

# The Leading Edge of Luxury

Insights on Global  
Hotel Recovery

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July 2020



Forbes Travel Guide conducted a survey in June to gain a unique global perspective on the impact of COVID-19 on luxury hospitality. The survey of luxury hotel general managers and hotel executives was fielded over a two-week period from June 9 to 23, 2020, gathering **438** responses from **64** countries.

Forbes Travel Guide is the only independent, global rating system for luxury hotels, restaurants, and spas. In 2020 more than **1,800** properties earned its prestigious Five-Star, Four-Star and Recommended awards.

In the survey, respondents coalesced around three top challenges facing luxury hospitality: Difficulty in maintaining luxury service levels in the COVID-19 landscape (**64%**), pressure on operating budgets (**62%**), and pressure on budgets to sustain staffing levels (**46%**).

Regarding luxury service challenges, one hotelier wrote that it's difficult "maintaining the current CDC recommendations while still providing a luxury experience. Many amenities have been removed or changed."

Another observed that the guest profile has shifted away from their typical mix, further upending established service patterns. "During these times, leisure guests are the only ones traveling, and it has created a different level of staffing, operational needs and expectations."

Anecdotally, many hoteliers mentioned that guests expect a typical luxury service experience, regardless of new health and safety measures.

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**"Guests are not interested in wearing masks and are not afraid of COVID. Guests want full services despite COVID," said one.**

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Another hotelier noted, "We have developed dozens of changes to allow options for guests to avoid contact with associates and have found **98%** want full services."

"Guests have less patience," one hotelier observed, "and we have seen more instances of angry outbursts (mostly about masks) than I have seen in my 30-year career."

Unsurprisingly, the safety of staff and guests are at the forefront of operational procedures as luxury hotels reopen; **97%** of respondents are providing staff with PPE, and **95%** are increasing frequency of cleaning and disinfecting procedures. Other measures that luxury hoteliers are taking to ensure health and safety include capacity control measures throughout the property (**75%**) and altering guest and public areas to enable social distancing (**81%**).

Though nearly all open hotels in the survey reported June occupancy of less than 50%, several hoteliers commented that domestic travel is rebounding more quickly than expected. And 70% of respondents were optimistic about returning to sustainable business levels within a year.

“Although occupancy is not to budgeted levels, ... there has been no rate resistance with our average monthly ADR’s between \$1,200-\$1,800 over the next three months,” commented one hotelier.

But the situation is fluid, especially with cases continuing to climb in the United States, and global concerns about another wave of infections in the fall. Many respondents noted that the luxury hotel industry is reliant on airlines and international travel, both of which are likely to remain constrained until conditions improve.

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“We have many questions,” said one, “with no reliable answers.”

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However, some also expressed optimism about consumer trust in luxury brands. As one hotelier noted, “Luxury hotels will have an advantage once everything reopens because they provide more confidence in travelers in respect to procedures and cleaning services.” Another added, “Safety is the new luxury.”

Forbes Travel Guide plans to field another survey in August to continue tracking the impact of COVID-19 on the luxury hotel segment.

