

Hotels & Chains in Switzerland

2018



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SWISS HOTEL INDUSTRY

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HOTEL CHAINS IN SWITZERLAND

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Heinz Wehrle
Managing Partner
Horwath HTL (CH)

Developments in 2017 were positive for the hotel industry in more than one way. In addition to the improved regulatory framework, demand and profitability has increased. As a result, the hotel asset class has increasingly become a focal point for institutional investors. We consider this to be an important driver for the continued development of the Swiss hotel industry.

Destinations have created new products which generate attention in Switzerland and abroad. Results of our research shows that Swiss hoteliers do not leave the development of hotel chains and brands to foreign companies. New stars are rising who offer trendy, highly demanded products. As of now, 42% of all chain hotels in Switzerland are affiliated to Swiss groups with an upward tendency.

We are pleased to see that the brand <Switzerland> or <Swiss> still holds a strong attraction on the international market, regardless if destination or hotel brand.

Editorial

Author: Michaela Wehrle, Horwath HTL (CH)

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Edited in January/February 2018

Published: March 2018



Andreas Züllig
President
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In the year 2017, the hotel and accommodation industry benefitted from an upturn right across Switzerland – for the first time in a long time. This was seen in practically every region. The trend toward growth in the city areas continued and even the alpine regions were able to reflect a positive picture.

One of the main reasons for this development surely lies in the easing of tensions on the currency exchange front. This meant that many European guests returned once again, now that Switzerland had become less expensive. Furthermore, the economic climate abroad has also greatly improved.

In addition to all of this, the acceptance of the so-called “Bischof Motion” was celebrated as a partial victory for entrepreneurial freedom in the new digital era. The Federal Council must now submit a legislative proposal to Parliament about the prohibition of narrow parity clauses. Those clauses forbid hotel owners from offering their rooms on their own websites at lower prices than those of online booking platforms, thus severely limiting the host’s freedom to set their own prices. This matter is even more important in the international context because the main competitors of France, Germany, Austria and Italy have already prohibited the use of the parity clause.

Yet a further success was achieved by the hotel industry when the special VAT rates for the accommodation industry were extended from 4 to 10 years. In this way, planning-security is ensured, and long-term, innovative investments are promoted.

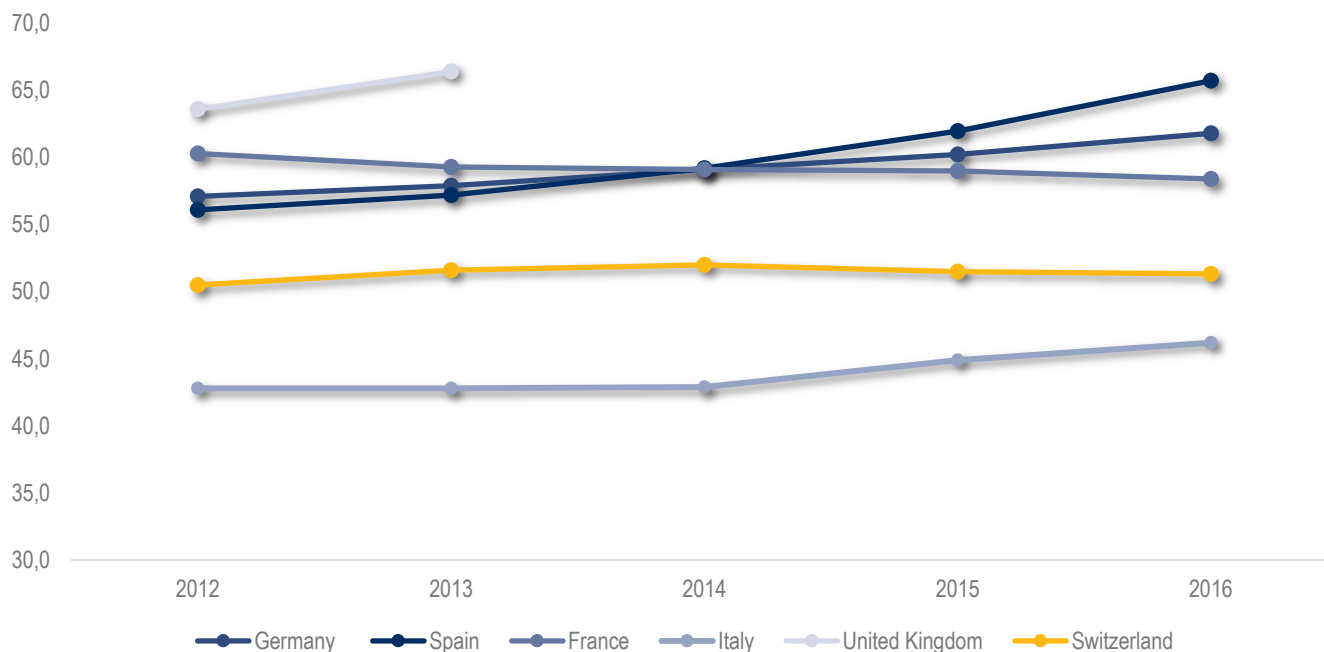
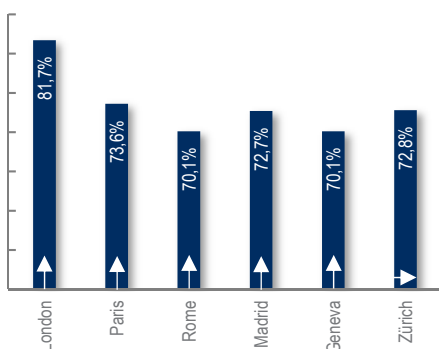
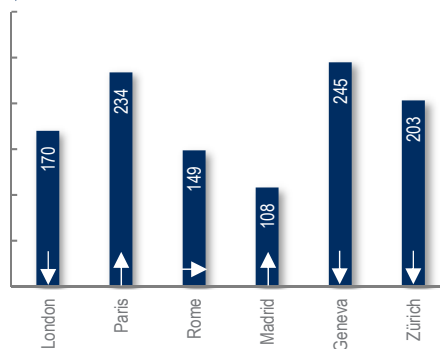
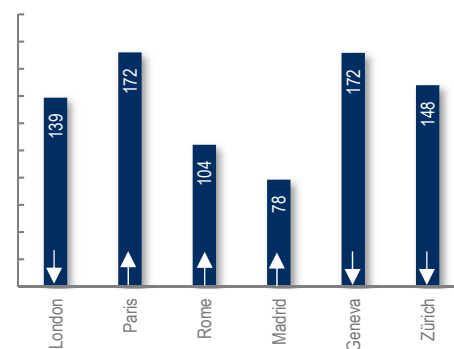
Alongside the improved framework conditions, I am especially happy about the great innovative power demonstrated by the hotel industry: for example, in order to not lose any more market share to the online booking platforms, some hotel chains are increasingly promoting customer retention by use of their own loyalty programs.

This engagement really impresses me and convinces me that the hotel industry shall continue to actively meet the challenges faced within the sector by means of innovative measures.



Swiss Hotel Industry

Development of Room Occupancy rates (%) in select European countries (Eurostat)


Occupancy (%), 2017
↓↑ compared to 2016

ADR (€), 2017
↓↑ compared to 2016

RevPAR (€), 2017
↓↑ compared to 2016


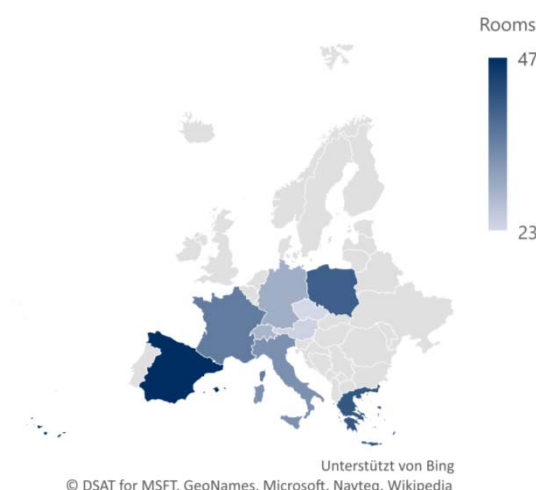
Deteriorating performances?

