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THE IMPLICATIONS OF COVID-19 AND BREXIT ON GENERATIONS Y AND Z's BEHAVIOUR, AND HOW CAN CITY HOTELS IN THE UNITED KINGDOM REACT – BUSINESS TRAVEL MARKET OUTLOOK

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Abstract

The pandemic disrupted businesses across the globe and the hospitality industry is among the hardest hit. This study investigates the impacts of COVID-19 and Brexit in hospitality consumption of Gen Y and Z – the cohorts that will shape the future of travel – while exploring how can city hotels in the United Kingdom recover. To assess the travel market outlook and support hotels in establishing responsive strategies that match the latest trends, the perspectives of both experts and consumers were evaluated. Results predict that business travel will return but assume a new shape, with a digitally connected workplace, flexible lifestyles, and a desire for innovative experiences.

Keywords: Tourism, Hospitality, Generation Y, Generation Z, City Hotel, United Kingdom, COVID-19, Brexit, Business Travel Market

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1. Introduction

The world is currently facing a sanitary crisis that has caused millions of deaths (Our World in Data 2021), a global economic recession (Sigala 2020), and political conflicts. Sustainability and social justice-related topics have been highlighted by the pandemic's destruction, increasing the pressure on governments and legislators. Uncertainty ruled in all industries (McKinsey 2020) – a lot of businesses were put out of work and, the ones that managed to stay active had to reinvent themselves to adapt to the "new normal".

The tourism and hospitality industry depends on peace and stability to thrive (Mansfeld 1999), as disturbances in consumer confidence plunge consumption. However, each crisis has its unique features, and the COVID-19 outbreak was both unpredictable and devastating (Garrido-Moreno et al. 2021). Cities lost population to the rural areas and said goodbye to most international travellers. Its highly contagious nature forced social distancing rules and remote working, changing tourism trends and hotels management (Robina-Ramírez et al. 2021). Given the extent of this disaster, research points to permanent changes in human behaviour. Younger generations were the ones that experienced the crisis at its core, thus, can

be the ones where the greatest impact happens (Deloitte 2020). The focus should, then, be on these generations, as they are already dominating the market as both consumers and workers.

Considering the previously mentioned factors, the development of this work project takes place. The thesis has its starting point in an internship that took place in London, UK. The team was presented with a rebranded, up-scale, corporate-oriented, city hotel with an occupancy rate close to zero. At the time, the country was free of COVID-19 related restrictions, but still fighting the outbreak and implementing the Brexit deal, which caused a major shortage of staff and supply, as well as consumer instability. In this scenario, the team's objective was to foster the business's recovery by focusing mainly on the audience that would best benefit from the rebranded hotel: Gen Y and Z. However, many questions arose. How do they consume hospitality services considering the current situation? What are their needs and wants and how have those been influenced by the current scenario? How does the hotel business model have to adapt to those? Hence, our research results from the need to evaluate the changes in Gen Y and Z consumer behaviour and overall market trends arising from the current UK scenario, what implications do those have in city hotels' operations and how can hoteliers react. Given the broad scope of the challenge, the adaptation should be tailored to different markets, i.e., domestic and international leisure travel and business travel, to allow for a greater degree of specificity in the analysis and results, as those markets have diverse motivations and preferences. Furthermore, the research question focuses on the up-turn phase, thus providing British hoteliers insightful knowledge about customer needs and contributing to the creation of efficient strategies to revamp their businesses in these unprecedented times, while concentrating on the generation that will shape the future of travel.

The first step to achieving the project's goal was to build a solid literature review framework, to understand the whole dimension of the challenge. Thus, research was gathered in 5 phases. Initially, about the overall industry, urban tourism, and city hotels, with the

support of Porter's Five Forces framework for an analysis of city hotels' competitive environment. Secondly, the industry's resilience towards past crises, the COVID-19 impact, responses and consequences were explored. Third, the focus on Generations Y and Z demanded the study of their relevance, dimensions, and preferences. Lastly, the investigation of the focus market, the UK, was conducted by investigating its environmental factors and the tourism and hospitality market, as well as the effects of COVID-19 in the nation and the dimensions of British Gen Y and Z. Afterwards, primary quantitative and qualitative data was collected, which is further described in the methodology. The data analysis, limitations and discussion of results will follow according to the various identified markets, as previously mentioned.

2. The Tourism & Hospitality Industry

The hospitality and tourism industry encompasses all economic activities that contribute to or rely on travel and tourism, whether directly or indirectly. Tourism has continued to expand and diversify over the last decades, becoming one of the world's largest and fastest-growing economic sectors (UNWTO 2020a). In 2019, the hotel industry reached its peak in terms of market size: 1.47 trillion USD (Statista 2021c).

Diverse types of tourism can be classified based on various factors. For this report, it is important to clarify the differences between domestic and international tourism. Domestic tourism can be defined as trips to destinations beyond a certain minimum distance from the normal place of residence, involving at least one overnight stay (Eijgelaar et al. 2008). "International tourism comprises inbound tourism and outbound tourism, i.e., the activities of resident visitors outside the country of reference, either as part of domestic or outbound tourism trips and the activities of non-resident visitors within the country of reference on inbound tourism trips" (United Nations 2008). Data from UNWTO (2020b) shows the global domestic market registered 9 billion domestic tourist trips in 2018, 6 times larger than

international tourism and representing 75% of total tourism expenditure in OECD countries. Given its large population and geographical size, India, China, and the US are the world's largest domestic tourism markets in terms of tourist trips. The largest domestic tourism markets in terms of expenditure among OECD countries are the US, Germany, Japan, the UK, and Mexico.

Despite being a key contributor to the tourism sector, domestic tourism is usually not the main focus. Governments and destination managers often prefer international visitors who are associated with higher spending capacities and foreign exchange (Arbulú et al. 2021). Moreover, in a globalized world, the international market is essential for hotels to expand and increase their market share (Andreu et al. 2017; Tran et al. 2019). Before the world was hit by the pandemic, international tourism had been witnessing continuous growth but at small rates: 7% in 2017, 6% in 2018 and 4% in 2019. Also, the demand for economically advanced countries had decreased. Uncertainty surrounding Brexit, geopolitical and trade tensions, and the global economic slowdown, weighed in its growth (UNWTO 2020a).

The main travel purposes widely recognized are leisure, business, and VFR. As of 2019, leisure travels accounted for most of the travel purposes (55%), VFR represented 28%, while business travels accounted for only 11% (Figure 1) (UNWTO 2020a). Leisure includes activities such as sightseeing, visiting natural sites, attending sporting or cultural events, using any recreation and entertainment facilities, cruising, gambling, resting, fine dining, health and wellness related activities, etc. The business and professional purpose of tourism includes the activities of the self-employed and employees (United Nations 2008). Nonetheless, as Cohen (1974) indicated, even though the main purpose of their trip is an instrumental one, many business people succeed in combining business with pleasure and devote at least part of their free time on the trip to touristic pursuits. Lastly, the VFR category includes attending

weddings or any other family event, short-term caring for the sick or old, etc. (United Nations 2008).

The hospitality industry has very particular characteristics, turning the management of its revenue into a challenging process. Hotels must find smart ways to deal with perishability since an unsold room night represents revenue that cannot be recovered (AIEST 2020), mainly given the industry's high exposure to seasonality – a temporal imbalance in demand. Additionally, the services provided by a hotel are heterogeneous (Wang et al. 2019) – it is difficult to provide the same experience to every guest, even with strict standardized operating procedures. Plus, the simultaneity of production and consumption leaves no space for mistakes since any error is immediately perceived by the customer. Dependence on physical contact is also very specific to this industry, the service takes place under the roof of the service provider, and the customer must be present for the experience to happen. The high fixed costs associated with salaries, loans, and maintenance represent a major challenge too. Moreover, hotels' limited capacity is another constraint and, even if managed to occupy every room available, hoteliers must generate the maximum revenue possible with their in-house guests (Enz and Withiam 2001).

In terms of international arrivals, Europe is, by far, the leading region of the world, followed by the Americas and APAC, Africa and the Middle East being the least visited regions (Figure 2) (UNWTO 2020a). Europe is also the region that provides the most international tourists in terms of region of origin (Statista 2021d). According to UNWTO (2020a), the top 10 tourism destinations in 2019 were France, Spain, the US, China, Italy, Turkey, Mexico, Thailand, Germany, and the UK, ranked by number of international arrivals (Figure 3). In the same year, KPIs widely used to evaluate hotel performance also put Europe on top of the world regions. It had the highest occupancy rate (72.2%), and Southern and Western Europe had an ADR of approximately 125.25 and 119.64 USD, respectively, making

them the most expensive regions on the continent that year. The RevPAR generated by European hotels was about 93.71 USD, on average (Statista 2021c)

2.1. Urban Tourism and City Hotels

Urban destinations offer a broad and heterogeneous range of cultural, architectural, technological, social, and natural experiences and products for leisure and business (UNWTO 2021b). Large cities have always attracted visitors from outside their immediate region, whether staying overnight or as day-trippers, because of the business activity, retail, cultural and sports facilities, and the desire to see friends and relatives (Law 1992).

Hotels have taken many different shapes to meet the different needs and objectives of customers. The result is a wide offer of lodging categories that can be defined based on its purpose, location, target market, and level of service. Batista e Silva et al. (2021) suggested a classification based on location, with 4 major categories: coastal zones, mountain and natural areas, cities, and rural areas. A city hotel is often located in urban areas, servicing mainly business's guests, travellers, and tourism visitors (Tran et al. 2019). The hotel industry in most metropolitan cities provides considerable opportunities to cross-sell profitable products such as F&B (Cheng 2013). This type of hotel can take any classification, from budget to luxury. This report will focus on those that require a higher level of service and personalization and are usually found in the most strategic locations of a city destination.

2.2. Porter's Five Forces Analysis

In industries such as hotels, the five forces that shape strategy are intense (HBR 2008) and understanding them is a necessary step to develop further strategic solutions. The following framework analysis was developed based on the work of Almeida (2020) and Cheng (2013) to help understand the forces that impact the hospitality industry and city hotels in particular.

Threat of new entrants: The industry exhibits high entry barriers restricting new entrants. Large players benefit from economies of scale and learning. Besides, the leading hotel groups have properties in every major city destination around the globe as a part of their geographical proliferation's strategic approach. Additionally, incumbents have privileged access to channels, locations, and key inputs; superior technology and capabilities; brand equity, and reputation, making it harder for new entrants to compete. The high capital needs to be associated with large initial investments, and the legal and regulatory factors (e.g., licenses and safety requirements) also add strength to the barriers. Government policy in most metropolitan cities is typically not antagonistic towards new hotels. The reaction from existing competitors is likely to be quite intense but varies according to market segment and strategic group.

Supplier bargaining power: A customer may be reluctant to change a supplier if such change would face extra switching expenditure or/and entails a perceived deterioration in the quality, image, or quality of the supplier's product, which adversely affects the customer's service. The quality of the supplier has great importance as hotels need access to quality products to deliver the proposed value to their customers. The more important the product is to the business's success, the less price-sensitive the customer is, and, consequently, the higher the supplier's bargaining power will be.

Buyer bargaining power: The industry's product has a significant impact on quality; thus, buyers are less price-sensitive, which translates into low bargaining power. Nonetheless, their power increases when the product purchased represents a large percentage of their cost structure (HBR 2008). Moreover, with technology and the wide use of the internet, information access is easy, helping hotel customers make an informed purchase from the wide range of options available.

Threat of substitute products or services: A substitute performs the same or a similar function as an industry's product by different means. Videoconferencing is a substitute for travel (HBR 2008). This example pointed out by Michael Porter, turned out to be more threatening than predicted, as proven by the pandemic. Additionally, the *boom* that the tourism industry has witnessed in the last decades brought a variety of alternative options to hotels. The old concepts have been defied and new types of accommodation have emerged, taking away a lot of revenue from hotels. For example, Airbnb has grown to list more rooms than any hotel group in the world (Farronato and Fradkin 2018). These innovative ways to accommodate guests with more attractive and flexible prices place a great threat to the hotel industry.

Rivalry between existing competitors: City destinations tend to have a large and varied accommodation's offer, combining large and small chains, and independent hotels. Hotels increasingly seek competitive advantage through differentiation; therefore, the market concentration can be considered low. As previously mentioned, a very specific characteristic of this industry is seasonality, even more so for city hotels, and industries with high demand volatility and uncertainty face fierce competition. The high fixed costs and excess capacity, added to the perishability factor, increase price rivalry. This escalates in cases where there's low differentiation and low switching costs, resulting in high price sensitivity, driving the rivalry between competitors. Lastly, the hotel industry in any major city in the world contains very high exit barriers, consequently, hotels end up engaging in more intense competition.

3. Tourism & Hospitality's Crises and the COVID-19 Pandemic

The tourism and hospitality industry is naturally sensitive to environments of distress, such as natural disasters, social conflicts, terrorism, wars, and economic crises (Mansfeld 1999; Kim et al. 2006) and has suffered from an ample number of crises before (Gössling et al. 2020). The industry's vulnerability is given by its perishable products, great dependence

on natural and cultural resources, and complex network of interdependent, yet diverging, business's stakeholders (Jiang and Ritchie 2017). Crises decreases travel due to the high uncertainty (U and So 2020; Lai and Wong 2020), and supply struggles to be matched to rapid declines in demand (Evans 2003; Evans and Elphick 2005). Furthermore, with the exponential rise of mobility and interconnectedness' global economy, the magnitude and frequency of disastrous events will increase (Hall 2010). Also, Garrido-Moreno et al. (2021) and Brown et al. (2018) warned about the new unpredictable vulnerabilities to the sector added by the international tourists' wide travelling to places with varied risks.

In the last 20 years, 4 major events have disrupted tourism activities, i.e., the September 11 terrorist attacks in 2001, the SARS-CoV outbreak in 2003, the 2008 global economic crisis, the 2015 MERS outbreak (Gössling et al. 2020), and, currently, the SARS-CoV-2 outbreak. Table 1 by Garrido-Moreno and colleagues (2021) summarizes the main results and responses to historical crises. Mansfeld (1999) stated that if the right disaster management tools are implemented, one can observe a dimmish of the economic and social damage involved in the tourism industry. Given the current pandemic, the progressively disaster-prone world, and the tourism and hospitality high exposure to disastrous scenarios (Hao et al. 2020; Chan and Chen 2019), learning should be done from past events (Mansfeld 1999) and plans developed and implemented in all phases: before, during and after its occurrence (Coombs and Laufer 2018; Herédia-Colaço and Rodrigues 2021). Hence, the pandemic's impact in the industry and the respective responses will be explored to understand its future implications for the industry, to, afterwards, explore offering optimization in the post-pandemic scenario.

3.1. COVID-19 Impact on the Tourism & Hospitality Industry

The Coronavirus pandemic is triggering a never-ever-seen catastrophic impact on the global economy (Huang 2020; Hao et al. 2020). Destinations went from over-tourism to no-tourism in a matter of months (Gössling et al. 2020). Gössling et al. (2020) argue that none of

the previous crises led to a longer-term decline in the global development of tourism, as one can see in Figure 4. Although the author suggests that the industry has been resilient to external shocks, he also states there is evidence that the impact and recovery from the Coronavirus pandemic will be unprecedented. Accurately, government measures to control the outbreak, such as lockdowns, social distancing, and mobility restrictions, created a gradual and deep impact on hospitality and tourism (Sigala 2020; Garrido-Moreno et al. 2021). Sigala (2020) and Melo (2021) add that the pandemic can have profound and long-term structural and transformational changes to tourism as a socio-economic activity; its multidimensional and interconnected impacts are challenging the industry's current values and systems, leading to a global recession.

Data confirms, in 2020, global international tourism receipts decreased by 63%, amounting to around 538 billion USD, versus the 1.47 trillion USD generated in 2019 (Statista 2021f). International arrivals worldwide dropped 73% compared to 2019 (UNWTO 2021a), and unemployment of unskilled labour grew 5.5% (UNCTAD 2021), representing a loss of 100 million jobs in the tourism sector worldwide (Statista 2021g). Such figures translated into a loss of more than 1 trillion dollars in export revenue from international tourism, and a long economic recovery, as most tourism experts worldwide predict tourism to return to 2019 levels only by 2024 (UNWTO 2021a). Despite the forecasted rebound of international tourists in the second semester of 2021 (Figure 5), it is still expected a loss of 1.7 trillion and 2.4 trillion USD in global GDP, depending on the level of optimism of the scenario (Figure 6), both in direct and indirect effects (UNCTAD 2021).

Hospitality businesses were among the hardest hit (McKinsey 2020) – the pandemic bought a disruptive reality that severely affected hotel revenues worldwide. In mid-March 2020, travel bans were imposed to stop the spread of the virus. Consequently, travel fell radically within less than a month, leading to massive booking cancellations and hotel

monthly occupancy rates decreasing globally (Herédia-Colaço and Rodrigues 2021). In Europe, the region that felt the hardest effect of the virus, occupancy rates were at 13% in May 2020, a drop of 82% compared to the previous year (Statista 2021h), which can be seen in Figure 7. In the same month, revenue per available room was 11.35 USD (Statista 2021i), shown in Figure 8.

3.2. Tourism & Hospitality Industry's Responses to COVID-19

Hospitality offering is based on close contact with customers and personalized interactions with staff and facilities. The new scenario disturbs the value creation process and pushes hotels to adapt their operations to meet the new health standards (Garrido-Moreno et al. 2021). Hoteliers had to understand that accommodation establishments can be more than just a bed (ETC 2020), as, e.g., some hotels were temporarily transformed into hospitals to cope with the pandemic. In the case of past Epidemics, Zeng et al. (2005) suggest the SARS-CoV crisis opened a window of opportunity to modify tourism development, and a recovery strategy towards sustainable tourism after a crisis that increases consumer confidence but avoids going back to tourist traffic is the most effective way to gain back lost revenue.

The Coronavirus pandemic effects are unprecedented, thus, measures to recover need to be equally unprecedented (Garrido-Moreno et al. 2021). Yet, like every other crisis, the COVID-19 outbreak has a cycle composed of diverse stages, each characterized by different consumer needs. Herédia-Colaço and Rodrigues (2021) identified 4 stages to the current pandemic: immediate response to the declaration of the pandemic, short-term adaptation to new consumer concerns, long-term planning and adaptation to changed circumstances, and upturn planning, processing the lessons learned from the crisis itself. The future of the industry depends on how hoteliers respond to these phases, thus the importance of identifying the major key recovery strategies. The authors performed a cross-study comprised of 4 assessments with hoteliers worldwide to understand their perceptions and undertaken

strategies during the crisis cycle, from April through June 2020. Hoteliers' reaction to the disaster was shown to revolve around a sales and marketing strategies redesign to guarantee guests' safety, such as health and cleanliness protocols also seen in other sanitary crises (Chien and Law 2003), plus training and certification local programs, e.g., Clean & Safe in the Portuguese market. Such efforts were aimed to appeal to the domestic market, alongside the creation of special offers and packages to foster the number of bookings. However, practices to target the domestic leisure and business travel markets' perceived relevance decreases significantly as the pandemic progresses, leading to the advance of the international leisure and business travel significance, as exposed in Figure 9. This conclusion comes hand in hand with the lifting of the restrictions, increasing hoteliers' confidence in the role of the international segment for hotel's recovery. Additional strategies like the renegotiation of distribution partnerships, offering long-term vouchers, and upskilling of the workforce to meet future demands were also implemented to cope with the crisis.

3.3. Implications for the Tourism & Hospitality Industry's Future

After crises, it's common to say, 'things will never be the way they used to be'. Such a statement usually falls short of reality as people go back to their old habits. However, the disruption brought by the SARS-CoV-2 outbreak might lead to a real change in people's worldview. Another relevancy of this outbreak is that it highlighted the importance of the economic and political global context in determining the industry's future (Zenker and Kock 2020). From a business perspective, the pandemic's impacts changed the supply-demand balance of the hotel industry forcing an evaluation of the current business model and the designation of a new plan of action to increase competitiveness (Hao et al. 2020). Therefore, the outbreak accelerates the challenges that the industry was already facing, such as the pressure to become more consumer-centric, digital, agile and sustainable (Valle 2020).

The economy is much likely to experience “revenge shopping”, “revenge travelling” specifically for tourism; still, there is a lot of uncertainty regarding the timing for consumer confidence to return (McKinsey 2021). Although demand for international tourism has come in strong, the restart of tourism remains on hold as inconsistent regulations and uneven vaccination rates continue to affect confidence in travel (Pololikashvili 2021).

Social distancing restrictions imposed globally accelerated the use of technologies for both tourists and businesses (Sigala 2020). Digitalization and new ways of working is a trend that will be sustained after the pandemic. Businesses improved operations, moved customer service online, integrated AI and reinvented their supply chain, unlocking productivity gains. Additionally, there was a shift to online retail in consumer purchasing behaviour, although levels of loyalty towards online brands seem to be low. The business travel segment was disrupted by remote working and online meetings, defying the necessary to travel for business matters. While demand from this segment will gradually increase, it may never recover the 2019 value (McKinsey 2021). Despite the growth of the digital world, human interaction remains high in the hospitality industry (Smallwood 2021). Héredia-Colaço and Rodrigues (2021) found that the importance of direct bookings is kept positive throughout the pandemic cycle and suggest it proves the strengthening of the hotel business through direct contact with its guests.

Another consequence has to do with the location of travels. Cities have been experiencing saturation with population scaping from rural areas, both as an inflow of residents and tourists, as policymakers have been implementing strategies to capture interest and appeal to tourism consumption. This phenomenon raises questions regarding planning and sustainability, as there is great pressure on city resources and infrastructure (Wise 2016). However, since the beginning of the pandemic, the trend in the choice of destination differed. Travellers are increasingly seeking rural areas as places of rest and entertainment, mainly

because the isolation felt in these areas translates into safe destinations, whilst social distancing is mandatory (Robina-Ramírez et al. 2021). Although people still crave human interaction (Eltarabily and Elgheznawy 2020), digital solutions are accessible to rural areas, allowing for residents to work without having to commute or move to the city (Rodríguez 2020). The impulse of innovation from the beginning of COVID-19 has, thus, pushed the need to redesign business models and sustainability segments (Rodriguez-Antón and Alonso-Almeida 2020). Listening to customer demands and further digitalizing the sector is crucial to capture these travellers (Robina-Ramírez 2021).

