

# today's hotelier

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THE OFFICIAL PUBLICATION OF AAHOA

**DATA DEEP DIVE:**  
Global hot spots and the lessons they hold

AAHOA MEMBER CHAMP PATEL OPENS FIRST-EVER AVID HOTEL

*Grand opening*

**avid** hotel  
AN IHG® HOTEL  
**in OKC**



TODAY'S HOTELIER

**THE EFFECTS OF FOREIGN CAPITAL ON THE U.S. COMMERCIAL REAL ESTATE MARKET**

AAHOA member Champ Patel opens first-ever avid hotel

**A shrinking world:**  
Chatting with U.S. hospitality leaders

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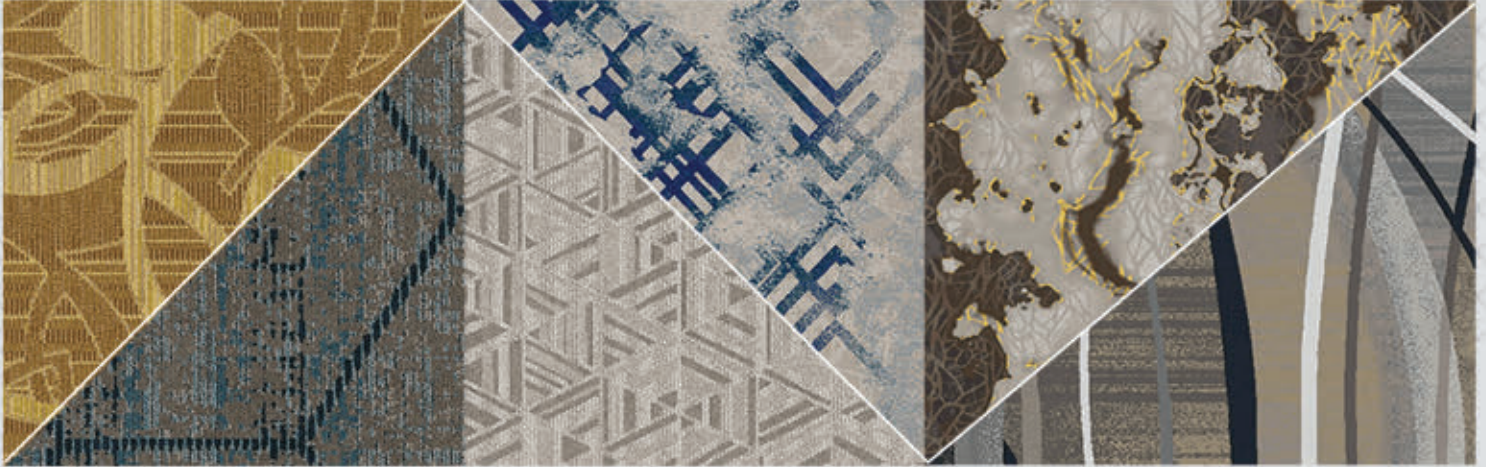
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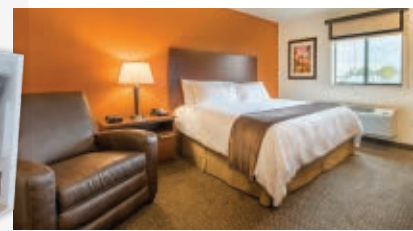


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20

**THE CHAMP OF  
HOSPITALITY**

*AAHOA member  
opens first avid hotel*

*by ZOHREEN ISMAIL*

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# Features

---

24

**A shrinking world: Chatting with  
U.S. hospitality leaders**

*by JEFF FOGEL*

28

**Data deep dive: Global hot spots  
and the lessons they hold**

*by ALICIA HOISINGTON*

# Contents

## COLUMNS

18

### THE C-SUITE

Fostering the destination ecosystem at home and abroad  
by DAWN SWEENEY, PRESIDENT & CEO OF THE NATIONAL RESTAURANT ASSOCIATION

19

### COMMON GROUND

The Protecting Family and Small Business Tax Cuts Act  
by PETER CLERKIN

32

### FINANCE

The effects of foreign capital inflow & outflow on U.S. commercial real estate & debt markets  
by RUSHI SHAH

34

### SMALL BUSINESS

Taking on the health care system  
by ALFREDO ORTIZ



36

### TRAVEL

Going global: How hotel owners can attract the world's travelers to the U.S.  
by IAIN SHAW

42

### TECHNOLOGY

How blockchain is transforming the hospitality industry  
by ANKIT SRIVASTAVA

46

### HUMAN RESOURCES

3 tips to improve employee retention rates and increase revenue  
by MILAN JARA

48

### SAFETY

Preparing hoteliers to protect their businesses against global health crises  
by MARK GALLIVAN and JACLYN GUERRERO

52

### OPERATIONS

Want to boost customer service? Boost workplace respect first  
by S. CHRIS EDMONDS



56

### LEGAL AND COMPLIANCE

Top 5 legal issues facing hoteliers  
by MAHESH PATEL

58

### TRENDS

Disruptors in travel trends: What's a hotelier to do?  
by KURT WEINSHEIMER

63

### SOCIAL MEDIA

Attract international visitors with social media analytics  
by SCOTT COHEN

74

### DESIGN

From the ground up: The hotelier guide to ensuring a positive guest experience in the new age of hospitality amenities  
by BO BARBER

## DEPARTMENTS

12

LETTER FROM THE CHAIRMAN

14

LETTER FROM THE PRESIDENT & CEO

16

GOVERNMENT AFFAIRS

64

AAHOA CLUB BLUE, PLATINUM, GOLD & SILVER MEMBERS

66

AAHOA @ INDUSTRY EVENTS

69

CLASSIFIEDS

73

ADVERTISER INDEX

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Cover image: Champ Patel opens avid hotel in Oklahoma City.

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## Utilize your brand relationships to learn about international practices

**HITESH (HP) PATEL**  
AAHOA Chairman (2018-2019)

“We want our properties to be on par with world class hotels and to do that we must have adequate knowledge of how in-demand foreign hotel and lodging accommodations function...”

**I**NNOVATION IS WHAT DRIVES OUR industry forward and keeps hotels competitive. As hoteliers, we have to integrate new technology, consistently refresh our hotel properties, and find better ways to compete for business, whether that be with other local hotels or Airbnb hosts, to stay ahead of the game. One of the major ways that hotels have had to adapt in recent years is to offer guests the unique and one-of-kind experiences they now look for. For our industry here in the U.S., one of the best means to accomplish this goal is to investigate hotel practices abroad that may differ from what American travelers are used to.

The simplest way to conduct this research is to reach out to brands and see what insight they have into international practices. Brands have presence across the globe and have the unique ability to observe and track the best and most successful practices being implemented in hotels. Too often, hoteliers do not use the assistance brands offer to their advantage, but they can truly be your best tool to investigate what international trends are booming and which ones to steer clear of.

We want our properties to be on par with world class hotels and to do that we must have adequate knowledge of how in-demand foreign hotel and lodging accommodations function, what amenities they offer their guests and how their practices differ from our own. Whether this be purely design or the actual management strategies, lessons can be learned from abroad to increase demand.

Certain practices like fostering a more home-like feel, bringing in communal spaces for guests to interact, or embracing eco-friendly tactics like automatic lights, solar panels, and asking guests to consider reusing towels are some examples of practices that are giving guests around the world more personalized hotel stays. Now more than ever, it is important to stay in tune with practices that fit the desires of a wider range of people. This allows customer bases to grow and reputations for unique service to form that will keep your business thriving.

This is important because international tourists make up a major component of the hotel industry's clientele. These visitors expect their accommodations to look and feel a certain way and if your hotel meets their needs, they will have a more enjoyable stay. For domestic travelers these updated environments will also bring in added appeal. Your property will stick out and set it apart from local competition.

Be sure to utilize your brand relationships to learn about foreign hotel practices and how they can help you implement them into your business. By harnessing this information, you can make small changes to your hotel to appeal to foreign visitors and bring new experiences to American tourists. This effort is beneficial to both hoteliers and brands because it leads to mutually greater success.

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## Supporting international tourism means supporting hoteliers

**CHIP ROGERS**  
AAHOA President & CEO

**E**ACH YEAR, FOREIGN TOURISTS flock to our shores to experience our world class cities, view some of the globe's most beautiful sights, and learn about our unique history first hand. 2017 was no different and surged to one of the most profitable years for international tourism into the U.S. ever. 77 million international travelers came to the U.S. and the positive economic impact cannot be emphasized enough. According to the National Travel and Tourism Office, these visitors collectively spent \$251.4 billion and helped to support over 1.2 million jobs nationwide.

These numbers are promising and show that the U.S. continues to be a top choice for international tourists, however, it is not the whole story. Other countries are actively competing for preeminence in the global tourism market and, unfortunately, the U.S. is not winning the fight. Out of the top twelve most visited countries in the world, the U.S. is one of only two nations that have declining market shares of global inbound travel, the other being Turkey. According to the U.S. Travel Association, America's market share has decreased by 6 percent since 2015, while countries like France, Italy, Germany, and China are increasing between 2 and 10 percent. Even more telling is that Australia, the United Kingdom, Canada, and Saudi Arabia are seeing market share increases in the double digits, over 20 percent in some cases.

To put the damage caused by this share decrease into perspective, the U.S. has lost out on \$32.2 billion in revenue since 2015. Had the U.S. stayed on a positive growth path this revenue would have bolstered our economy and created an additional 100,000 jobs. At a time when our economy is just starting to pick up speed again thanks to pro-growth tax reform, we

cannot afford to lose out on this potential boost to our GDP.

AAHOA's advocacy team is working hard to combat this trend. As a part of the Visit U.S. Coalition, a partnership of travel, lodging, retail, and restaurant industries, among others, we are a driving force behind the push to make international tourism a national priority to lawmakers. The coalition is urging Congress and the Trump administration to take action on important initiatives that keep tourists flowing into the country. One such program, Brand USA, uses revenue generated from tourists coming into the U.S. to market our country's destination appeal to travelers around the world. This program is essential for healthy tourism rates, but it is headed straight toward a 2020 expiration date. If this were to happen, we can be sure that our share will decline faster and at greater rates.

Another priority of the coalition is to expand the Visa Waiver Program. This program allows the citizens of certain countries to visit the U.S. without going through the time consuming and costly process of obtaining a travel visa, giving more people the ability to travel here. We can further encourage travel by bringing more countries into this program and broadening its international accessibility.

By strengthening this program and reauthorizing Brand USA, we can reinvigorate the flow of international tourists into the U.S. and begin to grow our share of the market back. To accomplish this, we must encourage our lawmakers to embrace international travel as a national priority now, before it is too late. More people are traveling around the world than ever before and America should and can be the first choice for foreign tourists.

*Chip Rogers*

## 5 THINGS TO KNOW ABOUT AAHOA THIS MONTH

1

HX: The Hotel Experience, the must-attend Marketplace & Conference for the hospitality industry, will be held on November 11-12 in New York, NY. AAHOA members receive complimentary registration using promo code AAHOA18.

2

The final AAHOA Regional Meetings of the year will be held in Columbia, SC on November 6 and Birmingham, AL on November 14.

3

Boutique Design is hosting the BDNY Conference in New York, NY on November 11-12 in the Jacob K. Javits Center. The Gold Key Awards Gala will be held on November 12.

4

AAHOA is hosting two workshops in November: "Enhance Your Operations and Improve Profitability, Hosted by Sun Development" on November 15-16 and "Protect Your Business: Avoiding the Legal Pitfalls of HR Compliance" on November 29. Register at [aahoa.com](http://aahoa.com)

5

Voter eligibility for the 2019 AAHOA elections has changed. Visit [aahoa.com/convention](http://aahoa.com/convention) to view the new voter eligibility guidelines.



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# A recap from the Legislative Action Summit

by TONI-ANNE BARRY



Phil Lovas, Deputy Assistant Secretary for the National Travel and Tourism Office in Industry and Analysis



Katherine Lugar, AHLA President and CEO



Chip Rogers, AAHOA President and CEO



Alexander Acosta, U.S. Secretary of Labor

**T**HE FOURTH LEGISLATIVE Action Summit, a two-day event sponsored by AAHOA and the American Hotel & Lodging Association (AHLA), brought together hoteliers, vendors, and brand representatives from across the country as they convened in Washington, D.C. this past September.

AAHOA President and CEO Chip Rogers and AHLA President and CEO Katherine Lugar kicked off the event by welcoming attendees, discussing the importance of advocacy for the hotel industry, and walking attendees through everything the two-day summit would offer. U.S. Secretary of Labor Acosta, Phil Lovas, the Deputy Asst. Secretary for the National Travel and Tourism Office, Senator Mike Rounds (R-SD), and political insider David Wasserman addressed attendees on the first day. The speakers touched upon various issues such as the successes of tax reform, labor issues, international travel, and the political landscape as the nation heads into the critical 2018 midterm elections.

Secretary Acosta credited the current strength of the economy to the Tax Cuts and Jobs Act as well as the U.S. Department of Labor's efforts to

overturn unnecessary regulations that make it hard for small businesses to function. He also hailed a proposed rule by the National Labor Relations Board that would reinstate the historical definition of joint-employer and overturn the harmful, Obama-era rule that upended the franchise industry with its ambiguity and potential to wrongfully assign liability for workers to franchisors while stripping away a franchisee's ability to manage their own businesses and employees. The Secretary also discussed the roll-out of association health plans (AHPs) under a new Labor Department ruling. Trade associations can now offer their small business members fully insured health plans. For hoteliers, this option is a game changer because it will allow them to offer more comprehensive and competitive benefit packages to their employees and enter larger insurance pools by joining together with other businesses to form a larger entity.

U.S. Department of Commerce Deputy Assistant Secretary Phil Lovas announced that 2016 and 2017 data on international visitors to the U.S. had been corrected and offered an analysis of the new numbers. He revealed that over 77 million international tourists visited the U.S. in 2017 and spent a record-breaking

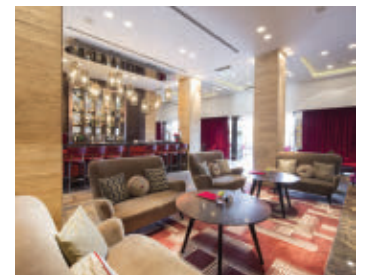
\$251.4 billion, a 2 percent increase over 2016. Lovas highlighted that international visitors support over 1.2 million jobs, spending an average of \$4,000 on their trips.

The second day of the summit saw hoteliers travel to Capitol Hill to meet with their elected officials. Hoteliers discussed the major issues facing the hotel industry such as stopping online booking scams that deeply impact guest experience and their hotel's reputation, increasing international tourism by expanding the Visa Waiver program, and combating the labor shortage. Most importantly, AAHOA members urged Congress to support making key provisions of the Tax Cuts and Jobs Act permanent, such as the small-business tax deduction and reduced individual rates. These are set to expire in 2026. Hoteliers shared how the tax cuts benefited their businesses and how they reinvested the tax savings into increasing wages, creating new jobs, and expanding their businesses. There is strength in numbers, and LAS allowed the hotel industry to present a strong and unified voice to the most powerful lawmakers in the nation on issues that matter most to them. ■



## MAGNUSON WORLDWIDE – THE HOTEL BRAND YOU’LL BE SEEING MORE OF

Magnuson Worldwide entered the US market 15 years ago as an industry disrupter offering low cost fees and a global distribution system. Fast forward and founders Tom and Melissa Magnuson are ready to showcase the purposeful restructuring of the company’s offering to meet the changing needs of hotel owners on a global scale.



### What has Magnuson been doing over the past year?

**Melissa:** It’s been an exciting time at Magnuson recently. We’ve adopted the Kaizen approach of continuous improvement here and have been working closely with hotel owners and our internal teams to address some of the issues that plague hotel operators globally.

**Tom:** One of the most exciting developments is the introduction of our proprietary cloud-based channel manager and integrated PMS. We worked with several of our hotel owners to truly understand the issues they were facing and then worked to build a new integrated solution. It’s easy to implement, user friendly and because it’s ours we can now offer it to our clients entirely free of charge which we love!

### You’ve been monitoring market sentiment quite a lot then. What are the industry trends you’ve identified and how is Magnuson gearing up for them?

