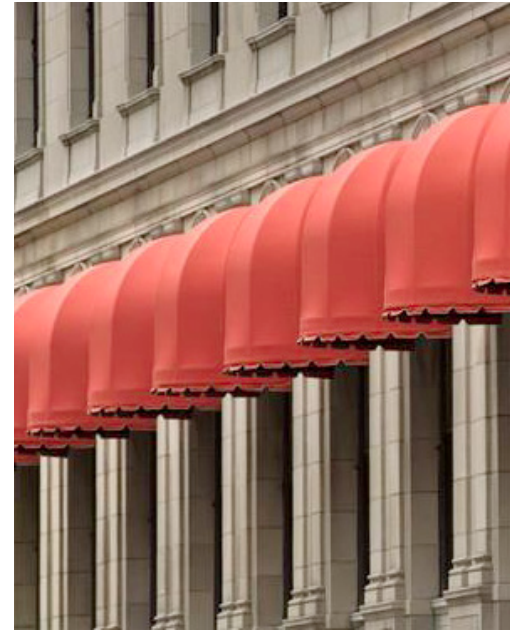


# Boston Hospitality Review

Winter 2013





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## **Lodging Update: Portland, Maine**

Rachel Roginsky and Matthew Arrants

Each quarter, Pinnacle Advisory Group prepares an analysis of the New England lodging industry, which provides a regional summary and then focuses in depth on a particular market. These reviews look at recent and proposed supply changes, factors affecting demand and growth rates, and the effects of interactions between such supply and demand trends. In this issue, the authors summarize regional performance for 2012, offer projections for 2013, and spotlight the lodging market in Portland, Maine.

## **From Boston to the Balkans: Olmsted's Emerald Legacy**

Christina Luke

This article explores the legacy of landscape architect Fredrick Law Olmsted on modern cultural tourism policies. The author explains the involvement of Olmsted in the founding of Yosemite National Park, and describes the influence of this experience on his later work on the Emerald Necklace parks project in Boston. This became a model for natural and cultural corridors worldwide, including those in the Balkans and Turkey.

## **An Important Arrival: The Anatomy of a Vintage Advertisement**

Bradford Hudson

This article reproduces an advertisement that appeared in national magazines in 1957. It depicts a couple arriving at the Ritz-Carlton Hotel in Boston, after a flight on American Airlines. The related discussion provides a deconstruction and analysis of its elements, considers the related evolution of the airline and hotel industries, offers a glimpse of advertising agencies during a formative period, and reflects on some related issues in marketing. This will hopefully appeal to scholars and enthusiasts of brand heritage, transportation history, advertising history, or travel ephemera.

## **The Historical Origins of Business Statistics and a Current Application in Lodging Forecasting**

Barry A.N. Bloom

This article reviews the historical contributions of Roger Babson to the field of business statistics, and compares the categories identified by Babson a century ago to data prepared by the Federal Reserve Bank of Boston today. It also presents a simple methodology that can be utilized to predict future 'revenue per available room' (REVPAR) measures in the hotel industry based on such statistics, and provides an illustration of its application for the New England region.

## **Building Hotel Revenues through Tourism**

John D. Murtha

When evaluating ways to maximize revenues, hotel executives should consider supporting the efforts of local destination marketing organizations. Helping to build and sustain travel to a city or region can benefit individual hotels, by combining resources and energy on marketing tactics that would otherwise be too ambitious or costly for a single property to pursue on its own. The market in Boston and adjacent Cambridge, Massachusetts offers an interesting case study for understanding the interaction of hotels and destination marketing organizations. The author includes action steps for hoteliers who would like to become more involved in such efforts.

## **Revisiting the Glass Ceiling: Career Progression for Women in the Hotel Industry**

Zoe Ho

Despite the large number of women who enter the hospitality industry, there are relatively few hotel general managers who are female. Why? An ongoing project is exploring this topic through interviews of female hotel managers. This article provides representative excerpts from a few of the early interviews in Boston, which provide some understanding about the attitudes of such women toward their professional environment.

# **Boston Hospitality Review**

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## Lodging Update: Portland, Maine

Rachel Roginsky and Matthew Arrants

Each quarter, Pinnacle Advisory Group prepares an analysis of the New England lodging industry, which provides a regional summary and then focuses in depth on a particular market. These reviews look at recent and proposed supply changes, factors affecting demand and growth rates, and the effects of interactions between such supply and demand trends. In this second issue, we spotlight the lodging market in Portland, Maine.

### New England Summary

After a strong first eight months of the year, the New England lodging market's performance slowed considerably. Revenue per available room (REVPAR) for the region had been up 7.6% through August. However, it finished up 5.6% compared to 6.8% for the country as a whole. The slowdown in performance was widespread, with every state in the region experiencing REVPAR growth that was

lower than it had been through August. Likely explanations for the slowdown include the effects of 'Superstorm' Sandy, concerns over the fiscal cliff negotiations in Washington, and a softer convention period in Boston. On a positive note, the REVPAR growth in both the Massachusetts and Vermont lodging markets exceeded the national annual REVPAR growth.

### Performance by State

#### *Connecticut*

Room nights sold (demand) in Connecticut declined in 2012 by 0.3%. Fortunately, operators were able to achieve 2.6% growth in average rate, leading to positive REVPAR growth of 2.1%. The decline in demand can be attributed to a variety of factors, but a reduction in government contract demand and softening demand from the casinos are considered to be the primary factors.

## Maine

Maine finished the year with an occupancy rate of 56.8%, which was slightly higher than 2011. Although demand growth was modestly positive at 1.6%, the 0.8% supply increase limited the state's ability to move the needle on occupancy. The average rate for the state grew by 2.3% to \$102, less than half the growth rate of the combined New England lodging market. During the first half of the year, the Maine lodging market had reasonably strong REVPAR growth (4.0% as of August 2012), but by year-end the REVPAR growth stalled, ending with 3.1% growth as compared to 2011. Two notable markets that performed well were Bangor, which benefitted from casino and airport related demand, and Portland, which will be discussed in more detail below.

## Massachusetts

Lodging performance in Massachusetts, as a whole, is heavily impacted by activity in Boston. More than half of the hotel rooms in the state are located in the Greater Boston area, with approximately one-quarter in the cities of Boston and Cambridge alone. Boston also serves as a critical gateway for the rest of New England, as travelers frequently add extra days to business or convention trips to visit other areas of the region. Very strong convention demand in the first eight months of the year helped increase demand for the state by 2.9%. However, demand softened significantly in the convention, corporate, and leisure segments during the latter portion of the year, such that demand was up only 1.5% for the year as a whole. One possible explanation is that the market was already operating

at or near capacity during those periods, particularly in the peak demand months of September and October.

## New Hampshire

The performance of the New Hampshire market in 2012 was surprisingly tepid for an election year. Normally, the state experiences a strong surge in demand and average rate leading up to the presidential primary, as candidate teams and media flood the state. In 2012, however, only the Republican primary was important and the reorganization of the primary calendar likely had an impact. Lastly, tourism was probably impacted by a very mild winter. These factors contributed to minimal change in the statewide occupancy. Operators, however, were able to raise room rates, which resulted in a 2.9% increase in statewide ADR.

## Rhode Island

After a strong spring and summer, demand in Rhode Island began to slip during the fall. According to Smith Travel Research, demand in the state finished the year up 1.8% compared to 3.0% for the country as a whole. While average rates grew by a strong 3.6%, they still fell short of the national average of 4.2%. The good news for Rhode Island is that REVPAR has come a long way since 2009, when the state's REVPAR dropped to \$60. However, the state's \$73 REVPAR in 2012 still falls below the peak \$78 REVPAR that the state experienced in 2007, and even further from the \$83 REVPAR in 2000. The Providence market experienced the strongest lodging metrics, while the Warwick (airport) market continued to experience anemic performance.

### EXHIBIT 1

#### New England Falls Short in REVPAR Growth as Year Ends

Key hotel operating statistics - Year to date percent change through December 2012					
Market Area	Supply	Demand	Occupancy	ADR	REVPAR
Connecticut	0.1%	-0.3%	-0.4%	2.6%	2.1%
Maine	0.8%	1.6%	0.8%	2.3%	3.1%
Massachusetts	0.5%	1.5%	1.0%	6.7%	7.7%
New Hampshire	-0.9%	-0.4%	0.5%	2.9%	3.4%
Rhode Island	1.4%	1.8%	0.5%	3.6%	4.0%
Vermont	0.6%	2.5%	1.8%	5.8%	7.7%
Subtotal New England	0.4%	1.1%	0.7%	5.1%	5.6%
Total United States	0.5%	3.0%	2.5%	4.2%	6.8%

Source: Smith Travel Research

## *Vermont*

Vermont was one of the top performing states in the region, with REVPAR growth of 7.7%. While the state benefitted in the early part of the year from crews related to the cleanup from Hurricane Irene, the drop in demand during the second half of the year was not as significant as might have been expected, leading to an annual demand growth of 2.5% and an annual occupancy of 60.1%. Operators were not shy about increasing room rates during the peak tourist seasons. In fact, average rate growth in the last four months of the year was stronger than during the first eight months, which resulted in a \$124 ADR in 2012. Vermont is one of only five states with ADR over \$120.