## The Leading Edge of Luxury Survey Results: June 2020

### Survey Respondents by Region

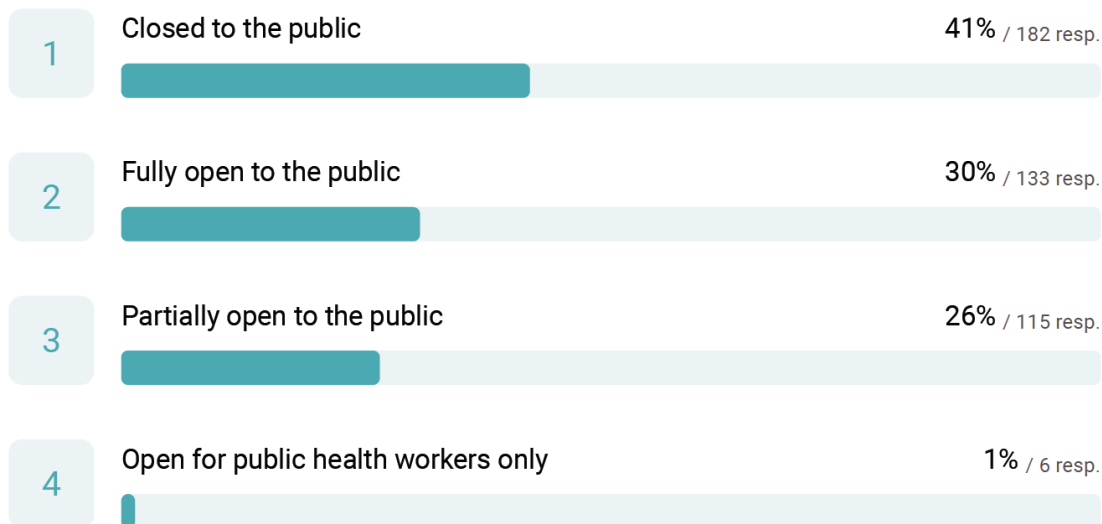
	COUNT	% OF TOTAL
North America	210	48%
Europe	91	21%
Asia-Pacific	89	20%
Caribbean	14	3%
Middle East	14	3%
Africa	12	3%
Central & South America	8	2%
<b>Total</b>	<b>438</b>	<b>100%</b>

While many hotels are closed, more than three-quarters plan to reopen by September.

*In June, when the survey was fielded, more than half of the luxury hotels that answered the survey were open or partially open, with **41%** closed.*

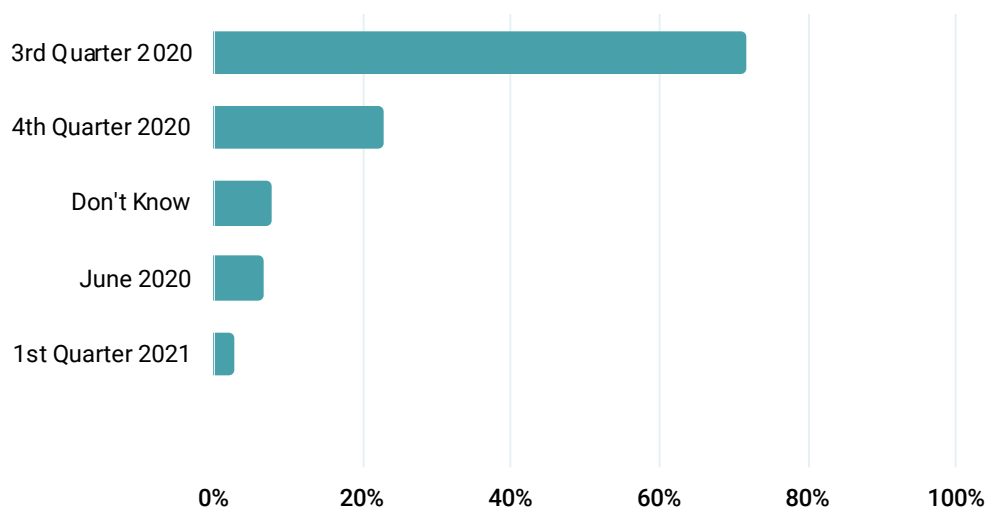
### What is the current status of your hotel?