**Tom:** Conversation in the industry is rapidly becoming dominated by the likes of Airbnb and other social economy platforms. Large scale brands offering group services are doing a disservice to their hotel owners. The key now is to leverage individuality and that’s a far more difficult thing to do in a mass market, but it has always been the ethos of our company. The marketing resource of hotel owners can be extremely limited which makes the challenge that much harder.

**Melissa:** Yes, I agree with Tom. We found after speaking with hotel owners across the industry that larger brands were charging back marketing acquisition spend to hotel owners on top of their franchise fees which as you can imagine was causing some dissatisfaction. We

looked at our marketing program and really scaled up the operation. We now offer our hotel owners dedicated marketing personnel to execute specific campaigns on their behalf along with corporate sponsored digital spend and a 20% rebate of their fees directly into additional marketing output.

### What’s next for Magnuson in the market?

**Melissa:** We’ve been going warp factor recently. A lot of our efforts have been focused on the recent launch of our new soft brand including free channel manager and PMS, worldwide distribution, marketing support and dedicated revenue management teams. We looked at the existing market and price points and worked tirelessly to create a solution that is low cost and effective.

**Tom:** Yes, the response has been brilliant! We are also working closely with our partners Jin Jiang hotels in China and Louvre Hotels in Europe to leverage our global marketing alliance. The collaboration of our hotel groups will really open the global customer market to our hotel owners and we are excited to see the possibilities.

### If any hotel owners wanted more information on Magnuson and its offerings what can you advise?

**Melissa:** We’d love to hear from any owners interested in exploring an alternative to franchising. We can be reached at [sales@magnusonhotels.com](mailto:sales@magnusonhotels.com) or alternatively on the office number: 509 747 8713

**Tom:** Yes, please get in touch. We love hearing from hotel owners.

# Fostering the destination ecosystem at home and abroad

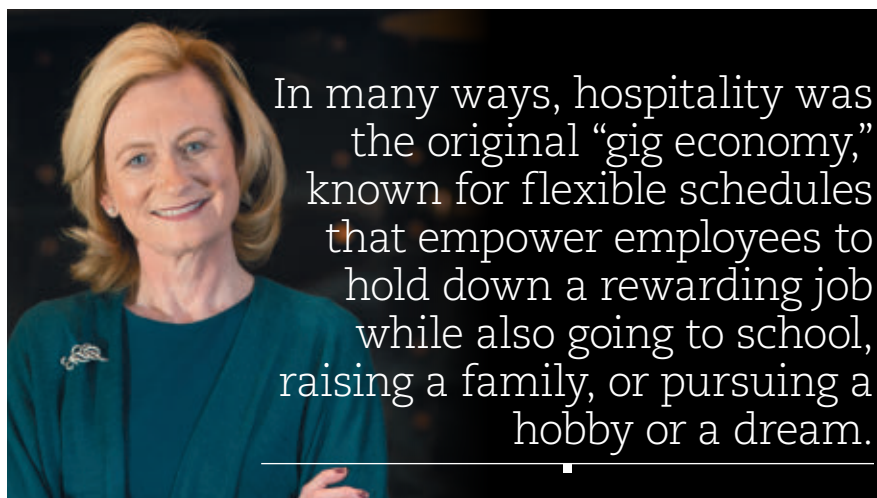
by DAWN SWEENEY  
PRESIDENT & CEO OF THE NATIONAL RESTAURANT ASSOCIATION

**H**OSPITALITY IS THE business of welcoming people, and today it means opening our doors to guests from across the globe. Dubai International Airport – not LAX or Heathrow – is now the world’s busiest airport. With more than 75 million international travelers visiting the U.S. each year, and a record number of Americans embarking on trips abroad, opportunities for growth in our industry are strong.

The globetrotting trend is good news for hoteliers and restaurateurs alike. But as every town from Homestead, Florida to Sitka, Alaska, hunts the tourism dollar, our companies can best thrive if we collaborate in creating and promoting attractive “destination ecosystems” – the combination of hospitality businesses that make a particular spot irresistibly inviting.

Sometimes lodging and restaurant partnerships will be formal, as when prominent chefs open eateries inside hotels. The profitability of these arrangements is rising, with another year of 5 percent annual growth in the forecast. Traditionally, the cooperation is informal as guests and hotel employees talk about preferences and desired experiences.

Today’s consumers demand convenience and variety. Traditional room service has been joined by grab-and-go kiosks and takeout delivered by third parties. While hotel restaurants are pulling in more locals, visitors are asking the concierge for adventurous recommendations for dining out. Fostering choices is to our mutual benefit.



That is because we are competing against some formidable market players. Home-sharing options available through companies like Airbnb demand that we answer as only we can – with exemplary service and unbeatable experiences customized to each traveler.

Essential to the success of this recipe is our workforce. Regardless of whether an employee joins a pub or an inn, the required skillset includes professionalism, positivity, communication abilities, and leadership. The National Restaurant Association Educational Foundation is helping to develop the talent our sector needs with programs like ProStart. This hands-on learning and mentorship opportunity teaches students culinary, service, and management skills. We reach 140,000 young people each year in more than 1,800 high schools across the U.S., Guam, and U.S. Department of Defense schools in Europe and the Pacific.

We are also collaborating with the American Hotel and Lodging Association and the U.S. Department of Labor on

the Hospitality Sector Registered Apprenticeship program. Through this initiative, we’ll be training more than 1,000 managers and adding 2,500 apprentices within three years.

A critical next step will be enhancing our appeal to workers. In many ways, hospitality was the original “gig economy,” known for flexible schedules that empower employees to hold down a rewarding job while also going to school, raising a family, or pursuing a hobby or a dream. It is incumbent on us to demonstrate to the next generation workforce that a career in hospitality can put the world at their fingertips.

Today, it is exciting to witness so many cities, small towns, and remote outposts finding their identities and marketing their offerings to both nearby neighbors and visitors from abroad. The hospitality industry’s homegrown jobs are now built into economies around the globe, and our local ties will only deepen as we work together to promote unique destinations to an expanding world of travelers. ■

# COMMON GROUND

## The Protecting Family and Small Business Tax Cuts Act

by PETER CLERKIN



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These days, it seems like politicians cannot agree about anything. That’s because it’s convenient for the media to use a gridlock narrative as shorthand for the contrarian and obstinate behavior that defines how our elected representatives address a few big issues. However, a different, more nuanced picture emerges when one takes a closer look at the actual lawmaking process – the pursuit of positive change. Common Ground profiles members of opposing parties who are working together to advance issues important to hoteliers.

### THE ISSUE

Tax Reform 2.0

Key provisions of the 2017 Tax Cuts and Jobs Act are set to expire in 2026, which would mean that working Americans and small business owners would keep less of their hard-earned money.

### COMMON GROUND

H.R. 6760, the Protecting Family and Small Business Tax Cuts Act of 2018 would make the tax cuts permanent, and the

Section 199A deduction for pass-through businesses would be made permanent. These changes to the TCJA would increase long-run GDP by 2.2 percent and create approximately 1.5 million new jobs. The bill passed the House in late September. Rep. Kyrsten Sinema was one of only three Democrats to support the bill which enjoyed overwhelming support from House Republicans including Rep. Martha McSally. In a twist, the two members featured in this month’s installment of Common Ground are facing off against each other for Arizona’s open Senate seat this November. ■



**Rep. Kyrsten Sinema (D-AZ)**

First Elected: 2012

*“When last year’s partisan tax bill passed, I said I would work across the aisle on a better deal for Arizona families. Last year’s tax bill failed to provide permanent tax relief for middle class families and*

*small businesses. Today’s bill rectified that issue and that’s why I voted yes.”*



**Rep. Martha McSally (R-AZ)**

First Elected: 2014

*“Arizonans are seeing the positive impacts of the tax cuts Republicans worked to push through Congress last year...It is great to see Tax Reform 2.0 moving forward.”*

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“When Champ does something, he does it with his heart, commitment, and passion.”

— OKLAHOMA GOVERNOR MARY FALLIN

# THE CHAMP OF HOSPITALITY

## AAHOA member opens first avid hotel

by ZOHREEN ISMAIL

**H**OTEL OWNERS AND GUESTS ARE celebrating the grand opening of the first-ever avid hotel. AAHOA Lifetime Member and founder of Champion Hotels, Champ Patel, opened the avid hotel in Oklahoma City, welcoming the first guests in August and holding the grand opening in October. avid, the newest mainstream brand offered by IHG, was designed to attract the attention of people who are looking for just the essentials – clean room, grab-and-go breakfast, fast WiFi, modern design – during their travels.

Champ, who is a member of the owner advisory board, worked directly with IHG to begin developing the concept for the new brand. A life-size rendering was created at the IHG warehouse located in Smyrna, GA. A target audience was invited to the warehouse to get feedback on the avid room design. Housekeeping staff members were also invited to test the ease and accessibility when cleaning the rooms.

The 87-guest room building stands on 138th street on the north side of Oklahoma City. The lobby welcomes guests with tall, glass windows and an open-space layout allowing guests to experience natural light and an authentic Oklahoma City feel.

The grand opening ceremony began with a speech by Elie Maalouf, the CEO of the Americas for IHG. He spoke about the partnership between IHG and Champion Hotels. “I can’t think of a better place than Oklahoma City or a better partner than Champion Hotels,” he stated. “Champion Hotels and IHG were joined by a similar philosophy: approach this business with our hearts. That philosophy is what contributed to the success of avid.”

Maalouf was followed by Oklahoma Governor Mary Fallin. She addressed the crowd, “Champion Hotels and the Patel family have a tremendous reputation. They take care of their employees, work hard, and are great entrepreneurs in Oklahoma. When Champ does something, he does it with his heart, commitment, and passion.”

Champ has been in the hospitality industry for 38 years and when asked for one piece of advice on how he stays on top of the latest trends he said, “I genuinely care for the people. There is always a lot of work to be done and a vacation to me is being able to socialize with my guests.”

Champ spent his early years in the hospitality industry owning one independent hotel, which he later converted to an Econolodge. He continued the path down hospitality because of his passion for excellent customer service and making everyone feel welcome. “Hosting and hospitality is in my DNA,” he said, “That is what drew me to the industry and has kept me in it.”

Champ went on to discuss the honor he feels for being the face of the first avid hotel. “I was one of the first people to see the prototype. Together [with IHG] we had created a brand that would be trustworthy. It is an honor to be able to care for the





people that visit and stay at avid.” A true trendsetter, Champ was also the first hotel owner to open a Tru by Hilton property in 2016, located near the Oklahoma City airport.

Furthermore, Champ took being in the hospitality industry to new heights. “When you are in the hotel industry it is easy to just continue to be. I wanted to make a difference and show future hotel owners that with creativity and hard work you can build something that others truly need and desire.”

Champ Patel, along with other AAHOA hotelier members, pride themselves in being industry leaders working hard on the front lines to ensure the hospitality industry is serving everyone. Champ spoke with a gracious and humbling attitude towards learning from others and what AAHOA has to offer. “With the knowledge and support of my peers and other hotelier members, I have gained the confidence to be a leader in my industry.” ■

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By LogiSon  
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FEATURE

# A SHRINKING WORLD

Chatting  
with U.S.  
hospitality  
leaders

by JEFF FOGEL

# B

BETWEEN 2007 AND 2017, THE LATEST period for which such data is available, diversity within the accommodations industry workforce has seen a dramatic increase. By way of example, in just the last decade, the number of accommodations workers belonging to two illustrative groups, blacks and hispanics/latinos, has more than doubled.<sup>1</sup>

While these numbers indicate an ineluctable trend toward greater diversity in the industry, as with all raw data, there's always a story behind the naked statistics. For instance, what is driving the trend? How pervasive are its effects on the industry, and where is the trend headed?

<sup>1</sup>Source: United States Bureau of Labor Statistics, years 2007 and 2017, Accommodations.

For answers to these, and other, questions *Today's Hotelier* spoke with leaders in the industry. Here is what they had to say.



## SCOTT YAEGER

### Radius Hospitality

Radius Hospitality is a hotel management firm based in Canton, OH. They have 80 years of combined hotel experience, managing more than 50 hotels consisting of over 8,000 rooms.

Scott Yaeger, president of Radius weighed in on the diversity discussion.

"We have 700 associates that work within our properties in Ohio, Pennsylvania, New Jersey, and Connecticut. While we have no dedicated diversity program in place, I look out across our group and it is actually pretty diverse. This lends for different viewpoints. That's a benefit when it comes to serving guests better.

"For instance, we have different nationalities. This facilitates communication with an increasingly diverse guest make-up. It's more comfortable for a guest being served by an employee with a similar language and culture.

"Diversity in our workforce actually helps pull our team together. It makes the team stronger and more guest-focused.

"Another thing I've noticed. I think about the sheer number of people here. All the various types.

"As I stated, we have no specific diversity goal in place. It's not like we feel we have to have one of these or three of those in terms of people. So we don't say we need to hire a certain number of people with a specific ethnicity, nationality, or background as a matter of meeting some type of quota. It's more about simply finding the right person. We just hire the best person for the job. Someone who can grow with us and become part of the organization – a member of the family. Ethnicity, race, gender, none of that matters. We hire anyone who will be right for the job. This in itself yields diversity in our make-up. We have seniors and members of the LGBT community. They're all different but they all have one thing in common: they're the best person for the job. It's just about finding a person with a gift; someone that truly wants to serve guests. And not just guests, but our other associates as well. We work toward a cohesive team of long-term people. We have a very low turnover rate. And people stay for a reason.

"Let's face it. The world is getting smaller. Diversity in a workforce is bound to be a result of this shrinking world. It simply lends itself to a greater variety of people being available in the labor pool. And it's necessary, to better serve our guests. Different brands [hotels] attract different travelers. There are definitely different demographics. Some attract Millennials, some an older demographic – and they come from all over. With diversity among our workforce, they can relate better to us and feel more comfortable."

“They’re all different but they all have one thing in common: they’re the best person for the job.”



## JON MUNOZ

### Hilton

Jon Munoz is Hilton’s vice president of global diversity and inclusion. He sits on the board of nine non-profit organizations, all of which are active players in promoting and advocating for diversity. He is also founder of the National Hispanic Corporate Council’s corporate executive development program (CEDP), which is offered in partnership with Southern Methodist University’s Cox School of Business.

“We [Hilton] recruit locally,” says Munoz, adding, “There is a more diverse pool interested in working with Hilton. So we work with different organizations.”

For Munoz, there is a clear benefit to these efforts which extend all the way to upper management. “Studies show that diversity helps performance in companies. Different people bring different perspectives and viewpoints. It inspires innovation.” This is particularly true for hotels. Munoz notes, “it enables diverse guests’ needs are better met.” In fact, research has clearly pointed to a demand among customers for more diversity. “You have to avail yourself of the research. We’ve worked with Diversity Inc, Best Practices, the Conference Board. Deloitte puts out a good report. We’ve done focus groups, among different customer groups,” says Munoz, noting, “It’s about understanding a customer’s needs and matching it with workers. It’s a comprehensive approach that creates an ecosystem. We’ve worked with a number of consulting firms [such as] Diversity Inc.” This evidence is manifested in practice as well. “Inbound guests are coming from abroad, and around the world – China especially – and [guests are] increasingly Latin American.”

While Hilton is already 69 percent diverse in its workforce’s makeup, the effort continues. “It’s a journey,” says Munoz, “it goes beyond the United States; there’s a global framework that [renders] even the definition of diversity complex. It includes culture, language, and talent as well. The approach must be adapted to various markets around the world. The effort [at diversity] will continue. I don’t see an end in sight. There’s a lot of work to do. It’s evolving – changing – and growing with opportunity.”



## AMY JONES

### My Place

While Aberdeen, SD based My Place Hotels is viewed as a relative newcomer to the hotel business, its founders are steeped in 40 years of experience in the industry, including the wildly popular Super 8 Motels. Since February 2012, the company has expanded to 43 locations across 21 states, with over 120 new hotels presently in the pipeline.

Amy Jones, My Place diversity director, sees a good part of that success as stemming from diversity in their workplace. She views the term diversity in a broad context. “Diversity is something that is being talked about more. That’s a good thing, but diversity is a broad idea and should be clarified. It could be culture, or language, or race, or ethnicity. We are all so different. That means respect for these differences because they mean more viewpoints, experiences, and ideas. Diversity means being forward thinking. It means training and development continues to evolve and be increasingly inclusive. This benefits both our workforce and our customers as well.