At first glance one might be tempted to assume that performances in Zürich and Geneva are dropping.

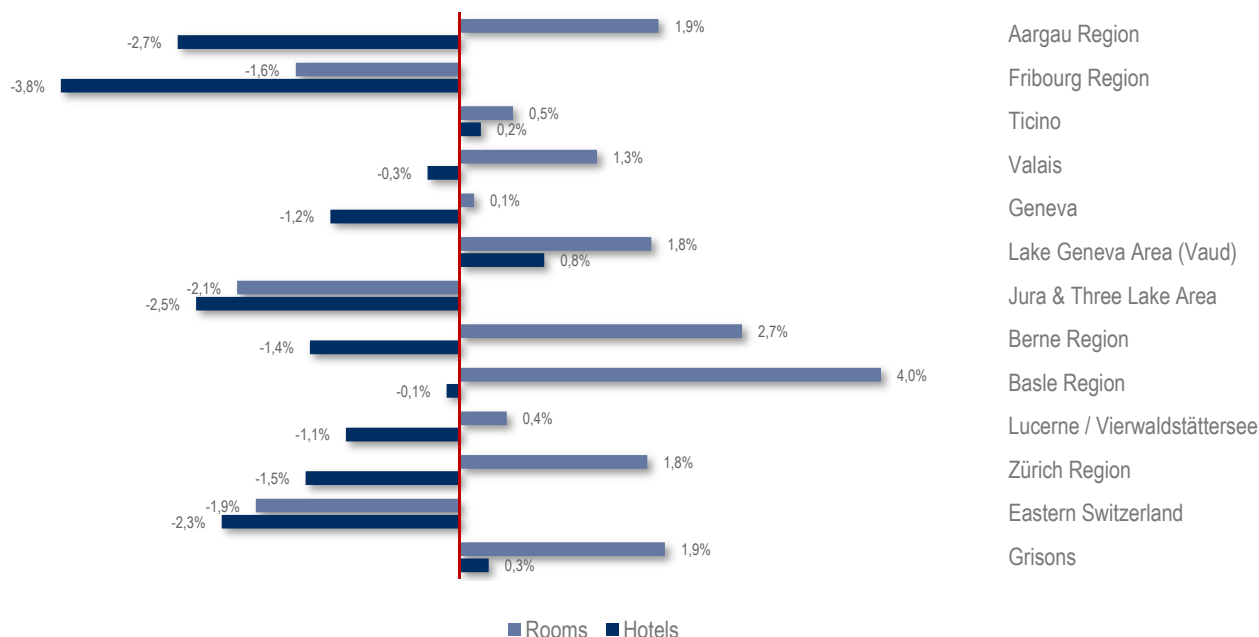
Considering, however, that these two markets had to absorb quite a bit of additional chain affiliated room supply in 2017 (Zürich +7.8%, Geneva incl. Lake Geneva +6.9%) and that this additional supply is in the Budget and Midscale segment, they are still faring well.

Occupancy rates in Geneva grew by 4.1% regardless, and Zürich maintained the 2016 level.

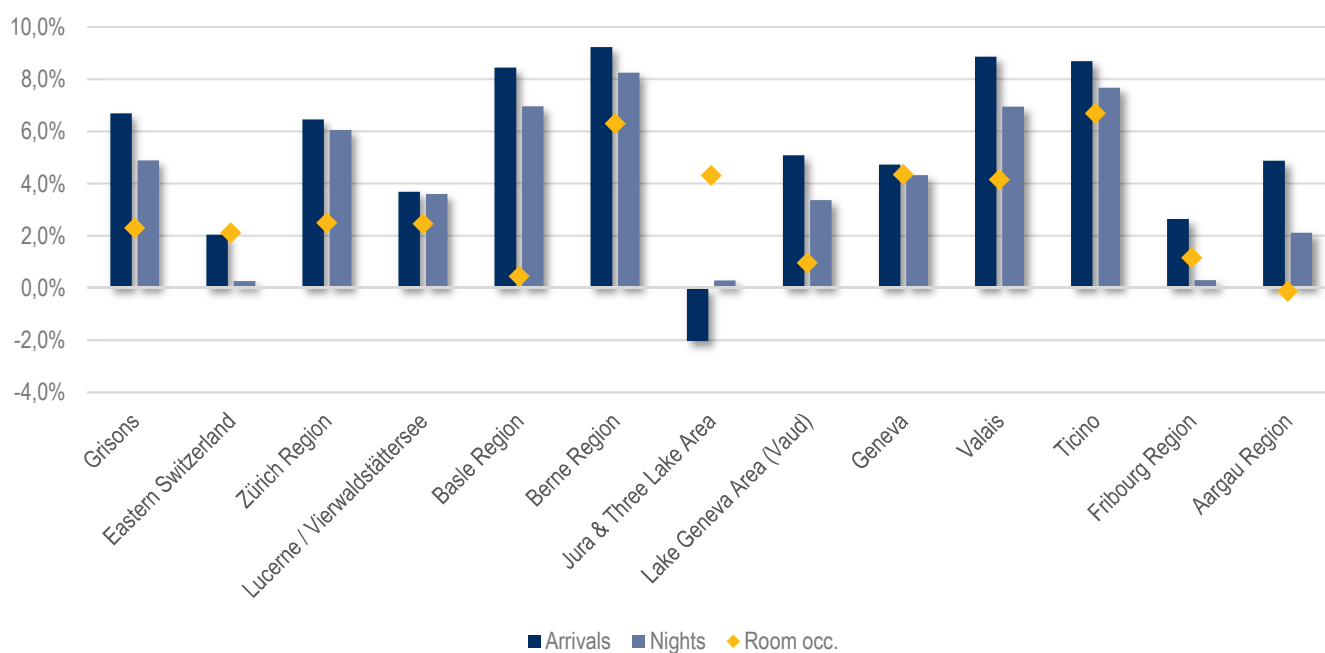
Average size of hotels by number of rooms in Top 10 European countries (2016), Eurostat data



Development of Supply 2017 vs 2016 by Tourism Region (BFS)



Development of Demand 2017 vs. 2016 by Tourism Region (BFS)



The Swiss are exploring their own country

In total, Swiss hotels welcomed 6.2% more guests in 2017 than they did the year before. Nearly 400k - equaling 37% of these additional arrivals - were of domestic origin, thus, generating a 4.8% in that category.

The three Asian target market with the biggest growth rates were India, Korea and China, with a combined increase of 16.6% in arriving travelers.

Jura & Three Lakes Area

With a 67% domestic client base it hurts particularly to lose 2.2% of your Swiss arrivals. When your second biggest market, Germany, accounts for another 9% and arrivals drop by 7.2% from one year to the next, it hurts even more.

