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## Independent Hoteliers: Strategies for Success

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Independent hoteliers often find themselves in a tough position - they often don't have the resources to compete with the big chains in terms of marketing budgets and investment in third party booking channels, or the well recognized brand name that goes hand-in-hand with these activities. However, there are a number of strategies that independent hotels can implement now to ensure that they are maximizing their revenue and securing customer loyalty for the future.

It's important as an independent hotelier, to maximize the ROI on all of your resources. Utilising data that can be collected from smaller, independent operations is a cost effective way to determine the best rates for the upcoming months and building strategy around it. Independent hoteliers need to ensure they have detailed data that is both historical and forward looking. Historically, the data should include (at least) the number of occupied rooms, coupled with revenue by Market Segment by day. Also ensure that number of rooms and revenue on the books by day (and by Market Segment) for at least the next 90 days is included. If data is collected every day it will allow the hotel to establish simple booking pace forecasts by segment and day of week, from which they will be able to compare to historical data. If this is done consistently it will allow hoteliers to quickly pick up any changes when demand picks up and enable them to tweak their strategies accordingly.

It is becoming apparent in the hotel industry now that independent hotels need to focus on gaining a better understanding of all group activity and revenues - while it is important to have group 'base' business in your Hotel; determining the profitability and net contribution after displacement is factored in, is crucial to optimizing your revenues.

Information is one of the key commodities in the hotel and hospitality industry, so it is imperative to start collecting information on competitors. This typically starts with evaluating your competitive set on price, product and "market overlap". Ideally, narrow down your competitive set to a maximum of five competitors whose performance is closely tracked. Outside vendors like STR Global provide daily tracking services if local law does not allow the sharing of information between hotels. Use RevPar Index as the key measurement for your performance against your competitors

Understand your channels. Firstly make sure that you are well represented in all key channels. This includes high quality pictures and up to date information which directly reflect the market segment most likely to book through each particular channel. Establish win-win relationships with those distribution partners which can really help you generate incremental business and make sure you don't lock yourself into long term inflexible contracts which might hurt you when business comes back. It's important to use historical and future channel benchmarking information from third party vendors to understand where you are falling short against your competition and when competitors are moving their rates. Independent hotels also need to focus efforts on getting the most out of their Search Engine Optimization and Marketing initiatives to ensure that these initiatives reach the most appropriate Market Segments.

With the economic downturn which characterized 2009, hoteliers experienced a big rush to renegotiate rates downwards in the first quarter. This year, the opposite might be required if stronger demand materializes. However, it is unlikely that corporate accounts will agree to higher rates. Therefore, sales contracts should be constructed such that either value-adds can be reduced, or "special discounts" discontinued if needed.

With the right information and the staff to interpret it, accurate, yet flexible pricing can be instituted. Dynamic pricing has been adopted across the industry, however we have seen in the last 12 months that many hoteliers have overshot their discounting and are offering rates that are too low. Hotels should try to marginally increase rates and evaluate the impact on volume. We are certain that in many cases Hotels will be surprised to find that certain market segments will be price insensitive. The key is to be prepared to change course when required.

Independent hoteliers should encourage staff focus on up-selling arriving guests at check-in, which can contribute significantly to your top line (up to 3% and more). Also, when higher demand situations occur - identify your VIP's early and make sure they don't get "bumped" if in an overbooked scenario. At the same time, ensure that your staffing levels are adequate for those "spikes" in guest numbers that occur during an upswing. It is important that the hotel doesn't have too few people to handle all check-in / check out and room turn around activities that help make the hotel experience as smooth and pleasant as possible.

With the right investment in processes, technology and staff, it's possible for independent hoteliers to carve out a place for themselves in the industry. The smaller scale of operations means that independent hoteliers are nimbler when instituting change and can react quickly to a dynamic and changing market. The hoteliers who play to their strengths and institute solid groundwork for growth will see rapid returns and tangible ROI throughout 2010, as the economy begins to return to its previous levels.

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