“We’re a relatively new brand so it’s important that we continue thinking outside the box. Diversity helps us do this. Different backgrounds and experience in our workforce has been part of our success. It’s what has allowed us to expand, because we’re pulling different ideas from different walks of life from so many parts of the country.

“We don’t necessarily track numbers and don’t have a specific policy in place for diversity, but we work very hard to be an equal opportunity employer. And internet has changed the way we post jobs, for example. It allows a broader reach so we get a broader, more diverse response. This helps us expand [as a company] and as we create a larger footprint, it makes it easier for us to attract more diverse applicants.

“We’re not yet global but our guests are from everywhere. Diversity in our workforce definitely is beneficial. It’s beneficial [to the hotel industry] in general by the very nature of the business. And our [more diverse] employees are able to relate.

“As I work with different hotels, I’ve gotten to really know the employees, and realize just how different everybody really is. So the important thing is, you don’t have to agree with everything [they say] but you have to have respect, and to really listen.”



# ચોઈસ હોટેલ્સ તરફથી શુભ દિપાવેલી

**Wishing you and your family health, prosperity  
and peace in the New Year.**

Happy Diwali from the Choice Hotels® Family.

FEATURE

# DATA DEEP DIVE

## Global hot spots and the lessons they hold

by ALICIA HOISINGTON

**I**N 2017, 75.1 MILLION INTERNATIONAL TRAVELERS visited the United States, according to Statista. That number is expected to reach 78 million this year and climb to 89 million by 2022. And while the U.S. hotel industry is enjoying increased demand (+1.9 percent year-to-date July, according to STR), supply is also headed for a peak (+2 percent, YTD July). That's why hoteliers need to take a look at what they can do to drive business by observing hot spots on a global level.

### UNITED STATES

Before looking globally, it's important to have a pulse on what is happening at home – and hotel business certainly looks good in the U.S., bolstered by economic growth of 4 percent in the second quarter, according to Marcus & Millichap's Midyear 2018 Hospitality Outlook report.

Occupancy has hit a 30-year high in the U.S., according to the firm, thanks to healthy room demand. That has helped to push revenue-per-available-room (RevPAR) growth, which is expected to outpace last year as the industry continues to be supported by a steady economy and a boost from tax-law changes.

As such, many of the major analysts have revised their forecasts upward for the U.S. hotel industry. In 2018, the U.S. hotels are projected to report a 0.6 percent increase in occupancy to 66.3 percent, according to STR. Average daily rate (ADR) is expected to grow 2.6 percent to \$129.85, while RevPAR will increase 3.2 percent to \$86.09. Notably, STR data shows that RevPAR has increased by at least 3 percent each year for the past eight years.

### ASIA/PACIFIC

Asia has been on everyone's minds of late, especially as U.S.-China trade relations have been rocky at best.



But, for the hotel industry, China offers an abundance of opportunity to capture demand from travelers who are always on the go. In 2017, three million Chinese travelers visited the U.S., according to Statista. By 2022, that figure is predicted to jump to 4.5 million.

To capture the demand from Chinese travelers, U.S. hoteliers must first understand the travel trends. Attract China, a digital marketing firm that focuses on outbound Chinese travel to North America, identified several main trends from this group:

- 1. Travel is the average person's top holiday choice.** But that choice comes with a plan, as travel is usually not spontaneous. That means hoteliers marketing to Chinese travelers need to start the process as early as possible to win guests.
  - 2. Paid vacations encourage travel.** In 2015, the Chinese government created a policy supporting paid vacations to stimulate domestic tourism and combat a downturn. This has helped to increase both domestic and international travel.
  - 3. Travelers want more customization.** As in the U.S., Chinese visitors are looking for customization in their travel plans. Millennials here, too, are leading the charge. In a survey of Chinese millennials, keywords such as "adventure" and "road trip" were most prevalent.
  - 4. Mobile and digital are key.** As technology continues to advance and internet access spreads in China, more people consider handheld devices essential to daily life. When marketing, hoteliers need to keep that top of mind and make sure their websites are mobile-friendly and their hotels have the latest tech.
  - 5. Themed experiences are still winners.** Film and TV have a large influence on Chinese travelers and often help them decide where to visit. If a hotel isn't in an area that a famous movie or show has been filmed in, then other examples of holiday themes hoteliers can capitalize on include: honeymoon, family fun and refreshing summer. Additionally, driving and outdoor clubs are popular activities for these travelers.
  - 6. Travelers want to shop.** Of total spending in China in 2015, 63 percent was spent on luxury goods, with 50 percent spent in the U.S. When Chinese travelers visit, they want to shop. If a hotel is next to shopping outlets that might appeal, hoteliers should use that to their advantage in marketing strategies.
- But the U.S. isn't the only major suitor for the Chinese guest. Domestic travel is just as prevalent, and some areas offer lessons for U.S.-based hoteliers. For example, Vietnam continues to show growth, according to Jesper Palmqvist, who leads STR in the Asia/Pacific region. That growth isn't just presenting across the major key performance indicators, he says, but also via international arrivals, infrastructure investment, airlift, brands and overseas investments. What's more, the country has seen increased intra-Asia/Pacific travel and captured a large share of outbound mainland Chinese travelers. More than 30 percent of arrivals in Vietnam are now from this region.

As of July, Vietnam saw ADR increase 6.5 percent when measured in local currency. RevPAR remained mostly steady, falling only 0.4 percent.

"Earlier visa deregulation improvements have opened up new source markets, and...the timing was ripe for Vietnam to be more than just 'a more rustic and underdeveloped Thailand,'" Palmqvist says. "It is so much more than that, and pent-up demand is huge."

He says that major hotel groups saw the signs for the region two to three years ago and began putting flags in the ground. As a result, the country will increase existing room supply by over 50 percent. That is an eye-popping number, especially as U.S.-based hoteliers start to feel concern as supply growth at home starts reaching 2 percent.

Palmqvist says there are a few things U.S. hoteliers can learn from the region in terms of driving performance and maximizing return on investment. First, food in Asia is an important facet in travel, sometimes even in the select-service space.

But food service can be a tricky thing to handle at hotels that don't offer extensive F&B options. One simple amenity can be offered right in guestrooms: access to hot water for a kettle to prepare tea or noodles, according to Attract China. Additionally, if a hotel does offer F&B options, providing Chinese food options can be another way to attract Chinese guests.

Technology is also key. About 75 percent of Chinese travelers look for free Wi-Fi at their accommodations, according to Attract China. While investing in bandwidth can be expensive, a solid free Wi-Fi experience is essential to the cohort, so ensuring the service is available in rooms and the lobby is essential.

## EUROPE

Limited supply in some European hot spots is helping hotel performance, according to Thomas Emanuel, director of business development at STR. Additionally, the displacement of travelers from Turkey and Northern Africa has driven businesses, pushing growth in Portugal, Greece and Croatia.

As of July, based on local currency, Portugal has increased ADR by 11.2 percent and RevPAR by 7.6 percent, according to STR data. Greece has seen ADR grow 9.4 percent and RevPAR increase 6 percent. Croatia's ADR is up 1.8 percent, while RevPAR is up 5.8 percent.

"One thing that we do need to watch is how these markets will be affected now that Turkey, and Egypt to a more limited extent, are recovering. We have also seen economic improvement in Spain and Portugal, in particular, which has driven solid increases in major cities," Emanuel says.

Meanwhile, he says that Central and Eastern European cities have performed well in recent years, and the region has enjoyed double-digit RevPAR growth. The main reason is a perception of safety, which is important for Europe. But also, limited supply growth and political stability here have also been large drivers of business, as well as an increase in events and more airlift.



Performance comparison among major regions, total U.S.

	U.S.	Central/South America*	Asia/Pacific*	Europe**	Middle East*	Africa*
Occupancy	73.6% (-0.2%)	57.5% (-0.4%)	73.6% (-0.2%)	78.6% (+0.8%)	59% (+5.8%)	62% (+2.5%)
ADR	\$133.44 (+2%)	\$175.15 (+85%)	\$104.16 (+1.6%)	€123.11 (+6.2%)	\$125.07 (-5.8%)	\$112.95 (+11.7%)
RevPAR	\$98.17 (+1.8%)	\$100.69 (+84.3%)	\$76.65 (+1.3%)	€96.82 (+7%)	\$73.82 (-0.3%)	\$70.05 (+14.6%)

Source: STR, July 2018 vs. July 2017

\*U.S. dollar constant currency \*\*Euro constant currency



### CENTRAL/SOUTH AMERICA

As the U.S. has faced some political unrest lately, the same is true globally. Latin America is one example to show how politics can affect the travel industry and the hotel business at large.

“In 2017, the major development in hotel performance was demand growth outpacing supply growth for the first time in years. It is also important to consider that 2018 is an election year for three main economies, Brazil, Mexico and Colombia,” says Patricia Boo, area director for Central/South America at STR. “This usually puts a hold on corporations and investment, particular this year, where the main candidates in each country are far right or far left.”

Last year, the region’s top performers were Argentina, with record occupancy levels and rate growth in line with inflation; and Costa Rica, where muted supply growth and steady demand growth have helped drive some of the highest occupancy levels in the region.

Year to date as of July, Argentina’s occupancy was 60.7 percent (+1.9 percent), according to STR. In local currency, its ADR is up a whopping 39.5 percent, while RevPAR has increased 42.1 percent. Supply growth is muted at 0.5 percent. Costa Rica’s occupancy stands at 73.9 percent over the same time period. ADR has increased 8.1 percent, and RevPAR is up 9.8 percent. Supply did not increase.

Boo says that although Central/South America is unstable, hoteliers there have learned to work past the uncertainty to maximize revenue when the cycle allows. That’s a good lesson for U.S.-based hoteliers.

“An increase in supply and costs is proving to be a challenge for many traditional hoteliers, and the arrival of main international brands is pushing the markets to look for new ways of doing business and professionalizing some practices,” she says.

U.S. hoteliers shouldn’t rest on their laurels when times are good. As the industry is a cyclical one, hoteliers need to prepare for the next downturn during the up cycle. That could mean renovating hotels now while demand is still on pace with supply, because renovating will be last on the list of priorities when the dollars slow. However, a newly renovated hotel could win business over its older counterparts.



### MIDDLE EAST/AFRICA

The tune is different for the Middle East/Africa region, as Philip Wooller, STR’s area director for the region, says not too many markets are booming in terms of performance.



“Looking at year-over-year data, one might deduce that Egypt is booming, but the absolute numbers suggest otherwise. The country’s performance is looking much better, but it still has a long way to go,” he says. Egypt has been in a period of recovery due to political unrest that began in 2011, which at the time caused occupancy to fall to levels below 20 percent. Since 2016, the market has started to experience double-digit increases in RevPAR as it continues to recover.

However, Wooller says Morocco is a country to keep eyes on. “Marrakech is having a very good year. Rates have declined in recent years making it a good value destination for Europeans and the Arab world overall,” he says.

As of July, Morocco’s occupancy has increased 0.8 percent to 61.4 percent, according to STR. In local currency, the country’s ADR is up 12.8 percent, and RevPAR is up 13.7 percent.

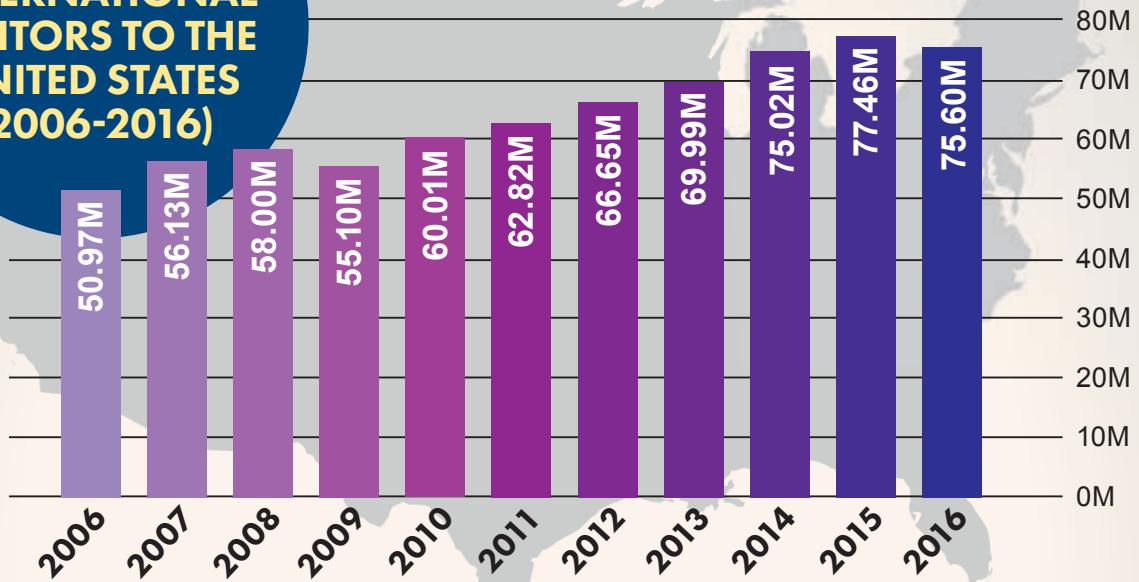
When it comes to takeaways for U.S. hoteliers, Wooller says the Middle East/Africa region perhaps teaches what not to do. That is, hotels in this region maximize for today and don’t focus on tomorrow.

“The U.S., on the other hand, has a fantastic balance of new supply and demand with marginal increases in performance – hence the current streak of RevPAR growth. Every market is different of course, but the U.S. generally gets it right,” he says.

But Wooller says it’s important to cater to a younger crowd. “Keep the millennial happy – in the MEA, brands are introducing some really cool lifestyle brands, for instance,” he says. “Also, tech is important – working spaces – even if limited. Don’t neglect this area of your operation.” ■

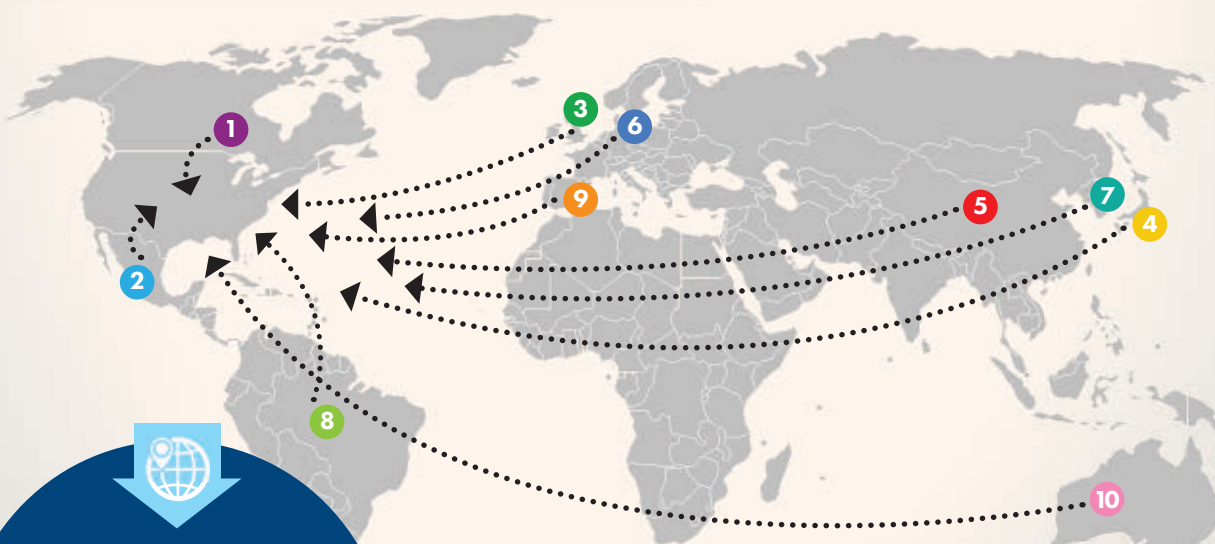
# INTERNATIONAL TRAVEL STATISTICS (TO THE UNITED STATES)

## INBOUND INTERNATIONAL VISITORS TO THE UNITED STATES (2006-2016)



(Source: World Development Indicators: World Bank)

## TOP 10 MARKETS INTERNATIONAL VISITATION (2016)



1 CANADA	19.29M	6 GERMANY	2.03M
2 MEXICO	18.99M	7 SOUTH KOREA	1.97M
3 UNITED KINGDOM	4.57M	8 BRAZIL	1.69M
4 JAPAN	3.58M	9 FRANCE	1.63M
5 CHINA	2.97M	10 AUSTRALIA	1.35M

(Source: US Department of Commerce – International Trade Administration)

# The effects of foreign capital inflow & outflow on U.S. commercial real estate & debt markets

by RUSHI SHAH

**F**OR MANY YEARS, CHINESE institutional investors and developers buying up billions of dollars of U.S. commercial real estate (including many high-profile trophy assets) has been front-page news. Recently, however, the Chinese government has clamped down on leverage that was historically used to fund these acquisitions and imposed new capital controls. As a result, those same investors are making headlines again as they succumb to their government's pressure to divest their large U.S. holdings. Fortunately for the commercial real estate market, this outflow of capital has been offset by an inflow of capital from other countries. As a result, foreign capital remains a solid contributor to the good health of U.S. markets some in the form of equity and other in the form of debt.