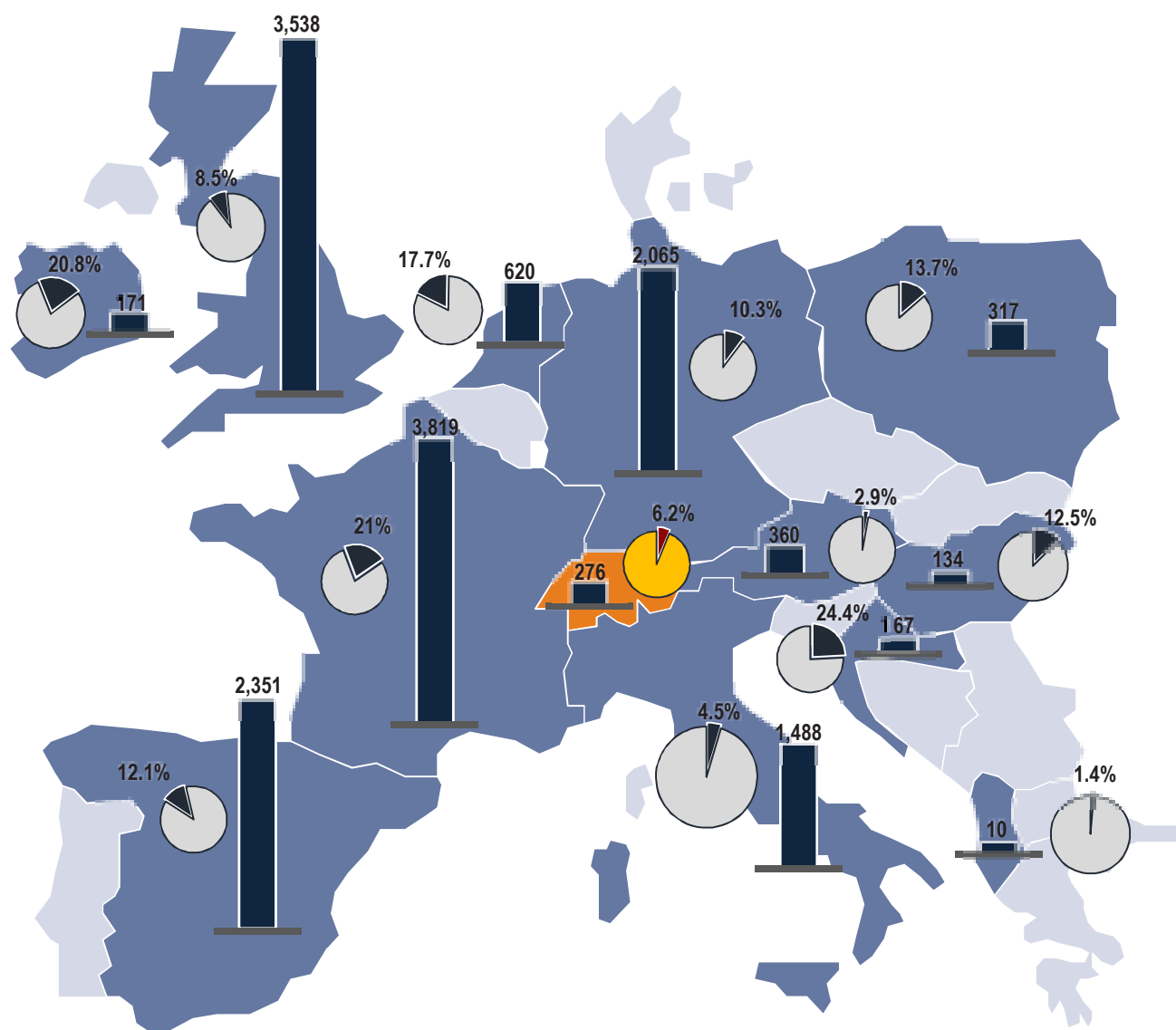
Arrivals from the five most important markets to the area decreased by 2.9% (CH, DE, FR, IT, CN). Increases were registered from a lot of smaller markets, yet not enough to make up for the big five.



Hotel Chains in Switzerland

Chains' growth and Europe

There are no strides in chains' presence in the map of the mature European destinations, with the exception of a sparkling Germany. Cyprus, Croatia and Spain account for the biggest branded resorts in the Mediterranean Europe in 2017.



Number of chains' hotels and chains penetration by hotel in selected European Countries (2017); source: Horwath HTL Switzerland and other European offices. Not all country figures are updated to 2018. The Hotels & Chains Report 2017 wrongly reported 5,500 hotels for Spain. The correct figure is the one reported in this map, 2,351 hotels for 12.1% of hotel penetration.

Key Figures	2016	2017	Growth %
Chain Hotels	218	272	25%
Chain Rooms	25'448	30'109	18%
Average Size of Hotel (rooms)	117	111	-5%
Swiss Hotel Stock	4'456	4'418	-1%
Swiss Room Stock	127'939	131'175	3%
Average Size of Hotel (rooms)	28,7	29,7	3%
Chain penetration by Hotels	4,9%	6,2%	26%
Chain penetration by Rooms	19,9%	23,0%	15%
Total Number of Brands	58	65	12%
Domestic Brands	8	8	
International Brands	50	57	14%
Top 10 Chains Total Hotels	140	153	9%
Top 10 Chains Total Rooms	17'537	18'384	5%
Top 10 Chains Hotels %	3,1%	3,5%	10%
Top 10 Chains Rooms %	13,7%	14,0%	2%
Second tier operated Hotels	n.a.	18%	
International Chains Hotels	135	158	17%
Domestic Chains Hotels	83	114	37%
International Chains Rooms	17'894	20'719	16%
Domestic Chains Rooms	7'554	9'390	24%

Chain growth

A remarkable step forward in accuracy was achieved through the help and participation of the hotel chains doing business in Switzerland.

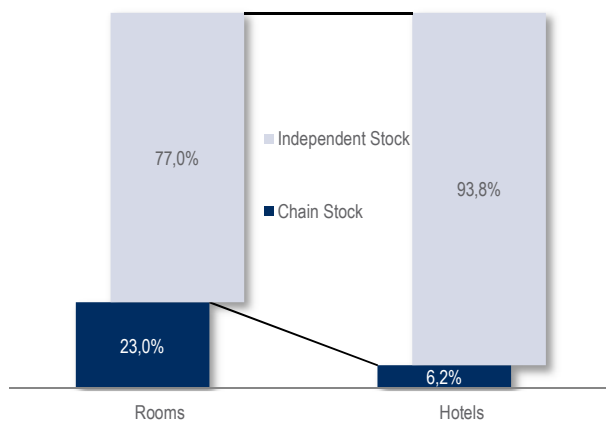
New openings, acquisitions or franchise agreements accounted for 38% of the additional chain affiliated room supply in 2017, while 62% are related to domestic chains exceeding the threshold for consideration for the first time or smaller regional groups that have gone unnoticed in the first edition of the report.

Thank you!

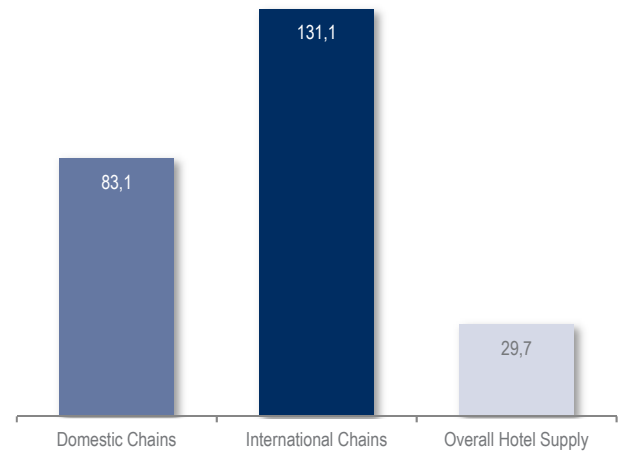
This year the census was made even more accurate and reliable thanks to the kinde support provided by:

25 hours	Leonardo
Accor	Manotel
Althoff Hotels	Mandarin Oriental
B&B	Motel One
Best Western	Mövenpick
Choice Hotels	MRH
Deutsche Hospitality	Radisson Hotels
Fours Seasons	RIMC
Giardino Hotel Group	Sophos Hotels
H Hotels	SV Hotels
Harry's Home	Tschuggen Group
Hauenstein Hotels	TUI
Hilton	ZFV Gruppe
IHG	

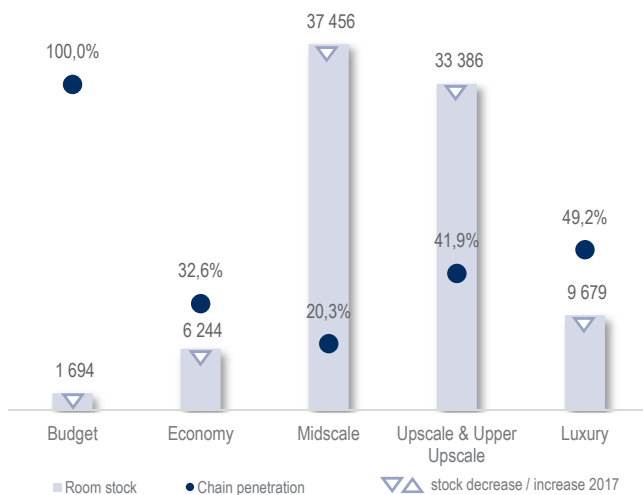
Chain penetration rate in Switzerland by number of hotels and rooms, 2017 (Horwath HTL census)



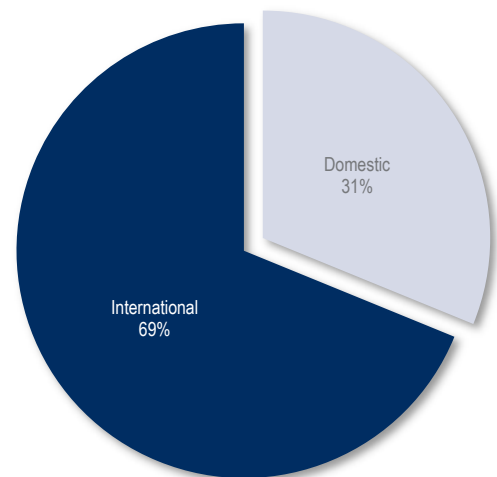
Average size of hotel by number of rooms, 2017 (Horwath HTL census)



Swiss hotel room distribution and chain penetration by category (Horwath HTL census)



Chain Room Stock by Origin, 2017



Branded openings mark 2017

Even though there have been a number of new additions to the chain affiliated hotels in Switzerland in 2017, not all of the increase depicted in the table above resulted from it.