436 out of 438 answered



*Of those closed to the general public, most plan to reopen in the third quarter, citing July (**38%**), August (**18%**) and September (**15%**).*

### When do you plan on reopening your property to the public?

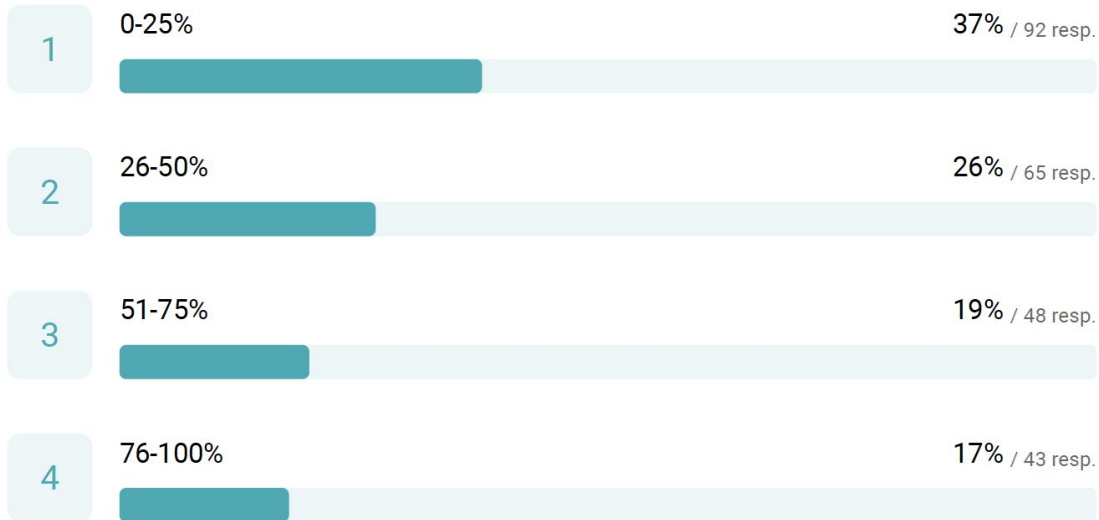


Open hotels are grappling with low occupancy and reduced staffing.

Of those that are open or partially open, **63%** are currently operating with less than half of their normal staff.

### What percentage of staff is currently working at your property?

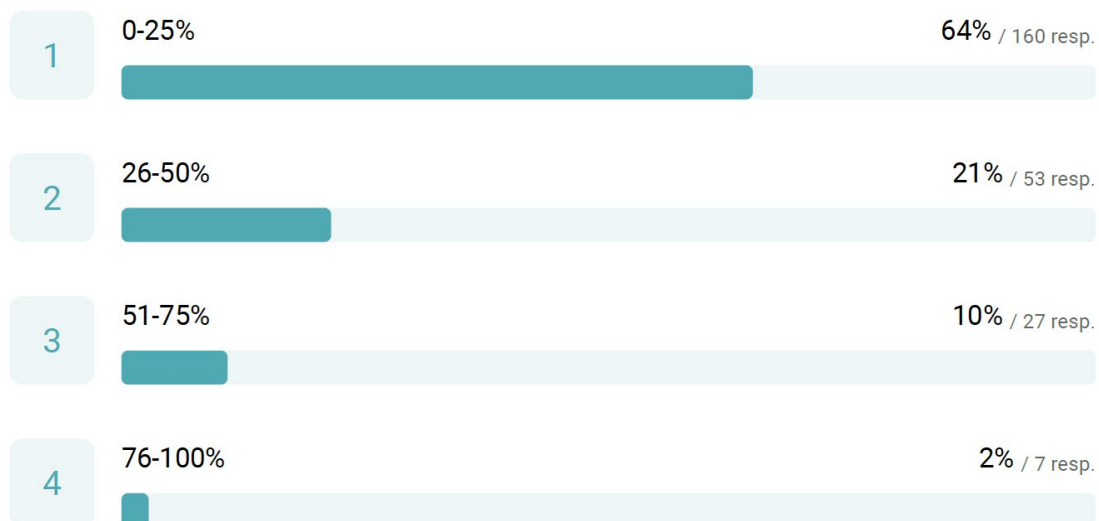
248 out of 438 answered



For the open hotels, occupancy is low, with **85%** reporting occupancy below **50%**.

