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The Lodging Industry Moving Forward Inspite of New Challenges: A Case Study

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Abstract: This study attempted to summarize how the lodging industry survived after the attacks of September 11, 2001. A variety of lodging properties in the metropolitan Washington, DC area were contacted to assess how they responded to the new challenges faced by the hospitality industry. The information collected by reviewing the published material and conducting interviews gives an insight as to the measures used to address the crisis. The finding shows that the lodging industry suffered economic losses in the year following the attacks and had to implement cost effective measures to achieve economic stability. Now, the emphasis is more on differentiation, security issues, and customer service. A list of techniques/ measures used is provided for reference.

Keywords: lodging industry, post September 11, crisis management, security concerns and cost effective measures.

Introduction

A general overall weakening of the economy and the after-effects of the September 11 attacks tremendously affected the lodging industry as never before. From now onwards, every hospitality issue will be handled as pre-or post- September 11. Airplanes that bring the guests and customers to the hotels and restaurants were used as weapons to bomb buildings in Washington, DC and New York City (major tourist destinations in the USA). This created a great sense of fear and anxiety for travelers and as a result the hospitality industry suffered. The most experienced and respected hospitality managers who usually have crisis management plans in place were not prepared for a crisis of such magnitude. Faced with such an unpredictable dilemma, managers utilized whatever measures they thought would work in order to run their operations.

It has been little over couple of years since the attacks. Has the lodging industry survived, if so how? This study attempted to summarize how the lodging industry survived after the attacks of September 11. Selected lodging properties in the metropolitan Washington, DC area were contacted to assess how they responded to these new challenges. The information collected by reviewing the published material and conducting interviews with selected hotel operators/ managers gives an insight as to what measures were used to address the crisis. It also reveals how the lodging industry is preparing itself against any such future crisis.

To fully understand the status of the lodging industry before and after September 11, a few topics of interest will be discussed. These topics are: the economic analysis of the lodging industry; airlines and airport businesses; the Washington, DC and New York City tourism markets; hospitality employment issues; insurance concerns; sales and marketing; security concerns; and selected case studies.

Economic Analysis of the Lodging Industry

After sustaining one of the worst attacks in the United States history, the hospitality industry was left in disarray after ten years of record-breaking performance. According to the World Tourism Organization (2002), the global tourism industry as a whole shrank 2.6% as a combination of mounting economic slowdown, dipping stock market, and the aftermath of September 11 attacks. Travelers were afraid to fly and the fear of flying remained at an all time high which led to a decline in hotel reservations and cancellations. According to the Lodging Industry Profile (AH & LA 2003), the lodging industry's overall profitability declined in 2001, by grossing $103.6 billion in total sales and $16.1 billion in pretax profits - compared to 2000's $108.5 billion and $24.0 billion, respectively. Domestic travel spending dropped $27 billion in 2001, along with a drop in international travel spending according to the Travel Industry Association (2002). The statistical report of the American Hotel and Lodging Association (2002) shows that the overall profitability of the lodging industry declined in 2001. The last couple of years have been the most challenging to the industry operators. Hotel occupancy fell along with average room rates, which lowered the RevPAR. At the same time, telephone revenue decreased to 28%, the largest percentage decline of any hotel source.

Even though interest rates are at an all time low, it is very hard to get funding for lodging properties in the post September 11 era. Underwriting criteria for hotels has significantly tightened. Lenders are being very careful and demanding higher premiums, especially for new loans, renovations and refurbishment (Ernst and Young/Lodging Magazine Index 2002). The lodging industry has experienced significant loan delinquencies and these delinquencies may further decline in the near future (Lodging Trends 2002).

