

Production of
the Industry's
Future
Leaders
Begins Here.

DEPAUL
UNIVERSITY

COLLEGE OF COMMERCE

School of Hospitality Leadership



Trends & Innovation in American Hotel Operations

Dr. Chris Roberts

Monocole hotel
9 hours capsule

Sources

- American Hotel & Lodging Association (AHLA)
 - Annual survey (4,800 hotels responded in 2008)
 - Reviewed 1998-2008 results
- Smith Travel Research (STR)
- Industry Publications 2009-2010
 - Lodging Hospitality
 - HOTELS Magazine
- Lodging Innovation Blog

US Industry Structure

- Approximately 66,000 lodging facilities (50,700 w/ 15+ rooms)
- 64% under a flag of some kind
 - Franchising
 - Confederations (i.e., Best Western, Leading Hotels of the World)
- Average size = 330 rooms
- Staffing levels
 - Executive teams = 5.5 senior managers/average
 - Full leadership team = 22 managers/average
 - Full service hotels: 1 employee to # of rooms
 - Limited service hotels: 0.5 employee to # of rooms
 - Resorts and upper-scale hotels: 1.5-2.0 employees to # of rooms

CORPORATE 300 RANKING

Rank 2007 2006	Company Headquarters	Rooms 2007 2006	Hotels 2007 2006	Rank 2007 2006	Company Headquarters
1	IHG (InterContinental Hotels Group) Windsor, England	585,084 556,246	3,949 3,741	31	IBEROSTAR Hotels & Resorts Palma de Mallorca, Spain
2	Wyndham Hotel Group Parsippany, N.J. USA	550,576 543,234	6,544 6,473	32	Millennium & Copthorne Hotels plc London, England
3	Marriott International Washington, D.C. USA	537,249 513,832	2,999 2,832	33	Tharaldson Lodging Cos. Fargo, N.D. USA
4	Hilton Hotels Corp. Beverly Hills, Calif. USA	502,116 501,478	3,000 2,935	34	Club Méditerranée Paris, France
5	Accor Paris, France	461,698 486,512	3,871 4,121	35	Shangri-La Hotels and Resorts Hong Kong, China
6	Choice Hotels International Silver Spring, Md. USA	452,027 435,600	5,570 5,376	36	Columbia Sussex Corp. Fort Mitchell, Ky. USA
7	Best Western International Phoenix, Ariz. USA	308,636 315,401	4,035 4,164	37	Scandic Stockholm, Sweden
8	Starwood Hotels & Resorts Worldwide White Plains, N.Y. USA	274,535 265,600	897 871	38	Prince Hotels Tokyo, Japan
9	Carlson Hotels Worldwide Minneapolis, Minn. USA	146,600 145,331	969 945	39	Omni Hotels Irving, Texas USA
10	Global Hyatt Corp. Chicago, Ill. USA	135,001 140,416	721 749	40	JAL Hotels Co. Ltd. Tokyo, Japan
11	Westmont Hospitality Group Houston, Texas USA	108,503 63,380	703 384	41	Ocean Hospitality Portsmouth, N.H. USA
12	Golden Tulip Hospitality Group Amersfoort, Netherlands	86,585 51,182	944 512	42	Grupo Posadas Mexico City, Mexico
13	TUI AG/TUI Hotels & Resorts Hannover, Germany	83,192 82,111	288 279	43	Four Seasons Hotels & Resorts Toronto, Ontario, Canada
14	Extended Stay Hotels Spartanburg, S.C. USA	76,384 75,860	686 681	44	John D. Hammons Hotels & Resorts Springfield, Mo. USA
15	Sol Meliá SA Palma de Mallorca, Spain	75,022 80,856	301 407	45	White Lodging Services Merrillville, Ind. USA
16	LQ Management LLC (formerly La Quinta Corp.) Irving, Texas USA	69,089 64,856	633 582	46	Drury Inns Inc. St. Louis, Mo. USA
17	Jin Jiang International Hotels Shanghai, China	68,797 53,552	380 277	47	The Proccaccianti Group Cranston, R.I. USA
18	The Rezidor Hotel Group Brussels, Belgium	67,000 45,463	329 225	48	Jinling Hotels & Resorts Corp. Nanjing, China
19	Groupe du Louvre Tercy, France	60,807 59,616	848 840	49	Hospitality International Inc. Tucker, Ga. USA
20	Vantage Hospitality Group Westlake Village, Calif. USA	55,167 46,910	798 699	50	Guangdong Intl Hotel Management Holding Hong Kong, China
21	NH Hoteles SA Madrid, Spain	49,677 47,799	341 330	51	CTS HK Metropark Hotels Management Co. Shenzhen, China
22	MGM MIRAGE Las Vegas, Nev. USA	42,802 43,785	17 18	52	Steigenberger Hotels AG Frankfurt am Main, Germany
23	Interstate Hotels & Resorts Arlington, Va. USA	42,620 50,199	191 223	53	BTG Jianguo Hotel Management Co. Ltd Beijing, China
24	Barcelo Hotels & Resorts Palma de Mallorca, Spain	42,173 33,866	162 128	54	Tokyu Hotels Tokyo, Japan
25	Harrah's Entertainment Las Vegas, Nev. USA	38,130 37,315	34 37	55	Mövenpick Hotels & Resorts Glattbrugg, Switzerland
26	Red Roof Inns —	37,068 —	345 —	56	American Property Management Corp. —

