

The Challenges and Opportunities for Independent and Boutique Hotels in a Difficult Economy - By Carol Verret
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Independent and boutique properties have a several advantages over their branded counterparts. The first is the trend in experience travel and the second is the use of the internet in making travel decisions.

The internet is the great level playing field with equal opportunity for both brands and independents. 'Fully 72.2% of Internet users in the US named the Web as their primary source for travel research in June 2008,' (EMarketer quoting a Prospective study, July, 08)

In a research article in July 08, USA Today reported that the Luxury sector of the market was holding up well and that '...households earning \$100,000 and more now account for about one-third of hotel stays.' The 'sort of' good news appeared in another report by eMarketer where a survey indicated that 'The focus on value matters because price trumps brand in an economic downturn, according to a survey of consumers.'

These two would appear relatively contradictory but the key word here is value and not just in terms of price. Robert Mandlebaum with PKF recently published a study of boutique hotels that indicated they prosper more in good economic times than their branded counterparts but also are also more highly impacted in poor economic times. (PKF, 4/22/08)

In terms of independent conference facilities, a PKF report by Dave Arnold on Trends in the 'Conference Center industry is relatively upbeat (July 08). The study goes on to say however, that the industry is currently battered by '...meetings being postponed or cancelled due to corporate fear of deeper economic problems. In addition, the problem of attrition is surfacing for the meetings that are being held', he believes that the downturn may have 'bottomed out'. '(T)he historically low value of the dollar is making our industry more desirable for foreign visitation, while international meetings for US firms are economically unviable. New supply of conference centers is being greatly restricted due to the tight financial markets. This only serves to make existing centers more valuable...'

Four things that independent hotels and resorts can do now to enhance their revenues in this economy:

Define the uniqueness of the experience. What makes you special? How can you add special experiences to enhance the 'unique' quotient? One unique, historic hotel has added 'wine tasting' dinners in partnership with a regional vineyard. They promote these periodically in the off season and they have been highly successful. These enhance F&B revenues as well as room revenue as they are marketed to a regional market. What venues of local interest such as museums or festivals can you partner with to package an enhanced experience?

Align with third party organizations that contribute to the sales effort. What affiliations do you have with third party representatives to enhance your position on the internet. How much have these affiliations actually contributed to revenue? There are some third party affiliates such as Luxe Hotels, among others, that actively 'sell' groups and provide connections with other revenue generating channels for their members. A cost benefit analysis of some of these affiliations is in order during tough times when any marketing initiative is compelled to prove a price/value equation.

Have a powerful presence on internet channels - both group and leisure. Visitors to the online agencies as a whole were up 8% in May, according to comScore, while traffic at hotel sites was flat in May '08. Having Merchant Agreements with the OTAs is critical and offers such benefits as packaging options and placement on special travel experience searches, such as Beach Vacations, etc. Being present on group RFP sites both corporate such as StarCite and social sites such as Groop.com provides another channel that can enhance the property's sales effort. Don't forget the critical importance of review sites - better yet, start a blog that invites comments from past and regular guests.

Focus sales and marketing efforts regionally. Both leisure and meeting travel is drawing into more regional destinations unless you are located in an international gateway city. The 'one tank of gas' rule has been the benchmark for summer auto travel (New York Times, August 3, '08) while meetings are also falling into that category. Wendy Desabaye runs a consulting business in Boston that plans corporate meetings for companies based in New England. She says rising airfares have caused companies to stop scheduling meetings outside the region. "I've been in business 10 years, and I've planned more meetings this year in Boston than in the past 10 years," Desabaye says. "Instead of requesting meetings in Hawaii and other faraway places, my clients are booking meetings where their employees can arrive by car or train." (USA Today, August 4, 2008)

The good news is that independent hotels and resorts can move forward on new strategies very quickly and shift their focus just as quickly if something isn't working. This flexibility is not as easy for branded hotels that are corporately owned and/or operated by large management companies.

Remember, in this economy, if you keep on doing what you've always done, you will get less than you did before!

Watch for the **I Hate Cold Calls** revenue generation seminar coming to Portland in September and Minneapolis and Phoenix this fall! Email us for further details at carol@carolverret.com.

Carol Verret and Associates is offering a series of public hotel sales seminars nationwide this year in response to growing demand from the hotel community. For more information on where they are to be held or how your hotel or management company can sponsor one, email Carol at carol@carolverret.com or call (303) 618-4065.

Carol Verret And Associates Consulting and Training offers training services and consulting in the areas of sales, revenue management and customer service primarily but not exclusively to the hospitality industry. To find out more about the company click on www.carolverret.com. To contact Carol send her an email at carol@carolverret.com or she can be reached by cell phone (303) 618-4065. Visit www.hotelsalesblog.com.

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