Part of the growth is owed to the fact that some domestic chains have exceeded the threshold for being considered through acquiring their 5th hotel. Another part is a result of Best Western being added to the list of international operators.

New hotel openings in Switzerland account for 11 additional hotels and 1'682 rooms. Nearly a quarter of this new room supply is located at the Motel One in Zürich alone. 81% are in Midscale Hotels.

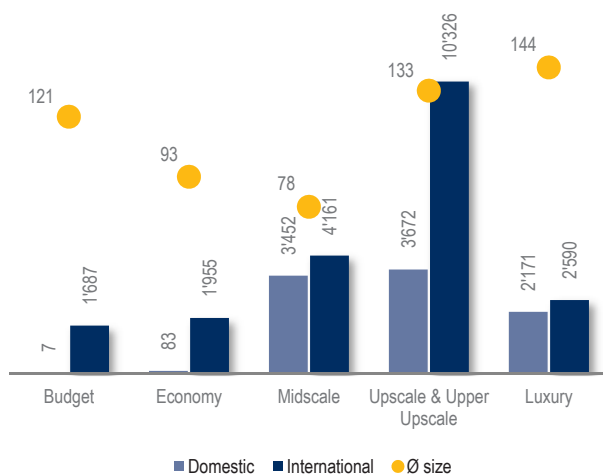
Seven new brands

Three of those seven new brands on the Swiss market are Best Western Brands and not really new.

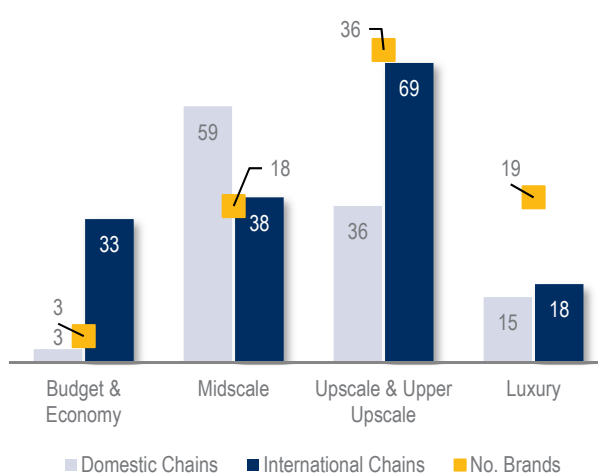
Three more brands derived from Ramada losing their branded hotels to H Hotels who created their own Hyperion brands.

The seventh brand is a complete new entry named Bürgenstock Selection and affiliated to Katara Hospitality who was in charge of a (rumored) 800M. CHF investment on the Bürgenstock overlooking Lake Lucerne.

Chain rooms by category and average size, 2017
(Horwath HTL census)



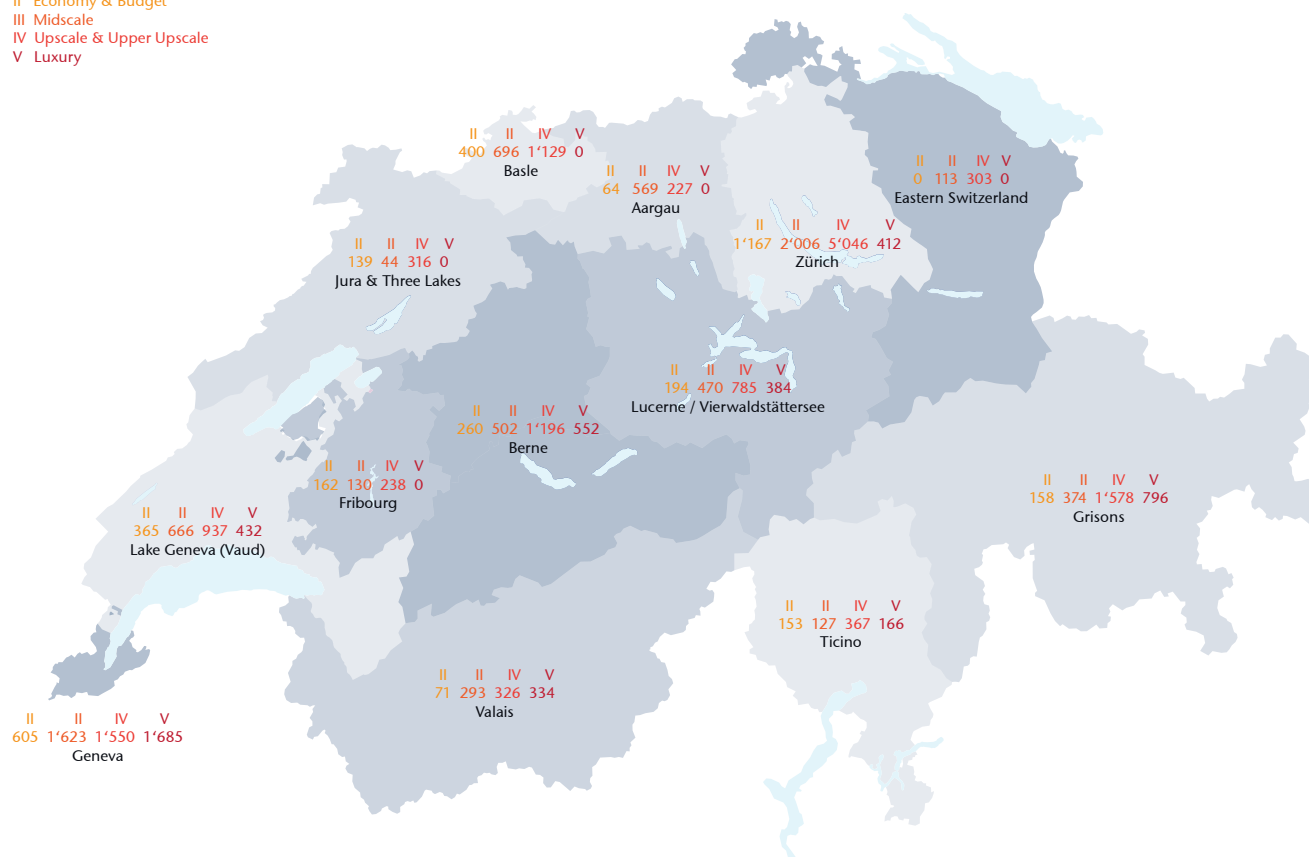
Chain hotels by category and number of brands, 2017 (Horwath HTL census)



2017 Chains Hotels and Rooms by scale	Hotels	Share in %	Rooms	Avg Size
Budget & Economy	36	13,3%	3'732	104
Midscale	97	35,8%	7'613	78
Upscale & Upper-Upscale	105	38,7%	13'998	133
Luxury	33	12,2%	4'761	144
TOTAL	271	100,0%	30'104	111