Leading Lodging Firms (2009)

<u>Company</u>	<u>#Properties</u>	<u>#Rooms</u>
1. Wyndham	1. 7,043	2. 592,880
2. Choice	2. 5,827	6. 472,526
3. IHG	3. 4,186	1. 619,851
4. Best Western	4. 4,000	8. 305,000
5. Accor	5. 3,982	5. 478,975
6. Hilton	6. 3,265	4. 545,725
7. Marriott	7. 3,178	3. 560,681
8. Starwood	8. 942	7. 284,800

Ownership and Management

- Ask three questions about a hotel as they can all be different:
 - Who owns it?
 - Whose name is on it?
 - Who manages it?
- Who then makes decisions to innovate?

New Findings

- 35% of the respondents offer **iPod docking stations**. Upper Upscale (76%) and Luxury (58%) hotels were the most likely to offer this amenity
- 24% of respondents said they offer **allergy-free rooms**. Upscale (50%) and Luxury (34%) are the only chain-scale segments in which more than 25% of respondents said they offer allergy-free rooms.
- 23% of all respondents said they offer **female guest amenities**.
- 68% said they use **energy efficient lighting**, with Midscale Without Food and Beverage the lone chain-scale segment in which less than 50% of the respondents use them.
- 38% of respondents have **100% nonsmoking rooms** available.

New Findings

- 43% of respondents said they offer a **hot complimentary breakfast**. The Midscale Without Food and Beverage segment led the way with 78% reporting that they offer a hot complimentary breakfast.
- 72% of respondents offer a **computer in the lobby** for guests' use. Economy hotels are the least likely to offer such a service (40%).
- 26% offer **Internet Protocol (IP) telephone systems**.
- 21% of respondents said they are planning to incorporate **Leadership in Energy & Environmental Design (LEED)** into their properties during the next 12 months. 20% said they incorporated LEED elements during the past 12 months.
- 28% of respondents said they use **check-in kiosks**.
- 12% of respondents said they have **online check-in** for guest use, with the Upper Upscale hotels (40%) leading the way.

In-Room Amenities

- The percentage of hotels offering **in-room pay-per-view movies** continues to rise, to 61% in 2008 from 54% in 2006.
- **DVD players** are **not typical** for most hotel rooms, with only 12% of all respondents indicating they provide this amenity. However, 59% of the Luxury respondents offer in-room DVD players.
- The need for **high-definition televisions** in guestrooms is evident. To coincide with the US government's switch to all HD signals in 2009, the number of hotels offering HDTV sets in guestrooms increased dramatically to 36% from 10% in 2006.
- The use of **flat-screen TVs** is more common, as 43% of respondents said they have them (up from 12% in 2006). More than three-quarters of the Luxury (81%) and Upscale properties (78%) have flat screen TVs in their guestrooms.

