

Luxury Hotels Buck Recession

2008-05-21

Prices And Customer Satisfaction Are Up, Well-Heeled Guests Still Willing To Pay More

Market Metrix Announces First Quarter 2008 Hospitality Index Results

Despite the current downturn in the U.S. economy that includes a drop in overall hotel occupancy and revenue growth, luxury hotels continue to show strength, according to the most recent results of the Market Metrix Hospitality Index (MMHI) for the first quarter of 2008. Despite price increases (see table below), customer satisfaction with these high-priced hotels is up for the first quarter, out-performing all other segments. Other indicators are positive for luxury hotels - reduced price sensitivity and improved perceptions of value - underscoring the strength of this segment. The luxury brands showing the biggest gains in the MMHI were Starwood's The Luxury Collection (+3.7), Grand Hyatt (+3.6), and Intercontinental (+2.7).

Q1 2008 vs 2007

	Price (ADR)	Occupancy	Customer Satisfaction
Luxury	+ 5.1%	- 1.9%	+ .6
Industry	+ 4.7%	- 2.7%	+ .2

Source: Market Metrix, Smith Travel

Customer satisfaction for all hotels is up slightly (+.2 to 82) compared to 2007. This is good news and surprising given the current economic pressures to reduce hotel staff and services.

More Bad News for Airlines

The bad news continues for airlines, as well as the industry's consumers. Customer satisfaction with airlines declined by .7 percent, falling to an all time low (73.3) since the MMHI began tracking the industry in 2001. While airlines continue to struggle with higher fuel prices, flight delays, labor contracts and crowded planes, consumers feel they are getting less for their money. Midwest Airlines, one of the few bright spots, earned the highest score in customer satisfaction among all airlines in the first quarter.

Other MMHI Results Include Top Scoring Kimpton Hotels

Kimpton Hotels posted the highest score (92.3) among all hotels in the industry. Kimpton's unique collection of boutique hotels continues to outscore higher priced luxury hotel chains such as The Ritz-Carlton, Four Seasons and Fairmont Hotels.

Among rental car companies, Enterprise continues their superior performance with the highest customer satisfaction score in the industry (81.9). But for the first time, National (80.8) and Thrifty (80.7) are not far behind. In fact, the entire rental car industry is very tightly clustered, indicating that customers do not see much difference among the brands. Overall, car rental companies posted a decline in customer satisfaction of .1.

Market Metrix Hospitality Index 2008 1st Quarter Winners

WINNER		SEGMENT
Hotels		
Grand Hyatt	87.3	Luxury
Kimpton Hotels	92.3	Upper Upscale
Staybridge	89.9	Upscale
Best Western	80.3	Midscale w/ F&B
Drury Inns	90.9	Midscale w/o F&B
Microtel Inns & Suites	81.9	Economy
Casinos		
Bellagio	90.3	Upscale casino
Rio	89.3	Casino
Web Sites		
Westin Hotels & Resorts	94.5	Hotel Brand Web Site
Hotwire	79.2	Hotel Travel Web Site
Airline		
Midwest	86	AIRLINE
Car Rental		
Enterprise	81.9	CAR RENTAL
Timeshare		
Disney Vacation Club	91.1	Timeshare Accommodations

About MMHI

Based on 35,000 customer interviews conducted each quarter, the Market Metrix Hospitality Index is the largest and most in-depth measure of hospitality company performance available today. These benchmarks, delivered through Customer Metrix, enable Market Metrix clients to compare their results to local competitors by zip code, city, state, region, country, and brand. The MMHI is also available by subscription.

About Market Metrix

With over 100 clients in 70 countries, Market Metrix has helped hospitality companies turn feedback into performance since 1996. Its flagship Customer Metrix and Employee Metrix suites provide multi-channel survey, analysis and service improvement tools and benchmarking data for the hospitality industry.

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This article comes from Hotel News Resource

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