



HOSPITALITY MARKETING CONCEPTS

FOR IMMEDIATE RELEASE

BUCKING THE TRENDS: INCREASING REVENUE & PROFIT IN DECLINING ECONOMY

NEWPORT BEACH, CALIFORNIA – August 20, 2008 – It is often said that when the U.S. sneezes, the rest of the world catches a cold. With the U.S. economy experiencing a credit crunch, job cuts, low dollar valuation, high inflation, high fuel costs and cutbacks in airline seat capacity, there is no doubt that the impact will be felt by the hospitality industry around the world.

CEOs from Starwood, Marriott and Hilton all expressed caution in the current economy, expecting this period of softened demand to last for the next eighteen months or more (BTNonline, June 2, 2008). Echoing the same sentiment are reports from PKF Hospitality Research and Smith Travel Research, both predicting lower hotel occupancy levels due to reduction in business and leisure travel domestically as well as internationally.

A recent consumer survey conducted by eMarketer (July 21, 2008) indicates that value is now top of mind because “price beats brand when times are tight.” This is actually a ray of hope amidst the doom and gloom – the challenge for hotels is how to create value for the consumer without sacrificing image or integrity, and how to communicate this value proposition in a cost effective manner, with the most comprehensive reach, and as quickly as possible.

Hoteliers know only too well the slippery slope of discounting and the detrimental lingering effects it has on the hotel’s image and rate integrity. Not too many, though, fully understand the concept of paid loyalty programmes and how they can effectively boost occupancy, revenue, and profit without blemishing the hotel’s reputation. Those hoteliers who embraced paid loyalty programmes have experienced tremendous results despite market conditions.

“The membership base is really a qualified, targeted audience,” said Peter Gorla, Vice President of Marketing for Hospitality Marketing Concepts (HMC). “We are able to drive business towards need periods effectively by extending value-add offers or discounts to this exclusive group without advertising to the general public. It saves hotels marketing cost, and we avoid publicly discounting rates that may hurt the hotel’s image.”

Gorla continued, describing paid loyalty programmes as “recession-proof marketing tools.” HMC is the leading solution provider of loyalty marketing programmes, and has operated over 5,000 paid loyalty programmes globally in the company’s 20-year history.

“Most hoteliers have embraced Internet marketing through third parties such as Expedia and Opodo, but many have yet to realize the power eMarketing beholds for each property on its own,” said Gorla. “Our hotel partners have reported increases of 2 to 3 percentage points in occupancy, and 35% to 50% increases in F&B revenue. Programme members can also be tapped to fill gaps in occupancy, or a last-minute catering cancellation turned into a members-only paid event. The possibilities are really endless.”

Are paid loyalty programmes the end-all solution in this declining economy?

“Each hotel has ultimate control over its own programme and its own marketing strategy, but yes, we believe it can be,” said Mokhtar Ramadan, CEO of Hospitality Marketing Concepts.

“We have statistics to show programme success in terms of positive revenue generation for European and Middle East hotels during the Gulf War in the early 90’s, U.S. hotels immediately post 9/11, and even Venezuelan hotels through the years of currency devaluation. I would say our programmes have truly been tested through some trying economic and political times, in different regions of the world and by very diverse cultures.”

“HMC’s business model of no upfront cash outlay, profit-share from membership sales and no-cost CRM technology makes it a totally logical business decision,” Ramadan concluded. “There is no financial risk, but a whole lot of potential upside.”

In the current economic climate, an opportunity to buck this downward trend with no cash outlay certainly deserves serious consideration.

ABOUT HMC

Headquartered in Newport Beach, Southern California, HMC is the leading provider of travel industry paid consumer membership and database management programs. HMC provides services to more than 1,000 full-service hotels worldwide. A selection of clients includes InterContinental, Hilton, Le Meridien, Starwood, Ritz, Shangri-La, Mandarin Oriental, HUSA, Orbis, Raffles and Swissotel. HMC is a global company with offices in more than 50 countries including Italy, France, Germany, Spain, Poland, Portugal, Australia, Singapore, Hong Kong, China, UAE, Egypt, Venezuela, Brazil, Canada, United Kingdom and United States. More information about HMC may be found on the company’s website <http://hmc.clubhotel.com> or by contacting Peter Gorla, Vice President of Marketing at +1 (949) 260-9538 or via email at gorlap@clubhotel.com.