### What is your current occupancy?

247 out of 438 answered

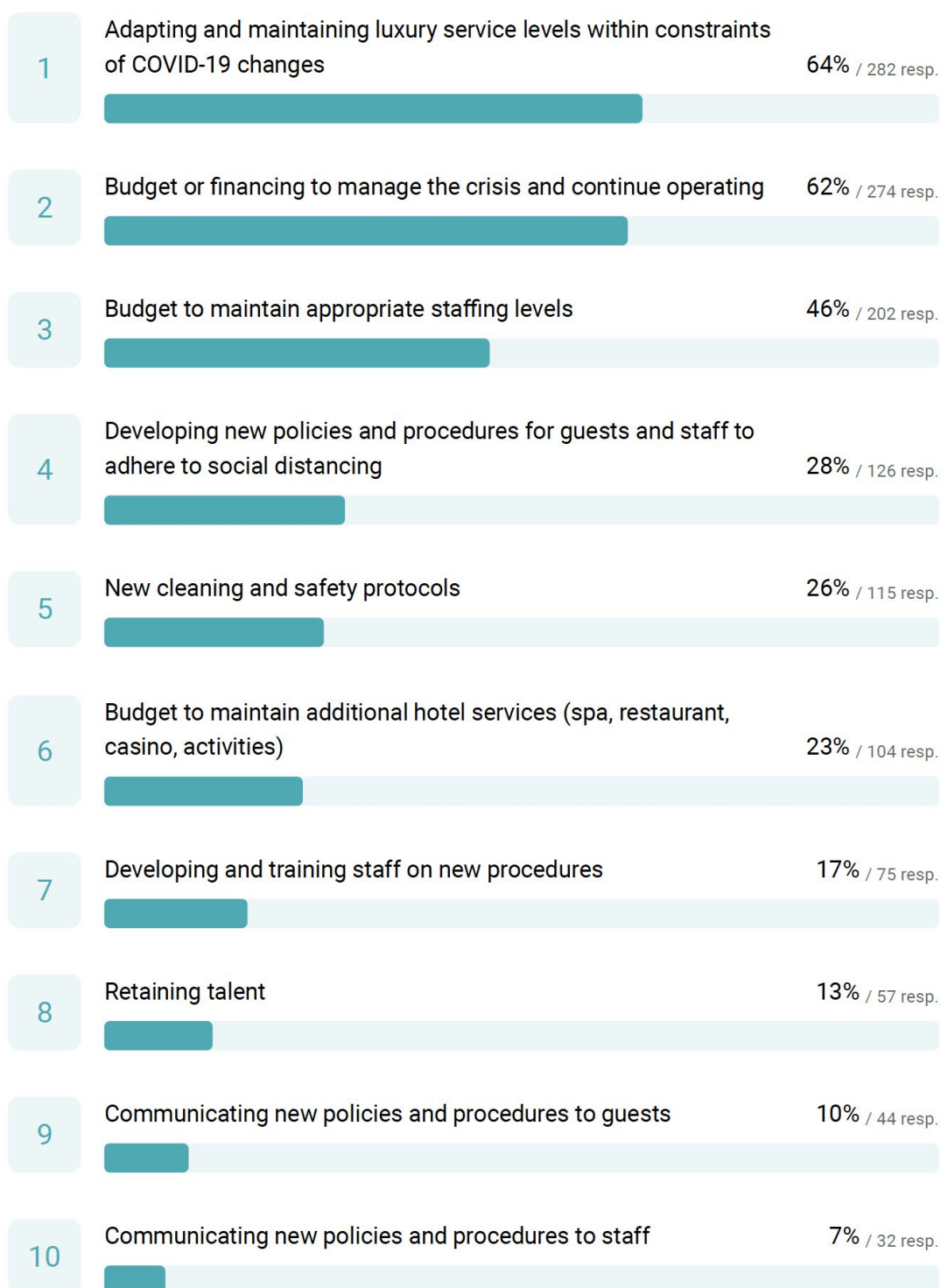




Luxury service levels are being squeezed by health constraints and budget cutbacks.