### **Anticipated Changes**

Several markets are poised for changes over the next 12 to 18 months. These include the following.

#### *Providence, RI*

Three transactions over the past year are likely to impact the market in future. The Biltmore sold early in the year and a major renovation is underway. The Renaissance Hotel was purchased by the Procaccianti group, the former owner of the Westin. The Westin was recently sold to Omni.

#### *Hartford, CT*

The downtown market continues to struggle. In 2012, occupancy declines off-set gains in ADR leading to a slight REVPAR decline of 0.1%. The Ramada that had been the Crowne Plaza is reportedly for sale. The Ramada in East Hartford is now an independent property. Beyond downtown, the developers of the Delamar in Greenwich have reportedly been selected to develop a boutique hotel in West Hartford.

#### *The Berkshires*

Demand in this area of western Massachusetts is fairly typical of the resort markets in the region, with occupancies that rarely top 60%, but strong average rates in excess of \$150. Owners in the area have been investing in renovations and there is interest in new development.

## *Brattleboro, VT*

There is considerable speculation about the fate of the Vermont Yankee nuclear power plant. If the plant receives the necessary approvals to stay open, then the construction work could prove a boon to the local lodging market. If it is forced to close, then the market will benefit over the short term from contractors brought in as part of the decommissioning process.

## *Greater Boston*

The cities of Boston and Cambridge, and the suburban Boston lodging market, should continue to show very strong numbers in 2013, due to capacity constraints caused by limited new supply. While there are two hotels expected to open in Boston in 2013, market occupancy is expected to remain at or near 78%.

### **Projections**

While demand growth in New England softened in the second half of the year (2.0% demand growth as of August 2012 versus 0.7% demand growth as of December 2012) we remain optimistic about the prospects for the regional lodging market. Boston will have a softer convention year, but many operators have been successful in getting smaller in-house groups to compensate. Moderate economic growth in other areas of the region coupled with limited new supply should help occupancy levels remain at healthy levels and enable operators to continue to increase room rates at or above inflationary levels.

### **Spotlight on Portland, Maine**

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The Portland, Maine market is composed of two submarkets, downtown and the mall/airport area. Given their proximity, approximately five miles apart, it is not surprising that many hotels compete in the adjoining area. Nonetheless, these are distinct markets that behave somewhat differently. Leisure travelers generally prefer the downtown location, and as a result average rates are higher.

The Portland market is in the midst of a major change in supply. Helping to drive the change has been a moderately strong economy and the market's ability to absorb new supply over the last few years. In 2008, the market added a Courtyard by Marriott



(88 rooms) and a Homewood Suites (92 suites) near the Maine Mall. In the downtown area, a Residence Inn (179 rooms) opened in 2009, followed by a Hampton Inn (122 rooms) in 2011. Currently there are four new hotels proposed and a major renovation/repositioning underway.

## Supply

The following is a summary of proposed hotel projects.

### *Courtyard by Marriott*

A joint venture including Maine Course Hospitality Group has plans to develop a Courtyard by Marriott (120 rooms) on the J.B. Brown site. This is located on the corner of Commercial Street and Maple Street, on the southern edge of the Old Port District. The project is expected to open in 2014.

### *Portland Press Herald Site*

This proposed development is currently in the pre-planning stages. Near the intersection of Congress and Market streets, an urban rehabilitation project has been rumored. Initial plans include a boutique independent hotel (80 units) on the site. Assuming the developer is able to obtain financing, this project could open as early as 2014.

### *Eastland Park Hotel*

In 2011, Rockbridge Capital purchased the Eastland Park Hotel with plans to completely renovate and re-brand the property as a Westin. The hotel closed in July 2012 for a renovation that is expected to cost in excess of \$30 million. It is scheduled to reopen in August 2013. Upon reopening, it will have 290 rooms.

### *Thompson's Point*

Thompson's Point is located directly off the I-295 highway, southwest of the downtown area. Two owners of the Maine Red Claws basketball team have rolled out plans for a \$100 million multi-use development. Elements of 'The Forefront' project include a 48,000 square foot convention center, a 3,500 seat arena, a 700-car parking garage, an unspecified amount of office space, and a 125-room hotel. The project was first introduced in April 2011 and has since been refined. The developers are ru-

mored to have plans for a Homewood Suites with a projected opening in late 2014.

## Demand

Market segmentation for the Portland area is approximately 40% commercial, 20% group, and 40% leisure. The following provides an overview of each segment.

### *Corporate Transient*

Corporate demand represents the largest segment. This market is primarily comprised of executives visiting their respective offices, traveling consultants and salesmen, and employees traveling to the local area for training purposes. The largest demand generators in this category are TD Bank, Idexx, Unum, National Semiconductor, and WriteExpress. The commercial individual traveler demand is characterized as follows:

- High degree of single occupancy;
- Average length of stay one to three days;
- Efficient check-in and check-out procedures required;
- Frequently books rooms via corporate travel agents;
- Desires high quality accommodations; and
- Requires proximity to place of business and accessibility to major transportation routes.

Within the two geographic submarkets, more senior executives stay downtown, which is considered more desirable and room rates are generally more expensive. There are no major events that are expected to dramatically impact corporate demand in the near future, and therefore we expect only moderate growth in the segment.

### *Group*

Group demand represents the smallest source of room nights in the competitive market, accounting for approximately 25% of total demand. Group demand in Portland is comprised of corporate groups, convention-related groups, business training sessions, state and regional associations, trade shows, tour groups, and SMERF (Social, Military, Educational, Religious, and Fraternal) groups. This segment can be characterized as follows:

- Discounted room rates required;
- Prefers being proximate to tourist destinations;
- Flexible meeting and banquet facilities often required;
- Quality on-site food and beverage service preferred; and
- Variety of room configurations required.

Portland has four primary hotels that cater to groups. These are the Marriott Sable Oaks, the Doubletree near the mall and the airport, the former Eastland Park (soon to be a Westin), and the Holiday Inn by the Bay. Due to the limited supply of function space in the market, some groups have reportedly been forced out of the area. The attractiveness of the destination to leisure travelers has helped to generate demand from tour groups and SMERF organizations. Demand growth in the group segment is expected to be moderate to low until the opening of the Westin.

#### *Leisure Transient*

Portland is a popular leisure destination during the warmer months. The major demand generators for the Greater Portland area include the Casco Bay Islands, the Old Port in downtown Portland, the Maine Mall, the Freeport Outlet Shops, and general weekend travel. Leisure traveler demand is strongest on weekends in the spring, summer, and fall months. This demand segment can be characterized as follows:

- High incidence of weekend occupancy;
- Average length of stay one to two nights;
- Highly seasonal; and
- A relatively high percentage of multiple occupancy.

Demand growth in the leisure segment has been very strong in recent years, as new hotel product in the downtown area complemented the development and marketing of the city as a culinary and arts center. During the warmer months, most of the leisure demand comes from New York and southern New England. In the shoulder and off-season months, lower rates attract leisure travelers from other parts of Maine and northern New England. There are no major attractions or developments planned that are likely to dramatically increase leisure demand in the near future. However, the civic center is being renovated and new restaurants, galleries, and breweries continue to open at a fast pace.

#### *Demand Conclusion*

Lodging demand in the Portland market is expected to continue to remain robust into the foreseeable future. Due to the strong seasonality of demand and limited function space, there appears to be significant unaccommodated demand in the group and leisure segments. Corporate demand is expected to experience slow growth in the absence of any major corporate relocations or expansions in the market. In 2012, lodging demand growth in the Portland region was approximately 1%. We expect similar growth in 2013. Most of the growth is expected to occur in the leisure segment during the shoulder and off-season periods.

#### **Average Rate**

##### *Transient Corporate*

Rate growth in the corporate segment is expected to be limited into the foreseeable future. The local companies remain price sensitive and have leverage during the shoulder and off-season months. With occupancy levels for the region below 60% on an annual basis, operators are not willing to give up demand during the winter months, when group and leisure demand are weakest. As a result, local negotiated rates will only increase between 1% and 3%.

##### *Group*

Growth in group rates will benefit from the reduction in supply that resulted from the closing of the Eastland Park Hotel. Following its re-opening as a Westin, the market will benefit, as the new product will dictate higher room rates. In 2013, we expect group rates to grow by 2% to 4%.

##### *Transient Leisure*

Rate growth in the leisure segment has been very strong in recent years, as new higher quality product in the downtown market has warranted higher room rates. In addition, capacity constraints due to the seasonality of demand have also helped operators achieve strong increases in this segment. Looking forward, we expect rate growth in this segment to be the strongest. Specifically, we project that rates in this segment will grow between 3% and 5%.

## Projections

We expect 2013 to be another good year for the Portland lodging market. Specifically, we expect occupancy to grow by approximately 1%, with average rates growing by 3% and REVPAR growth of ap-

proximately 4%. New supply is not expected to be an issue in the market until 2014, depending on what projects go forward and how quickly they are able to open. If all of the proposed projects open during 2014, an over-supply situation is likely to impact the higher rated properties in the market. ■



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Back Bay Fens,  
Boston

## From Boston to the Balkans: Olmsted's Emerald Legacy

Christina Luke

South of the Charles River winds the Emerald Necklace, a series of parks that connects several neighborhoods in the Boston area. The genius behind the system was journalist turned landscape architect Fredrick Law Olmsted, who was propelled to the national stage in 1858, after partnering with Calvert Vaux for the design of Central Park in New York City. He subsequently created some of the most prestigious parks in the United States, and influenced the design of recreational areas for generations. Today his vision affects not only Boston, but also defines cultural policy at an international level, constituting the precedent for an element of international tourism development in several regions, including the Balkans and Turkey.