Nonetheless, COVID-19 stressed global issues such as sustainability and social equality. Awareness regarding costs of pollution is rising and growth opportunities from green investments can be substantial. Governments are putting together stimulus programs that include environmental action and fiscal support, mainly for those that lost their job due to the pandemic (McKinsey 2021). Furthermore, low vaccination rates in developing countries intensify the gap between developing and developed countries and increase the crisis' duration and the economic loss' depth, given the low inbound tourists' rate (UNCTAD 2021) and the threat of new variants (WHO 2021). Moreover, internet usage acceleration further emphasises social inequalities, as a big parcel of the global population still has no access to the internet. Besides, the rise in social media use leads to consequent loneliness (Sigala 2020).

CELTH (2020) explored 4 future scenarios of the visitor economy after COVID-19, by identifying key forces that will shape the future in the next 5 to 7 years, exposed in Figure 10. The key forces are the length and depth of the crisis and the moral dilemma of the consumer, i.e., recovery in 2021 versus 2025, and old patterns (individuality, materialistic, no social, health nor environmental concerns) versus lessons learned (collective well-being, valuing nature and quality of life). As exposed previously, the pandemic will take a long and deep toll on our world, thus, scenarios 2 and 3 are the most likely to materialize. Scenario 2 is

characterized by a survival strategy, with a rigid sector approach and fierce competition, with many businesses declaring bankruptcy. In scenario 3, institutions have joined forces to reinvent tourism, in terms of offering and management tools. New consumer needs are met through creativity and innovation, increasing value for local and ethical production chains, providing purpose for society and a focus on circular production. These scenarios should inspire tourism entities to adapt and reinvent their businesses accordingly while fostering cooperation and responsibility.

4. Relevance of Generations Y and Z for Tourism & Hospitality

According to Bona and colleagues (2020), COVID-19 is not simply a financial concern, it is also causing massive impacts on consumer behaviour, stimulating disruptive trends, and creating challenges and opportunities for businesses within the hospitality sector (Deloitte 2020). Additionally, several scholars argue that cohorts should be considered when addressing changes in travel patterns (Bernini and Cracolici 2015; Chung et.al. 2015). Moreover, one of the most common types of age cohorts (Figure 11) is generations (Parker and Igielnik 2020), i.e., individuals that have encountered the same relevant events (Parment 2011) and therefore, are likely to manifest common characteristics, predispositions, and behaviours (Confente and Vigolo 2018). This study focuses on generations that are emerging as the biggest cohorts in society: Millennials (also named Gen Y) and Gen Z, known for being digital natives (Deloitte 2021). These generational cohorts are targets of special interests (Bona et al. 2020) and have experienced the most dramatic changes in behaviour after the pandemic (Deloitte 2020).

Millennials were born between 1981 and 1996, currently between the age of 25 and 40. This generation has been brought down by not one, but two “once in a lifetime” economic crises – the 2008 global economic crisis and the current outbreak. Nonetheless, this generation had the highest spending in 2020, about 1.4 trillion USD (Kasasa 2021). In 2019,

Millennials were approximately 1.8 billion worldwide, meaning 23% of the global population (United Nations 2019). Additionally, American Millennials will become the richest group with the inherit of more than 60 trillion USD from predecessors, 10 years from now (Kelly 2019), being currently one of the largest demographic groups, about 82.2 million people (Figure 12) (Knoema 2020). Moreover, Millennials are the fastest-growing cohort in the workplace and marketplace, representing one-third of all hotel guests (Mclver 2013).

There is another cohort on the scene (Martin 2021): Gen Z. They experienced the turn of the millennium, born from 1996 to 2012, currently between the ages of 6 and 24 (Suknanan 2021), prone to be the most diverse cohort in history. These individuals are going to become highly influential (Deloitte 2021), as they already outnumbered Millennials (Miller and Lu 2018) being the largest cohort with over 2 billion individuals globally (Figure 13) (United Nations 2019). Compared with all generations, Gen Z currently has the highest disposable income, conceding a huge financial power (Bergh and Behrer 2016); Figure 14 shows that Gen Z from 4 to 17 years old disposes of, on average, 2 to 4 USD more than their predecessors.

These two generations account for 46% of the world's population nowadays (Ha and Angus 2021). Over the next 5 years, Gens Y and Z era expected to increase their spending by more than 10% and 70%, respectively (Bona et al. 2020), becoming the dominant consumer segment (Ha and Angus 2021), particularly in the tourism market (CBI 2021). These generations are, thus, shaping the future of travel, inciting patterns of changes in people's behaviour within the hospitality industry (Expedia Group 2018) and are expected to represent 50% of all travellers by 2025 (CBI 2021). Indeed, they have unique characteristics and high expectations (Ha 2020), especially for technology, innovation, and value for experiences over material things (Ha and Angus 2021), making it difficult to be impressed (Bergh and Behrer 2016). In addition, both generations are activists that have the power to influence older

generations in their buying decisions (Parker et al. 2019). Indeed, 8 in each 10 Gen Z's parents say their children influence their spending (Bona et al. 2020), especially in holiday destinations, being 48% of vacations influenced by Gen Z (Figure 15). Gen Y, the fruit of the technological advancements and surrounded by brands, can reshape the DNA of the current and future generations (Bergh and Behrer 2016); plus, families led by millennial parents are becoming predominant in the family market (CBI 2021).

The authors Bergh and Behrer (2016) mention that no matter the business you are in, these generations will make or break your market success. Similarly, Gen Y and Z are extremely important particularly for travel destinations of today and tomorrow (ETC 2020), since travel is a crucial element in their lives. After all, these travellers constitute pioneers who discover viral places and eminently generate benefits to those destinations. Plus, each young visitor with a high education is visited by an average of 1.3 people during their stay (UNWTO 2016). Young travellers are setting trends and influencing the way hospitality companies operate and innovate, thus, defining an efficient strategy to target this segment becomes an ultimate challenge and opportunity (CBI 2021).

4.1. Generations Y and Z Behaviour and Preferences

Consumer behaviour is defined by an ongoing process (Schiffman et al. 2012) about how things affect individuals' lives and how possessions influence the way they feel about themselves and others (Solomon et al. 2006). Swarbrooke and Horner (2007) state that consumer behaviour is particularly important within the tourism industry because once understood how consumers purchase and use products, marketers will know whom to target, when to target and which product to offer. In the past few years, travellers' booking behaviour has changed with the rise of the Gen Y and Z markets (CBI 2021), which are ready to notably reward a brand if it can prove its value (Little 2020).

Differently from the past generations, Millennials seek personal fulfilment and a work-life balance, hunting flexible schedules and one-month vacations (Sahivaara 2015). They feel attracted to different experiences and stick to the new low-cost accommodation trend (Talati 2020). They enjoy the so-called "slow travel" – investing more time to deeply explore a destination –, "high risk" activities and the "feel-good holidays" – transformative holidays with a specific goal (e.g., volunteering). Consequently, they are much more attuned to brand values that are triggered by emotions rather than simple functional fulfilment (UNWTO 2016).

Gen Z seeks communal spaces to meet new people, "hometels" – hotels that make you feel at home –, stylish accommodations with smart design and local art. According to a 2020 ETC study, among Gen Z 36% prefer upscale hotels, whilst 30% prefer budget hotels, and only 9% stay in hostels. Additionally, flights are viewed merely as means to achieve the end, and the choice of destination is a combination of its value for money and the availability of cheap flights. Gen Z relies heavily on social media platforms and influencers, but are attentive regarding privacy settings, and are more price-sensitive than Gen Y (CBI 2021).

Hospitality services are impossible to evaluate before the actual consumption (Hall and Lew 2009). Unpredictability about the service provided can be reduced through interpersonal communication (Duffy 2015); nowadays, it has especially taken the online form of user-generated content, such as online reviews (Tanford and Montgomery 2015). Instagram posts and influencers constitute a source of travel inspiration (ETC 2020). Online platforms and social media are, therefore, trends driving travel decisions and purchase intentions. Indeed, Gen Y and Z have shifted dramatically to online purchases (Figure 16) (Bona et al 2020). More than 85% of Millennials check more than one site before booking a hotel (Butler 2018), seeking fast and free Wi-Fi to share everything online in real-time. Most Gen Z is always online (64%), feels more insecure without their smartphone than their wallet (57%), and

choose destinations based on the hotel's social media (42%) (ETC 2020). These generations are the future brand ambassadors of tomorrow (Butler 2018), an asset extremely valuable, as WOM can be translated into effortless marketing strategies (Raja 2012). Overall, the increasing impact of both generations (CBI 2021) is forcing businesses to use technology and is boosting the need for personalization in all phases of their customer journey (ETC 2020).

There is a shift in today's consumption from conspicuousness to consciousness (Ha 2020) and governments have been fighting for sustainable tourism (European Commission 2007). Young travellers demand "green", "eco" and "organic" tourism services and products (ETC 2020), as they are most aware and concerned about this topic. Indeed, they consider ethics, values, environmental practices, and impact on communities when booking their holiday (CBI 2021). Accordingly, the health crisis, climate incidents and social atmosphere fostered peoples' desire to be heard, especially these gens, who have severe misgivings about discrimination and inequality. They are counting on business to construct a better future, and hotels are no exception. Figure 17 illustrates Gen Y and Z concerns and participation in protests, content sharing, etc. (Deloitte 2021).

Similarly, health and wellness are becoming increasingly important in Gen Y and Z decision-making process (Global Wellness Institute 2018) – expectedly, wellness tourism in Europe is expanding (CBI 2021). Gen Y and Z desire to escape from the world, spend time in nature and have unique experiences. Mental health is becoming increasingly important after the pandemic – 1/3 said time off work was necessary to cope with stress and anxiety caused by COVID-19 (Deloitte 2021). These gens have less stigma around this topic and prefer to take a long-term holistic view towards health issues (Singh et al. 2021).

By the same token, they give great value to flexible working since they desire to combine work and leisure – the so-called "bleisure" (Neubauer 2019). Global connectivity and remote working require a flexible lifestyle that can trigger a new way of travelling, given

that people can travel for months to a remote destination while working, and without compromising their holidays (ETC 2020). Also, in line with what was mentioned before, Rodríguez (2020) showed an increase from 27% to 61% of rural workers using the internet to complete their professional tasks, due to COVID-19, as it is no longer needed to go to the city to work. In addition to the changing travel patterns, the preference for staycations can also suggest additional growth opportunities for hotels (Jones and Comfort 2020).

Moreover, the sharing economy – in which customers are highly open-minded about sharing homes, cars, clothes, and equipment (ETC 2020) – is changing the tourism marketplace with companies such as Airbnb, which offers more flexibility, authenticity, and contact with locals (Juul 2017). Nevertheless, the pandemic impact on the sharing economy is, in consonance with Dolnicar and Zare (2020) "disrupting the disruptor", who say trading on sharing economy business will recover, but never to pre-pandemic levels. Likewise, young travellers are now more reluctant to book shared flats out of a high need for physical distance in the next periods (Bresciani et al. 2021), as safety and security have been revealed to be important when travelling in the next couple of years (ETC 2020).

Finally, in the luxury segment, these generations are aspiring for brands that give them the chance to express their personality and identity, redefining the whole luxury market consequently (Danziger 2019). According to the president of The Ritz Carlton Hotels, Herve Humbler, future travellers are searching for authentic and local experiences that follow the trend in high-style hotel design instead of the traditional elegance (Global Newswire 2015). Additionally, food tourism plays a role in modern luxury, where tasting menus can incorporate local food and healthy options (UNWTO 2016). Indeed, when travelling, locally produced food and drinks is a top priority for Gen Z, followed by discovering the local urban culture, and enjoying cultural activities, e.g., museums or festivals (Figure 18) (ETC 2020).

5. The United Kingdom

The focus market for this project is the UK. To make a complete analysis and propose the right recommendations, one must further explore the specific situation of this country, given all the changes happening currently. The UK is a north-western European country that consists of Northern Ireland and the Island of GB, formed by England, Scotland, and Wales. Besides being a great economic and military power with strong cultural and political influence around the world, it is also a major tourist destination.

The UK is the 5th largest economy in the world and the 2nd largest in Europe. London, its capital city, ranks 4th in Global Financial Centers (Statista 2021b). Brexit – UK withdrawal from the EU – was a major political movement that started with a referendum on the 23rd of June 2016 and went through a yearlong transitioning process in 2020. As of the 1st of January 2021, the UK is officially no longer a member of the EU. This decision led to a political crisis that brought major implications for the country in every aspect (Braun and Zenker 2022). Hence, the referendum in 2016, the economy started to show signs of a downturn. Garcia-Lazaro and colleagues (2021) state that by ending the UK's membership of the EU single market, Brexit has reintroduced frictions to trade, and migration flows between the UK and the EU. The EU represents 44% of the UK's exports. These numbers were already expected to decrease due to Brexit; however, as an outcome of both Brexit and COVID-19, there was a significant decline of 18.1% in the 1st quarter of 2021, compared to the previous year (Statista 2021a).

The country has the 23rd largest GDP per capita (Statista 2021a), but its annual growth has been decreasing, witnessing a major downfall of 9.8% in 2020, mainly as a result of the COVID-19 pandemic (Statista 2021b), the biggest downturn since the global financial crisis, where it fell 4.1%. The economy relies heavily on the service sector, representing almost 80% of GDP, which to some extent explains why this metric was one of the most affected by the

pandemic when compared with other European countries (Statista 2021b). Financial services represent most of the service sector in the UK (Garcia-Lazaro et al. 2021), yet tourism also highly impacts the country's economy. In fact, the growing staycation trend is positively contributing to its recovery. Despite the recent events, UK's economy seems to be picking up and is expected to grow 6.7% in 2021 and 5.2% in 2022, mainly thanks to the reduction of COVID-19 related restrictions (IHS Markit 2021).

In terms of population, the country has around 67 million people, distributed as follows: 84% in England, 8% in Scotland, 5% in Wales and 3% in Northern Ireland (Bruce et al. 2021). The decrease in immigration from the EU has shown significant impacts on the country's demographics, as for the past three decades migration has been the main contributor to population growth. Consequently, this is a challenge brought by Brexit: the shortage of talent. Qualified staff were driven away – a situation aggravated by the pandemic. While visa-free travel is guaranteed alongside multiple rights for current residents of other territories, the free movement of people – including the automatic right to work, study, and live – has ended (IHS Markit 2021).

As stated by the former prime minister Theresa May, the UK is "one of the most racially diverse countries in Europe" (UK.GOV 2017), to some extent explained by its colonial past and its strategic location and free movement of workers between the UK and EU, before Brexit. Nonetheless, the increasing inequality and regional disparity in skills and labour availability are pointed out as some of the country's weaknesses (IHS Markit 2021). Despite UK's efforts to tackle gender equality related issues, discrimination is still present in the corporate segment where very few women hold high-level positions (Statista 2021a).

5.1. The Tourism & Hospitality Industry in the United Kingdom

The UK is one of the most popular destinations in the world and its tourism industry is among the most competitive in the world, according to the World Economic Forum (Tourism

Alliance 2019). Visitors are often attracted to its culture, history, nature, and nightlife (Bruce et al. 2021). To understand the tourism industry in the UK it is important to look at the numbers preceding the pandemic, using 2019 as a reference. In 2019, Europe received a total of 746.3 million international tourist arrivals, amounting to 572 billion USD in receipts. The UK was the 6th European country with the largest number of international arrivals (39.4 million), and the 3rd largest in terms of international tourism receipts (52.7 billion USD) (UNWTO 2021c).

UK holidaymakers take an average of 3 holidays a year, many of which are domestic. Among those who choose to go abroad, over half will also take at least one other holiday domestically. In 2019, domestic overnight trips accounted for 122.8 million just in GB, whilst outbound visits from the UK were 93.09 million (Statista 2021k). According to Visit Britain (2019), large cities in GB received the biggest number of visits and the highest amount of spending. As for the purpose, 49% were for holiday, representing 59% of spend. VFR accounted for 35% of the visits and 20% of the spending. Those who travelled for business accounted for 13% and 19% of visits and spend, respectively.

The 5 most significant cities in the UK in terms of international arrivals are London, Edinburg, Manchester, Birmingham, and Liverpool (Visit Britain 2021a). UK's capital city is among the most popular European cities, leading in the number of tourist visits (33.9 million); in international visitor spending, with 16.47 billion USD; and in the number of bed nights, with 85.1 million (Statista 2021d). As seen in Figure 19, the most relevant market for the UK's inbound tourism by region of origin is Europe, representing 67% of the arrivals. Figure 20 exhibits the same metric by country of origin, in terms of volume, with the 5 most relevant being the US, France, Germany, Irish Republic, and Spain (Visit Britain 2021b). Regarding travel purposes, 41% of the inbound visits to the UK were for a holiday, whilst nearly a quarter (21%) were for business. VFR trips account for a lower share of inbound visitor spend

(23%) than they do of visits (30%), while holiday and business spending (47% and 20%, respectively) are in line with their respective share of visits (41% and 21%) (Visit Britain 2021b). Hotel KPIs confirm the strength of the industry. The annual occupancy rate of UK hotels was 79.9% and the AARR was 132.7 GBP. The leading hotel markets in regional cities ranked by TRevPAR were Edinburg, Oxford, Brighton, Cambridge, and Manchester. Hotel revenue distribution per occupied room comes mainly from rooms revenue, representing more than 60%, in the upper midscale and luxury markets. The 2nd largest source of revenue is from F&B (Statista 2020a).

5.2. COVID-19 Impact in the United Kingdom

With more than 143 thousand deaths (Our World in Data 2021), the UK has the greatest cumulative number of Coronavirus deaths compared with Germany, France, and Spain, (Figure 21) (Statista 2021). 13 million jobs were lost due to the crisis in Europe, being that 1 million of those jobs were lost in the UK (Statista 2021g). It is forecasted that the UK travel and tourism market will only reach the 2019 worth of revenue value in 2024, and almost 40 billion USD in 2025, being the 2nd biggest market in Europe (Figures 22 and 23) (Statista 2021l). Regarding revenue growth per offer, hotels and cruises suffered the biggest decline in 2020 and are also expected to benefit from the biggest increase in 2022; vacation rentals are expected to have the least fluctuations (Figure 24) (Statista 2021k). One reason behind this can be the social distancing mindset, as rentals are usually private houses.

The government COVID-19 travel policy imposed restrictions to international travel to avoid the spread of the virus, such as mandatory testing schemes to inbound tourists depending on their country of origin (GOV.UK 2021). Such measures have been criticized, mainly by the UK's aviation industry, claiming they were the 'hardest hit in Europe' (Morris and Gillespie 2021). Indeed, in April 2020, air passenger traffic fell to less than 2% of its February 2020 level (Figure 25), and the number of vehicles that travelled through the

EuroTunnel decreased by 91.3% compared to April 2019 (Office for National Statistics 2021). To support the industries deeply impacted by the pandemic, financial stimulus programs rose the country's debt to more than 2 trillion GBP (McKinsey 2021). Moreover, in 2020, an additional 2.4% of the GPD expenditure was allocated to the public healthcare system (Statista 2021j).

Figure 26 displays the vaccination trend, whereas the 35-44 age group is the more reluctant in getting the vaccine (Statista 2021j). The UK has high historical levels of tourists and vaccination appears to have slowed the spread of the virus, increasing consumer confidence. Thus, tourist arrivals in 2021 may improve significantly from the 2020 situation, decreasing only 23% compared with 2019 levels. In this scenario, GDP loss would be 1.6%, and loss in the employment of unskilled labour in the sector of 2% (UNCTAD 2021).

5.3. Generations Y and Z in the United Kingdom

Although Millennials and Gen Z have specific preferences and characteristics, those may vary according to the environment they are exposed to and the country they have been raised in (Bresman and Rao 2017). Therefore, it is important to understand the outlook of younger generations in the market of analysis. British Gen Y and Z spend 70% and 50% of their income in hotel and flight, respectively (Kernohan 2019), and together spend approximately 50% of their income on leisure activities (CBRE 2017). They support local and organic business (Hoffman 2012), which is expected, as British ranging from 16 to 34 years old are the most concerned about tourism sustainability (Figure 27) (Statista 2021e). Furthermore, 32% of the two cohorts consider mental health as one of their main concerns in life (Kernohan 2019) and are more likely to cross items off their bucket list than their predecessors. Regarding vacation choice, sightseeing and relaxing are the most popular; yet romantic getaways and family play vacations are being demanded by Millennials (Figure 28) (Expedia Group 2018).

6. Methodology

6.1. The setting of this Study – Internship

This chapter aims to provide a detailed description of the approach used to write this work project. The research question of this thesis was formulated based on a 2-month internship at a city hotel in London, UK, under the portfolio of one of the most recognizable hospitality brands worldwide. As mentioned, despite the "freedom" enjoyed by UK residents by the time (as there were no Covid-19 related restrictions), the newly rebranded hotel had occupancy levels close to zero and few strategies to recover from this situation. The internship had, thus, as objective the development of new strategies to target the domestic Gen Y and Z market and decrease the dependency on the international, given the post-pandemic situation and the availability of a freshly designed hotel that fits these generations' preferences.

During the internship, one could witness an adverse consequence of Brexit, the shortage of staff – a result of the increased bureaucracies to work in the UK –, which, naturally, harmed the hotel's daily operations. Hence, one of this study's goals was to explore the additional effects the 2016 referendum had on hotel businesses, as well as on the perceptions of travellers between the UK and EU. Moreover, city hotels, have been heavily dependent on the international market, both business and leisure. As literature shows, the pandemic dragged this segment down, pushing hotels to search for extra markets to keep the business running. Furthermore, by being on-the-field, the team observed the daily hotel operations and established relationships with the different stakeholders, which serves as evidence for this paper.

After being acquainted with the overall situation, and conducting further research, the team began to develop an interest in the relationship between city hotels and the different markets – domestic and international leisure travel, and business travel –, and how it will

change after the pandemic. Additionally, it was pertinent to choose an age target market for the study, thus, extra evidence on Generations Y and Z's relevance was collected to confirm the focus on this segment. The aim of this study is, therefore, to understand, in the context of a post-Brexit and pandemic environment, what are the changes in Gen Y and Z consumer behaviour and travel intentions to help city hotels in the UK to rethink their strategies for the next couple of years, making the most out of each market segment in the current scenario.