In-Room Amenities

- The increased use of technology is evident for in-room TVs as 48% of the respondents said they utilize **interactive hotel guides** in their rooms (up from 32% in 2006). The guides are much more prevalent in full-service hotels.
- In-room **interactive TV entertainment** also is more popular. 52% of respondents said their properties have such a service, up from 37% in 2006.
- Virtually all Luxury, Upper Upscale and Upscale properties that responded have in-room **voice mail capabilities** as 72% of the overall respondents said they offer it.
- 57% of respondents said they **upgraded bedding packages** during the past year.
- In-room **air purifiers** are becoming **less popular**, as 12% of respondents said they offer them—down from 16% in 2006.

In-Room Amenities

- The number of respondents offering in-room **iron and ironing board** **decreased** four percentage points to 93%. All chain-scale segments except the economy segment offer the amenity at virtually all properties.
- The percentage of respondents who said they offer in-room **religious material** was 84% in 2008—in line with the figures from 2004.
- 82% of the respondents offer a **refrigerator** in guestrooms—up from 68% in 2006.
- In-room **hair dryers** remain a popular amenity as 94% of respondents reported they offer them—the same figure as in 2006.
- 85% of hotels offer **branded in-room amenity products**—the same percentage as in 2006.

Pricing Power

- 67% of respondents offer **weekend special** rates, up eight percentage points from 2006.
- The percentage of hotels that offer **specialized rates** (senior citizens, holidays, etc.) dropped five percentage points to 91%.
- Upper Upscale and Upscale (98%) and Midscale With Food and Beverage (97%) hotels are the most likely to participate in **frequent-stay** programs.
- The number of hotels that charge a fee for guests **checking out one or more days early** stayed about the same at 21%.

Pricing Power

- The percentage of hotels that charge for **late cancellation** rose eight percentage points to 82%.
- The number of respondents who said their property charges a **resort fee** increased to 7% from 3% in 2006.
- The percentage of hotels that have a **kids-stay-free** program remained consistent at 82%, with Luxury properties (50%) the least likely to offer such a deal.

Safety and Security

- The popularity of **electronic locks** remained steady—92% in 2008 compared with 93% in 2006.
- In-room **sprinklers** were found in 85% of hotels in 2008.
- With virtually all hotels in the top three price points participating, 95% have **temperature controls** in rooms.
- **Exterior corridor** properties continue to become less common as 19% of respondents report being an exterior-corridor property—down from 24% in 2006. 48% of respondents with 50 rooms or less still have exterior corridors.
- The use of **security cameras** in lobbies continues to steadily increase and they are used by 74% of all respondents—up six percentage points from 2006.

Technology

- **High-speed Internet access** is now the industry norm. 93% of respondents said they provide in-room HSIA, up from 89% in 2006 and 50% in 2004.
- **Wireless Internet access** is represented in 91% of the respondents' properties, up from 35% just four years earlier.
- The number of hotels that **charge for in-room Internet service** continues to decrease. 16% of this year's respondents said they charge for service (down from 19% in 2006 and 22% in 2004). Luxury (75%) and Upper Upscale (91%) hotels are more likely to charge for Internet access in the room than the rest of the survey universe.
- As e-mail becomes more popular, the need for in-room **fax machines** has **waned**. 38% of the respondents said they offer such an amenity, down from 57% in 2006.

Technology

- In 2008, 95% of all hotels indicated they have a **property website**, equal to the 2006 response rate.
- 21% use an **electronic concierge**—up from 13% in 2006. Upper Upscale (55%) hotels are the most likely to have such a system.
- Hotels using a **Property Management System** have increased each year the survey has been conducted. In 2008, 93% of AH&LA members (PMS) reported their properties used a PMS, a two percentage point increase from 2006.
- The number of properties that use a **Central Reservation System** has increased from 89% in 2006 to 91% in 2008.
- Nearly all hotels now obtain bookings through the **Internet**, although the percentage dropped to 95% in 2008 from 98% of all respondents in 2006.