## AS CHINESE EXIT, OTHER FOREIGN CAPITAL SOURCES ENTER THE ARENA

Chinese-backed insurance giants such as Anbang, which was to liquidate U.S. assets by the Chinese government earlier this year, Wanda Group, and HNA Holdings, are among the largest players to face liquidation pressure. Each of the groups held billions of dollars of U.S. commercial real estate, including hospitality assets. Potential negative effects from the mass sell-off have been tempered by the available liquidity in the market to absorb the added supply. Capital from Korea, Israel, and other Middle-Eastern countries has stepped in to fill the void left by the Chinese. European investors, especially German and French, are also very active in the U.S. market, along with large institutional funds and family offices from Indonesia and Malaysia. Unlike the

Chinese, Hong Kong domiciled capital have been subject to less direct pressure to divest. Domestic investors are also taking advantage of this opportunity to bolster their portfolios. Large-scale developers and institutional private and public equity funds continue to snap up properties in search of yield. Due to this healthy demand for U.S. properties, prices have not adjusted downward dramatically.

## FOREIGN CAPITAL CONTINUES TO PLAY STRONG ROLE IN DEBT CAPITAL MARKETS

Given the optimism around U.S. domestic economic policy, and the historically-relatively-stable U.S. markets, capital remains abundant in the debt capital markets. Many large U.S.-based investment banks are looking to foreign investors to syndicate their large loan positions. For example, a French-based



investment bank operating in New York recently closed a \$270 million transaction for a downtown Chicago JW Marriott hotel on its balance sheet. The bank then sold off the majority of the loan pieces to Asian and European insurance companies, investment banks, family offices, and hedge funds. In accordance with risk-retention rules that came out of Dodd Frank, the bank also retained a small slice of risk, and securitized a very senior piece into the U.S. debt markets. Every major investment bank is following suit. This strategy can be very profitable for banks, because the risk-adjusted return requirements for the foreign investors are less than that of U.S. investors in most cases. This risk-return arbitrage leads to hotel and other commercial real estate owners benefiting from getting higher leverage financing for lower rates.

### EXPANDED FINANCING OPTIONS FOR VALUE-ADD PROPERTIES

On a smaller scale, many Asian and Middle-Eastern investors are funding debt platforms that in turn lend money on senior, secured loans backed by less-than-stabilized hospitality, office, industrial, retail, multifamily, self-storage and other asset classes. These increased capital options translate into increased borrower leverage. Typically priced between 8 percent and 9 percent, hoteliers with projection-based deals can take advantage of this higher-priced foreign capital for transitional assets that are not yet ready for lower-cost, long-term permanent debt. An experienced intermediary or investment banker can leverage his or her lender relationships and expertise to compare available foreign-backed capital options and weigh them against domestic counterparts to determine the optimal sources of funds for your hotel.

### EB-5 PROGRAM UNCERTAINTY

Another popular mechanism of foreign inflows has been the immigration-based

EB-5 capital investment program. The program essentially offers citizenship in exchange for investment. In light of new pending immigration reform and ongoing Chinese trade issues, this program has found itself under the microscope and is facing potential future uncertainty which could spill-over into hotel. Congress has discussed revamping the program to increase the dollar limits for individual citizenship. The EB-5 program has garnered significant attention from hotel investors and developers because it's cheap money. Although it sounds advantageous, the transaction process is long and successful execution is uncertain. For every 100 deals in the pipeline, maybe two to five deals will actually make it to the closing table.

### FOREIGN CAPITAL'S SWEET SPOT

In prior economic cycles, foreign capital was reserved for gateway markets such as New York, San Francisco, Los Angeles, Chicago, Boston, Seattle and Miami. Fast forward to today, and you'll see a strong current of foreign capital also flowing into most secondary markets. This is good news for asset owners and developers in Nashville, Austin, Dallas, Houston, Atlanta, Orlando, Milwaukee, Kansas City, St. Louis, Denver, Phoenix, as well as select tertiary markets such as Oklahoma City, Salt Lake City and Boise.

When it comes to hospitality assets, foreign capital typically gravitates toward flagged assets that are backed by the fail-safe mechanisms of the franchise brands. By lending in different countries, foreign investors already face increased risk out of the typical comfort zone, spoiling their appetite to take on more. The cushion of the flag's added marketing muscle is especially critical for hotels in secondary and tertiary markets. Bottom line, if a foreign investor controlled fund is doing a deal in Salt Lake City, a decent flag is required.

Foreign nationals buying assets in the U.S. are subject to an added level

of control. First, they can only do Wall Street capital transactions. Bank loans are typically not an option. Second, they must undergo additional scrutiny during the due diligence process. Lenders are required to execute deeper "Know Your Customer Checks" and sanction checks, which increase the paperwork and frequently extend the transaction timeline. Although there is no way to circumvent these additional steps, an experienced intermediary or investment banker can help foreign buyers better navigate the process.

### EXPECTED SHORT- AND LONG-TERM MARKET EFFECTS OF FOREIGN CAPITAL SUPPLY

The net effect of these trends in foreign capital on the U.S. commercial real estate market should be positive. Even in this stage of the economic recovery cycle and even as Chinese investors are forced to offload additional assets, plenty of new foreign capital is rushing in for U.S.-based assets. As a result, foreign investors continue to look favorably on the U.S. debt market as a good risk-adjusted return opportunity. Furthermore, commercial real estate equity investors consider the relatively low-volatility in commercial real estate as a positive data point in favor of owning U.S. real estate. ■



*Rushi Shah is principal and CEO of the commercial mortgage and real estate investment banking firm and AAHOA Club Blue member, Mag Mile Capital.*

*As a leader in hospitality financing, Shah specializes in structuring and placing high-leverage, non-recourse bridge and permanent debt with cash out for full- and limited-service hotels nationwide. Since joining the firm's predecessor Aries Capital in 2015, Shah has structured and closed hundreds of millions in financing for all property types. Shah has held previous positions at Northern Trust and has an MBA from The University of Chicago's Booth School of Business.*

# Taking on the health care system

by ALFREDO ORTIZ

**T**HE HEALTH CARE SYSTEM in the U.S. has been on the decline. Although medical innovations and new lifesaving technology still characterize the industry, costs for that care have been rising.

For the average family of four battling rising tuition costs and a mortgage, or the small business trying to make payroll, that increase is a hurdle when it comes to finding affordable care. In the end, it could mean going without any coverage at all.

The previous administration attempted to tackle the problem by passing the Affordable Care Act (ACA). However, the lack of choice, alongside additional regulations and taxes, pushed health insurance prices further upwards. The average cost of health care increased by 60 percent between 2013 and 2017.

For businesses and employees alike, that major increase has led to problems. According to the American Action Forum, the ACA has “been associated with \$19 billion in lost wages, 10,130 fewer business establishments and nearly 300,000 lost jobs.”

These results point to signs that the ACA needs to be replaced with a system that fosters competition and accountability by offering more options that are tied to fewer regulations. However, some measures do need to be kept in place – such as the pre-existing condition measure that outlaws discrimination because of medical history.

The Trump administration has taken aim at this goal. While a number of attempts to repeal and replace the ACA were unsuccessful, a key measure that restricted choice – known as the individual mandate – was stripped from the legislation through the passage of the Tax Cuts and Jobs Act last December.

Other efforts to specifically help small businesses have also been pursued in the form of expanding association health plans. Through a new rule handed down by the Department of Labor, small businesses are able to join together and more easily access cheaper health care options at rates comparable to what larger corporations offer.

This allows more small business owners to offer health coverage to their employees, but it’s a benefit that levels the playing field as small enterprises compete with larger corporations for

available workers. This has become more difficult recently as the number of available jobs outpaces the number of people looking for work – a result of pro-growth policies, such as tax cuts and deregulation, which have stoked a white-hot economy.

For individuals, other efforts that have extended access to short-term health plans provide further financial relief. The new rule extends access for short term health coverage from three to twelve months – with the option to renew for up to three years. These plans are intended to be a gap option between care and are more affordable because they don’t have to comply with many of the ACA’s regulations.

While the patchwork of different health care rules implemented in 2018 are no substitute for needed comprehensive reform, they do provide financial relief and more options for those who are struggling to afford traditional plans under the ACA. Hopefully, it’s enough to tie America over until a major overhaul of the health care system can be tackled. ■

*Alfredo Ortiz is the President and CEO of the Job Creators Network.*

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# GOING GLOBAL

How hotel owners can attract the world's travelers to the U.S.

by IAIN SHAW

**A**ROUND THE WORLD, MORE people are traveling overseas, but as concerns grow about the United States' ability to keep pace with the booming global tourism market, hotel owners should consider what they can do to attract more international visitors.

The latest Travel Trends Index released by the U.S. Travel Association (USTA) showed tourism in the U.S. – accounting for both domestic and international travel – grew by 3 percent in July compared to last year. However, growth has slowed through 2018, and U.S. Travel's Leading Travel Index pointed to a further drop-off in growth for the remainder of the year.

That USTA data has stoked fears that the U.S. is struggling to make up the 1.7 percent share of the international travel market lost between 2015 and

2017. Over the same period, global travel expanded at a rate of 7.9 percent. Dismay at the loss of market share prompted a group of 15 industry stakeholders, from retail and gaming associations to the U.S. Chamber of Commerce to the Asian American Hotel Owners Association, to join forces in January 2018 under the banner of the Visit U.S. Coalition (VUSC).

The VUSC's aim is to promote travel to the U.S. and lobby for policies creating optimal conditions for attracting international travelers to the U.S. Although data released in September by the Department of Commerce International Trade Administration's National Travel and Tourism Office revealed international travelers spent a record \$251.4 billion in the U.S. in 2017, the Coalition insists that loss of market share has cost the U.S. 7.4 million international visitors, \$32 billion in lost travel spending and 100,000 jobs not created.

## HOTEL OWNERS NEED TO MAKE THEIR VOICES HEARD

Hoteliers may be inclined to ask "What can we possibly do?" and look to the government to solve the problem. The policy landscape obviously plays a huge role in setting a framework for promoting tourism and creating an image of the country in the minds of potential visitors.

The coalition's policy platform advocates measures that would give international visitors smoother, less stressful access to the United States. These include streamlined entry procedures at ports of entry, and an expansion of partner countries able to participate in the visa waiver program.

If the goal is to persuade Congress to embrace and enact tourism-friendly policies, hotel owners need to make their voices heard by supporting lobbying efforts. On September 4, representatives from the U.S. Travel Association and



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“The growth of mobile channels and changing booking patterns means the average traveler reads dozens of reviews and checks multiple websites before traveling which creates significant advertising opportunities.”



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13 travel industry executives – including CEOs from a number of major hotel groups – met with President Trump at the White House. The discussion covered topics including the significant role travel plays in the U.S. economy, job creation and lowering of the trade deficit.

Hotel owners also have the option to support Brand USA, the marketing agency tasked with promoting the United States as a top-end destination to travelers around the world. Brand USA is partially funded by private sector contributions, including many travel and tourism industry organizations. Vitality, the U.S. government matches the private contributions with funds drawn from fees paid by travelers using the ESTA visa waiver program.

Hotel owners should also review their own marketing strategies to ensure they are achieving maximum reach globally. David Huether, senior vice president for research at the U.S. Travel Association, noted in the USTA's August 2018 Outlook trends report that the U.S. is still the most-searched destination in international lodging searches. The upshot of this is that hotels with an attractive online presence can make a real

difference in persuading international travelers to commit to spending their vacations in the United States. Citing a report by Market Research Future, Huether writes: “The growth of mobile channels and changing booking patterns means the average traveler reads dozens of reviews and checks multiple websites before traveling which creates significant advertising opportunities.” Make sure your property is visible on popular online travel platforms. Additionally, consider advertising and other partnership opportunities with online travel agencies and other promotional channels.

### ATTRACTING CHINESE TRAVELERS: TAKE IT SLOW, BUILD TRUST

Chinese tourists could be the key factor in the United States' bid to grow its share of the international travel market. China sent three million visitors to the U.S. in 2016 alone, the largest group from any country. Spending \$6,900 per trip on average in 2016, Chinese travelers also inject more money into the U.S. economy than visitors from any other country.

The Chinese market is incredibly lucrative. It's also a challenging one

to navigate, and that starts with the Internet. Services like Google, Facebook, and Instagram are blocked in China, meaning only a small percentage of Chinese people – those using VPNs to circumvent censorship – have access to them. To effectively target a broader Chinese audience, you'll need to build an online profile using a new toolbox of platforms for travel bookings (Ctrip), social media (WeChat, Weibo), and search (Baidu).

Mobile search and bookings account for a significant percentage of Chinese travel transactions. Online payment platforms like AliPay and WeChat Pay are ubiquitous in China – Chinese consumers are increasingly relying on these platforms for making everyday purchases rather than cash or credit cards. This can have implications for hotels both in terms of streamlining bookings but also post-arrival – the ability to accept mobile payments from Chinese platforms will soon become essential to any property hoping to attract visitors from China in large numbers.

Engaging Chinese consumers is all about earning trust, which can take time. Hotel owners need to develop

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online content strategies that speak to Chinese travelers, their values and interests. Although many Chinese people speak English very well, you'll see better results if you invest in Chinese-language content and services, both online and in your hotel. Consider the timing of your campaigns – Chinese outbound travel spikes around Chinese New Year and the National Day “Golden Week” in early October.

Above all, marketing to Chinese travelers requires commitment. Roger Wu, CEO of Cooperatize, a New York-based travel influencer marketplace, says hotel owners need to consider carefully how important the Chinese consumer is to their particular property. Wu says, “Is the destination a place that is starting to attract Chinese travelers?” Don't make assumptions either, as Chinese visitors can show up in unfashionable destinations, as Wu notes. “I think the best example of a city in the U.S. that seems the furthest place that anybody from mainland China wants to come to is Omaha. But there's a main attraction there, which is Warren Buffett.” Indeed, an estimated 5,000 Chinese Buffett fans made the pilgrimage to Nebraska in May this year for Berkshire Hathaway's annual meeting.

In China, word of mouth recommendations are extremely powerful. Chinese people enjoy sharing photos and stories about their travel experiences on social networks and are likely to value a friend or family member's endorsements. Many people in China are suspicious of the authenticity of media coverage of travel destinations, but enthusiastic followers of online influencers, or “key opinion leaders” (KOLs). Popular Chinese KOLs can reach hundreds of thousands of followers with their content, and can be effective partners for hotels.

As Chinese travelers are such enthusiastic social sharers, it pays to optimize the onsite guest experience with Chinese travelers in mind. Make life as easy as possible for your Chinese guests. Review your F&B offerings to include at

least a few items that Chinese guests will recognize from home – especially for breakfast, where things like rice porridge and hot soy milk are common. Many Chinese people drink hot water habitually, so travelers appreciate having a kettle provided in-room. Stocking rooms with things like instant noodles, green tea, and slippers will also be welcomed. Many younger people in China are excellent English speakers, but having a Mandarin speaker on staff will help make older guests feel at home. Even training service staff in a few simple greetings will likely delight Chinese guests.

A spokesperson for Ctrip, China's biggest online travel agency, said U.S. hotel owners need to “understand Chinese travel patterns, behavior and preferences, and make cultural adjustments to stand out in. Making them feel welcomed, safe, familiar, and at home is important.” Ctrip's “Chinese Preferred Hotel” initiative evaluates lodgings according to how well they accommodate Chinese traveler preferences across a range of categories. These range from front desk service to featuring Chinese channels on in-room TVs to mobile payments using WeChat or AliPay. In May, Ctrip also launched the Ctrip Hotel Institute, which provides research and training courses to properties interested in understanding and capitalizing on the Chinese market. According to Ctrip, as of August 2018, participating hotels had experienced a 20 percent increase in bookings.