Airlines and Airport Businesses

Within the hospitality industry, the airline sector was more adversely affected because of how planes were used in these attacks. Airline-passenger traffic nationwide remains below 10% or more. Airline security concerns had a noticeable impact on airport hotels. Occupancy and RevPAR at airport locations fell 14 percent and 21 percent, respectively (Lomanno 2002). As operators discounted room rates to stimulate demand, the average room rate fell from nearly $84 to less than $79 in 2002. The discounting of room rates was much more prevalent at airport hotels compared to other locations. Furthermore, corporate travel around the globe is down, which is having an adverse effect on already troubled airlines like United Airlines, USAir, and American Airlines. Due to the sluggish U.S. economy, companies are cutting down on travel expenditures. They are finding alternative methods of communicating with associates and potential clients through email, video teleconferencing, videophones, and online meetings. With business travel on the hold, occupancy remains down for weekdays compared to weekends. The volume of business the convention market experienced in 2000 will not return until 2004 according to the Travel Industry Association (2002). On the other hand, business and vacation trips within few hundred miles have benefited. Restaurants and tourism marketers are directing promotion toward travelers who live within reasonable driving distances. Many drive-to destinations in South Carolina and Las Vegas did well, due to aggressive marketing and lower room rates (Walkup 2002).

In order to cut costs many airlines have been force to reduce the number of flights as well as passenger food service. Cuts in airline foodservice resulted in great losses for companies that supply in-flights meals. Increased security at the airports has created yet another problem for airport restaurants. They have to follow new federal regulations about the use of sharp objects like knives. Metal cutlery has been switched to heavy grade plastics and some menus have had to be altered, such as those that require the use of a steak knife. Restaurants and commissaries that are located pass security gates, are subjected to strict security procedures for food and other deliveries. At some airports, in order to find space for new security handling, restaurant space has been taken away. Under new security procedures, food service management and customers have to get use to doing business in a new environment.

Washington, DC and New York Tourism Markets

Though New York and Washington, DC was the prime target destinations affected by September 11, other major travel destinations across the nation were adversely affected. Destinations like Florida, California, Chicago, and Hawaii, to name a few, have been impacted (Walkup 2002). The tragic events were unlike any other crisis this country has ever faced. They created an atmosphere of fear and anxiety, which had an impact on the emotional and physical well-beings of all citizens. Reports show both Washington, DC and New York have demonstrated remarkable resilience and tourists are slowly but surely coming back. DC and New York had the additional burden of counseling employees and guests and convincing tourists that it was safe to come back to their cities (Misek 2002). An estimated 20 million tourists visit DC each year. The tourism industry plays a big role in DC's economy, contributing $10 billion each year according to the Washington, DC Convention and Tourism Corporation. DC's economy is tied to the hospitality industry, the largest single industry after federal government. The local economists estimate the city lost $1.25 billion in tourism revenues by the end of 2001. Soon after September 11, 17,000 hotel employees were out of work. The closure of the National Airport, which brings the majority of business travelers to DC, was also a major factor. Occupancy levels at area hotels were well below normal, and the anthrax scare and security concerns kept the visitors away from DC. Local hospitality businesses depend upon business travel, which saw a decline of 17% during 2001.

Lingering fears due to September 11 and the sniper scare has impacted the tour groups to the Nation's capital, especially school groups. In order to stimulate demand the DC Convention and Tourism Corp hosted special programs to lure visitors back to the city by hosting the "Be inspired in your hometown" marketing campaign. The Small Business Administration of DC helped the small business owners by sharing market knowledge and offering loan programs to help them recover (Lohmeyer 2002).

The hotel occupancy at some of the DC area hotels was down to levels below 10% soon after September 11, 2001. Due to sustained efforts like discounting hotel rooms, cutting costs, and increased targeted marketing, tourists are slowly coming back to DC. Hotel occupancy rates have steadily increased and were up to 92% by mid-April 2002. Furthermore, hotel development is going on in the nation's capital. Six new hotels opened since the attacks and three new hotels are under construction (Parets 2002). The reason being, post September 11, more people are doing business with the federal government. In addition, the city opened the country's sixth largest convention center in fall 2003.

