

HB ON THE SCENE: Customer Experience, Economy Take Center Stage at Hunter

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ATLANTA—On day one of the Hunter Hotel Investment Conference, industry leaders discussed customer experience, margin erosion, soft branding, Airbnb and the economic outlook.

Taking center stage first, Lee Hunter, COO of Hunter Hotel Advisors, welcomed more than 1,800 attendees from 40 different states and three different countries to the Atlanta Marriott Marquis.

On customer experience, Denise Lee Yohn, business leadership expert, noted the following:

- Loyal customers cost less than acquiring new ones, are less price sensitive and generate positive word of mouth.
- Loyalty challenges businesses face include the increase in customer expectations and competition, and decrease in effectiveness of traditional marketing.
- Business results are achieved through experience.
- Experience is the sum of interactions with a company.
- 86% of customers will pay more for a better customer experience.
- Barriers to experience include organization silos, cost concerns, and product or service dependence.
- Experiences need to be personal, emotional and on-brand.

The conference's panel of high-level executives, made up of Ken Greene, president, Americas, Radisson Hotel Group; Greg Mount, president and CEO, RLH Corporation; Corry Oakes, CEO and co-founder, OTO Development; and Mitch Patel, president and CEO, Vision Hospitality Group, discussed industry challenges. Here are some takeaways:

- Margin erosion in the industry is real. How can the industry combat it? "We should rethink the business model," Oakes said. Should the industry begin charging customers when they book?
- How are land costs impacting investments? Land costs have increased significantly. For example, Vision Hospitality Group's Fairfield Inn & Suites by Marriott Nashville Downtown/The Gulch was developed for \$18 million. It was recently appraised for \$42 million.
- Soft branding can help hoteliers, especially when it comes to distribution channels.
- Where's the industry at in the cycle? "No tree grows to the sky forever," Oakes said. While nobody has a crystal ball, the storm is coming, so be prepared, Patel said. If there's a dip, build your market share, Greene said.
- On Airbnb, hoteliers should welcome the competition, but fight to level the playing field.

Adam Sacks, president of Tourism Economics LLC, spoke briefly on the travel industry in the U.S. economy. His analysis included the following:

- In 2018, U.S. continued to lose travel market share, but international travel expanded 6% globally.
- Hotel demand is setting new norms (2018 Q4: 3.9 room nights per capita).
- Hospitality has led total job growth in 95 of the top 100 U.S. cities.
- U.S. will be fastest G-7 economy in 2019.
- What's the number one risk to the economy? The trade war hitting global growth.
- Be prepared, but don't give in to the fear.

The final panel of the day consisted of Teague Hunter, president, Hunter Hotel Advisors; Dan Hansen, chairman, president and CEO of Summit Hotel Properties; James T. Merkel, CEO, Rockbridge; R. Tyler Morse, CEO, MCR; and Scott Trebilco, managing director, Blackstone Group. Here are some quick takeaways:

- Blackstone's hospitality business is holding up well, according to Trebilco.
- Morse: MCR is a net buyer this year. "There's plenty of opportunity out there," he said.
- On the industry's future: Nobody can predict it, Merkel said.

Stay tuned for more conference coverage in the 4/7 issue of Hotel Business.

[Hunter Hotel Investment Conference](#)