

Optimistic forecast bodes well for hotel sales pros

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Story Highlights

A new forecast from PKF-HR revises upward its RevPAR projections for year end.

According to the U.S. Bureau of Labor Statistics, the highest level of unemployment is among Americans with "limited education."

U.S. corporations are cash-rich and can afford to commit to business travel and new meetings and events.

We've been inundated with so much media economic gloom and doom of late—exacerbated by recent extensive coverage of the citizen demonstrations in Washington, D.C., and on Wall Street—it's no wonder hotel sales professionals might be guilty of a self-imposed "business solicitation paralysis."

Well, if ever those hotel sales pros needed some new motivation to reenergize their proactive pursuits for new corporate travel, meetings and event business, a recent report from [PKF Hospitality Research](#) should help.

PKF-HR paints a very optimistic picture for U.S. hotels by end of year. The report refutes the concerns within our industry that the apparent stalling of the U.S. economy will lead to a slowdown in travel—and consequently, corporate meetings and events.

The research firm revised its previous forecast for 2011, which predicted a 6.9% increase in revenue per available room by year end. The more optimistic projection has RevPAR increasing to 7.2%, fueled primarily by rate gains.



The optimism laid forth in the report was mirrored by other experts in the industry, such as STR (the parent company of HotelNewsNow.com), which has reported:

- Demand for July was higher than any previous month ever.
- Demand for August was the third best ever recorded.
- Absolute demand continues at a record-setting pace.
- Overall, U.S. annualized demand has never been higher.

There's plenty of optimism on the meetings and events side as well:

"We see a 10-year high for meetings planned, 4% higher than 2001 year on year," said Brian Stevens, founding president and CEO of ConferenceDirect, a meeting services company booking more than 2 million group room nights a year.

A bold statement on U.S. unemployment's impact on hotel travel

PKF-HR's report made an interesting observation about the U.S.'s stalled unemployment rate of 9.1% and its impact on hotel travel:

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"The unemployment rate among educated workers who make up a large share of the traveling public is less than 5%."

The highest level of unemployment, according to the U.S. Bureau of Labor Statistics, is among Americans with "limited education"—those not likely to use hotels when traveling.

Read more from PKF-HR about how levels of education impact travel in "[5 reasons why hotels will outgain the economy.](#)"

High unemployment no longer an excuse for lack of roomnight production

Armed with this new information, hotel sales pros should no longer use high unemployment as an excuse for why they can't book more individual travel and meeting and event business from U.S. corporations.

The PKF-HR report also reminds us that while unemployment stands at 9.1%, that means approximately 91% of the labor force have jobs. Additionally, employed workers are receiving real wage increases.

And, most interesting of all—and most relevant to the point I'm making here—the report finds:

- Total real personal income already has recovered and surpassed its historical peak.
- Moreover, "corporate profits keep soaring to new highs which add layers of confidence for spending on business travel."

Cash rich companies

A Federal Reserve chart shows a very steady growth in U.S. corporate profits dating back to the first quarter of 2009.

The question begs asking: Is high unemployment and uncertainty over the economy causing U.S. corporations to be tentative about the if, where and how to spend it?

Far be it for me to play the role of economist, but I do believe companies should be investing now more than ever in business travel and most assuredly in planning and booking more corporate meetings and events.

Here's some new grist for the mill:

"Companies should invest in the U.S.," said Jeffrey Immelt, chairman and CEO of General Electric and President Obama's appointed "Jobs Czar."

Appearing on CBS "60 Minutes," Immelt said, "(The U.S. is) still the world's biggest economy. If companies are going to sit on cash, they're going to lose because only the people that are going to invest their way through this crisis are going to win."

GMs, sales directors and sales teams take note: Use this new, positive information as sound bites and talking points in your dialogue with a reenergized proactive pursuit of both travel and corporate meetings and events business. Give testimony to companies that have already "seen the light" and are committed, with positive results to show, to making the investment.

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