

BRAIDWOOD'S VIEW



HOSPITALITY MANAGEMENT, INC

Partners in Hospitality



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FROM THE DESK OF:

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The article below appeared in the 2008 November/December issue of Braidwood's View. I thought it would be interesting to compare my thoughts then with the reality of today. For this purpose I have included updates along the way.

"2009 will be a challenge for the hospitality industry in most markets. Of course, there is a concern, but there can be opportunities as well. The majority of businesses will still travel, conduct meetings, conferences will occur, and people will take vacations. These are all things that drive hotel occupancy."

Update: According to a study by NTBA (National Business Travel Association) published in late September 2010, Corporate travel budgets grew on average 5.5 percent this year and are poised to grow an additional 4.45 percent in 2011, thanks to a combination of increased corporate travel demand, higher supplier pricing and growing airline fees. According to the survey, 72 percent of respondents agreed that the business travel industry has improved from a year ago, with 63 percent sharing that optimistic outlook for the next 12 months. "Business travel is coming back," NBTA president and CEO Craig Banikowski said. "There is no doubt about it. Given the difficulties the industry faced during this last recession, corporate travel buyers welcome the improved conditions, and companies are already getting their teams back on the road to help build business."

"Conferences and vacations are not being eliminated, but regionalized. Vacations are being reduced to activities closer to home. Consumer and business spending is being reduced by shorter stays in upscale resorts and scaling down to lower cost accommodations."

Update: Cost-conscious Canadians are more than twice as likely to take their summer vacation closer to home than go abroad, according to a survey by BMO. Forty-three per cent of respondents said they were spending on local entertainment, compared with just 17% who said they were planning a trip abroad. The "staycation" trend was far more prevalent amongst the older generation with 47% opting to stay at home. Demand for corporate meetings is up in 2010 over last year's results and is steadily increasing. Although early, meeting providers are cautiously optimistic for the year and are experiencing a booking pace that is ahead of 2009. A highly positive signal is that the overall pace is up significantly for advance bookings in 2011. Meeting groups are considerably smaller, in some cases down by 50 percent with a trend to regional vs. national meetings.

"The bottom line is the fact people will continue to vacation, businesses will travel and businesses will have meetings."

Update: Perseverance is not a long race it is many short races one after another. Stay positive - Pessimism never won any battles.

SOCIAL MEDIA

Social media is all the rage in 2010, but not in the meetings business. Although properties are increasingly turning to Facebook and Twitter for their leisure and consumer business, the corporate meetings segment is still reliant on old-fashioned **face-to-face** contact. LinkedIn and Trip Advisor, however, are growing in importance to planners as they seek information and customer feedback on properties they are considering.

An increasing number of planners are using Facebook to "friend" sales executives from provider properties that they've developed a relationship with, offering another channel of friendly and casual contact to solidify a business relationship. When future historians look back on the early days of social media...the days we're living through right now... they might find that some of the earliest "killer apps" for interactive technologies depended on the power of face-to-face meetings.

LESS TIME "FORE"

Not long ago, golf was the only game in town. It was what meeting attendees did for fun — the highlight of an off-site meeting. Not anymore.

Other activities, such as spas, have gained in popularity. Newcomers are intimidated by golf, while others don't always have the time or interest to play 18 holes.

It is interesting that some of those who picked up the game years ago are dropping it.

One of the big reasons for the decline in golf at corporate events is the **time crunch**, as Corporate meetings have become shorter and more focused, making it harder to book a six-hour block for golf.

SEARCH ENGINE MARKETING

Search engine marketing and optimization are two essential strategies for hotels seeking to gain more business from their websites. A new tool from the Cornell Center for Hospitality Research (CHR) allows hotel marketers who record customers' web clicks to analyze the effectiveness of their search engine marketing, in terms of room sales and revenues. The tool and the search engine analyses are described in a new CHR publication "Measuring the Performance of Search Engine Marketing: Two Tools for the Hotel Industry," by Anil Aggarwal and Bill Carroll. The hotel internet marketing tool is available at no charge at <http://www.hotelschool.cornell.edu/research/chr/pubs/tools/>. Aggarwal is CEO of Milestone Internet Marketing, and Carroll is a senior lecturer at the Cornell School of Hotel Administration.