**HELP GUESTS ENJOY AUTHENTIC LOCAL EXPERIENCES**

A major current trend among younger travelers, not just in China but all over the world, is a focus on travel as a way of enjoying unique local experiences and unfamiliar ways of life. In fact, this is a major driver of the global travel boom. Authenticity in everything – from food to local crafts and cultural experiences – matters to tourists like

never before. This calls on hotel owners to keep pace by doubling down on helping guests access authentic local experiences.

One way of achieving this is for hotel owners to partner with local travel companies who run tours, events, and activities giving travelers the opportunity to enjoy unique local experiences. This means careful vetting of potential partners: Is their customer service up to par? Are the experiences they provide legitimately “authentic?” Do they give travelers the opportunity to enjoy meaningful and respectful interaction with the local people and culture?

Writing in Deloitte's 2018 Travel and Hospitality Industry Outlook, Guy Langford and Adam Weissenberg urge hotel owners and other travel brands to help guests connect with the local community, or what they call “unlocking the power of adjacent spaces.” Langford and Weissenberg write, “For travel brands, the right partnerships in the tours and activities space could be a key stepping-stone to bigger ecosystems and driving experiences for their guests beyond the walls of their properties and core offerings.”

The Deloitte report acknowledges that one difficulty with implementing these partnerships is that many local travel operators are behind the times digitally, with telephone bookings and paper tickets still prevalent. However, with the travel activities sector expected to be worth \$183 billion worldwide by 2020, “hotels and online travel players have an enormous opportunity to integrate tours and activities into their digital ecosystems. Tours and activities can not only create new revenue streams, it has potential to give travel brands an entirely new lens on their travelers' preferences and interests.” ■

*Iain Shaw is a freelance writer covering food, drink, and hospitality in the U.S. and China. After spending almost 15 years living in Beijing, Iain is now based in St. Louis, Missouri.*

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# How blockchain is transforming the hospitality industry

by ANKIT SRIVASTAVA

## INTRODUCTION

Blockchain technology is one of the recent technologies of the digital age. As per many market gurus, after the computer and Internet, blockchain is the next best thing that can happen to the world. It is true that this technology is still in its nascent stage. But, the potential uses of the blockchain are yet to be explored. Blockchain has all the abilities to fundamentally alter the way in which information is recorded and accessed. Business enterprises are allocating more resources to research and incorporate this technology in day-to-day business operations.

## BLOCKCHAIN: THE BASICS

The function of blockchain technology is still unknown to many people. This awe-inspiring technology is built on a simplistic design. Blockchain tech is a list of digital records or a public ledger where transactions are recorded and stored. All the information is stored anonymously and is secured using cryptographic ciphers. Every record or transaction is saved in an individual

block. In other words, with every new transaction, a new block is added to the network and linked to the previous blocks in the form of a chain – hence the name, blockchain. Each new transaction in the network has to be authorized or validated by the users in the network.

The blockchain is a decentralized network. In other words, all the information stored in the network can be accessed by any node connected to the network. This provides a greater level of transparency and a higher security in the network. Thus it is the simplistic design of this tech that makes the blockchain network tamper-proof. Additionally, each block also records the time and date when the record was created. The timestamp feature makes it convenient to trace any data in the network. Due to this, many blockchain application development companies are in demand.

## BLOCKCHAIN AND THE HOSPITALITY INDUSTRY

Blockchain tech offers multiple advantages to all business sectors. The hospitality industry is no different. This



technology operates on a decentralized network. This makes it very efficient to handle financial transactions as well as actual payments. The high level of transparency within the network greatly enhances the trust factor in the business. This technology is also good for handling the personal information of users. This is another one of the advantages of the blockchain network, which can boost the hospitality sector. Additional information on user reviews can also be incorporated into the network for future analysis.

It is true that blockchain technology currently is in its infancy. But hotels and restaurants, along with travel agencies, airline companies, and tourism agencies are working hard to adopt this technology. This technology can also benefit the stakeholders in the industry.



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## WAYS TO TRANSFORM THE HOSPITALITY SECTOR USING BLOCKCHAIN TECH

### 1. Guest Tracking

The guest tracking feature will allow hotels to track the location of the guests on a real-time basis. The hotel will receive alerts when the guest heads out to the airport from his house, when the guest has checked-in to the flight, and finally when the guest arrives at the hotel. This tracking feature can improve the customer experience by reducing the wait time for guest check-in at the hotels. It might seem too invasive, but guest tracking is only implemented after the approval from the customers. The customers will approve the level of information to be shared with the hotels or other members who are part of the network. Blockchain technology provides the technological platform that can potentially change the hospitality industry without intruding on the privacy of travelers.

### 2. Food Tracking

Many restaurants can benefit from the use of blockchain for monitoring and tracking foods. The restaurants thrive on the food produced right from the time they are harvested in the farm, while using blockchain technology to track and monitor the supply chain management for the restaurants more efficiently. A blockchain network can be created which includes food producers, transport providers, and restaurant owners. This network will efficiently track the movement of the agricultural produce. All the information about the quantity, types, and grades of food can be found easily by accessing the private blockchain network. Transactions can be updated and stored on real-time and can be viewed by all the parties involved in the supply chain management. Furthermore, this technology can also aid in handling the payments for the transactions.

### 3. Airline Loyalty Programs

Loyalty points can be attractive for many flyers. But for some, it might just be another one of the tokens that go to waste. Airlines can use the blockchain network to manage loyalty programs and offer loyalty tokens through the network. The network can also be devised in a way where customers can freely buy and sell these tokens to other users on the network. This way, the overall demand for the tokens will increase. The competitiveness among airlines will enhance and as a result, the services offered along with the loyalty points will also be improved. If two separate airline companies have loyalty tokens with different values, then it is an indicator of better service. The company with loyalty tokens of a higher value typically offer higher quality services – hence a higher value of the tokens. Additional measures can be taken to use such tokens and loyalty bonuses to pay for hotel bookings, restaurants, and cafes, as well as tour packages. Currently, there are some startups which are working on designing a blockchain platform where customers can redeem their loyalty bonuses. This platform will also allow consumers to buy, sell, and exchange their loyalty points.

### 4. Digital Identification

The digital world faces an immense threat of identity theft. Blockchain technology can be used to counter this serious concern. Quite often, customers have to present proof of identification in flights and for accessing hotel rooms. At this point, the consumer is generally vulnerable to identity theft. Not only by the person checking the identification, but also by people who are nearby. Blockchain has the potential to change this scenario. All information and documents such as addresses, birth certificates, social security numbers, driver's licenses, and passports can be stored in a blockchain network. This information is stored using a cryptographic cipher

ensuring higher levels of security. A technology similar to QR codes can be used to verify the identification. This would make it impossible for identity theft, both physically as well as digitally.

### 5. Smart Contracts Functionality

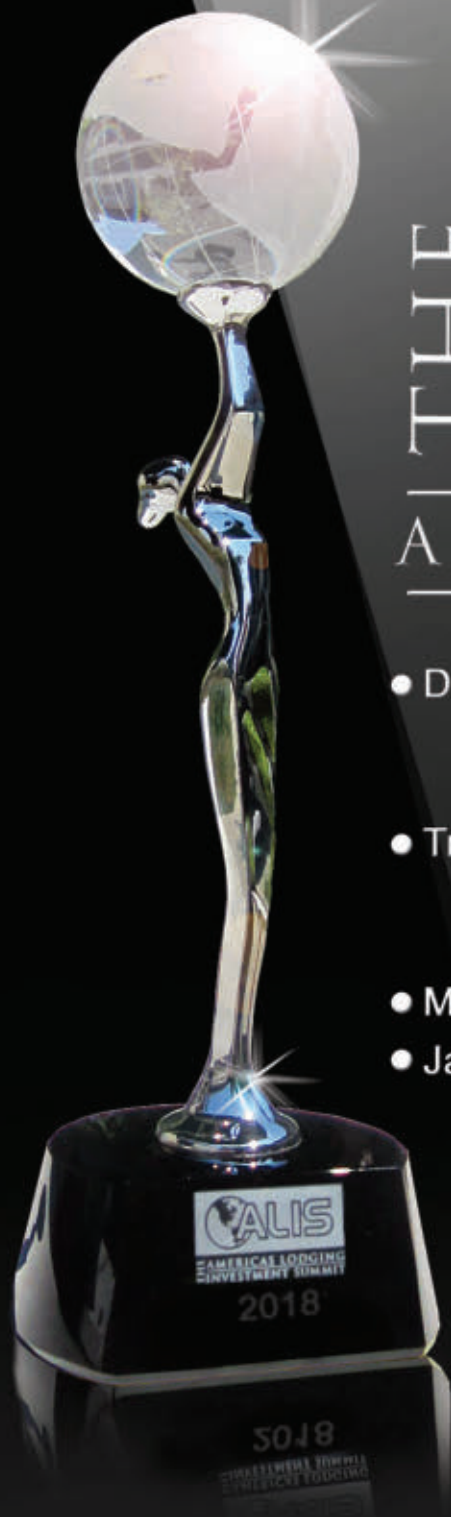
The smart contracts functionality is one of the most interesting features of blockchain technology. Smart contracts are codes that are self-executing based on the agreement between the parties. These contracts can be coded based on the agreed conditions between the service providers and consumers. In other words, the terms of an agreement between hotels and travel agencies with the consumers can be fed into the blockchain network. The smart contracts will automatically record this transaction and process payments immediately. This can drastically reduce transaction time and improve operational efficiency. The level of coordination between hotels and travel agencies will also increase. Travel agents can estimate the room availability on real-time. This will, in turn, boost sales. The smart contract functionality can also include the guests. This will make it possible to handle the check-in digitally. User ID is saved in the network and can be used for the authorization process. The same technology can also be implemented to manage franchisor and franchisee relations, car rentals and bookings, apartment leasing and so on. Furthermore, this functionality can also help in handling cancellations and refunds. Smart contracts can process and execute the refund. It can also be used to handle travel insurance claims. ■

*Ankit Srivastava is from Gurgaon, India and has experience in the field of IT and the latest technologies, mobile and web application development. He spends his time researching new trends such as technologies in travel, Internet of things, blockchain, etc. For more info visit [www.enukesoftware.com/blockchain-application-development.html](http://www.enukesoftware.com/blockchain-application-development.html)*



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# 3 TIPS TO IMPROVE employee retention rates and increase revenue

by MILAN JARA

**C**OMPANIES AND ADMINISTRATIVE personnel are always on the hunt for new and innovative employee retention strategies to reduce turnover with staff and increase retention rates. In an ever-revolving door type of industry, such as the hotel and hospitality business, it's no wonder that retention rates can fluctuate quickly. Staff retention goes way beyond simple training or sign-on bonuses during the hiring process, as employee well-being and employee satisfaction in the workplace are also critical factors.

According to an article from April 2018 from forusall.com, the Bureau of Labor Statistics found that the hotel and hospitality sector "has an annual turnover rate of 73.8 percent, with over 6 percent of staff leaving every month." This can significantly and negatively impact the revenue and overall climate of a hotel, which can quickly encroach on every aspect of the entire business.

With a high turnover rate happening each month in over 70 percent of the hotel and hospitality sector, the costs accrued because of the turnover are increasing.

When you take a minute to dissect what a high turnover rate can do for a

hotel business, you will find that hotels spend money training new staff, buying new equipment such as uniforms and badges, and other necessities to get a new employee up and running.

Just how much money would a typical hotel spend if the turnover rate was high as stated above? One study by Cornell University's School of Hospitality Management found that employee turnovers actually cost companies around \$5,864 per employee. This number is alarmingly high, but when you take into consideration that hotels typically have more than 500 employees (and the average turnover rate is 73.8 percent), the study concluded that the cost for one year of turnovers at that rate would be \$2 million.

Hotels do not have to face this issue alone and without any resources to combat the issue. We've gathered three tips to help keep your retention rate and revenue high for an all-around win for everyone involved.

## TIP #1

### BENEFITS FOR YOUR EMPLOYEES

This tip may seem completely impossible for some companies.

Delivering benefits for employees can cost a pretty penny. However, the cost

of that pretty penny does outweigh the negative effects received when employee turnover is pushing the money out in a different direction.

Because many employees are looking for ways to be covered health-care-wise, having benefits available to them through the company can really cut down out-of-pocket expenses for the employee, which is always an incentive, and potentially still increase turnover rates.

As employers, hotels have access to health care and retirement options that are well below the market value compared to those who must purchase healthcare and other retirement benefits from private insurers. If a hotel company wants to keep employees from disappearing, it would be in their best interest to find a way to use benefits as incentives for getting employees in the door and keeping them.

## TIP #2

### ENCOURAGE AND AID EMPLOYEES IN BETTERING THEIR CAREERS

Other than combating the work-life balance, it's likely that most hotel employees who start as receptionists or room attendants don't foresee their futures in the same job position.



PAULAPHOTO/SHUTTERSTOCK.COM

Some employees may leave a hotel job to further their career in the hospitality industry that allows them to use their education or skills in a more suitable manner.

BetterBuy conducted a study that showed that companies who offered professional development and other opportunities to further education or career opportunities actually increased their retention rate by 34 percent compared to those hotels that did not. What's more, they conducted a survey that proved 75 percent of employees said they were more likely to stay at their current hotel and hospitality job if they had a chance to participate in development opportunities.

These kinds of professional development opportunities don't have to cost the company much at all. Other employees or managers could run the training and save money in that area. For tuition assistance for furthering an employee's degree, companies could look into alternatives for funding through private donations, fundraising, or other company budget areas that could be reduced and dispersed differently.

Companies who spend time developing their current employees through professional development and career advancement options create a culture

that proves to employees that they are valued and cared for by the entire corporation. This kind of culture is one that hotels and other hospitality industries should strive to create. It not only makes logical sense to boost and encourage employees, but it also makes sense to create a culture that employees enjoy working in on a daily basis. This is what will keep them coming back to work every single day.



### ENSURE YOUR LEADERSHIP IS TOP-NOTCH

When someone leaves a company, it is likely that 9 times out of 10 they are not actually leaving the company. They are more likely leaving the management rather than the company itself. Therefore, positive employee engagement is crucial.

Leadership and management from the very top to even department managers are often what make or break a company's retention rate. If the right people are in place, the leadership will be strong and employees will enjoy working with that company.

On the flip side, if a company has employee managers and leaders that are not leading in an effective manner, employees may feel discouraged,

undervalued, or many negative feelings in regards to working for that particular manager.

Gallup conducted a study that found 75 percent of the overall reasons an employee voluntarily left a company was because of management and poor employee engagement. While there are a variety of reasons management may be listed as the reason for leaving a company, some likely reasons include an unwillingness to help employees when needed, lack of intrapersonal skills, or an unwillingness to help employees further their growth and education in the field.

If a hotel company wants to keep employees for the long haul, having good managers in place is vital.

### TIME TO GET STARTED

If any hotel or hospitality company is facing high turnover rates and wishes to increase their retention rate, employing these employee retention strategies will give a head start toward creating a profitable and manageable company that employees enjoy working for on a daily basis. ■

*Milan Jara, founder of Decorative Ceiling Tiles, Inc. migrated to the U.S. at age 20 from Czech Republic and has been serving the hospitality industry for over 10 years.*

TIPS STICKY: ILLUSTRATOR096/SHUTTERSTOCK.COM

# Preparing hoteliers to protect their businesses against global health crises

## Creating a resilient tourism industry

by MARK GALLIVAN and JACLYN GUERRERO

**P**HYSICAL DAMAGE CAUSED BY NATURAL CATASTROPHES such as hurricanes, floods, and earthquakes can capture headlines and be reported as a common metric for the impact to businesses. For hoteliers, this logic is especially true, because without property, there is no business. However, physical damage is only one way a disaster can negatively impact a hotel's balance sheet. There are many other types of disasters, including infectious disease events, which can cause a similar shock to a hotel's revenue without ever causing damage to the property. As we have seen historically, these impacts can be just as damaging and can have long-term effects.