6.2. Research and Reasoning

The study started with the diagnosis phase, in which the team wanted to reflect on the relevancy and scope of the challenge at hand. Consequently, 2 meetings with professors/industry experts were conducted, and its content can be found in Tables 2 and 3. Afterwards, to collect evidence to sustain the research question and exploit its implications, secondary research was conducted. Subsequently, primary quantitative and qualitative data were collected to extract evidence of market outlooks by comprising both consumers and experts' insights. Thus, the objective of the quantitative research was to obtain substantial knowledge about the consumer target under study, its perceptions and behaviour across the topics identified in the literature review. Despite the natural existence of limitations, this method produces correct data that can be effectively translated into statistics that yield clear conclusions. On the other hand, qualitative research was conducted to support or refute the conclusions withdrawn from quantitative methods, providing a deeper understanding of the current panorama around city hotels in the UK.

6.3. Data collection

6.3.1. Quantitative Data – Survey

Through the evidence collected in the secondary research and diagnostic interviews, an online survey was built, using the Qualtrics platform, and can be found in Table 4. The survey sought answers from Generations Y and Z, both UK residents and non-residents. In the first

instance, it was sent to 5 individuals to test for irregularities and errors, being, later, launched consistently and reliably. To ensure honesty and achieve a greater number of complete responses, the participants' responses were stated to be truly confidential, and the motives of data usage were clearly defined. Its distribution was made primarily through social media channels, due to its readiness and easiness in reaching generations that are constantly online. University chats and email were other methods used. The survey was active from the 2nd to the 19th of November, gathering 252 answers, potentially representative of the customer segments.

The questionnaire's goal was to understand and compare the current and future travel intentions of UK residents and international residents, as well as behavioural changes and factors that are influencing their hotel choices after Brexit and COVID-19. Likert scales were widely used to measure their attitudes and opinions towards the current trends, rank order scale was applied to allow respondents to rank their order of important aspects when visiting a city and, closed-ended scales with numerical ranges were useful to extract typical behaviours. As it was designed for different geographical markets, it was divided into specific parts – sets of questions –, according to the factors those markets are exposed to. When looking into the initial dataset, from the 252 answers, 15 were invalid, which consequently reduced the sample to 237 observations. From this number, 95 answers correspond to UK residents and the remaining 142 to non-residents. Although the considerable numerical difference, both samples are enough to drive conclusions for both geographies. Nonetheless, only 184 people responded to the entire questionnaire, while the outstanding 53 missed some sets of questions. Nevertheless, those observations were maintained and considered for the corresponding completed parts, as each part is independent of each other and, consequently, valuable for the research.

6.3.2. Quantitative Data – A/B Test

The survey comprised an A/B test to investigate the influence of the perceived city hotel aesthetics on booking decisions and WTP of Gen Y and Z (Table 4). The test consisted in generating a control and treatment group, randomly showing one of the groups to the questionnaire participants – both groups ended with a total of 107 individuals. The control group observed images of a traditional city hotel: business-oriented, modest, and dark-colored design, while the treatment group saw photos of the rebranded city hotel oriented towards Millennials and Gen Z: modern and open space design, with colourful and fun elements. To ensure the consistency and reliability of this experiment, some factors were standardized: both hotels belong to the same hotel brand – one of the major players in the industry –, both are located in central London, and both were worth 200 GBP per night for the 14th of November, by the time the survey was designed.

6.3.3. Data Characterization

The 1st section in the dataset, called "demographics", enables one to make a characterization of the data. Note that gender was not included in this analysis, because it was found to be very subjective in nature and hard to characterize, thus, not relevant for our approach. As mentioned, the data is mainly divided into two segments: UK residents and non-residents, respectively, although there's a qualitative variable regarding nationality that enables to access whether there are relevant changes in behaviour among individuals of different nationalities. There is a dominance of Portuguese nationals due to the pool of people the team had available, which can be pointed out as a limitation that will be further discussed.

The domestic segment in the dataset is characterized by UK residents born between 1981 and 2012. UK residents were used in accessing the domestic leisure travel market preferences instead of exclusively natural British individuals because behavioural studies point to the fact that individuals' perceptions and preferences are constraints by their

surroundings (Rentfrow, 2014), mainly in such times of changes. Besides, because some individuals are not living in their country of birth, they can be naturally more curious and prone to exploring UK cities, thus representing a valuable portion of the domestic segment.

Out of the 95 UK residents, 68% belong to Gen Z, while the remaining 32% are Millennials. Regarding nationality, 60% are Portuguese, 25% are British – 8 being Scottish; there are 2 individuals from each of the following countries: Italy, India, Norway; and 1 from: Albania, US, Brazil, Bulgaria, Hungary, Germany, Romania, and Russia. 72 participants live in England, while 23 live in Scotland; unfortunately, there are no records of Wales or Northern Ireland residents – this is an expected result due to the lower population in these areas, although it accounts for another limitation. Most live in an urban city (87% vs 13%), which was important to take into account when considering the last set of questions, regarding behaviour. Concerning occupation, 37% individuals are students, 58% are employed, 1% are working students, 2% are self-employed and another 2% are unemployed.

From the 142 non-UK residents 66,2% belong to Gen Z and 33,8% are Millennials. In terms of nationalities, the majority (87,3%) is Portuguese, other nationalities account for 3 Italians; 2 individuals from each of the following countries: UK, Russia, Mexico; and 1 from each: Brazil, 1 Netherlands, Germany, Lithuania, Spain, Greece, France, Belgium and Venezuela. As for the region, 85,2% live in an urban city, while the remaining 14,8% don't. In terms of employment status, 50,7% are students, 43% are employed, 2,8% are unemployed, 2,8% are working students, and only 1 individual (0,7%) is self-employed.

6.4. Qualitative Data – Interviews

Qualitative data collection was done primarily through diagnostic interviews with a Hospitality Coach and a Chairman of a Luxury Hotel Group in the Netherlands. Later, 3 in-depth interviews were conducted with British industry experts, to acquire industry-specific evidence able to corroborate the quantitative analysis. From the interviewee list, 2 were GM

of city hotels across England (Manchester and London) and the other was the Global Development Director of a Hospitality Asset Management company with several properties in England. These participants were chosen given their high level of experience in the industry, and the geographical relevance of their insights: London and Manchester are two of the most recognized regions in the UK for urban tourism, plus a broader vision from the Global Development Director of assets across the UK. Information from such interviewees would delineate a good portrayal of the country's situation and identify experts' perceptions and expectations for the industry to support the markets' outlook.

For reference of the interview content in the correct order that each was conveyed, the summary of each interview was added in Table 5. Each personal interview was conducted online, through Microsoft Teams and, was structured based on 4 main topics. The line of questioning with the 3 interviewees was dynamic, but structured along with all parts: (1) Brexit impacts on UK and EU travel market and witnessed changes inside hotels; (2) balance between domestic and international markets after the pandemic; (3) COVID-19 as a trends' accelerator – consequent opportunities and challenges for a city hotel and strategies used to adapt; (4) understanding of Gen Y and Z and current targeting strategies; (5) the future of business travel, alongside opportunities and threats. To ensure a trustworthy and transparent exchange of information, the name and background of the interviewees were omitted, keeping in mind that this anonymity removes hesitations to share sensitive circumstances and experiences while enabling the results of this work project to represent realistic scenarios.

7. Business Travel Market Analysis Scope

It seems that in some countries, governments are now able to drop travel restrictions with the access and progress of vaccination, allowing a greater chance of immunity (Benefield, et all. 2021). Nonetheless, there is limited visibility into the future of work and especially in the role of business travel, since the decrease in infection rate allows for a boost in domestic

business travel in 2021, and in the meantime, remains blurred owning to virus resurgences and limited travel budgets (Caputo, et all. 2021). Business travel was more affected than leisure during the pandemic – yet this was not the only disproportion. The tighter restrictions imposed on international boundaries increased the domestic share of total corporate expenses, leaving hotels more vulnerable to this segment (WTTC 2021). From 2019 to 2020, total global business travel expenses decrease by 52% (Patel 2021). According to Figure 31 only in the last quarter of 2022, executives expect to spend nearly half of the pre-pandemic values.

Most city hotels depend heavily on corporate demand since they are conveniently located, have fast service, and are able to meet the needs of those who travel for business purposes (JTB 2020). Particularly, UK hotels in urban centers rely massively on international corporate travel and are likely to perform worse with COVID-19 than hotels that usually depend on domestic leisure – meaning that unfortunately for UK hotels in big cities the recovery is still far away (Jasper 2020). For instance, London, Edinburgh, Oxford were severely hit while Devon or Cornwall increased revenue as the British elected their home country to spend their holidays (PWC 2020). Furthermore, abroad passengers must be confident enough to come to the UK, and their flow will be susceptible to UK government cuts and Brexit deals that may cause extra ambiguities within labor markets – even if it has a minor impact on demand right now due to complexities in distinguishing Covid from Brexit effects. (PWC 2020). Business travel will also be determined by the purpose and proximity of the itineraries. Figure 32 depicts the pace of business travel resumption and is believed to be greater for sales and internal meetings at regional or domestic sites, and lower when traveling outside national boundaries, prominently for conferences.

Moreover, business travel has been drifting away from its conventional form, with travelers, particularly younger generations, adding a leisure component to their work visits, a practice known as "bleisure travel." (WTTC 2020). Indeed, 60% of business trips were

extended with recreational experiences while creating a positive impact on the city's destinations (Expedia Group 2018). According to previous research, Millennials already dominate the workforce, whereas the eldest Gen Z's are beginning their professional careers, and both segments are enforcing new trends in societies' lifestyles. Foremost, these generations are keener to travel for business purposes until the near disappearance of the pandemic (Global Trender 2021) while envisioning their habits and expectations (Global business traveler 2016).

Companies preserve the desire for face-to-face interaction, stay at a hotel or use a conference room; however, travel has been reevaluated not only due to environmental concerns but mainly to the wide range of adopted tech platforms (Caputo, et all. 2021), through which COVID-19 has proven that it is possible to set out a flexible workplace. Likewise, Figure 33 plots ten corporate travel reasons based on their importance to performance and the extent to which they are placed between personal interaction versus replaceable by technology – likely to influence business recovery. Consequently, the scope of this study is to understand the challenges of the BTM in the hotel industry after COVID-19 and Brexit in the UK, while analyzing the needs and preferences of younger generations. Therefore, an analysis will be conducted considering both the domestic and international segments from the survey constructed and the insights from the experts that provided real-life experiences, followed by the results' discussion. Finally, future implications and key recommendations for city hotels are going to be identified, as well as limitations and conclusions of the study.

8. Analysis

In order to analyze most effectively, three research questions were formulated based on the previous literature and diagnostic interviews: (Q1) What are the prospects for the BTM in the UK after Brexit and COVID-19? (Q2) New work realities: Which are the major changes

in customers' working preferences brought by covid? How will they impact city hotels? (Q3) Are there patterns or trends currently present in Millennials and Gen Z that can influence the offering in a city hotel in the UK for business purposes?

Q1: What are the prospects for the Business Travel segment in the UK after Brexit and COVID-19?

For this question, the results of the quantitative research were analyzed using SPSS and Jamovi. Figure 34 shows the UK government travel restrictions during the pandemic and its influence on 142 Millennials and Gen Z's willingness to travel considering their level of agreement on a 5-point Likert scale. One can see that almost half of the international respondents think that measures adopted were too strict and that negatively influenced their desire to travel to the UK while 43% say injured their willingness to work. Additionally, when looking into Brexit effects on both generations, 16% strongly agree that it negatively influenced their willingness to travel to the UK for business purposes, as demonstrated in Figure 35, while 36% somewhat agree. In the case of selling directly to the public, carrying paid or unpaid work, or staying as self-employed, visitors are forbidden to travel without taking care of the bureaucracies (Brodies 2021), something that can explain the previous result. However, there is still a great portion of respondents (22%) that believe it did not have an impact, probably knowing that under the UK's immigration rules after Brexit, EU citizens are allowed to travel to the UK for business-related activities, such as attending meetings, events, or conferences on a short-term basis without a visa (Brodies 2021) or simply because it was never an option to consider.

Moreover, 142 international individuals and 95 UK residents were asked about their intentions both to travel with their country or abroad for school or business purposes by selecting a frequency (Often, Sometimes or Never) on a 3-point scale. Figure 36 shows the huge decrease in these two generations' intentions, leaving outside the UK to travel abroad.

For instance, from 67% of international individuals that would like to travel often before the pandemic, only 35% would do it now while domestic travel intentions were kept the same. Regarding UK residents, their likelihood to travel abroad for business purposes decreased significantly more than to travel inside inbound, a result in line with previous research. Before the crisis, 62% of Gen Y and Z would like to travel outside the UK often, while 7% responded they would never do it. Currently, those percentages change to 32% and 31% respectively, as shown in Figure 37.

Qualitative data was collected to provide a realistic perception from the supply side and interviewees' expertise on the business travel field within their UK city hotels serve as an indicator for the relevance of the findings. The rationale behind this is that all have experienced the COVID-19 impacts since the earliest stages and are currently pushing efforts to attract this market. In this sense, when asked directly about their perspectives on the future of business travel, two managers immediately replied that not only it will never return to pre-pandemic levels, but even when starts to recover, the ways of doing it will change. This strong consensus among them is emphasized by their reasoning – managers point out that the digital adoption individuals were forced to make will most likely prevail. Additionally, leaders feel that the fly frequency will be reduced. People used to take morning flights and come back at night, but now there will be fewer short businesses trips, and only when essential, for instance, to keep clients or partners' relationships. Nevertheless, one of the managers interviewed has faith in strong business flows within one year time. It claimed that it is very unlikely for business owners to maintain long-lasting connections without personal interaction, which applies to key clients. Another assessed consideration during the interviews was the consciousness about carbon footprint. Companies are being more selective in their travel choices, mainly after the pandemic, where most of the travels must be approved. Figure 38 reveals that young generations are now more concerned about sustainability than before –

57,6% vs 72,80% from 184 that have responded – and the fact that Millennials are already dominating the workforce and Gen Z will join them in a few years will represent a greater concern for city hotels that were used to receive a fair number of short-business trips.

Furthermore, one issue that all experts emphasized was their approach of prioritizing domestic business passengers above foreign business travelers. The limited amount of income they've been getting throughout the epidemic has primarily come from domestic corporate travel and will most certainly continue, though it's unclear how long. Finally, they shared another intriguing perspective on the staffing shortage induced by Brexit. Even if BTM resumed to its previous levels, a major long-term dilemma would be recruiting employees to work in city hotels and keeping operations running smoothly, as the full-service regime needs.

Q2: New work realities: Which are the major changes in customers' working preferences brought by COVID-19?

A thorough analysis was made with the aim of understanding the behavioral changes and preferences – of 184 Gen Y and Z individuals – towards their work environment and comparing answers before the pandemic and currently. Accordingly, 5 variables were considered, disclosing their intentions to meet online, work remotely, have a corporate meeting outside the city center, combine a teambuilding activity with a meeting, and use a co-working space. All variables were measured on a scale from 1 to 3 whereas 1 stands for often, 2 for sometimes, and 3 for never. Firstly, a One-way ANOVA was channeled by intending to detect a potential difference between UK residents and outside residents. Figure 39 displays a clear dispersion between the means of these two groups is inexistent since all the p-values are higher than any level of significance, there are no statistical differences between their preferences. As a consequence, one has decided to examine both markets simultaneously while being relevant, since findings from overseas individuals who may go to the UK as well as UK citizens who may travel within the region are taken into account.

Nevertheless, an ANOVA test was performed in order to identify significant statistical differences in young generations' intentions and preferences in two different scenarios: Before-Covid and Currently. By looking at Figures 40 and 41 it is easy to identify a noteworthy divergence between the likeliness to meet online, work remotely, meet outside the city center, and combining a meeting with a team-building activity, through the view of the p-vale < 0.001. When looking at the descriptive statistics, one can notice that the means decreased from 2.38 in intentions to meet online and 2.43 to work remotely to 1.59 and 1.60 respectively, indicating that Gen Y and Z are eager to use digital platforms more often than before. On the other hand, despite the changes are not as substantial as in the two variables above, the results suggest that they are less likely to travel to work in other destinations rather than the city center, participate in team-building activities, and share a co-working space. As a matter of fact, Figures 42, 43, and 44 show that for business-related activities, the expectations to have online meetings either frequently or occasionally and work remotely increase from 54% to 91% and from 44% to 89%, respectively, while the percentage who would never do it decreases to 9% and 11%. Contrarily, the projected frequency of using a co-working space and engaging in a teambuilding activity often decreased from 26% to 20% and 39% to 26% while the vast majority of respondents answered sometimes. Lastly, despite the expected frequency to work in another destination rather than a city center decrease by 5% from often to never, yet almost 40% of Millennials and Gen Z would like to do it currently – probably because they seek isolated and safe destinations and are now able to access digital solutions in the countryside areas.

Besides that, the conducted interviews were vital in evaluating how remote working and other shifts in individuals working methods may affect BTM in the UK. When asked whether the remote-working trend represents an opportunity or a threat to their city hotels in the UK, all of them immediately regarded it as a threat, owing to the fact that meetings and

business events, which were previously a major source of revenue for their properties, will no longer be as frequent. They do, however, point out that this threat is not significant for two reasons: first, they believe that working from home will not last forever because it makes the process of exchanging information difficult in some cases, and second, there is also an opportunity here. According to UK hotel leaders, the hybrid scenario for the business segment forces city hotels to reconsider their strategies and create new offers to attract them. The director of the hospitality asset management company exemplified through one real-life situation. Several city employees return to their homes to work remotely, many of them outside of the city center; however sometimes there is a poor wi-fi connection, and the environment is unappealing to work in. As a result, people decided to return to the city and stay in hotels to take advantage of a variety of services that would allow them to work more efficiently.

Q3: Are there patterns or trends currently present in Millennials and Gen Z that can influence the offering in a city hotel in the UK for business purposes?

In this last section of the analysis, 7 variables were taken into consideration in order to assess participants' level of relatedness with specific sentences, more specifically: *"I value a work-life balance; I see travel as an emotional rescue; I value flexible work schedule; I value physical and mental health; I prefer quality over quantity; I am focused on self-development, and I seek unique experiences."* All the variables were measured on a three-point scale ranging from 1 to 3 whereas 1 corresponded to "relate", 2 with "somewhat relate" and 3 with "don't relate" because they are perceived as quicker and easier to answer. Similar to the previous research questions, an ANOVA was tested to encounter relevant statistical differences in Figure 45 between the UK domestic market and outsiders. As expected, there were no significant variations between the two groups. Nonetheless, it appears in Figure 46 that there are, indeed, differences in the participants' responses in the pre-COVID-19 scenario

and currently, except for the variable related to the value of unique experiences, with a p-value, higher (0.0377) than the level of significance (5%) – this finding was expected as these generations already preferred experiences over possessions prior the outbreak. Consequently, Figure 47 shows that the two young generations have higher desirability for a work-life balance (M=1.32 before the pandemic and M=1.21 currently) and flexible work schedules (M=1.64 before, M=1.49 today) since both values are even closer to 1. The same is verified when checking their reactions to physical and mental health and self-development, with a mean of approximately 1.6 and 1.5 prior to COVID-19, respectively, and both approximately 1.3 nowadays. Moreover, from those descriptive statistics, one can also conclude that currently they appraise traveling as an emotional rescue (M=1.49) and prefer quality over quantity (M=1.29). A factor that is worth salient is the variance of variables that are all very close to 0, traducing a low dispersion between their mindsets. Equivalently, in Figure 48, the numbers reveal that presently about 82% of respondents value an equilibrium between professional and personal life and flexible schedules while only 2,7% and 9,8% manifest the contrary. Additionally, approximately 76% are now worried about their physical and mental health as well as their self-development, while less than 5% say that it is not important at all. Moreover, more than half related with travel as being an emotional rescue (60%) while 30% somewhat related and only 9,8% does not relate. Lastly, Figure 49 displays similar results for the last two variables, since 76,1% and 82,6% of participants showed a preference for quality over quantity and for unique experiences respectively, while only 2,2% and 1,1% do not associate themselves.

9. Discussion

Firstly, besides a considerable number of Millennials and Gen Z showing a decrease in willingness to travel to the UK for business purposes due to Brexit in the survey, literature and experts' insights reveal that the only negative consequence since Brexit in the hotel

industry was the staff shortage. The results gathered can be explained by the fact that the majority of respondents are in the first years of their careers and are probably looking for internships, for which a visa is mandatory. According to previous research, the domestic market has been the key driver of revenue to city hotels since the first stages of the pandemic, and the questionnaire's results confirm that UK residents are more willing to travel inside their own country than abroad and that business activities in city destinations have been slower to resume. On the other hand, the necessity for quarantine on arrivals during the peaks of the pandemic in the UK and the need to dispense great amounts of money for COVID-19 tests harmed international business market intentions to travel to the UK, as initially recognized in the literature review. Therefore, new ways to find new domestic customers while diversifying geographies are something to consider in the future to achieve resilient growth. A crucial role to play will be to keep communications timely and relevant on travel, safety, and sanitation guidelines, particularly for business travelers where comfort and clarity mean everything. Although some evidence shows how people want the so-called "revenge travel" and particularly younger generations, they are already completely immersed in the digital world, and if the company they are working for recognizes that having fewer corporate travels does not create an adverse impact on business, then business travel will be reduced. Furthermore, literature review evidence environmental impact as an essential consideration for younger generations, and results extracted from the analyses confirm that it will likely shape travel recovery even more after COVID-19, influencing corporate policies. This means that it is not simply a concern to have, it must be a requirement, and city hotels must expect fewer short-business trips.

The second point of discussion is whether or not there are significant differences in the customers working preferences after covid. As previously stated, differences between the domestic BTM preferences and international are inexistent, a conclusion that might be

explained by the fact that all individuals belong to either Gen Z or Gen Y and the greatest portion are Portuguese, British, or Scottish. Consequently, they are part of the same western European culture and relatively exposed to a common environment. Nonetheless, results have confirmed what was previously claimed and concluded that preferences before the pandemic are different from today. Respondents' increase in willingness to meet online and work remotely can have two different impacts in city hotels. The first one is people get out of the city and go back to their homes, decreasing the hotel's revenue in business meetings, conferences, and events. On the contrary, it can be an opportunity to create new digital offers and amplify services – in the sense that hotels in the city center, in general, dispose of a better wi-fi connection, accessibility, better connections with other services, and those arguments are corroborated by the interviews. Nonetheless, one should not exclude rural/natural regions as a threat, because currently, they are providing a calm and unique environment, more attractive to both domestic and international market work remotely, something that is justified by the number of respondents that show a high likelihood to meet outside a city center. However, UK city hotels must take advantage of connectivity with cultural places and a variety of services to exceed their expectations. Moreover, the decrease in willingness to have a team-building activity is probably related to the shift to online platforms and the lack of face-to-face interaction. As young generations are seeking authentic experiences, city hotels can provide space or create partnerships with other local businesses to provide out-of-the-box activities, allowing people to reconnect again. One can conclude that the workplace is changing from office to home and now to hotels. Millennials and Gen Z trends have already generated a boom for coworking and flexible spaces before COVID-19, although this number is projected to reach 40,000 by 2024 (Coworking resources 2020). Besides the analysis showing that younger generations are less likely to go to such places nowadays, the value of co-working has been proved among them and should be part of the hybrid hospitality model.

