OTUS ANALYTICS

Otus Hotel Brand Database
Overview report: Europe 2012

Otus Analytics reports

This overview provides information about the shape of the European hotel market, detailing the largest chains at each market level – just 15 chains out of the nearly 900 that the Otus Hotel Brand Database ("OHBD") includes.

Otus defines a chain as four or more hotels under common management or franchise, so the 15,900 hotels in the database include companies from Accor to Zleep. You will find more detail of the Otus methodology at the end of this report, as well as explanations of the terminology that we use.

Now available:

Hotel chains in Europe 2012 – the full report
Extensive detail on the brands and structure of the European chain hotel market as a whole and of each of the continent's country hotel markets

Hotel cities in Europe 2011 – the top 44
44 European cities have more than 6,000 chain hotel rooms – making them major or primary conurbations in Otus terms. Which are they? How do they rank? And which brands are dominant in these key markets?

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Overview report: Europe 2012

Continent statistics

Otus hotel market data	
Europe chain hotel market (rooms)	1,985,000
Total hotel market (rooms; Otus estimate)	5,400,000
Chain hotel concentration	37%
Countries with chain hotels	48 out of 54
Conurbations with chain hotels	4,900
Brands	940

The European chain hotel market at end-2011 comprised about 15,900 hotels with 1.99 million rooms. These hotels are spread through 48 of Europe's 54 countries in about 4,900 cities, towns and villages. Otus estimates the total hotel market in Europe at 5.4 million rooms, meaning that the chains form 37% of the market.

Accor is by far the largest company, with more than 270,000 rooms and four of the top ten brands (by number of rooms):

Top ten brands, end-2011	Hotels	Rooms	Average size	Percentage of total rooms
Ibis	715	76,303	107	3.8%
Mercure	503	57,349	114	2.9%
Holiday Inn	284	46,000	162	2.3%
Premier Inn	606	44,929	74	2.3%
Novotel	259	42,877	166	2.2%
NH Hotels	276	41,550	151	2.1%
Radisson Blu	175	40,305	230	2.0%
Hilton	155	40,285	260	2.0%
Etap	431	36,827	85	1.9%
Travelodge	493	33,528	68	1.7%

As we update the database each year, we revise earlier years' numbers – we discover new chains, find that hotels that seemed to be closed were just resting, and occasionally, even, we make mistakes. Our current figures for end-2010 are 1.95m chain rooms in 15,587 hotels. So net market growth in 2011 was 36,000 rooms or 1.8%, down from 2.8% in 2010, 2.9% in 2009 and 3.7% in 2008. The global majors as a group had an excellent year, with net growth of 6.8% as Marriott's deal with AC and Wyndham's acquisition of Tryp came into effect. But the other companies within the group fared very differently, with Choice, Hyatt and Starwood shrinking, IHG and Carlson growing moderately and Accor and Hilton growing organically but strongly.

You'll find the detail in our full reports – meanwhile, here's the overview.

