



# RECOVERY STRATEGIES FOR HOTELS

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## ABSTRACT

In the aftermath of the global pandemic, hoteliers must look ahead to find new operating efficiencies, identify creative industry trends, develop new revenue streams, and build sustainable value in their business. Now is the time to leverage digital solutions and adapt to new industry trends to transform the hospitality business model.

This paper explores the untapped potential that could boost your hotel's market share growth through the upcoming recovery cycle.

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## ABOUT US

Merit Point Capital ("MPC") is a diversified investment company that serves in the areas of Real Estate Investment & Development, Financial Services, Brokerage, and Business Operations. Our collective of industry leaders covers investment and operational expertise across a broad array of industries.

  
*Charles E. Oswald, CEO*  
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## Introduction

COVID pandemic economic pressures have severely crippled hotel revenues and customer experience. Even the industry's most successful owners, developers and operators are in search of better ways to expedite recovery.

Here are a few ways in which we can expedite recovery in the Post-COVID era.



## Expense Reduction without Service Compromise

Balancing these priorities can be not as simple as it sounds. Customers have long memories, so don't give up on service delivery. Abuse your customer today, and you can expect your competitors to win the race to recovery. Today's technology can contribute real-time solutions to managers.

Customer engagement apps allow for a more convenient engagement between guests and hotel staff. Operations management software allows hoteliers to track guest requests and be more efficient in handling those requests, in addition to maintenance, workflow processes, and improvements to labor productivity. Business intelligence solutions can enable early warning alerts for managers to become aware of developing problems (i.e. delay in guest request delivery, approaching overtime alerts, or alert of a workflow process). Revenue solutions can help operators calculate cost of distribution by segment and partner.

Overall, new technologies help hoteliers, make more informed decisions about service delivery while targeting the most profitable services and sources of guest reservations to create a more sustainable business model.

## Enhance Revenue Streams Through New Retailing Strategies

Recovery can be expedited by increasing distribution partners and retailing opportunities through use of new digital tools. Hoteliers can take a cue from the airline industry and how they've increased their revenue by allowing customers to personalize their experience (i.e. paying for bags, food, or travel insurance) based on their personal needs.

Start by unbundling room attributes and services, and then find new ways to monetize underutilized spaces. Opportunities may include:

- Offering early check-in and late check-out options
- Flexible guarantee and cancellation policies
- Enhanced loyalty offers
- Frequency of Housekeeping services
- Package with local outfitters and attractions
- Guest room amenities
- Perhaps even promote the sale of the hotel's sleeping rooms, amenities and services to non-staying guests in innovative ways

Putting guests in control and engaging them in digital conversations can serve to open hotel inventory to a broader array of price points. The strategy can accelerate occupancy growth, while building a relationship of trust, loyalty, and open your inventory to value-seekers. With trust, loyalty, and occupancy in hand, a hotelier can then engage in the business of driving rate and total revenue recovery at an optimized cost.

By the way, putting guests in control will also help hoteliers better understand what attributes are important to their guests. That data can be used to shape future offerings, recommendations, and the

next evolution of the industry. Just imagine if hoteliers could one day use this new information in the same way that Netflix, Amazon, or YouTube does to make their personalized recommendations.

Hotel services and guest experience have undeniably changed as a result of COVID-19, but investment in digital retailing solutions can help boost your market share in this new era.



## Go Social – it involves more than just social media

Yes, social media and digital marketing are hugely important. But what are you doing to bring social activity to your hotel?

The pandemic has given many of us a sense of cabin fever. We're looking for new things to do, new adventures, new hobbies, something to break the monotony of the home office. Let's explore ways in which to make your hotel the living room of the community.

One company, 33 Degrees (parent of Hotel Equities), has formed Competitive Social Ventures with a specific dedication to this approach. The name says it all – their vision is to create competitive social entertainment venues. The venues are centered around competitive sports experiences, premium food and beverage offerings, and live entertainment. Options include virtual sports (i.e. golf, baseball, football, basketball), pickle ball venue, and speakeasy.

In other cases, hoteliers are seizing opportunities to start cornhole clubs, or running cooking courses and

cocktail courses led by their chefs and mixologists. People can subscribe to socials and recipes over social media. They're activating their F&B venues, offering property tours, and running competitions for F&B credits and guest room packages all while keeping their business relevant in the community.

Clever social marketing strategies keep customers engaged with your brand by tapping into this desire to get out and see the world.

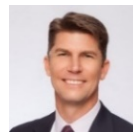
## Respond to RFPs – am I stating the obvious?

Hotels are not responding to RFPs as well as they used to. According to a recent article by Cvent, response "...rates dropped from 95% to 85%, reflecting furloughs and layoffs that have cut hotel sales staff". Let. That. Sink. In. 15% of RFP's don't receive a response... and these are customers who are asking for an opportunity to book your hotel! The article goes on to state there exists \$2 billion in sourcing value in Q2.

One of the best ways to expedite recovery is to rebuild your hotel's group segment base. Ask yourself whether your operations team is stepped over dollars to pick up dimes when they cut sales resources and overlooked response to 15% of RFPs.

Planners are still planning. So, 1) scope out your competition, 2) update your profile & services accordingly, and 3) set up a scorecard to manage the RFP response process.

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In the wake of global pandemic, we are opportunistic buyers, seeking to invest in companies and real



estate assets that have produced free cash flow in the period immediately preceding the crisis or are strategically positioned to deliver extraordinary growth in response to the crisis.

Our active investment approach seeks to unlock value through balance sheet restructuring, operational improvements, and strategic management. We typically invest and partner with companies where the existing management is committed and capable to grow the business organically, while also adding synergistic value through Merit Point Capital's business verticals.

