16th Annual Lodging Industry Update Year End 2013

Pinkowski & Company

Metropolitan Memphis Hotel & Lodging Association
HotelNewsNow.com
STR

February 21, 2014
Memphis, Tennessee

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16th Annual Lodging Industry Update

Introductions

Mary Calorio – President MMH&LA
General Manager – Heartbreak Hotel

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Lodging Industry Update

Program

- Introduction
  - Mary Calorio
  - Chuck Pinkowski
- Urban Revitalization
  - Jeff Sanford – Jeff Sanford Consulting
- Trends Presentation
  - Chuck Pinkowski – Pinkowski & Company
  - Jeff Higley – HotelNewsNow.com
- Keynote Speaker – Impact of Global Tourism
  - Jim Holthouser– Executive Vice President, Global Brands – Hilton Worldwide

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16th Annual
Lodging Industry Update
Presented by:

MMHLA
Metropolitan Memphis Hotel & Lodging Association

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Thank You to Our Sponsors

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Urban Revitalization – What It Means to the Hotel Industry

Jeff Sanford

Jeff Sanford Consulting

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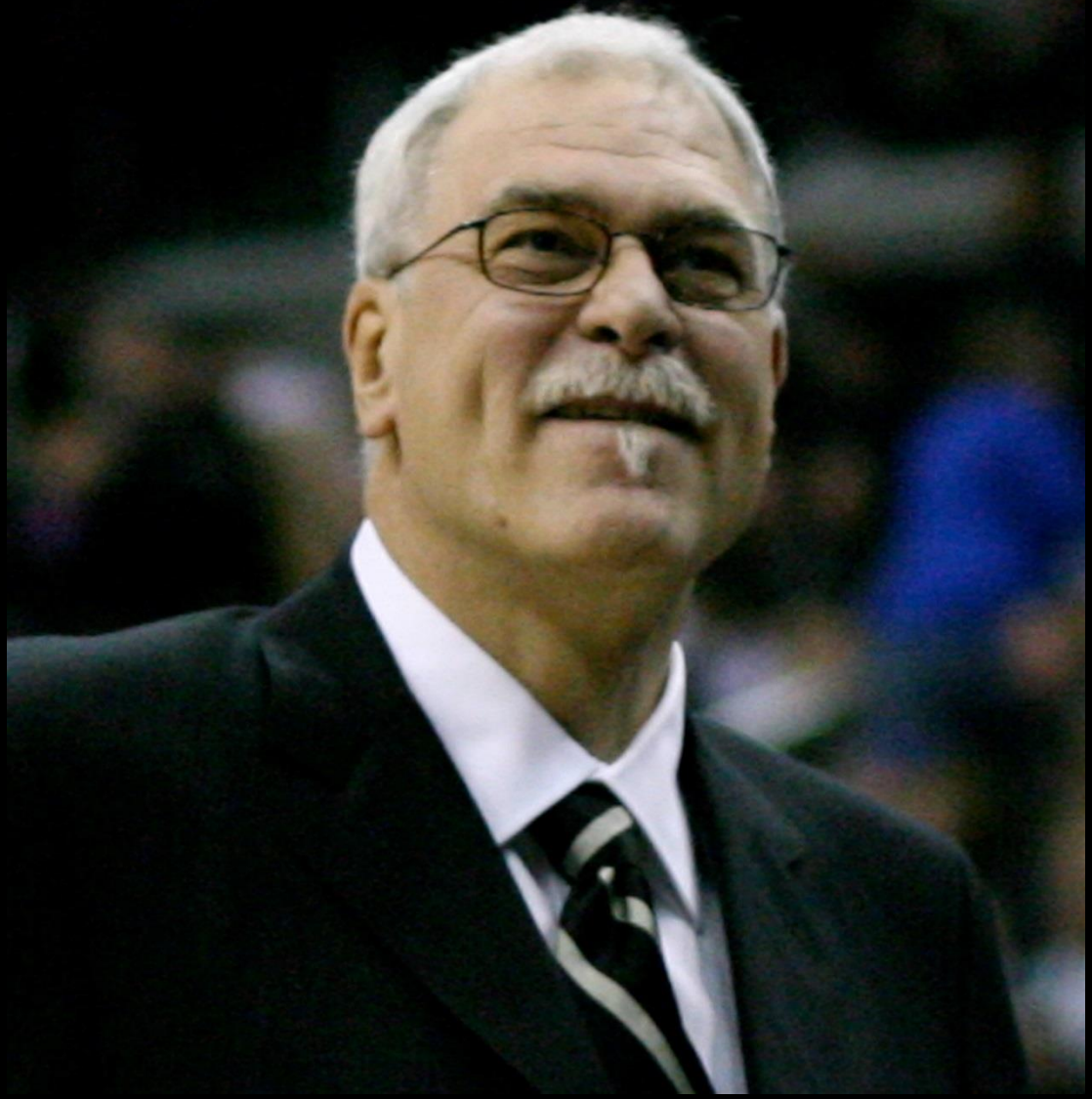
Lodging Industry Update:
Urban Revitalization

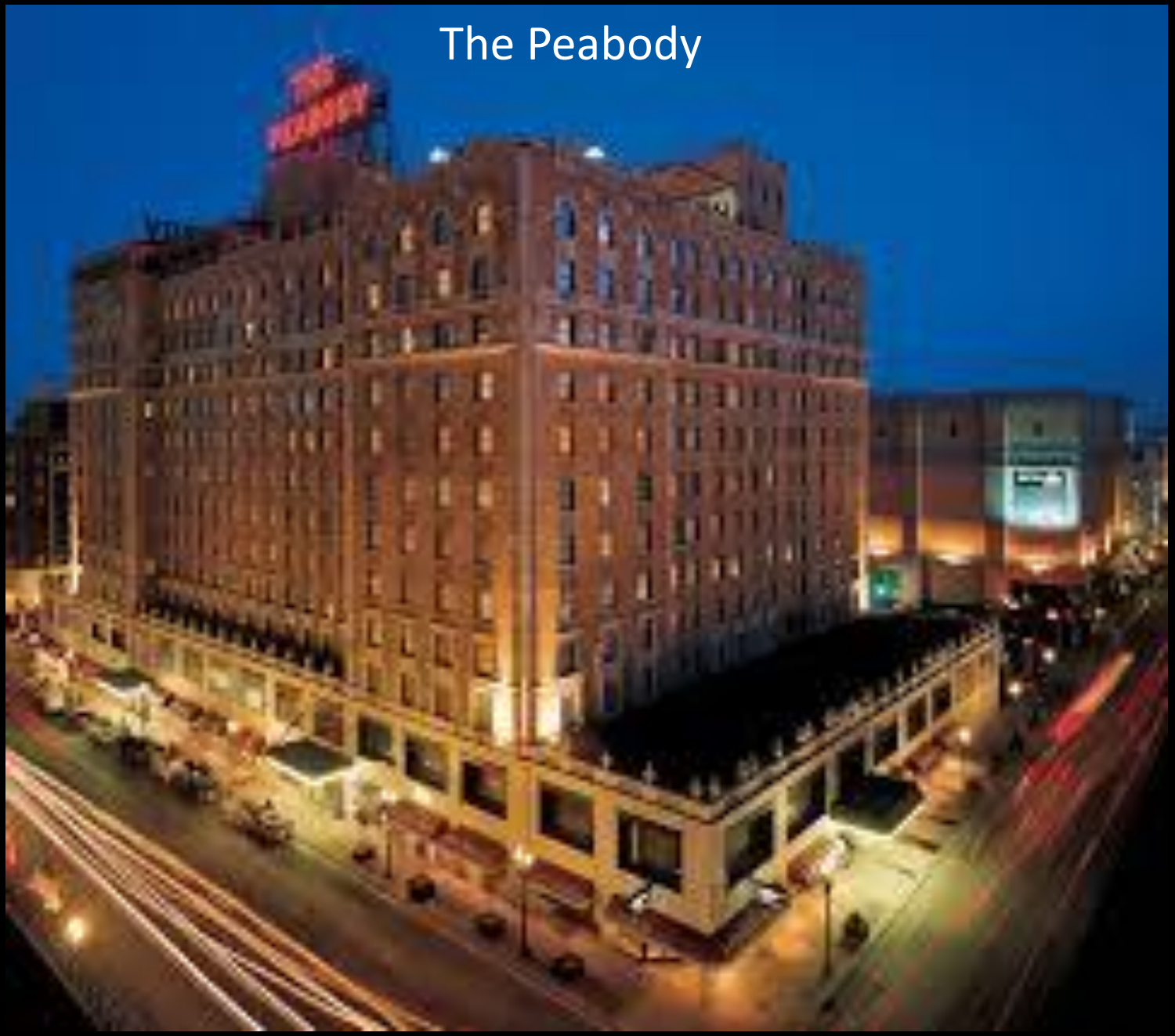
Jeff Sanford
Jeff Sanford Consulting
February 21, 2014

Downtown Neighborhood: Before

Coach Phil Jackson



The Peabody



New Peabody Place – Main St.

Old Court Square Park

The Old Lowenstein Building

Sleep Inn of Court Square

New Court Square Park

New Court Square Center

Marriott Springhill Suites & Courtyard by Marriott

MADISON
MADISON
eighth3

Metro 67

University of Memphis Law School

Hampton Inn on Beale St.

Westin

Downtown Oklahoma City

21c

MUSEUM HOTEL

Downtown St. Louis
Embassy Suites

Four Essential Ingredients

1. Vision
2. Tenacity
3. Public/Private Partnerships
4. Public Incentives

Questions?

So How Was 2013 ?

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Lodging Industry Outlook

Local Markets – Chuck Pinkowski
National & Regional – Jeff Higley

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Data Provided by

Memphis Lodging Market

Chuck Pinkowski
Pinkowski & Company

Memphis Lodging Market

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Continuing the Positive Trend

What Is On The Horizon For 2014

2012 Outpaced 2011
How Did 2013 Compare

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P&C Forecast vs Actual - 2013

	Forecast	Actual
Occ	62.5% (3.0%)	60.1% (-.9%)
ADR	$81.00 (3.2%)	$80.70 (2.7%)
RevPAR	$50.62 (6.4%)	$48.48 (1.8%)

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Memphis Lodging Market

How good was 2013 vs 2012

Every Day

14 more rooms sold

Revenue up $29,687

For the Year

5,271 more rooms sold

$10,833,901 more in revenue

Most Rooms Ever Sold

Room Supply below 2011 level

Revenue

Highest on Record

ADR

Still $3.45 below 2007 peak

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Memphis Lodging Market

Key Statistics

	YE 2013	YE 2012	% Change
Room Supply (Daily)	22,315	22,088	1.0%
Room Demand (Daily)	13,407	13,393	0.1%
Room Revenue (Daily)	$1,081,936	$1,052,250	2.8%
Occupancy	60.1%	60.6%	-0.9%
ADR	$80.70	$78.57	2.7%
RevPAR	$48.48	$47.64	1.8%

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Memphis Lodging Market

Key Statistics

	YE 2013	YE 2007	% Change
Room Supply (Daily)	22,315	20,725	7.7%
Room Demand (Daily)	13,407	12,911	4.2%
Room Revenue (Daily)	$1,081,936	$1,057,555	2.3%
Occupancy	60.1%	62.3%	-3.5%
ADR	$80.70	$81.91	-1.5%
RevPAR	$48.48	$51.03	-5.0%

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Memphis Lodging Market vs Total U.S.

% Change 2013 vs 2012

	Memphis	U.S.
Room Supply	1.0%	0.7%
Room Demand	0.1%	2.2%
Room Revenue	2.8%	6.2%
Occupancy	-0.9%	1.5%
ADR	2.7%	3.9%
RevPAR	1.8%	5.4%

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Memphis Comparison

	Occ	ADR	RevPAR	Change in Supply	Change in Demand
Memphis	60.1%	$80.80	$48.48	1.0%	0.1%
U.S.	62.3%	$110.35	$68.69	0.7%	2.2%
East South Central	56.9%	$82.24	$46.78	0.8%	2.0%
Top 25	70.0%	$135.04	$94.47	0.6%	2.7%
All Other Markets	58.7%	$96.83	$56.85	0.7%	2.0%

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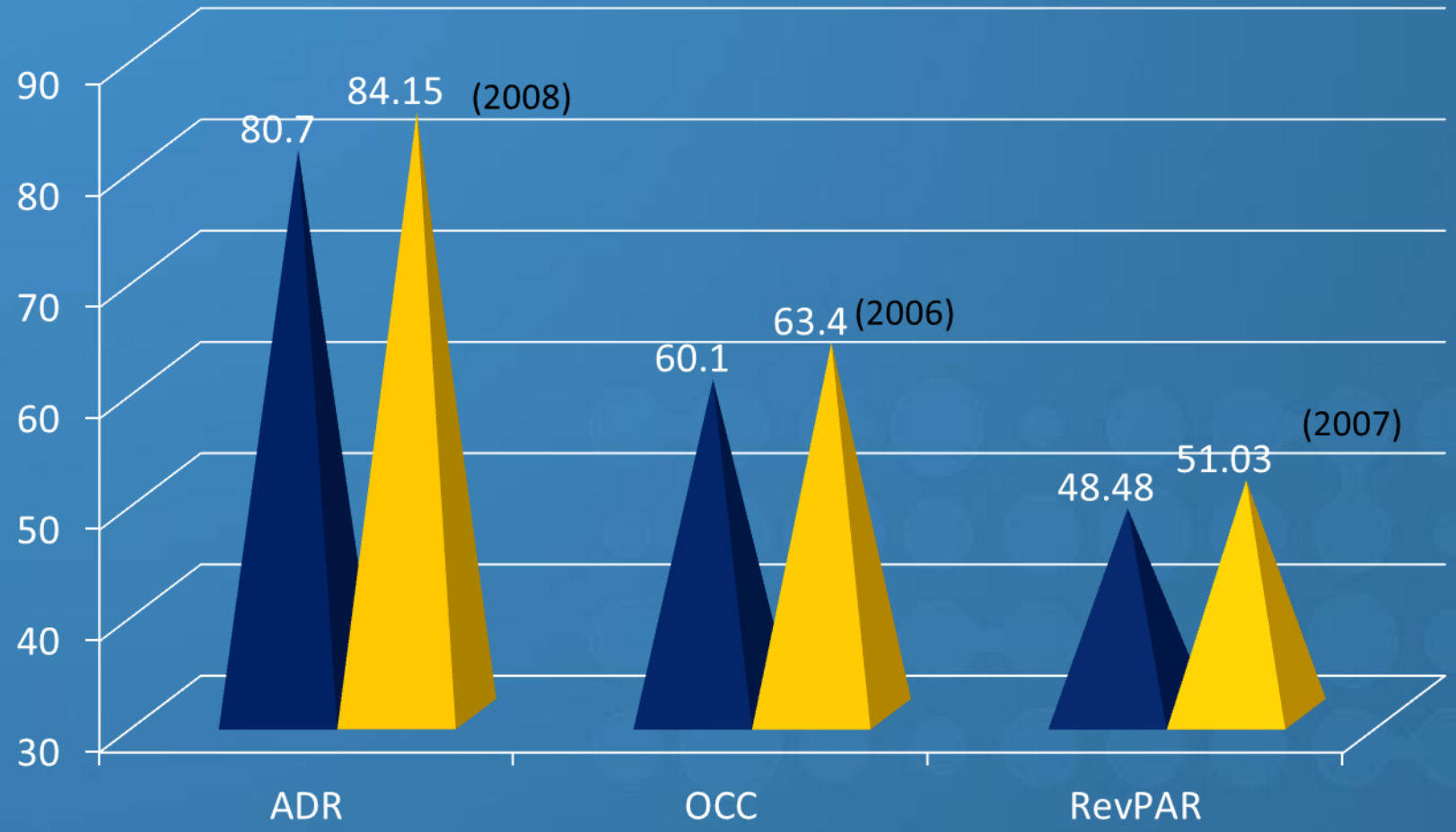
Memphis Lodging Market

YE 2013 Compared to Peak



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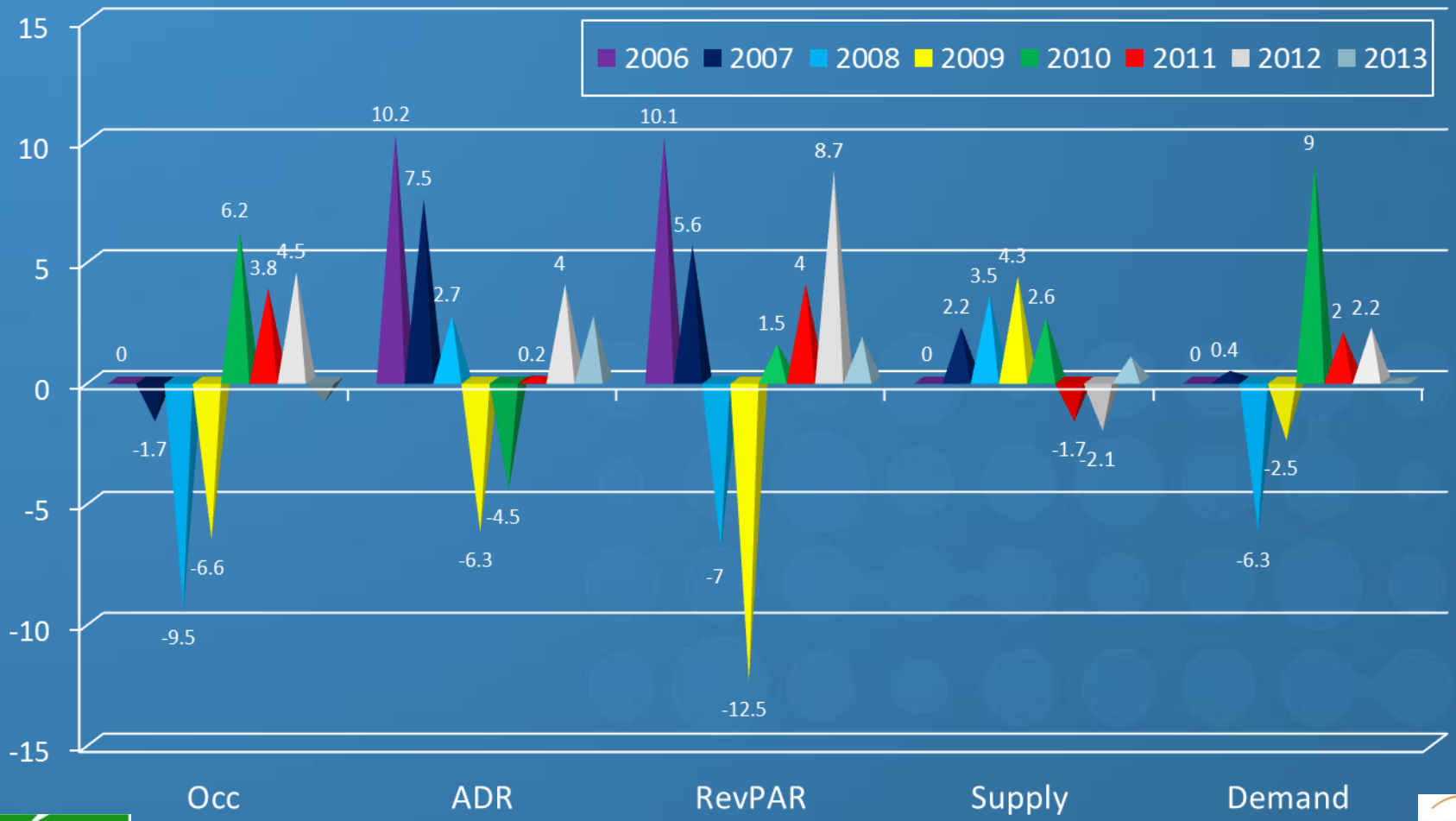
Memphis Lodging Market

