

**Biting The Hand That Feeds You?, By The Numbers, Shortage of Hotel Rooms,
There is No Free Lunch, Iron Laws of Business Travel, Happy New Year.**

By Stanley Turkel, MHS, ISHC

1. Biting the hand that feeds you? In 2006, most major hotel companies reclassified the points required for free rooms in their frequent user programs. Call it category creep. Some companies like Hyatt and Starwood are adding a new award redemption category that requires more points for free nights. Hilton reclassified about a third of its hotels placing roughly 800 of them in higher categories in its Hilton HHonors loyalty program and just 100 in lower categories. No wonder frequent travelers consider this as a price increase in disguise. The hotel companies say their new categories reflect rising hotel rates and new features or amenities. For loyal guests who are paying higher rates at chains where they book regularly to earn points, the result is a devaluation of all the points they have been accumulating.

2. By the Numbers.

Americans drank 23.2 gallons of bottled water per person in 2004, up from 2.7 gallon in 1980.

We consumed more than twice as much high fructose corn syrup per person as in 1980 and remained the fattest inhabitants of the planet, although Mexicans, Greeks, Australians, New Zealanders and Britons are not too far behind.

The floor space in new private one-family homes has expanded to 2227 square feet in 2005 from 1905 square feet in 1990.

M G M M irage's C ityCenter Hotel & Casino currently ranks as the w o r l d ' s largest hotel project with 4,100 rooms and 2,700 luxury residences.

Moscow is now one of the most expensive destinations in Europe with average rates of US \$290 just below London (\$370) and Paris (\$345).

According to HVS International, the value of an average hotel in the U.S. rose 27% in 2004, 25% in 2005 and in 2006 the value gain is expected to be 15%.

3. Shortage of Hotel Rooms- Did you read about the severe shortage of hotel rooms in India? Demand is booming as the Indian economy soars. India has only 110,000 hotel rooms compared to the United States which has 40 times as many and China which has 10 times as many. The New York City metropolitan region has about as many rooms as all of India. In Bangalore, rooms are so expensive that traveling sales people and other executives often commute by air from as far as Mumbai, 620 miles away. While Taj, Accor, Hilton, Wyndham, Starwood and Pan Pacific are planning to invest heavily to build scores of hotels in India, there is a problem. Old restrictive laws limit the amount of land available and increases the reserve prices at land auctions so high that building a hotel is not financially viable. The Indian Tourism Minister, Ambika Soni said she was pushing for a 10-year tax rebate for new-budget hotels, as well as encouraging Indian Railways to give up some of its vast land holdings for track-side hotels. To avoid the spiraling auction prices, the government may soon purchase land and lease it out cheaply to hotels.

4. There is no free lunch- There appears to be an epidemic of unexpected fees and taxes on hotel bills probably as a consequence of Internet travel discounts and higher local government assessments. In some places, hotels bill \$15 a day in resort fees that some guests assume would come with the room: the use of pool towels, a room safe and delivery of morning newspaper. Local phone calls are free at some hotels while the use of the fitness center may cost up to \$30 per day. Parking may be included in the room charge or it could cost extra. Same with Internet service which may be free in the lobby but not in your room. This guessing game is destructive of guest loyalty. Smart hoteliers should establish guest-friendly practices and promote them widely.

5. Iron Laws of Business Travel- Ben Stein is a lawyer, writer, actor economist and columnist for the N.Y. Times. On November 12, 2006, he wrote the following:

The chance that your room reservation will be lost is a direct function of your exhaustion and frustration before reaching the hotel. The likelihood of a desk clerk caring much about whether you have a room is an inverse function of the room's price. That is, the

more the room costs, the more contemptuous the service. This is doubled in New York City.

The chance that you will get the type of room you reserved is also an inverse function of the room's cost.

The more urgent your need to use the Internet, the less likely that the connection will work.

The probability of your getting a room next to the hotel elevator is directly proportional to how many times you tell the desk clerk that you do not want a room next to the elevator.

The likelihood that noisy construction will start before 8 AM near your room is perfectly correlated to the sum of the room's cost, your fatigue level and the hour when your day begins.

It never gets any better

You just get older

6. Happy New Year- From a retailer's perspective, a downside of the holidays is an increase in shoplifting. The No. 1 item stolen from bookstores, according to Psychology Today, is the Bible.

Stanley Turkel, MHS, ISHC operates his hotel consulting office as a sole practitioner specializing in franchising issues, asset management and litigation support services. Turkel's clients are hotel owners and franchisees, investors and lending institutions. Turkel serves on the Board of Advisors at the NYU Tisch Center for Hospitality, Tourism and Sports Management. He is a member of the prestigious International Society of Hospitality Consultants. His provocative articles on various hotel subjects have been published in the Cornell Quarterly, Lodging Hospitality, Hotel Interactive, Hotel Online, AAHOA Lodging Business, Bottomline, New York Times, etc. If you need help with a hotel operations or franchising problem such as encroachment/impact, termination/liquidated damages or litigation support, don't hesitate to call 917-628-8549 or email stanturkel@aol.com.