### RECENT REVENUE LOSS FROM ZIKA

Most recently, Zika virus took the Americas by a storm. Though Zika was first discovered in 1947, it caused only relatively minor outbreaks in Africa and Asia before being identified in Brazil in May 2015. By the time the World Health Organization (WHO) declared the Latin America Zika outbreak a Public Health Emergency of International Concern because of the association with birth defects and neurological disorders, Zika had spread to more than 20 countries and territories in the Americas. Impacts from the outbreak extended beyond the obvious health implications with significant economic losses realized as well. A United Nations report found Zika's short-term economic loss in Latin America could reach \$18 billion, with the majority of the impact driven by declines in tourism as the public reacted fearfully to the risks presented by the virus.

A significant decrease in hotel occupancy rates followed the WHO emergency announcement in Cabo San Lucas, Mexico. In the first two years of the outbreak, hotels in the Baja California city suffered losses in occupancy for more than nine months (See Figure 1). In Cabo San Lucas, the nine-month impact of Zika on occupancy rates is comparable to those observed in the three months following Hurricane Odile – the most intense hurricane to hit Baja California in recent history.

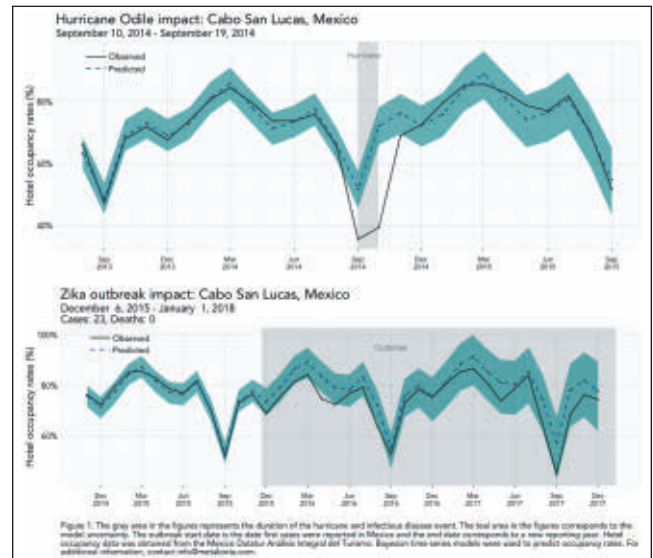


Figure 1

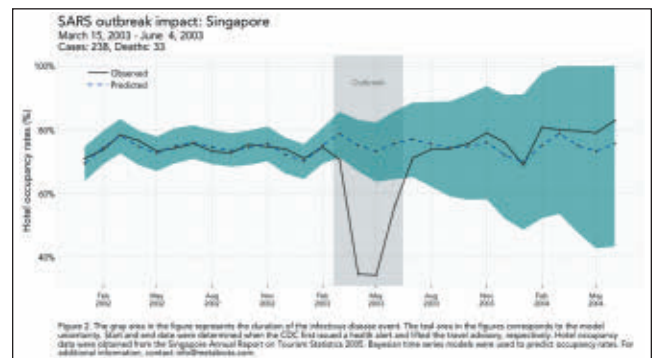


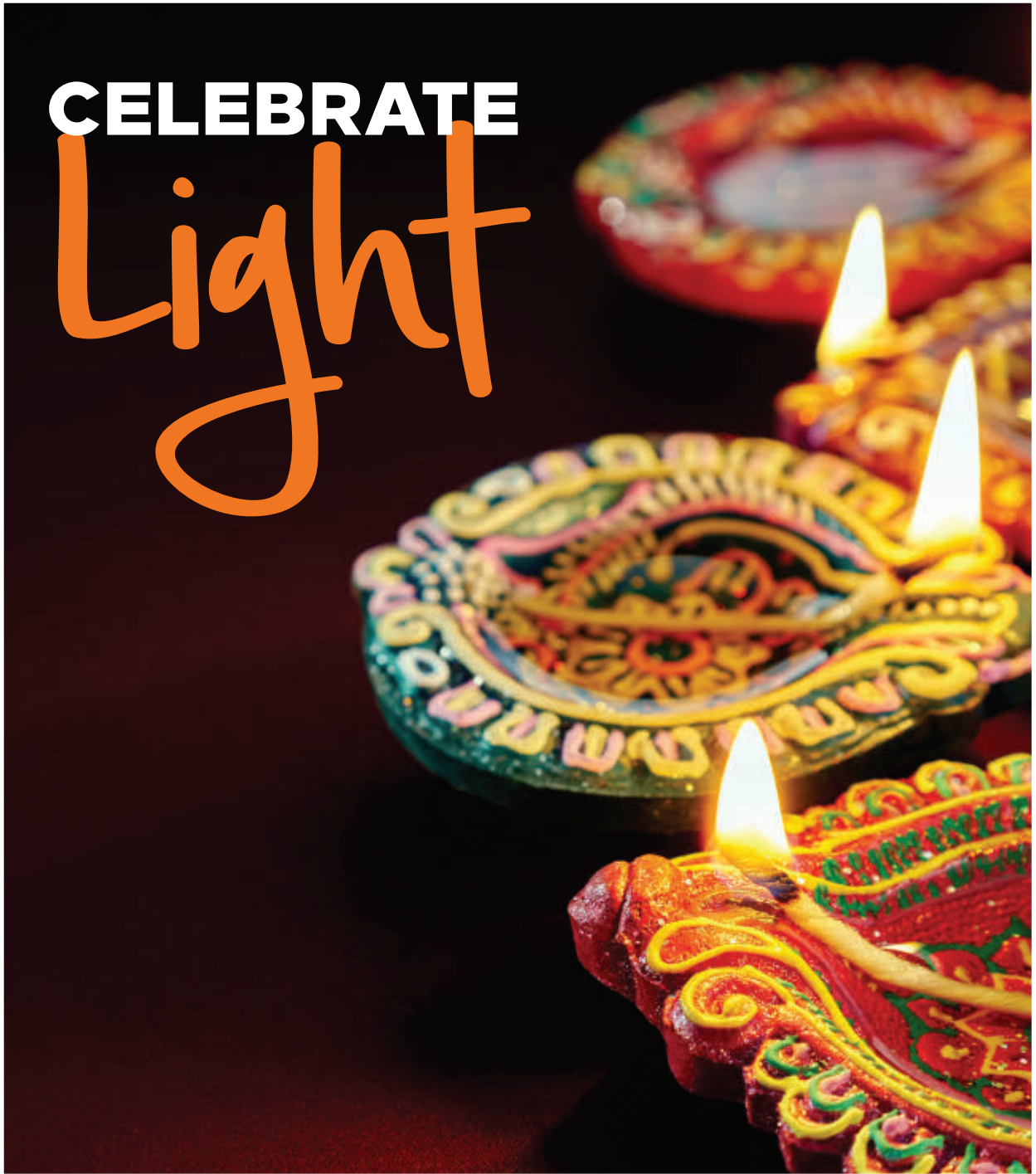
Figure 2

### THE SIGNIFICANCE OF SARS

Infectious diseases can also have an acute and severe impact similar to a physical natural disaster. One of the most notable examples is the 2003 severe acute respiratory syndrome (SARS) outbreak that took the world by surprise. By the time SARS

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“The loss in occupied rooms led to millions of dollars in losses in room revenue and in revenue that guests generate while they are visiting, such as food and beverage sales, retail, and other tourism activities.”

was recognized as a new and deadly pathogen, it had already spread globally. During the six months of the outbreak, SARS spread to more than two dozen countries causing more than 8,000 infections and 774 deaths. SARS crippled economies with an estimated \$40 billion in losses globally as people avoided previously planned activities, canceled trips, and halted their day-to-day routine. Unsurprisingly, hotels in the affected regions felt the brunt of the impact.

Singapore experienced a significant loss in hotel occupants during the three months there were travel advisories issued warning against travel to the island nation. This includes more than a 40 percentage point loss in hotel occupancy rates during a two-month period during the outbreak (See Figure 2). The loss in occupied rooms led to millions of dollars in losses in room revenue and in revenue that guests generate while they are visiting, such as food and beverage sales, retail, and other tourism activities. Whereas most physical natural disasters remain localized, the impacts of infectious disease outbreaks can impact many markets and countries, with Singapore a single example in the SARS outbreak.

### WHAT'S NEXT

To prepare and mitigate against economic losses for the next infectious disease event, it is critical to measure what is causing the underlying loss driver – fear. Very little – if any – of the occupancy drop during infectious disease events is attributed to potential hotel guests nor staff becoming sick themselves, rather trips are canceled in response to media reports and their perceived risk. Fortunately, objective solutions exist and are specifically designed to gauge a population's fear and sentiment towards the next infectious disease threat. By integrating sentiment with infectious disease modeling, new innovative insurance products can create resiliency by providing financial stability within the hospitality industry during the next infectious disease event.

Insurance policies intended to cover business interruption can be built from these new modeling products and indices, allowing hotels to recover from economic losses from outbreaks that were previously uncovered. The global hotel industry is susceptible to the public's reaction to infectious disease outbreaks and can experience revenue decreases, even if the disease does not spread in the hotel itself. Unlike previous business interruption policies, new solutions cover losses

due to the public's fear of traveling and not the hotel guests becoming sick themselves. These policies are designed to fill this gap in risk management and create a tourism industry more resilient to respond to outbreaks.

Risk from infectious disease events is currently uncovered in many industries although economic impact has been observed repeatedly, particularly in industries reliant on tourism. Unfortunately, the risk of infectious disease threats on tourism-related industries, including hotels, is increasing. An explosion in global tourism driven by inexpensive international flights, rising middle-class incomes, and ease of travel through technological innovation increases the risk of importation into new areas of the world. Moreover, our current media and social media landscape allows news of infectious disease events to spread rapidly, thereby amplifying fear. What will cause the next infectious disease scare is unknown, but we do know it's a peril many hotels will face in the future. Similar to preparing for the next hurricane, anticipating and appropriately protecting against the next infectious disease threat can mitigate the impact on hotels' balance sheets and transfer the risk appropriately. ■



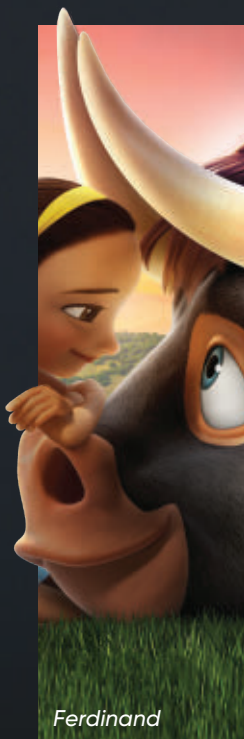
Mark Gallivan is an applied epidemiologist and data scientist with experience in infectious disease epidemiology, surveillance evaluation and public health practice. As a lead data scientist at Metabiota, Mark researches, programs and helps build mathematical models to estimate the burden of potential infectious disease outbreaks. Previous to Metabiota, he led influenza surveillance for the California Department of Public Health and has completed two CDC-sponsored fellowships in emerging infectious diseases and applied epidemiology. Mark received his MPH at the University of Washington and BS in Microbiology at the University of Minnesota.



Jaclyn Guerrero is an applied epidemiologist in Metabiota's Product Development Group. Her research and analytical work focuses on infectious disease and global health, with current projects on public sentiment on infectious disease and disease emergence, spread and pandemic risk. She received her MPH in Epidemiology/Biostatistics and BA from UC Berkeley's School of Public Health.



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## Want to boost customer service? Boost workplace respect first

by S. CHRIS EDMONDS

**W**ORK CULTURES across various countries are not that different. Across the globe, people want to know what's expected of them regarding performance and values. People want to know their efforts and accomplishments are appreciated and valued. People want to align with others in meaningful work that makes their communities better places to live. People want to be trusted and respected, daily.

What do you pay attention to in your hotel every day? If you're like most hoteliers, you focus time and energy on your property's performance – results, sales,

and profits. Performance is certainly a vital metric. Exceeding budgeted nets allows you to invest in the business – and sleep better at night.

However, performance is not the only important metric great leaders pay attention to. The ability to create a purposeful, positive, productive work culture is the goal of every hotel owner and operator.

Great bosses do not focus exclusively on their organization's performance. They make values – how people treat each other at work – as important as results.

The challenge today is that our workplaces – including hotel work environments – are not consistently purposeful,

positive, or productive. TinyPulse's 2017 annual global employee engagement report found that only 26 percent of employees feel strongly valued at work.

Gallup's 2017 State of the Global Workplace report indicates that only 15 percent of employees are engaged at work. Of the 85 percent that are disengaged, 67 percent are not engaged and 18 percent are actively disengaged. What are the economic consequences of 85 percent of your employee population being disengaged? Approximately, \$7 trillion in lost productivity around the globe.

SHRM's 2017 job satisfaction and engagement survey found that 65 percent of employees believe that “respectful



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“Customer service excellence doesn’t happen with one interaction. It takes consistent, proactive kindness and care to make customers feel valued, heard, and cared for.”

treatment of all employees at all levels” was a very important contributor to their job satisfaction. The problem is that only 38 percent of employees reported being “very satisfied” with respectful treatment in their workplaces.

Younger leaders and employees in the Millennial and Gen-Z generations want a positive, productive work experience. Deloitte’s 2017 Global Human Capital Trends report indicates that 80 percent of executives rated the employee experience as either very important or important. And only 22 percent of those executives believe their companies were excellent at delivering that positive, productive work experience.

Your hotel’s work culture may not be as problematic as these studies indicate – but all owners and operators have opportunities to improve the quality of workplace relationships with team members. All employees – leaders and team members throughout your organization – deserve to be treated with trust and respect in every interaction.

Any interaction that leaves a leader or team member feeling dismissed, discounted, or demeaned erodes trust and respect. Ensuring that every person treats every other person consistently with trust and respect in every interaction is a tall order – but the benefits are remarkable. By creating that kind of vibrant, respectful, creative, and inspiring work culture, three things happen:

- First, employee engagement goes up by 40 percent.
- Second, customer service ratings go up by 40 percent.
- Third, results and profits grow by 35 percent – all within 18 months of implementing culture refinement.

These benefits take time and happen chronologically. So, you may not

see results grow immediately—why? Employee engagement is built upon trust and respect. Trust and respect doesn’t increase with one interaction. It can be eroded in one interaction (demeaning, dismissing, discounting of a peer’s efforts or accomplishments will do that, for example) – but it takes consistent, proactive kindness and care to boost trust and respect between people.

Customer service excellence doesn’t happen with one interaction. It takes consistent, proactive kindness and care to make customers feel valued, heard, and cared for. Disengaged employees will not serve customers kindly. Engaged employees willingly serve customers kindly. As trust and respect grows, engagement grows. As engagement grows, customer service grows. As customer service grows, results and profits grow.

Hotel owners and your stakeholders will find themselves to be pleased with a 35 percent growth in results and profits within two years.

### WHERE TO START

How can you and your hotel’s leaders create a purposeful, positive, productive work culture? By crafting an organizational constitution and then aligning all plans, decisions, and actions to it.

An organizational constitution clarifies and specifies three vitally important agreements:

1. Servant purpose. The “reason for being” besides making money or booking rooms or hosting five conferences this month. A servant purpose describes how you and your team improve the quality of life for customers, every day.
2. Values and behaviors. Making values as measurable as results requires

observable, tangible, measurable behaviors. For example, if one of your desired organizational values is integrity, you can’t assume that everyone knows what that means. You must define integrity with measurable behaviors such as, “I do what I say I will do.”

3. Strategies and goals. Formalize overarching performance strategies and measurable goals ensure clarity of what your organization must accomplish this quarter and this year.

Defining your desired culture with an organizational constitution may take some time. However, crafting and announcing your organizational constitution is the easy part. The hard part is aligning all plans, decisions, and actions to these new expectations. Leaders must model the new servant purpose and valued behaviors, every minute. Only then will these new rules – their organizational constitution – be considered credible by employees and worthy of those employees embracing the new rules.

This approach can make trust and respect a common occurrence. It’s what happens today in world class organizations like WD-40 Company, Ritz Carlton, Starbucks, Assurance, Madwire, and more.

Don’t leave the quality of your work culture to chance. Finish the year of 2018 as your company’s year of “trust and respect.” ■

*For over 25 years, S. Chris Edmonds has helped senior leaders create purposeful, positive, productive work cultures. He is a speaker, author, and executive consultant who is the founder of The Purposeful Culture Group. He’s a top 100 Leadership Speaker and was a featured presenter at South by Southwest.*

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# TOP 5 legal issues facing hoteliers

by MAHESH PATEL

**W**ITH THE myriad of hospitality laws, hoteliers are often looking for ways to educate themselves on the major issues. Hospitality laws range from travel, food service, employee benefits, and more. It is a way to regulate different aspects of a hotel property and hotel owners must be in compliance with the laws in their state. *Today's Hotelier* partnered with Patel & Associates to provide you a list of the top legal and compliance issues facing hoteliers today.