The results obtained may be explained by the lack of concept familiarity or different interpretations of what "currently" alludes to – because restrictions remain in place with the emergence of new variants, addressing co-working as an implausible option at the moment, yet prized once the context is safe.

Hence, there are some key considerations to catch future corporate segments. Firstly, offer private rooms for calls and shared spaces where they are able to socialize and exchange information, while the lobby can function as a vibrant and inspiring coworking space as well (EHL 2021). Drive connectivity in all senses by, aside from fast reliable internet and have the ability to joint business leaders with entrepreneurs/freelancers and the local community in centralized locations. Moreover, provide outstanding on-site amenities for the gym, healthy food options, rooftops, rooms with smart design and set-ups, and most importantly personalized experiences – exactly what younger generations are willing to pay for. Discount packages for using the hotel only during the day with unlimited printing, free parking, and late-night menus to meet flexible schedules are necessary and some of the strategies city hotels managers referred to in the interviews. Therefore, adapting staff patterns to manage flurry check-ins, and ensure high cleaning standards will be expected. As previously analyzed, the outflow of migrants has been especially acute in the UK following the Brexit, exacerbating labour shortage. A good option to cope with the lack of staff to manage daily operations with corporate or remote workers would be to implement automation. For instance, by using chat boots, guest messaging to deliver important information or provide upselling opportunities, housekeeping software, or hotel app where guests can decide on the frequency and timing of housekeeping, order meals, or ask for special requests (Benefield et all. 2021). Nonetheless, that does not mean losing the human touch, it is to increase efficiency.

Thirdly, important arguments should be provided in view of results obtained from Millennials and Gen Z's trends, and how COVID-19 has accentuated them. From the initial

research conducted, one can conclude that work-life balance, flexibility, and physical and mental health are three of the main concerns among young generations, and analysis has shown that those trends were accelerated by the pandemic. This, aligned with statistics showing travel often be a product of emotional distress is generating additional opportunities for a new business segment – Bleisure, that goes beyond enjoying a spa at the end of a working day in the hotel. It also concerns an extended trip to engage with local culture or sightseeing. Consequently, the most successful bleisure hotels are predominantly in city centers (The New Hotelier 2021). The amenities discussed above are essential as customers are there to work, but their increasing spending power and higher leading positions within companies will allow them to pay for extra services. According to literature, mental health and wellness activities are becoming important to overcome anxiety and work stress, and city hotels have a role to play in providing escape experiences. Creating special packages to showcase off-site leisure facilities and ensure convenience will be an essential factor to attract them. The survey concludes that they also need personal fulfillment and self-development, especially after the pandemic. Spending extra days after a stressed business week to immerse themselves in authentic local experiences – something that those generations are constantly searching for – or even combine with remote working is a win-win situation for both customers and city hotels (Neubauer 2019). In the UK case, city hotels could provide sightseeing tours with personalized guidance while showing cultural heritage, the endless green parks, as well as organizing outdoor activities beyond the business venue. Moreover, backup research claims that these younger travelers desire value for money and are more budget-conscious by preferring to spend more on activities than accommodation. Thus, a longer stay during a business trip is more cost-effective for them since the itinerary is likely to already be covered on expenses and in the meantime an opportunity for city hotels to fill more rooms during off-peak days (Benefield et all. 2021) or address UK cities seasonality issues.

Alongside this, discounts for families during business trips can also increase their willingness to stay more time and fulfilling the need for a more balanced life (Acorn Tourism 2021). Finally, city hotels might consider virtual trainers to guide meditation of fitness practices or organize wellness classes outdoors, in order to compete with countryside hotels that naturally have an advantage in providing such experiences (Benefield et all. 2021).

10.Conclusions and Limitations

The underlying results could be valuable for extending theoretical and practical research on the outlook of BTM for city hotels after COVID-19. However, some limitations should be highlighted. The first is the small percentage of respondents that are currently traveling for business purposes. The majority of answers came from individuals that just started their careers or are about to start. This does not affect negatively the results obtain since the study was focused on understanding their changes in behavior to allow city hotels to be prepared and act in the future, but it would have given further interesting comparisons. Sample and non-responses bias must be considered, with the disproportion between the number of individuals in Gen Y and Gen Z and decrease in the data set for Q2 and Q3 from 239 to 184 as 55 people did not respond to those questions, missing crucial data that would help identify correlations. However, both segments and observations in each question were still allow results to be indicative of the full sample. Another limitation is that the interviews were conducted with city hotel managers only present in England, missing perspectives, and real scenarios from other UK countries, nevertheless this lack does not cause any qualitative issues because as previously stated, London and Manchester are one of the two most visited cities and receive the highest amount of business travelers. The same is valid for the questionnaire data sample, in which observations from Wales and Northern Ireland were not obtained, however, this did not have an impact on the outcomes due to the irrelevant size of the BTM in those geographic areas. Finally, the absence of previous research studies on business travel in

the UK, up to integrate the influence of young generations during COVID-19, hampered the breadth of this study.

However, this study lays the groundwork for understanding to what extent travel behavior among young generations will change once the virus has subsided and provides a basis for further research to improve city hotels' performance in times where business travel will be limited and transformed for an unforeseeable future. Furthermore, as this thesis has shown, sustainability has grown as a priority between Millennials and Gen Z and remote working is here to stay, but business travel will not go away. It will take a different shape with a virtually connected workforce and the "bleisure" creating unique experiences for the business travelers of tomorrow. Rural/natural zones attempt to provide the ideal atmosphere for self-development, minimizing mental turmoil, and offering health and wellness alternatives - posing an obstacle to city hotels in the UK when looking to attract the corporate segment. Nonetheless, they have the potential to uncover a heterogeneous range of cultural, digital, and social experiences, which they must consolidate into their long-term value proposition.

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12. Appendix

12.1 Glossary

AARR – Average Achieved Room Rate

ADR – Average Daily Rate

AI – Artificial Intelligence

APAC – Asian Pacific Region

British – belonging to or relating to the United Kingdom of Great Britain and Northern Ireland or its people (Extracted from Cambridge Dictionary).

British – belonging to or relating to the United Kingdom of Great Britain and Northern Ireland or its people (Extracted from Cambridge Dictionary).

BTM – Business Travel Market

EU – European Union

EUR – Euro

F&B – Food and Beverage

GB – Great Britain

GBP – British Pound Sterling

GDP – Gross Domestic Product

GM – General Manager

KPIs – Key Performance Indicators

MERS – Middle East Respiratory Syndrome

OTA – Online Travel Agency

PPE – Personal Protective Equipment

RevPAR – Revenue per Available Room

SARS-CoV – Severe Acute Respiratory Syndrome

SARS-CoV-2 – Severe Acute Respiratory Syndrome Coronavirus-2

Staycations – a holiday that you take at home or near your home rather than travelling to another place (Extracted from Cambridge Dictionary)

TRevPAR – Total Revenue per Available Room

UK – United Kingdom

UK – United Kingdom

US – United States of America

USD – American Dollar

VFR – Visiting Friends and Relatives

WOM – Word-of-Mouth

WTP – Willingness to Pay

12.2 Figures

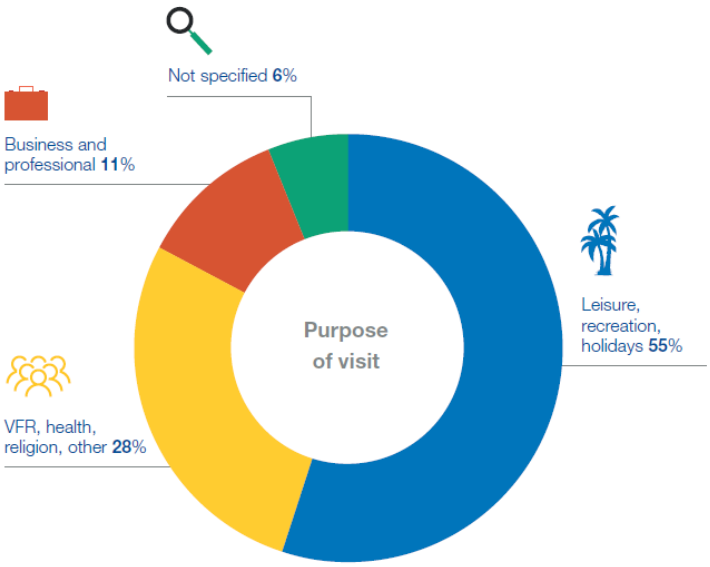

Figure 1: Inbound tourism by purpose of visit. Source: UNWTO, 2020a.

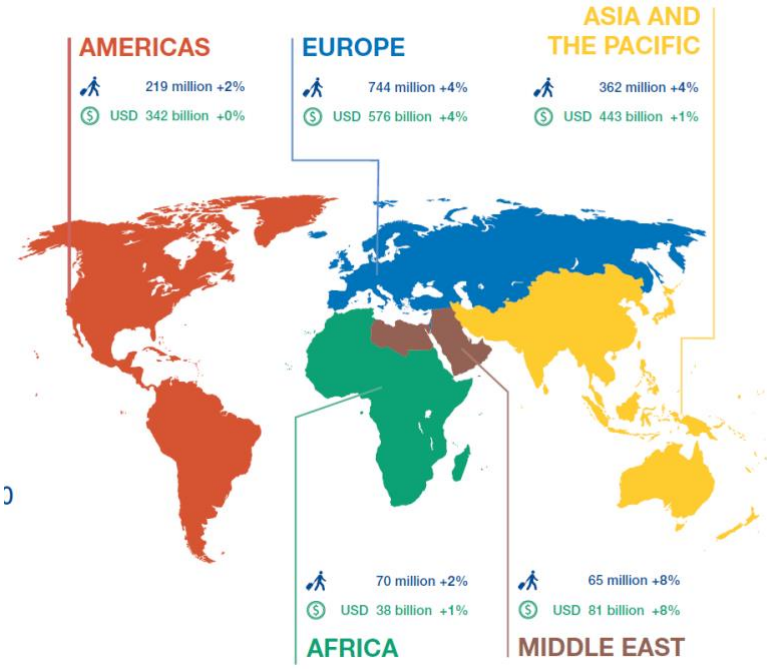

Figure 2: International Arrivals Worldwide. Source: UNWTO, 2020a.

Figure 3: Top 10 destinations by international tourist arrivals. Source: UNWTO, 2020a.

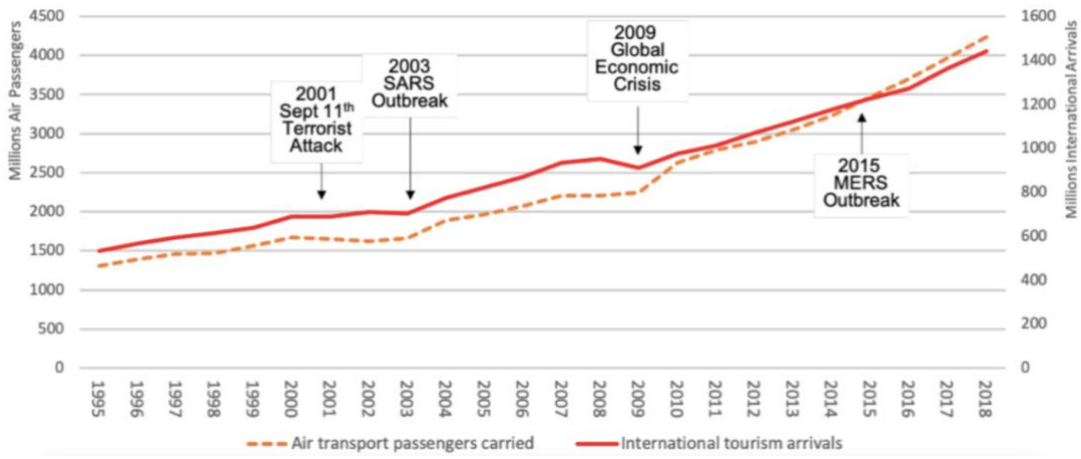

Figure 4: Impact of major crisis events on global tourism. Source: Faulkner, 2001.

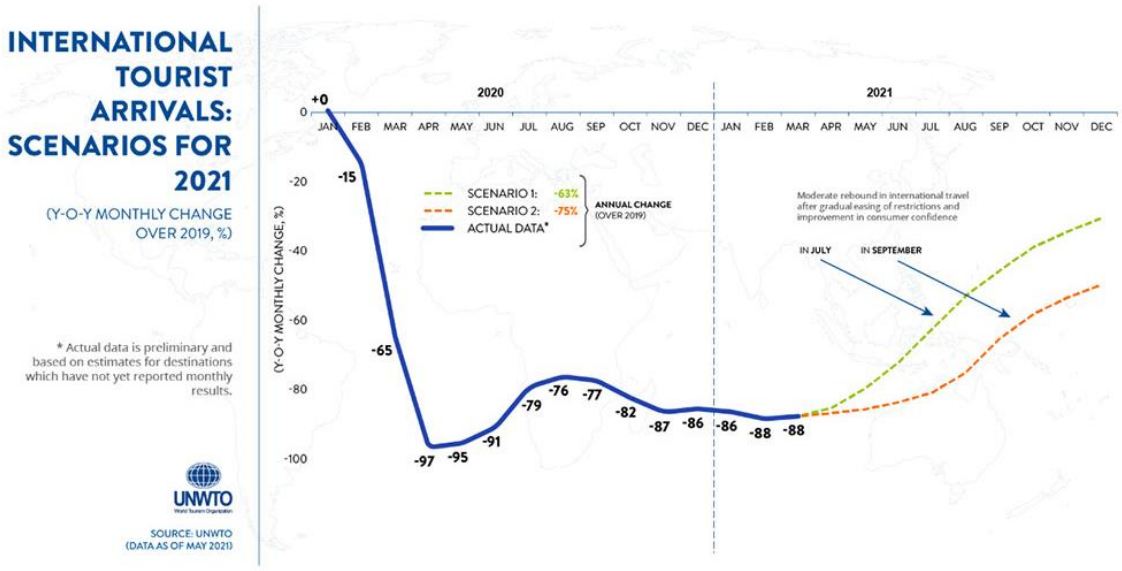

Figure 5: International tourist arrivals, scenarios for 2021. Source: UNWTO, 2021.

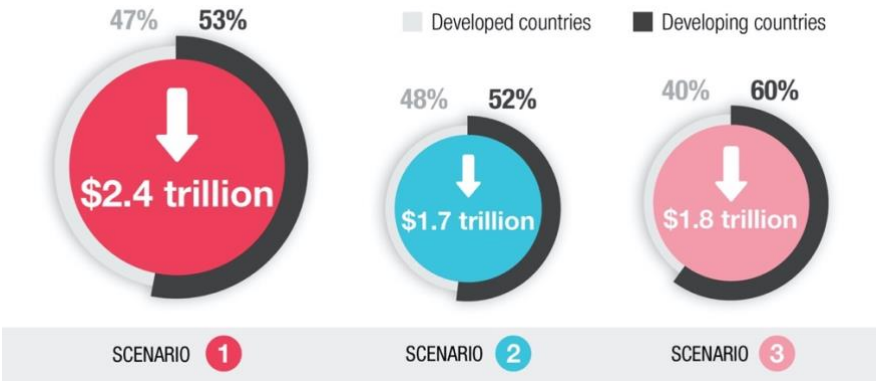

Figure 6, part 1: Scenarios for 2021 tourist international arrivals. Source: UNCTAD, 2021.

	Description	Average reduction compared to 2019 levels
1	Reduction in arrivals as in 2020	↓ **74%**
2	Partial recovery	↓ **63%**
3	Uneven vaccination	↓ **75% low** ↔ ↓ **37% high** vaccination share

Figure 6, part 2: Scenarios for 2021 tourist international arrivals. Source: UNCTAD, 2021.

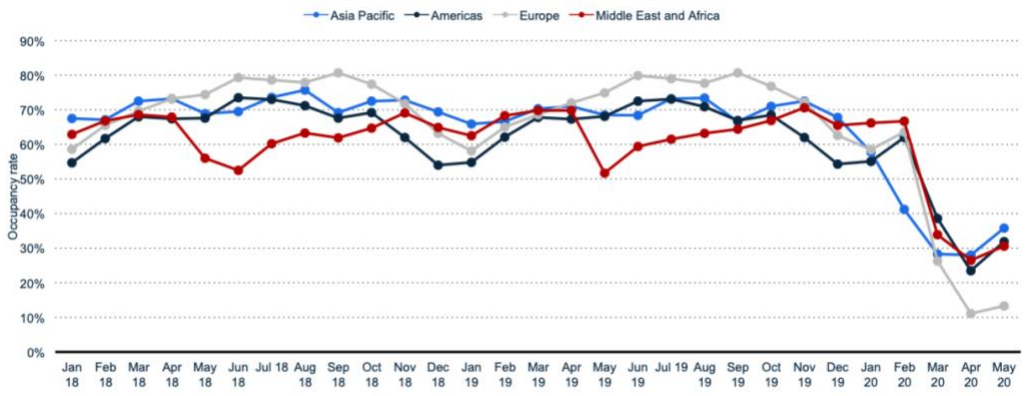

Figure 7: Monthly hotel occupancy rates worldwide from 2018 to 2020, by region. Source: Statista, 2021h.

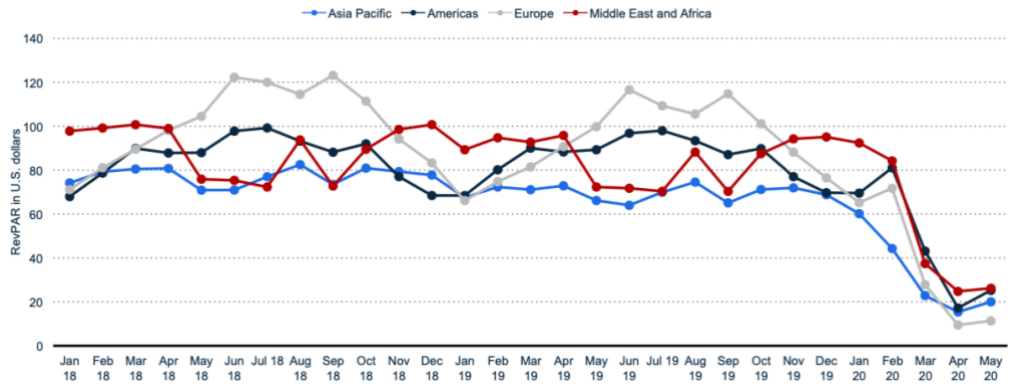

Figure 8: Monthly hotel revenue per available room worldwide from 2018 to 2020, by region (in U.S. dollars). Source: Statista, 2021i.

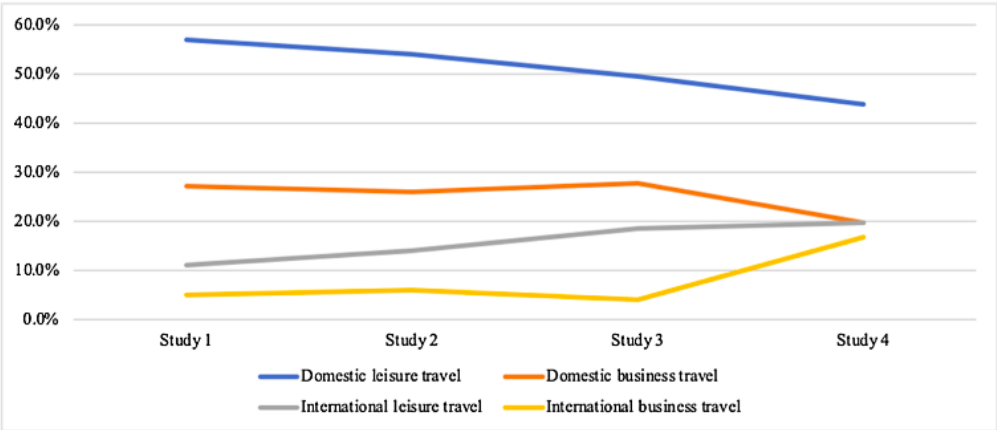

Figure 9: The evolution of expected travel market contributors. Source: Herédia-Colaço and Rodrigues, 2021.

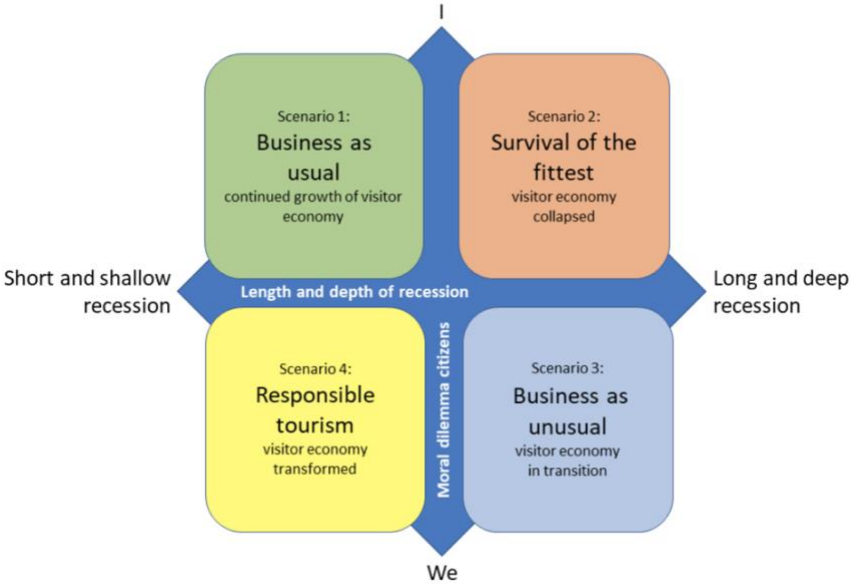

Figure 10: Future scenarios for the leisure, tourism and hospitality sector after COVID-19. Source: Dutch Center of Expertise for Leisure, Tourism & Hospitality (CELTH), 2020.