The 16-acre hole at ground zero in Manhattan, New York speaks volumes. The tragedy in New York claimed almost 2,800 lives, including 116 foodservice workers and cost more than 90,000 jobs and an estimated $95 billion in revenues (Frumkin 2002). Many businesses have been relocated out of this area. The restaurants that depended on the World Trade Center have suffered the most. The absence of 50,000 working people in the World Trade Center and 30,000 in the World Financial Center is having an impact on nearby businesses. Like DC, New York City attracts millions of international visitors. This figure fell to 5.7 million in 2001 according to NYC and Co. Visitor spending which hit $17 billion in 2000 fell to an estimated $14.9 billion in 2001. The average daily rate, which was $237 in 2000, fell to an estimated $187 in 2002. In restaurants, where seats were hard to find, there now are ample tables available. Customers have become more value conscious and the average-check at a restaurant has also decreased. In order to help hospitality businesses survive, federal grants, government loans and other financial support, have been forthcoming.

Hospitality Employment Issues

Faced with this unpredictable crisis, many hospitality operators, in order to cut cost, laid off several thousand hospitality workers in airlines, hotels, restaurant, recreation, and tour groups. The demand for hospitality workers always exceeded the supply of American workers willing to work in the industry. Therefore, the hospitality industry continues to depend on immigrant workers. Post September 11 America has given more importance to national security and securing the nation's borders. There are new immigration laws, stricter law enforcement, and delays in visa processing for foreign workers. It costs more and takes a longer time to get foreign workers to work in the United States (Bergsman 2002). The workers here on visa can stay in the country for less than a year and only 66,000 visas are available for every industry in the country. In Michigan, the need for foreign workers was so acute that proprietors of 13 hotels and restaurants sued the INS over delays in visa application processing. Hospitality operators that depend on foreign workers for seasonal help are faced with yet another challenge. Some operators have lost some dedicated foreign workers because the workers fail to rectify discrepancies in their social security numbers. Since September 11, the federal government has asked employers to first prove that they could not find Americans to do the job before applying to bring foreign workers on the H2B visas (Berta 2002). However, the reality is that most American workers are not interested in low paying seasonal jobs. Post September 11 security measures, has created a new and challenging environment for hospitality operators to achieve economic security.

Since September 11, the lodging industry has seen an increase in layoffs, job consolidation, reduced work schedules, flexible use of vacation and sick time. In addition, there has been a re-evaluation of amenities and services that can be scaled back or eliminated. Operators have to balance profitability and service. A decrease in the number of employees might have an adverse impact on customer service. Dissatisfied customers do not return. In the present environment, the employees have to work harder and deliver the right type of service. Instead of bathroom amenities, the focus is more on genuine smiles and customer appreciation. Employee training is the key to brand recognition and revenue generation. The employee's role in getting the customer back is vital. Employee training and cross-training is being implemented at many hospitality properties to equip employees with the necessary skills to perform multiple tasks.

Insurance Concerns

The view of insurance companies regarding lodging industry has undergone a change in the aftermath of September 11. The insurance companies no longer have to sell their policies to hotel operators – it is the other way around. The hotel operators must explain why their properties have lower risks compared to other hotels. They have to prove that they have incorporated new security procedures and plans in event of an attack. The fact that three Manhattan hotels were damaged during the attacks has become a tremendous catalyst for insurance companies to raise the price of insurance premiums (Marla 2002). Insurance companies lost large amounts of funds after these attacks because of insured hotel properties. Now the trend is to write policies with premium increase ranging from 50% to 100%. Not only are the insurance rates increasing but also the coverage is decreasing across the board from workers compensation to building coverage (Cook 2002).