## FRANCHISE CONTRACT ISSUES

The life cycle of the franchise agreement from the initial execution (whether it be a conversion or a new construction project) to the entrance into the franchise system can be challenging. Along with this there are many other related issues such as maintaining brand standards, guest complaints, integration of technology, and concerns about

increasing competition not only from other brands but the franchisor itself. With the creation of new soft brands and the eventual defaults and termination fees which results from failure to either maintain the brand standards, or decrease in revenue from placement of similar brands (which all feed off the same central reservation system in the alphabet soup of brands) causes endless problems for the owner. In most cases, while the top line may be maintained or even increase, the bottom line profit keeps shrinking.

## LABOR/REGULATORY COMPLIANCE

Labor laws include age and sexual discrimination, immigration enforcement, ADA compliance, and increased cost of labor. All these concerns add to the economic pressure placed on hotel owners.

## CORPORATE GOVERNANCE

This includes partnership issues between partners, including close family members and the resulting litigation due to

lack of proper operating agreements and buy/sell agreements. This makes it very difficult to bring in a new generation of hoteliers, as they do not always follow the old hierarchy of family relationships (and rightfully so). The new generation wants clearly-defined guidelines for duties and performance measurements; this falls in line with lack of transfer planning to the next generation.

## LACK OF PROPER INSURANCE COVERAGE

The lack of proper insurance coverage leads to a tremendous burden on the owner when a casualty occurs. In many cases, the clients do not have adequate coverage and fail to add essential coverage.

## INCREASING COST OF DEVELOPMENT AND RENOVATIONS

Hotel renovations are something that almost every hotelier wants, but often have to reconsider due to the rise of hotel renovation costs. ■

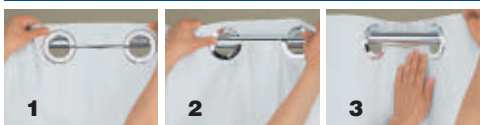
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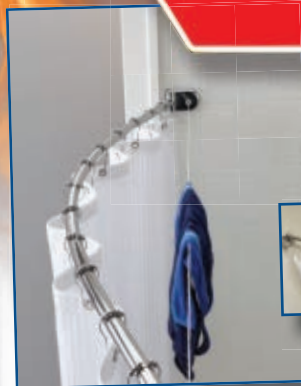
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# Disruptors in travel trends: What's a hotelier to do?

(Hint, it doesn't involve ignoring these trends)

by KURT WEINSHEIMER

**T**ODAY, THE HOTEL BUSINESS landscape is transforming at a rapid pace. Massive online travel companies invest billions of dollars into online advertising to dominate digital distribution, which can make it daunting for hotels to even think about competing for direct digital demand. Other technology players like Google, Apple, Facebook and Amazon make headlines daily as they put forth new products that can transform an entire industry overnight—Apple with the iPhone, Amazon with Alexa, and perhaps as Facebook may do with DAT (Dynamic Ads for Travel). All this change is happening so quickly, it can be challenging for hotel executives to keep up.

While technology is the primary factor driving the change, there are also significant demographic shifts happening. According to the Pew Research Center, in the U.S., Millennials are on track to become the largest single generation ever in 2019 totaling 73 million people. They are just now starting to edge out the Baby Boomers, whose numbers are in decline. It's also important to understand that we're only now starting to see an early Millennial vanguard reach the mid-career stage, and there are a lot more Millennials coming. Millennials will total 76 million in 2036, as boomers decline to 50 million. Millennial spending power combined with their diverging tastes from previous generations is already having an impact. Changing

everything, from how we eat toast (with avocados on them of course!), to how we shop (from a phone, right?), and to how we book a hotel room (umm...last-minute through an app? How else is it done?).

This combination of significant demographic change, combined with vast technological disruption, is a powerful force that is reshaping industries around the world. So, what does this mean for the average hotelier? Sojern has thought deeply about these trends and identified the following four key areas that savvy hotel industry executives can tap into to transform disruption into a competitive advantage.

## **TREND #1: THE SHIFT IN ADVERTISING FROM "MAD MEN" TO "MATH MEN"**

For nearly 60 years advertising was created and controlled primarily by an elite group of people in New York City on Madison Avenue, who we now popularly refer to, after the success television series, as Mad Men. They focused on developing clever and catchy advertising for four mass marketing channels.

Today, it's an understatement to say that in the worlds of advertising, the internet revolution has changed nearly everything. But it has. And nearly all of Madison Avenue's Mad Men have now been replaced by data-science driven marketing or Math Men (and women, too).

Digital media now reigns supreme and the complexity of it is bewildering. Channels are diverse, ranging from

millions of text-based search ads, to dynamic banners ads for desktop and mobile. And then there is an "alphabet soup" of acronyms for mobile and video formats that run on trendy social networks, news apps, and websites that even the most diligent and sophisticated person has trouble keeping up with.

Hotel owners, regardless of the size of your hotel, may want to get expert help. Also, keep in mind that if your marketing firm or agency doesn't have 20 data scientists on staff, it may be beneficial to find one that does. Rest assured that the online travel agencies (OTA's), which are arguably the great digital marketers the world has ever seen, are a great resource.

## **TREND #2: THE RISE OF FACEBOOK AS A GLOBAL MARKETING PLATFORM**

Facebook today has a user base of nearly 2.3 billion people around the world. It's the single largest media channel ever in the history of the entire world. Just for the sake of comparison, the largest Super Bowl television audience ever was in 2015 and had 114,400,000 viewers and it has declined slightly every year since. Now, the Super Bowl still reaches a lot of people, but it's nothing when compared to how many people use Facebook. Also, if you drill down into television viewing numbers, 18- to 24-year-olds hardly watch traditional TV at all.

Having a lot of users isn't the only reason that Facebook has become an online advertising juggernaut. The corporation that Mark Zuckerberg, the founder

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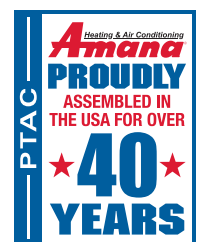
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of Facebook, created is actually much larger than just Facebook. It also owns two other global juggernauts, Instagram and WhatsApp. Yes, Facebook owns them both. With access to user data across all of these apps, Facebook has developed deep expertise in online advertising that will rival, or maybe even surpass, their Silicon Valley neighbor Google.

As a baseline, you should utilize your Facebook page and Instagram feed as a way to maintain a relationship with your audience free of charge. Then to increase impact, the paid advertising opportunity on Facebook is hard to overstate. The combination of audience size and targeting options make it attractive to hotels of all sizes. Plus, Facebook has

recently released tools and ad formats developed specifically for travel advertisers. Some savvy hotels, that appeal to a youthful demographic, have created visually rich interiors that are intentionally “Instagramable.” The goal is to encourage guests to take “selfies” inside the hotel and post them on Instagram, tagging the hotel in the photo.

**TREND #3: CATERING TO MILLENNIALS AND EVOLVING CUSTOMER TASTE**

We’ve all heard this before. Millennials, defined as people born between 1980 to 1996, are transforming nearly every aspect of daily life from how we cook, shop, eat, work, sleep, and travel. But, is this true? Yes, it is true.

Millennials’ media consumption habits differ from previous generations. Often referred to as digital natives, their reliance on digital and mobile media may be surprising for some. The most noticeable gap in media consumption between Millennials and previous generation is the popularity of YouTube. A media consumption study by Pew Research found that 94 percent of Millennials reported using YouTube with only 56 percent people over the age 50 reporting they use YouTube. Millennials watch less than 2 hours of TV per day and that number is declining every year. And, unsurprisingly spend more time on mobile apps and the mobile web and less time on a desktop than Gen Xers or Boomers. Hotels need marketing that runs “always on” and crosses digital channels seamlessly to keep up with these emerging consumers.

It’s often said that Millennials value experiences over material things, and research seems to back up this assumption as well. According to a Harris/Eventbrite poll in 2014, when it comes to spending habits, Millennials value “experiences” over material “things.” 78 percent of Millennials surveyed would choose to spend money on a desirable experience or event over buying something desirable. And 55 percent of millennials say they’re spending more on

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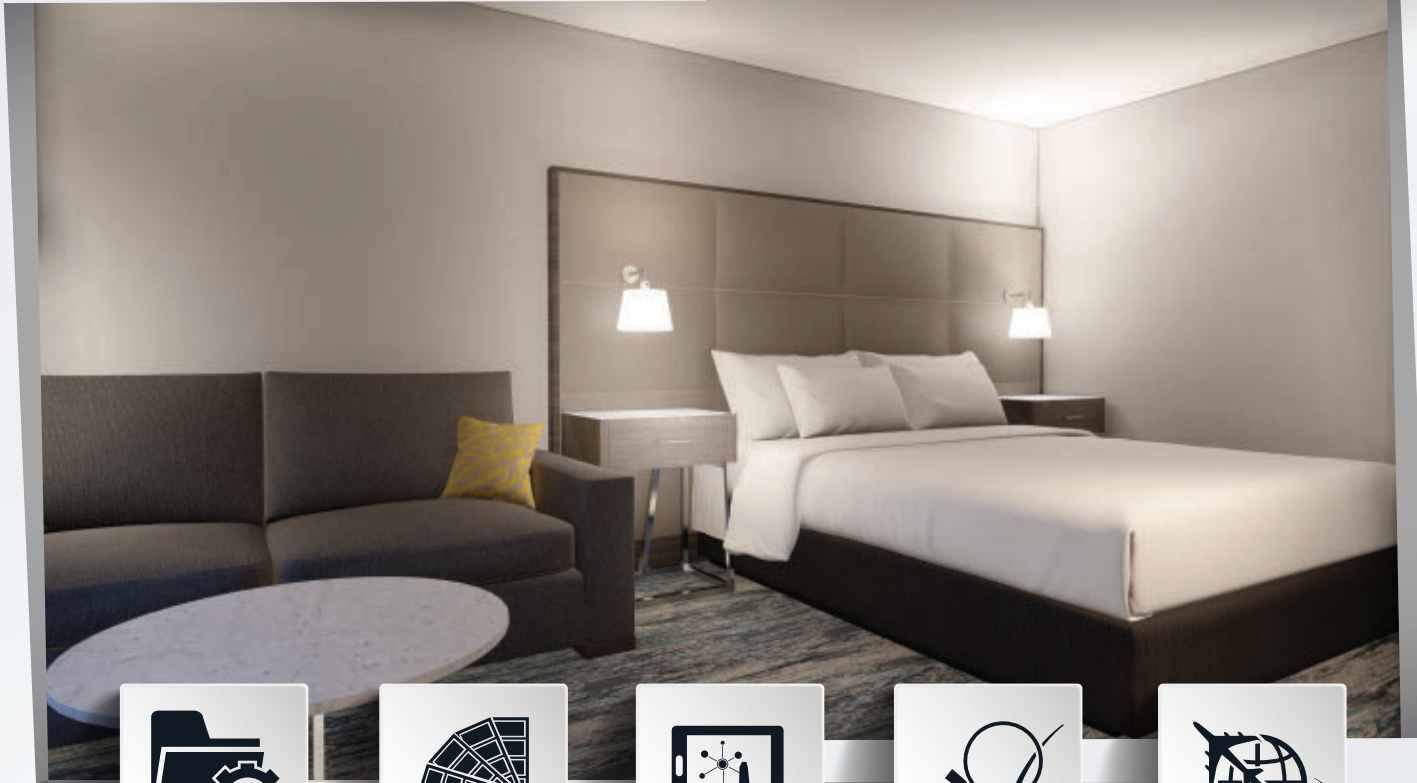
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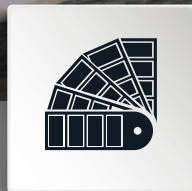
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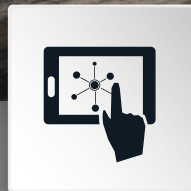
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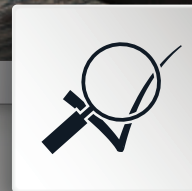
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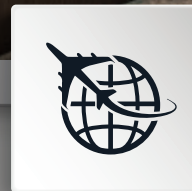
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#### TREND #4: MANAGING THE COMPLEX PATH TO PURCHASE

Shopping for a hotel room is now an extremely complex affair. Information,

ideas, and inspiration related to travel are everywhere. Today's consumer switches between a variety of devices, websites, and apps when making a travel purchase. Research conducted by Sojern shows the number of sites and apps visited when making a travel purchase can range from 63 to as high as 735. This is up from an average of only 35 just a few years ago.

The data also shows, for example, that when searching and booking a hotel room last-minute within the same day, travelers use 1.5 devices on average, and that by the time an average traveler is ready to book, 68 percent of them have limited the number of brands they are considering down to less than three.

This means that hoteliers have a huge opportunity to capture their attention further up in the planning process, while people are still only dreaming about their next trip. Understanding the path to purchase in order to target your marketing is critical to digital marketing success.

#### MANAGING CHANGE

The first step for hotels when addressing these trends is to first understand the size of the opportunity they present. It's big and that's exciting! This will help motivate you and your staff to positively embrace the change necessary to cater to the evolving needs of your customers. Remember, the sheer number of Millennials in the pipeline, and the technological change that we are witnessing is a massive engine of opportunity. And the impact on the travel industry has only begun. Expect the transformation to continue. ■



*With more than 15 years of experience in online travel commerce and media, Kurt Weinsheimer is a veteran in travel demand generation. At*

*Sojern, Kurt leads the company's Property Solutions team, charged with driving online bookings directly to hotels worldwide. Prior to Sojern, Kurt served in executive and leadership positions at Netpulse, Spot Runner Inc., Cendant Travel Distribution Services, WorldRes.com, and Patagonia. He was also founder and GM of the hotel division for Orbitz.*

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# Attract international visitors with social media analytics

by SCOTT COHEN

**W**HILE A strong dollar and political news have slowed travel growth to the U.S., international tourism is predicted to contribute \$200 billion to the U.S. economy in 2018. One of the biggest shifts contributing to growth in the tourism industry is a consumer focus on experiences. In its 2018 Hospitality Industry breakdown, Deloitte Consulting frames the opportunity as “data-centric personalization” – know me, engage me, empower me, hear me, and delight me. Leveraging this trend, leading hoteliers are utilizing social media to:

- ➔ Identify and segment target audiences,
- ➔ Personalize offerings to build loyalty,
- ➔ Impact the entire traveler lifecycle and expand touchpoints.

## AUDIENCE SEGMENTATION

Too often, “social media” for hoteliers only means ads and reach, diluting the opportunity by spreading marketing efforts too broadly. In our experience, successful hotels start with a target audience built off of a clear brand value proposition. For hotels with a social presence or CRM, narrow your segment using Facebook Insights or social listening audience analysis (of followers or known travelers). For those with less developed audiences, inform marketing strategy by utilizing social listening for popular content within target categories, building audiences of specific demographics, and analyzing travel trends. In one example, a client created

custom audiences of both UK Traditional Business and Millennial Business Travelers to identify differences and build a strategy focused on the latter. The hotel identified trends in “bleisure,” including partnerships aligning brand positioning in local geographies popular with that segment.

## PERSONALIZATION

Once you have settled on an audience, tailoring your message and services is next – and travelers expectations are rising. 57 percent of travelers feel that brands should tailor their information based on personal preferences or past behaviors. One larger chain example that combines both audience segmentation with personalization is Westin Hotels. The company has a clear strategy around fitness and health while traveling. Beyond the overall brand, local operators can customize and personalize fitness and health experiences. As an example, social media listening identifies local fitness influencers who collaborate on guided runs. Further, analysis of fitness enthusiasts brand and category preferences reveals specific superfoods and menu items to more closely cater to traveler needs.

