

## International Growth Brings Opportunities for U.S. Hoteliers

During the President's Panel at the Hunter Hotel Investment Conference, Choice Hotels President & CEO Steve Joyce made a comment that perhaps sums up the mood surrounding hotel development in the U.S.

"When someone asks about U.S. development," Joyce said, "the response is 'let me tell you about what we're doing in China.'"

There is nothing but truth to this statement. Hotel demand — and economic demand, for that matter — is growing exponentially in China as its middle class swells. Most, if not all, of the major U.S.-based franchise companies are ramping up development and making moves to ensure their footprint in China as its domestic travel continues to grow. The same certainly is true of India, as well as Brazil and Russia — "BRIC", as they've been commonly referred to.



While U.S. hoteliers may tire of hearing about the demand for hotel growth in any other country but our own, these developments are incredibly important to the U.S. hotel industry. As these international traveling classes begin to grow, capturing their business as they progress from increased domestic to increased international travel will be an imperative to gaining market share going forward.

"International travel to the United States is imperative for our industry," said Nancy Johnson, executive vice president, business development, for Carlson Hotels Worldwide, during a panel at the

Hunter Conference. "Right now we have five consulate offices in China, and even France has ten — we're constantly working with the State to help them understand that travel is a business and an important aspect of the U.S. economy."

So as the franchise companies try to do their part by creating brand awareness in these countries, and industry associations and the U.S. government work together on the Travel Promotion Act, international travel visa reform and other initiatives to attract foreign travelers, there leaves another point of potential business that a hotel has to work into its distribution mix.

Beyond the brand level, the state level, and even the local level, what is a property owner, GM or revenue manager to do? They need to source the right data to capture exactly what business is coming to their markets. By working with their brands (if they have one), analyzing outside data, and yes, partnering with OTAs, hotels can leverage their international reach if they want to try and expand their guest base.

Because every hotel doesn't have a revenue manager, doing all these things in the midst of day-to-day operations is easier said than done. Especially for independent hotels that don't have brand support and awareness, taking into account the global footprint of online travel agencies can provide additional perspective into guest booking trends.

“Right now, leisure consumers are spending less by booking shorter trips at the last minute away from the city center, which all lead to lower rates and less overall revenue,” said Melissa Maher, global vice president, strategic accounts & industry relations for Expedia, in a presentation given at the Hunter Conference.

Part of the way hoteliers can counteract these trends is to cultivate an international strategy. It’s estimated that China will grow to export the most outbound international travelers within the next five years, and that’s only one country (though an important one to focus on). All international travelers have a longer booking window, they stay longer, and they provide an ADR premium.

“Even if we keep our current 6 percent share of international travel, we’ll need to be preparing for 6 million Chinese tourists,” said Liam Brown, COO, select service & extended stay hotels, The Americas, for Marriott International. “We need to continue to work to attract foreign visitors because it creates phenomenal job growth and hard currency.”

One of the things individual hotels need to consider as they market to international customers is making sure they have capabilities in different languages, which they can optimize through their websites. Expedia, for example, translates into 33 languages, specifically written by people on the ground in those countries (in other words, not through an Internet translator, but in the actual languages). So when international travelers are shopping for hotels in the U.S. through online travel agencies, if individual properties want to convert those shopping experiences to direct bookings, they need to be sure their guests an easily navigable opportunity to read in their native language.

“Individual hotels need to understand the international demand generators coming into their area,” said Maher. “By analyzing that data, they can analyze their opportunities to develop a better distribution strategy.”

This just provides a brief overview of what it takes to start developing an international strategy. Though it may not be an immediate windfall for every hotel, understanding where the opportunities to improve overall room revenue are will be crucial in the race for market share as the industry (and the world economy) evolves.

— *Dan Marcec*