### Time in the Wilderness

Olmsted was influenced by a variety of experiences, including his childhood in New England and

transatlantic trips to Europe, especially England. However, the inspiration for his vision of the Emerald Necklace came in large part from time spent in California.

In 1864, Olmsted was appointed chairman of the first board of commissioners of Yosemite, which is now widely recognized as one of the first public wilderness parks in the world. The following year, Olmsted prepared a report to Congress, in which he stressed that splendor is the “union of the deepest sublimity with the deepest beauty of nature, not in one feature or another, not in one part or one scene or another, not any landscape that can be framed by itself, but all around.”

What Olmsted perceived as the ‘natural’ landscapes of Yosemite were not entirely natural, but large tracts maintained by Native American groups. For Olmsted, the vast expanse of open fields complemented the narrower spaces, enhancing the depth of the viewer's perspective. It is this feature that he so

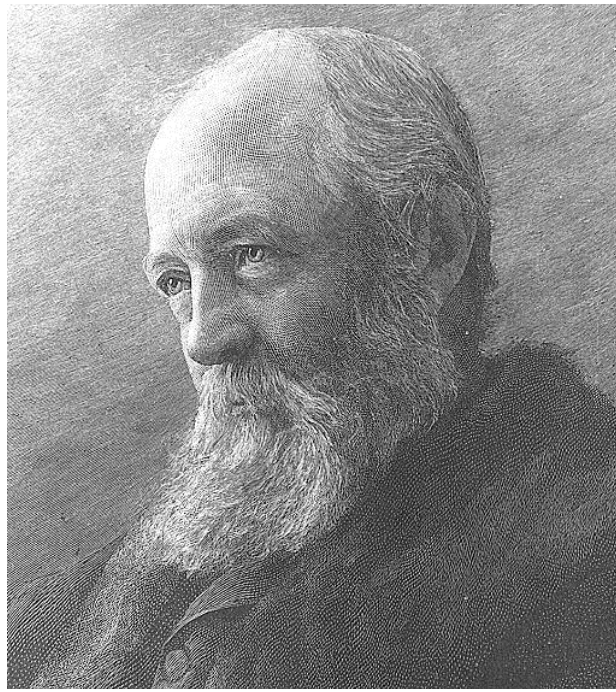
carefully integrated into his future designs.

Olmsted wrote the initial management plan for Yosemite. He outlined the major features of the park, argued for certain principles in design and conservation, and set forth guidelines for implementing tourism infrastructure within the park. His vision proved to have a significant impact on the development of Yosemite, and inspired supporters of the parks movement for generations. These included President Theodore Roosevelt, who was instrumental in establishing numerous national forests, parks, and monuments. For Olmsted, national parks were to be “a duty of dignity and be committed only to a sovereign state,” a steadfast promise that the United States has continued to uphold.

### A Vision for Boston

Olmsted was engaged by the Boston Park Commission in 1878. His challenge was to improve the ecological health of the saltwater marsh where the Charles River connected to Back Bay, and to create an efficient and effective water management system for the Stony Brook and Muddy Rivers. Olmsted also wanted to create an aesthetically pleasing park that would evoke the cultural landscapes of rural areas, especially farmlands and green pastures, and create a sense of tranquility that would complement the architecture of nearby buildings.

The result was a network of nine interconnected

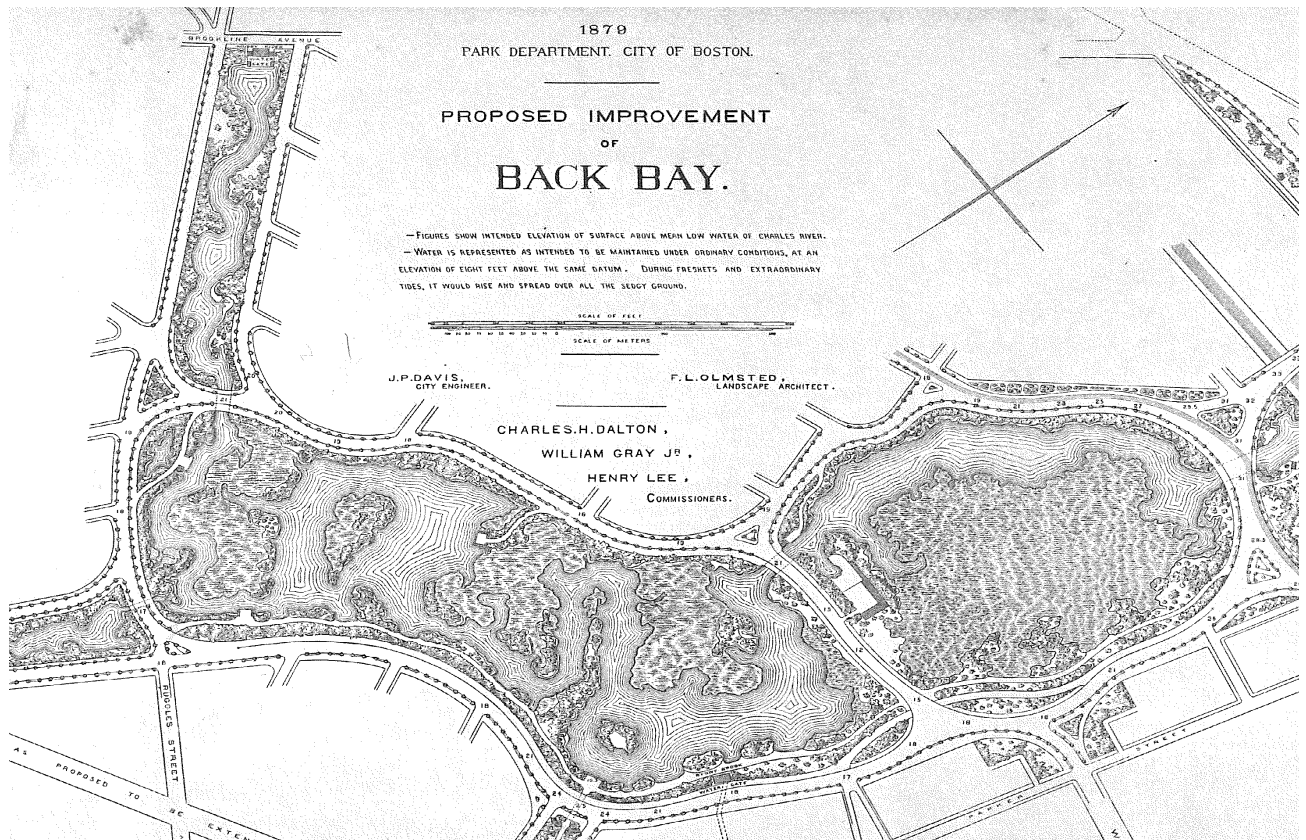


Frederick  
Law Olmsted  
(1893)

parks and waterways, many of which were created anew, covering more than 1,000 acres. Today, the Emerald Necklace is one of the last remaining intact linear parks designed by Olmsted. Its intended functionality is largely unknown to the public, even to those who enjoy it on a daily basis. The system offers a respite from urban life by providing venues for a morning run, an afternoon sail, or a Sunday stroll.



Yosemite  
National Park



Olmsted plan for the Back Bay Fens, Boston (1879)

### From Scenic to Cultural

The Olmsted plan for Boston not only addressed environmental needs, but also incorporated a progressive social mission. It was intended to create a scenic route that would link the wealthy residents of Beacon Hill and Brookline with the working class residents of Dorchester and Roxbury, both

geographically and symbolically. This was hugely influential at the time and subsequently influenced generations of landscape architects, urban planners, and environmentalists.

The Emerald Necklace also served as a conceptual analogy for connecting other types of locations along a discernible path into an integrated whole. The scenic aspects of a greenway that connected separate parks became the inspiration for the designation of routes that connect separate tourism sites. This is evident in the wording chosen by the National Trust for Historic Preservation, which defines a cultural corridor as “a linear region linked together by similar cultural or heritage resources.”

### Cultural Corridors

The United Nations established its Educational, Scientific, and Cultural Organization (UNESCO) in 1946. Among the founding principles was a vision to preserve and make accessible places of importance to natural and cultural heritage. A variety of related initiatives have followed including the Man and Biosphere Program, the Convention Concerning the Protection of the World Cultural and Natural Heritage, Cultural Landscapes, the Global Compact Initiatives, the Global Partnerships for Conservation Initiative, the Natural Heritage Strategy, and

Somerset Hotel adjacent to the Back Bay Fens, Boston (1948)



the World Heritage and Sustainable Tourism program. These demonstrate the enduring global commitment to the preservation of natural and cultural landscapes.

Recent reports from these programs have called attention to the prestige conferred by World Heritage status, and provided a framework for initiatives to promote cultural heritage at regional and national levels through preservation and conservation. These reports have also called for an increased emphasis on heritage routes and cultural corridors.