Chain hotel market overview

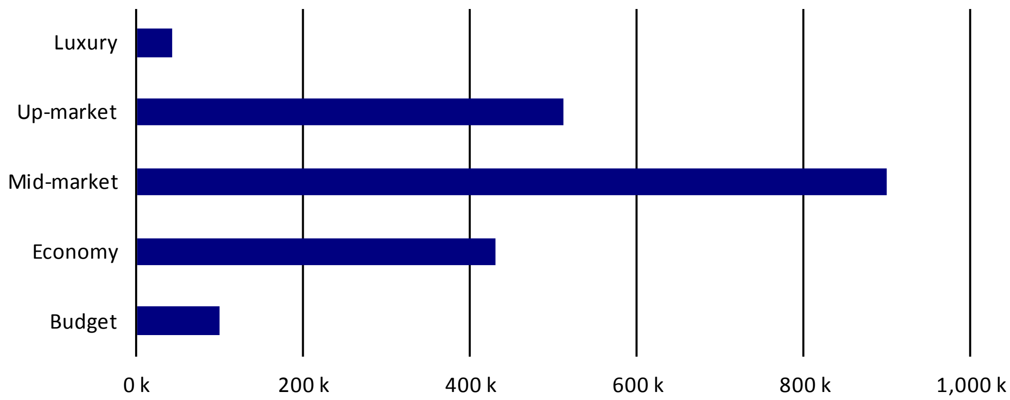
Europe	Hotels	Rooms	Average size	Percentage of total rooms
Whole chain market	15,860	1,985,171	125	100%
Market level				
Luxury	315	42,193	134	2%
Up-market	2,890	512,399	177	26%
Mid-market	6,420	900,221	140	45%
Economy	4,872	431,046	88	22%
Budget	1,363	99,312	73	5%
Hotel configuration				
Extended feature	1,091	250,531	230	13%
Full feature	3,906	686,493	176	35%
Basic feature	5,233	622,608	119	31%
Limited feature	2,496	215,703	86	11%
Rooms only	3,134	209,836	67	11%
Rooms configuration				
Multiple rooms per key	360	37,798	105	2%
Diversified	5,356	941,928	176	47%
All en-suite	9,791	979,550	100	49%
Some en-suite	44	3,635	83	0%
No en-suite	309	22,260	72	1%
Conurbation size				
Major	1,311	196,093	150	10%
Primary	2,499	455,591	182	23%
Secondary	2,576	426,989	166	22%
Tertiary	2,702	355,649	132	18%
Quaternary	6,772	550,849	81	28%
Conurbation type				
City urban	4,613	682,677	148	34%
City airport	344	69,753	203	4%
City suburban	2,250	286,003	127	14%
Town	4,386	445,571	102	22%
Village	4,267	501,167	117	25%
Brand type				
Global	4,788	662,459	138	33%
International	4,407	613,589	139	31%
National	6,665	709,123	106	36%

Market level / hotel configuration matrix

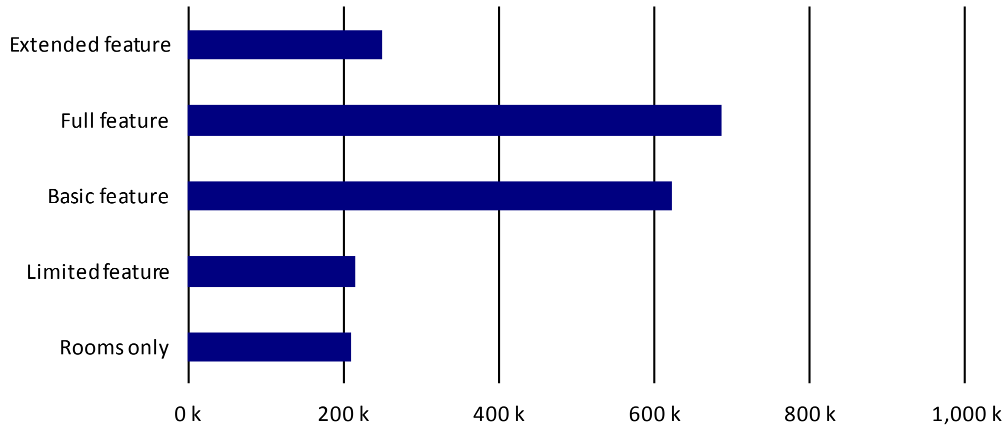
Europe	**Extended feature**	**Full feature**	**Basic feature**	**Limited feature**	**Rooms only**
Market level					
Luxury	10,484	27,863	3,435	243	168
Up-market	101,628	315,143	83,742	8,001	3,885
Mid-market	120,911	326,036	369,610	59,882	23,782
Economy	17,000	17,340	162,041	140,085	94,580
Budget	508	111	3,780	7,492	87,421