Guest Services & Property Offerings

- The popularity of **business centers** is obvious as 77% of respondents offer them—up eighteen percentage points from 2006.
- 18% of the respondents said they offer **valet parking**, while 89% said they offer **free parking** to hotel guests.
- The importance of international travelers appears to be resonating with hotel operators as the percentage of hotels that offer **foreign currency exchange** doubled to 16%.
- The percentage of properties that offer **on-site ATMs (cash machines)** remained steady, as Luxury and Upper Upscale properties were the most likely to have an ATM.
- 56% of the respondents said their properties allow **pets**; 61% said they **charge for pets**.

Guest Services & Property Offerings

- **Free newspaper delivery** to guestrooms dropped to 70% from 83% in 2006.
- 71% of respondents said their properties offer **free outgoing local calls**, and the number of hotels that charge for toll-free calls dropped to 12% from 20% in 2006. Luxury hotels (63%) by far are the most likely to charge for a guest making a toll-free call.
- Nearly every respondent (98%) said their hotel offers a **fax service**. Meanwhile, 89% said they provide **free incoming fax service** for guests.
- The number of hotels with an **indoor swimming pool** increased five percentage points to 47%, while the number of properties with an **outdoor swimming pool** jumped nine percentage points to 58%.

Guest Services & Property Offerings

- 79% of respondents said their property has an **exercise room/health or fitness facility**, and 77% said the use of the facility is **free** to guests.
- Led by the **Midscale Without Food and Beverage** category, 59% of respondents offer **complimentary breakfast**, which is down nine percentage points from 2006.
- The number of respondents who said they offer **vegetarian menu** choices rose sixteen percentage points to 48%. The number of hotels offering **healthy menu** choices rose fifteen percentage points to 66%.
- 33% of the respondents said they plan a **major FF&E renovation (furniture, fixtures & equipment)** at their hotel during the next 12 months, while 11% said they plan **major structural renovations** during the next 12 months.
- 37% said they **completed major FF&E renovations** during the past 12 months; 14% said they **completed major structural renovations** during the past 12 months.

Emerging Trends

H1N1

- Have a standard procedure for cleaning and disinfecting
 - Develop a clear plan that addresses issues that may arise in the case of a severe outbreak of H1N1
 - Develop a method for sending employees home
 - Train and educate employees on recognizing symptoms
 - Plan ahead for absenteeism increases
- Sanitation and Hygiene
 - Frequency of cleaning public surfaces significantly increased
 - Hand sanitizing products readily available to employees and guests
 - The use of personal protective equipment (PPE) available at all times

Casualizing Fine Dining

(from With Yew in Mind)

- Drop prices, alter menu, and change layout and furniture in order to eliminate the attitude towards going to fancy restaurants with “complicated food, expensive entrees, and the ambiance of library rooms”
- Food
 - Needed to “excite the palate with vibrant flavors and dramatic presentation to match the thrill of the room’s design”
- Pricing
 - Lowered prices by staying away from “high-end cuts and other expensive ingredients”
- Overall, succeeded in surpassing fine dining and creating a new memorable and enjoyable dining experience by changing the atmosphere, facility and menu

Hotel Food Display (From Leader of the Pack)

- Mission is “focus, food and fun”
- Visually appealing food stations that bring the fun back to dining and capture the attention of the young and the old
 - Specific examples
 - Bangkok iced tea station where lemongrass was part of the story...in a triangle with a sign on it that told guests what the ingredient in the tea was