**Select the THREE biggest operational challenges you have faced or are facing currently, as a result of COVID-19?**

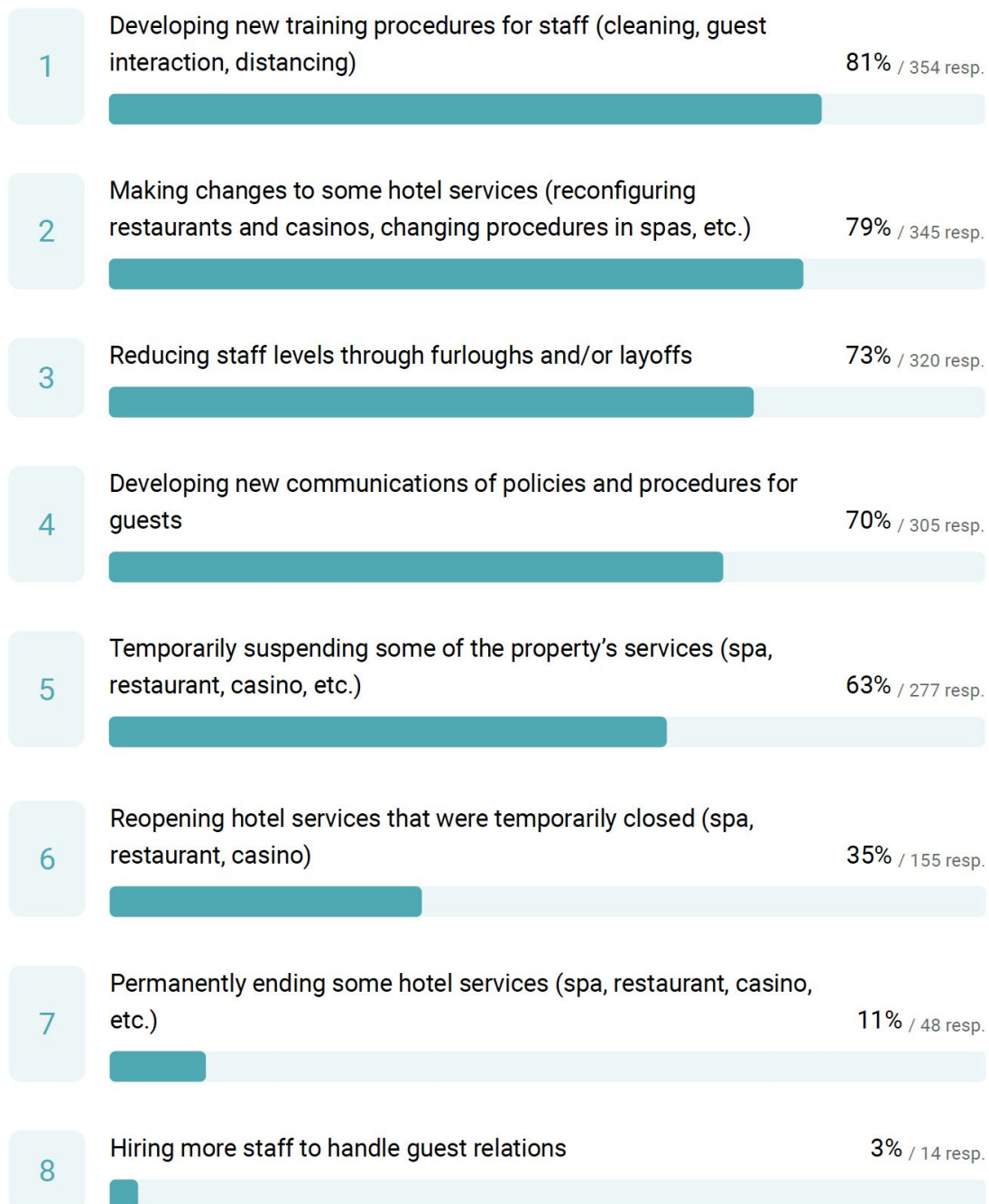
437 out of 438 answered



Luxury hotels have had to make massive changes in operations, guest experience and staff health protocols over a brief period.