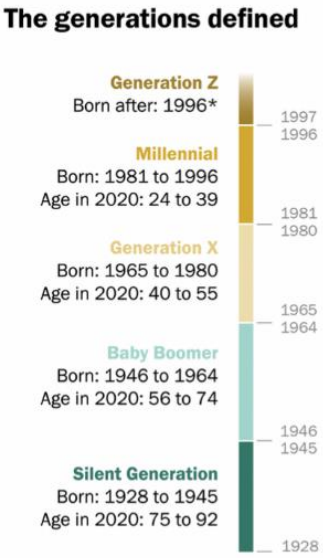

Figure 11: Generations cohorts. Source: Pew Research Center, 2020.

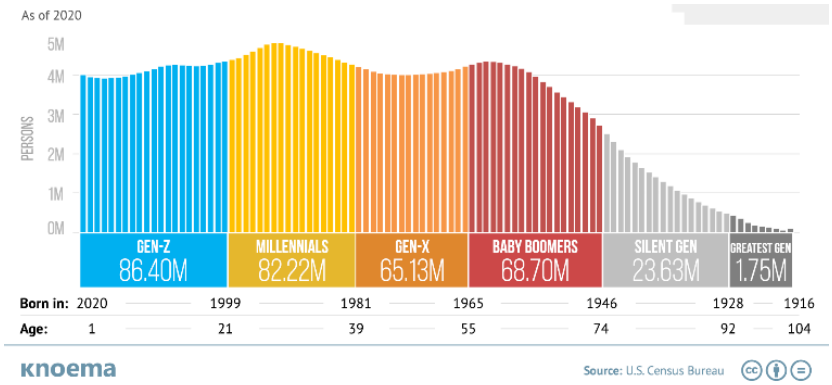

Figure 12: Total US population by Age and Generation. Source: U.S Census Bureau, Knoema, 2020.

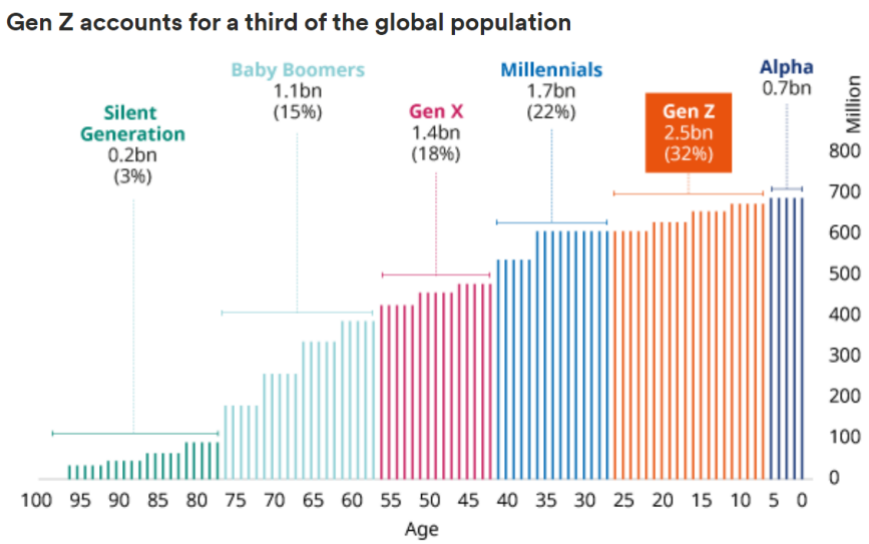

Figure 13: Gen Z as a share of the global population. Source: UN, Euromonitor, 2020.

Age	Weekly Gen Z allowance (Gen X parents)	Weekly Gen Y allowance (Baby Boomer parents)
4–9	$5.40	$3.10
10–13	$10.10	$7.30
14–17	$18.80	$14

Figure 14: The financial power of gen Z compared with Gen Y. Source: “How cold brands stay hot”, 2016.

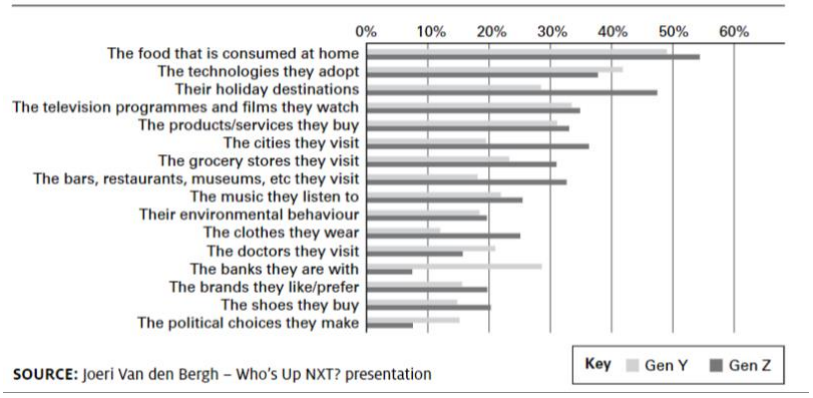

Figure 15: Generation Z's and Gen Y's influence on parents' buying behaviour. Source: "How cool brands stay hot", 2016.

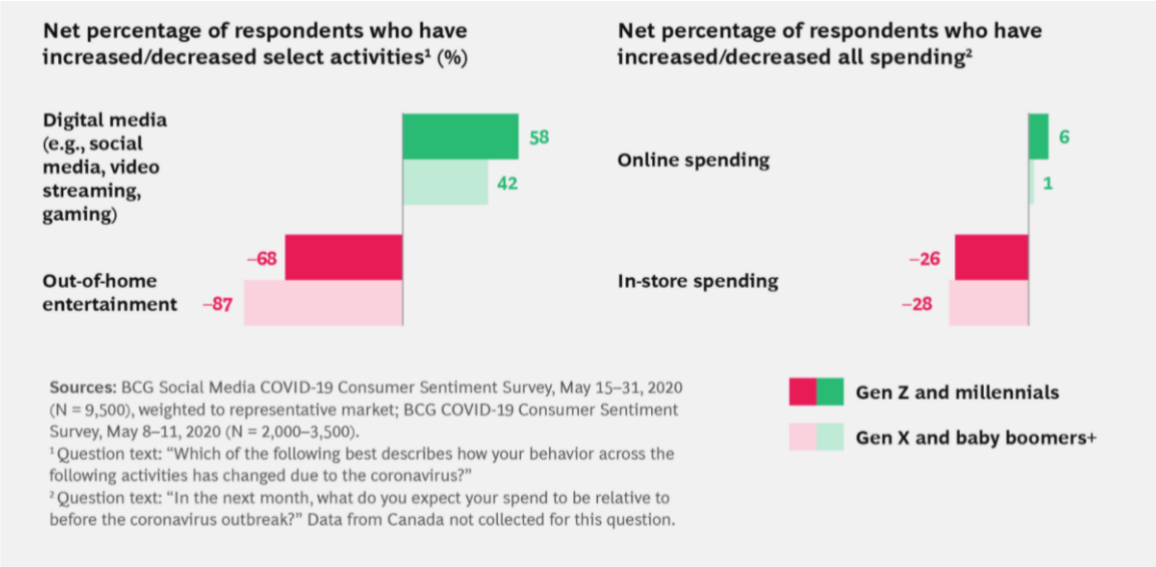

Figure 16: How the four current generations have shifted to online. Source: Bona et al., 2020.

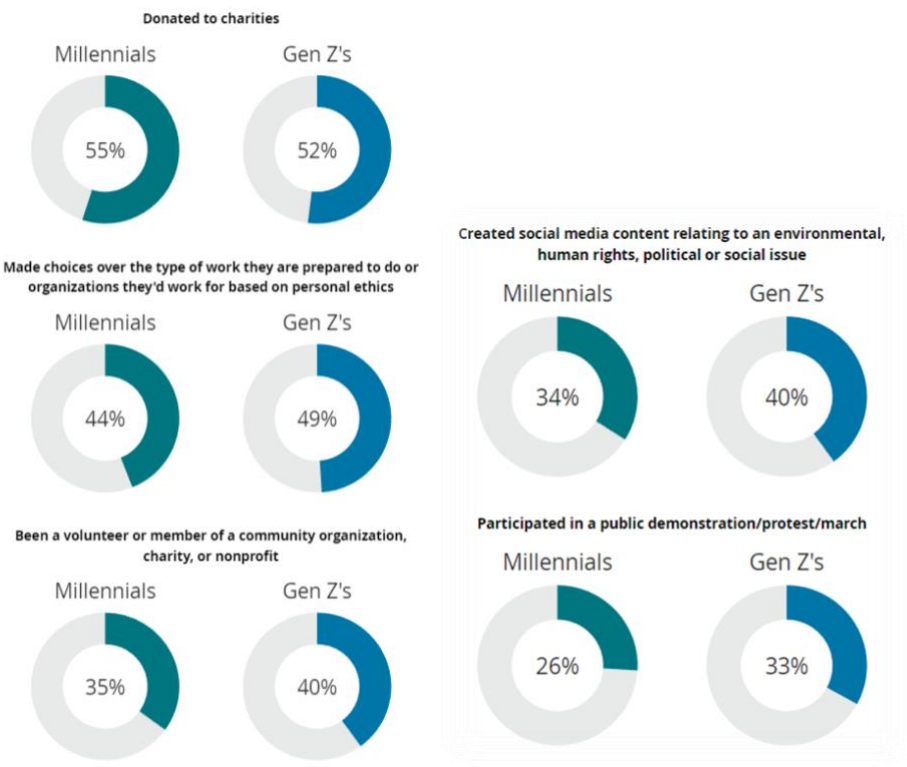

Figure 17: Percentage of choices and concerns of Millennials and Gen Z over the past two years. Source: Deloitte, 2021.

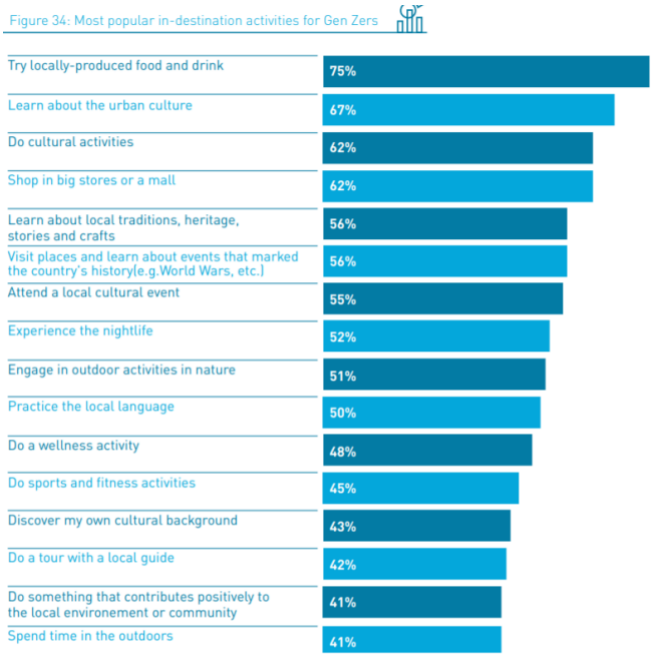

Figure 18: Most popular in-destination activities for Gen Zs. Source: ETC, European Travel Commission, 2020.

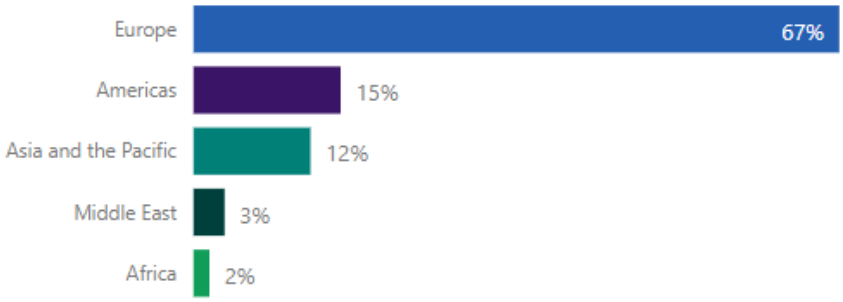

Figure 19: International arrivals to the UK by region of origin. Source: UNWTO, 2021c

Top ten markets by volume			
From		**Visits (000)**	**% of all visits**
1	USA	4,499	11%
2	France	3,561	9%
3	Germany	3,233	8%
4	Irish Republic	2,851	7%
5	Spain	2,326	6%
6	Italy	2,197	5%
7	Netherlands	1,987	5%
8	Poland	1,651	4%
9	Belgium	1,135	3%
10	Australia	1,063	3%

Figure 20: International arrivals to the UK by country of origin, by volume. Source: Visit Britain, 2021b

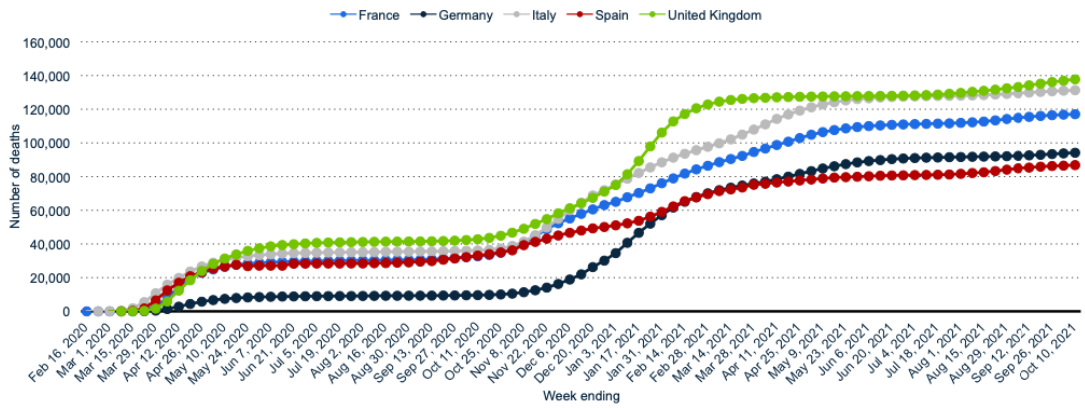

Figure 21: Cumulative number of Coronavirus deaths in France, Germany, Italy, Spain and the United Kingdom (as of October 10, 2021). Source: Statista, 2021h.

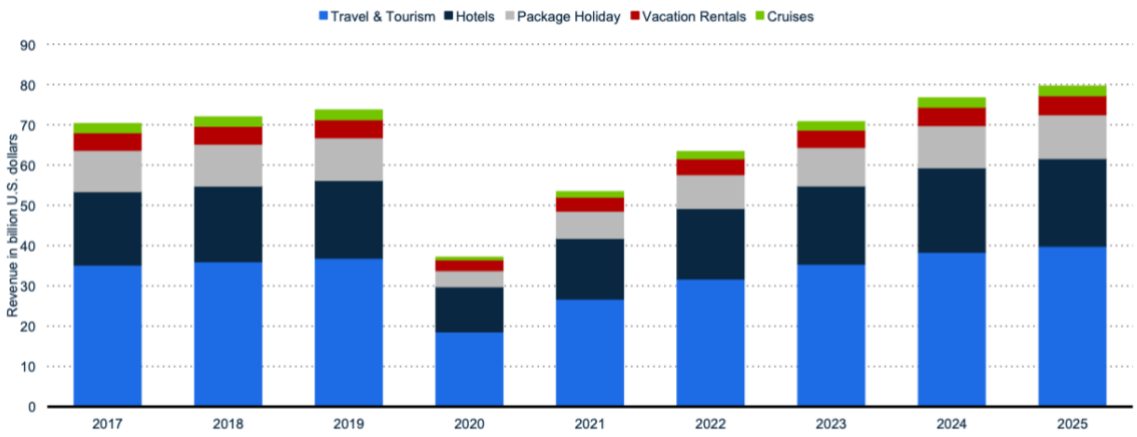

Figure 22: Revenue of the Travel and Tourism market in the United Kingdom from 2017 to 2025, (in billion U.S. dollars). Source: Statista, 2021l.

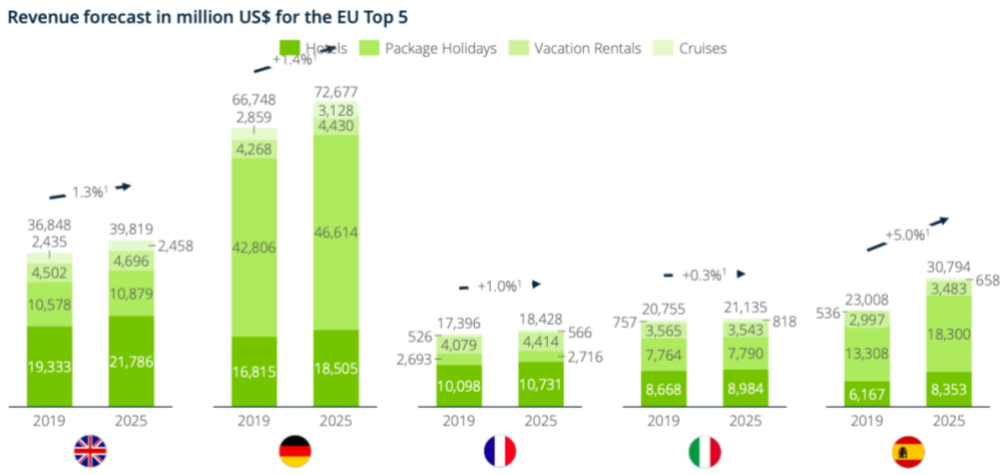

Figure 23: Revenue forecast in millions USD for the EU Top 5 travel and tourism markets. Source: Statista, 2021l.

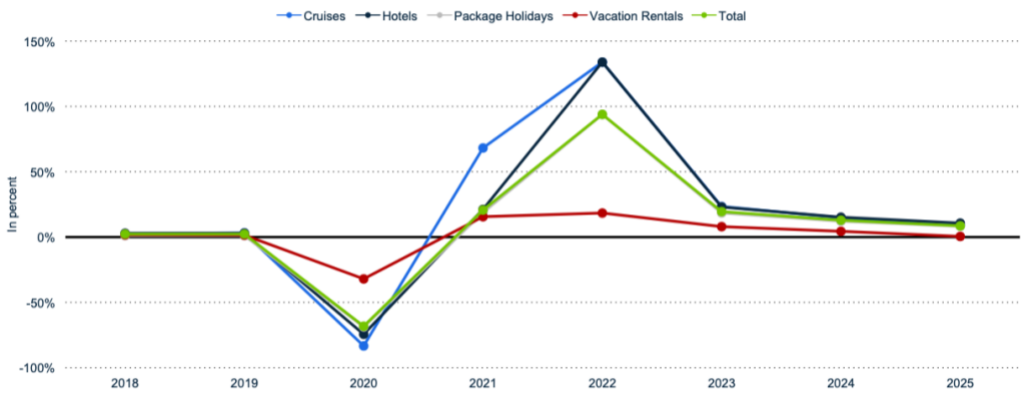

Figure 24: Revenue growth of the travel and tourism market in the United Kingdom from 2018 to 2023 by segment. Source: Statista, 2021k.

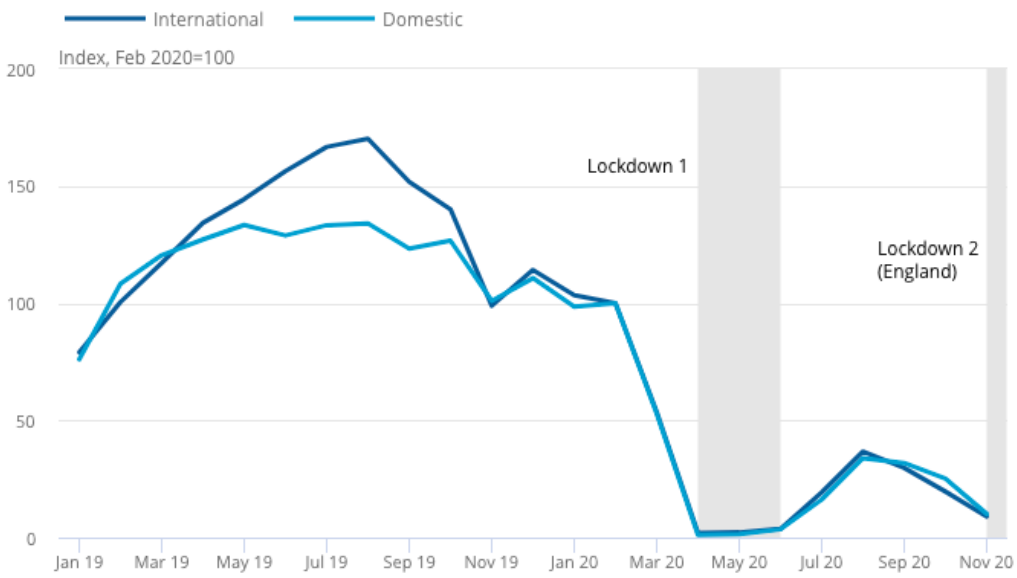

Figure 25: Domestic and International air passenger traffic, non-seasonally adjusted, indexed to February 2020. Source: Office for National Statistics, 2021.

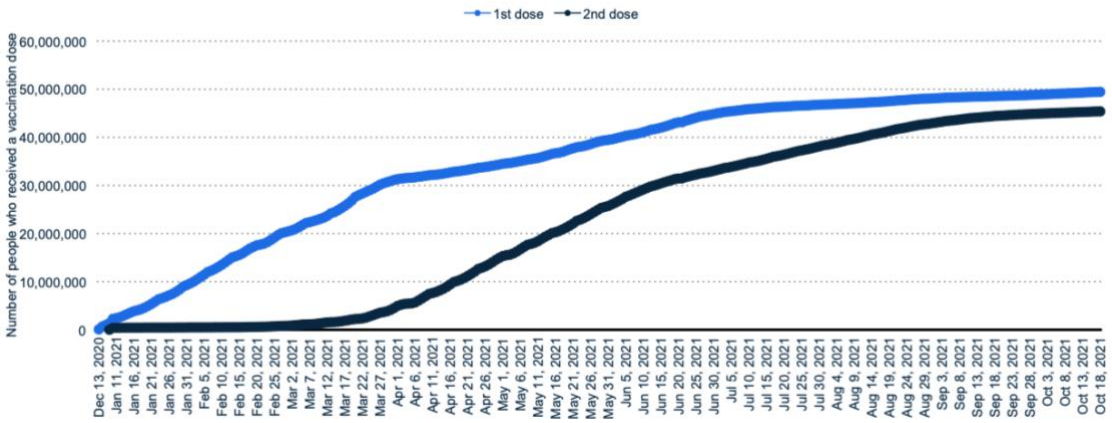

Figure 26: Total number of people who have received a coronavirus vaccine in the United Kingdom, by dose (as of October 18, 2021). Source: Statista, 2021j.