% Change Key Indicators



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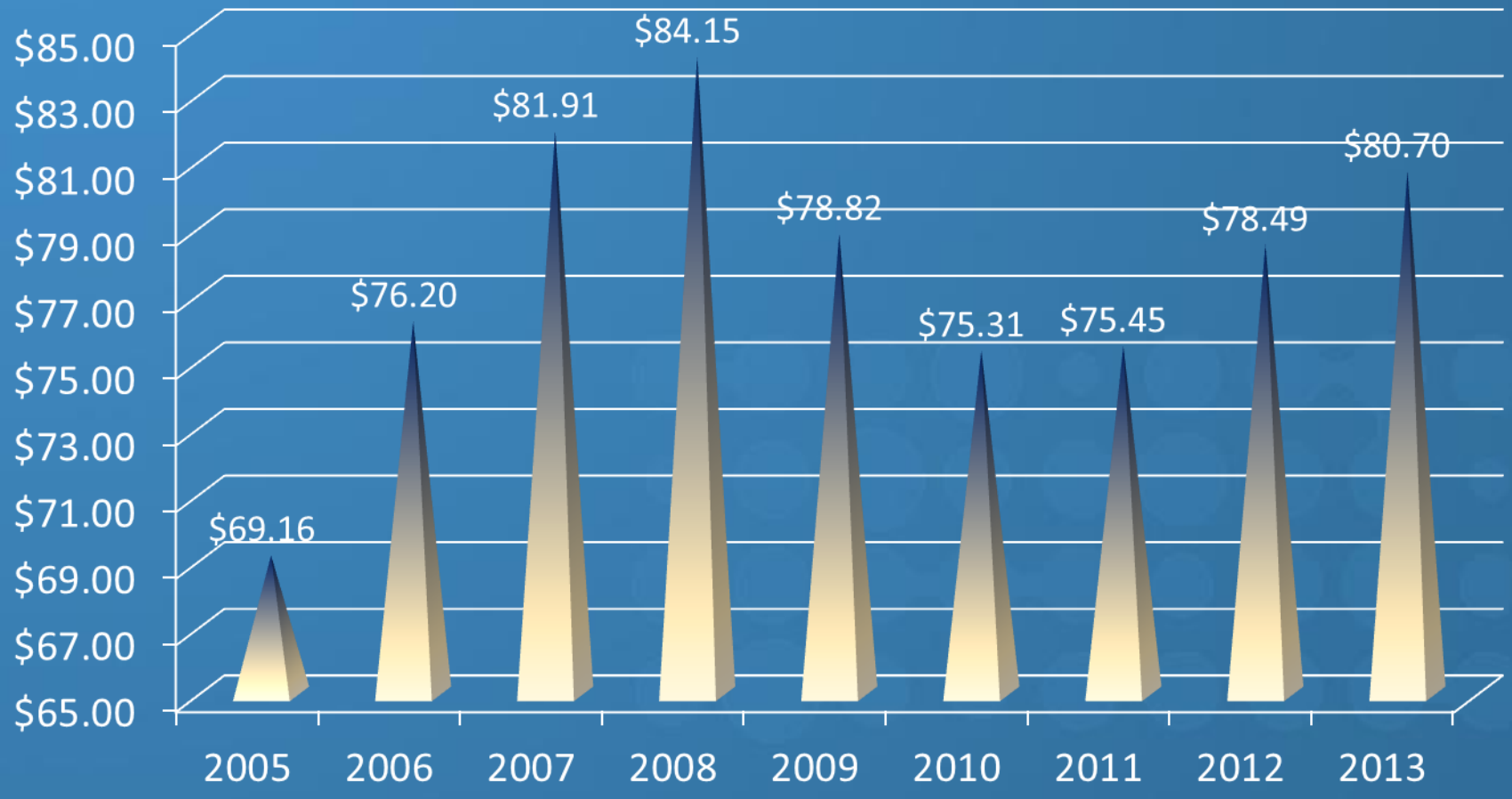
Memphis Lodging Market

Average Rate



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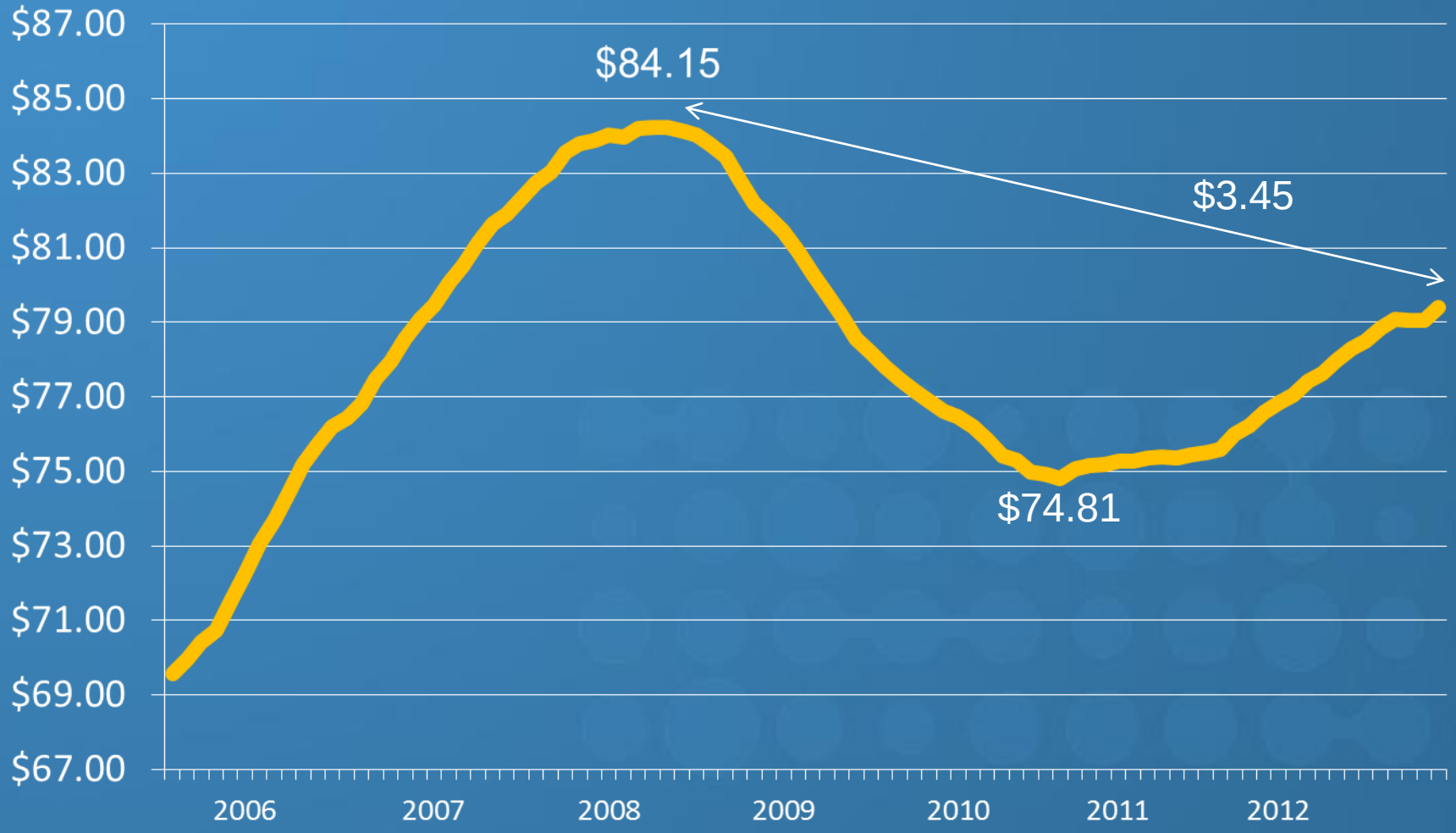
Memphis Lodging Market

ADR 12 Month Moving AVG



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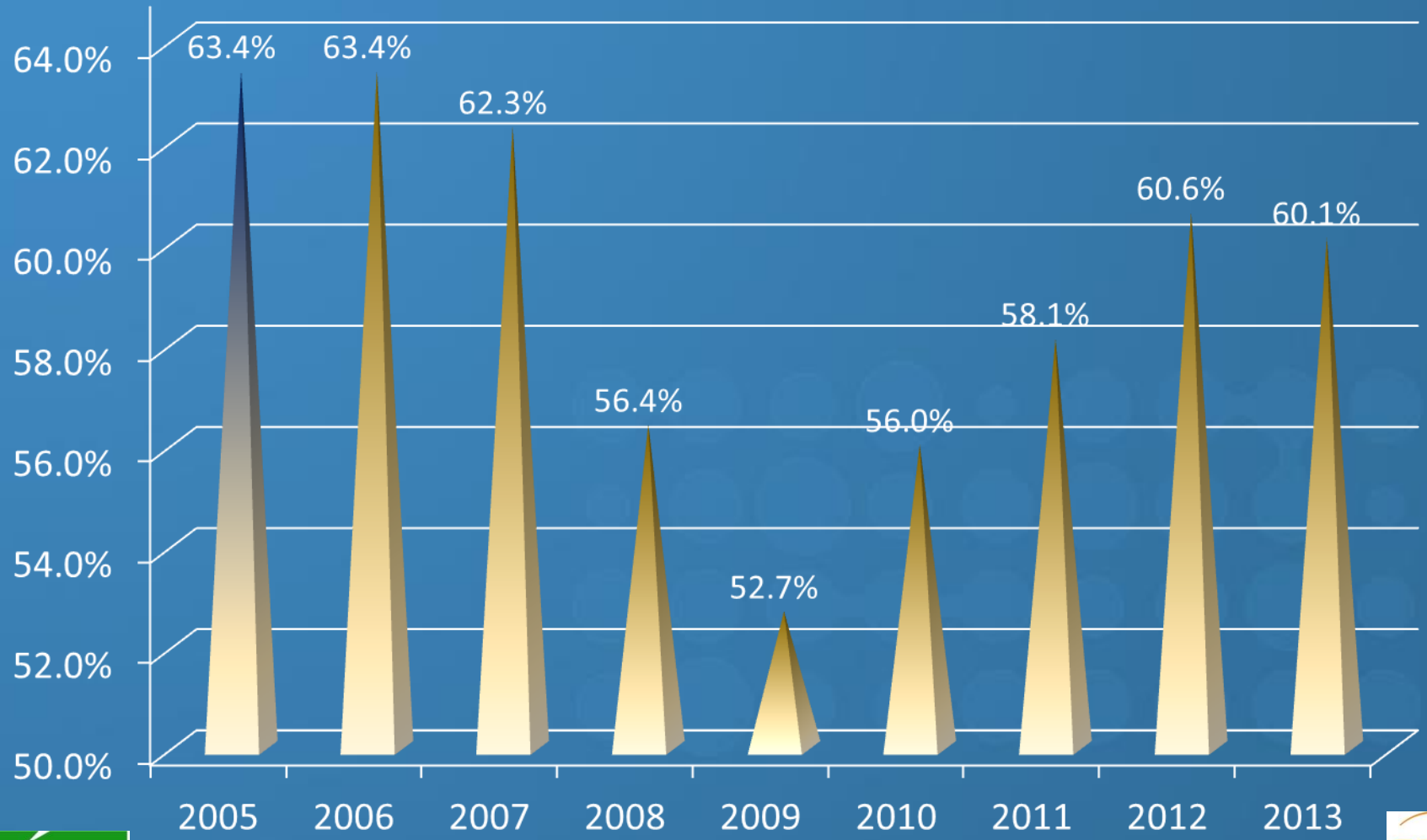
Memphis Lodging Market

Occupancy



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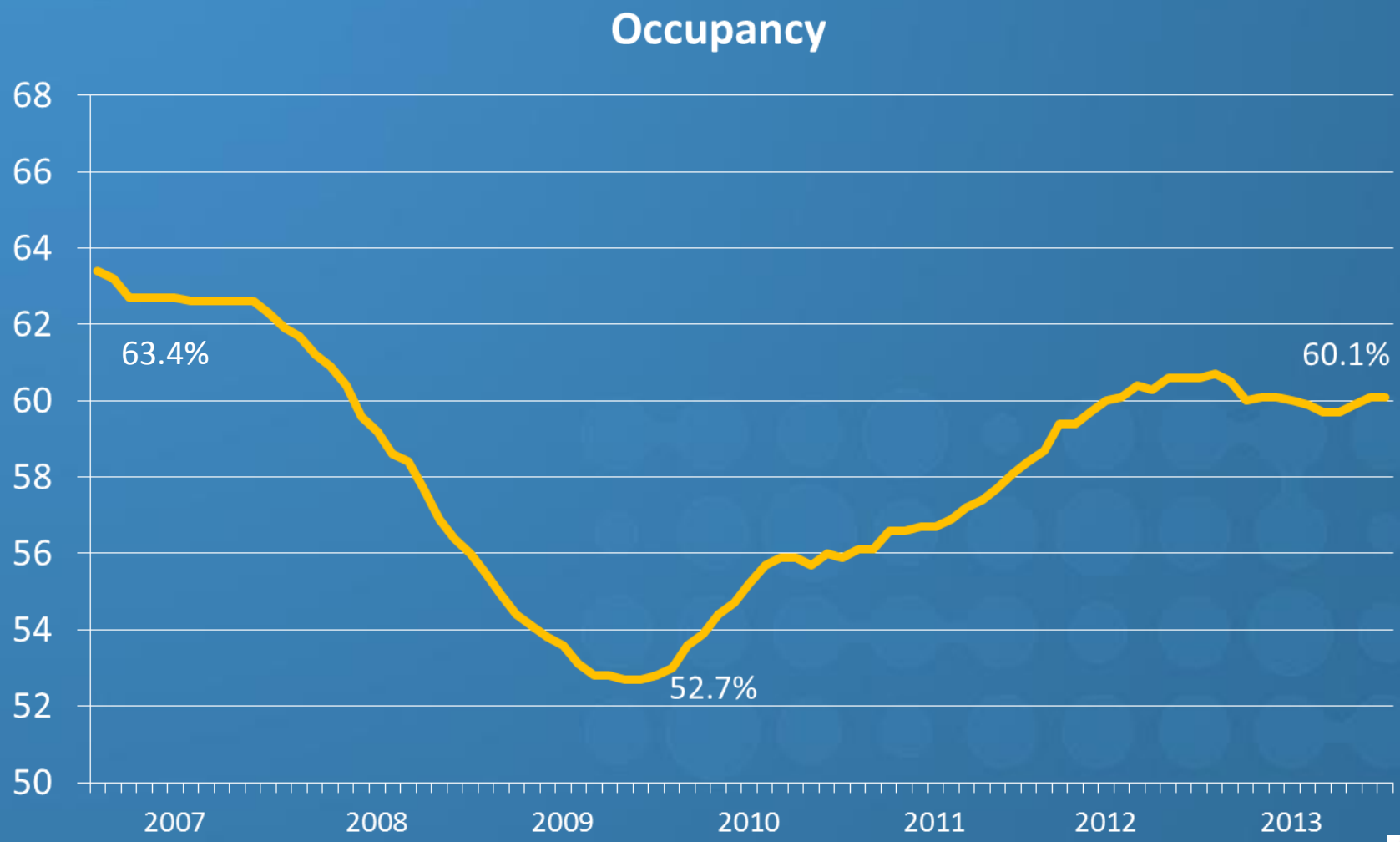
Memphis Lodging Market

Occupancy 12 Month Moving AVG



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Memphis Lodging Market

RevPAR

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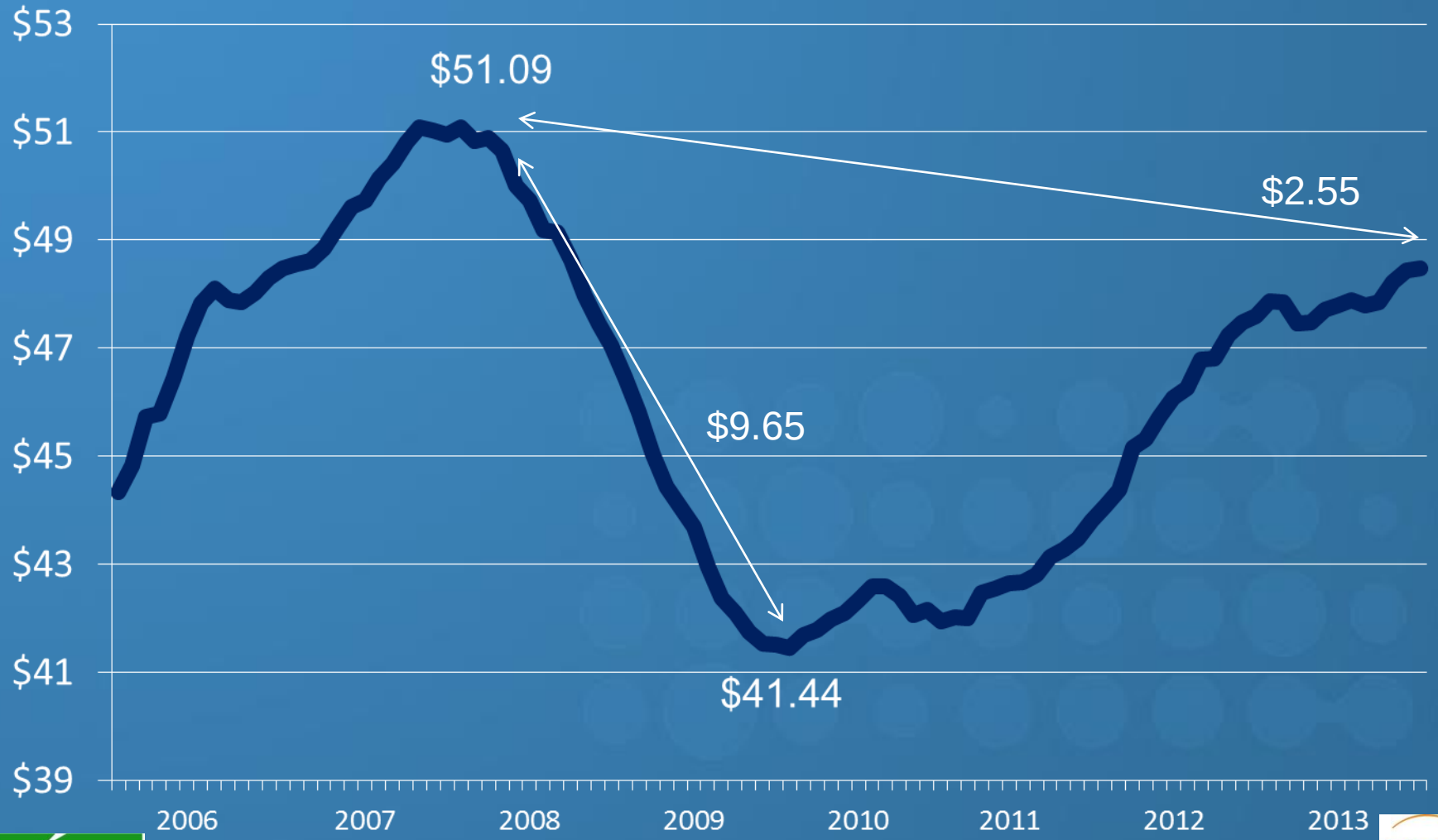
RevPAR 12 Month Moving AVG



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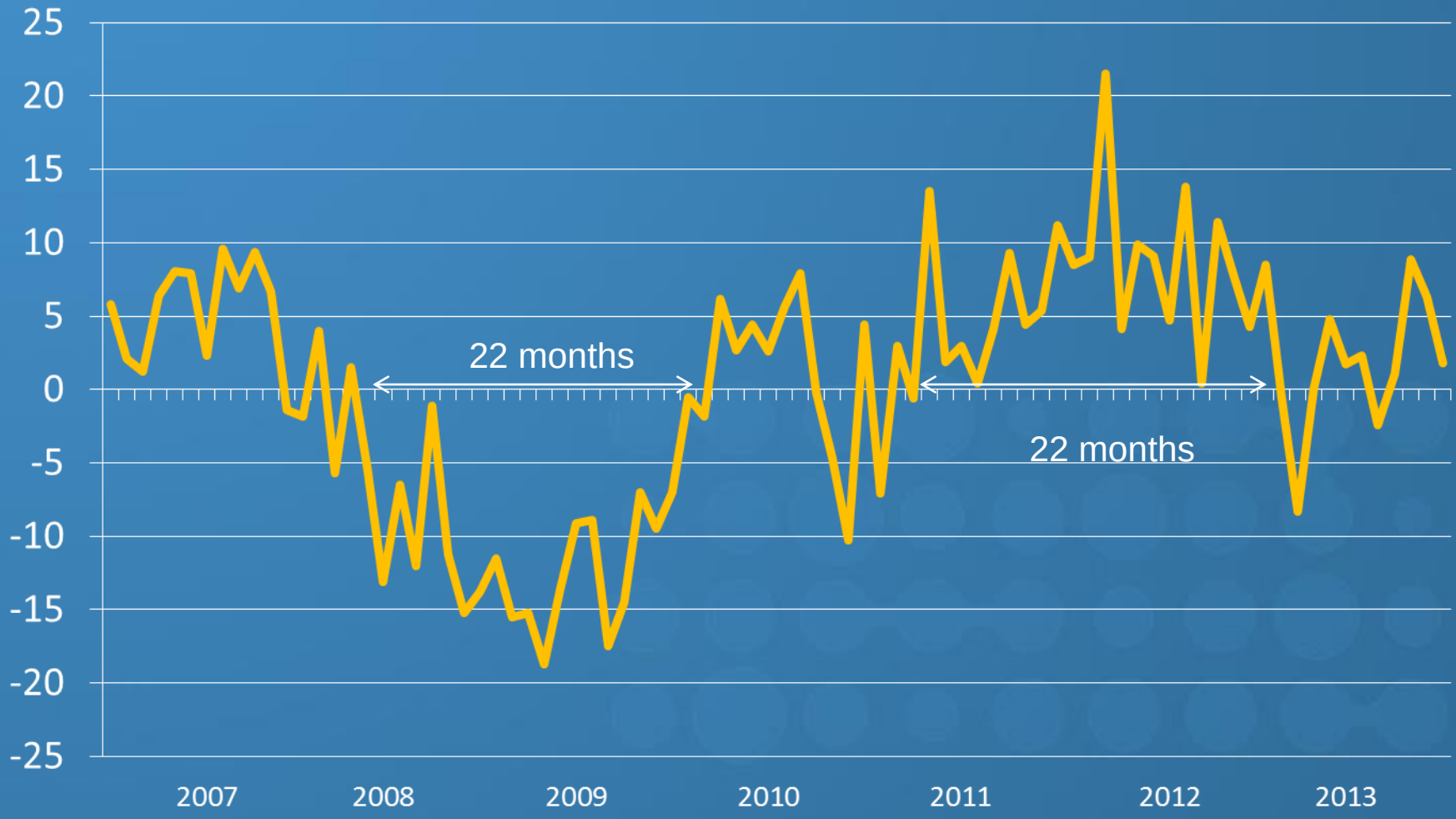
Memphis Lodging Market