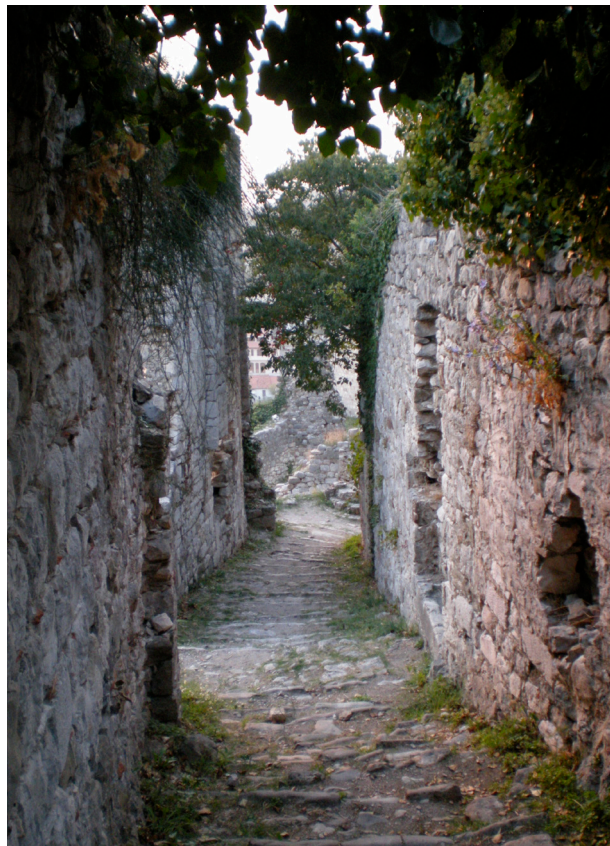
Cultural policy analysts envision seamless connectivity among natural and cultural heritage sites, for visitors moving across ethnic and religious boundaries, as well as national borders. Heritage policy is part of a larger agenda aimed at building democracy through civic spaces that embody acceptance and tolerance. It offers a focal point for negotiating cultural and natural heritage in the context of social connections, political hurdles, ethnic strife, economic development, and urban rehabilitation.

Cultural heritage has become an important element at the negotiating table for diplomats, development agencies, and investors in public-private partnerships. Of keen interest are historic properties that enhance infrastructure in the tourism sector, especially those that can be adapted for use as restaurants and hotels.

### The Balkans and Turkey

Cultural corridors are increasingly being viewed as strategic in many parts of the world, and are receiving emphasis in government planning documents such as the Turkish 2023 Tourism Strategy. Cross-border programs between Bulgaria and Turkey, and between Turkey and Armenia, show a firm policy that views heritage as *the* base point from which to collaborate on regional economic development. The Council of Europe has launched several programs in southeast Europe that attempt to integrate nature, culture, and people. These include the Emerald Network, the Regional Program on Cultural and Natural Heritage, and Cultural Corridors.

Other major players include the World Bank and the United States Agency for International Development, especially in the Sandzak and Novi Pazar regions of the Balkans, which encompass areas of Bosnia and Herzegovina, Montenegro, Serbia, and Kosovo. Smaller programs, such as the United States Ambassadors Fund for Cultural Preservation (AFCP) and the Turkish International Development



Stari Bar,  
Montenegro

Agency (TIKA) offer support for more specific projects.

A variety of agencies are supporting preservation projects along heritage corridors in Turkey, including initiatives focused on the synagogues of İzmir and Armenian heritage at Ani, both supported by the AFCP and the World Monuments Fund. Some are aligned with niche markets that cross boundaries under specific labels, such as the European Route of Jewish Heritage and the Routes of the Olive Tree, both supported by the Council of Europe. UNESCO has tentatively listed the Selcuk Caravanserais on the route from Denizli to Doğubeyazit as a World Heritage site, an indication that future sites are likely to cover broad geographic areas, rather than discrete monuments or sites. In fact, it is not only those places fully inscribed as World Heritage sites, but also those on the tentative

#### ABOUT THE RESEARCH

Sources for this article included *Yosemite and the Mariposa Grove: A Preliminary Report* by Frederick Law Olmsted (1865), several recent reports from the Council of Europe, documents available from the Ministry of Culture & Tourism in the Republic of Turkey, and the websites of organizations including the National Association for Olmsted Parks and the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

list that point to the strategic use of the UNESCO brand in promoting regional tourism in Turkey.

The World Monuments Fund has also supported work at the Çukur Han in Ankara, which helped set the stage for the first ‘museum hotel’ in Turkey, the luxury Divan Çukurhan. From the historic hotels of Palazzo Radomiri on the coast of Montenegro to the Pera Palace in the heart of Istanbul, investors are taking notice of the potential embedded in cultural tourism. Those at UNESCO and the Council of Europe are also taking notice of future opportunities for regional integration through cultural corridors.

### Full Circle

Fairsted, the Olmsted home and headquarters of his prestigious landscape architecture firm, re-

mains nestled near the Emerald Necklace in Brookline, Massachusetts. The relatively unimposing structure offers a contrast to his vast historical influence. The connectivity that Olmsted envisioned and implemented in Boston has since been echoed in green spaces and cultural corridors throughout the world. The Emerald Necklace is among the places where we can look to understand the importance not only of social and municipal engineering embedded in an aesthetically vibrant landscape, but also the contemporary cultural policies emanating from a variety of government agencies, including UNESCO and the Council of Europe. While the Olmsted name is rarely invoked in this regard, a close look at his work reveals a lasting legacy not only in the United States, but also on the global stage. ■

Temple of Artemis, Sardis



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## An Important Arrival: The Anatomy of a Vintage Advertisement

Bradford Hudson

The advertisement for American Airlines that is reproduced on the following pages appeared in national magazines in late 1957. It is a two-page centerfold color spread depicting a couple arriving at the Ritz-Carlton Hotel in Boston, after a flight on American Airlines.

The discussion below provides a deconstruction and analysis of its elements, considers the related evolution of the airline and hotel industries, offers a glimpse of advertising agencies during a formative period, and reflects on some related issues in marketing. This will hopefully appeal to scholars and enthusiasts of brand heritage, transportation history, advertising history, or travel ephemera.

### American Airlines

American Airlines was formed through a series of acquisitions of smaller aviation companies be-

tween 1929 and 1934. American quickly became the leading domestic airline, in terms of revenue passenger miles, and was listed on the New York Stock Exchange in 1939. American remained among the leading airlines over the following decades, ranking second in size by the end of the century, and arguably first in prestige among consumers and industry analysts.

This advertisement appeared at the dawn of the jet age. Most carriers were still using propeller aircraft exclusively, including American Airlines whose flagship was the DC-7 featured here. American would offer jet service on transcontinental routes starting in 1959, using the new Boeing 707 aircraft.

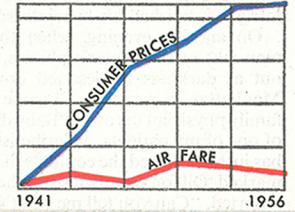
### Mercury Service

The headline “Sign of an important arrival – The Mercury emblem” refers to the travelers and their



**AIR TRAVEL IS AMERICA'S BEST BARGAIN**

Since 1941, the index of retail prices for other products has risen almost 85%, while the total increase in the cost of air transportation, despite constantly improving service, has been less than 4%.



*The Ritz-Carlton Hotel in Boston, world-famous for its distinguished hospitality*



LUXURY LEADER  
IN THE  
WORLD OF FLIGHT

# Sign of an important arrival-The Mercury emblem

Join the company of eminent and discerning passengers who make the Mercury label their own personal travel emblem. The deluxe accommodations on America's fastest airliner—the DC-7, the

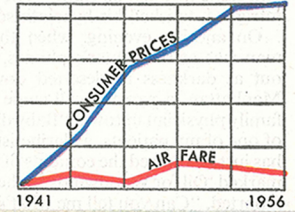
excellence of the menu, the thoughtful efficiency of service, are all evidence of the Mercury's sole right to the designation *luxury leader in the world of flight*. You fly the famous Mercury at no extra fare.





**AIR TRAVEL IS AMERICA'S BEST BARGAIN**

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# Sign of an important arrival-The **Mercury** emblem

Join the company of eminent and discerning passengers who make the Mercury label their own personal travel emblem. The deluxe accommodations on America's fastest airliner—the DC-7, the

excellence of the menu, the thoughtful efficiency of service, are all evidence of the Mercury's sole right to the designation *luxury leader in the world of flight*. You fly the famous Mercury at no extra fare.



luggage tag, which displays the subsidiary product brand and logo for the 'Mercury Service' offered by American Airlines.

The name was inspired by the Roman winged messenger god Mercury, and had been used to designate high-speed transcontinental travel since the introduction of the DC-3 aircraft in 1936. This service became non-stop with the introduction of the long-range DC-7 aircraft on the route from New York to Los Angeles in 1953.

Mercury Service was extended to ten other cities in 1957, including a non-stop route from Boston to Los Angeles. This advertisement was part of a themed series with different versions for each city. It was intended to reinforce the simpler and more factual announcements that had appeared immediately after the service extensions were introduced.

