

David and Goliath: How Independent Hotels Can Successfully Compete with the Large Chains

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We all are familiar with the concept that two can live more cheaply than one, and this certainly applies to the large chains with multi-properties. The shared costs, bulk purchasing, and centralized functions contribute to greater profitability opportunities. In addition, marketing costs associated with promoting the chain can be spread out over all the properties, driving down the costs per property while at the same time, ensuring maximum exposure.

So how can a small, independent hotel, with limited resources, successfully compete? The key is to understand the most basic components of marketing and demand generators in order to create cost-effective ways to establish a market presence. This, in turn, will drive revenues, increase market share, and foster customer loyalty.

Local Presence

Sometimes, the most obvious ways to get business are over-looked. Being a good neighbor and a good community member is what an independent hotel can do most naturally and cost effectively, with a distinct advantage over the chain hotels based outside of the community. Developing good will in the local community can pay off in dividends. Who is better at recommending where to shop, where to eat, and where to stay than the people who live there?

Obviously, in a crisis, the independent hotel should be first to help in any way, as they are an integral part of the community. In New York City on September 11th, a downtown luxury hotel opened its doors and organized a program to offer rescue workers meals from New York City's top restaurants, 24 hours a day. Also, most recently, a luxury hotel in the Bahamas opened its doors to workers and community members who had lost their homes in a hurricane and made a cash donation to assist in rebuilding homes. These gestures did not make the national news, but local residents certainly took note.

But, outside of a crisis, there are many opportunities to establish good will in the local community. Supporting fund raising for schools, police and fire departments; offering training programs or language programs to its employees; and organizing community events are just a few ideas. Many of these initiatives can be supported with "sweat equity" and help the independent hotel establish itself as an integral part of the community.

The independent hotel certainly has a vested interest in creating and participating in a community that is sound economically, socially, and culturally. The chains are not so dependent on the strength of the community, as they can pull out and move on in tough times.

Therefore, by integrating itself in all aspects of the community and by being a good neighbor, the independent hotel will have a strong competitive advantage over its national competitors, certainly with the types of market segments solicited i.e. weddings, social functions, business meetings, and corporate and leisure business.

Internet Presence

The Web is rapidly becoming the most cost effective means to reach potential customers, and is the great equalizer. High profile hotels, large, small, independent, or chain-affiliated hotels, all have the same opportunity on the Web when done with expert planning and implementation. The independent hotel, when its web site is expertly executed, will receive as much "air time" as the chain hotels.

The Internet has become one of the most widely used vehicles to conduct research and buy products.

Independent hotels, with limited resources, do not have to rely on anything other than the Internet, to have potential customers find them. Properly developed, executed, and maintained, the Web will, at a minimal cost, effectively reach local, domestic, and international markets.

But, an effective Web site design and effective an on-line distribution strategy requires expertise. The lay person is bombarded with many ideas and is left wondering which approach to take. Therefore, if relying on expert advice, it is important to have a customized plan to accomplish specific short term goals, as well as ensure that the Web site is well positioned for future technological advances and for advancements with the search engines, in order to minimize financial risks.

With the growth of the Web, there are many parties creating ways to profit. Search engines, third party internet booking companies, and advertisers, to name a few, all have competitors, so they are ever-evolving in order to dominate the market and to increase their own businesses. Therefore, before going forward with a plan and to spend wisely, it is necessary to fully understand all of the options and choose the best ones for your short term as well as long term goals.

Great Service

Lastly, another cost effective means to compete, drive market share, and maintain customer loyalty is to consistently offer great service. Great service can overcome product deficiencies and rate resistance. For example, the cell phone company, T-Mobile, does not offer the best phone reception in the US. AT&T and Verizon, two telecommunications giants, have a much greater number of satellites which result in greater reception. But T-Mobile has friendly and responsive customer service and demonstrates flexibility in dealing with their customers. As a result, T-Mobile is gaining in market share with a product that lacks in certain areas.

In fact, one of the great competitive advantages of independent hotels is the service aspect. Without some restraints imposed by the bigger hotels companies, the independents can encourage their employees to truly go above and beyond, to ensure guest satisfaction and guest loyalty.

Hiring warm and service-oriented people is the number one ingredient. Without that, no amount of training or service standards will result in the desired result i.e. offering guests a truly great experience. No one is fooled by unsympathetic and uncaring staff, even if all the right notes are hit. It's really the spirit of the employees that will transcend product deficiencies, competitive disadvantages, and marketing exposure. The same amount of money is spent on a caring employee as an uncaring employee, so why not go for the gold?

No one ever said it was going to be easy, but by fully integrating the above elements into a way of living and doing business, the "Davids" of the industry i.e. the independent hotel, can very cost effectively and successfully, compete against the "Goliaths" of the industry.

Brenda Fields is a sales, marketing and rooms specialist in the lodging industry. Her twenty-four year experience includes senior marketing management positions in luxury, boutique, and convention hotels. As a seasoned executive in the lodging industry, Brenda has created and implemented highly successful marketing and yield management programs for hotels, from small, boutique hotels to large, convention hotels and budget hotels. With extensive experience in pre-openings and repositionings, Brenda was responsible for the successful opening and stabilization of Paramount Hotel in New York City by developing and executing a direct sales and yield management program as well as a national and international marketing campaign. Paramount Hotel was one of the first "boutique hotels" developed by Ian Schrager. The strategies and structure developed and implemented are used as the prototype for new acquisitions. Brenda serves as a member of the Editorial Board of National Hotel Executive; is on the Advisory Board of Boutique Hotels and Resorts; is a regular contributor to the international publications Hotels Online, Hotel Resource Weekly Network News, and 4Hoteliers; and is a frequent speaker and guest lecturer at industry events. Brenda has a BS degree from Murray State University, in Kentucky where she grew up. She resides in NYC and enjoys her cottage in Millbrook, New York. Contact Brenda at 212-734-2152 or brenda.g.fields@verizon.net

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