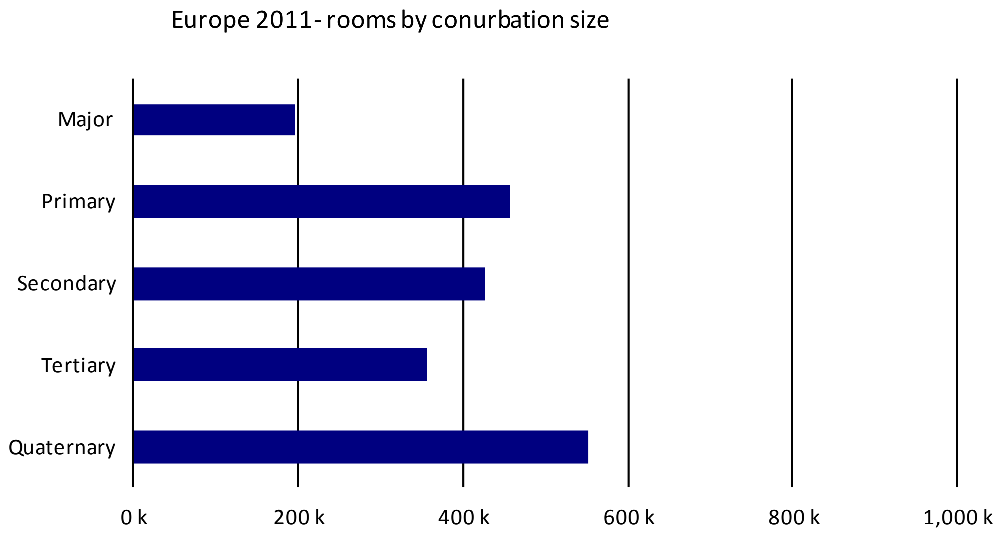
Charts

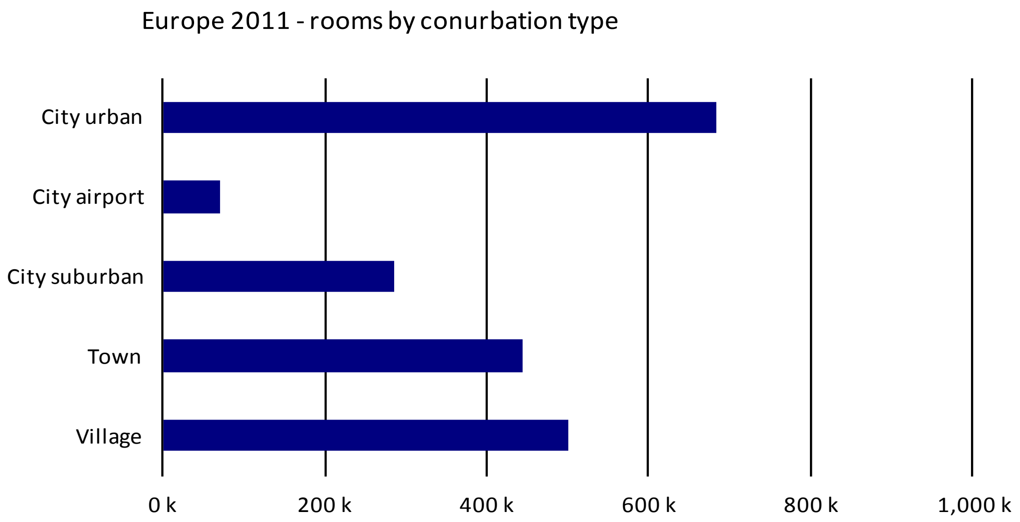
Europe 2011 - rooms by market level

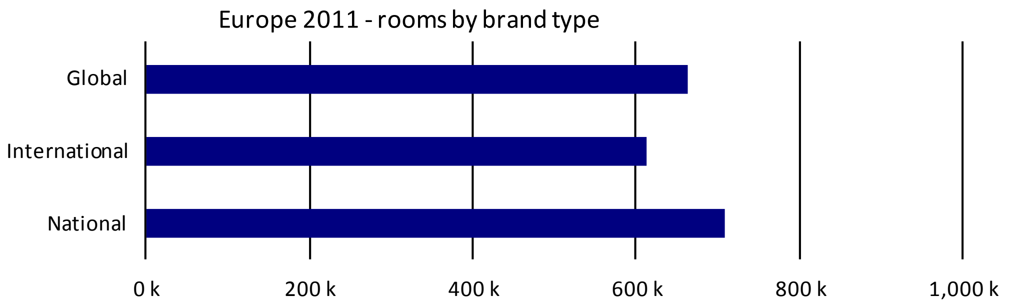


Europe 2011 - rooms by hotel configuration




Europe 2011- rooms by conurbation size
Major
Primary
Secondary
Tertiary
Quaternary
0 k
200 k
400 k
600 k
800 k
1,000 k


Europe 2011 - rooms by conurbation type
City urban
City airport
City suburban
Town
Village
0 k
200 k
400 k
600 k
800 k
1,000 k


Europe 2011 - rooms by brand type
Global
International
National
0 k
200 k
400 k
600 k
800 k
1,000 k

Segment detail – budget

Europe - budget segment	Hotels	Rooms	Average size	Percentage of segment rooms
Whole chain market	15,860	1,985,171	125	
Budget segment	1,363	99,312	73	
Hotel configuration				
Extended feature	1	508	508	1%
Full feature	2	111	56	0%
Basic feature	47	3,780	80	4%
Limited feature	120	7,492	62	8%
Rooms only	1,193	87,421	73	88%
Rooms configuration				
Multiple rooms per key	2	175	88	0%
Diversified	17	1,604	94	2%
All en-suite	1,015	72,823	72	73%
Some en-suite	24	2,466	103	2%
No en-suite	305	22,244	73	22%
Conurbation size				
Major	106	12,115	114	12%
Primary	50	5,834	117	6%
Secondary	116	10,655	92	11%
Tertiary	205	14,786	72	15%
Quaternary	886	55,922	63	56%
Conurbation type				
City urban	107	12,365	116	12%
City airport	32	2,901	91	3%
City suburban	229	19,965	87	20%
Town	561	36,324	65	37%