RevPAR Growth % Change



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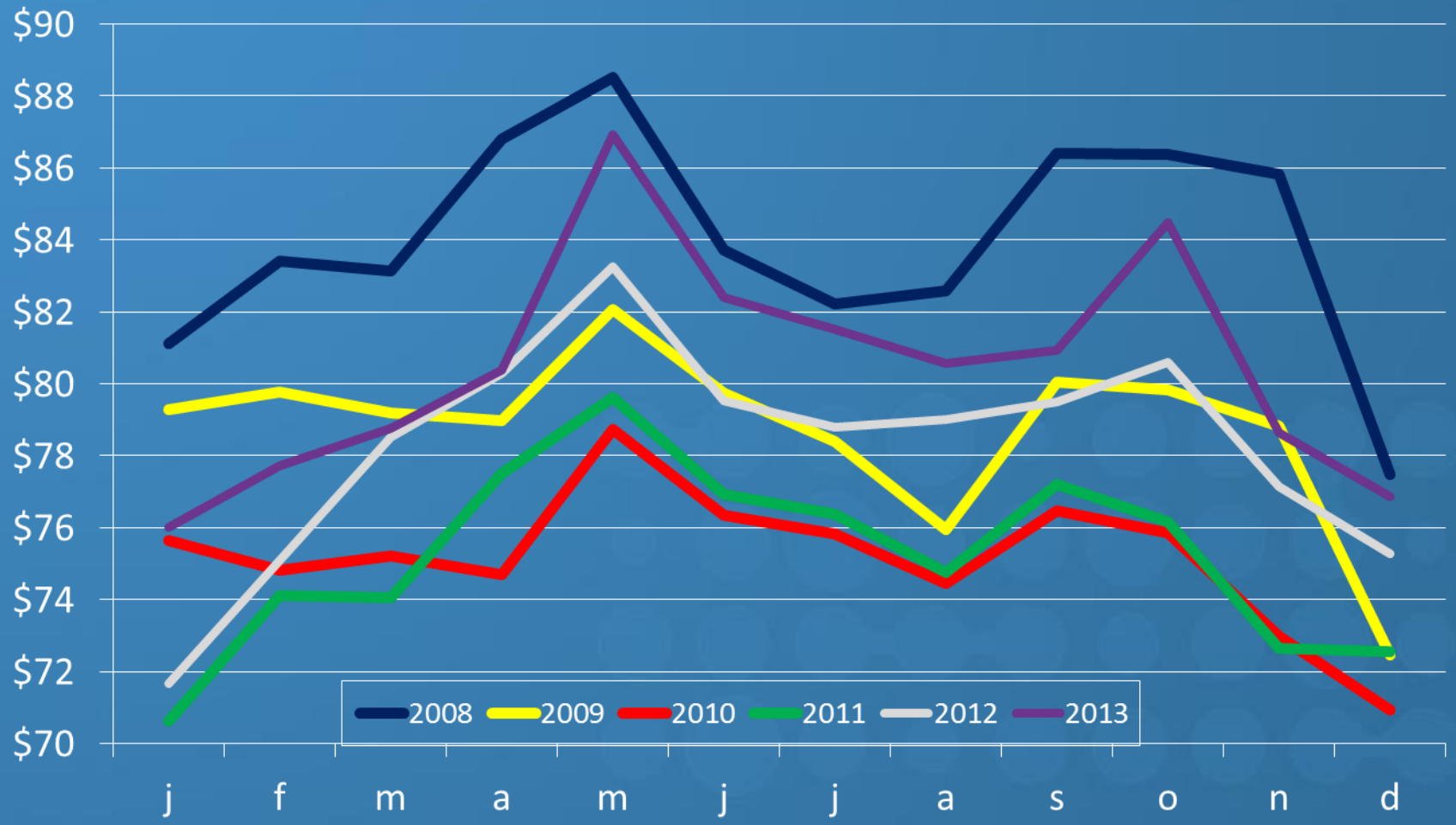
Memphis Lodging Market

ADR Comparison



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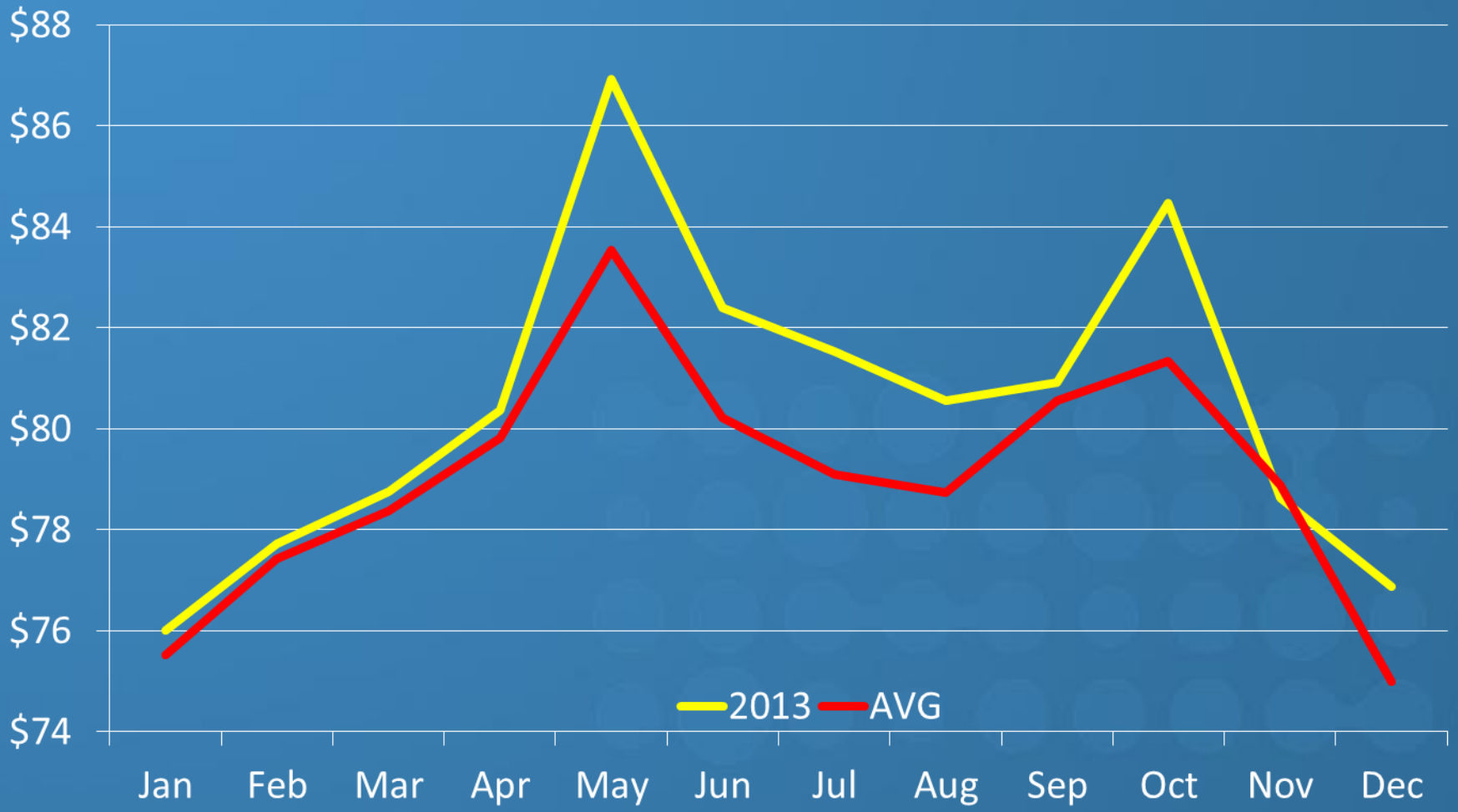
Memphis Lodging Market

ADR Comparison YE2013 vs 7 YR Avg



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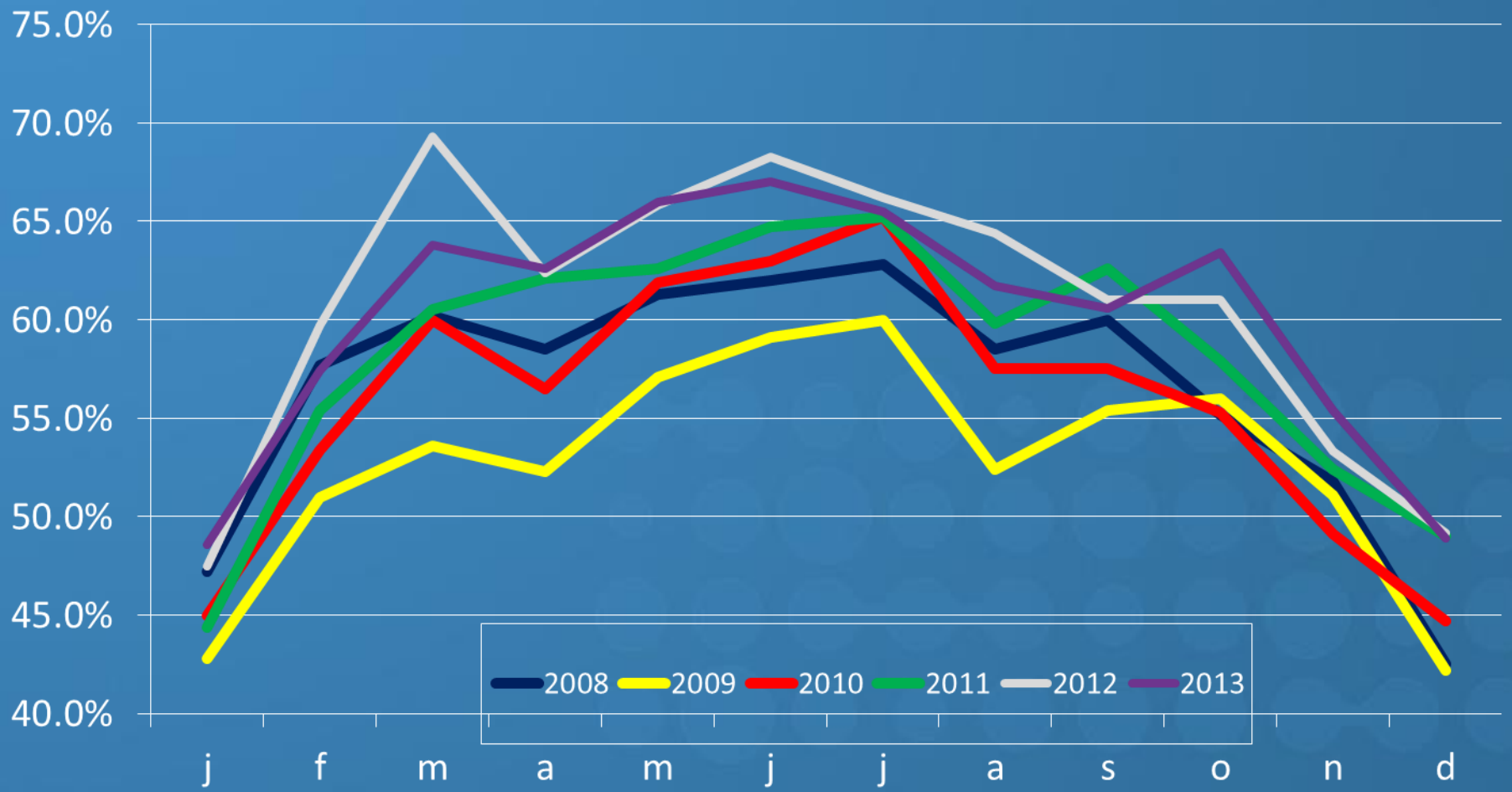
Occupancy Comparison



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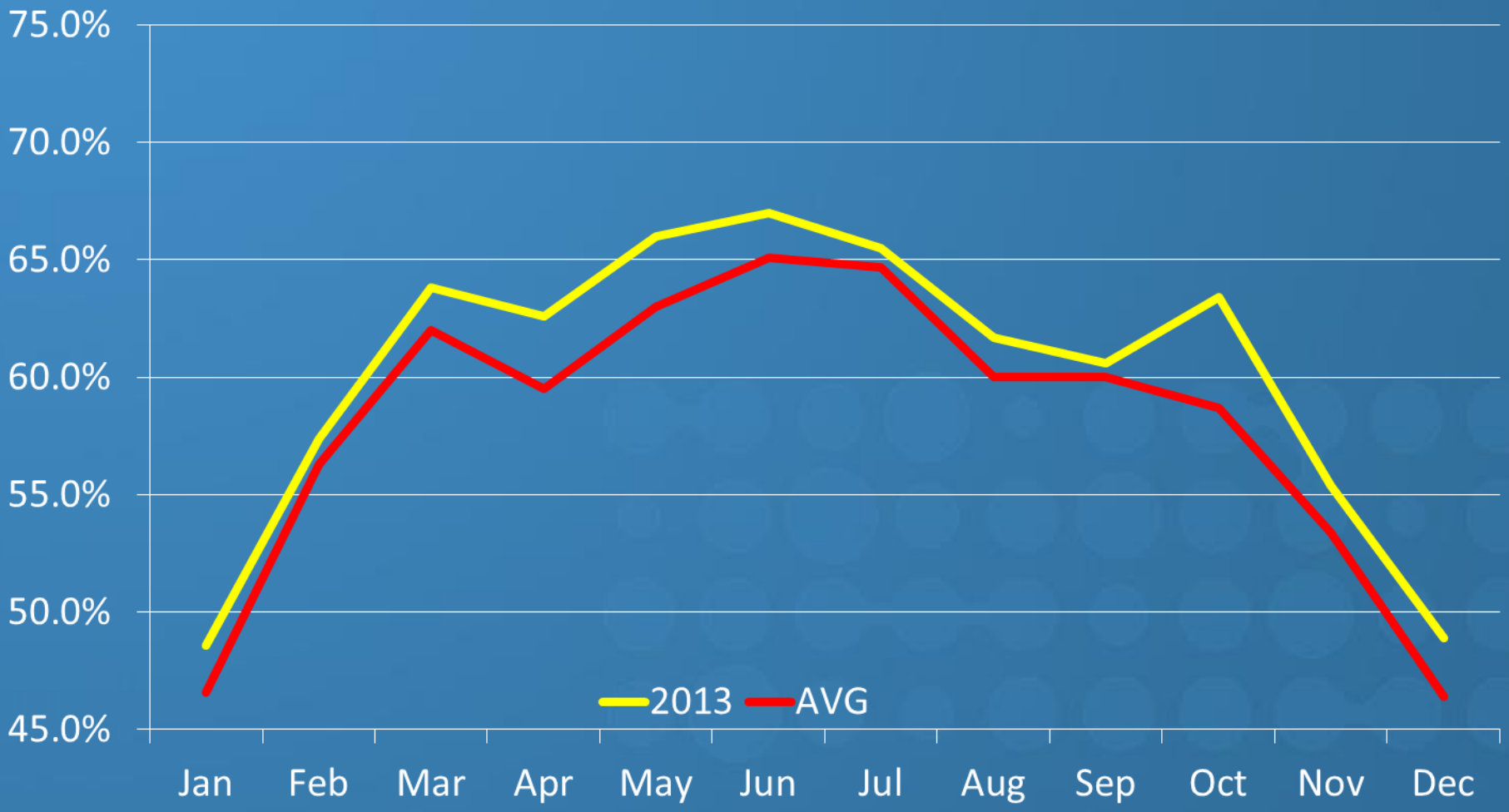
Memphis Lodging Market

Occ Trend 2013 vs 7 YR Avg



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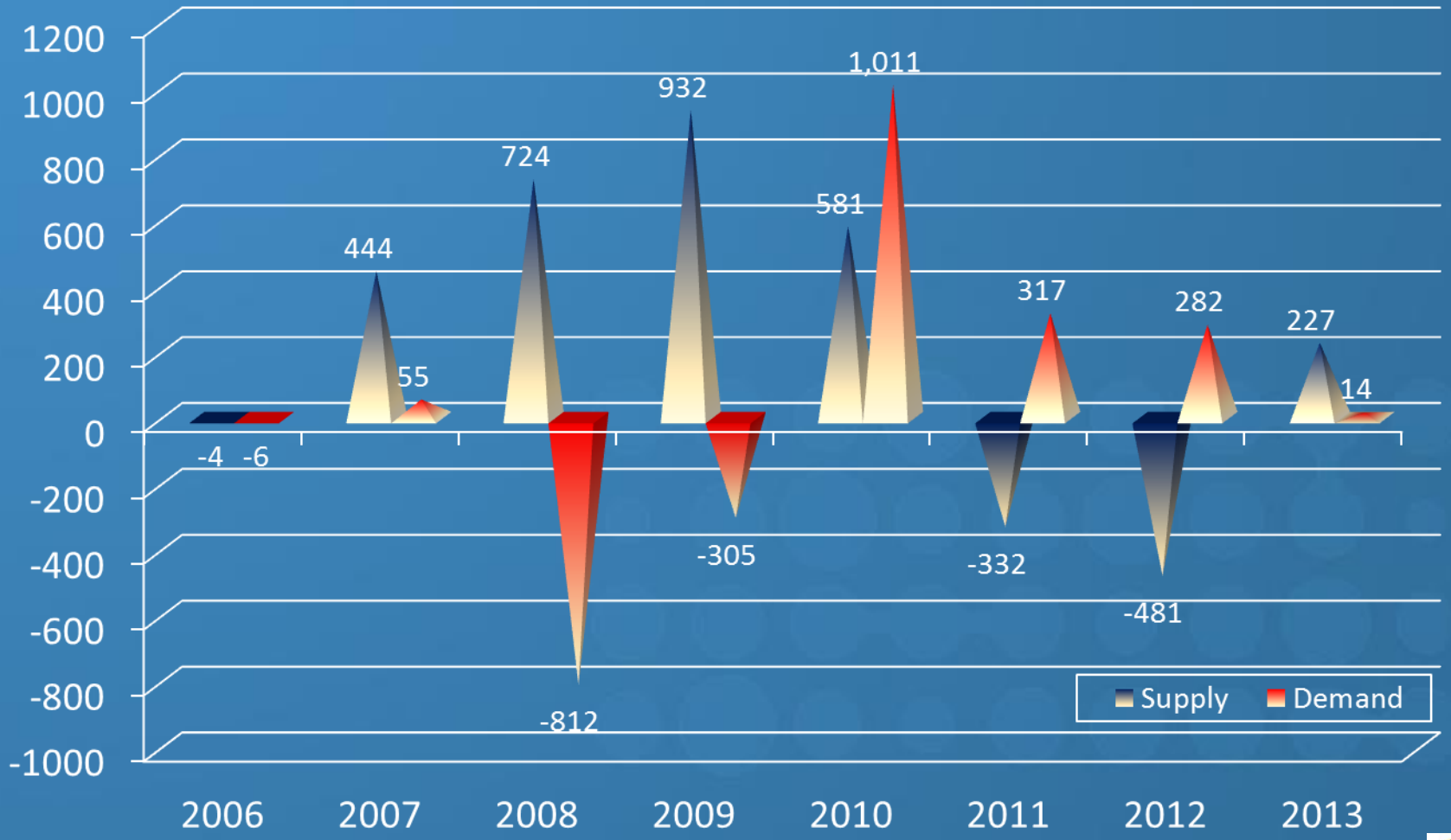
Average Daily Change - Supply/Demand