Regional distribution of chain affiliated room stock by scale, 2017

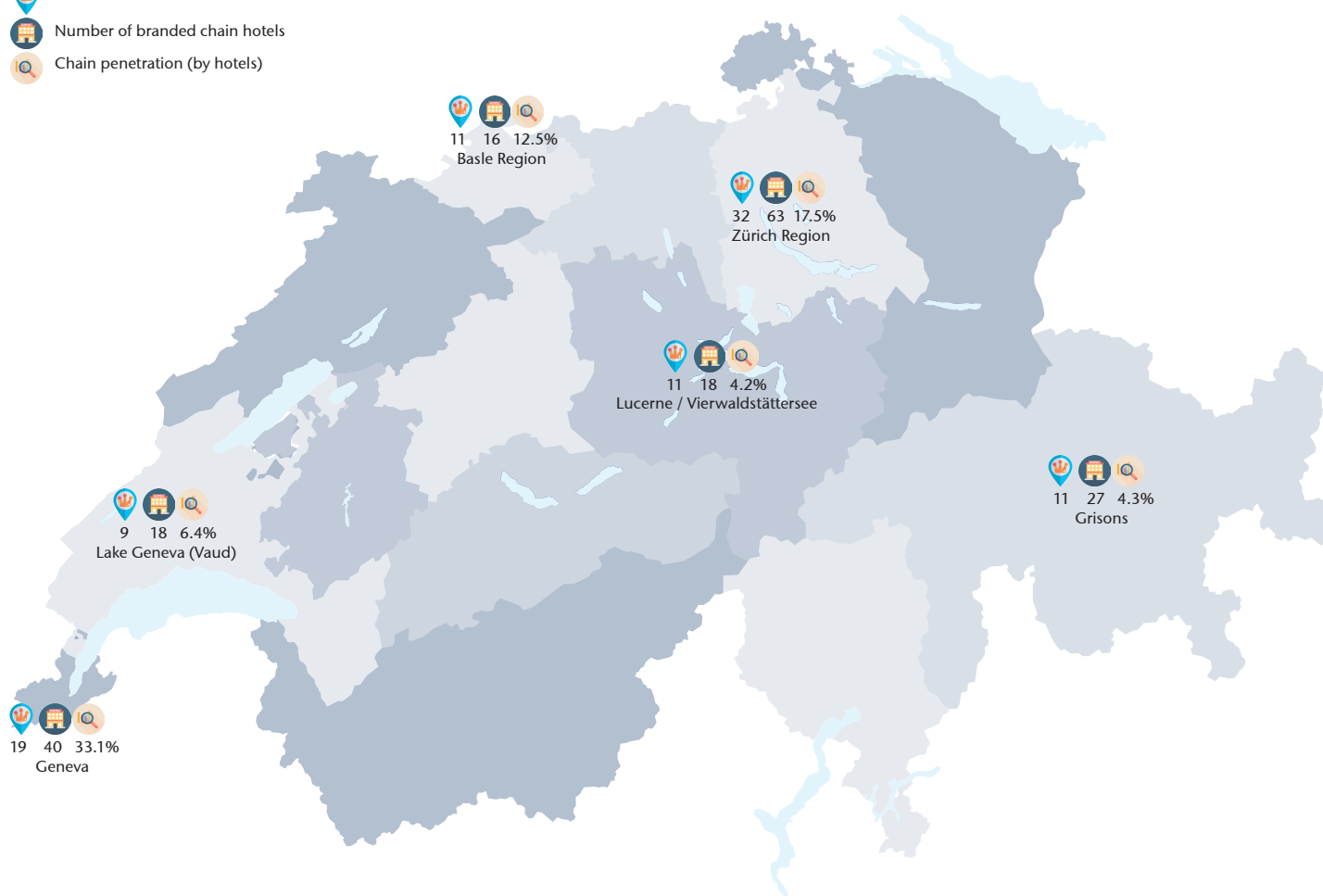
II Economy & Budget
III Midscale
IV Upscale & Upper Upscale
V Luxury



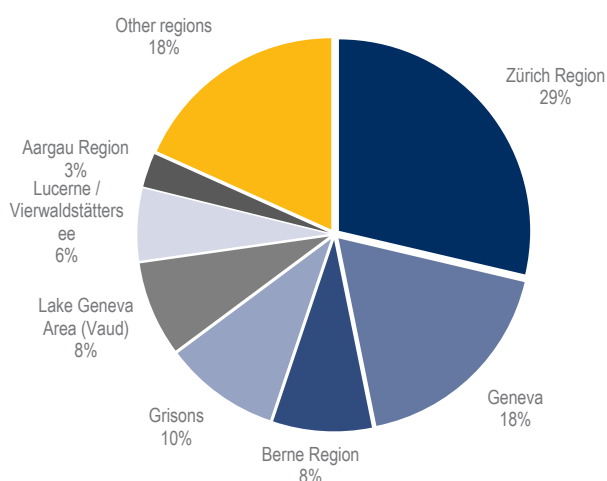
 Number of brands

 Number of branded chain hotels

 Chain penetration (by hotels)



Chain rooms distribution among Swiss Tourism Regions, 2017



Geneva is the King of Chain Penetration

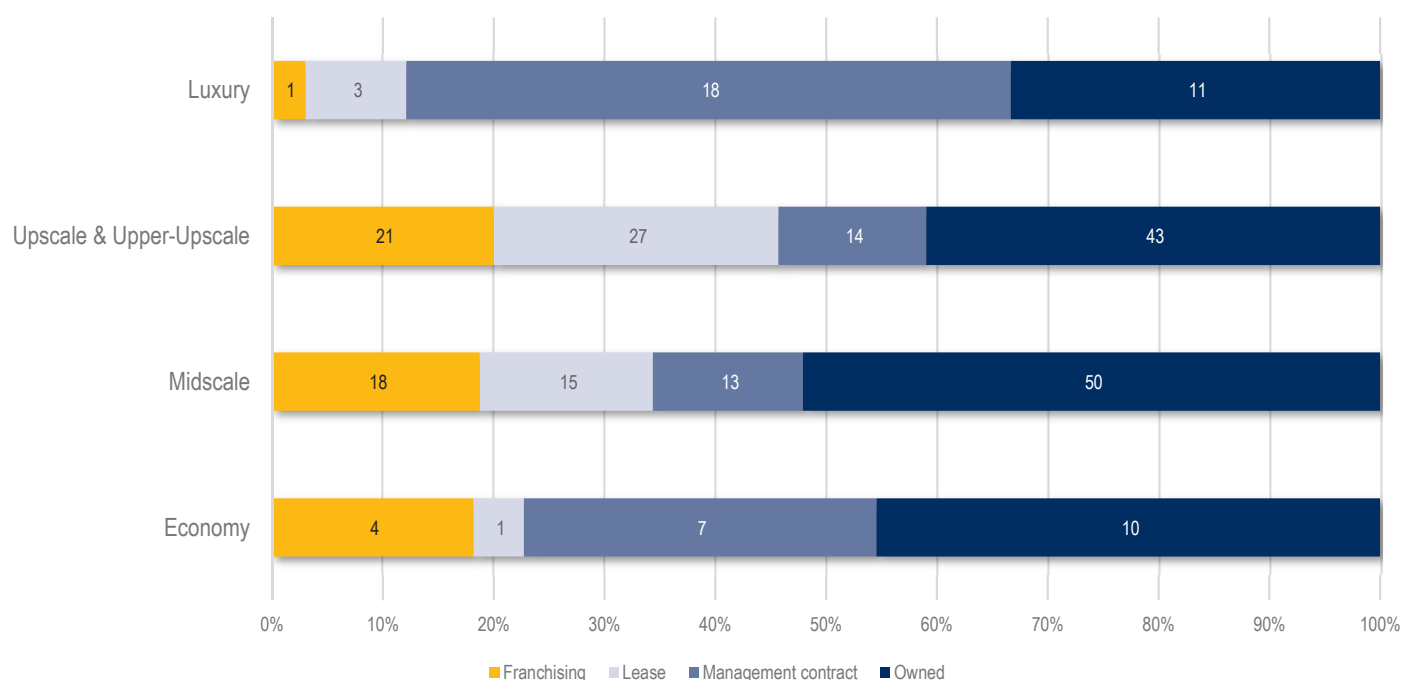
No other region in Switzerland has a higher chain penetration rate than Geneva. At 33.1% it topped last year's result of 28.8% although the city accounts for only 18% of the country's chain affiliated room supply.

Zürich vindicated its lead position in terms of chain affiliated rooms share and number of chain hotels. Due to a greater overall supply, however, at 17.5% the chain penetration rate is markedly lower.