For policy renewals, standards are getting stricter, more information is being required, and properties are being re-evaluated. It might be a little easier for name brand hotels to renew their insurance, and the small property owner might find it harder to get coverage. Hotel owners have to decide what risks they are willing to take with minimum insurance or accept higher deductibles. The properties have to be proactive and should have an effective loss prevention and maintenance plan. They should upgrade the properties and should maintain a standard that shows all possible risks have been taken into consideration. Having extra security personnel may be good but all employees should be trained to check for potential problems. They should be ready to exit safely in case of an emergency and should have a pre-designated outside meeting place. Control of accidents should be part of an overall quality control program. A detailed summary of loss information on each property must be kept. Measures taken to address these loses so they do not happen again should be maintained. If properties are 20 years or older, records of upgrades will help to show preventive measures were taken. On the part of property owners, they should get bids from different insurance companies and ask for references.

Sales and Marketing

In order to address the decline in occupancy, general managers at the local level adapted or adopted marketing strategies depending on their particular environment (Taylor and Enz 2002). The focus is more on regional business, weekend nights to area residents, discount room rates, close rooms for renovations, etc. September 11 changed sales and marketing forever. With decreased revenues and budget cuts, the first thing most companies do is cut the marketing and sales budget. In the 1990's, it was easy to sell rooms but in these tough times more creativity and innovation is required. It is time to revisit the old clientele list and try to sell on the basis of loyalty. Doing cooperative marketing with airlines, convention and visitor's bureaus, car rental companies, attractions, and restaurants will help promote products jointly. These days the Internet is used more often to provide comparative prices. Post September 11 has shown doing business, the old way can be effective. For example, by using public relations, direct mail, and personal sales calls (Gilbert 2002).

Security Concerns

Prior to September 11, security issues were being cut back due to a sluggish economy. However, since September 11 security has become more important than ever before, especially in places like New York City and Washington, DC. Employees are trained to look out for unusual things and be on the alert. Housekeepers are told to report any clogged drains, excess shaving cream, or suspicious manuals. Guests are being asked to fax photo identification when making a reservation on the phone or show one when checking in. Business travelers believe that a hotel's design can make them feel safe. For example, a hotel that is well lit with open public places, visible from the street and easily assessable. Marriott at the World Trade Center was destroyed on September 11, and two of its hotel associates were lost. Marriott is taking security very seriously and is training its employees to be extra conscious.

The above discussion reveals that the attacks of September 11 had a tremendous impact on the lodging industry in the United States. Due to a slow economy and budget cuts, business and corporate travel is down, which is having an adverse effect on the occupancy level of the hotels. In order to stimulate demand many lodging properties had to lower the room rate, which in turn is affecting the ADR and RevPAR. In order to cut costs, hotel properties had to lay off hotel workers both salaried and part time. To evaluate how the hotel property managers in the DC area addressed these new challenges, a variety of hotels both limited service and full service were contacted. They were asked for example, what specifically changed that day, what administrative/operational measures were implemented, what happened to revenues, what about security challenges, what about employee issues, what new strategies were implemented to bring the guests back, are the guests coming back, etc. Information obtained as a result of interviews with these hotel managers in DC area is discussed below in the form of case studies.

Case Studies: Selected hotels in Metropolitan Washington, DC Area.

The Westin Embassy Row located in Georgetown, is a 206-room full service hotel. On September 11, the hotel had 100% occupancy and by September 14, occupancy was down to 30%. In addition, 98% of the remaining 30% were individuals who were stuck due to flight cancellations. Airports were closed and car rental companies had no cars available and the guests had no way to get out of the city. With the occupancy levels down, food and beverage revenue also decreased. Two managers and line staff positions were terminated. Since September 11, the hotel has increased security. Guests have to show a state or government issued identification upon check in or entry into the building. Security has become more visible with security guards on duty. A year after the tragic events business is back to normal and profits are down less than 3% compared to previous year.