Village	434	27,757	64	28%
Brand type				
Global	706	57,305	81	58%
International	405	27,294	67	27%
National	252	14,713	58	15%
Brands				
Etap	431	36,827	85	37%
Formule 1	273	20,351	75	20%
Premiere Classe Hotels	241	17,060	71	17%
Other chains	418	25,074	60	25%

Segment detail – economy

Europe - economy segment	**Hotels**	**Rooms**	**Average size**	**Percentage of segment rooms**
Whole chain market	15,860	1,985,171	125	
Economy segment	4,872	431,046	88	
Hotel configuration				
Extended feature	66	17,000	258	4%
Full feature	124	17,340	140	4%
Basic feature	1,529	162,041	106	38%
Limited feature	1,632	140,085	86	32%
Rooms only	1,521	94,580	62	22%
Rooms configuration				
Multiple rooms per key	114	9,836	86	2%
Diversified	356	50,371	141	12%
All en-suite	4,384	369,823	84	86%
Some en-suite	15	1,006	67	0%
No en-suite	3	10	3	0%
Conurbation size				
Major	439	49,184	112	11%
Primary	458	63,763	139	15%
Secondary	688	86,311	125	20%
Tertiary	802	76,578	95	18%
Quaternary	2,485	155,210	62	36%
Conurbation type				
City urban	934	101,824	109	24%
City airport	99	14,699	148	3%
City suburban	863	79,976	93	19%
Town	1,619	126,265	78	29%
Village	1,357	108,282	80	25%
Brand type				
Global	1,299	127,100	98	29%
International	1,108	92,427	83	21%
National	2,465	211,519	86	49%
Brands				
Ibis	715	76,303	107	18%
Premier Inn	606	44,929	74	10%
Travelodge	492	33,458	68	8%
Other chains	3,059	276,356	90	64%

