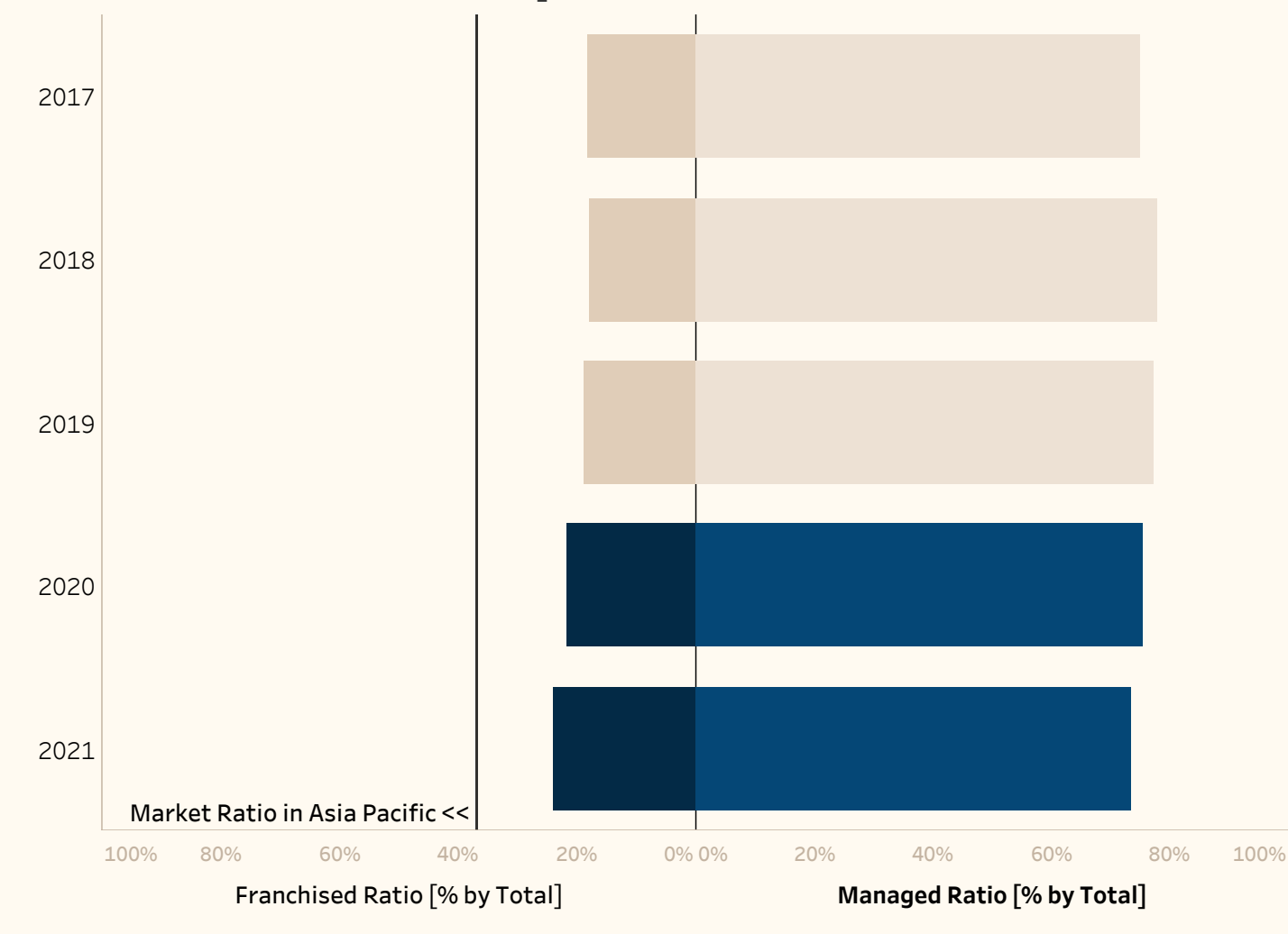
"In times of crisis, non-branded hotels try to become branded to avoid significant risks and losses."

**Four of the five most considerable barriers - from 52 to 77% of influence currently in force in the industry - are high-risk for non-branded hotels - from 40 to 70%.**