### Ritz-Carlton

The hotel depicted in the advertisement is the original Ritz-Carlton property in Boston, located at the corner of Arlington Street and Newbury Street. Opened in 1927, it was part of a chain of luxury hotels throughout Europe and the Americas, which was founded in association with the legendary hotelier César Ritz. Most of these hotels did not survive the Great Depression, and the Boston location was one of the few remaining properties by 1957. The hotel was known to generations of Bostonians simply as 'The Ritz' and was widely regarded as one of the best hotels in the United States.

The property was sold to Atlanta real estate developer William B. Johnson in 1983, who acquired the building to obtain the rights for the Ritz-Carlton brand, which he then extended to a new chain of lux-

ury hotels throughout the United States. The brand was subsequently sold in 1995 to Marriott Corporation, which is the current operator of almost every hotel using the Ritz-Carlton name worldwide.

This is not the current Ritz-Carlton property in Boston, which is located across Boston Common on Avery Street, and was opened in 2001. The original building depicted in this advertisement was purchased by the Tata Group in 2006, which is currently operating the property as a luxury hotel under the Taj brand.

### Pricing

The graph in the lower right corner of the advertisement provides a comparison of the change in airline ticket prices against the Consumer Price Index (CPI), during the period 1941 to 1956. The accompanying text notes that consumer prices increased much faster than airline prices during this period, but does not offer any conclusion about the relevance of this information for consumers. Presumably, the graph is presented as a form of evidence for a claim regarding the increasing affordability of air travel.

The same method of comparison can be used to extrapolate prices forward over the next half century, based on CPI data from the Bureau of Labor Statistics. As an example, a round-trip coach class ticket on American Airlines nonstop from New York to Los Angeles was advertised as low as \$198 in 1957. Using CPI data, we can calculate the equivalent value of this ticket at \$1,618 today. However, during a recent search of the American Airlines reservations website, a similar ticket was priced as low as \$324.

Prices in the hotel industry offer another point of comparison. As an example, a room night at the Ritz-Carlton Hotel in Boston was advertised in the American Hotel Association *Red Book* as low as \$9 per night for 1957. Using CPI data, we can calculate the equivalent value of this room at \$74 today. However, during a recent search of the reservations website for the current Ritz-Carlton in Boston, the least expensive room was priced at \$395.

Combining these calculations for the airline and hotel industries provides a stunning contrast. The airline ticket in 1957 was about five times as expensive as the airline ticket today. The reverse is true for the hotel industry. The hotel room today is more than five times as expensive as the room in 1957.

It must be acknowledged that such comparisons are based on single examples, and that the Consumer Price Index may not offer a perfect conversion rate for updating the prices of airline tickets or

### ABOUT THE RESEARCH

Primary sources for this article included numerous documents and ephemera in the personal collection of the author, including an original version of the advertisement depicted. Other primary sources included interviews with retired executives conducted by the author, historical databases for newspapers including *The Boston Globe* and *The New York Times*, and vintage copies of industry directories such as the *Hotel Red Book* and *Radio Annual*. Historical and comparison data about the Consumer Price Index was obtained from the Bureau of Labor Statistics at the United States Department of Labor. Current pricing for airline tickets and hotel rooms was obtained by the author from the reservations websites of American Airlines and Ritz-Carlton Hotels. Secondary sources for this article included *Eagle: The Story of American Airlines* by Robert Serling, several volumes from the *Almanacs of American Life* series published by Facts on File, and various other publications and websites.

hotel rooms. Furthermore, there have been several developments since the appearance of this advertisement that have caused seismic shifts in the airline and hotel industries. These include computerized reservations systems, variable pricing methods and revenue management, the deregulation of the airline industry in 1978, changes in the ownership structure of the hotel industry, and the rise of internet travel intermediaries.

Nonetheless, even if these specific conversions are not precise, they are valid in principle. The price of airline tickets has declined relative to other goods and services over the past half century, including hotels. From a consumer viewpoint, airline travel became more affordable during the decade prior to this advertisement and this trend has certainly continued since then. However, from a business viewpoint, it could be argued that airline executives have failed in maintaining their strategic position.

### Luxury

The couple depicted is fashionable and presumably wealthy. The woman is wearing large diamond earrings, while the bellman in the background is carrying her fur coat.

This advertisement is attempting to position American Airlines and the Ritz-Carlton Hotel as comparable products. The Ritz-Carlton in Boston was certainly a luxury hotel at the time, and the brand remains so today. As the hotel industry expanded over the next half century, and as product segmentation became more pronounced, the Ritz-Carlton brand maintained its prestige.

In contrast, the entire airline industry has lost its associations with luxury. Air travel was originally an expensive mode of transportation, reserved for small numbers of senior executives and affluent individuals, but this changed during subsequent decades. According to *Almanacs of American Life*, the number of airline passengers increased from about six thousand in 1926 to 12 million in 1946 to almost half a billion by the end of the century.

Underlying causes included improvements in the speed and comfort of aircraft, growing confidence about safety among consumers, an increase in disposable income, and the competitive effects of deregulation. The subsequent rise of discount airlines seriously undermined consumer associations between air travel and luxury, while wealthy travelers eventually abandoned commercial aviation entirely, after the introduction of fractional ownership systems for private jets.

### Co-Branding

This advertisement offers an early example of cooperative marketing between two separate companies, which formed an alliance to promote their brands together. The benefit for Ritz-Carlton becomes apparent if one considers its strategic position at the time. The hotel was built as part of an extended chain, but this was now defunct and the Boston property was independently operated. The owner could not afford such an extravagant promotion, and was undoubtedly delighted to have the advertisement funded by a marketing partner.

The benefit for American Airlines becomes apparent if one considers the changing nature of airlines, which were already in the process of transforming from luxury products to consumer commodities. American Airlines needed to differentiate itself from other airlines, while reinforcing prior associations with luxury that could support premium pricing. It wanted to share in the reflected glory of the Ritz-Carlton.

This advertisement includes visual signals of both aspects of the conflicted status of the airline industry at the time. The woman outfitted in furs, the elite status of the hotel, and wording in the text clearly indicate an appeal based on luxury. And yet, the chart comparing airline prices to CPI data acknowledges that ticket prices are dropping precipitously compared to other goods and services, implying a growing democratization of air travel.

### Lennen & Newell

The advertising firm for American Airlines during this campaign was Lennen & Newell. Although virtually unknown today, it was a leading agency with clients that included Colgate-Palmolive, Lorillard, and Nabisco.

The strategic approach, copywriting, and artwork for this advertisement were heavily influenced by Carruth L. 'Bill' Smith, who was the account executive for American Airlines at Lennen & Newell. Perhaps not coincidentally, he was also the brother of Cyrus R. 'C.R.' Smith, who served as president of the airline from 1934 to 1968.

This period represents a formative 'golden age' for agencies on Madison Avenue, during which the advertising profession entered popular culture. This is exemplified by numerous entertainment offerings in which advertising executives played prominent roles, including feature films such as *Lover Come Back* (1961) and television series such as *Bewitched* (starting in 1964).

More recently, this era has been featured in the retrospective television series *Mad Men*. Lennen & Newell reportedly served as one of the models for the fictitious Sterling & Cooper agency during development of the series. The methods and atmosphere portrayed in the program are not entirely misleading. Former employee Allan Hayes recently remarked that the agency “came closer to *Mad Men*’s ‘historical accuracy’ than any other place I ever saw.”

### Artwork and Copywriting

This advertisement was not considered important by art directors of the era, nor is it considered significant today by art connoisseurs or advertising historians. When asked recently for reactions to this advertisement, several former art directors were dismissive. One remarked that it “follows all the period conventions. Inoffensive, no factual substance, despite the silly graph, and loaded with the client’s good opinion of itself. In 1957, all us lowly artists really dreamed of doing [more innovative] work like Helmut Krone, Milton Glaser and, just a bit later,

George Lois.”

The latter refers to advertising art director George Lois, who would eventually be inducted into the Art Directors Hall of Fame and receive the Special Medal from the American Institute of Graphic Arts. Ironically, Lois worked briefly as art director for the American Airlines account at Lennen & Newell during 1957. Lois had a difficult relationship with the agency, the account executive, and the client. In an incident that is now legendary, Lois became so aggravated during a meeting with Smith that he overturned his desk and stormed out of the office, subsequently resigning a few days later. When asked recently to comment on the advertisement reproduced here, Lois disavowed any connection.

Nonetheless, this advertisement is particularly evocative of a distinct era in commercial illustration, and offers a superb example of a style of advertising that was common on Madison Avenue during the post-war period. It also remains a visually compelling and appealing image for certain audiences today, particularly those who have nostalgic views of bourgeois American culture during the 1950s. ■



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Langham Hotel,  
Boston  
(formerly the  
Federal Reserve  
Bank of Boston,  
1922-1977)

## The Historical Origins of Business Statistics and a Current Application in Lodging Forecasting

Barry A.N. Bloom

Academic journals often contain statistical information, and this is certainly true in the hospitality discipline. So it may be interesting for some readers to examine the nature of business statistics in general, review the contributions of a pioneer in the development of business statistics, and explain how some of these methods can be applied to the prediction of future performance in the lodging industry.

