

Global Hotel Market Insights: Brazil, China, India

Sourcing 750,000+ negotiated rates and 12M room nights for 2017 for clients worldwide, HRS has unique local knowledge about supply, demand, procurement practices and market nuances that deliver the best rates.

Each quarter, HRS develops a baseline “marketplace development” rate for each major city. HRS measures this MPD rate against rates offered by hotels and savings registered by clients. Factors include booked rates, listed public rates and negotiated rates for the next 12 months. Tactics and trends for fast-growing regions of Brazil, China and India follow.



BRAZIL

High inflation – currently above 6.29% — and market nuances complicate hotel sourcing here. Chains represent only 20% of the hotel database, primarily in major cities — so access to non-GDS content, primarily independent hotels, is key. Outside major markets, relationships are vital as hoteliers are “more comfortable signing agreements” with representatives they know.

- ▶ MPD shows rates in Brazil are up slightly at 0.67% compared to last year. Rates for HRS sourcing clients declined by an average of 4.4% compared to last year.
- ▶ Hotels in Brazil that have a direct relationship with HRS offered rates that are down an average of 5.9%.

HRS’ negotiated rates were down 3% in Sao Paulo, and 9% in Rio.



CHINA

HRS solicited rates from 30,000+ hotels in China for the 2017 RFP season. Booking tools and open booking / duty of care are emerging as local travel manager concerns. In smaller manufacturing centers, chains represent just 20% of inventory, but are usually in highest demand. Chinese business travelers often place a higher value on the prestige of a property, with travel managers taking that into account when sourcing. Relationships are vital.

- ▶ MPD shows rates in China up 4.47% over last year. Rates for HRS sourcing declined by an average of 2.4% compared to 2016.
- ▶ Hotels in China that have a direct relationship with HRS offered rates that are down an average of 3%.

Local relationships and market expertise delivered savings in two key cities. In Shanghai, MPD rates show a 2017 increase of 5.35%. HRS’ negotiated rates for 2017 were essentially flat at -0.75%. Beijing’s MPD rates were up 6.11%, while HRS’s negotiated rates increased a meager 0.7%.



INDIA

The hotel market in India is more mature than prior years and was essentially flat for 2017. Again, on-the-ground relationships in this market tend to unlock more savings. HRS sees more requests for corporate housing in India, as well as unique elements like requests for drivers.

- ▶ MPD rates in India are essentially flat at an increase of 0.33% in 2017. HRS sourcing clients saw a similar outcome, with the average increase limited to .08%.
- ▶ Hotels in India that have a direct relationship with HRS offered rates that are down an average of 1.75% as compared to a year ago.

FOUR STEPS TRAVEL MANAGERS CAN TAKE TO DRIVE SUCCESS

- 1 Meet with internal stakeholders at these destinations, and leverage their on-the-ground knowledge, travel projections and data to determine if you’ve got enough volume to negotiate.
- 2 Invest in hotel relationships locally, via corporate colleagues and respected outsourced entities like HRS, as it can be a key driver in obtaining discounts.
- 3 Narrow targeted hotels for the RFP, mixing chains and business-grade independent properties as appropriate.
- 4 Track and measure past and ongoing performance, and share the metrics with hotel partners to ensure goals are met and adjustments are allocated for when necessary.

CONCLUSIONS

Data indicates that clients who used HRS sourcing saved more than typical industry results, with noticeably more savings opportunities in China and Brazil. Hotels that have a direct relationship with HRS offered lower corporate rates to HRS clients, generating higher year-over-year savings opportunities.

Learn more at
corporate.hrs.com