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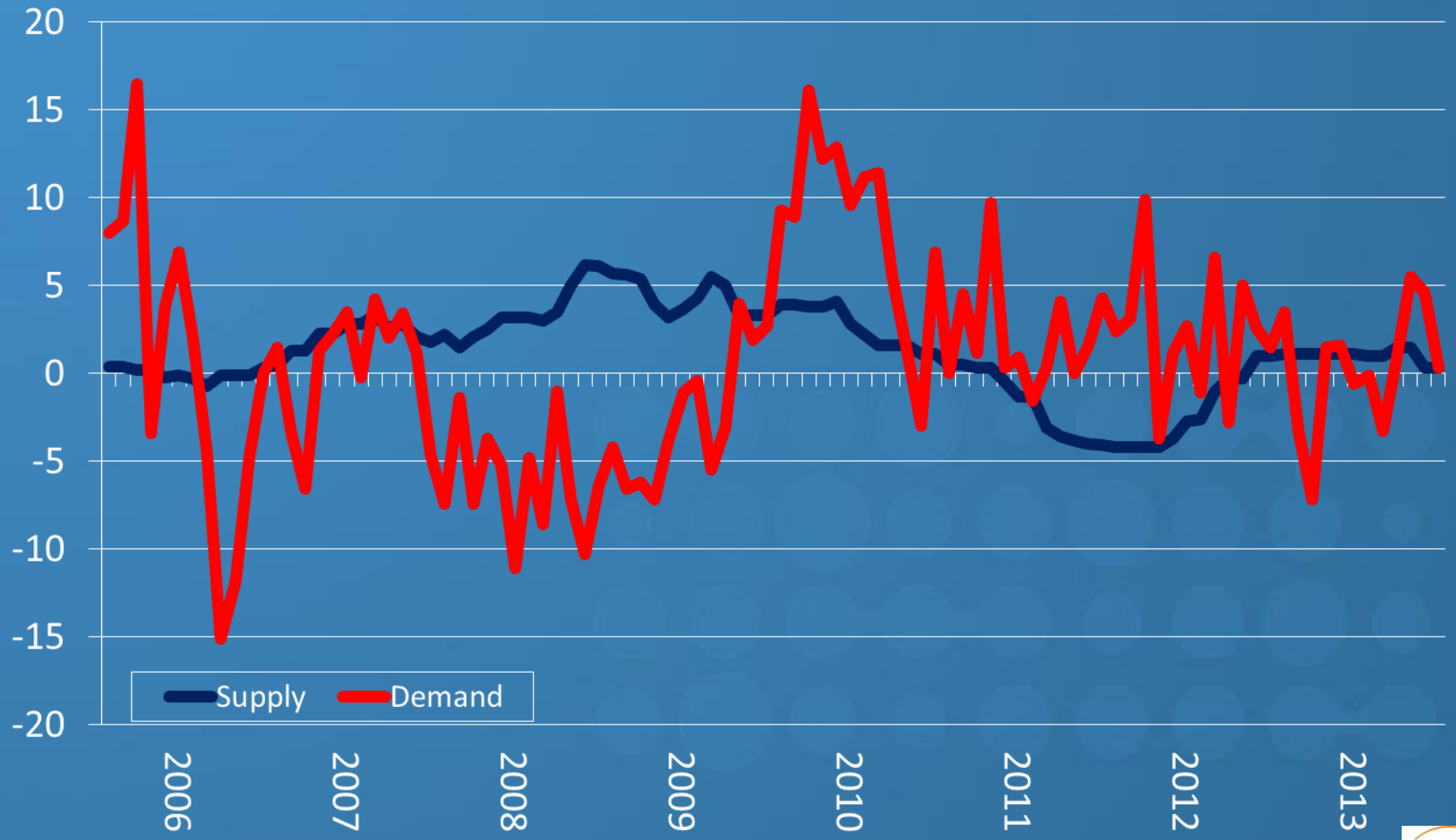
Memphis Lodging Market

Supply & Demand % Change



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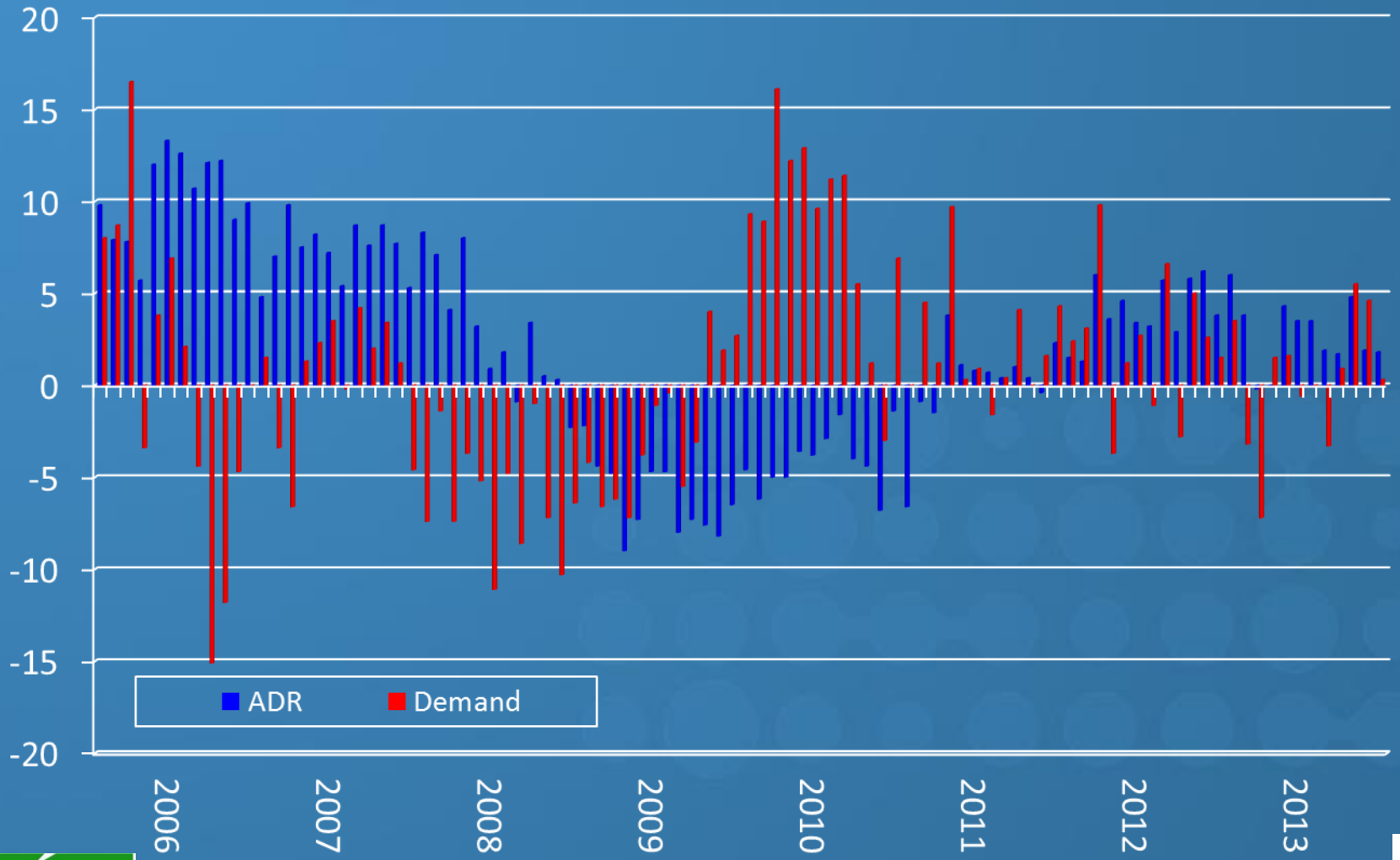
Memphis Lodging Market

ADR & Demand % Change



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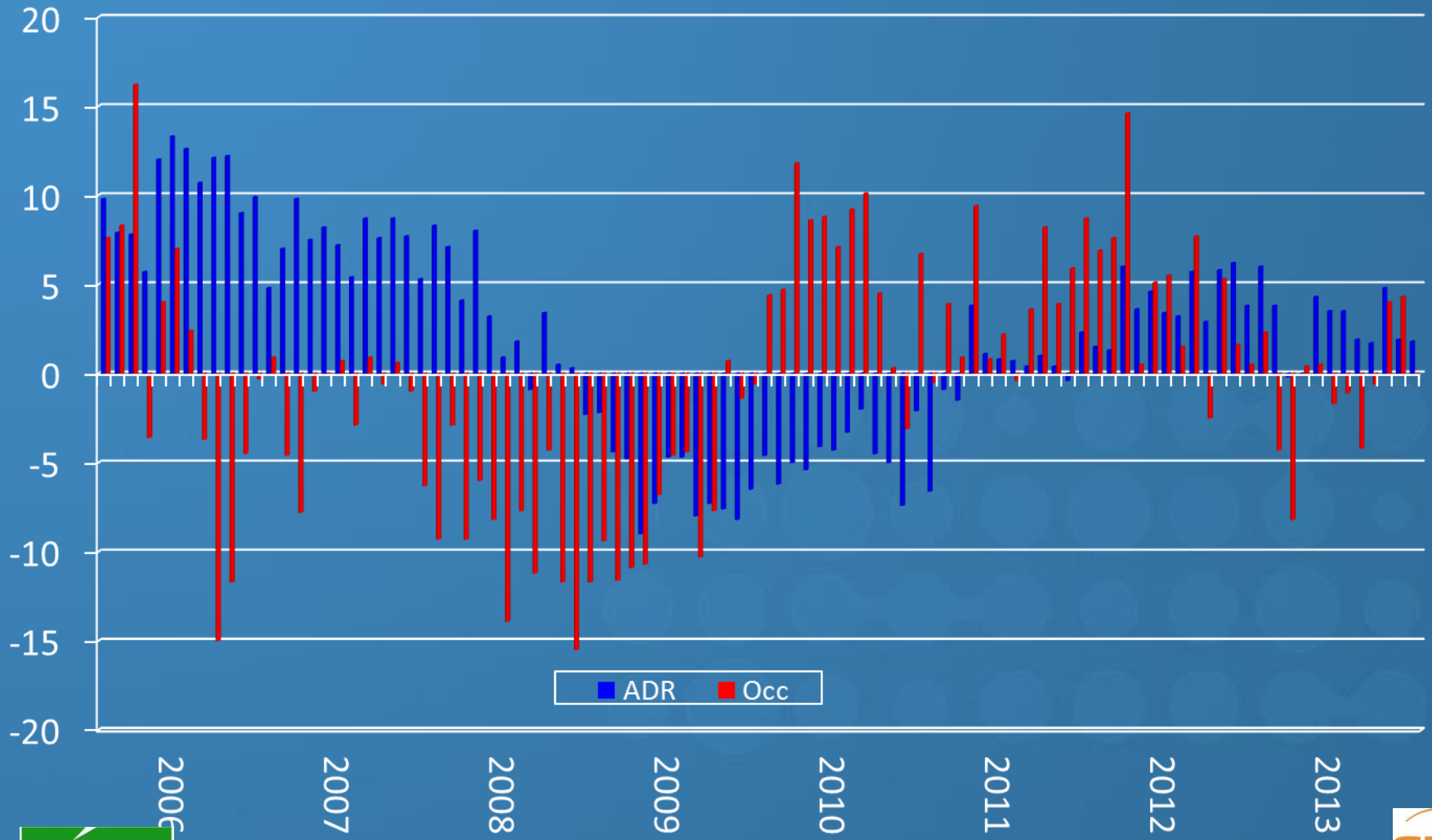
Memphis Lodging Market

ADR & Occ % Change



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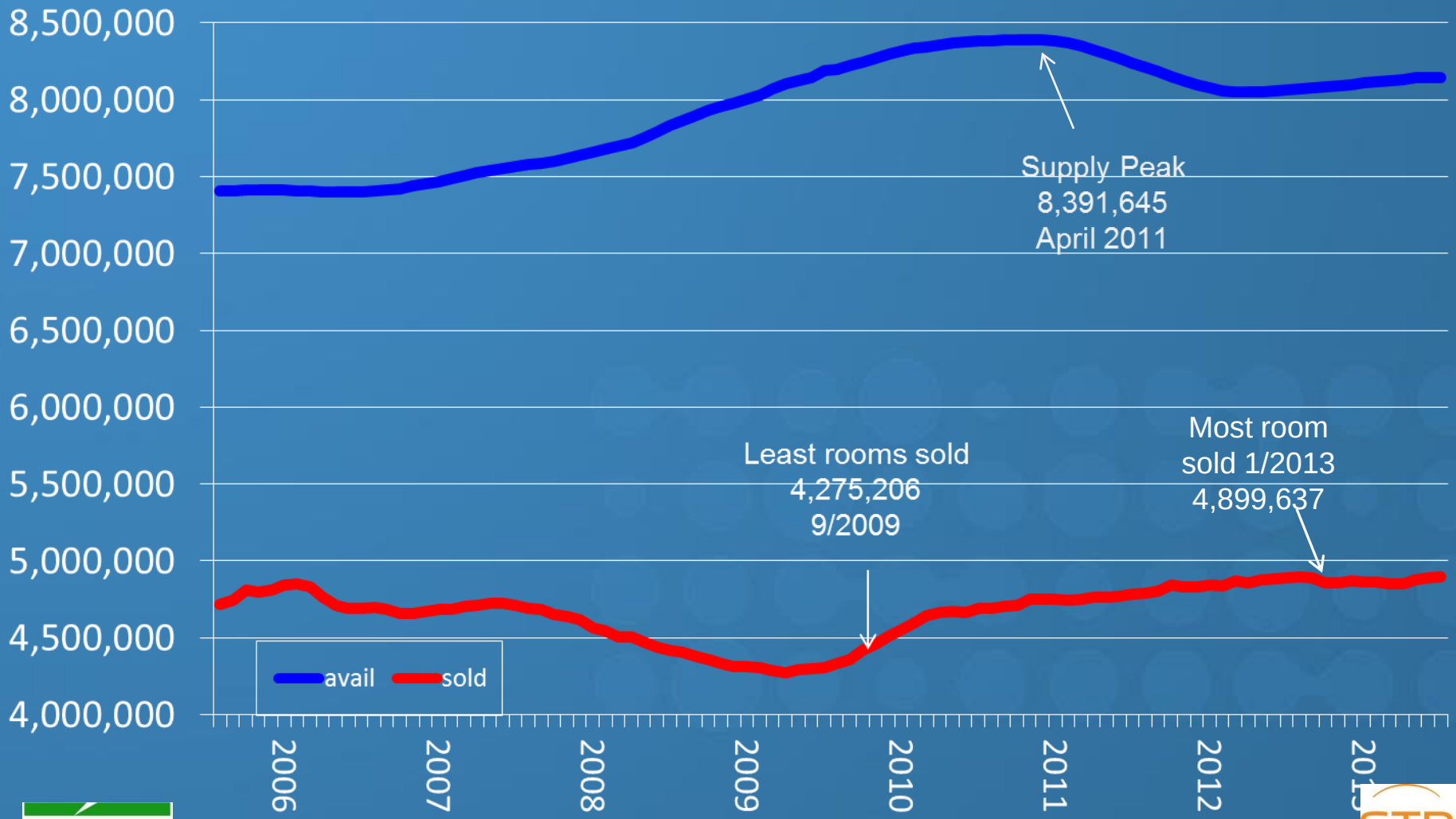
Memphis Lodging Market

Rooms Available/Rooms Sold 12 month moving average



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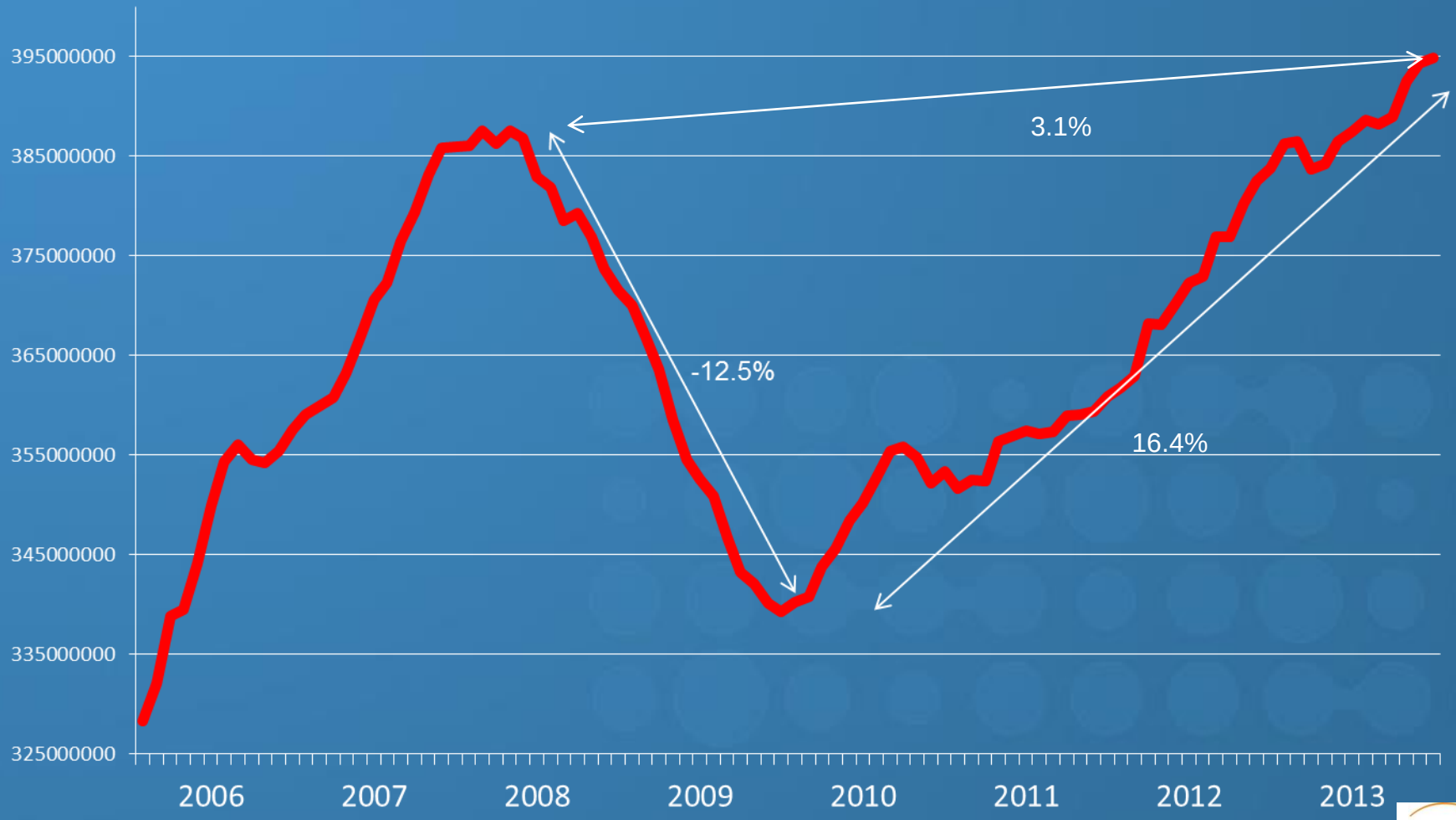
Memphis Lodging Market