### Roger Babson

Roger W. Babson is remembered today primarily as the benefactor of Babson College in Wellesley, Massachusetts. Few may realize that he was a well-known investor in the early twentieth century and the founder of Babson's Statistical Organization, which served as a clearinghouse for information about investments and business conditions. After developing this firm and amassing a small fortune,

Babson turned his efforts to offering advice through many other channels. He served for more than a decade as a weekly columnist for the *Saturday Evening Post* and published nearly 50 books.

One of Babson's earliest and most renowned works, *Business Barometers for Anticipating Conditions*, was first published in 1909. Although written over a century ago, it expresses his vision of a world in which business statistics could chart a path to business success, and remains quite relevant today. In this book, he identified two general classes of business statistics, comparative statistics and fundamental statistics.

Babson defined 'comparative statistics' as those that are used in determining the current financial condition of a subject being reviewed and are useful for making buy, sell, or hold decisions for particular investment assets. In the case of the hospitality industry, this would be analysis based on standard financial statements (such as profit and loss state-

ments) and other internal performance measures generated by the business itself (such as occupancy percentage or average daily rate).

Babson had a mixed opinion of comparative statistics, which he believed only measured surface conditions. He argued that such statistics were worthless for determining the general course of the stock market and inappropriate for investors seeking to sell at a profit, and were only acceptable for buy and hold investors. He believed that if general market conditions remained stable, comparative statistics might be useful in forecasting rises and declines in the market, but noted that the markets are far too unstable for such statistics to be used in this manner.

Babson defined 'fundamental statistics' as those related to the broader underlying conditions of a subject being studied. These included statistics in categories such as new construction and real estate, labor conditions, money conditions, and manufacturing.

Babson viewed fundamental statistics in a much more positive light, believing these contextual factors were critical to the ultimate success of individual companies. The astute reader will recognize that, although some of these measures have changed over time due to the growth and decline in specific in-

dustries, these closely mirror the statistical categories used in the reporting of economic conditions today. His studies in this area represent perhaps his greatest contributions to the business community.

### Federal Reserve Bank of Boston

The Federal Reserve Bank of Boston (FRBB) is one of a dozen such institutions in the United States. It was established in 1916 and currently serves the First Federal Reserve District, an area that includes the six New England states of Connecticut (excluding Fairfield County), Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont.

The stated goal of the FRBB is to promote economic growth and stability. Due to its unique focus on New England, it publishes a wealth of statistical information regarding the financial health of the region. Its "Summary of National Economic Data" is based on information collected from a variety of federal agencies and updated almost daily. This offers a particularly interesting point of comparison to the fundamental statistical categories defined by Babson a century ago, as demonstrated in Exhibit 1.

In addition to national data series, the Federal Reserve also publishes regional statistics that are even more closely aligned with the statistics pre-

Roger W. Babson





## EXHIBIT 1

### Comparison of Statistical Categories

Business Barometers for Anticipating Conditions Roger W. Babson 1909	"Summary of National Economic Data" Federal Reserve Bank of Boston 2012
New Construction and Real Estate	New Residential Construction Home Sales Construction Put in Place FHFA House Price Index S&P/Case-Shiller HPI
Bank Clearings and Check Transactions	
Business Failures	
Labor Conditions	Employment Situation Unemployment Insurance Employment Cost Index Productivity and Costs Hourly Earnings
Money Conditions	Wages and Prices Personal Consumption Expenditures Producer Price Index Personal Income
Foreign Trade	
Gold Movements and Money Rates	Exchange & Interest Rates
Commodity Prices	Oil and Commodity Prices
Investment Statistics	
Manufactures (sic)	Retail Sales Auto and Truck Sales Manufacturer's Shipments & Durable Goods Orders Manufacturing & Trade ISM Manufacturing ISM Non-Manufacturing
Railroad and Industrial Profits	
Social and Religious Factors	Consumer Sentiment

ferred by Babson. These include additional categories such as business and consumer bankruptcy filings, merchandise exports, and state tax collections.

#### Application to Forecasting in the Lodging Industry

Previous work by hospitality industry practitioners has identified and formalized a long-known relationship between Gross Domestic Product (GDP) and hotel room demand. Hospitality industry researchers have also studied the impact of macroeconomic variables on hospitality stock returns. As an example, Jeong-Gil Choi conducted an extensive study in 2003 regarding forecasting for the hotel industry. This attempted to develop a system that would identify early signals of recession or recovery based on 32 economic indicators.

The following analysis provides an example of how the system of business statistics pioneered by Roger Babson can be used to forecast the perfor-

mance of lodging markets, in this case for the New England region. My study takes a different approach than typical academic articles, because it is designed to be understood and replicated by practitioners, as well as academics. It is also the first study to utilize data on a state-by-state basis.

Three scenarios were prepared for each of the six states in New England – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont – in addition to the entire New England region and the United States as a whole. Regression analysis was performed to determine if 'revenue per available room' or REVPAR could be predicted using simple business statistics.

REVPAR is the most common performance metric in the hotel industry and may be calculated in two different ways. First, revenue from overnight guest rooms is divided by the number of rooms available during a given period. Available rooms are considered to be all guest rooms physically located

## ABOUT THE RESEARCH

Primary sources for this article included publications by Roger W. Babson, such as *Business Barometers for Anticipating Conditions* (1909) and *Business Fundamentals: How to Become a Successful Business Man* (1923). Data were obtained from Smith Travel Research, and from the websites of the Federal Reserve Bank of Boston and the Bureau of Economic Analysis at the United States Department of Commerce. Regression analysis was conducted using PASW Statistics 18 (formerly SPSS Statistics). Secondary sources included a variety of academic journal articles and the website of Babson College.

within the hotel, including those that are temporarily unavailable for sale due to being out of service or under renovation. Second, the occupancy percentage of a hotel can be multiplied by the average daily rate of the hotel during a given period.

For those whose statistical knowledge may be a little rusty, regression utilizes an association between two variables to predict the value of one of the variables, which is called the dependent variable. In this manner, we can predict the outcome of a dependent variable from any number of regressor, or independent, variables. This may include linear regression for one independent variable along a line, or multiple regression for several independent variables within a multi-dimensional plane.

Simple data easily obtainable from public

sources were utilized in this study. For all scenarios, REVPAR data was obtained from Smith Travel Research for the period 2001 to 2012 for the entire United States and each of the six states that comprise the New England region. The independent variables were 'lagged' by one year in order to determine how they impacted REVPAR in the following year. Lagging, or autoregressive regression, is a technique whereby data from a prior period is used to make predictions for a dependent variable in a future period.

For the first scenario, Gross Domestic Product (GDP) for the United States, New England, and each of the six states that comprise the New England region were obtained from the Bureau of Economic Analysis (BEA). For the second scenario, the Consumer Price Index (CPI) for the Boston area and the United States were obtained from the FRBB. For the third scenario, GDP data from the BEA was utilized along with Total Employment Data obtained from the FRBB for the United States and each of the six states that comprise the New England region.

As previously mentioned, there has been a noted relationship between GDP and hotel demand. However, this relationship does not address supply which, when taken together with demand, might

## EXHIBIT 2

Regression of Single Economic Factor and REVPAR for 2001 to 2011

State/Region	Factor	R <sup>2</sup>	Statistical Significance	Factor	R <sup>2</sup>	Statistical Significance
Connecticut	State GDP	0.01	.737	Boston CPI	0.00	.855
Massachusetts	State GDP	0.61	.005***	Boston CPI	0.61	.005***
Rhode Island	State GDP	0.34	.061	Boston CPI	0.39	.040**
Maine	State GDP	0.68	.002***	Boston CPI	0.70	.001***
New Hampshire	State GDP	0.37	.049**	Boston CPI	0.36	.053
Vermont	State GDP	0.60	.005***	Boston CPI	0.67	.002***
New England	Region GDP	0.51	.013**	Boston CPI	0.51	.014**
United States	US CPI	0.53	.011**	US CPI	0.47	.020**

REVPAR Data Source: Smith Travel Research, Inc.

Economic Factor Data Source: Federal Reserve Bank of Boston and Bureau of Economic Analysis

\*\* p < .05

\*\*\*p < .01

### EXHIBIT 3

Regression of Single Economic Factor, Total Employment, and REVPAR for 2001 to 2011

State/Region	Factors	R <sup>2</sup>	Statistical Significance	Factors	R <sup>2</sup>	Statistical Significance
Connecticut	GDP + Total Employment	0.20	.401	CPI + Total Employment	0.22	.362
Massachusetts	GDP + Total Employment	0.69	.009***	CPI + Total Employment	0.76	.004***
Rhode Island	GDP + Total Employment	0.58	.032**	CPI + Total Employment	0.56	.037**
Maine	GDP + Total Employment	0.69	.010***	CPI + Total Employment	0.72	.007***
New Hampshire	GDP + Total Employment	0.38	.148	CPI + Total Employment	0.38	.151
Vermont	GDP + Total Employment	0.72	.007***	CPI + Total Employment	0.75	.005***
New England	GDP + Total Employment	0.58	.032**	CPI + Total Employment	0.62	.021**
United States	GDP + Total Employment	0.71	.007***	CPI + Total Employment	0.73	.005***

REVPAR Data Source: Smith Travel Research, Inc.