"With search engine marketing, we finally have an advertising medium that allows us to evaluate the effect of our marketing expenditures," said Carroll. "When customers click into a hotel website, they leave a record of their purchase activity or information requests. That means that companies which have purchased advertising on the web search engines can find out whether that search engine marketing is attracting business."

Spreadsheet tools allow hotel marketers to use the information that is freely available to make a rough calculation of the revenue that results from sales through search engines, as well as determine the booking levels that stem from the search process. By inputting the cost of search engine marketing, a hotel can use the spreadsheet to calculate a return on investment from the hotel marketing expenses. The associated report provides guidance for evaluating search marketing and explains how to use the tools

WHO IS FOR BUFFET

Part of maximizing a meetings budget is ensuring conferees remain strategically focused on the meeting content. A proper, healthy and protein-rich diet can significantly aid in keeping meeting participants attentive and their energy levels maximized.

And for the first time, because of their high perceived value, healthy buffets are seen as perfectly acceptable for all executives. Out of the dining room, conferees are hitting the fitness centers, walking trails and pools like never before. A healthy body is clearly perceived to be important for a sharp and productive mind.

CITY COSTS FOR BUSINESS TRAVEL

Traveling for business is a reality in many firms and is a cost of doing business. But not all destinations are equal when it comes to the cost of a hotel, eating out or renting a car. Here is a list of the per diem rate of conducting business in the top five most expensive cities around the world (based on *Business Travel News 2009 survey*.)

New York City - \$622

Although the gap between NY hotel prices and other cities in the United States has narrowed, it remains the most expensive by about 10%. It also has a large capacity of luxury hotel accommodation. Food costs, while expensive, are low compared to Europe whereas car rentals, cab rides and other incidentals are higher.

Washington, D.C. - \$564

Although both hotels and car rentals are among the most expensive, Washington is clearly the place to take clients out for meals as the cost of eating out is comparatively low.

Paris - \$526

The highest ranking European city lands on the list not because of its hotel prices, which rank 10th against other international cities. It is the cost of eating all that fine French food and is the most expensive place to eat out with costs averaging US\$130.00.

Oslo - \$508

The cost of goods and services drives up the price of doing business in Oslo. Besides government offices, Oslo is home to majority of Norway's largest companies. It also houses major shipping-related companies, including shipbrokers, insurance brokers and maritime classification societies, which register ships.

White Plains, New York - \$499

It is its proximity to NY that puts this, the smallest city, on the list of the most expensive business destinations. It is home to national and international headquarter including Starwood Hotels, Nine West Group, Nokia, AT&T and IBM world headquarters are located nearby.

WE NEED MORE "FOSSICKING..."

Not all distribution channels are appropriate for every property. But... when you are looking for gold, the key is to integrate these into the sales processes not simply add them on top of existing practices.

Internet Prospecting: Having a definite DNA of what good business prospects look like in all market sectors is imperative. The best hotel sales offices have someone (Social Media Manager) dedicated to locating prospects and contacts on the internet.

Social Networks: From a sales process perspective, social networks are about qualifying new prospects and building relationships. LinkedIn for example, is formidable tool for locating contacts and gathering information about a company and the contacts.

Distribution Channels for Sales: These are all about being where prospects can find you when they are looking for a venue – think of these as shopping malls for potential customers. They may not generate the lead through the channel but will use it to source potential venues.

Database Prospecting: The easiest business is that which can be generated from existing accounts. There is more business in the database than most hotel sales offices ever access. Most accounts are not fully mapped ensuring that every prospect within an organization is identified. The mining or "Fossicking" of the database should be a part of the sales process. The cost of customer acquisition from the database is less than from any other source