**Which of the following operational changes has your property made or is your property considering in response to COVID-19?**

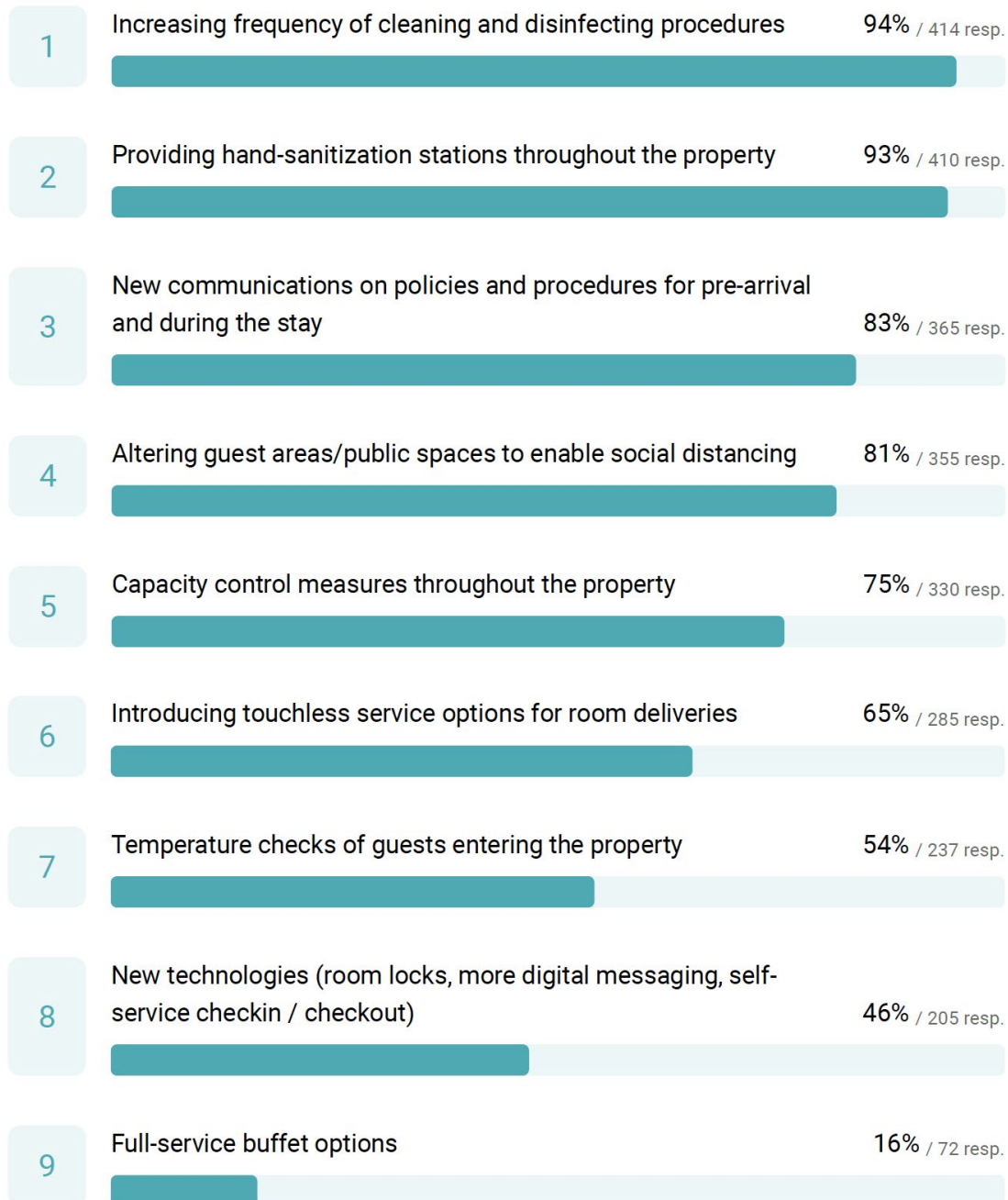
435 out of 438 answered