87% of Basle's, 83% of Zürich's and 81% of Lucerne's chain affiliated room supply is operated under an international brand. In Geneva this applies to only 64%.

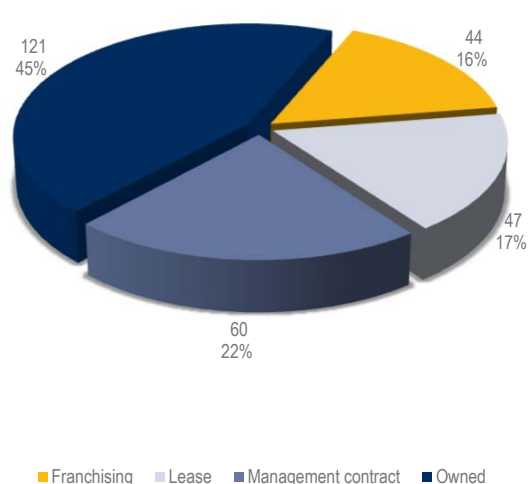
Surprisingly, 455 of total 499 chain affiliated rooms in the Jura & Three Lakes Region are connected to international chains, bringing the share to 91%.

Distribution of chain hotels by business model and scale 2017 (Horwath HTL Census)



By type of destination	Hotels				Rooms				Average Size			
	Franchise	Lease	Mgmt.	Owned	Franchise	Lease	Mgmt.	Owned	Franchise	Lease	Mgmt.	Owned
City	38	32	44	65	4,959	3,742	5,407	6,460	131	117	123	99
Conference	2	5	2	7	211	734	471	1,043	106	147	236	149
Mountain	4	3	7	23	314	402	743	2,000	79	134	106	87
Resort	0	5	5	18	0	494	538	1,410	0	99	108	78
Spa	0	1	3	8	0	68	455	658	0	68	152	82
Total	44	46	61	121	5,484	5,440	7,614	11,571	125	118	125	96

Distribution of chain hotels by business model (%)



Owners are Swiss

74% of all owner operated hotels are affiliated to a domestic chain. In fact, 78% of all domestic chain hotels are owner operated and another 11% are leased. Management and Franchise contracts play only a minor role in the domestic landscape.

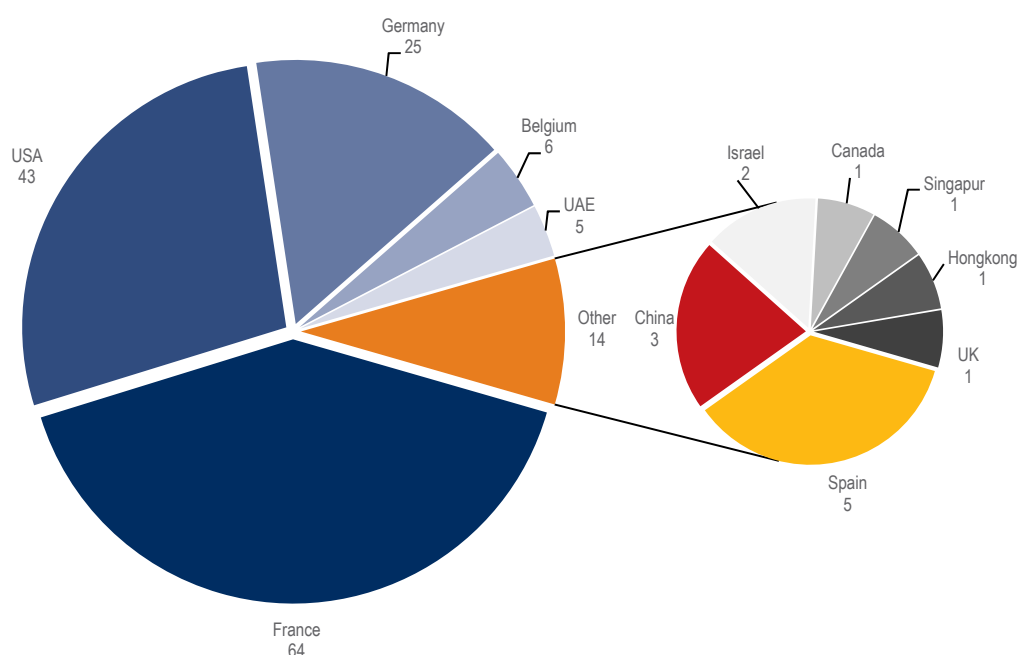
On the other hand, only 20% of the properties operated by international chains are actually owner operated and another 20% are leased. The majority are operated under a Management (31%) or Franchise (28%) Agreement.

Rank	Top 10 Chain Groups by Rooms in CH 2017	Hotels	Rooms
1	Accor	62	7'520
2	IHG	11	2'149
3	Marriott	12	1'843
4	Mövenpick Hotels	5	1'306
5	Rezidor	6	1'138
6	Best Western	14	987
7	Sunstar Hotels	10	956
8	ZFV Gruppe	17	916
9	H Hotels	7	816
10	Boas Hotels	9	753

Rank	Top 10 Domestic Chain Groups by Rooms in CH 2017	Hotels	Rooms
1	Mövenpick Hotels	5	1'306
2	Sunstar Hotels	10	956
3	ZFV Gruppe	17	916
4	Boas Hotels	9	753
5	Welcome Management	9	610
6	Manotel	6	610
7	Kempinski	2	596
8	VJC	5	592
9	Ferienverein	4	507
10	Fassbind Hotels	5	469

Rank	Top 10 Int. Chain Groups by Rooms in CH 2017	Hotels	Rooms
1	Accor	62	7'520
2	IHG	11	2'149
3	Marriott	12	1'843
4	Rezidor	6	1'138
5	Best Western	14	987
6	H Hotels	7	816
7	Katara Hospitality	5	658
8	Club Med	2	575
9	Motel One	2	543
10	NH Hoteles	4	522

distribution of international chain hotels by place of corporate headquarter 2017 (Horwath HTL census)



Accor, Accor, and again Accor

No other chain is pushing it as hard as Accor. Within the last year they opened 5 new hotels in Switzerland and increased the number of rooms by 8.8%. At the end of 2017 they held 25% of all chain affiliated hotel room supply in the country.

Wyndham, on 5th place in last year's ranking, lost their Franchise partner H Hotels and with it all but one hotel in Switzerland.

Several new players found their way onto this year's ranking. On the domestic playing field it's Boas Hotels and Welcome Hotel Management, internationally Katara Hospitality with their opening of Bürgenstock Resorts.

Vive la France ... encore

Accor and Club Med hold 41% of all hotels with international chain affiliation, owed to Accor's aggressive expansion strategy.

US America based chains have a 27% share and Germans 16% with a strong upward trend.

Swiss chains currently account for 42% of all chain affiliated hotels in their home land.

Rank	Top 10 Chain Brands by Rooms in CH 2017	Hotels	Rooms
1	Ibis	24	2'437
2	Ibis budget	12	1'607
3	Mövenpick Hotels	5	1'306
4	Novotel (& Suites)	7	1'099
5	Sunstar Hotels	10	956
6	Sorell Hotels	17	916
7	Radisson BLU	4	848
8	Crowne Plaza	3	791
9	Bürgenstock Selection	5	658
10	VJC	5	592

Rank	Economy & Midscale Brands	Hotels	Rooms
1	Ibis	24	2'437
2	Sorell Hotels	13	737
3	Ibis Styles	6	574
4	Motel One	2	543
5	Best Western	7	490
6	Holiday Inn Express	3	419
7	25 hours	2	296
8	Park Inn	2	290
9	Tulip Inn	2	228
10	Adagio	2	179



Rank	Domestic Chain Brands by Rooms in CH 2017	Hotels	Rooms
1	Mövenpick Hotels	5	1'306
2	Sunstar Hotels	10	956
3	Sorell Hotels	17	916
4	Kempinski	2	596
5	VJC	5	592
6	Giardino	4	260

