

JUST KEEP SELLING IN 2009 TO MAINTAIN PROFITABILITY

The news media and pundits are driving us crazy with bad news about travel and tourism being cut back all over the place. All we see and here about in new broadcasts is the how bad our hospitality industry business will be this coming year. OK, we can go along with the fact that projections reflects a drop in occupancy of a few points; however, has anyone indicated that the real cause in the drop probably has more to do with the increase of about 200,000 more rooms on market in 2008? Don't forget, every time a new property opens up in your home town, right in your own territory, it may very well be helping themselves to some of your room night business. These new properties just do not generate many more room nights for your destination right away; they may of course, depending on the type of property, brand, facilities, amenities, etc., develop new markets and new business. However, right off the cuff they will be able to do, but will eat into your business and the other lodging operators in the area. There is nothing new about this. We've seen it done time and time again.

Some of the writers in the new media are telling the public that these are the worst times in history for the hotel business. Baloney! How wrong they are. Where were they in the early 70's and mid 80's? Now those were really pretty bad times for us. How about the period of 1986-1992...the worst years for hotels with 64% of the hotels could not make debt service, and the industry overall did not make a dime during that period. Today, even with an expected drop of occupancy our hotels will still be profitable, with REVPAr being down just a little. The whole idea of course would be to maintain the rate. Do not get scared into dropping rates to try to get more business. If rates get dropped by 10% you will need to get an additional 7% in occupancy to break even. So be careful about getting nervous because a property down the street is getting some of your business.

The real key to doing your best business is to provide customer service that insures the return of a guest. Tony Prusak, Director of Sales at the Marriott in

Cleveland says that is what they are doing: “In a down economy, we believe that customer loyalty is our strongest asset! When you make customer satisfaction your competitive advantage you will perform better than the rest of your competitors. We are ensuring that our hotel is doing everything to make the customer experience we deliver significantly better than anyone else in the market. We know that our customers understand that quality has a price. If you start the fire sale mentality in your hotel, your product and service levels may suffer as a result too.”

Let’s be positive about the current economy, if in fact, we do have somewhat of a “down” period in our industry, it will be short lived, and pretty soon, as PKF has indicated in their projections, in 2010, and 2011, we’ll be back with improved business. Maintain your sales effort, keep selling and provide that extraordinary customer service.

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