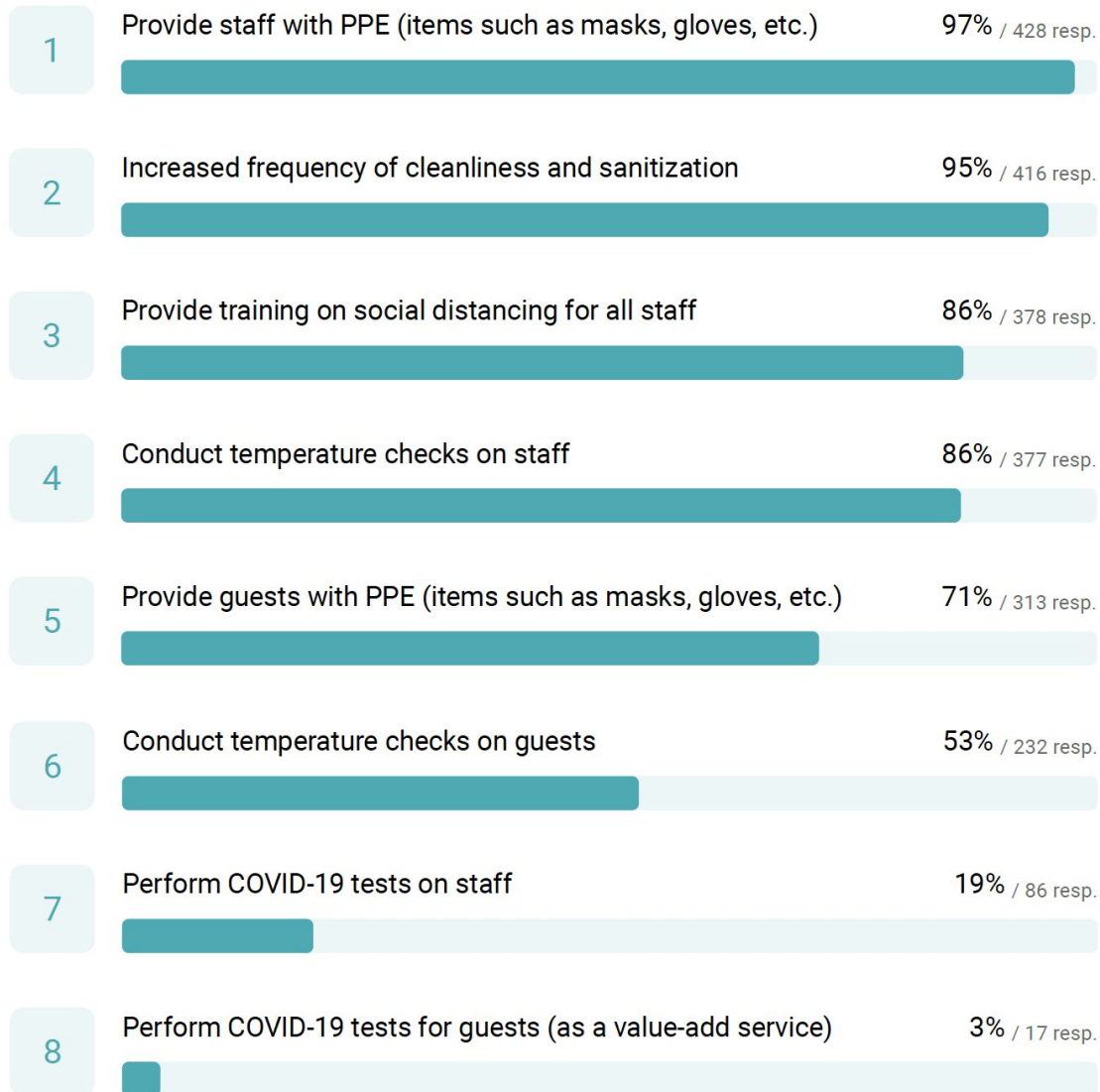
Which of the following **changes to the guest experience** is your property making or considering in response to the COVID-19 pandemic?