Segment detail – mid-market

Europe - mid-market segment	Hotels	Rooms	Average size	Percentage of segment rooms
Whole chain market	15,860	1,985,171	125	
Mid-market segment	6,420	900,221	140	
Hotel configuration				
Extended feature	506	120,911	239	13%
Full feature	2,066	326,036	158	36%
Basic feature	2,890	369,610	128	41%
Limited feature	617	59,882	97	7%
Rooms only	341	23,782	70	3%
Rooms configuration				
Multiple rooms per key	175	21,525	123	2%
Diversified	2,578	427,725	166	48%
All en-suite	3,663	450,844	123	50%
Some en-suite	4	127	32	0%
No en-suite	-	-	-	-
Conurbation size				
Major	426	59,963	141	7%
Primary	1,175	205,807	175	23%
Secondary	1,170	216,265	185	24%
Tertiary	1,216	180,531	148	20%
Quaternary	2,433	237,655	98	26%
Conurbation type				
City urban	2,046	280,243	137	31%
City airport	125	24,670	197	3%
City suburban	866	130,296	150	14%
Town	1,675	211,865	126	24%
Village	1,708	253,147	148	28%
Brand type				
Global	1,719	241,093	140	27%
International	1,932	319,786	166	36%
National	2,769	339,342	123	38%
Brands				
Mercure	492	56,682	115	6%
Holiday Inn	284	46,000	162	5%
Novotel	259	42,877	166	5%
Other chains	5,385	754,662	140	84%

Segment detail – up-market

Europe - up-market segment	Hotels	Rooms	Average size	Percentage of segment rooms
Whole chain market	15,860	1,985,171	125	
Up-market segment	2,890	512,399	177	
Hotel configuration				
Extended feature	461	101,628	220	20%
Full feature	1,525	315,143	207	62%
Basic feature	711	83,742	118	16%
Limited feature	121	8,001	66	2%
Rooms only	72	3,885	54	1%
Rooms configuration				
Multiple rooms per key	56	5,679	101	1%
Diversified	2,116	420,899	199	82%
All en-suite	716	85,779	120	17%
Some en-suite	1	36	36	0%
No en-suite	1	6	6	0%
Conurbation size				
Major	292	67,219	230	13%
Primary	722	164,614	228	32%
Secondary	548	106,521	194	21%
Tertiary	447	77,687	174	15%
Quaternary	881	96,358	109	19%
Conurbation type				
City urban	1,347	261,001	194	51%
City airport	88	27,483	312	5%
City suburban	278	54,114	195	11%
Town	487	65,629	135	13%
Village	690	104,172	151	20%
Brand type				
Global	985	223,901	227	44%
International	814	152,497	187	30%
National	1,091	136,001	125	27%
Brands				
Hilton	154	40,221	261	8%
Radisson Blu	173	39,841	230	8%
Marriott Hotels and Resorts	87	20,598	237	4%
Other chains	2,476	411,739	166	80%

Segment detail – luxury

Europe - luxury segment	Hotels	Rooms	Average size	Percentage of segment rooms
Whole chain market	15,860	1,985,171	125	
Luxury segment	315	42,193	134	
Hotel configuration				
Extended feature	57	10,484	184	25%
Full feature	189	27,863	147	66%
Basic feature	56	3,435	61	8%
Limited feature	6	243	41	1%
Rooms only	7	168	24	0%
Rooms configuration				
Multiple rooms per key	13	583	45	1%
Diversified	289	41,329	143	98%
All en-suite	13	281	22	1%
Some en-suite	-	-	-	-
No en-suite	-	-	-	-
Conurbation size				
Major	48	7,612	159	18%
Primary	94	15,573	166	37%
Secondary	54	7,237	134	17%
Tertiary	32	6,067	190	14%
Quaternary	87	5,704	66	14%
Conurbation type				
City urban	179	27,244	152	65%
City airport	-	-	-	-
City suburban	14	1,652	118	4%
Town	44	5,488	125	13%
Village	78	7,809	100	19%
Brand type				
Global	79	13,060	165	31%
International	148	21,585	146	51%
National	88	7,548	86	18%
Brands				
Luxury Collection	35	5,240	150	12%
Kempinski	28	5,209	186	12%
Ritz-Carlton	8	2,410	301	6%
Other chains	244	29,334	120	70%