## CUSTOMER LOYALTY

Lastly, remember that the traveler experience is more than just marketing and on-site amenities. Issue resolution and post-trip sharing are crucial. Often, hoteliers are hesitant to respond to negative issues. However, research shows that customers are more likely to recommend your hotel after an issue

is successfully resolved even more than those who had a positive experience. Prompting social sharing is another tool at your disposal. Per Conde Naste, over 70 percent of Instagram posts are travel related. Prospective travelers are much more likely to value the recommendation of a friend or influencer than of a brand. Finally, leading social listening platforms provide ways to analyze the customer journey from start to finish – planning through to post-trip. If volume warrants, consider consolidating reviews of your hotel by language and/or geography for analysis. Beyond the quantitative, use natural language processing to analyze comments in bulk for trends or potential opportunities.

In summary, travel is only becoming more social. International travelers are seeking out content tailored to their local geography while expecting personalized services that show your knowledge of their desired experiences. Social media provides an excellent complement to other traditional and digital means for both audience analysis and targeting to attract more visitors. ■



*Scott Cohen helps travel companies build better marketing strategies and get more out of customer data. He manages professional services for NetBase, a leading social media listening platform. Prior to NetBase, he spent over ten years in management consulting (Accenture, Ernst and Young) and at FedEx in digital marketing, customer segmentation and experience optimization.*

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# AAHOA *around the nation*



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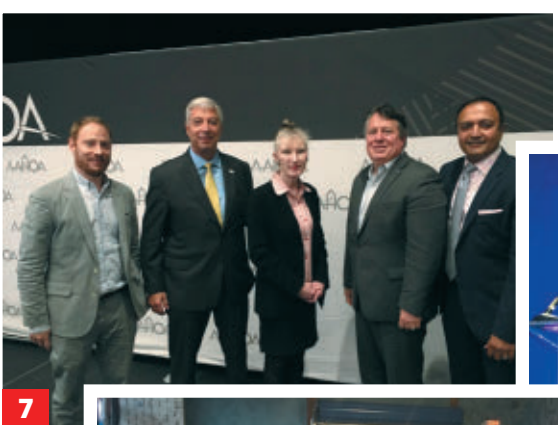
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1. AAHOA Secretary Vinay Patel spoke at the Southern Lodging Summit in Memphis, TN. Along with Troy Flanagan of the American Hotel & Lodging Association and Greg Adkins of the Tennessee Hospitality & Tourism Association, Vinay provided an update on legislative issues on both a national and state level.
2. More than 80 AAHOA members attended the How to Develop a Hotel Workshop in Tampa, FL, where they learned the importance of doing a feasibility study and market research before purchasing a hotel and how to work within specific constraints in designing and developing a hotel.
3. AAHOA President & CEO Chip Rogers spoke at the Atlanta Lodging Outlook, where he provided a forecast of what's to come in Atlanta and AAHOA as a whole in 2019.
4. AAHOA members, including AAHOA Florida Regional Director Bharat Patel and President & CEO Chip Rogers, met with Florida Governor Rick Scott to discuss travel and tourism in the state.
5. AAHOA Immediate Past Chairman Bhavesh Patel, Jeff Kolessar of GF Management, Daniel C. Hanrahan of CBRE Hotels, and Kevin Brickner of Wyndham Hotels & Resorts spoke on the Hotel ROI: Cost Issues panel at the AAHOA Mid Atlantic Regional Meeting.



6

6. Wyndham Hotels & Resorts hosted a Young Professionals Brand Development Day at their headquarters in Parsippany, NJ, where brand executives – including CEO Geoff Ballotti – met with AAHOA young professional hoteliers.



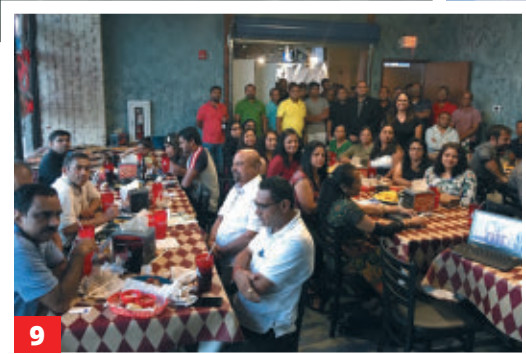
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7. AAHOA Secretary Vinay Patel Patel, Bill Duncan of Hilton, David Eisen of Hotstats, and Ben Seidel of Real Hospitality Group provided valuable insights today at our Hotel ROI education session on “Profit & Loss” at the Washington D.C. Area Regional Meeting, hosted in partnership with Hotel Management.



8

8. Secretary of Labor Alexander Acosta kicked off the 2018 AAHOA/AHLA Legislative Action Summit by expressing how his team is currently “in the process of considering how to provide a more clear and more permanent approach to the joint employer.” He also expressed plans to automate the process of HTB visas.



9

9. AAHOA Gulf Regional Director Girish (Gary) Patel hosted a series of five town hall meetings throughout Arkansas and Louisiana. The AAHOA Gulf Region has now surpassed 1000 members!



10

10. AAHOA President and CEO Chip Rogers presented at The Lodging Conference in Phoenix, AZ, where he provided a National Public Policy Update.



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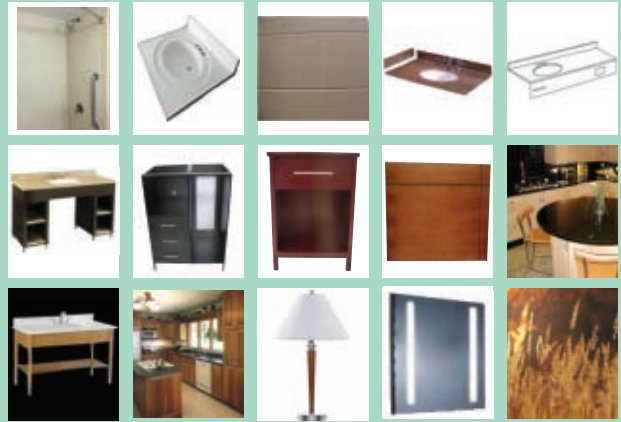
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Alvi Satellites.....5  
www.alvidirect.com

Arspec.....72  
www.walloutlet.com

Artistic Bath Refinishing.....72  
www.artisticbathrefinishings.com

ASSA ABLOY Hospitality.....41  
www.assaabloyhospitality.com

B&C Technologies.....73  
www.bandctech.com

Barot Capital, LLC.....72  
www.barotrealstatecapital.com

Best Western International Inc.....4, 13  
www.bestwesterndevelopers.com

BMC Cabinetry Inc.....72  
www.bmccabinetry.com

Bulk TV & Internet.....55  
www.bulktv.com

Carrier Enterprise.....Inside Front Cover  
www.gree-etac.com

Chase Merchant Services.....53  
www.chasemerchantservices.com

Choice Hotels.....27  
www.ChoiceHotelsDevelopment.com

Curve Hospitality.....61  
www.curvehospitality.com

Decorative Ceiling Tiles, Inc.....70  
www.DecorativeCeilingTiles.net

Embassy Carpets.....7  
www.embassycarpets.com

First Choice Luxury Vinyl Plank.....70  
www.firstchoicelvp.com

Focus Products Group - Hospitality.....57  
www.FPGHospitality.com

Giambrone & Saltzman, LLC.....72  
www.giambronesaltzman.com

Global Safe Corporation.....70  
www.hotelsafes.com

Goodman Global, Inc.....59  
www.amana-ptac.com

Granite & Cabinet LLC.....70  
www.granitecabinetllc.com

HBO.....51  
www.hbobulk.com

Hilton Supply Management - HSM 2.0.....49  
www.hiltonworldwide.com

Hotel Technologies.....Inside Back Cover  
www.hoteltechnologies.com

Hotel Vanities International LLC.....72  
www.hotelvanities.com

HotelSigns.com an Intersign Company.....62  
www.hotelsigns.com

IHG - InterContinental  
Hotels Group.....Inside Front Cover Gatefold  
avidhotels.com

Kinsley Carpet Mills.....69  
www.kinsleycarpets.com

Mag Mile Capital.....71  
www.magmilecapital.com

Magnuson Worldwide.....17  
www.magnusonhotels.com

Matrix Telecom.....71  
www.matrixhotelpbx.com

MDM Commercial Enterprises.....3  
www.mdmcommercial.com

MODIO Guestroom Acoustic Control  
c/o K.R. Moeller Associates Ltd.....23  
www.modio.audio

Motel 6.....11  
www.g6hospitality.com

My Place Hotels of America.....8  
www.myplacehotels.com

Patel & Associates.....72  
www.patellaw.net

Pellerin Milnor Corp.....39  
www.milnor.com

PHD Financial LLC.....71  
www.phdfinancialllc.com

PPG Architectural Coatings.....35  
www.ppgpaints.com

Red Roof Inn.....6  
www.redrooffranchising.com

Unique Refinishers.....71  
www.uniquerefinishers.com

United Midwest Savings Bank.....15  
www.umwsb.com

Watco Manufacturing Company.....60  
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and Resorts.....Outside Back Cover

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# From the ground up:

## The hotelier's guide to ensuring a positive guest experience in the new age of hospitality amenities

by BO BARBER

ZENTILIA/SHUTTERSTOCK.COM

**A** HOT SHOWER, COMFY BED, and a roof overhead is not enough anymore. Today's travelers are looking for accommodations that allow them to escape their daily lives and engage in "self-care" without leaving the comfort of their hotel. In response, major players in the hospitality industry are making structural shifts in how they prioritize amenities, taking significant moves toward expanding fitness, wellness, and recreational offerings to bring guests a

variety of activities that cater to their needs and lifestyles.

Focused on attracting all demographics – families, young couples, weekend warriors, retirees – hotels are investing in a variety of modern amenities in an effort to offer something for everyone to enjoy. With the goal of trying to keep people in the hotels as long as possible, major players are building entertainment and wellness facilities into the hospitality experience. By adding unique dining, wellness centers, spas, immersive fitness centers, and unique

recreational spaces both indoors and out, designers are looking to provide the ultimate vacation experience without guests needing to leave the premises.

For designers – and guests – that experience starts from the ground up. While there are many design elements to consider with this new trend – including lighting, furniture, and equipment – one of the most important considerations is specifying the best flooring option. Whether the development is indoor or outdoor, the right flooring can make all the difference in how well the new

offerings are received by guests and withstand the test of time.

## FITNESS

The definition of fitness has evolved considerably over the last few decades. Today, fitness is a broad term encompassing traditional exercises such as running, biking and lifting weights, as well as functional fitness and wellness activities including yoga, Pilates, body-weight training, outdoor training, dance, HIIT workouts and more.

To accommodate all of these activities, and the different populations of guests demanding them, hotel fitness facilities are expanding significantly to embody the appropriate room, amenities and resources for each activity. From building a studio for dance and HIIT classes or a sports field with outdoor turf, to ensuring facilities include total body resistance exercise equipment or an outdoor running trail, hotels are investing in next generation fitness.

Creating a strong foundation is key to athletic performance. That is why safety and functionality are vital to guests looking for a quality workout experience. Resilient flooring made with performance rubber is an ideal choice for fitness center ergonomics. It offers a slip-resistant and moisture-resistant surface, which improves performance and safety near weights, aerobic rooms, functional fitness areas, outdoor running trails, courts, multipurpose gyms, and locker rooms.

Resilient flooring with composition rubber backing also provides a cushioned, ergonomically supportive foundation that protects guests from physical stress often caused by more traditional hard surfaces. The rubber backing absorbs shock with each step and creates a relaxed and energizing experience. The force reduction found in rubber flooring reduces the incidence of joint injuries from impact, creating comfort and support for guests engaging in a variety of activities from



IMAGE COURTESY OF ECORE

push-ups to deadlifts and everything in between.

## WELLNESS

When it comes to hotel wellness facilities, today's guests are seeking the ultimate in luxury and pampering. With this in mind, it is imperative for wellness spaces to provide a calming environment that is not disrupted by loud or excessive noise so guests can fully immerse themselves in the services and escape the day-to-day bustle.

Whether it is meditation, yoga, massage or a soothing facial, pounding music, guest foot traffic, loud phone calls, slamming doors or other extraneous noise can all detract from a spa experience. To ensure sound levels are controlled in a wellness space, specifiers must incorporate effective acoustic design into their plans – starting with the most effective flooring material.

To isolate noise within a spa and dampen its impact, absorptive materials can be used to reduce reverberation of sound. Absorptive materials such as acoustic ceiling panels and rubber-backed flooring can have a significant impact on sound reduction. New technology in resilient flooring enables wellness facilities to create a strong, durable foundation for a variety of self-care activities while helping to dissipate acoustic energy for improved acoustics both within the room and elsewhere in the hotel.

Resilient flooring has become a staple in wellness spaces such as spas and yoga studios, providing the sound absorbing qualities needed to mitigate unwanted noise without sacrificing safety or aesthetics. Rather than reflect noises off of hard surfaces back into the space, rubber-backed flooring dampens sound to create a quieter, more enjoyable atmosphere.

Furthermore, wellness facilities must maintain a high level of cleanliness to ensure an optimal experience for guests. Guests want to enjoy a freshly cleaned room that feels new, where they are free to interact with the amenities and equipment in the room without concern for a lingering health hazard hidden in the flooring fibers. Resilient flooring offers exceptional hygienic qualities with hard surfaces that combat allergens like mold



and mildew – perfect for warm, dewy rooms that call for higher humidity to enhance the wellness experience. Bacteria and germs are easily wiped clean, along with other microscopic particles that have nowhere to burrow in the seamless surface. When a guest walks in to see a sparkling floor, they can rest easy knowing the room is fresh and there aren't any potential health hazards propagating beneath their toes.

## RECREATION

Hotels no longer want to be a place to sleep in between day trips to vacation destinations – they want to be the destination. To keep guests and families excited about staying in the hotel and wanting to come back for more, many are creating their own unique recreational amenities such as paintball, interactive video games, elaborate playgrounds, outdoor fire pits and family-friendly dining experiences. All of these recreational offerings require the right flooring to keep guests happy and safe while enjoying all that the hotel has to offer.

Especially when kids are involved, it is important for flooring to be hygienic and durable. Just as resilient flooring materials are excellent defenders against germs and allergens, they also make cleaning and maintenance easier for staff. They can be swept and cleaned quickly, even after several spills, allowing the kids to keep playing while parents take a break.

In addition, the lifespan of resilient flooring has evolved greatly over the past few years. There are resilient flooring surface options available that are designed to withstand incredible abuse – such as pounding foot traffic, heavy machines or intense running – while maintaining their physical integrity and performance. Resilient flooring with composition rubber backing features energy restitution so the surface bounces back unharmed after experiencing stress or pressure – such as a heavy video games, flag football tournaments on turf, or hours of playground shenanigans.



These flooring solutions offer an advantage over carpeting or hard surfaces that cannot undergo the same stressors without requiring repairs or replacement that further increase the cost of maintenance. Available for indoor or outdoor use, resilient flooring is a durable option to keep guests happy and active without leaving the hotel.

## GET THE RIGHT LOOK

When designing the next generation amenities that will set a hotel apart from other competition, aesthetics are just as important as functionality and performance – starting with flooring surfaces. In fact, in a world where social media greatly influences consumer decisions, a hotel's aesthetics may be on par with its customer service in impacting the decision making of desired audiences. Thus, many hospitality leaders are investing in superior materials for their fitness, wellness, and recreation space to ensure they are providing guests with a fresh experience that is on-trend and memorable.

The different selections for resilient flooring have greatly expanded over the years to keep pace with developing décor trends. Many of the resilient surfaces with rubber backing come in a myriad of colors and textures to ensure a one-of-a-kind experience for the eye and the foot. Designers can choose from traditional composition rubber flooring for weight rooms and fitness centers, as well as rubber-backed surfaces that mimic various materials such as wood or

stone for wellness and recreational space. In addition, many specifiers are opting for more artistic patterns and colors that are customized for their specific project palettes – such as materials that glow under black lights for laser tag or outdoor flooring to create a Zen spa for meditation.

## NEXT GENERATION HOSPITALITY

Hospitality design has evolved tremendously in recent years as hotel guests increasingly seek and demand more and better amenities to elevate their vacation experiences. To ensure these new amenities attract guests, meet expectations and provide a meaningful ROI, it is important for facility managers and designers to consider the total environment and to invest in high quality foundational materials that offer maximum benefits across all types of uses. Resilient flooring is not only durable, but also ergonomic, hygienic, and acoustically and aesthetically pleasing allowing it to cater to the needs of virtually any type of exercise or activity. ■



*Bo Barber is Vice President of Sales for Ecore, a company that transforms reclaimed materials into performance surfaces that make people's lives*

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