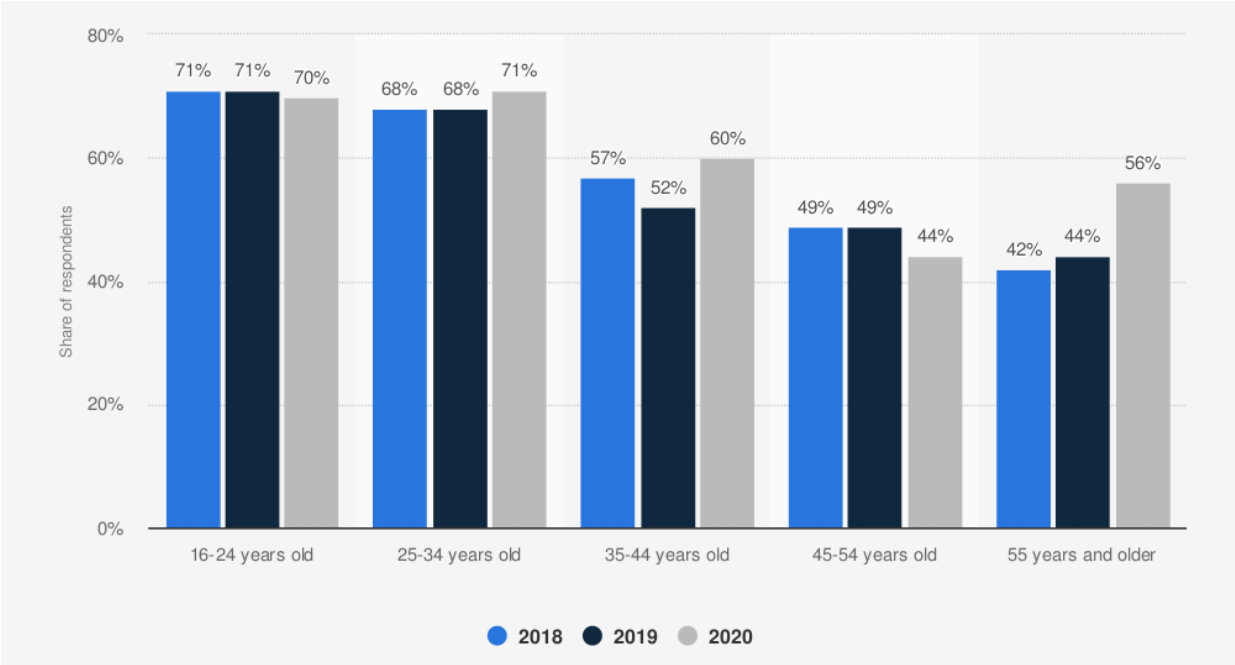

Figure 27: Share of adults concerned about any tourism sustainability in the United Kingdom (UK) from 2020 to 2019, by age. Source: Statista, 2021e.

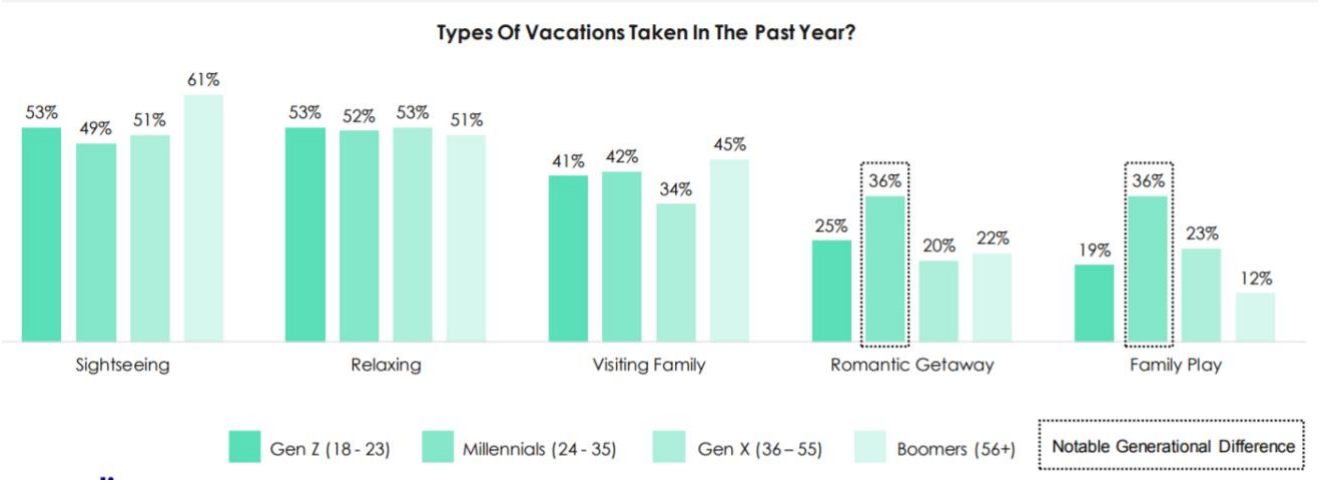

Figure 28: Types of Vacations taken in the past year. Source: Expedia Group, 2018

Figure 29, part 1: A/B Testing – Control Group Picture 1.

Figure 29, part 2: A/B Testing – Control Group Picture 2.

Figure 29, part 3: A/B Testing – Control Group Picture 3.

Figure 30, part 1: A/B Testing – Treatment Group Picture 1.

Figure 30, part 2: A/B Testing – Treatment Group Picture 2.

Figure 30, part 3: A/B Testing – Treatment Group Picture 3.

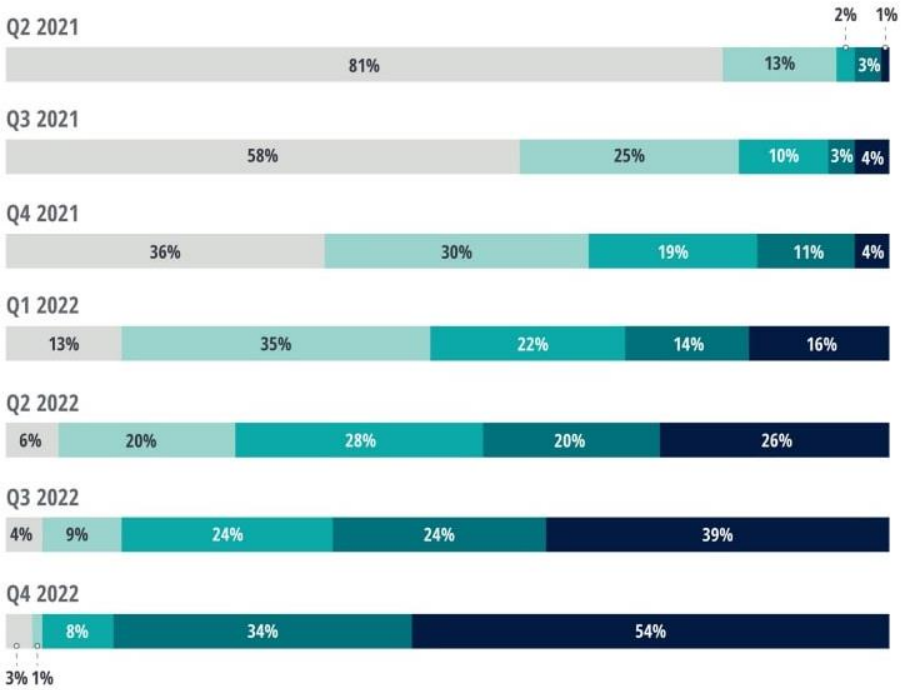

Figure 31: Companies' expectation for business travel rate of return to 2019 spend levels.

Source: Deloitte corporate travel Survey 2021, N=139

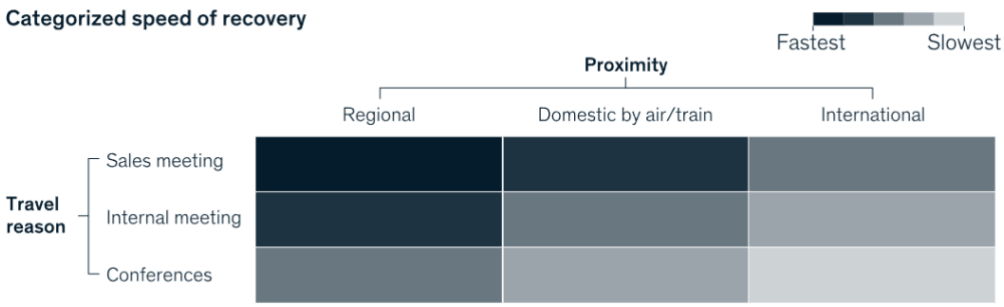

Figure 32: Speed of business-travel recovery by travel purpose and distance of trips. Source: McKinsey & Company 2021.

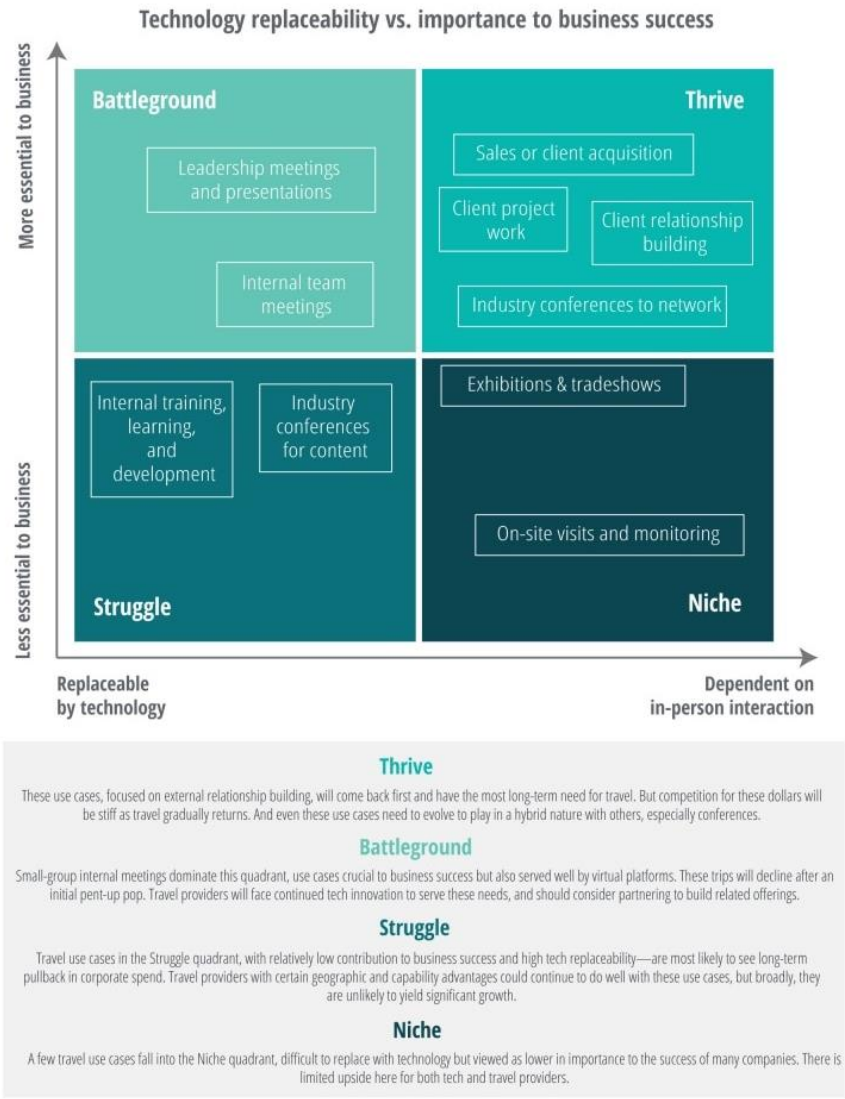

Figure 33: Technology replaceability vs importance to business success – Why we fly Matrix.

Source: Deloitte Corporate Travel Survey 2021, N=150.

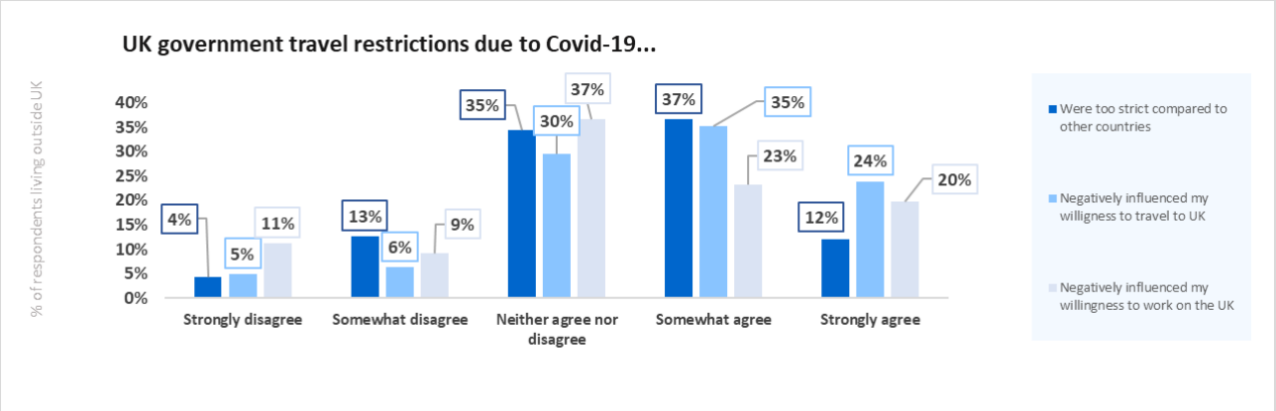

Figure 34: Effect of UK government travel restrictions due to COVID-19 on Millennials and Gen Z travel intentions. Source: Primary data

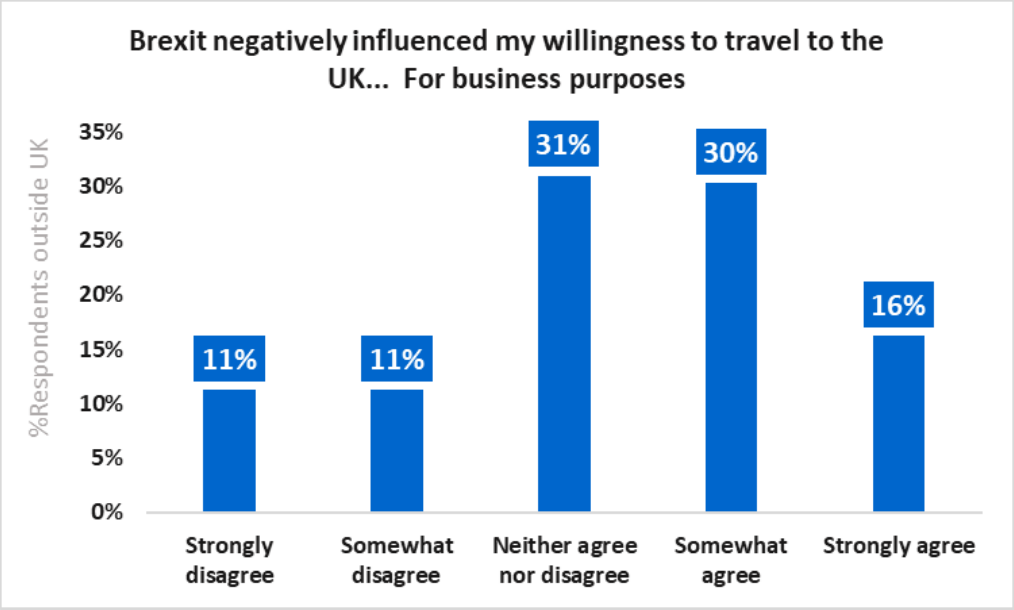

Figure 35: International market level of agreement. Source: Primary data

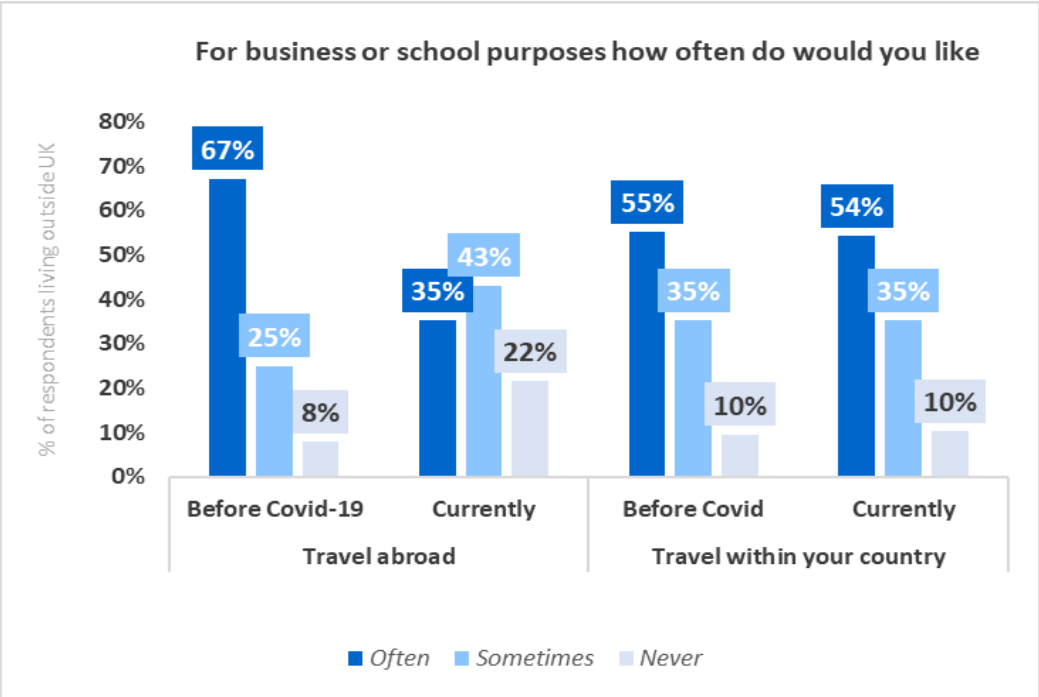

Figure 36: International Market likeliness to travel for business purposes. Source: Primary data

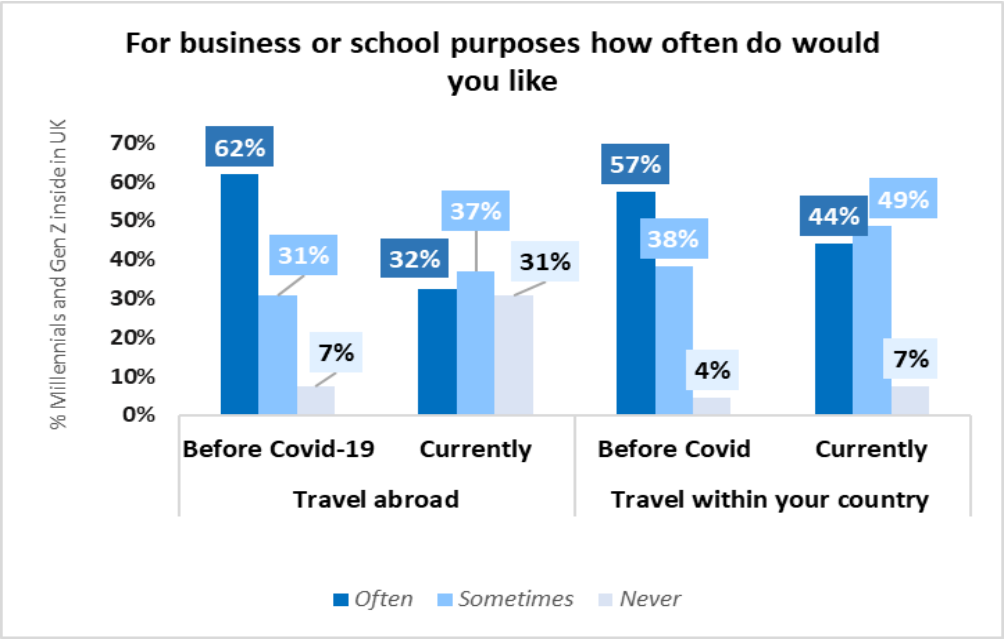

Figure 37: Domestic Market likeliness to travel for business purposes. Source: Primary data

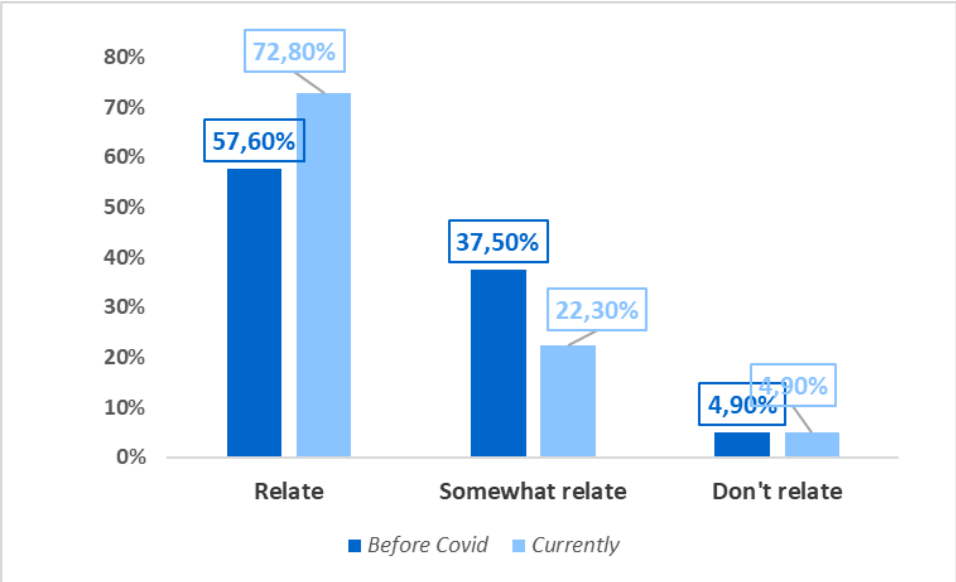

Figure 38: % respondents who relate themselves with sustainability Source: Primary data

One-Way ANOVA

One-Way ANOVA (Welch's)

	F	df1	df2	p
Meet online	1.1393	1	113	0.288
Work remotely	0.0613	1	132	0.805
Meet in other destination rather than city center	0.5947	1	155	0.442
Combine a teambuilding activity with a meeting	0.0112	1	150	0.916
Work in a co-working space	0.0121	1	146	0.913