Notes

The Otus Hotel Brand Database (OHBD) is the most complete and consistent database of chain hotels in the world. It currently covers Europe – from Iceland to Kazakhstan – and is being extended to cover Africa, Asia and the Middle East. It attempts to include every chain of four or more hotels, where a chain can be defined by common branding or operation. For each hotel it records a number of hotel properties – e.g. number of keys and market level – and locational properties, including the full address, as well as details of branding, operation and ownership.

The database has existed in some form or other since the 1980s and is used by Otus to track the development of the chain hotel market and to analyse the market's relationship to economic conditions. Otus both advises clients on strategy and searches for merger or acquisition opportunities, so the data is sometimes used at the highest level of aggregation and sometimes to pinpoint specific hotels. So it's important that we maintain a high level of accuracy in the content.

Database scope

We include, of course, all the major international chains – the Hiltons and Starwoods of the world – with all their brands. We also include smaller, regional chains which operate or franchise hotels. And if an operator runs a bunch of hotels, some under franchise and others without a flag, we include everything in the operator group. Similarly, if an owner of four or more hotels has some or none run without any obvious branding, or uses a set of brands none of which is itself four hotels, we include the whole group. And where a company has less than four hotels in Europe but makes up the number in other parts of the world, we include that company.

What we don't include is hotels that are members of consortia like Best Western – unless of course they are also part of an operator or owner chain such as Chardon Management or Pandox.

We update the database at the end of each calendar year, including hotels that actually exist and have opened for business on or before 31st December (even if some rooms are closed for refurbishment or for seasonal reasons). But we don't include hotels that have been announced or even ones that have been built but aren't opening until the next calendar year. For these reasons, our numbers won't always exactly match those given by the hotel companies themselves – but we try to be objective and consistent throughout.

What that means is that at the end of 2011 we recorded 15,900 hotels in Europe, affiliated to about 900 brands, some very big but most quite small.

In order to derive detailed pictures of markets, portfolios and brands, the main entities that the database tracks are hotels, brands and the companies that own or operate the hotels and brands.

Data

The database includes details of each hotel's configuration, location and corporate affiliation.

Under the first of these, the database records the number of rooms and classifies it by market level[1], hotel configuration[2] and rooms configuration.[3] Each of these classifications

[1] Market levels: Luxury, Up-market, Mid-market, Economy, Budget

is objective: it is particularly important to note that market level is a measure of the level of investment in the hotel room, which can be seen from things like room size and type and quality of fixtures and fittings. It is not an indicator of the quantity and quality of non-rooms facilities – so it is possible within the Otus system for a "rooms-only" hotel to be classified as luxury or for an extended feature hotel to be at budget level.

Market level

The Otus classification of each hotel in the database is made with reference to the following list of "benchmark brands":

Deluxe	Up-market	Mid-market	Economy	Budget
Four Seasons	Clarion	Courtyard	Campanile	Etap
Luxury Collection	Crowne Plaza	Four Points	Comfort	Formule 1
Mandarin Oriental	Hilton	Holiday Inn	Days Inn	Première Classe
Orient Express	InterContinental	Novotel	Holiday Inn Express	
Ritz Carlton	Le Meridien	Park Inn	Ibis	
Rocco Forte	Marriott	Quality	Premier Inn	
St. Regis	Pullman	Ramada	Travelodge	
Waldorf Astoria	Radisson Blu	Scandic		
	Renaissance			
	Sheraton			

Most of the big brands have a consistent market level: two exceptions have been NH, which does not subdivide its hotels within the brand, and Mercure which used to be Accor's catch-all brand. So NH has economy, mid-market, and up-market hotels all under the same label – though last year it introduced "Collection", "Express" and "Resort" sub-brands as well. Mercure has until the last year or so covered hotels from economy to up-market, though it has now pretty much settled in the mid-market.