Marriott Wardman Park Hotel located eight miles from the Washington National airport is a 1,334 rooms and 163 suites hotel. It is one of the largest convention hotels in the DC area catering to business travelers. Guests were stranded at the hotel due to the airport closure, and since the guests who were planning to come on that day could not come, the stranded guests were accommodated. This hotel has three "towers," two towers were closed to save costs and in the main tower only six floors were open. Before September 11, average daily rate was $249 and after September 11, it dropped to $99. Since it is a convention hotel, all events following September 11 were cancelled and occupancy dropped to 8%. No hotel employees were fired but hours were reduced based on seniority. Some employees went weeks without being put on schedule and others worked one day a week. In order to recover business, special deals were used to target previous guests. After a year since September 11 tragic attacks, business is picking up but not to previous levels. To satisfy guests' concerns, security guards have been placed and guests are required to show identification for check-ins.

St. Gregory Hotel located in the Northwest side of city, is a 154-suite full service hotel. Soon after September 11, room occupancy fell to 20%. No employees were fired though hours were drastically reduced. Managers who usually put in more than 40 hours of work a week were working 20-30 hours a week. Since than the property has rebounded due to customer loyalty and repeat business. Lower rates as a marketing strategy to compete with the industry trend also helped to bring back the customer. Hotels have become more security conscious and have added new security features. The evacuation plans have been revised and security for check-in and entry into the property has become stricter. Bomb threat call procedures have also been put in place informing employees on how to deal with telephone calls. A year after September 11, occupancy has rebounded and business is almost back to normal.

Motel 6 located in the Northwest side of the city, is a 163 room limited service hotel. Perhaps because of its location and type of service this hotel was not as badly hurt as the other hotels. The clientele consists of variety of locals, tour groups, and military persons (since it is close to a military base). Though occupancy was down up to two months after the events, no employees were laid off. Nevertheless, some employees working hours were decreased. Since the hotel does not require a down payment with a credit card as room guarantee, revenue was lost due to cancellations. To convey a sense of security to the guests, a security guard has been placed on the hotel premise.

Marriott at Metro Center is a 456-room full service hotel located near Washington, DC Convention Center. It attracts mostly business travelers. Many guests were unable to leave the hotel due to airport closure. The guests were offered rooms at discount rates as a goodwill gesture. The occupancy level following September 11 was down to thirty percent. All banquet events were cancelled and no cancellation fee was charged. All restaurants in the hotel were closed for two months, and when they were re-opened, menu items were reduced. The average daily rate was between $259 to $289 before September 11 and was down to $99 in months following September 11. Managers were laid off and hourly employee working hours were reduced. Most employees were working only 24 hours a week. The fired managers had to wait one year before reapplying. In order to attract the guests back incentives were used, which seems to be working. New security measures were implemented. Front doors were closed twenty-four hours a day for five months following September 11. Guests had to say their last names and show their key cards to enter the hotel. Some guests were a little annoyed especially when they had just left the building and had to show their key cards again.

Hilton Hotel is located within one mile of the National airport and two miles from the Pentagon. The hotel was able to accommodate the stranded guests on the morning of September 11, since the scheduled guests did not arrive. The National Airport was the longest-closed airport in the United States after the attacks and the closing of the airport had a direct impact on the hotel's occupancy. Until the airport was reopened, arrangements were made to transport guests from other airports. Because of fewer flights the rooms reserved usually for airline crew were impacted. In order to compete with other hotels, room rates were reduced from $72 to $55 to entice airline crews. Events at the hotel were cancelled following the attacks of September 11 but government meetings saw an increase. Employees were laid off and working hours were reduced for the remaining employees. The entire salaried staff took a 10 percent payroll deduction for eight weeks. Some managers took volunteer time off. After a year, almost all employees have been hired back. Revenue was down for months following September 11, and did not rebound until March of 2002. With business travel down, weddings and government business kept the guests coming. The management has become more security conscious and requires employees to be aware of changing times and undergo security training.