**To avoid this, they are ready to enter into franchise contracts.**

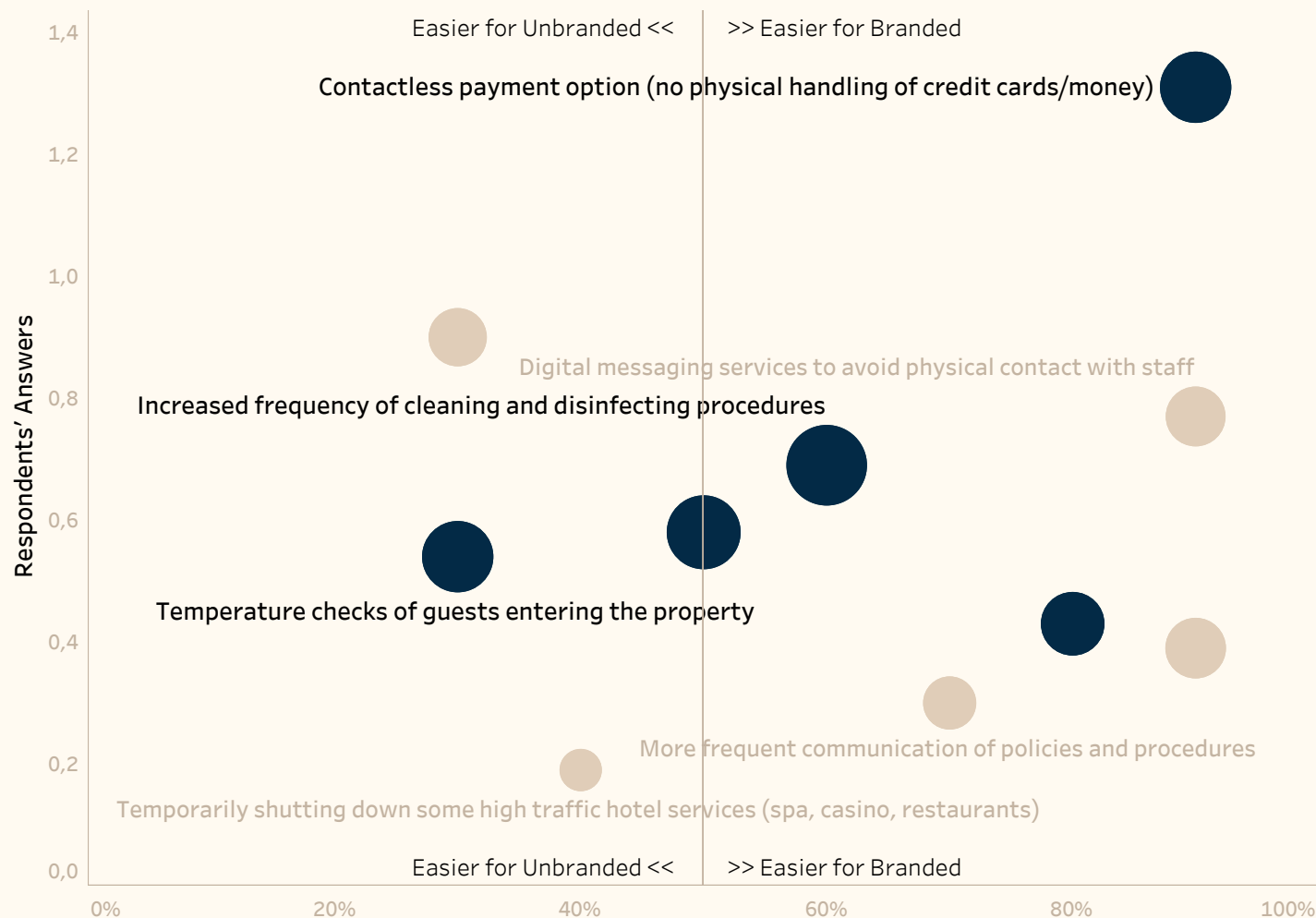


# Distribution by Managed & Franchised Accor Hotels in The Asia Pacific in Comparison With Market



Despite this, Accor’s growth in expanding franchising opportunities in Asian countries is negligible - 6% over five years. Over the past two reporting years - 2018 and 2019 - Accor has approached the lowest market level for this indicator of the largest hotel chains in the region - 37%, but it is still far from reaching it, showing a value of 24%. **At the moment, the primary way to manage their hotels is a Managed Approach - 73% for 2019.** An excellent solution would be to build up franchised hotels mainly in Australia and India, where the risks for non-branded hotels are also high.

## Key Demand Drivers in Asia Pacific & The Ability to Reach Them for Branded & Unbranded Hotels



As for the implementation of **demand drivers**, two points complement each other, forming a ready-made solution: **they are difficult to implement by non-branded hotels and help increase the cost of living.** Both of these points fit into **Accor's development strategy for the coming years - franchising in Australia and India and building pricing potential in China**, where many of the company's hotels are already under construction.

The most significant drivers for implementation are contactless payment systems, enhanced cleaning capabilities, temperature control, and electronic registration services without personnel participation. These drivers are generally characterized by the need to implement capacities often lacking in non-branded hotels.

## References

1. European Tourism Statistics. Eurostat: <https://ec.europa.eu/eurostat/web/tourism/publications>
2. World Tourism Statistics. UNWTO. <https://www.unwto.org/tourism-statistics-data>
3. Leadership in Asia Pacific. <https://www.hospitalitynet.org/file/152008555.pdf>
4. Industry Statistics. Statista. <https://www.statista.com/>
5. Accor Statistics. Accor. <https://group.accor.com/en/finance/financial-data/key-indicators>
6. Harvard Research. <https://www.hks.harvard.edu/centers/cid/about-cid/news-announcements/tourist-spending-insights>
7. Industry Development Insights and Demand Drivers. <https://www.oracle.com/a/ocom/docs/industries/hospitality/hgbu-skift-regional-spotlight-apac.pdf>
8. Franchising. <https://skift.com/2021/02/16/how-the-big-4-hotel-chains-managed-to-open-300-new-hotels-across-asia-in-2020/>