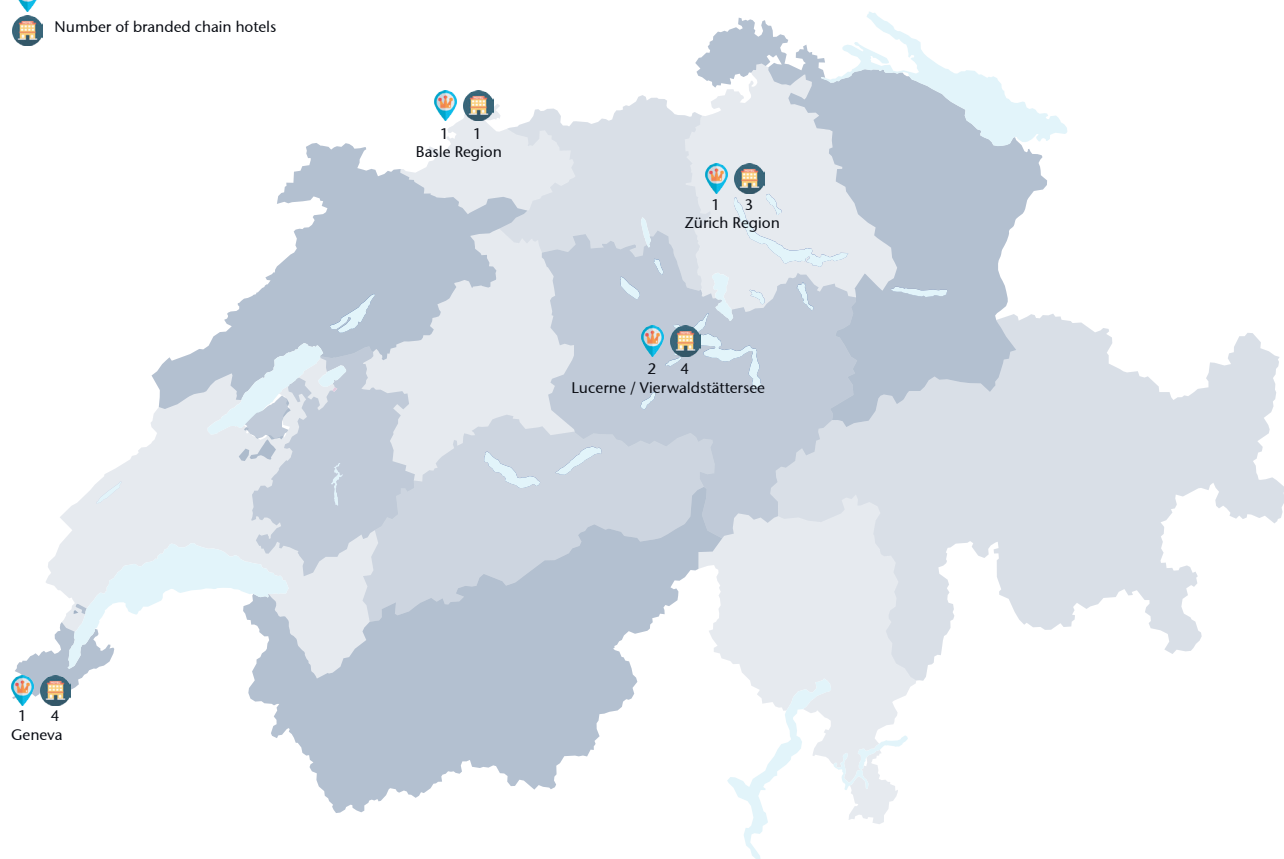
Rank	Upscale & Upper-Upscale Brands	Hotels	Rooms
1	Novotel	7	1'099
2	Sunstar Hotels	10	956
3	Mövenpick Hotels	4	956
4	Radisson BLU	4	848
5	Crowne Plaza	2	731
6	Swissotel	2	585
7	Club Med	2	575
8	NH	4	522
9	Holiday Inn	3	390
10	Renaissance	2	387


Rank	Top 10 Int. Chain Brands by Rooms in CH 2017	Hotels	Rooms
1	Ibis	24	2'437
2	Ibis budget	12	1'607
3	Novotel (& Suites)	7	1'099
4	Radisson BLU	4	848
5	Crowne Plaza	3	791
6	Bürgenstock Selection	5	658
7	Best Western	9	653
8	Swissotel	2	585
9	Club Med	2	575
10	Ibis Styles	6	574

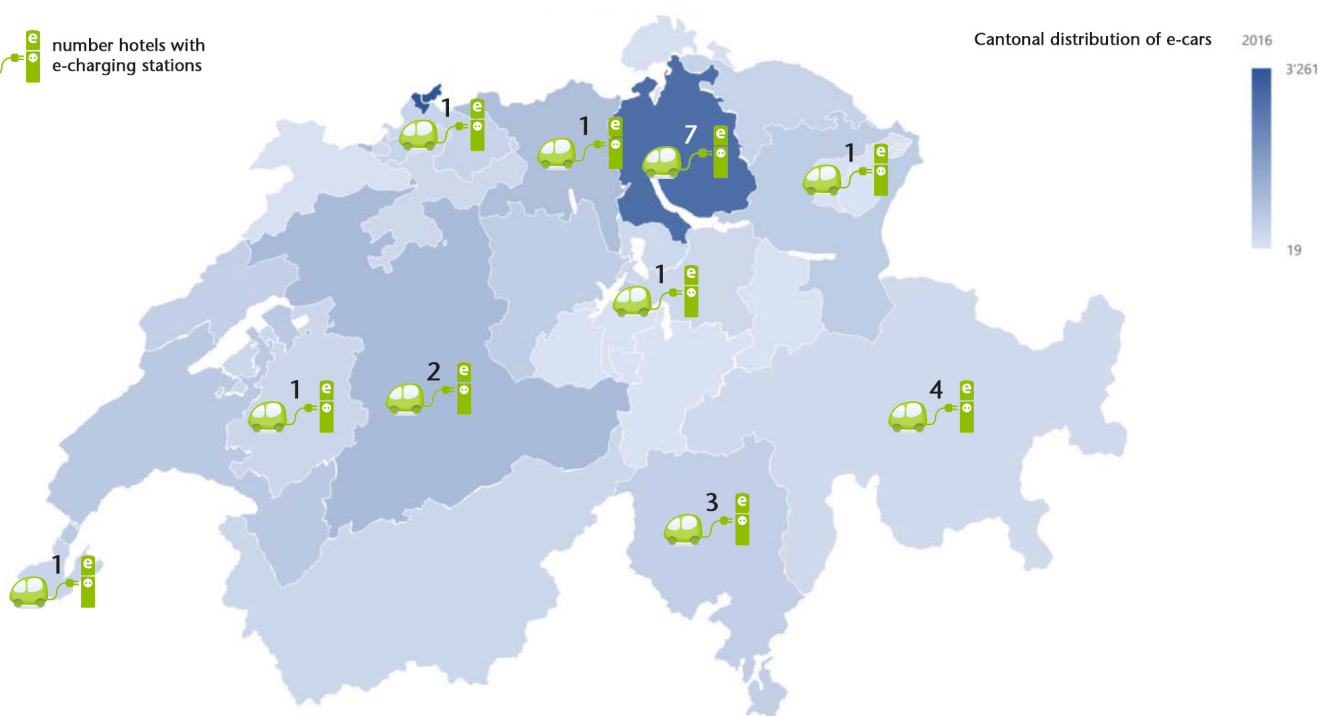
Rank	Luxury Brands	Hotels	Rooms
1	Kempinski	2	596
2	VJC	5	592
3	Intercontinental	2	549
4	Bürgenstock Selection	3	397
5	Mövenpick	1	350
6	Giardino	3	245
7	Fairmont	1	236
8	Mandarin Oriental	1	189
9	Steigenberger	1	126
10	W	1	123

New additions to the chain market 2017

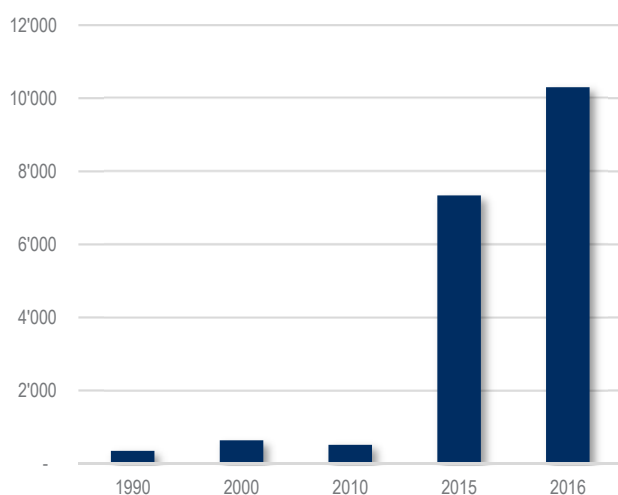
-  Number of new brands
-  Number of branded chain hotels