Figure 39: ANOVA built to detect a significant difference between the means of UK residents and Outside individuals. Source: Primary data

One-Way ANOVA

One-Way ANOVA (Welch's)

	F	df1	df2	p
Meet online	137.683	1	366	< .001
Work remotely	128.401	1	365	< .001
Meet in other destination rather than city center	11.182	1	362	< .001
Combine a teambuilding activity with a meeting	37.805	1	365	< .001
Work in a co-working space	0.258	1	366	0.612

Figure 40: ANOVA built to detect a significant difference between intentions of young travelers before COVID-19 and today. Source: Primary data

Group Descriptives

	Period	N	Mean	SD	SE
Meet online	Before Covid	184	2.38	0.650	0.0479
	Currently	184	1.59	0.647	0.0477
Work remotely	Before Covid	184	2.43	0.721	0.0531
	Currently	184	1.60	0.686	0.0506
Meet in other destination rather than city center	Before Covid	184	1.52	0.636	0.0469
	Currently	184	1.75	0.703	0.0518
Combine a teambuilding activity with a meeting	Before Covid	184	1.67	0.673	0.0496
	Currently	184	2.11	0.701	0.0516
Work in a co-working space	Before Covid	184	2.02	0.731	0.0539
	Currently	184	1.98	0.705	0.0520

Figure 41: Descriptive statistics to compare two segments: Before COVID-19 and currently. Source: Primary data

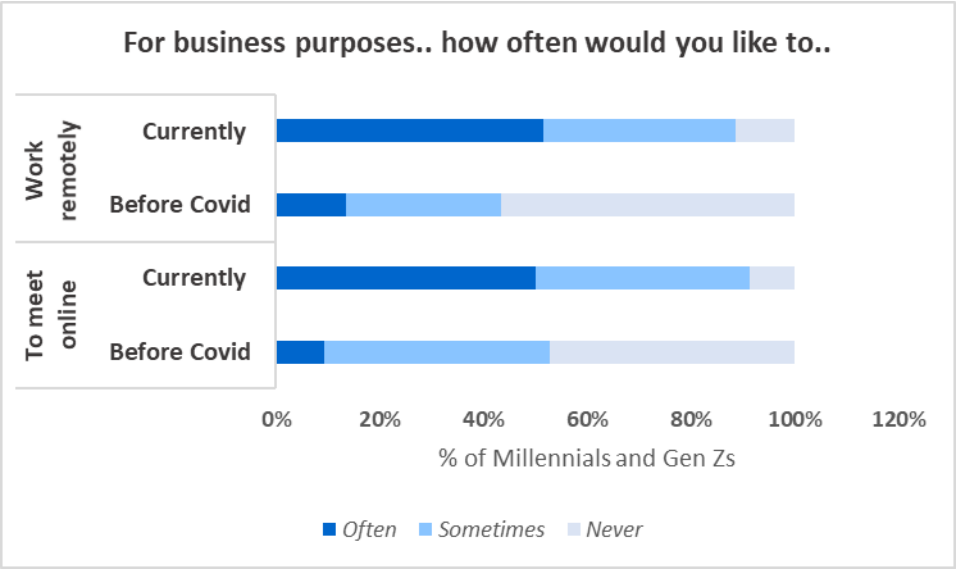

Figure 42: Frequencies of Millennials and Gen Z intentions before COVID-19 and currently

Source: Primary data

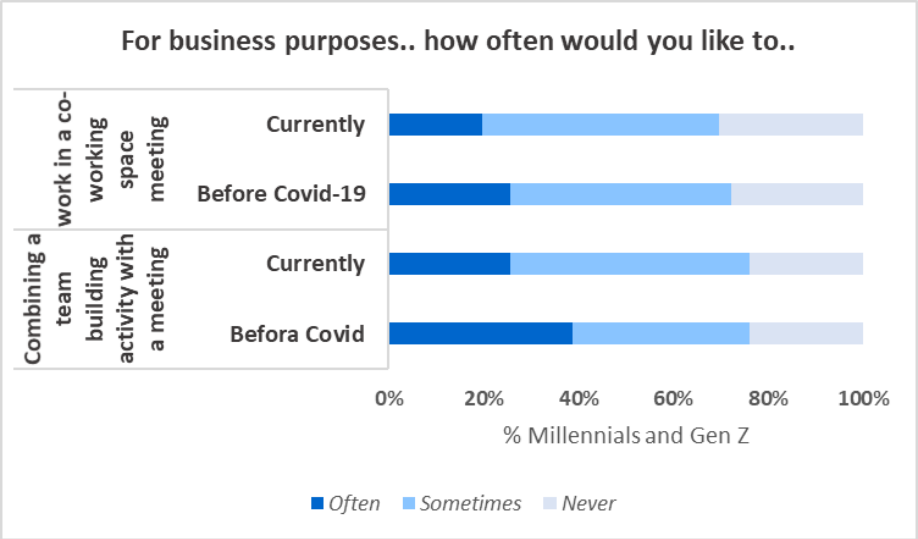

Figure 43: Frequencies of Millennials and Gen Z intentions before COVID-19 and currently

Source: Primary data

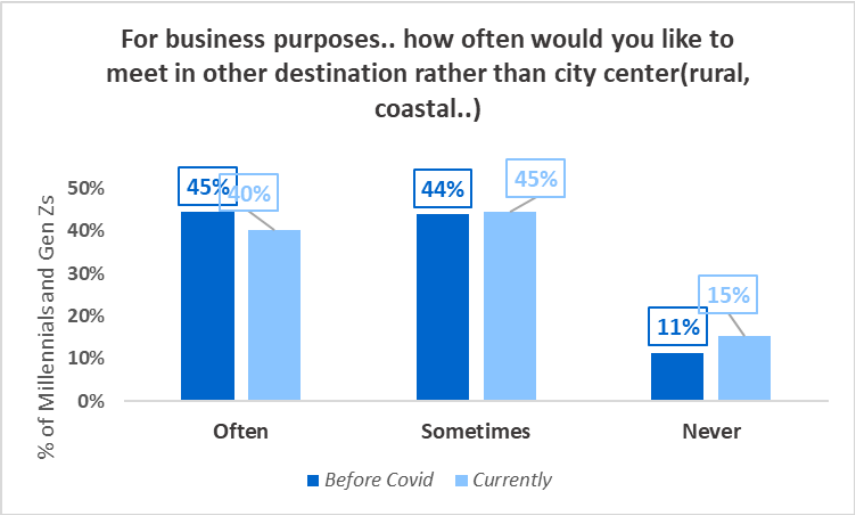

Figure 44: Frequencies of Millennials and Gen Z intentions before COVID-19 and currently

Source: Primary data

One-Way ANOVA

One-Way ANOVA (Welch's)

	F	df1	df2	p
Work-Life Balance	0.1725	1	145	0.678
Travelling as an emotional rescue	0.1579	1	128	0.692
Flexible work schedule	0.2499	1	159	0.618
Physical and mental health	1.1820	1	127	0.279
Quality over quantity	0.0165	1	136	0.898
Focused on self development	0.8237	1	142	0.366
Unique experiences	1.0772	1	158	0.301

Figure 45: ANOVA testing differences between UK residents and Internationals. Source: Primary data

One-Way ANOVA

One-Way ANOVA (Welch's)

	F	df1	df2	p
Work-Life Balance	4.330	1	360	0.038
Travelling as an emotional rescue	4.515	1	366	0.034
Flexible work schedule	13.129	1	359	< .001
Physical and mental health	20.442	1	357	< .001
Quality over quantity	1.357	1	364	0.245
Focused on self development	18.101	1	361	< .001
Unique experiences	0.781	1	364	0.377

Figure 46: ANOVA testing differences before COVID-19 and currently. Source: Primary data

Group Descriptives

	Period	N	Mean	SD	SE
Work-Life Balance	Before Covid	184	1.32	0.532	0.0392
	Currently	184	1.21	0.468	0.0345
Travelling as an emotional rescue	Before Covid	184	1.64	0.655	0.0483
	Currently	184	1.49	0.669	0.0493
Flexible work schedule	Before Covid	184	1.44	0.616	0.0454
	Currently	184	1.22	0.532	0.0392
Physical and mental health	Before Covid	184	1.58	0.657	0.0484
	Currently	184	1.29	0.562	0.0414
Quality over quantity	Before Covid	184	1.32	0.511	0.0376
	Currently	184	1.26	0.473	0.0349
Focused on self development	Before Covid	184	1.47	0.532	0.0392
	Currently	184	1.25	0.470	0.0347
Unique experiences	Before Covid	184	1.22	0.427	0.0314
	Currently	184	1.18	0.399	0.0294

Figure 47: Descriptive statistics to compare two segments: Before COVID-19 and currently.

Source: Primary data

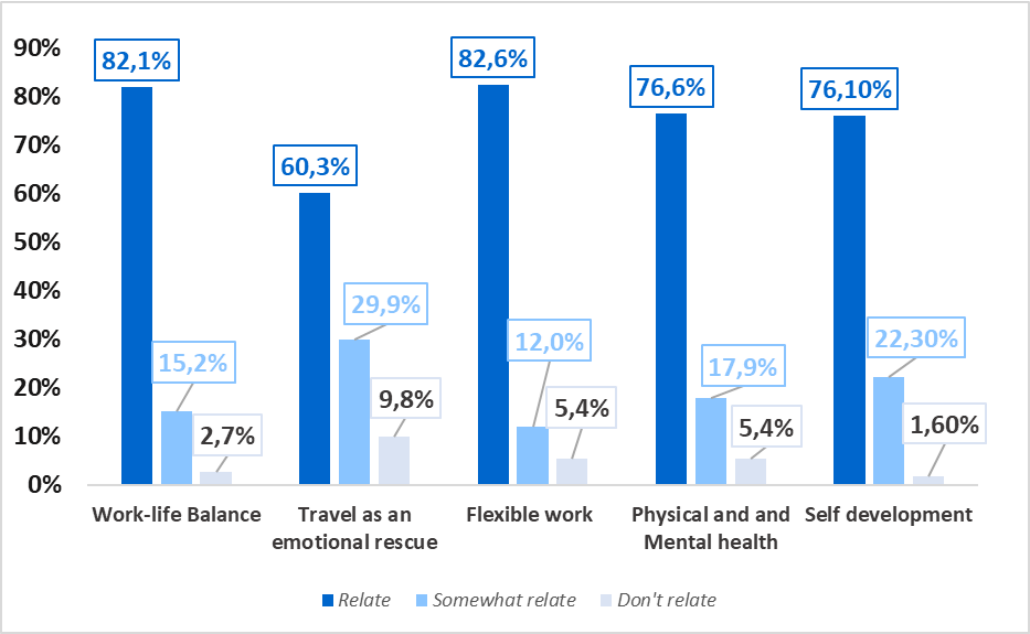

Figure 48: Descriptive frequencies - % of respondents that relate with current trends. Source: Primary data

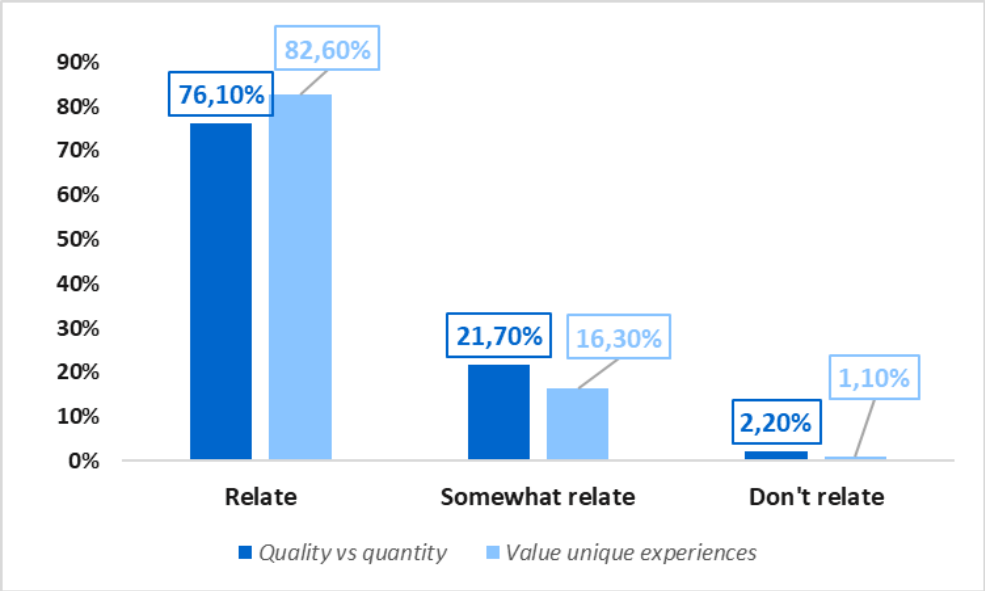

Figure 49: Descriptive frequencies - % of respondents that prefer quality vs quantity and unique experiences Source: Primary data

12.3 Tables

Table 1: Crisis management and strategic measures to overcome the crisis. Source: Garrido-Moreno et al. (2021).

Authors	Topic	Country examined	Method	Main findings
Chien and Law (2003)	Impact of SARS outbreak on hotels	Hong Kong	Theoretical paper	SARS outbreak affected the hospitality industry in Hong Kong badly. To cope with the situation, hotels had to develop contingency plans to restore guest confidence. Among main measures highlighted: regular staff meetings, enforcing environmental hygiene and cleaning policies, media handling, and special attractive packages.
Israeli and Reichel (2003)	Hotel management of crisis from intensification of terrorism	Israel	Quantitative analysis of sample of 116 Israeli hotel managers	Develops a questionnaire to evaluate importance of four categories of practice for crisis management: marketing, human resources, hotel maintenance, and government. Some valuable measures involved cost savings, focusing marketing efforts on domestic tourism, and developing special offers.
Leung and Lam (2004)	Impact of SARS outbreak on hotels and human resources strategies to tackle crisis	Hong Kong	Qualitative methodology (case study)	Most hotels lacked contingency plans to deal with crisis. Some faced crisis by focusing on human resources: layoffs and unpaid leave (to reduce costs), enhanced communication with employees (regular meetings), and specific employee training.
Kim et al. (2005)	Impact of SARS on Korean hotels and proposal of measures to overcome crisis	Korea	Qualitative methodology (case study of six five-star hotels)	Highlights importance of crisis management systems and action plan to react quickly. Korean hotels tried to minimize operating costs, offered employees specific training programs, and developed intensive marketing campaigns in collaboration with other agents in the sector.
Lo et al. (2006)	Practices employed by hotels to survive during SARS disaster	Hong Kong	Qualitative case study of multiple cases (6 hotels)	Explains main strategic measures that hotels developed to survive difficult times: enhance internal communication to maintain employee morale, intensify communication with customers and promotions, and collaborate with other hospitality agents and public institutions.
Tew et al. (2008)	Strategic tips for limiting the negative impacts of SARS epidemic	Canada	Qualitative and quantitative analysis in the Niagara region of Canada (96 hotels)	Provides information on how the hospitality industry can prepare itself for a crisis or disaster and describes how all stakeholders must work together to cope better with the effects of a crisis.
Kimes (2009)	Practices to manage hotel rates during economic downturn (global financial crisis)	International sample	Quantitative analysis of global sample (Europe, Asia-Pacific, Africa, America) of 291 hotel managers	Hotels can respond to economic crisis with various non-price-related competitive methods: competing based on quality, creating strategic partnerships with distribution channels, focusing on loyalty program members, and developing additional revenue sources or market segments (local customers).
Brown et al. (2018)	Literature review on crisis and disaster resilience in hotel sector	Theoretical study	Literature review and synthesis	Although literature on disaster management has recently expanded, most hotels are not actually prepared and have not implemented specific plans.
Novelli et al. (2018)	Effect of Ebola outbreak on tourism	Gambia	Rapid Situation Analysis research methodology combining interviews, direct observation, and informal discussion	Highlights importance of proactively formulating strategies to facilitate rapid response to crisis. Strategic measures developed: cost-cutting strategies, control of communications and media, flexibility polices to stop cancelations, incentives and discounts, and joint marketing with other agents.
Kimes (2020)	How hotels are responding to COVID-19 outbreak	International sample	Quantitative analysis of global sample (Europe, Asia, America, Africa) of 893 hotels	Examines different measures in the following categories: marketing, operations, cost-cutting, customer refund polices. Strategies that worked best according to respondents: targeting new segments, increasing flexibility, and enhancing communication with customers.
Sigala (2020)	Impacts and implications of COVID-19 for hospitality firms	Theoretical study	Literature review and direct observation	Describes types of measures hospitality firms are implementing: redesign of experiences, adoption of new standards and cleaning procedures, implementation of mobile apps (for check-in, room-keys), in-room technologies, robots (to minimize personal contact).
Hao et al. (2020)	Impact of COVID-19 on hospitality industry and post-pandemic agenda	China	Literature review and direct observation in China.	Exploratory review of overall impacts of COVID-19 pandemic on China's hotel industry. Proposes COVID-19 management framework to address anti-pandemic phases, principles, and strategies.
Herédia-Colaço and Rodrigues (2021)	Analysis of hotel managers' perceptions and strategies to recover from the COVID-19 pandemic	International sample	Quantitative analysis of a global sample of 144 hotel managers from different countries	Most hotels analyzed had implemented extraordinary recovery measures to face the current situation. The most significant strategic measures included special health and safety protocols, and marketing initiatives such as long-term vouchers to increase sales.

Table 2: Diagnostic Interview Answers, Interviewee 1.

Interviewee 1 – Hospitality Coach (September 24th)
London Situation
The unclear situation in London is due to COVID-19 and Brexit. Volatile market with a lot of uncertainty as far as hospitality is concerned. A lot of damage was created and there will be future changes that will dictate what role hotels will play from now on. England, in particular, is struggling to attract and retain staff.
Overall Market Situation
The problem about social distancing still exists, capital cities' hotels are struggling while in small towns the situation is getting better. Nothing is certain at this point and there are different opinions on how the market will develop. Agility, flexibility, and adaptation is the only way out for the next years. The challenge is even bigger for fixed assets, such as hotels, to keep them adaptable to new market developments/trends. Need to be proactive and agile, changing the market segment very quickly in the need of further adaptation.
Changes in Consumer Behaviour after COVID-19
As for leisure, it must be an outstanding experience instead of a commodity. More relevant for the domestic market. Business travel will reduce. A hybrid between physical and online presence through digitalized communication. More relevant for the international market. The lessons learned with COVID-19 should not be forgotten. Embracing the hybrid methods and not going back to the old methods as if nothing had happened. There are opportunities for more digitalized activities. Nobody knows how those changes will evolve but they will remain in the future. Shifting from short stays to long stays can create guests that will work as ambassadors and tackle the housing problem in some cities.
Brand Personality
The DNA: what people can expect from you and how you do business. The business essence and personality. This can never change. The stronger your DNA is, the best are the possibilities to adapt the business to new situations. More room to adapt/change and be agile in the volatile market we live in. The DNA is constructed by 3 parts: 1. Market development: communications to the market

2. Product/service development: what are we going to develop and how to align
3. Organization/stakeholders: investors, staff, guests, etc.
    a. Employment quest: how are you going to be able to attract and retain people that align with your brand personality, working as ambassadors to the brand?

Workforce

The staff is undervalued and underestimated as part of the hotel business. Go to the roots of it. Employees as ambassadors of the brand. Lack of investment in attracting, developing, and retaining talented staff, the main concern used to be staff for the moment. There is no proper system to get staff engagement to the brand's DNA. Employees are key because we can communicate the brand's personality through them, fostering employee retention will build upon the concept.

Need to change the vision of younger generations just as potential guests, they are also potential employees. Alignment between the values of younger generations. Loyalty from employees, an extremely important stakeholder in the whole business performance development. What are the market segments, what are the consumers' expectations, how can we align these expectancies with our product VS What talent is there in the job market, what are the employees' expectations, how can we capture this talent and align it with our business? How can the business organization itself make its employees happy, leading them to stay? People don't want to work in some random company, they want to know how the brand works and its vision towards their employees.

Rebranding

The reason for rebranding(s) is money – ADR increase. From a purely financial perspective, margins are what drive investors to do a rebranding. Rebranding is an opportunity if it is done from the core (the 3 aspects in the brand's DNA), not just a change name and logo. The customers' expectations will increase accordingly to the effort the business made to change its offering.

Consumer Perception on Brand Switch

The new generations are not loyal to brands. The purpose and alignment are what attract and retain guests, and this will only become more important in the future. The market communication is far more transparent now, thus, customers don't need to trust the brand anymore, they know what the brand is and does. The brand will not be the main driver for a decision. Businesses need to convince clients, every day, that the USP is the right one, being able to promote and deliver a very strong and distinctive service/product. Only the loyalty programs may become an

incentive
Conclusions
1. Deliver an outstanding product, standing out from others. 2. Decide on the target while still being flexible. Be open to different markets and how you can adapt to them. 3. Use the business distinctive factors and work on how to adapt them to the trends, while still making it efficient to produce. 4. Addressing the values of the new generations.

Table 3: Diagnostic Interview Answers, Interviewee 2.