Technology

- Heat and energy conservation through state-of-the-art **GROW panels** – hotel temperature managed by a waterfall in the atrium (Helix Hotel, Abu Dhabi)
- **Studio Lounge** free for all guests where you can play Rock Band, Wii and Guitar Hero - guest receive complementary laptop and Zune MP3 player- tech suites (Hotel Sax, Chicago)
- Plumbing: **water** pours into the bath **from the ceiling**.
- “**Silent electronic doorbell**” system with a scanner to detect movement and tell housekeeping to not disturb (Hotel 1000, Seattle)
- Rooms equipped with **internet radio**, Skype phone service, mood lighting controls and nail polish dryers. (The Peninsula Hotel, Tokyo)
- “**Electronic art**” – guests are captured on video the second they walk into the hotel and their movements are recorded for their entire stay and broadcasted in the lobby.
- **No keys or door numbers**- guests are given iPhones which are used to gain entry into your room, call concierge, surf the net, etc. (Blow Up Hall- Poznan, Poland)
- Wireless haven – all guests are **supplied with iPod** touches which are preloaded with games, music and hotel information (The Upper House, Hong Kong)

Technology

- ❑ 24-inch iMac in each room along with microwaves
- ❑ Fog-free mirrors in all bathrooms. Energy efficient heating, lighting and air conditioning systems.
- ❑ Free and unlimited WiFi
- ❑ LCD flat screen televisions
- ❑ iPod docking stations
- ❑ Touch screen televisions that control the room temperature, allow you to make reservations at hotels, adjust lighting and set do not disturb notifications.
- ❑ Hotel companies can control and keep track of heat, plumbing, lighting and maintenance calls via a cellular phone application.

Eco-Focused

- ▣ Rooms with ambient lighting, **energy efficient light** bulbs, “**low flow rain showers**” that conserve water wastage
- ▣ **Nontoxic** paint, glues and varnishes
- ▣ Discounts for hybrid car drivers and eco-concierge
- ▣ Recycled carpet and kitchen oil repurposed into **biodiesel**
- ▣ Eco-**flooring**
- ▣ **Re-fueling stations** for electric cars

Eco-Focused

- 100% **recycled fabrics** to refinish hotel furniture instead of throwing it away
- Energy saving **hair dryers**
- Stylish **recycling bins** placed in rooms
- Hotel restaurants **composting** food and using organic and sustainable food and seafood.
- Use of **solar power and candles** instead of electricity
- Using **ladybugs** as natural pesticides

Eco: Kimpton EarthCare

- All rooms cleaned with environmentally friendly cleaning products
- All materials printed on recycled paper using soy based ink
- All lobby coffee is organically grown and/or fair trade
- Guests given the option to reuse their towels and linen to reduce energy and detergent use
- Energy efficient light bulbs in place
- Low flow water systems for faucets, toilets and showers
- Recycle coat hangers
- Elimination of Styrofoam cups
- Discounts for hybrid car drivers
- Paperless check in/out
- Eco friendly dry cleaning
- Recycling bins in each room
- “Honor Bars” with organic food and beverages
- Unused amenity bottles are donated to local charities

New Concepts

- Cliff Hanger Hotel
 - A hotel that can easily be attached and removed to the sides of walls and other large fixtures such as the Grand Canyon or the Golden Gate Bridge
 - Individual guest rooms are stacked one on top of the other
 - Panoramic views of the scenery from every angle

New Concepts

□ Bucket List Lodging

- A hotel that allows its travelers (target market- baby boomers) to experience a list of “dream destinations” that they may have always wanted to visit
- African safari, Alaskan glaciers, etc.
- Eco-friendly design – “minimize the impact on the site but provide luxury amenities”

New Concepts

- Pixel Hotel (now operating in Linz, Austria)
 - Hotel offers rooms and suites **sprinkled throughout** the city in unique locations.
 - Each room has a unique design and personality
 - Gives its guests the feeling of staying in a “private apartment” and offers more privacy than a standard hotel
 - **Room examples:** previously vacant spaces in factories, aboard industrial ships, old storefronts
 - Eco-friendly because the hotel makes use of previously vacant locations

New Concepts

□ Zephyr Hotel

- Reinvent the train travel experience by making train travel similar to **luxury cruise lines**
- Larger guest rooms, fine dining and entertainment will help make this transformation possible
- “Travelers will go from destination to destination in the evenings and park at stations during the day for excursions into cities across the country”

