

CHTA SMALL HOTELS RETREAT GAINS MOMENTUM AS U.S.V.I. CONFERENCE EXCEEDS 2008 ATTENDANCE

Monday, 19 October 2009

225 Delegates From 17 Countries Gather In St. Thomas For Marketing, Operations Seminars

ST. THOMAS, U.S.V.I. (Oct. 14, 2009) — Caribbean hoteliers representing properties with 75 rooms or less gathered in St. Thomas, U.S. Virgin Islands, last week to strengthen their marketing and operations programs at the Caribbean Hotel and Tourism Association (CHTA) Small Hotels Retreat. With 225 delegates from 17 countries, 2009 attendance exceeded that of last year's event in St. Kitts by 13%.

"The small hotels of the Caribbean are ... as diversified as our people and we truly believe this is where we stand out," said The Hon. Beverly Nicholson-Doty, Commissioner of Tourism for the U.S.V.I. in her keynote address at the Opening Ceremony on Sept. 30.

CHTA Director General and CEO, Alec Sanguinetti, C.D., kicked off the first plenary session on Oct. 1. Referring to the current economic uncertainty, Sanguinetti noted that "Tourism is a cyclical event. This is just another challenge we have to work our way through."

Sanguinetti was followed by Lindsay Culbreath, Director of Sales for Smith Travel Research (STR), who provided an industry overview for the Caribbean and addressed its impact on the marketing success of small hotels.

In comparison, small hotels seem to be faring slightly better in this economy than their larger counterparts. While occupancy dropped slightly more for hotels of 75 rooms or less (9.4% compared to 6.8% for hotels with more than 75 rooms), declines in the average daily rates of small properties was virtually half that of large hotels (8.5% versus 16.2%, respectively). RevPAR fell 17.1% for small hotels, whereas larger properties saw a 21.9% drop in RevPAR.

According to STR data, statistics for Jan. — Aug. 2009 showed that demand for Caribbean hotel stays was down 6.3%, while supply has increased by 0.5%. Hotel occupancy in the Caribbean is down 6.7% in 2009, following a 1.9% decline in 2008, which has led to a 17.3% drop in average daily rates for 2009. RevPAR fell 22.9% in 2009 after declining 9.9% in 2008.

Despite this downward trend, Culbreath predicted the fourth quarter of 2009 will be less bumpy. She also foresees moderate improvement in 2010 and significant improvement in 2011, though she indicated "it may take 10 years for rates to return to normal levels," comments resonated by other speakers at the Small Hotels Retreat warning that deep discounting will do more harm than good.

Culbreath's presentation will be accessible in the members-only CHTA Data Center, along with a wealth of other helpful statistics and research from organizations such as STR, CTO and Expedia, together with tourism statistics from 17 Caribbean destinations.

The second plenary session on Oct. 1 was presented by John Fareed, Partner, Fareed Zapala Koepke, and focused on Winning Social Media Strategies For Small Hotels and Resorts.

"[Social Media] is no fad, it is here to stay," said Fareed as he demystified the marketing potential of social media networks such as Facebook, Twitter and LinkedIn.

According to Fareed, more than four out of five U.S. adults online use social media at least once a month, while 30% use social media daily. "The proliferation of smart phones is going up exponentially," said Fareed, who noted that consumers will spend \$343 million this year on phone apps, and a projected \$4.2 billion by 2013.

"Nearly 70 million photos are uploaded by consumers every day on Facebook," advised Fareed, while Twitter is "fast, efficient and prolific."

Social media is "the single greatest marketing tool you as a small hotelier will have in the 21st century," said Fareed, but he warned that hoteliers "need to have a strategy and it needs to be consistent.

"If all you're putting out are rates and packages, you will die. You need to have something to talk about," noted Fareed.

The final plenary session on Oct. 1 — Managing Your Online Sales: An Update For Small Hotels Presented By Expedia — was led by Demetrius Canton, Director of Market Management, Caribbean, Expedia, and Barry Landes, Business Development Manager, Expedia.

Delegates heard an overview on the economy and comparative analysis of lodging trends across the global industry, the

U.S. and the Caribbean – with a particular focus on small hotels – as well as valuable advice on how they could work with online travel agencies. Hoteliers gained insight into promotional possibilities, opaque channels such as Hotwire and techniques they can implement to manage the booking window.

Hoteliers also received a brief update on the Expedia Travel Affiliate program, a private label booking engine which can power a property's online bookings, including hotel and air packaging with a 24/7 call center for offline bookings and customer service. Delegates were especially receptive when they learned that there is no start-up or ongoing cost for properties enrolled in the Travel Affiliate program – news that earned Canton and Landes much applause.

The second full day of the conference, Oct. 2, was devoted to hotel operations and led off with a presentation from Eric T. Brey, Ph.D., Assistant Professor, Kemmons Wilson School of Hospitality and Resort Management, University of Memphis, on Driving Revenue – Creating Memorable Guest Experiences.

Brey focused on several revenue enhancing themes which are all rooted in the fundamental need for hoteliers to prioritize the guest experience. According to research, 65% of satisfied customers switch brands, which means hoteliers need to go beyond customer satisfaction in order to achieve customer loyalty.

Travelers are “17% more likely to stay loyal if they enjoy the experience,” said Brey, distinguishing the difference between mere satisfaction and experiences which invoke an emotional response.