Interviewee 2 – Chairman of a Luxury Hotel Group in the Netherlands (September 30th)
Changes in Consumer Behaviour after COVID-19
The biggest effect was noticed on business travel. Businessmen will travel less frequently but will expect more quality. Social contact will be much more valued, and hotels must become more characterful. Interchangeable hotels will have a challenge. If a hotel does not have character, it will have to develop one. If hotels without personality were struggling before the pandemic now that struggle is increasing. Safety and cleanliness will have to be met to reassure international travellers. The hotel group has properties in urban areas and the countryside, and the business recovery is very different in both cases. Hotels in the countryside are fully booked, while city hotels are, more or less, at 50%. For the average hotel in Amsterdam, the occupancy is still at 10% to15% because there are no international conferences, or international travel. There is no overseas travel from Asia to Europe yet and there are many travel restrictions for Americans. The pandemic increased the need for hotels to reinvent themselves. It strictly changed the way people interact. Online meetings are now the standard. Most people still decide to spend time in their home offices or go to co-working spaces and interact. Much enforced by the pandemic, hotels became a third space for many people. They don't necessarily change the whole concept, but many have transformed their capacity into co-working spaces, although it is not a permanent change. Nonetheless, hotels will look for other opportunities, for example,

accommodations for students and immigrant workers, these are more like a temporary repurpose rather than a permanent change.
Future Trends
One must always understand the reason to travel and now, more than ever, put more emphasizes on the social aspect. The old-fashioned meeting room designed for a more efficient information transfer will not be as popular as before. People will expect a less formal type of setting, a more informal atmosphere where they can interact.
Implications of a Rebranding
Today's customers are looking for hotels with identity and personality. In that sense, there is a lot to be gained for a hotel that does not operate well to consider rebranding. Not just about rebranding but about being true to self, telling a story that is compelling and links to the needs and wants of the target segment. One must understand who the regular guests are as well as the need for rebranding. Hotels rebrand to attract a new type of customers and must make sure to meet those needs and wants and that is what drives success. If a hotel has loyal guests, then there is no apparent reason for a rebranding, only if the intention is to enter a new segment.
Brand Personality
Today's travellers are looking for an experience rather than a product or a service. A strong brand will help the hotel convey its message to its potential audience. Independent hotels resort to brands because it is going to give them access to an international audience, in some cases, it can increase their direct bookings or offer cheaper channels than the OTAs. It is extremely important to communicate sustainable and social practices in the brand personality. There are many customers who care about it and expect hotels to comply with it, but it is not a decisive factor yet, they will book whatever fits their preferences, budget, and convenience level. The group "Conscious Hotels" makes a big effort to be sustainable and socially responsible, and they are successful in a certain segment, but they are yet as big as any of the large hotel chains. Additionally, OTA's do not offer any information about this aspect in their platforms, because there is no unified system to evaluate it.
Workforce
Having staff as brand ambassadors has to do with their levels of involvement and engagement, how well they are linked with the chosen concept. Citizen M, for example, is very successful at attracting young people, they do not

have a uniform and allow a lot of freedom when it comes to clothing. Employees are allowed to be who they are, and they are the greatest brand ambassadors anyone can think of. It has a lot to do with whether the hotel has the capability to attract the people that relate to their concept. It is better to have a vacancy than the wrong person. A company with employees who don't fit the company's culture nor the team, is not likely to become successful.
Importance of Experiences in City Hotels
Creating experiences is important not only for the domestic market but in general. Travellers are looking for experiences and that includes business travellers, since they don't travel solely for a rational exchange of information, they also travel to build and reinforce relationships. In this sense, the difference between business and leisure is not that big anymore.

Table 4: Survey Questions.

Survey Part	**Questions**	**Types of Variables**	**Possible Answers**	**Number of answers international residents**	**Number of answers UK residents**
Demo--graphics	Q1: When were you born?	Binary	1997-2012 (1), 1981-1996 (2)	142	95
	Q2: What is your nationality?	Nominal	–		
	Q3: Do you live in an urban city?	Binary	no (1), yes (2)		
	Q4: What is your employment	Nominal	Student (1), employed (2), unemployed		

	status?		(3), self-employed (4), other (5)		
	Q5: Where do you currently live?	Binary	United Kingdom (1), Other (2)		
UK Residents Brexit Perceptions	(If Q5 = UK) Q6: Where in the UK do you live?	Nominal	England (1), Scotland (2), Northern Ireland (3), Wales (4)	–	95
	(If Q5 = UK) Q7_1: Brexit negatively influenced my willingness to travel abroad	Ordinal, scale variable	Strongly disagree (1), somewhat disagree (2), neither agree nor disagree (3), somewhat agree (4), strongly disagree (5)		
	(If Q5 = UK) Q7_2: Brexit negatively influenced my willingness to travel to the EU				
	(If Q5 = UK) Q7_3: Brexit negatively influenced my friends' and				

	relatives' willingness to travel to the UK				
International Residents Brexit Perceptions	Q8: Have you ever been to the United Kingdom?	Binary	no (1), yes (2)	142	–
	(If Q6 = yes) Q9: What was the purpose of your previous visits?	Nominal, select all that apply	Leisure (1), Business (2), Visiting family and friends (3), Other (4)		
	(If Q6 = yes) Q10: In what type of accommodation did you stay?	Nominal, select all that apply	City hotel (1), Another hotel typology (2), Hostel (3), Airbnb or similar (4), Friend's / relative's house (5), Other (6)		
	(If Q6 = no) Q11: Please indicate the reason	Nominal	I have no interest (1), I haven't had the chance (2), No particular reason (3), Other (4)		

	Q12_1: Brexit negatively influenced my willingness to travel to the UK for leisure	Ordinal, scale variable	Strongly disagree (1), somewhat disagree (2), neither agree nor disagree (3), somewhat agree (4), strongly disagree (5)		
	Q12_2: Brexit negatively influenced my willingness to travel to the UK for business purposes				
	Q12_3: Brexit negatively influenced my willingness to travel to the UK to visit friends and family				
	Q13_1: UK Government travel restrictions due to COVID-19 were too strict compared to other countries	Ordinal, scale variable	Strongly disagree (1), somewhat disagree (2), neither agree nor disagree (3), somewhat agree (4),		

	Q13_2: UK Government travel restrictions due to COVID-19 negatively influenced my willingness to travel to the UK		strongly disagree (5)		
	Q13_3: UK Government travel restrictions due to COVID-19 negatively influenced my willingness to work in the UK				
Travel Behaviour	Q14: Which channel do you usually use to book a stay?	Nominal, select up to 2 options	Traditional Travel Agency (1), Online Travel Agency (e.g., Booking, Expedia, Trivago, etc.) (2), Accommodation's Official Website (3),	138	85

			Phone call (4), Other (5)		
	Q15: When choosing an accommodation, which of the following most influence your choice?	Nominal, select up to 2 options	Online reviews (1), Friends' opinion (2), Social media (3), Influencers (4), Travel blogs (5), Advertisements of special promotions / discounts (6), Other (7)		
	Q16: What type of destination do you prefer?	Nominal, select up to 2 options	City (1), Rural (2), Coastal (3), Mountain / Nature (4), Other (5)		
	Q17: Have you ever visited a city destination?	Binary	no (1), yes (2)		
	Q18: Have you ever stayed in a city hotel?	Binary	no (1), yes (2)		
City Travellers	(If Q11 = yes) Q19: What was	Nominal	Leisure (1), Business (2),	135 (3 people have never been	81 (4 people have never been

	the main purpose of your travels?		Visiting family and friends (3), Other (4)	to a city destination)	to a city destination)
	(If Q11 = yes) Q20_1: I prefer to spend money on activities/attractions/dinning rather than accommodation	Ordinal, scale variable	Strongly disagree (1), somewhat disagree (2), neither agree nor disagree (3), somewhat agree (4), strongly disagree (5)		
	(If Q11 = yes) Q20_2: I consider the hotel to be a place just to sleep				
	(If Q11 = yes) Q20_3: I travel on a budget				
	(If Q11 = yes) Q20_4 I tend to do extensive research before booking an accommodation				
	(If Q11 = yes) Q20_5: I spend				

	extra on offers that I think are worth it				
	(If Q11 = yes) Q21: Rank your priorities when traveling to a city	Ordinal, rank order scale	Cultural Activities (e.g., museum, theatre, festivals, etc.) (1), Gastronomic Experiences (2) Sightseeing (3) Engage with Locals (4), Nightlife (5), Shopping (6), Health and Wellness Activities (7), Other (8)		
City Hotel's Guests	(If Q12 = yes) Q22: What was the purpose of your previous stays?	Nominal, select all that apply	Leisure (1), Business (2), Visiting family and friends (3), Other (5)	125	70
	(If Q12 = yes) Q23: For how long do you usually stay?	Nominal	1 night (1), 2 to 3 nights (2), 4 to 5 nights (3), 1 week (4),		

			more than 1 week (5)		
Other Type of Accommo--dations' Guests	(If Q12 = no) Q24: Please indicate the reason	Nominal	I never traveled to a city destination (1), When traveling to a city I prefer other types of accommodation (2) No particular reason (3), Other (4)	13	15
A/B Testing: Control & Treatment Group (Randomly chosen which group to show to individuals)	Q25/29 Please pay attention to the images below:	Images (Figures 29 for the Control Group and Figures 30 for the Treatment Group)	–	72 for control group and 82 for treatment group	45 for control group and 35 for treatment group
	Q26/30: How do you feel towards this hotel?	Nominal, select up to 3 options	Excited (1), Sad (4), Happy (5), Bored (6), Curious (7), Comfortable (8), Trendy (9), Amazed (10), Uninterested (11),		

			Antiquated (13), Frustrated (14), Disappointed (15), Lonely (17), Satisfied (18)		
	Q27_1/31_1: How likely are you to spend the night at this hotel?	Continuous, Likert Chart, 0 to 10	Extremely unlikely (0), somewhat unlikely, neither likely nor unlikely, somewhat likely, extremely unlikely (10)		
	Q27_2/31_2: How likely are you to have dinner at this hotel?				
	Q27_3/31_3: How likely are you to have a cocktail at this hotel?				
	Q27_4/31_4: How likely are you to throw a birthday party at this hotel?				
	Q28_1/32_1:	Continuous	0 - 50 (1), 50 -		

	What is the maximum you would be willing to spend, in £, per person, to spend the night at this hotel?		100 (2), 100 - 200 (3), 200 - 250 (4)		
	Q28_2/32_2: What is the maximum you would be willing to spend, in £, per person, to have dinner at this hotel?				
	Q28_3/32_3: What is the maximum you would be willing to spend, in £, per person, to have a cocktail at this hotel?				
	Q28_4/32_4: What is the maximum you				

	would be willing to spend, in £, per person, to throw a birthday party at this hotel?				
Before COVID-19 & Currently Behaviour, Business	Q33_1: How often would you like to meet online?	Ordinal, scale variable	Often (1), Sometimes (2), Never (3)	116	68
	Q33_2: How often would you like to work remotely?				
	Q33_3: How often would you like to travel abroad?				
	Q33_4: How often would you like to travel within your country of residence?				
	Q33_5: How often would you like to meet in another				

	destination rather than the city centre?				
	Q33_6: How often would you like to combine a team building activity with a meeting?				
	Q33_7: How often would you like to work in a co-working space?				
Before COVID-19 & Currently Behaviour, Actions	Q34_1: How often do you share your travel experience on social media?	Ordinal, scale variable	Often (1), Sometimes (2), Never (3)	116	68
	Q34_2: How often do you go on vacations within your country of residence?				
	Q34_3: How often do you go				

	on staycations?				
	Q34_4: How often do you go to city hotels to enjoy their services (e.g., restaurant, spa, bar, gym, etc.)?				
	Q34_5: How often do you follow and engage with hotel brands you like on social media?				
	Q34_6: How often are you loyal to brands you like?				
	Q34_7: How often do you choose digital technologies over human interaction?				
	Q34_8: How often do you seek authentic				

	experiences?				
	Q34_9: How often do you spend a considerable amount of time on social media?				
	Q34_10: How often do you purchase online?				
Before COVID-19 & Currently Behaviour, Mindset	Q35_1: I value a work-life balance	Ordinal, scale variable	Relate (1), Somewhat relate (2), don't relate (3)	116	68
	Q35_2: I see travelling as an emotional rescue				
	Q35_3: I value a flexible work schedule				
	Q35_4: I worry about my physical and mental health				
	Q35_5: I worry				

	about sustainability, ethics, and equality (5)				
	Q35_6: I value human interaction				
	Q35_7: I prefer quality over quantity				
	Q35_8: I value unique experiences				
	Q35_9: I am focused on my self development				
	Q35_10: I am open to change				

Table 5: Expert Interviews.

Brexit
What major changes in the tourism sector did you witness ever since the referendum in 2016?
Interviewee 3 – General Manager of a City Hotel in Manchester (November 9th)
It seems to be impossible to know exactly the impact it had on the tourism sector given its simultaneity with the

global pandemic. However, recruitment is an undeniable challenge brought by UK's withdrawal from the EU.
Interviewee 4 – Global Development Director of a Hospitality Asset Management company (November 10th)
Inbound tourism inflow hasn't changed that much, especially because the passport requirement was only imposed in October 2021. The pound was made weaker with Brexit so it may have benefited the UK. For UK residents, going to the EU is less efficient because of border control. Labour has been a big issue, EU people left because of Brexit and that problem was aggravated due to COVID-19.
Interviewee 5 – General Manager of a City Hotel in London (November 24th)
There were no changes until early 2020, because that's when the changes in legislation happened. Still, we don't quite know what implications Brexit might have in tourism because of COVID-19 effect. Regarding staff and supply, there are big problems due to shortage and delays.
Do you think that domestic market is now more prompt to travel inbound instead of in the EU after Brexit?
Interviewee 3
In the summer of 2020, a lot of people travelled to the EU, but in the summer of 2021, everyone was in the UK. Demand for domestic leisure was amazing, but that is probably just because of the travel restrictions.
Interviewee 4
Not because of Brexit but because of COVID-19 since people are not able to travel. Also, now that people have seen what the domestic market has to offer, there is a possibility to continue this strategy in the future, although people are definitely eager to travel abroad.
Interviewee 5
No, because there are still 6 months of free leisure travel between the EU and the UK. British are used to having passport and getting health insurance in order to travel. For them, the EU is still a great destination because it is very close and cheap.
Domestic and International Market
Do you think the domestic market is just a "back-up plan" (and why) or do you see it as an opportunity, given all the current changes in travel behaviour, to have long-term strategies targeting this segment?

Interviewee 3
In order to survive to the pandemic, the hotel felt the need to be more creative and adaptive to different markets, i.e., the domestic leisure market. New strategies were designed such as family packages with special discounts and activities for kids, and these strategies will continue to be used in low demand periods. Nonetheless, the international leisure market will eventually return to the pre-pandemic levels. The same does not apply to the international business market, because the digital adaptation they were forced to make will most likely prevail.
Interviewee 4
In general, the increase of the domestic inflow to the city will be there. City hotels are dependent on China, US, and Europe inbound travel. Since these markets were off, hotels had to obtain new targets. However, the international market is still going to be above the domestic market. The increase of the domestic market in the city is due to a lot of people moving out of the city and needing a place to stay when they come back to the city, this means more local business inflow. There is definitely an opportunity to keep this strategy, but people can actually move back to the city after COVID-19, in that case it will be only a short-term measure.
Interviewee 5
It is not a backup plan. The hotel equally markets to all markets, and the highest bidder wins. Historically, the biggest market is America because it is the one that pays more.
UK residents have high levels of domestic travel, but it happens more in coastal and urban regions. With the current trends, do you think staycations in the city will be a new opportunity?
Interviewee 3
Cities in the UK saw an increase in domestic demand during the pandemic because the coastal and urban regions were the typical vacation destinations and people were looking for something different. It comes down to the way destinations promote themselves, by working together with restaurants, theatres, etc. to attract guests who will stay longer than just the usual city break.
Interviewee 4
Specially for the winter yes, due to the pandemic, UK residents have discovered part of the UK that they didn't know, and this trend will remain. The future is very uncertain, so we don't know how long term this can be. London,

for example, is a great event host, people come from all over the UK, there is an opportunity to do more events.
Interviewee 5
Yes, especially in London. Weekdays are the best opportunities, when the occupancy is usually all domestic, British come for shopping or staycations. It is something that has always been there, it was just accentuated due to COVID-19.
Trends and COVID-19
What were the changes brought by COVID-19 that were made initially to adapt but turned out to be efficient and a long-run strategy?
Interviewee 3
Taking a look at the changes made to adapt to the pandemic environment that turned out to be efficient and will most likely continue to be used, besides the increased hygiene concerns, the GM provided a very good example related to staff agility. Due to the labour shortage, the whole staff assisted every department in any way they could e.g., having a salesperson greeting and meeting the guests in the lobby to gain presence which helped them drive growth for the whole year.
Interviewee 4
They got to know every line at the cost profit and strip out everything that was not necessary. That gave them a lot of knowledge about the business, and it allows managers to make better decisions, thus becoming more efficient. Also, cleaning principles will be here to stay. There is more freedom in the options that the client has, e.g., choosing the option to clean the room every day or not, this type of customization is definitely going to stay. COVID-19 increased a lot the sustainability topic and that will hopefully be a concern for the future.
Interviewee 5
Organizational structure, namely payroll structure – cutting in the elements that can be controlled. Learned to be more efficient, but it is harder to say if it can be sustained it in the long-term. The conversion is better now because the payroll is lower, but people are working extra hard, which can easily lead to burnout and customer service issues.
Regarding the overall changes brought by the pandemic, what are now the biggest opportunities and challenges for a city hotel? (e.g., sustainability, social media, technology, experience economy, domestic

market)
Interviewee 3
The low demand for international travel was a major challenge Firstly, because when it returns, there is no staff, representing a long-term challenge, particularly for the kitchen. Secondly, because the chances of demand lowering again are high and the media coverage makes destinations extremely vulnerable to negative news that discourage people from traveling. On the other hand, even though the number of staff is lower, the ones who stayed are really passionate and go above and beyond in everything they do, which is an opportunity to continue building a better workforce.
Interviewee 4
Opportunity: how to run a hotel with a leaner team and maintain the same quality. Figure out what is it that the guests actually want and offer that, not just offer whatever you are used to offer just because that's the "traditional way". Challenge: here is a lot of uncertainty in border control, inflation, labour, energy costs. It is a hard position to be right now, especially in the hospitality business, because ADR has come down so drastically, and business need to come back up, while costs keep increasing. Demand for hospitality services is still not that high and there is a lot of competing with tons of hotels for the labour. Sustainability: how to do it in an urban location where there is not much land to leverage, without redoing hotels from scratch.
Interviewee 5
Experience economy is definitely taking place, people want to spend money with people they can trust. In this case, the mother brand invested a lot of money in their cleanliness certification to build trust.
Generations Y and Z
Are you already targeting this market (and how, what strategies) or are you focusing on older generations?
Interviewee 3
When it comes to the younger generations, the hotel is not targeting them specifically, but it is well aware of their importance. Even though there are brands such as Moxy and Soho House that are already doing it very well, the whole industry should evolve again to receive these generations that will most likely shape the future of the industry,

as both consumers and workers.
Interviewee 4
Most of the hotels in the company are franchised and mainly go by what the brand does. Most of its hotels are more corporate oriented and are not much for these younger generations. As time goes by, these generations will have more disposable income and so they have to start focusing on them. But they are very depended on the brands, although they are open to have more Gen Y and Z focused brands in their portfolio.
Interviewee 5
There isn't a distinction in age groups for this hotel because it is not aligned to a particular group, it is mostly aligned with the location. Cool and trendy hotel targeted for Gen Z: The Hoxton – OSTEND Hotels. The hotel itself is not aesthetically pleasing, and social media marketing hasn't worked out for the hotel's restaurant, but that's because they only ran it for one year. The hotel brand is serving a purpose and it cannot be targeted to this specific market.
Regarding the overall characteristics of these generations, what are now the biggest opportunities and challenges for a city hotel? How will these generations shape the future of hospitality? (e.g., sustainability, social media, technology, experience economy, domestic market)
Interviewee 3
These generations brought great changes, not only in the way they interact within a team but also with their need for a better work-life balance and more efficiency.
Interviewee 4
They will influence overtime. At the end of the day, if Gen Y and Z work for a company and need to travel, they will not have the choice anyways. It will only change when those generations become the majority of the people in charge. The most revenue the company is getting now comes from older generations. Here technology will play an important role because it will bring autonomy, efficiency, and customization, adapting to these new generations' needs. These will be the things that will change, more than the overall product.
Interviewee 5
The future is always with the young generations because they are the future and companies will always be fullish if

they underestimate this. The problem with franchises is that the investment decision comes from another identity rather than from the GM. If the decision was from the GM, he would do much more to target these gens. Young generations want to purchase items they feel identified with, companies must target their products to its likes and dislikes. These generations will be working in the industry in 10-20 years' time, and this will be even more evident.
Business Travel
Do you believe that business travel will return to its pre-pandemic levels?
Interviewee 3
It has already been answered
Interviewee 4
It will come back strong, but it will change. She used to fly in the morning and come back at night, this will reduce its frequency, most will be online and then some presential to keep relationships. There will be less short business trips, just if it is very necessary. Two reasons: first, business will look at the carbon footprint, now most travels have to be approved. Second, people don't want to be busy just because, they want things to be more efficient to have more off time. However, relationships are key to business and people will need to travel to feel that. Big opportunity because people miss this connection. Bleisure is an opportunity, it will make trips longer and more enjoyable.
Interviewee 5
Probably in one year time.
What does remote working mean for hotels? Do you think it is an opportunity or a threat?
Interviewee 3
Regarding the business shift to the digital world, it is as a threat, in the sense that the corporate segment represented a large part of the business. But also, as an opportunity because it is likely to become a hybrid scenario where hotels can sell hybrid packages to accommodate them. COVID-19 will have a long-lasting effect on the economy. The psychological effect of the pandemic is probably one of the reasons why domestic business local travel is so high at the moment, people want to leave the house, and hotels have to figure out a strategy to target these people.
Interviewee 4

It is a threat but not significant one because of the reason mentioned previously. Since people got out of the city, they will have to come for the city, that is an opportunity. An interesting example is that in Africa people had wi-fi connection problems at home, and so they started going to hotels to use their wi-fi which ended up helping the business.
Interviewee 5
It is a big threat, and hotels will have to think about changing their strategies. Working from home or remote working will probably not last forever, because it does not allow people to create deeper relationships or to exchange ideas. E.g., business meetings will continue in situations where you need to meet people to build relationships and sell
In light of the COVID-19 pandemic, what strategies are being implemented to attract business travellers? How are hotels adapting their offer?
Interviewee 3
The mother brand helps to attract international travellers but when it comes to the domestic market, there was the need to go out searching for domestic business and lower the rates. One good thing is that, as it is local people, they can actually reach out and influence them to stay in the hotel.
Interviewee 4
Target domestic over international. Plans to attract business guests also apply to leisure guests. High COVID-19 standard of bedroom cleaning – the brands all have their own name and standards along with branded products; High standards of cleanliness for guests and public areas; Staff wearing PPE; COVID-19 safe operating procedures at check-in and service in the restaurants etc; Social distancing measures in line with current regulations; Pricing is generally down to reflect low demand, but customers are shopping around like crazy – business and leisure guests
Interviewee 5
Reconnected with the segment, offered lower rates, gave add-ons and extra points, like free meeting rooms. The hotel is 99% leisure; thus, the baseline is not business. There is a business centre a few miles away and companies are fighting for them. The hotel is trying to keep a very sweet relationship with guests and understand their motives for travelling, in order to adapt the offer as best as possible. The American market used to be very significant but is currently at very low levels of demand.