New Concepts

□ ICEHOTEL

- Accommodations for thrill seekers that want to experience the frozen solid or free flowing river land of **Alaska**
- Guests sleep on **bricks of ice** and can make ice sculptures, go river rafting or go hiking in the mountains

New Concepts

■ Tree House Hotels

- Hotels perched hundreds of feet above the ground that provide its guests with a unique and luxurious resting place after hikes or for leisure

■ Underwater Hotel (Hydropolis Underwater Hotel, Dubai, United Arab Emirates)

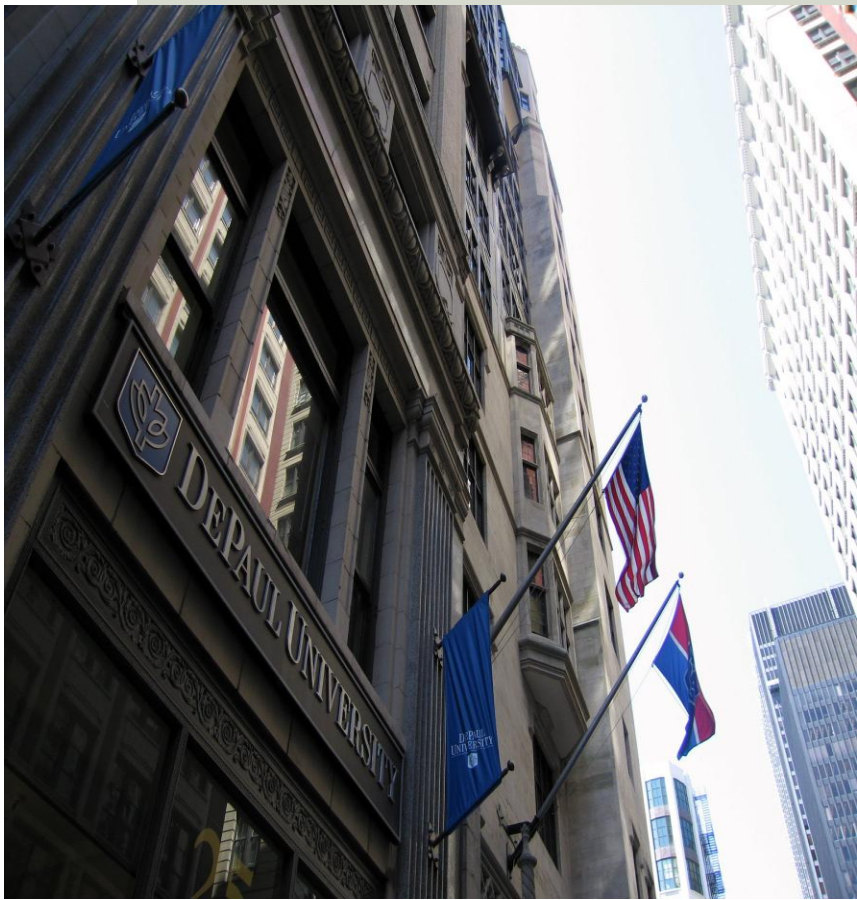
- World's first luxury underwater hotel will have three elements: land, connecting tunnel, and the submarine suite with 220 suites

New Amenities

- Check-In
 - Hotels allow guests to check-in on **tablet computers** or via company supplied iPod's or iPhones
- Room phones that can be **used throughout the property** and/or town
- **Exclusive cars** for guests: The W in Silicon Valley and Honolulu guests can take an Acura MDX around town with the first tank of gas free

Sources for new ideas

- National Restaurant Association show (NRA)
 - Every mid-May in Chicago, one of ten largest shows in US
 - Focus on F&B but lodging support included
 - Typically 73,000 attendees
- International Lodging & Restaurant Show (AHLA)
 - 2nd week of November in NYC
 - Focus on lodging but F&B strongly present
 - Typically 58,000 attendees



Production of
the Industry's
Future
Leaders
Begins Here.

**DEPAUL
UNIVERSITY**
COLLEGE OF COMMERCE
School of Hospitality Leadership



U.S. Hotel Innovation