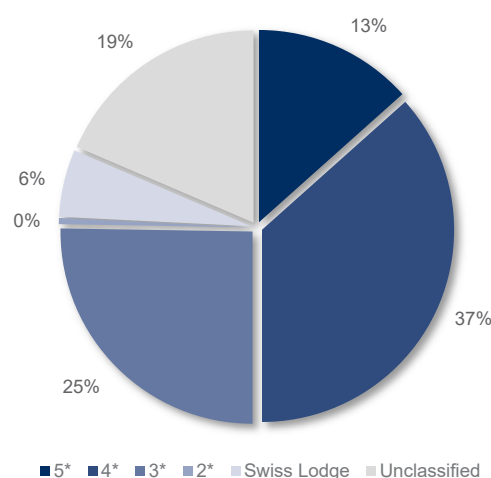
 number hotels with e-charging stations



Development of licensed e-cars in Switzerland



Distribution of charging stations by scale, hotelleriesuisse



Hybrid and e-cars on the rise

Even though hybrid or electric powered cars made up only 1.5% of all passenger vehicles registered in Switzerland 2016, their time is about to come.

E-cars saw a growth rate of 42% 2016 over 2015 and hybrid powered cars were up another 18%. 26% of the total 10,300 cars run a ZH licence plate.

Many hotels are still unprepared to provide their guests with charging stations. Of the total 272 chain affiliated hotels in Switzerland, only 22 offer charging facilities equaling 8%. Nearly 60% thereof are at hotels with domestic chain affiliation. Two domestic luxury chains, Giardino Group and Tschuggen Hotel Group, equip all their hotels with charging stations. One quarter of such

facilities are attached to Midscale hotels, 50% to Upscale and Upper Upscale lodgings.

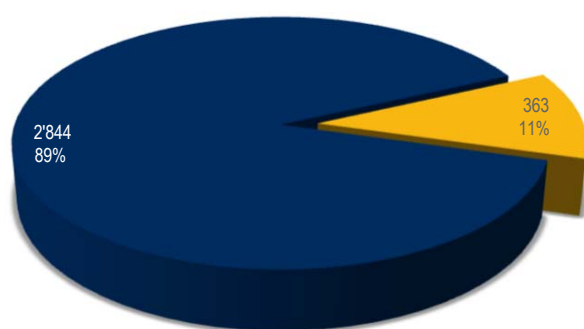
25% of the hotels in the pipeline as described on the following page will include a charging station. B&B will be the first group to provide charging stations at Economy hotels with their openings the coming years.

hotelleriesuisse member hotels

4.9% of all hotelleriesuisse members are equipped with charging stations - more than one third thereof at four star rated hotels.

Pipeline 2018/2019 by scale and NUTS region	Zürich		Espace Mittelland		Central CH		Lake Geneva Area		North-Eastern CH	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Budget & Economy	3	482	3	403			1	111	1	85
Midscale	1	123			1	180	3	253	1	102
Upscale & Upper Upscale	3	736			1	155			1	63
Luxury	1	250							1	264
Total	8	1'591	3	403	2	335	4	364	4	514

share of rooms pipeline (incl. re-branding) 2018-19 among domestic and international brands (Horwath HTL Census)



■ international ■ domestic

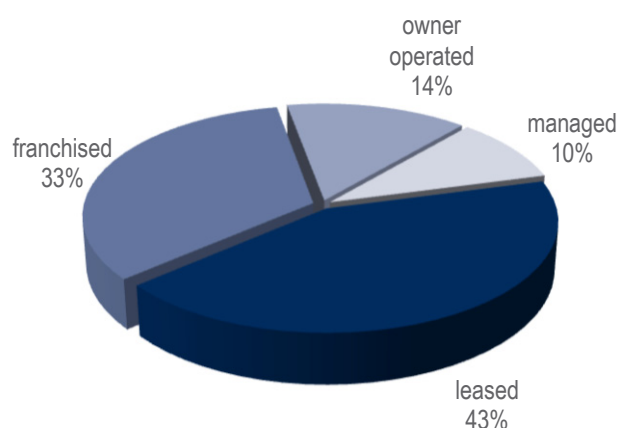
Zürich under pressure

Chain affiliated room supply in Zürich has increased by 626 room in 2017, nevertheless room occupancy remained stable thanks to increased demand.

It will be interesting to see how Zürich will cope with yet another nearly 1'600 rooms entering the market within the next two years.

Only one of all the hotels listed in the tabel above is in a Resort setting.

2018/2019 pipeline by business model





All data on Swiss competitiveness and comparison with other EU states are based on BFS and Eurostat data as of December 31st, 2017.

This report contains evidences from the Horwath HTL census of operating chain hotels in Switzerland in the year 2017, as of November 30th, 2017.

All trading performance data referring to 2017 are full (total) 2017 year and are based on STR Global monthly outlooks.

For the purpose of the hotel chains census:

- Chains are corporations owning one or several hotel (or hostel) brands. Second tier operators, otherwise named white label operators, are chains who operate at least one hotel under a third party brand.
- A chain is any organization operating 5 or more hotels in the world - of which at least 1 is in Switzerland for the scope of this report - by owning, managing, leasing or franchising properties. Simple ownership, with no control on operations, does not qualify for being considered a chain.
- Light brands and the so called “voluntary affiliation networks” are not considered into the count.
- International chains are those with headquarter outside Switzerland; domestic chains are those with headquarter in Switzerland, including those that also have operations abroad.
- Investigation is based on voluntary cooperation of participating hotel chains and desk research covering several sources such as official websites, international and domestic chains directories, previous studies.
- As for the census, scales are based on the official classification of hotels (Swiss “stars” system) and do not represent the target positioning of the brand itself.
- Double counting of hotels managed by second tier operators and franchised by a chain has been avoided. Therefore, aggregated data is net of double-counting.
- For the scope of this report, pipeline hotels are counted separately and do not sum up into the census. Pipeline and re-branded hotels are counted together. Pipeline do not include the count of independent hotels. All hotels listed under a chain after December 31st 2017 are considered as pipeline.
- “Rooms” is used as equivalent to “keys”, even in the case of suites and apartments.
- All charts showing international and domestic chains may not sum up to overall because of second tier operated hotels.
- All projections have been elaborated by Horwath HTL.
- Because of some chains that, due to their recent growth in size, have been included in 2017 census, with a certain, limited, impact on the previous years, we have partially reviewed the census figures for 2016. Therefore we reported “2016rev.” data to indicate that there might be some differences with previous Hotel Chains Reports.

For any enquire on the census methodology please contact the author, Michaela Wehrle at : mwehrle@horwathhtl.com



Horwath HTL is the world's largest and most experienced hospitality consulting Brand, with 45 offices around the globe, who have successfully carried out over 20,000 assignments.

We are part of the Crowe Horwath network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

Starting in New York in 1915, we have been providing impartial, specialist advice to our clients for over 100 years and are recognised as the market leader in all areas of hotel, tourism and leisure consulting. As the founders and original authors of the Uniform System of Accounts, the industry standard for hospitality accounting, Horwath HTL wrote the book on how the industry measures financial performance in hotels.



hotelleriesuisse has around 3'000 members. The majority of them are hotels.

hotelleriesuisse is responsible for the Swiss hotel classification, for negotiating the collective labour agreement for the hotel and restaurant industry which is binding on all employees within the Swiss hospitality industry, independent of any association membership.

Hotelleriesuisse maintains The Swiss Hotel Database with its more than 3'600 entries.

Hotelleriesuisse provides all levels of education, from basic to post-graduate, in all hospitality affiliated fields of expertise.

hotelleriesuisse is active at a national level in seeking a political framework which is hotel-friendly, thereby strengthening the competitiveness of each individual member. Always in a steady dialogue with politics, the economy and the public, hotelleriesuisse is a reliable partner and a first point of contact for professional concerns



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