



Building Hotel Revenues through Tourism

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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
- 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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