The first step, according to Brey, is understanding the customer. “Don't just ask them ... find out who they are,” said Brey, noting that the interests, behaviors and personalities of guests should be utilized for better comprehension of what makes them tick and how to strike a chord with them.

“When establishing service standards it is important to ask the customer what their standards are and where the focus should be placed,” said Brey.

A proponent of focus groups, Brey emphasized the role settings can play when gathering information. Conducting focus groups on the beach will illicit a more actionable response than surveys conducted in a white room, for example, as the guests will be in a more appropriate mindset.

Once hoteliers understand their customers, they can begin the task of redesigning the guest experience and implementing these changes. Brey discussed factors ranging from positive versus negative cues to service standards. A major focus, according to Brey, should be on the hotel's staff.

“Great experiences are rooted in employee actions,” said Brey, emphasizing the role of hotel employees' interaction with customers in achieving customer loyalty.

In regards to implementation, Brey acknowledged the budget difficulties faced by many small properties, but noted that revenue generating benefits will ensure a return on investment. Brey went on to map out the entire process for an experience-centric strategy from the evaluation stage to implementation and measurement.

Brey was followed by Josue Merced-Reyes, President of InterEmktg, who led the conference's final plenary session, a timely presentation on F&B Marketing in a Recession. Designed specifically for managers, chefs and food & beverage directors of hotels, restaurants and bars, Merced-Reyes focused on whether cutting F&B costs is really the best response to the revenue difficulties associated with this recession.

Rather than cutting costs at every opportunity, Merced-Reyes suggested an innovative strategy for restaurants and bars with tactics designed to bring in sales despite the economic climate.

A highlight of the presentation was a rundown of food and drinks that customers are willing to pay for in 2009, giving delegates insightful advice on ways to earn F&B profits throughout the recession instead of cutting costs and quality – a move that could result devastating consequences far beyond a resort's F&B program.

In addition to these expert presentations on marketing and operators for small hotels, delegates also participated in several roundtable discussions on topics including:

10 Steps in Promoting Business & Service Excellence, led by Jennifer Edwards, Director, Sustainable Development, Bahamas Hotel Association

Basic Supervisory Training, led by Helen P. Bayne, CHA

Benchmarking Capabilities of the STAR Report by Smith Travel Research, led by Brittany Baldwin, Independent Hotel Sales Associate, STR

Case Study ‐ How a Small Hotel Prospered in Difficult Times led by Madigan Pratt, Managing Director, Madigan Pratt & Associates, and Jamie Holmes, General Manager, Nevis Plantation Beach Club

Cost Saving Technology in the Hospitality Sector, led by David Brathwaite, Managing Director, DNS Management Services, Inc.

Effective Hospitality Public Relations, led by Josh Kahn, Senior Account Executive, KTCpr

Energy Management in Small Hotels and the CHENACT Project, led by Loretto Duffy-Meyers, Project Manager, CHENACT

Operational Cost Savings for the Small Hotelier, led by Jim Leahy, Chairman, American Hotel Register Company

Rental Distribution, led by Eugenio Macouzet, Sr. VP Business Development, Group RCI

Resort Tour: Marriott Vacation Club Timeshare Resort, led by Neil Kolton, Regional Manager for the Caribbean, Interval International

Revenue Management, led by Josea Brown, Director of Revenue, Mango Bay Barbados

Save Money by Going Green, led by Charmaine Sealey, Caribbean Project Manager, The Travel Foundation ‐ UK

Shared Ownership in the Caribbean, led by David Callaghan, VP Eastern Region, Resort Sales & Service, Interval International

Sustainability ‐ The Marketing Advantage, led by Jonathan Winfield, CSR Executive (Responsible Business), Virgin Holidays

The Power of Franchising, led by J. Sal Icaza, Director, Emerging Markets and Caribbean Franchise Development, Choice Hotels International

Training Skills, led by Helen P. Bayne, CHA

CHTA President Enrique De Marchena Kaluche commended the U.S. Virgin Islands Hotel & Tourism Association for getting so many of its small hotels involved in this retreat. “These efforts, along with the Department of Tourism's contributions of providing registrations for local hotels 50 rooms or less, are a clear example of the collaborative spirit we need in the Caribbean, and an affirmation of everything we've been working toward at CHTA,” said De Marchena Kaluche.

De Marchena Kaluche also acknowledged the host property for the 2009 CHTA Small Hotels Retreat, Frenchman's Reef & Morning Star Marriott Beach Resort, and recognized the invaluable contributions of the Small Hotels Retreat sponsors ‐American Hotel Register, Choice Hotels International, DNS Management Services, Group RCI, Interval International, MasterCard, Virgin Holidays, U.S. Virgin Islands Hotel and Tourism Association and U.S. Virgin Islands Department of Tourism.

“We could not have hoped for a better turnout,” said De Marchena Kaluche in a statement at the end of the conference, which was attended by numerous hotel industry and public sector VIPs, including U.S.V.I. Senate President The Hon. Louis Patrick Hill, Sen. The Hon. Craig W. Barshinger, Sen. The Hon. Shawn Michael Malone, Sen. The Hon. Alvin L. Williams, Jr. and Sen. The Hon. Patrick Simeon Sprauve.