Economic Factor Data Source: Federal Reserve Bank of Boston and Bureau of Economic Analysis

\*\* p < .05

\*\*\*p < .01

provide insight into the cost of hotel rooms as expressed by the average daily rate (ADR). In order to address this, we have utilized REVPAR as the dependent variable and run two regressions using GDP and CPI as separate independent variables. The results are shown in Exhibit 2.

These results indicate significant similarity between the use of GDP and CPI as predictors of REVPAR from 2001 to 2011. This is not particularly surprising given the close relationship between these two economic indices. The explanatory power of these relationships is quite high, with GDP or CPI explaining over 50% of the variance in REVPAR for Massachusetts, Maine, Vermont, the New England region combined, and the United States as a whole.

Perhaps the most interesting findings in Exhibit 2 are the comparatively low relationships between REVPAR in Connecticut, New Hampshire, and Rhode Island versus their state GDPs. One could hypothesize this is due partly to the interwoven relationship between these states and their neighboring states, Massachusetts and New York, whereby the drivers of their economies may not be fully reflected in their own state data.

In an effort to make the model more robust, meaning to enhance its predictive ability, an additional regressor was added. In multiple regression models, care must be taken to ensure that the variables are not highly correlated with each other. Several other additional economic variables were tested, and Total Employment for each geographical area was identified as an appropriate variable. The results are shown in Exhibit 3.

It should be noted that the explanatory value ( $R^2$ ) increased significantly by the addition of Total Employment to the model. Interestingly, while GDP was the better predictor in the single-variable linear regression model, the combination of CPI and Total Employment is a better predictor when Total Employment is added. In the same manner, additional variables could be added to the model to make it even more robust in predictive value. The output from these regression models provides us with an equation that can be used for future predictions.

As an example, consider the regression analysis for Massachusetts. The model with the highest explanatory value as measured by  $R^2$  (CPI + Massachusetts Total Employment) could be used to pre-

dict REVPAR for Massachusetts using the derived calculation  $REVPAR = -240.76 + .491*(Boston\ CPI) + .065*(Massachusetts\ Total\ Employment)$ . The CPI and Total Employment statistics at the end of a given year would be entered into the model to predict REVPAR for Massachusetts for the following year. A model such as this is not expected to be completely accurate, as it only explains 75.6% of the variance. However, it might be a very good starting place in terms of a forecast, particularly a multi-year forecast based on economic data provided by outside agencies. A likely application at the property level might be to check an assumption of REVPAR growth being prepared as part of the annual budget process.

## Conclusion

This article has provided some background about the history and importance of business statistics in the New England region, and identified potential uses for the data in analyzing and predicting future results for the lodging industry overall, as well as for specific applications. It has also explained a simple application of business statistics that derives from work originally conceived over a century ago, which is still useful today. Simple business statistics can be utilized by hotel operators as an additional tool for budgeting and forecasting. ■



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## Building Hotel Revenues through Tourism

John D. Murtha

When evaluating ways to maximize revenues, hotel executives should consider supporting the efforts of local destination marketing organizations (DMOs). Helping to build and sustain travel to a city or region can benefit individual hotels, by combining resources and energy on marketing tactics that would otherwise be too ambitious or costly for a single property to pursue on its own. The market in Boston and adjacent Cambridge offers an interesting case study for understanding the interaction of hotels and DMOs.

### A Shared Vision

Boston hosted the Democratic National Convention (DNC), an important political meeting and a major convention with international media coverage, in 2004. For the city to attract and book such a large event, approximately 12,000 rooms needed to be assembled as a block. At the time, this required almost every hotel in the Greater Boston area to commit at least 40% of its inventory to this one

convention. Such an effort required a shared vision among hotel executives who would ordinarily be competitors.

The vision was also shared by executives of the visitor industry, including Patrick Moscaritolo, President and Chief Executive Officer of the Greater Boston Convention & Visitors Bureau (GBCVB). He recently observed that “our hotel general managers made things feasible by committing large room blocks, even though it was not in their immediate financial interest. They saw the bigger picture, understood the payback we would get by hosting the DNC, and chose to set aside short-term interests for the long-term interests of our visitor industry.”

### Priming the Pump

Political leaders, including United States Senator Ted Kennedy and Boston Mayor Tom Menino, were also actively involved in generating support from the local hotel industry. They argued that a successful event would not only benefit hotel oc-

cupancies immediately, but also provide an experience to visitors that would enhance the reputation of Boston for major conventions that could follow.

Even on a daily basis, hoteliers have the opportunity to invest in such experiences. Indeed, the importance of having potential buyers and media representatives visit a destination personally cannot be overemphasized. Hotels play an important role in DMO efforts by providing complimentary rooms, meals, and other services that enable site inspections and familiarization trips for people who could endorse the destination to those making travel decisions.

### Cooperative Marketing

Full-page color advertisements in major magazines or online banners on popular websites are often too costly for a single hotel to purchase, and printed publications can be expensive to distribute. However, if several hotels in the same destination share costs, they can reach target audiences far beyond their normal means.

Robyn Culbertson, Executive Director of the Cambridge Office for Tourism (COT), agrees. Reflecting on a campaign launched during the travel crisis following the 9-11 attacks in 2001, she recalls that “eleven of the city’s hotels came together to fund a two-page advertorial spread that ran in several regional newspapers. The ad promoted Cambridge as a drive-to destination, at a time when air travel wasn’t popular. This was a highly successful

campaign with measurable results for our city’s hotels.”

DMOs and industry associations often produce collateral materials to promote their destination and members, using no-cost listings or optional advertising at reasonable prices. As an example, the Massachusetts Lodging Association (MLA) publishes the *Where to Stay* magazine, which contains information on all of its 400-plus members and is distributed through various partner groups, such as the Massachusetts Office of Travel and Tourism. Paul Sacco, President and Chief Executive Officer of the MLA, suggests that the publication “continues to increase in popularity and distribution on a domestic and international basis. This is primarily due to the lack of print and other collateral material currently available.”

It is easy for convention and visitor bureaus to design and implement cooperative marketing programs to lure travelers to their areas. What they cannot do on their own is provide the products and pricing that form the content of such marketing efforts. This is where individual hotels, restaurants, attractions, and other segments of the visitor industry intercede with special offers, seasonal promotions, in-kind donations, and modest advertising expenditures.

### Political Initiatives

Occupancy taxes generated from hotel stays are often used to support DMOs. In Cambridge, ap-

Democratic  
National  
Convention,  
Boston, 2004





Boston Convention and Exhibition Center

proximately 50% of the city's share of occupancy tax revenue goes directly to fund the COT. Hotels do not pay membership fees, but derive benefits from its promotional efforts.

In Boston, the GBCVB is funded through a combination of membership dues and grants from the Massachusetts state government via its 'Tourism Fund.' This mechanism was enacted in 1992, at the suggestion of local hoteliers and other members of the visitor industry, to ensure that a large share of occupancy tax collections would be available to fund various DMO marketing efforts.

Political action committees are also a proven way of influencing legislators to enact laws and regulations that improve the business climate for the lodging industry. The MLA-PAC gathers donations from MLA members to support lobbying efforts and make contributions to candidates who understand tourism and its impact on the Massachusetts economy.

### Development as Catalyst

Hotels can work with DMOs to transform cities into more attractive destinations, thereby creating new customers. Building new hotels alongside demand generators such as convention centers allows developers to synchronize supply and demand. Today, this is the aim of the Massachusetts Convention Center Authority, which hopes to build another hotel alongside the existing Westin at the Boston

Convention and Exhibition Center (BCEC) in South Boston. The plans include expanding the BCEC simultaneously, to increase convention business in Boston and provide demand for the new hotel.

Hotels may also play an important role in creating demand for formerly depressed urban areas. Over the past decade, tourism has grown in several cities as a result of new hotel construction or the renovation of historic buildings into hotels, some with residential components. The infamous 'Combat Zone' in downtown Boston was completely revitalized by a new Ritz-Carlton hotel and condominium project a decade ago.

Larry Meehan, former Director of Tourism for the GBCVB, once observed that if "you convince hoteliers that they've come to the right place and that there's money to be made, the results are a stronger city. Pedestrian activity increases, people take ownership of the streets, and that kind of motion revitalizes the urban fabric. That's a good thing for everyone, including the hotels."

Of course, development needs to be controlled, so that the attractiveness of a destination is not damaged by over-building or by allowing projects that are inconsistent with visitor needs or expectations. As travel researcher Stanley Plog once observed, every destination has target audiences and a lifecycle that must be understood and respected, in order for tourism to expand and hotels to maximize revenues continually. ■

Ritz-Carlton  
Hotel, Boston



### ACTION STEPS

- If you are not already a member, join your city, state and/or regional lodging associations, as well as the American Hotel & Lodging Association. This is where you will find amenable competitors who could become potential partners for cooperative marketing efforts.
- Have your property become a member of the local convention and visitors bureau (CVB), and join any regional tourism councils. Identify organizations in your area by visiting [www.destinationmarketing.org](http://www.destinationmarketing.org)
- Obtain the strategic plans of city, regional, and state destination marketing organizations in your area, to learn more about efforts already underway to promote your destination. Evaluate how you can support these activities, especially by hosting site visits or familiarization trips.
- Ask your CVB to provide its calendar of upcoming tourism events and promotions, and a list of convention groups that are coming to your destination. These will highlight direct sales opportunities for your hotel.
- Be willing to organize, sponsor, or host events that are designed to showcase your destination, not just your own property.
- Take the initiative to develop relationships with local, regional, and state officials who influence tourism legislation and promotional spending. Be sure they know you are willing to help.