12 Month Moving Avg Revenue



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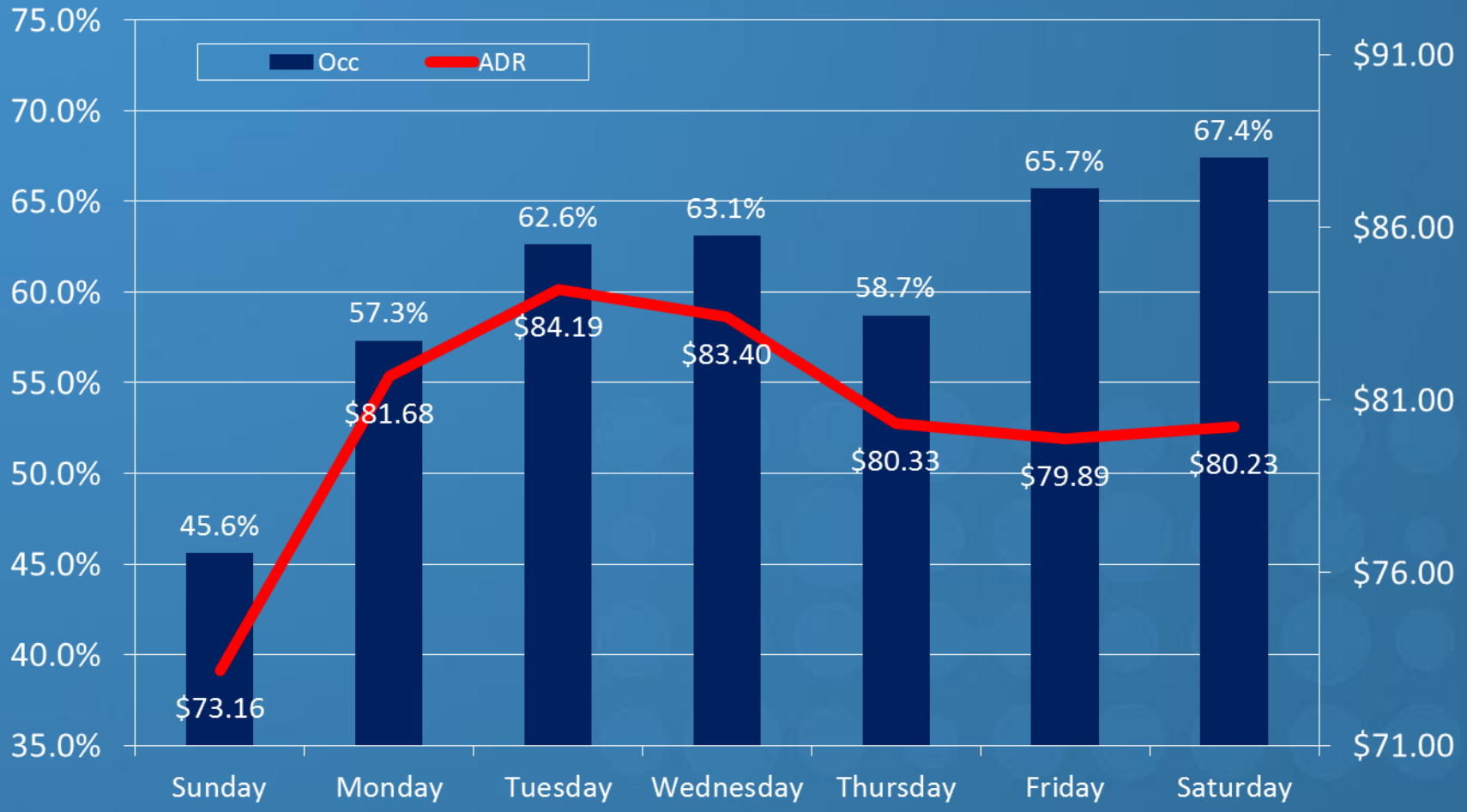
Memphis Lodging Market

Day of Week



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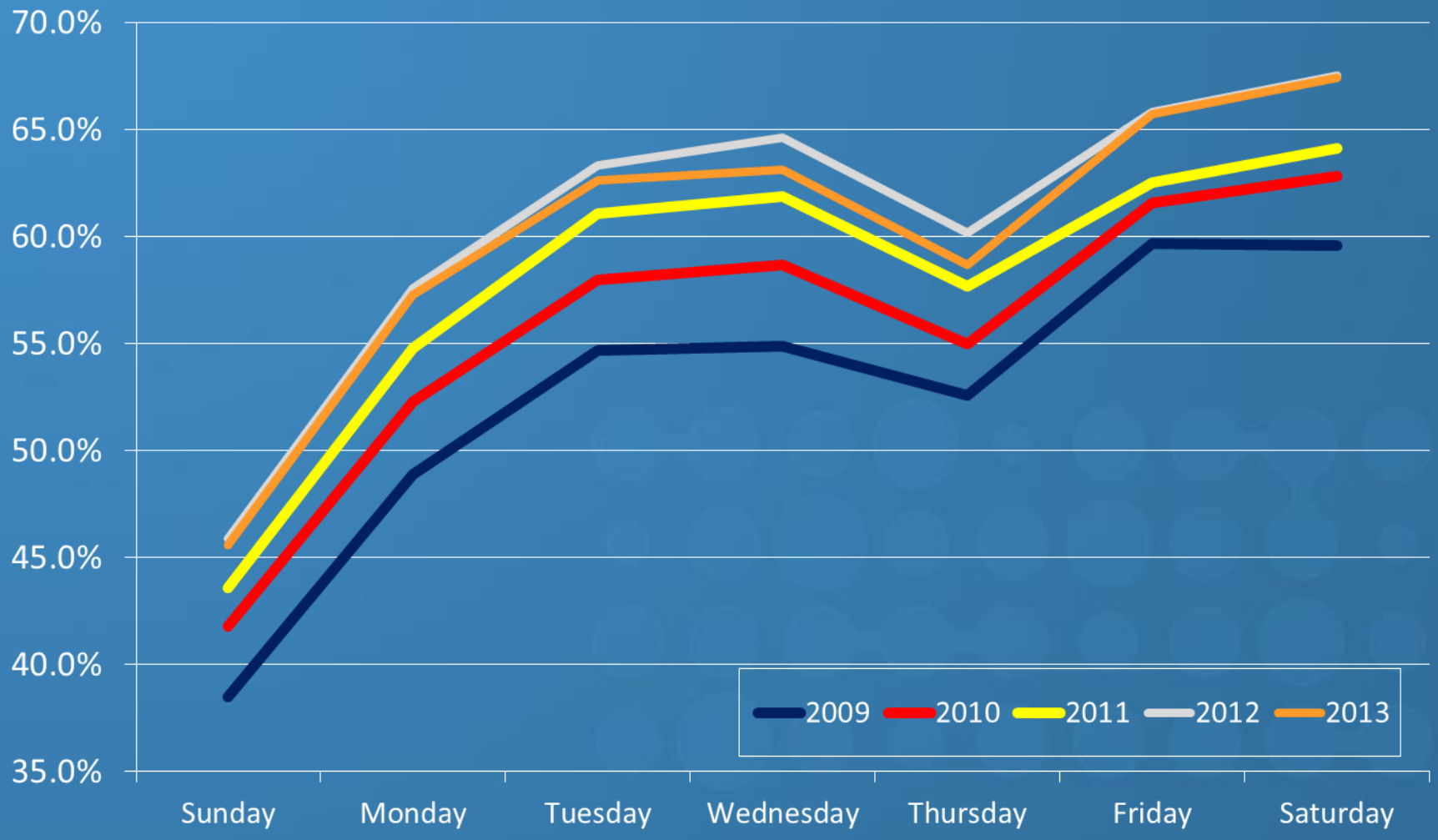
Memphis Lodging Market

Day of Week - Occupancy



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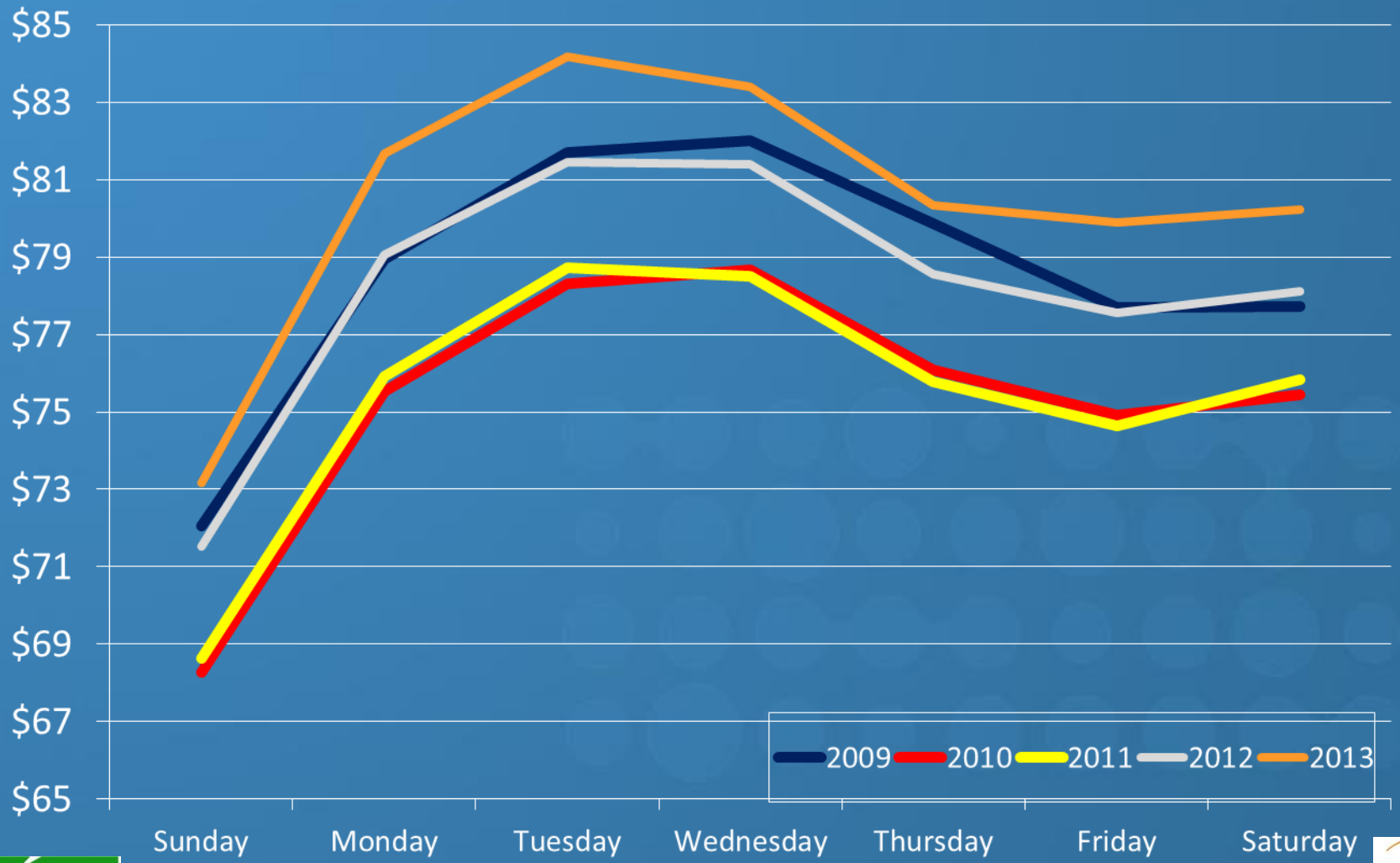
Memphis Lodging Market

Day of Week - ADR



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Memphis Lodging Market

Monthly

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Memphis Lodging Market

Geographic Regions

Memphis Lodging Market

Year End 2013 by Geographic Region

	ADR	Occ	RevPAR	# Rooms	# Properties
West Memphis	$59.03	51.3%	$30.29	1,522	24
Poplar/East	$87.05	68.3%	$59.49	5,145	42
East/I-40	$61.46	57.4%	$34.68	3,412	37
Airport/South	$56.34	50.6%	$28.51	4,613	50
Downtown/Midtown	$123.02	63.7%	$78.42	3,896	32
Mississippi	$79.55	67.6%	$53.74	2,816	38
Millington/North/Other	$58.32	50.2%	$29.29	1,035	19
Citywide	$80.70	60.1%	$48.48	22,435	242

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Memphis Lodging Market

# Rooms	Occ	ADR	RevPAR	# Properties	# Rooms
Less than 75	55.8%	$62.36	$34.82	112	5,106
75-149	60.9%	$75.75	$46.10	110	12,134
150-299	63.3%	$96.58	$61.15	15	3,325
300-500	n/a	n/a	n/a	3	1,188
500 +	n/a	n/a	n/a	1	600

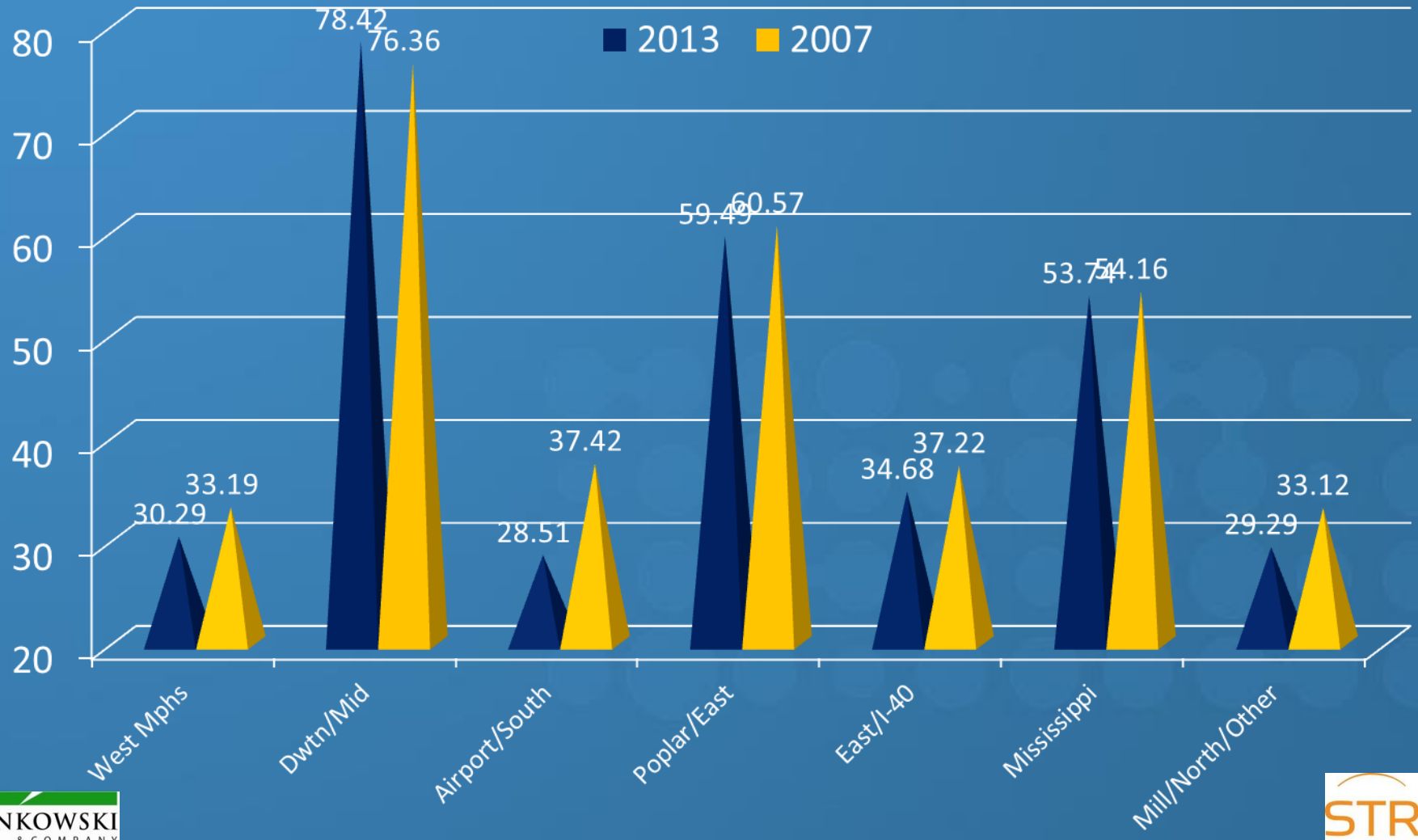
Memphis Lodging Market

% Change 2012 - 2013

# Rooms	Occ	ADR	RevPAR	Room Revenue	Room Avail	Room Sold
Less than 75	-1.4%	1.4%	0.0%	-0.1%	0.0%	-1.5%
75-149	-1.4%	3.3%	1.8%	2.1%	0.3%	-1.1%
150-299	6.3%	3.1%	9.6%	16.3%	6.2%	12.8%
300-500	n/a	n/a	n/a	n/a	n/a	n/a
500 +	n/a	n/a	n/a	n/a	n/a	n/a

Memphis Lodging Market

RevPAR 2013 vs 2007



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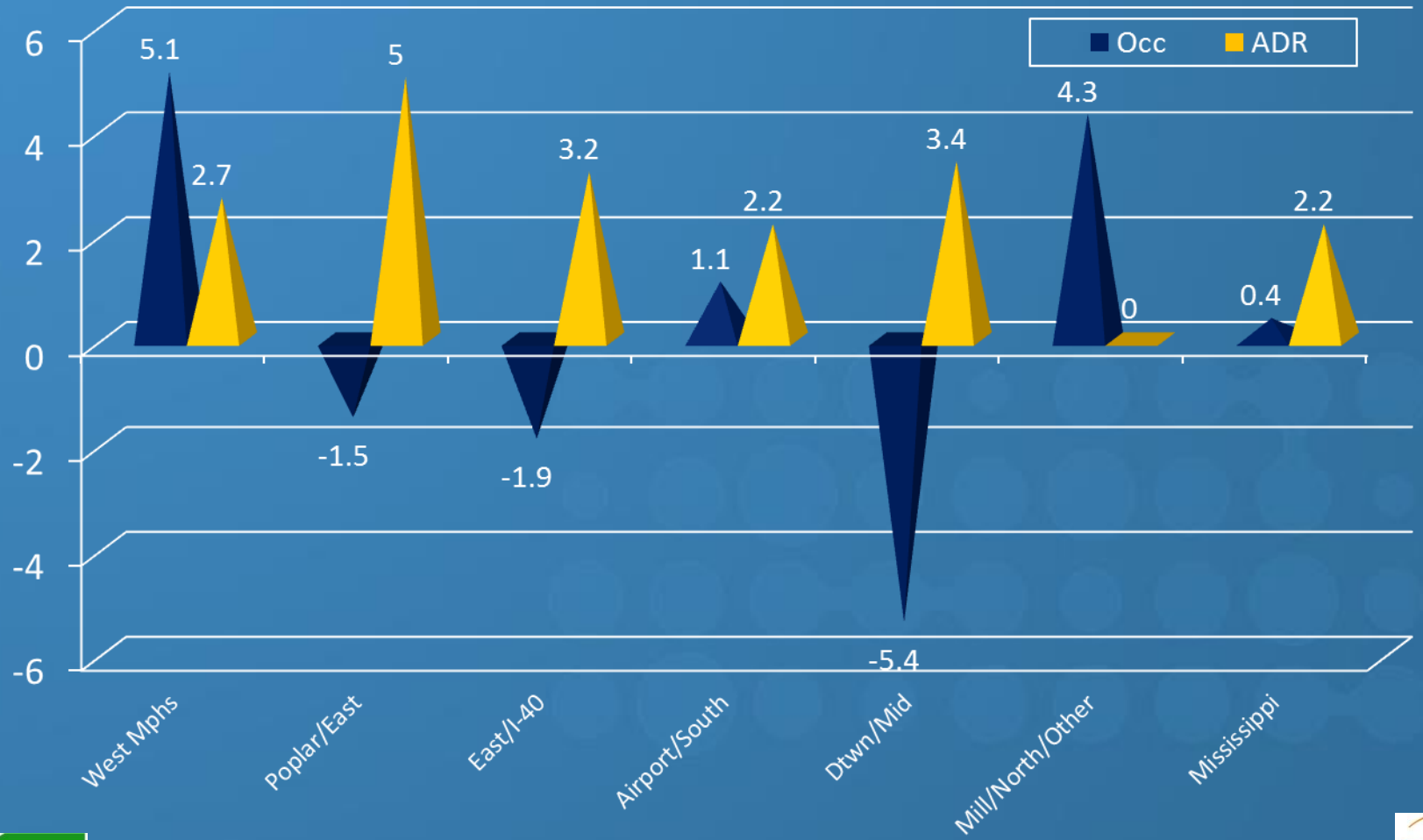
ADR/Occ % Change 2013 vs 2012



