

Renovate in an economic downturn?



You might be surprised to learn that the best time to renovate is in an economic downturn.

Here are some questions you should ask yourself if you are considering renovating.

- 1. Is your hotel's physical appearance lagging behind the competition?**
In an economic downturn, guests have more choices than ever. If your facility is lagging behind your competition, guests will notice. When they notice, it is not hard for them to distribute the news to other travellers through web-based portals that collect and aggregate guest opinions, regardless of what management thinks. You might get the guest for one stay but you risk future business if you don't take steps to renovate and rejuvenate.
- 2. Will your hotel remain viable in a renovated state?**
Renovations can bring rate premiums. However, if your renovation is over-the-top, your rate premium will also likely be over-the-top. That could put you in the untenable position of being the rate leader for your area, far ahead of the competitive set. While there is nothing wrong with being the rate leader, consider how many competitive choices your potential guests have before becoming that leader.
- 3. What are competitors saying about your hotel?**
It is easy to find out - just call posing as someone else and request a booking. In the course of the conversation, ask about other hotels in the area and then specifically your own hotel. Listen to how the employee describes your hotel. For a real revelation, try that on your own hotel – listen to how your employees describe your hotel and their perceived competitors.
- 4. Do your guest rooms offer what today's guest is looking for?**
Technology is invading the guest room at an ever-increasing pace. Flat screen TVs, multiple cordless phones, i-pod docking stations, CD players, computer connectivity - the list goes on. If you have these, great – if not, you've got work to do to meet the emerging needs of your guests. A disappointed guest won't easily return.
- 5. Can you afford a renovation?**
Sometimes, the more appropriate question is 'can you afford to NOT renovate? Ego aside, are you in the right market segment to gain favorable attention from your bank for a loan? Sometimes, you need to consider moving down a market segment and being the best of the lower tier rather than trying to compete with the upper tiers. Examine your competition and your position in the market. Maybe a move down a tier would be a good idea.
- 6. Are your potential renovation-related suppliers desperate for work?**
Misery loves company. If your painter or electrician is looking for work, the chances are very good that you can negotiate a tremendous bargain for supplies, equipment and labour. Use the economic downturn to your advantage. Get quotes for all major parts of the renovation from as many suppliers as you can. However, don't always buy on cost – you could compromise quality and efficiency in the long run.

As always, professionals can help you develop a strategy that fits your market segment, geographical location and renovation needs. Don't hesitate to bring in a highly-qualified third party to help evaluate your situation and plan your next move.

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