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## Revisiting the Glass Ceiling: Career Progression for Women in the Hotel Industry

Zoe Ho

The hospitality industry has no shortage of women entering the business, but senior management positions seem to be dominated by men, especially general managers at major hotel properties. Although the proportions have probably improved over time, two academic studies by Robert Woods and his colleagues a decade ago indicated that fewer than ten percent of hotel general managers were women. Such disparity is apparent in many hospitality classrooms today, where most of the students are female, but most of the senior industry executives who serve as guest speakers are male.

The next generation of female managers may have a very different experience, but if the current conditions remain unchanged, then we should expect similar results. This suggests a need to examine

more deeply the underlying dynamics of career progression for female hotel managers, and to explore the reasons for the continued imbalance. If so many women enter the industry, then where along the way do they disappear, and why do they decide to leave the industry?

To offer some insight on this topic, a project has been launched to conduct extended interviews of numerous female hotel executives. The purpose is to discover how successful women achieve their senior-level positions, how they balance their work and family life, and what career advice they can offer to future hospitality leaders. The results may help students learn from successful female hoteliers and perhaps increase their commitment to longevity in hotel careers. The following are representative ex-

## ABOUT THE RESEARCH

This paper reports the preliminary results of an ongoing research project about the attitudes of female hotel managers toward their career progression. The qualitative methodology involves extended interviews of female hotel executives conducted in person by the author, using five identical semi-structured questions. The first set of interview subjects included female hotel managers in senior management positions from different hotel companies and different departments in the Boston area. Subsequent analysis included grounded theory, content analysis, and interpretation to identify commonalities and underlying themes. The specific quotes in this paper were selected based partly on the willingness of the interview subjects to be identified and profiled publicly.

cerpts from a few of the early interviews of executives in Boston, related in their own words, which provide some understanding about the attitudes of such women toward their professional environment.

### A Demanding Industry

Hotels never close. This aspect of the industry creates difficulties that managers in many other fields do not face. Cate Farmer, the General Manager of the Ames Hotel in Boston, observed that “the industry is outside the norm of nine-to-five jobs. When I get up in the middle of the night to go into the hotel, it’s not unusual.”

Stephanie Cahill, the Director of Security for the Four Seasons Hotel in Boston, had similar reactions. She remarked: “I have a Blackberry with me 24 hours a day. When I go on vacation, it’s on me. If there’s an emergency, if there’s an email, I’m checking it.”

This becomes even more complicated for anyone with children. Silvia O’Connell, the Director of Revenue for the Colonnade Hotel in Boston, reflected on this. She observed: “There are other positions in any hotel where, at my management level, you still have to work nights and weekends. Colleagues who have children must coordinate and plan their days in much more detail, to be able to keep their jobs and spend enough time with their families. I think once you have children, it’s much harder to do.”

Another executive who was interviewed, but preferred to remain anonymous for this article, is a department head for a Boston hotel. She suggested that “the majority of the people, more than half of hotel staff members, are single and younger. Once you start having children, you don’t want to work 12 hours a day, but in this industry you are required to.” She argued there is a direct relationship between the

demanding nature of hotel work and the departure of people from the industry.

### Personal Choices

Hospitality graduates entering the industry are typically young, single, flexible about scheduling, and easy to relocate. As they grow older, they tend to become more settled in their lifestyles, career paths, and geographic preferences. They also often get married and have children.

Balancing work and family becomes a major challenge for women in particular, because of the perpetuation of traditional gender roles. Women still often serve as the primary caregivers for families, despite their expanded activities outside the home. Many of those interviewed indicated that their careers reached a point where they were forced to decide between a family and career advancement. Farmer, who is also a wife and mother, tended to agree with this assessment. She suggested: “I think as women struggle to make decisions, they feel they must make a choice between having a family and having a career.”

Amy Finsilver, the General Manager of the XV Beacon Hotel in Boston, observed that “women do have families, and it’s hard to manage children while you’re having a full-time career.” She has noticed that some female friends in high-level positions have chosen to work part-time or decided to stay home entirely after having children.

Even though participants in the study found themselves struggling to balance work and family, they were still enthusiastic about the hotel industry. Finsilver shared that she is “constantly thinking of the hotel and constantly with the operation. I’ve had relationships sacrificed because of it. That’s my choice and this is where I’m happiest.”

Along the same lines, Farmer observed: “For me, I love what I do and I’m passionate about it. Generally speaking, it’s not difficult to get into the business. And how the business continues to enhance and develop talent is the same regardless of your gender. But life choices play into the reasons that women don’t continue, and it isn’t necessarily the decision of a company or the business, but rather the personal decisions of the individual.”

Michelle Dion, the Director of Housekeeping at the Sheraton Boston, the largest hotel in New England, suggested that not every female hotel manager aspires to lead an organization. She observed that “some are happy where they’re at, because they feel they have more flexibility to balance their lives, to not have to be at work 24 hours a day.”

## Support Systems

Every participant in the study has been in the hotel industry for more than ten years. They have become accomplished in senior management roles, and yet still struggle occasionally to balance their work and personal lives. Often this requires developing creative solutions and coping strategies for managing their dual status, including relying on subordinates and family members.

The executive who preferred to remain anonymous is a single mother. She did not take her daughter to any activities after school because of her extended working hours, and instead relied on her own parents to do this as grandparents. She lamented: “In American culture, the mother is the one who’s picking the kids up after school, taking them to soccer, all of those things that you do after school. So the work-family balance is a huge struggle. For single moms, it’s different, there are more challenges. If I didn’t have my parents, I wouldn’t have this job.”

Farmer has a family that understands the industry and supports her. She suggested that “you juggle the priorities in your life and you have to build a really strong system of support around you.”

Cahill, who is married with two children, also stressed the importance of family support, including a helpful spouse. She remarked: “He is always there to pick up some of the pieces and some of the slack that I’m not able to. I don’t think I’d be able to do it on my own. I don’t think I would do it very successfully.”

Due to the extended hours in the industry, regular daycare is often not available for hotel employees. Cahill and her husband opted to have a nanny at home to care for their children. She observed: “I am at work pretty early, by 7:15 a.m., and a lot of day care facilities aren’t open at that hour. So having a nanny come to our house and stay with our kids, and having the flexibility of calling and saying ‘I’m not going to be out of work on time today’ is really helpful.”

Cahill has also built a well-trained management group, upon which she depends. She remarked: “I have an amazing team that can pretty much run the show if I’m not here, but it took a while to get to this point.”

After her promotion to a department head position about two years ago, Dion received more calls from work when she was at home. Her solution was to train her team to know what she expected if problems arose. She stated: “I make sure that all the folks who work for me, or with me, are aware of what I

would do. I think if you build your team around you, and they know what your expectations are, it helps. They are a very important part of helping me balance my work and life.”

## Capabilities of Women and Men

All participants in the study believed that their own hotels promote managers based on objective qualifications, rather than factors such as gender. Finsilver remarked: “I don’t discriminate whether you’re male or female. I find that whoever works the hardest, or is the most creative or the most diligent, those are the people that I will look to promote.”

Cahill also shared a similar viewpoint. She argued: “Positions are given based upon quality of work, based upon accreditations, things of that nature. I think personally it doesn’t matter if you’re a female or you’re a male. I think as long as you give it your all, and you strive to be the best in whatever you do, then you will succeed.”

Dion emphasized that there is no difference in the capabilities of men and women. She shared: “It’s all who the individual is. There are some amazing female managers, there are some amazing male managers. I don’t think it’s gender. I really think it’s individualized and based on what you put into it.”

O’Connell echoed these comments. She remarked: “I don’t think the possibilities to advance have anything to do with male-female intelligence, or gender in general. It is the same for everybody. Everybody has to work hard. I think what it boils down to eventually is, are you willing and able to relocate, and to work the hours that are required in the job.”

## The Future

Based on the preliminary findings in this study, women seem to have no problem entering the industry at the beginning of a career. However, they may be more likely than men to leave the industry as they age, especially if they have families. The reasons for this may not relate to the classic ‘glass ceiling’ effect attributable to gender discrimination. Some of the executives observed that colleagues have chosen not to advance, so they can have more flexibility in balancing the professional and personal aspects of their lives. The result of such choices across a wide number of managers would be a smaller pool of female candidates seeking promotion, and in turn fewer women in senior management positions, even though opportunities have become more equalized.

Nonetheless, it does raise the question of wheth-

er such preference is merely an accommodation to the realities of lingering gender roles within the family unit. For those female hotel managers who do choose to pursue both professional and maternal roles, it is important for family members to understand the unrelenting nature of the hotel industry and for hotel management teams to be supportive.

Finsilver concluded her interview on an opti-

mistic note, indicating that she expects to see more female managers reaching top positions in the future. Farmer echoed this: “I think women are different generationally. There will be more women general managers in the next decade. There are more today than there were fifteen years ago. Every decade changes the way women look at their careers and the notion of balance around family.” ■



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