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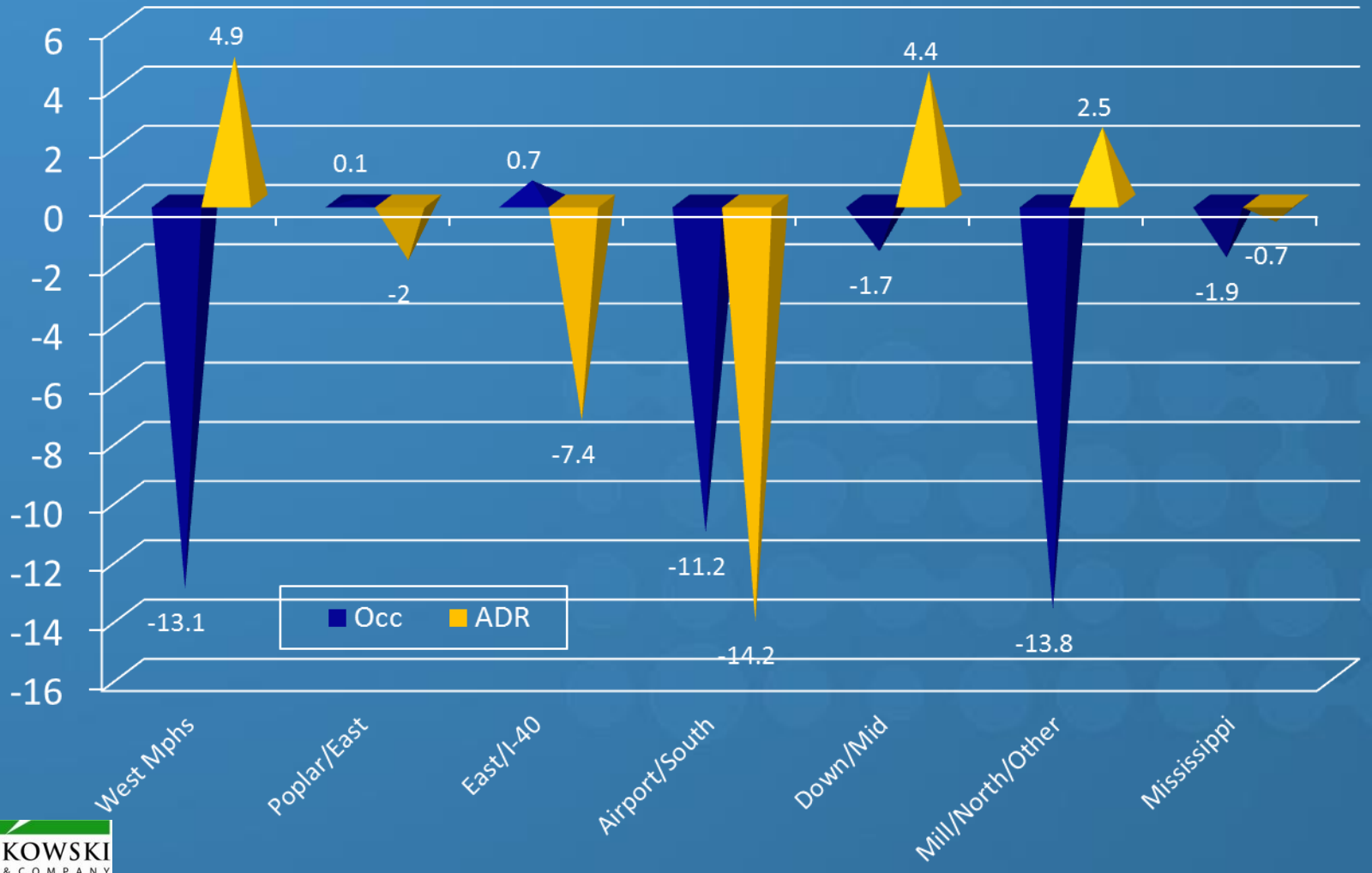
ADR/Occ % Change 2007-2013



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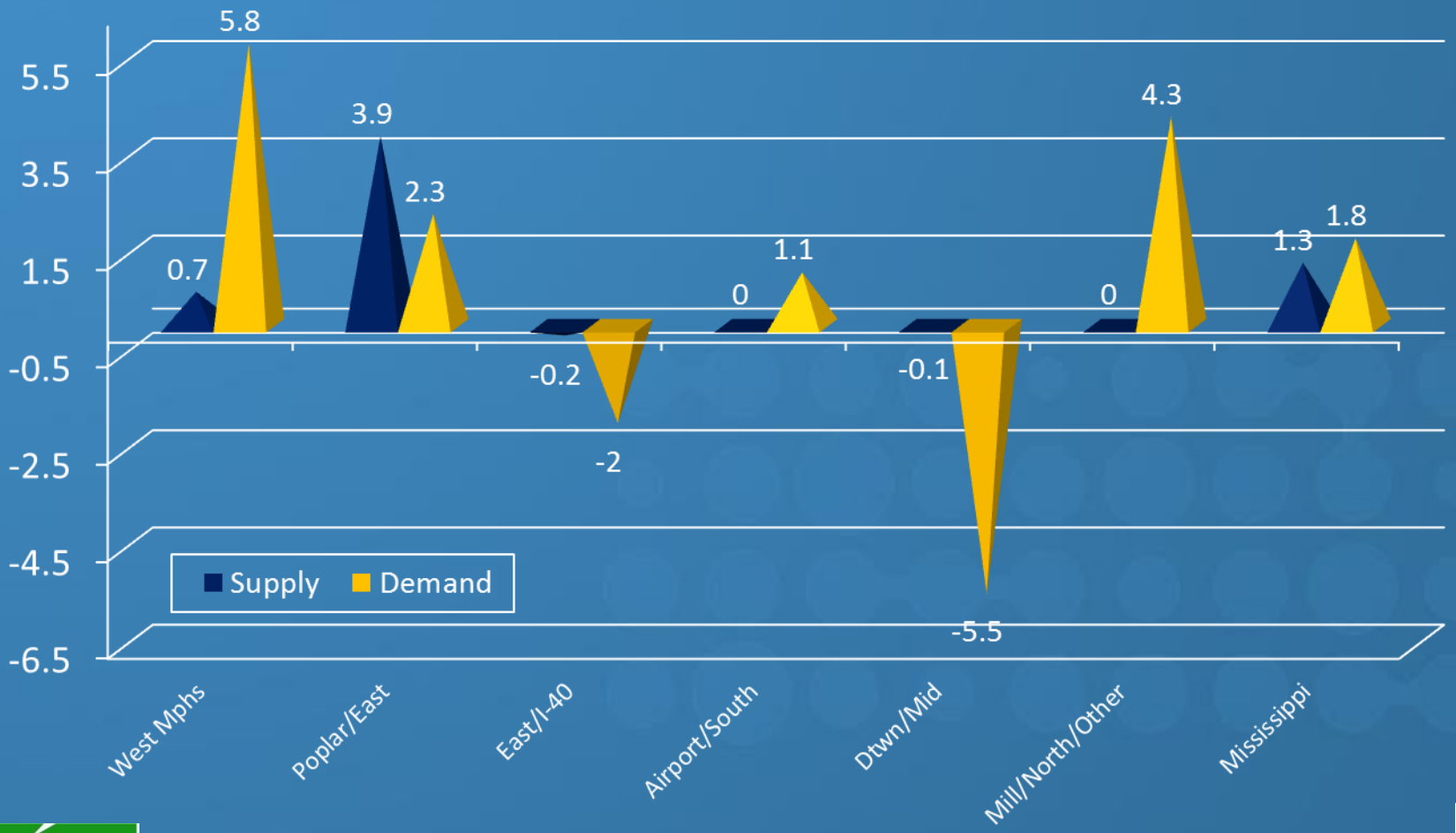
Memphis Lodging Market

Supply/Demand % Change 2013 vs 2012



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Memphis Lodging Market

Geographic Demand Growth

	Room Nights Sold		
	2007	2013	% Change
Downtown	910,995	906,490	-0.5%
West Memphis	290,832	285,036	-2.0%
Poplar/East	1,154,107	1,282,894	11.2%
East/I-40	680,152	720,605	5.9%
Mississippi	513,465	656,856	27.9%
Airport/South	1,007,360	851,999	-15.4%
Millington/North	155,683	189,742	21.9
Total	4,712,614	4,893,622	3.8%

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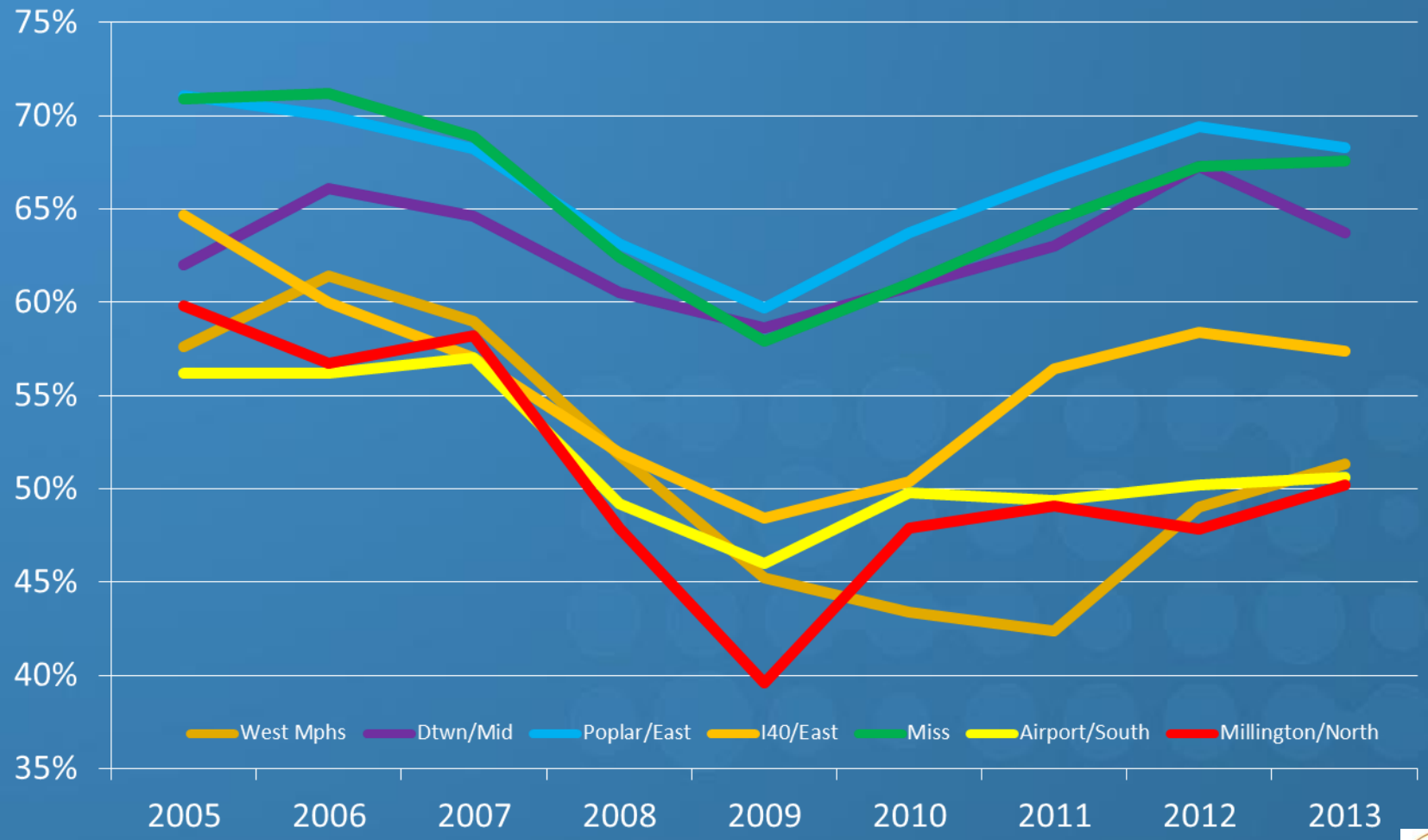
Memphis Lodging Market

Geographic Occ Trend



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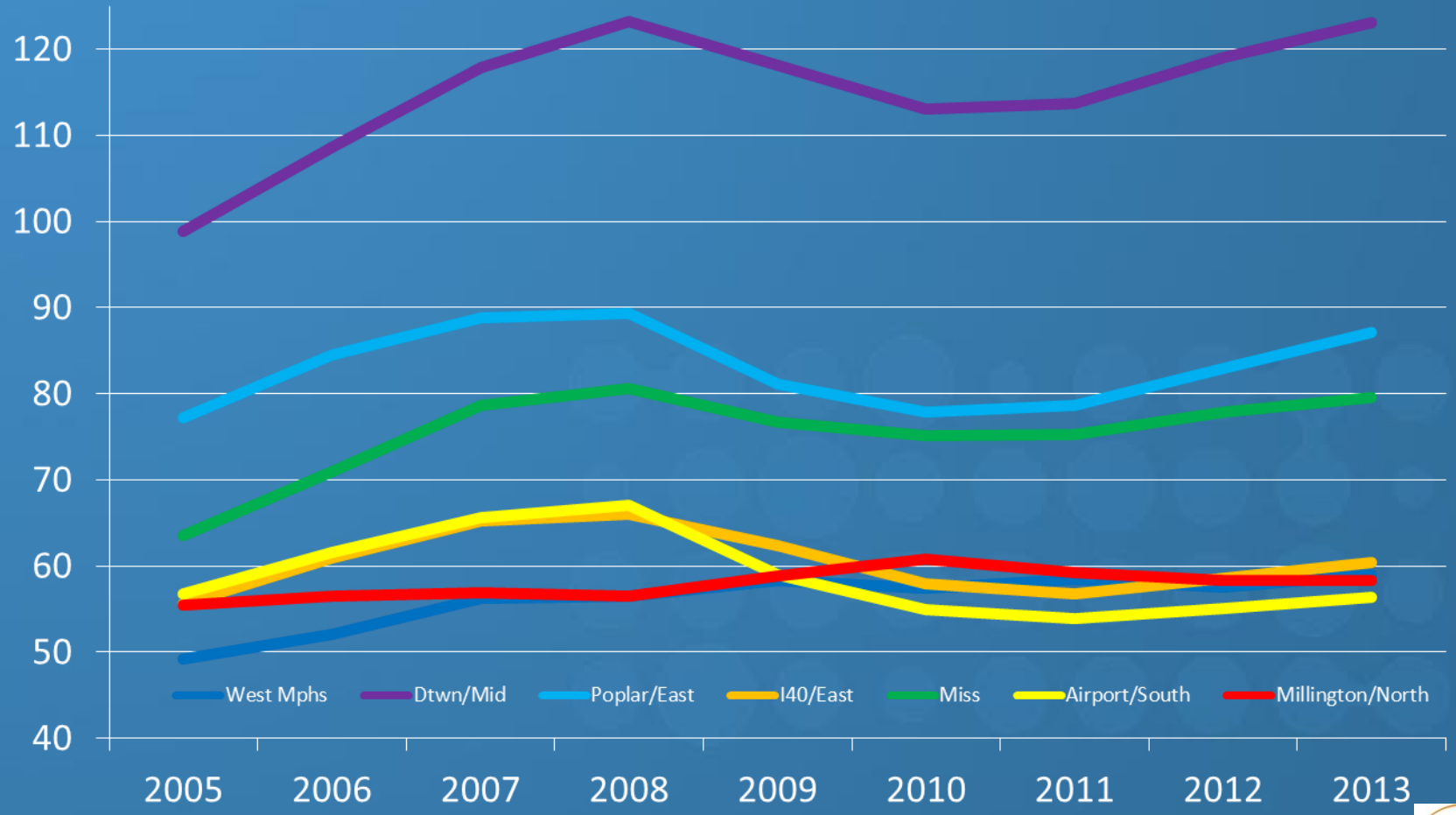
Memphis Lodging Market

Geographic ADR Trend



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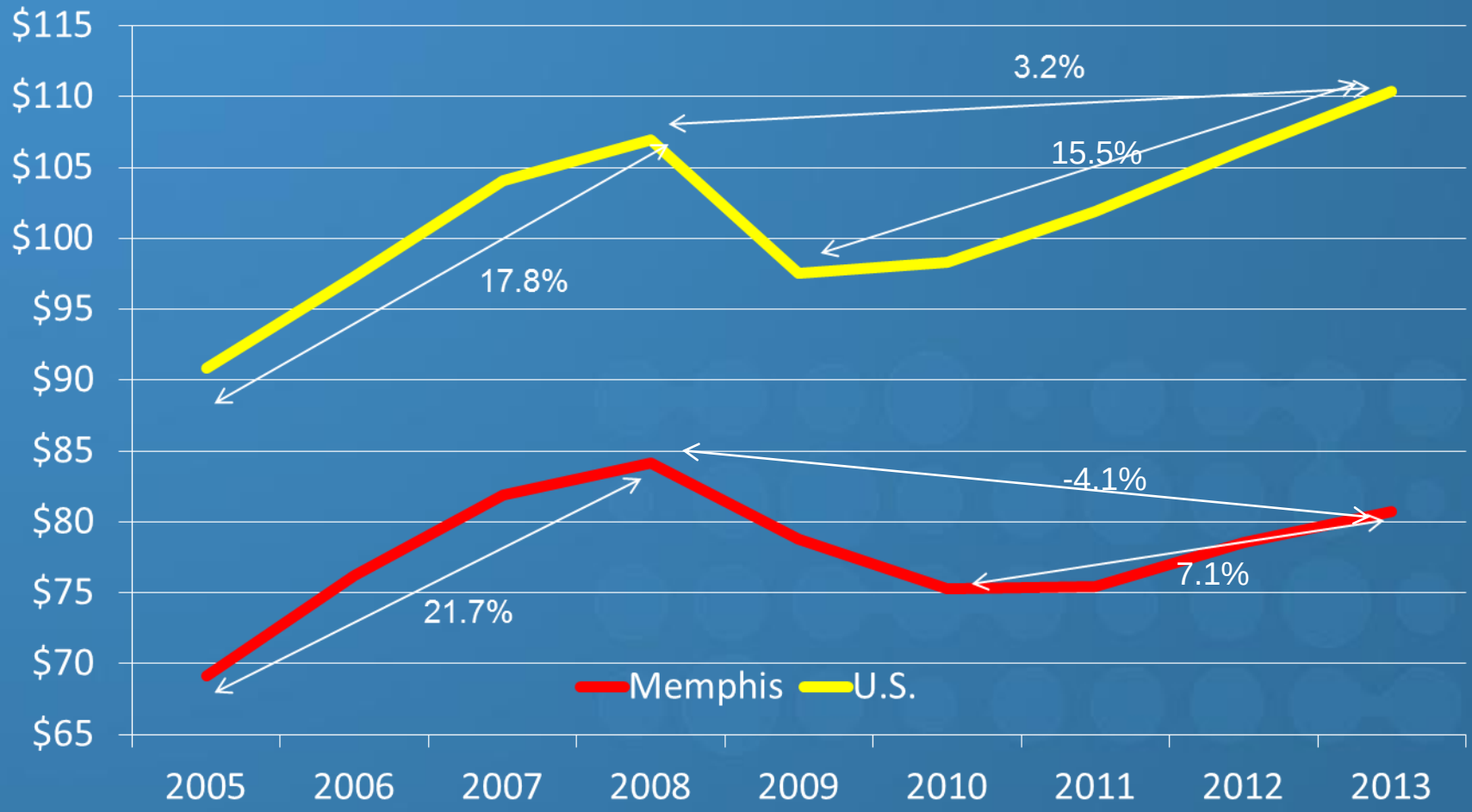
ADR Trend Comparison

Memphis/U.S.



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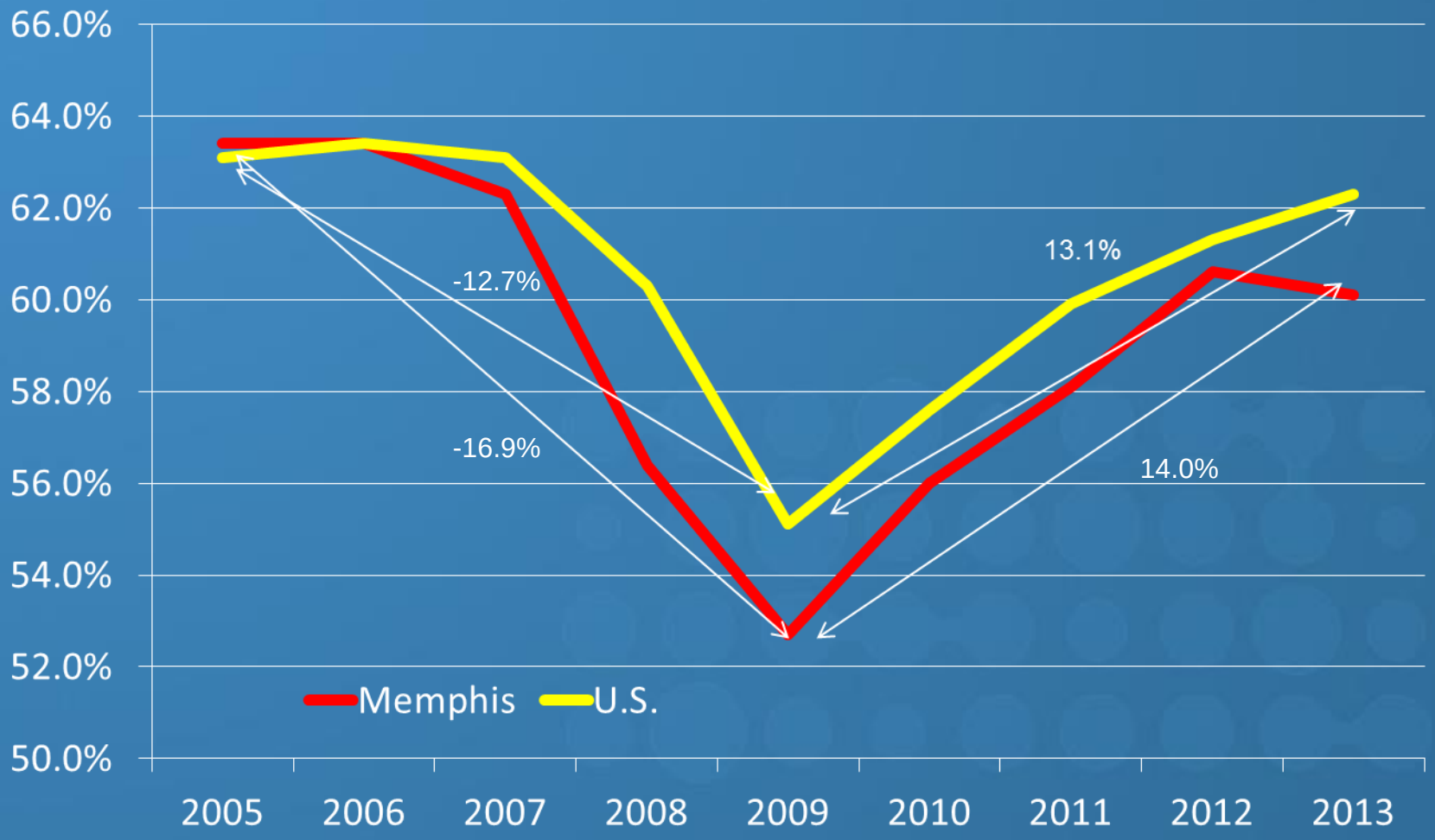
Occupancy Trend Comparison

Memphis/U.S.