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[2] Hotel configurations: Extended feature, Full feature, Basic feature, Limited feature, Rooms only. Configuration is measured according to the number and extent of restaurants/bars, conference/meeting rooms and leisure facilities.

[3] Rooms configurations: Multiple rooms per key, Diversified, All en-suite, Some en-suite, No en-suite

Hotel configuration

Hotel configuration is assessed according to the following table:

Non-rooms facilities	**Extended feature**	**Full feature**	**Basic feature**	**Limited feature**	**Rooms only**
Restaurants (minimum)	1	1	1	1	0
Bars (minimum)	1	1	1	optional	0
Conference rooms (minimum)	1	1	optional	optional	0
Indoor health & fitness (miminum)	1	1	optional	0	0
Outdoor health & fitness (minimum)	1	optional	optional	0	0
Retail outlets (minimum)	optional	optional	0	0	0
Casino (minimum)	optional	optional	0	0	0
Minimum non-rooms facilities	**5**	**4**	**2**	**1**	**0**

This multi-parametered classification has clear advantages over any single-parameter system and, so far as we are aware, is the only system of hotel grading to be applied consistently throughout Europe.

Conurbation size and type

The database then records each hotel's address and derives from it the locational information that we use in our analysis: the conurbation (city, town or village[4]) in which it is situated or to which it is nearest and, for cities, a location type: urban, suburban or airport.

From these records we are able to classify conurbations in terms of the number of chain-affiliated hotel rooms that they contain. This can be done by giving precise numbers, but we find it meaningful to classify conurbations as major (more than 30,000 rooms), primary (more than 6,000), secondary (more than 1,500), tertiary (more than 500) and quaternary. There were only two major conurbations in Europe – London and Paris – in 2009; they have been joined by Berlin in 2010, following remarkable growth in the past four years, while there are forty primary conurbations, a few hundred secondary and tertiary conurbations and thousands of quaternaries.

Brands

We segment the chains into three convenient sets: the global majors;[5] "national" chains whose activities are exclusively or predominantly in a single country; and the "internationals" – everything else.

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[4] We define a city, for this purpose, as a conurbation with population in excess of 100,000; a town as a conurbation with population between 10,000 and 100,000; and a village as a conurbation with a population of less than 10,000.

[5] The global companies are Accor, Carlson, Choice, InterContinental, Hilton, Hyatt, Marriott, Starwood and Wyndham.

Other Otus products and services

Alongside the database we have a number of tools for evaluating and comparing hotel portfolios and brand strength. Our historic data also supports detailed analysis of market development and likely future trends.

Demand
We track demand in volume terms – room nights sold – rather than RevPAR. The quality of demand data available varies from country to country; we attempt in every case to arrive at reasonable estimates of demand into hotels (as opposed to the "hotels and similar" categorisation used by the UNWTO) and at the segmentation of demand between domestic or foreign and business or leisure travel. We also estimate the split of demand between the chain and unaffiliated sectors. (Using our proprietary analytical tools, these estimates can then be combined with rate and occupancy data from third parties, ideally for known sample sets, to arrive at estimates of the cash value of hotel markets in particular locations and thence to estimates of market share for particular hotels or chains.)

Economic context
Levels of supply as well as domestic and foreign business demand, and of domestic leisure demand, depend not simply on GDP growth or the economic cycle but on the size and importance of different sectors of the economy. We therefore undertake detailed economic research to profile and track the economic structure of each country over time. We also examine the economic policies of each country to identify their impact on hotel supply and demand.

Forecasts
We combine our historic and current information with our economic analysis to generate a range of ten-year demand forecasts, based on different possible economic scenarios. Given the extent of likely future demand, we are able to derive implications for supply: what categories of hotel, in what locations, will be required to meet the demand growth – and which will be surplus to requirements.

OTUS ANALYTICS

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