

1. Demand for Transient Accommodation

This section of the report discusses the various types of demand accommodated at comparable five-star deluxe resorts, including the Oberoi Hotel in Lombok and other resorts in Southeast Asia. It should be noted that as the five-star deluxe hotel market in Lombok is somewhat underdeveloped, we have considered, for illustrative purposes only, demand accommodated at other luxury five-star resort hotels in Southeast Asia.

We have identified three demand segments:

1. FIT segment;
2. MICE segment; and
3. Wholesale segment.

FIT Demand

FIT demand is generated directly by resort hotels, usually through branding and distribution channels of the affiliated franchise or management company. For the purpose of this analysis, we have included Rack Rate and Hotel Packages in the FIT demand segment.

Rack Rate paying demand is limited and strongest during high season. The average length of stay for guests in this segment ranges from three to five days. Hence, a large proportion of the guests tends to originate from neighbouring countries within Asia, although there are a number of guests from Europe and the Americas as well. Hotels that are situated in locations with limited access are somewhat restricted in their ability to attract Rack Rate demand. This segment typically commands the highest average room rates, ranging between US\$400 and US\$440, depending on room type and season.

Hotel Package demand is strong throughout the year and is less affected by seasonality. The average length of stay ranges between four and seven days. Whilst most guests originate from other parts of Asia, there are a number of guests from Europe and the Americas as well. Hotel Package demand commands average room rates ranging between US\$350 and US\$400, depending on the type of package, room and season.

Table 5-1, below, summarizes the FIT demand segment's average room rate by season for the competitive market in the base year 2001.

Table 5-1 Average Room Rate by Season – FIT Segment, 2001

	% Range of Demand/ Average	High	Shoulder	Low	Average
FIT Segment					
Comparable Market	10-45% / 32%	430	320	290	380
Season Premiums		13%	-16%	-24%	-

Source: HVS International Research & Estimates

FIT demand constitutes a relatively large proportion (32%) of total accommodated demand. This segment is very significant for hotels as it typically achieves the highest average room rate of all market segments. Hotels that achieve a higher share of the FIT segment are likely to achieve a higher average room rate than other hotels.

MICE Demand

The **Meetings, Incentive, Convention and Exhibition (MICE)** demand segment for the comparable market tends to comprise meeting and incentive guests only. Comparable five-star deluxe hotels tend to offer limited meeting facilities. A large proportion of demand comes from small incentive groups or meetings for senior management personnel representing regional or international companies. Demand tends to be strongest during shoulder and low season months and originates primarily from neighbouring countries within Asia, including Japan, Hong Kong and Singapore. The average length of stay for this segment ranges from two to four days.

MICE demand is the smallest demand segment (9%) within the competitive market. However, this segment is relatively important as it generates demand during shoulder and low season months. Average room rates for this segment range between US\$210 and US\$320.

Table 5-2, overleaf, sets out the MICE segment’s average room rate by season for the competitive market in the base year 2001.

Table 5-2 Average Room Rate by Season – MICE Segment, 2001

	% Range of Demand/ Average	High	Shoulder	Low	Average
MICE Segment					
Comparable Market	2-15% / 9%	320	250	210	290
Season Premiums		10%	-14%	-28%	-

Source: HVS International Research & Estimates

Wholesale Demand The **Wholesale** segment comprises tour operator business. In addition to hotel accommodation, tour packages usually include return airfares and airport-hotel transfers, and sometimes also include food and beverage vouchers.

Wholesale demand is strongest during high and shoulder season months and is characterized by a longer average length of stay, ranging between seven and fourteen days. Demand tends to originate primarily from European feeder markets, such as the UK and Germany.

Wholesale demand from Asian feeder markets (Singapore, Hong Kong and Malaysia) is strongest during low season, with the average length of stay ranging from three to five days. Wholesale demand commands the lowest average room rates, ranging between US\$240 and US\$350, depending on the season and the desired room type.

Table 5-3, below, summarises the Wholesale segment’s average room rate by season for the competitive market in the base year 2001.

Table 5-3 Average Room Rate by Season – Wholesale Segment, 2001

	% Range of Demand/ Average	High	Shoulder	Low	Average
Wholesale Segment					
Comparable Market	45-85% / 59%	350	230	240	280
Season Premiums		25%	-18%	-14%	-

Source: HVS International Research & Estimates

A large proportion of the demand for comparable five-star deluxe resorts in Southeast Asia is generated through wholesalers, thus emphasizing the importance of having a relationship or strong brand awareness with wholesalers and prospective guests in key feeder markets, such as Europe.

CONCLUSION

There are a few critical factors that contribute to a hotel’s overall market segmentation, namely the accessibility of the destination, the level of competitive supply and its level of brand recognition domestically, regionally and internationally. As the accessibility to Lombok improves\ and as new internationally branded hotels enter the market area in the future, we consider that the proportion of higher paying regional FIT and MICE demand will increase and that more wholesalers from long-haul feeder markets will consider Lombok as an alternative to other resort destinations in Southeast Asia.