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Memphis Lodging Market

Chain Scales

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Chain Scale – Brands in Memphis

Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
Preferred	Embassy Suites Hilton Marriott Westin	Courtyard Crowne Plaza Doubletree Four Points Hilton Garden Inn Homewood Suites Hyatt Place Residence Inn Springhill Suites Staybridge Suites	Clarion Comfort Inn Comfort Suites Drury Inn Drury Inn & Suites Hampton Inn Hampton Inn Suites Holiday Inn Holiday Inn Express Holiday Inn Select	Baymont Best Western Country Inn & Suites La Quinta Inn & Suites Quality Inn / Suites Ramada / Limited Sleep Inn	Americas Best Value Inn Budgetel Days Inn Econo Lodge Extended Stay America Extended Stay Deluxe Homestead Knights Inn Microtel Inn Motel 6 Red Roof Inn Rodeway Inn Studio Plus Suburban Extended Stay Value Place

Memphis Lodging Market

Year End 2013 by Chain Scale

	ADR	Occ	RevPAR	# Rooms	# Properties
Luxury	n/a	n/a	n/a	n/a	
Upper Upscale	n/a	n/a	n/a	n/a	
Upper Upscale/Upscale	$110.67	70.2%	$77.70	5,022	31
Upper Midscale	$91.96	64.4%	$57.67	4,574	48
Midscale	$72.45	56.4%	$40.87	2,131	26
Economy	$41.12	56.3%	23.16	5,257	64

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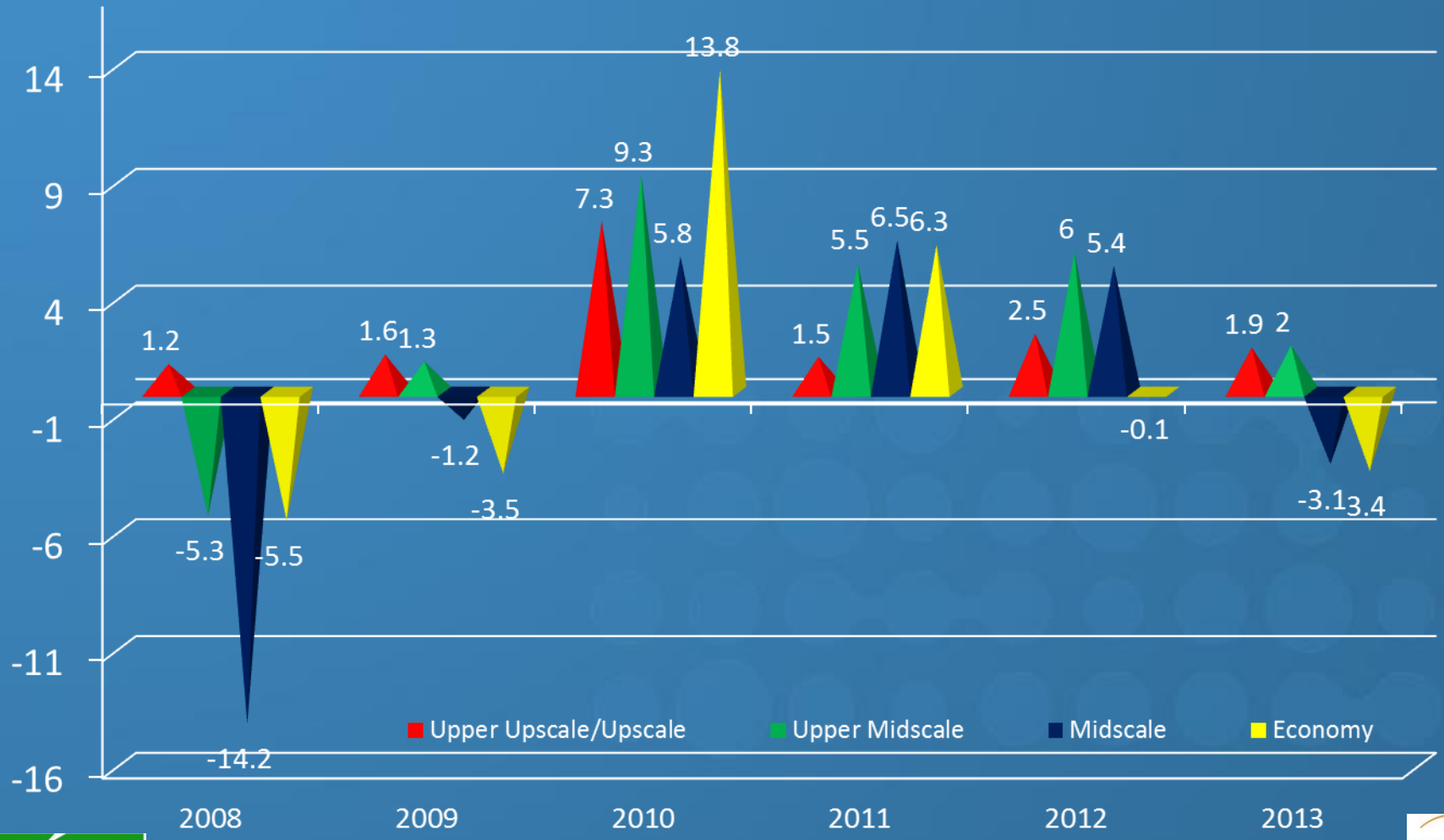
Memphis Lodging Market

% Change in Demand



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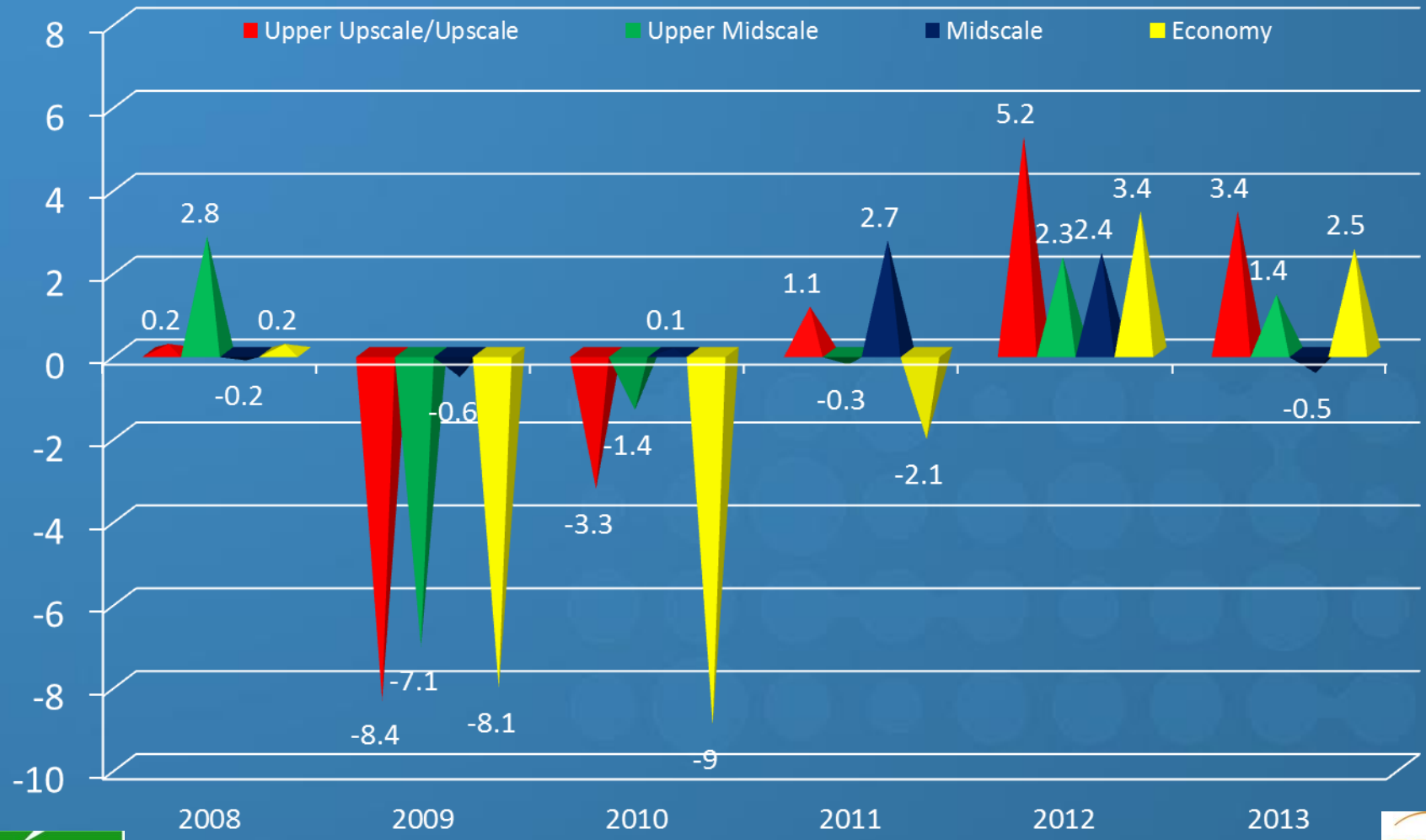
Memphis Lodging Market

% Change in ADR



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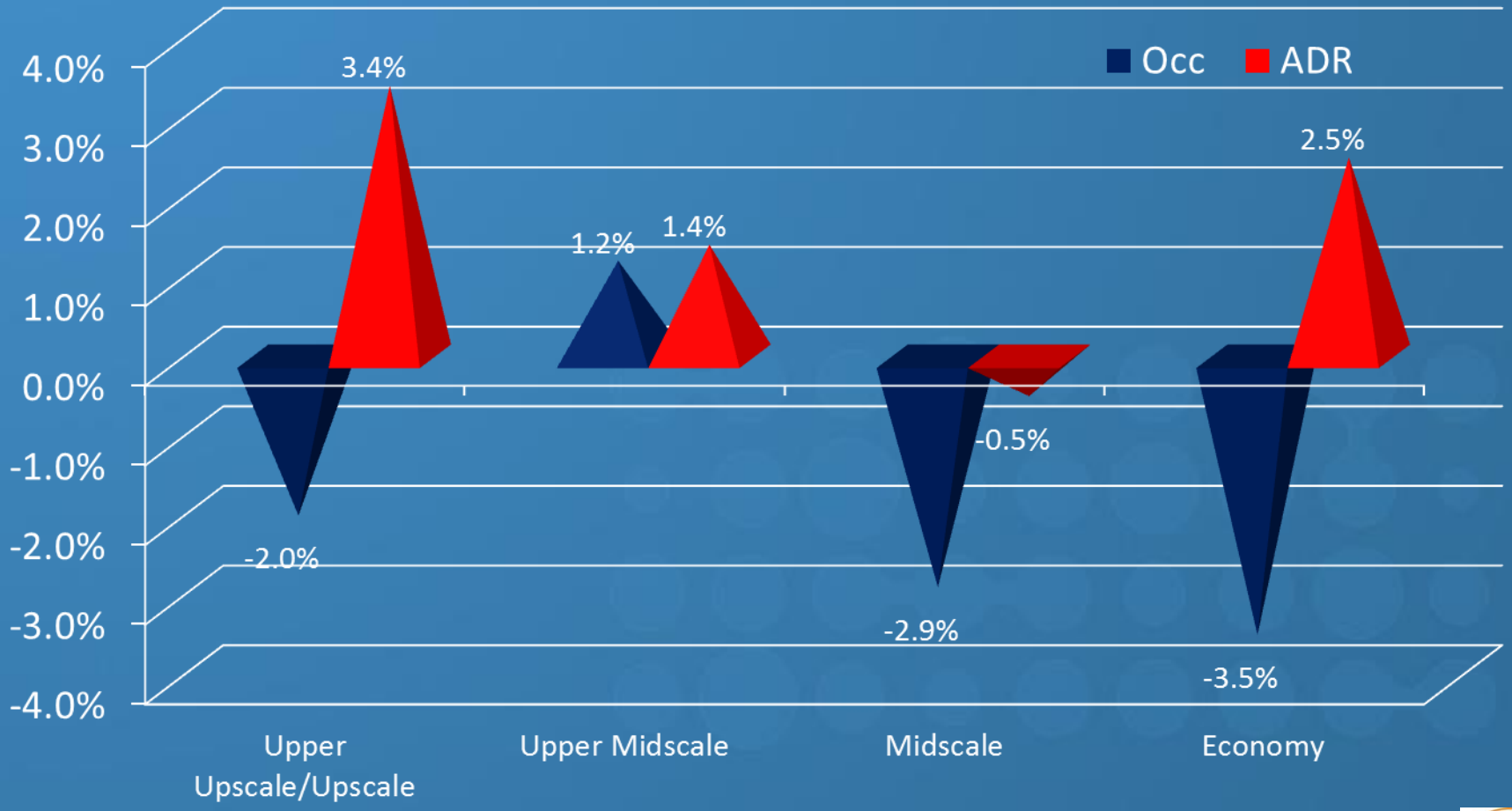
Chain Scales

Occ & ADR % Change 2013



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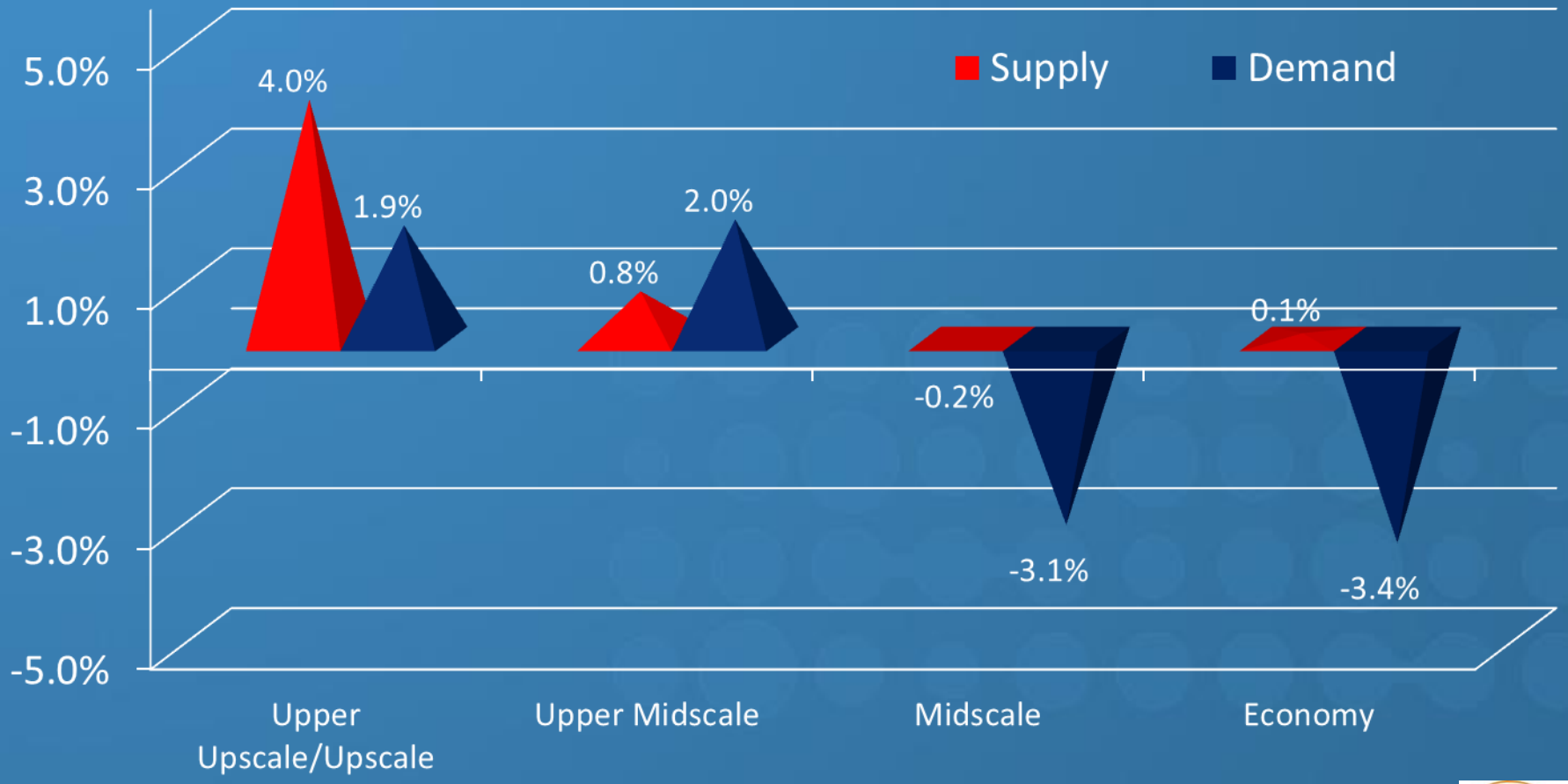
Chain Scales

Supply & Demand % Change 2013



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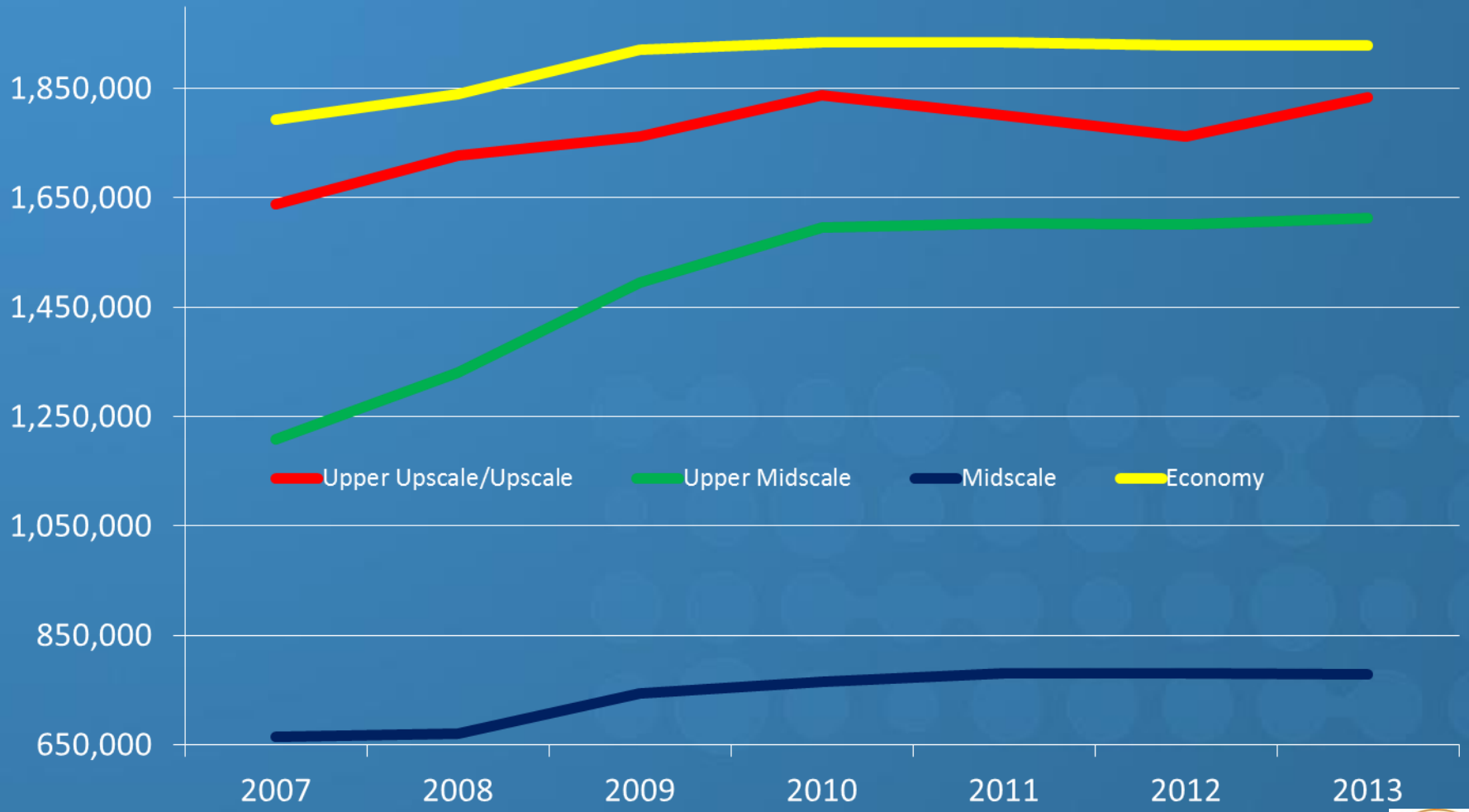
Chain Scale