438 out of 438 answered



Which of the following COVID-19 related **changes to staff health and hygiene** has your property made or are you considering?

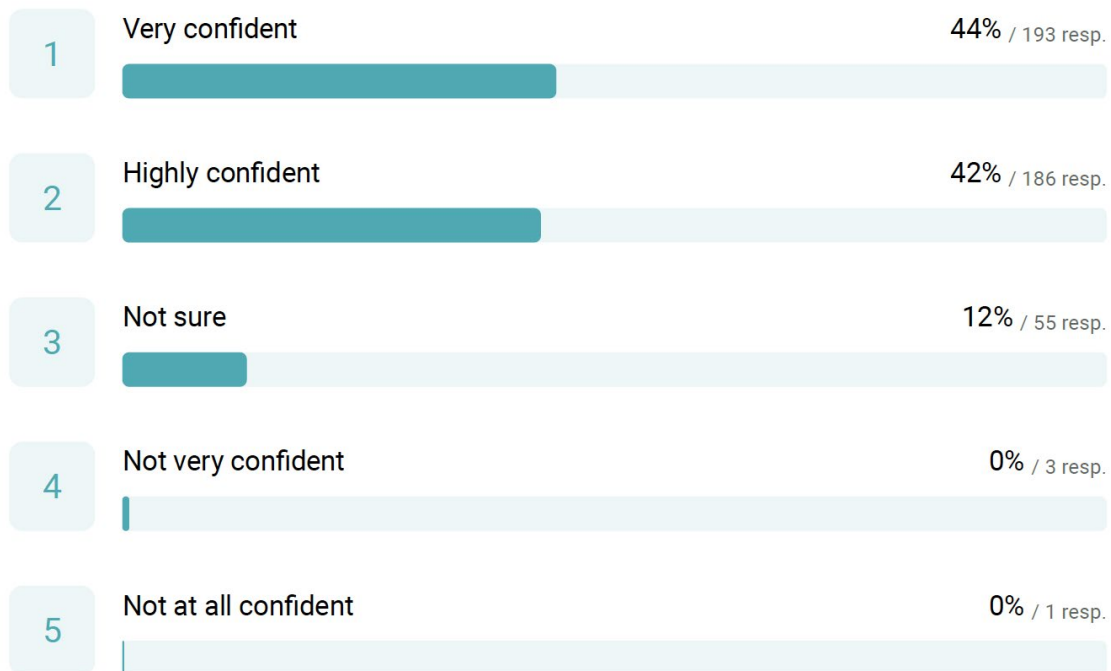
438 out of 438 answered



Despite the unprecedented challenges, luxury hoteliers are feeling well-prepared and optimistic.

**How confident are you that your property is prepared to handle a COVID-19 outbreak on property among guests and/or staff?**

438 out of 438 answered



Most respondents (**70%**) expect business to return to sustainable levels within a year.

**From today, when do you expect to return to more normal, sustainable levels of occupancy, staffing and operations?**

435 out of 438 answered





Forbes Travel Guide is the only independent, global rating system for luxury hotels, restaurants, and spas.

Started as Mobil Travel Guide in 1958, the company created the first Five-Star rating system in the United States. Today, Forbes Travel Guide's incognito inspectors travel the world, evaluating properties based on up to 900 rigorous, objective standards.

Forbes Travel Guide also supports the hospitality industry and other service-oriented businesses such as luxury residential, healthcare, and private clubs with bespoke training solutions, evaluation services and the creation of custom service standards.

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