



Squamish



Squamish



Burnaby



Vancouver Downtown, Banquet

Executive Hotels & Resorts

Making the Most of a Tough Economy

by Jonathan Niven

How quickly conditions change in the hospitality industry. Few other industries are such a bellwether of economic trends and developing conditions as the hotel sector.

Consider the changes that have occurred just since the last issue of this publication came across your desk:

- The Canadian dollar has gone from close to par to 80-85 cents US
- Trillions have been lost in falling global markets
- Ontario has become a have-not province
- Housing starts have come to a standstill
- US cross-border car traffic is down over 30%

While economic cycles come and go, these changes have literally occurred in the past 90 days. By the time you are reading this, things may well have changed again with the historic US presidential election.

Weathering these dramatic economic cycles is not for the faint of heart. Hotel occupancy, average rate, and ultimately, profitability hinges on a chain's ability to react and adapt to changing conditions. While the same can be said for almost all businesses, hotels are particularly vulnerable to economic downturns since corporate and leisure travel alike are often one of the first activities to be cut by businesses and families.

Salim Sayani, CEO of Executive Hotels & Resorts, is determined not only to weather this current economic downturn, but to find opportunities and thrive in these market

conditions. Getting his start in the industry in 1984 as a bellboy and working the front desk of his family-owned hotel in Richmond, Sayani saw his future and began working towards his career goals. After graduation from university, Sayani started the hotel management and franchise company called Executive Hotels & Resorts.

Operating out of a company-owned Executive Place Tower high rise building at 1080 Howe Street in Vancouver's financial district, Executive Hotels & Resorts now has 17 properties under the brand's banner in Western Canada and the Western US. In addition to the hotel division there is also the separately owned Executive Group, which manages and develops a variety of commercial real estate throughout Canada and the western US. While the two operations complement one another, they are operated separately although they're in the same building. The development side of the business has built and sold thousands of residential homes, single family lots and hotel units over the years, including such properties as the Executive Plaza Hotel & Conference Centre in Coquitlam, The Parc Tower, Encore Tower and Executive Hotel Vintage Park and Portofino Tower in Vancouver, and the Executive Plaza Hotel and Residential Tower in Richmond. Several other condominium and retail projects are underway.

The 3.5 to 4-star Executive Hotel properties are all full-service and cater primarily to the corporate market, with competitive rates in the range of \$100-200 per room, with corporate amenities and meeting space. In order to capture a broader market, the chain has adopted a brand positioning of “Executives at work and play”. This positioning encourages current corporate clients to visit the chain’s hotel and resort properties while vacationing as well as for business.

While leveraging more business from existing clients is not a new concept by any means, Executive Hotels & Resorts long ago developed its proprietary Executive Rewards Club loyalty program. The program offers rewards such as hotel stays, airline tickets, and a host of products in addition to ongoing privileges such as late check-outs, upgrades, express check-in/out, and reduced rates. Recently, Executive Hotels & Resorts has rolled out its upper level loyalty program called the Inner Circle. This program is targeted at loyal corporate clients that travel to multiple destinations serviced by the chain. Guest preferences are analyzed to provide a superior level of service and to provide a richer, more comfortable guest experience each and every stay. According to Sayani, the program is very appealing to their regular guests and is being well received across the chain.

Over the past several years, Executive Hotels & Resorts has been in a growth cycle. New franchise properties in Squamish and Victoria have added attractive destinations to the chain’s offerings. The 150-room property in Victoria is appealing to corporate and leisure travellers alike, while the newly developed Squamish property is adjacent to a golf course, which draws corporate retreat business as well as leisure travellers. Both properties fit very nicely with the “Executives at work and play” branding.

In order to assist franchise and managed properties in the chain, Executive Hotels & Resorts holds an annual conference. Guest speakers are brought in from around the world to discuss issues relevant to business growth and development in the industry. This year’s theme is “Positioning for Success in Tough Economic Times”. It is this commitment of support for the company’s operators that is helping the chain position itself strategically to weather the current downturn. Maintaining a growing marketshare even in tough times takes careful planning and strong brand development.

With fewer US travellers to Canada (both leisure and corporate) the chain is looking to strengthen its Canadian domestic travel market. According to Sayani, the European market will not be sufficient to sustain growth in the near future, and therefore the Canadian business and leisure market must be strengthened for growth to occur. For the corporate market, there needs to be an increase in the value proposition. Benefits such as incentives with F&B, extended trips into the weekend to combine business and leisure as well as exclusive weekend packages will drive the corporate market to increase loyalty and frequency.

A combination of the economic downturn and overbuilding in some markets, particularly BC’s resort markets, has meant tough times for some operators. Executive Hotels & Resorts sees this as an opportunity for expansion, since these market conditions are encouraging some independents to move toward major brands. It will also produce acquisition opportunities, according to Sayani, but the chain’s main focus will be on helping its existing properties to maintain and grow marketshare during these challenging times.

The Olympics will provide the province’s hospitality industry with a boost, but perhaps not the kind of numbers that have been projected up until now. Making the most of a tough economy means strengthening your brand, staying relevant to your guests, and doing the little things better than your competitor. Now that just makes sense.



Vancouver Downtown Hotel