Four Seasons Hotel at Georgetown experienced the same scenario that other hotels went through on September 11 morning, guests after checking out came back due to airport closure. The majority of guests came through National airport, which was closed for several weeks following the attacks. Due to low occupancy and cancellations, occupancy was down to 20% in weeks following the attacks. The management, although reluctant to do so, did open up lower tiered rates to keep "heads in beds." Some staff positions were eliminated and open positions were not filled. The employees working hours were reduced and they were encouraged to use flexible vacation and sick times. Cross-training efforts were adapted throughout all departments. The hotel has become very security conscious, therefore one of the entrance has been closed and now all cars must pass through the main entrance. New group packages have been promoted with the help of WCTC to stimulate demand and occupancy is increasing but still not up to last year levels. It has been a year since the room rates were lowered and still they have not rebounded. Most of the laid off employees have been called back to work.

Woodley Guest House is a 12-room bed and breakfast place near Woodley Park Zoo. There was 100% occupancy on September 11 because of a conference. News of the attack made guests leave, but due to transportation problems, they came back. Guests were accommodated until other travel arrangements were made. No employees were fired but employee hours were reduced. Some room rates had to be reduced in order to stimulate business. A surprised travel market kept the Bed and Breakfast place busy, when concerned parents came to make sure their kids were okay (DC is home to over 13 colleges and universities). For six months following the attacks, the occupancy was down about 35% to 40%. This place still uses metal keys and maintains strict controls over lost keys by posting a $250 penalty for keys that are lost.

The Hay Adams Hotel located close to the White House is a full service hotel with 145 guestrooms, including 20 suites, food and beverage services. Soon after September 11, the occupancy levels dropped to 45%. In order to maintain profits and minimize loss several line employees were laid off. Luckily, the property managers had made prior arrangements to close the hotel for renovations. Increasing security and safety features were implemented into renovation plans. A year after the tragic events and since the re-opening of the hotel, occupancy is almost back to normal.

Hotel Monticello of Georgetown, Hotel Lombardy, The Henley Park Hotel, and Capital Hill Suite are a variety of boutique hotels located in DC area close to the political, business, educational, and tourist areas. These hotels are unique in nature and cater mostly to business and vacation travelers. Like other hotels in the area, these hotels also experienced a challenging morning on September 11, 2001. They accommodated stranded guests and provided goodwill gestures to make them feel at ease. Occupancy levels at these hotels were down to 30% in the months following the attacks, but within six months, the occupancy was back to 85%. The most common strategy to bring the guests back was lower room rates and promotion of different cuisine and meal packages in restaurants to attract local patronage.

The Washington Convention and Tourism Corporation (WCTC) business booking correlates to when congress is in session. Soon after the September attacks, The Capital and White House were closed for public viewing, which gave the perception that DC was closed and turned away many visitors. Most groups did cancel their trips to the DC area. Hardly any groups were charged the cancellation fees outlined in their attrition clause. Many of the cancelled groups did reschedule for the same time next year. The WCTC demonstrated more staying power when it came to room negotiation with area hotels. The sniper attacks in DC area in fall of 2002 led to more cancellation. Fall is the season when school groups come to DC area for educational trips. In order to stimulate demand, Government per diem rates were raised from $119 to $150, which helped local hotels that host government clients. The WCTC plans to air new commercials, update web sites, place advertisements in major city newspapers, promote DC at trade shows, and involve the DC mayor in personalized letter and television commercials. Although conference attendance was down from the previous year, the WCTC did not experience much loss. According to WCTC, not all the lodging segments were impacted the same way.

Conclusion

The above discussion shows that the lodging industry in the DC area has survived. Because of tight security measures at airports and discounted room rates people have started to travel. Management has made a variety of changes in operational procedures to manage economic stability. More emphasis is on cost effectiveness, differentiation, security issues, and customer service. There is a heightened sense of security consciousness. Several security measures have been implemented to convey a sense of security to the traveling public. According to the Travel Industry Association of America (2002), the American Traveler Sentiment Index is showing a sign of recovery. The recovery in hotel occupancy rate might depend from market to market and city to city. The destinations that depend upon a driving market segment are seeing an earlier recovery compared to destinations that depend upon air traffic. Limited service hotels are experiencing pre September 11 occupancy levels much faster compared to luxury full service hotels. Airport hotels are having more problems in filling up rooms compared to other markets. Hotels are having busier weekends compared to weekdays due to a decline in corporate travel.

Today hoteliers have to reposition themselves to meet changed customer attitudes and travel patterns. Customers in general have become more value-conscious than ever before, and they're taking advantage of rates that are discounted. Reduced hotel rates might stimulate demand, and occupancy may recover, but room rates might take some time to recover. Management is looking at all possible ways to cut overheads and there is increasing evidence of hoteliers seeking brand standard leniency. The primary area of cost containment is in payroll, although other measures include closing floors/wings and food/beverage outlets, and reducing hours of operation for businesses such as health clubs, gift shops and even room service. There are efforts to cutting costs by consolidating job positions and cross training the employees. Employees are being challenged to do more to provide superior customer service.

The lodging industry in the Washington, DC area suffered a tremendous economic loss in the aftermath of September 11. Since then the DC area has demonstrated great resiliency in getting guests back in the hotel rooms. The occupancy levels in area hotels are improving. The recovery in limited service hotels has been much more positive compared to luxury hotels. Several factors are responsible for "moving forward" after September 11. One of the main reasons people were avoiding travel was because of airline security concerns. The National airport, after prolonged closure, is again open for flights. A variety of preventive measures have been implemented to convey a sense of security to the customers. There has been an added effort to lure the guests to the hotel rooms by discounting room rates and offering other incentives. More emphasis is being placed on loyal repeat customers. With corporate travel down, other markets like wedding, family, government, etc. has been targeted. Marketing done in partnership with other businesses has been used. Instead of room amenities, more focus seems to be on customer service.

As for the overall U.S. lodging industry, history has demonstrated the U.S. economy and the lodging sector do recover from major disruptions, whether they are conflict, terrorist incursions, or natural disasters. No doubt, there has been no similar assault and as such full recovery might take longer. According to PricewaterhouseCoopers (2003), lodging demand will expand by 4.0 percent in 2004 and 2.8 percent in 2005 and average daily rate is expected to rise by 2.9 percent. Other positive factors in favor of the U.S. hotel sector include a potential increase in domestic tourism stimulated by a weakening U.S. dollar and fear of longer-haul travel, particularly over water. The rescheduling of conferences and the lifting of corporate travel bans will also release pent-up demand and help hotel occupancies. In addition, the $15 billion bailout package for the airline industry should help prevent systemic damage to the travel market. There is also a possibility for the government to assist the hotel sector via tax incentives and benefits for displaced workers.

Washington, DC, is regarded as one of the major tourist destination in the U.S. The challenges faced by the lodging properties and lessons learnt can be used or implemented in other destinations. Based on the information discussed in this study, some measures/techniques used by various lodging managers/operators in the aftermath of economic/market loses are listed (not ranked) below:

1. Target new markets like wedding, family and government
2. Promote to travelers who live within driving distance
3. Provide weekend nights to area residents
4. Provide discounted rental cars to regional markets
5. Offer lower room rates or other incentives to attract guests
6. Go back to basic marketing strategies
7. Close for renovation
8. Focus on repeat loyal customers
9. Emphasis on customer service rather than amenities
10. Increase employee skill level by providing cross training

11. Involve in marketing partnership with other businesses
12. Be security conscious
13. Convince guests that it is okay to travel
14. Implement security measures that are more visible
15. Place security guards on duty
16. Require valid identification when checking-in
17. Provide security training for employees
18. Put in place bomb threat call procedure
19. Revisit evacuation plans
20. Reduce employee working hours instead of laying off
21. Encourage employees to take flex time and vacation time
22. Consolidate job positions
23. Be proactive when it comes to insurance
24. Maintain a detailed accident and recovery list
25. Let your guest know that you appreciate their business

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