Room Supply Growth



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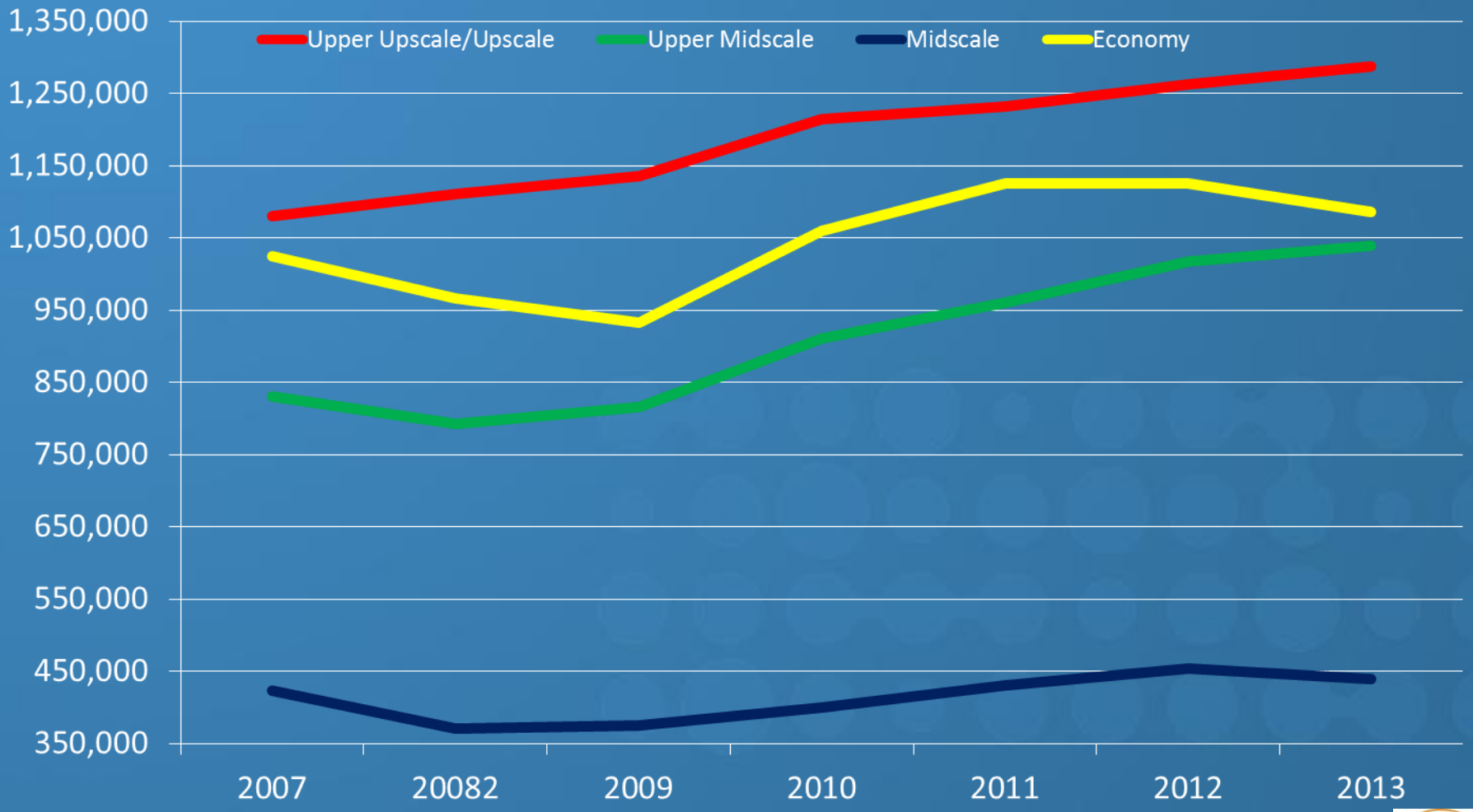
Chain Scale

Room Demand Growth



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Downtown Memphis

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Downtown Memphis Hotels

- Madison Hotel
- Springhill Suites
- Hampton Inn & Suites
- River Inn
- Westin
- Residence Inn
- Courtyard
- Peabody
- Sheraton
- Sleep Inn
- Comfort Inn
- Doubletree
- Holiday Inn
- Crowne Plaza

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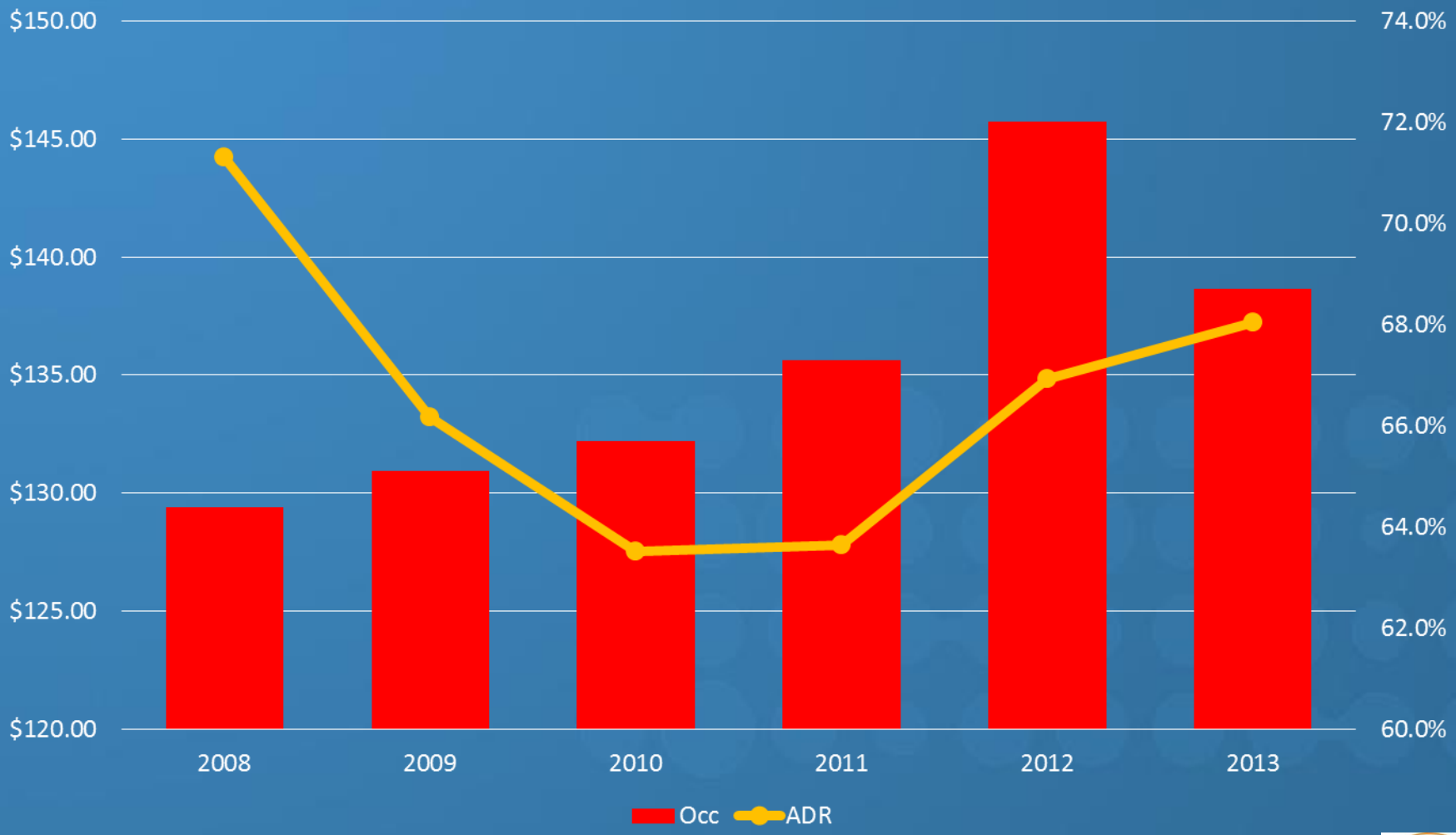
Downtown Memphis

2008 - 2013



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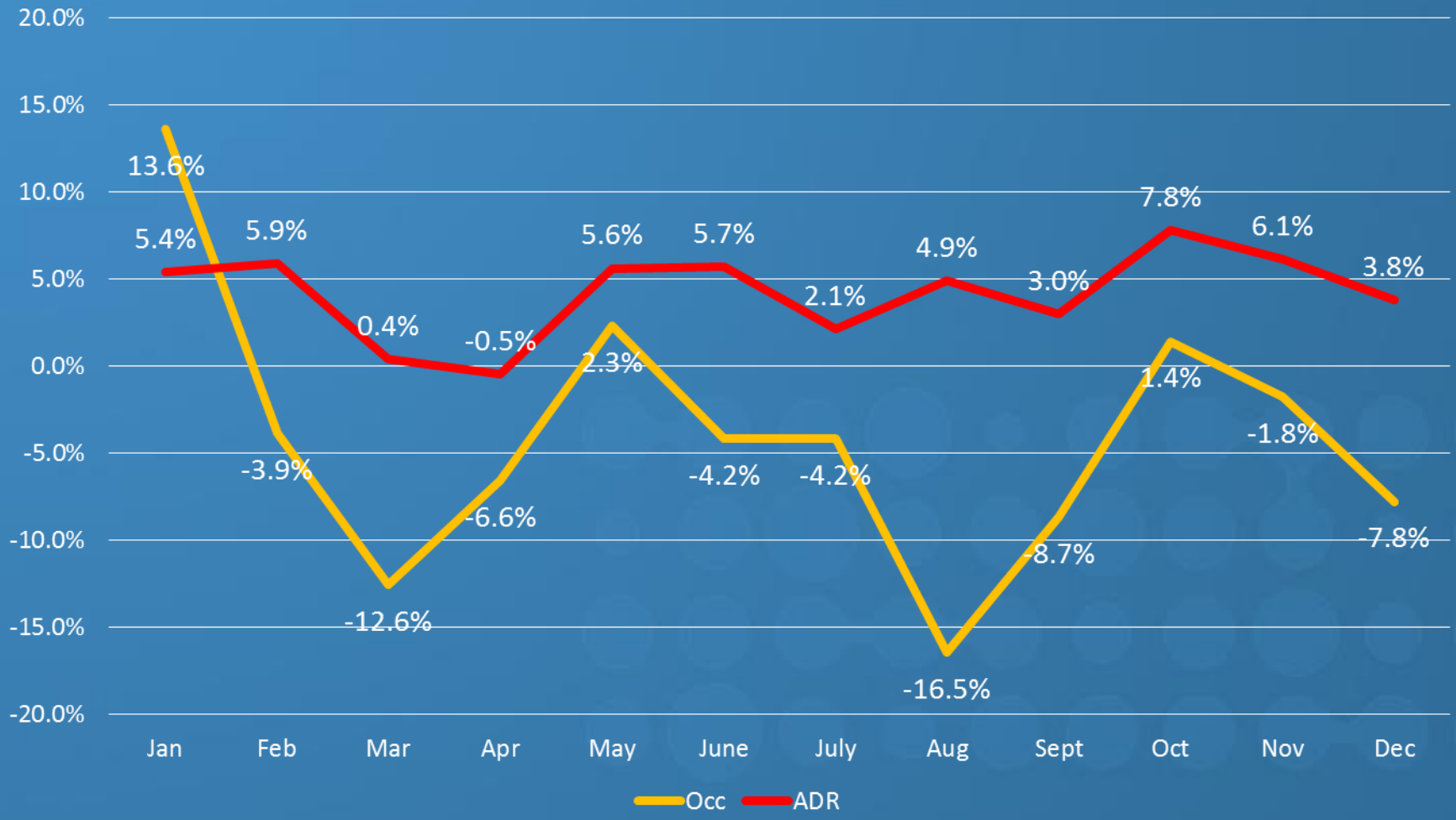
Downtown Memphis

% Change 2012-2013



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Downtown Memphis

Key Statistics

	YE 2013	YE 2012	% Change
Room Supply (Daily)	2,808	2,808	0.0%
Room Demand (Daily)	1,928	2,021	-4.6%
Room Revenue (Daily)	$264,585	$266,437	-0.7%
Occupancy	68.7%	72.0%	-4.6%
ADR	$137.24	$131.84	4.1%
RevPAR	$94.23	$94.88	-0.7%

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Downtown Memphis

Key Statistics

	YE 2013	YE 2008	% Change
Room Supply (Daily)	2,808	2,675	5.0%
Room Demand (Daily)	1,928	1,723	11.9%
Room Revenue (Daily)	$264,585	$248,513	6.5%
Occupancy	68.7%	64.4%	6.7%
ADR	$137.24	$144.21	-4.8%
RevPAR	$94.23	$92.90	1.4%

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Memphis Lodging Market

CVB Competitive Cities

	Occ	ADR	RevPAR
Birmingham	57.0%	$80.33	$45.75
Little Rock	55.4%	$76.80	$42.53
Tampa/St Pete	64.6%	$100.47	$64.89
Atlanta	63.2%	$87.77	$55.48
Louisville	60.6%	$94.98	$57.53
New Orleans	66.9%	$142.92	$95.67
Charlotte	64.3%	$89.34	$57.42
Knoxville	54.1%	$77.49	$41.95
Memphis	**60.1%**	**$80.70**	**$48.48**
Nashville	68.8%	$103.98	$71.54
Chattanooga	57.0%	$79.20	$45.17

Memphis Lodging Market

Competitive Cities % Change 2013 vs 2012

	Occ	ADR	RevPAR
Birmingham	-0.4%	3.0%	2.6%
Little Rock	-3.5%	2.4%	-1.2%
Tampa/St Pete	2.7%	0.4%	3.1%
Atlanta	3.9%	2.1%	6.1%
Louisville	3.5%	5.9%	9.5%
New Orleans	-1.1%	7.8%	6.6%
Charlotte	1.1%	0.1%	1.2%
Knoxville	0.9%	1.6%	2.5%
Memphis	-0.9%	2.7%	1.8%
Nashville	5.4%	7.5%	13.4%
Chattanooga	-5.4%	2.1%	-3.5%

Memphis Lodging Market

Pipeline

Project	# Rooms	Location	Year Open	Stage
Hilton Hotel	312	Dtwn Memphis	2015	Planning
Hilton Garden Inn	111	Wolfchase	2015	U/C
Hilton Garden Inn	140	Dtwn Memphis	2016	Planning
Hampton Inn	80	Marion	2015	Final Planning
Hampton Inn	82	Hernando	2014	U/C
Holiday Inn Exp	87	Southaven	2015	Planning
Holiday Inn Exp	115	Dtwn Memphis	2016	Pre Planning
Holiday I&S	124	East Mphs/Winch	2015	Final Planning
Holiday Inn Exp	90	Graceland	2014	Planning
La Quinta	70	Olive Branch	2015	Final Planning
Candlewood Suites	87	Southaven	2014	Planning
La Quinta	69	West Mphs	2015	Final Planning

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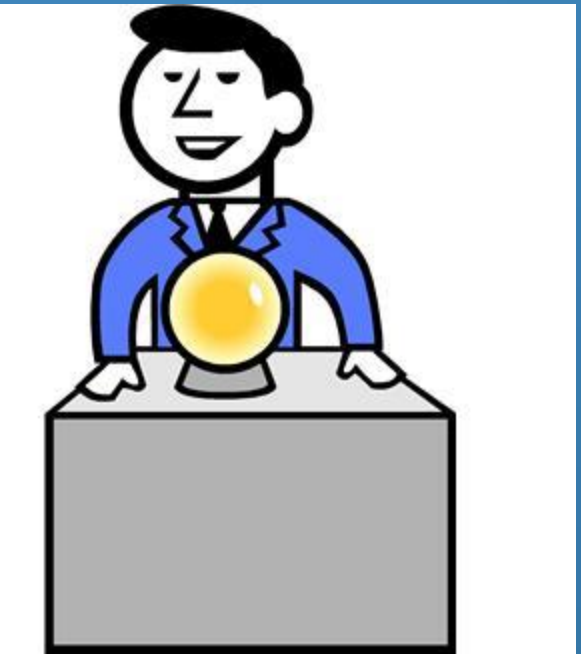
Memphis Lodging Market

Other Possibilities/Future Supply

- Renovation of former Holiday Inn – Airways & Democrat
- Former French Quarter Inn – Overton Square
- Graceland/Elvis Presley Enterprises
- 100 North Main Building
- Front St/Pyramid hotel
- Southland Greyhound Park hotel

Memphis Lodging Market

What Does the Future Hold



Memphis Lodging Market 2014 YE Projection

- ⇧ **Occupancy – 61.0% (+1.5%)**
- ⇧ **ADR - $82.96 (+2.8%)**
- ⇧ **RevPAR - $50.61 (+4.4%)**

US Lodging Market

Jeff Higley

HotelNewsNow.com, a division of Smith Travel Research, Inc.

Keynote Speaker

Jim Holthouser
Executive Vice President Global Brands – Hilton Worldwide

HILTON WORLDWIDE

One Step Ahead

Staying Aware, Staying Relevant, Staying Profitable

Jim Holthouser
Executive Vice President, Global Brands

WALDORF ASTORIA HOTELS & RESORTS
CONRAD HOTELS & RESORTS
Hilton HOTELS & RESORTS
DOUBLETREE BY HILTON
EMBASSY SUITES
Hilton Garden Inn
Hampton
HOMEWOOD SUITES BY HILTON
HOME2 SUITES BY HILTON
Hilton Grand Vacations

Stay One Step Ahead

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The Emergence of the Chinese traveler

~1.4 billion people

~100 million outbound travelers

25 million first time travelers each year

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83 properties in
25 countries

Chinese-speaking
team members

Guest experience

Room amenities

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The world is changing

Technology is transforming everything… especially business.

More devices.
In 2013, connected devices will outnumber people on earth

More data.
90% of the world's data has been generated during the last two years

More access.
We have access to more information than ever before in history

How people consume all goods and services has been forever transformed

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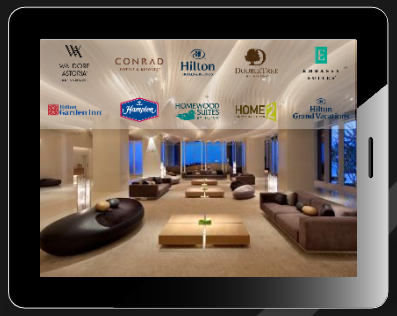
Rise of the 3D customer

Technology is accelerating unprecedented choice and control

Today's consumer is **3D**

discerning
disciplined
digital

Technology has disrupted industries such as music, airlines, retail, banking and newspapers.



What about hospitality?

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Pre-arrival

- eCheck-in – Select a room in advance
- Floor maps – Choose a room from a map
- Pre-Arrival services – Weather, directions
- Loyalty – Recognition and benefits to members

Stay

- Straight to room – Bypass the front desk
- Guest services – Request amenities from a device
- Wifi – Tiered offerings
- Digital newspaper – Direct to a device

Depart

- Instant folio – Emailed to a device
- Travel services – Traffic reports, directions, taxi booking via a device

A win for the customer and a win for the hotel

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Convergence of two high speed models

Current state

- Full service and focus models
- 20% of guests account for over 80% of data usage
- 60% increase in guests with two or more devices on a network

Future state

- Reliable Wi-Fi access
- Tiered internet options

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Re-tooling the Full Service Hotel Model

Evolution of the Full Service model to stay relevant

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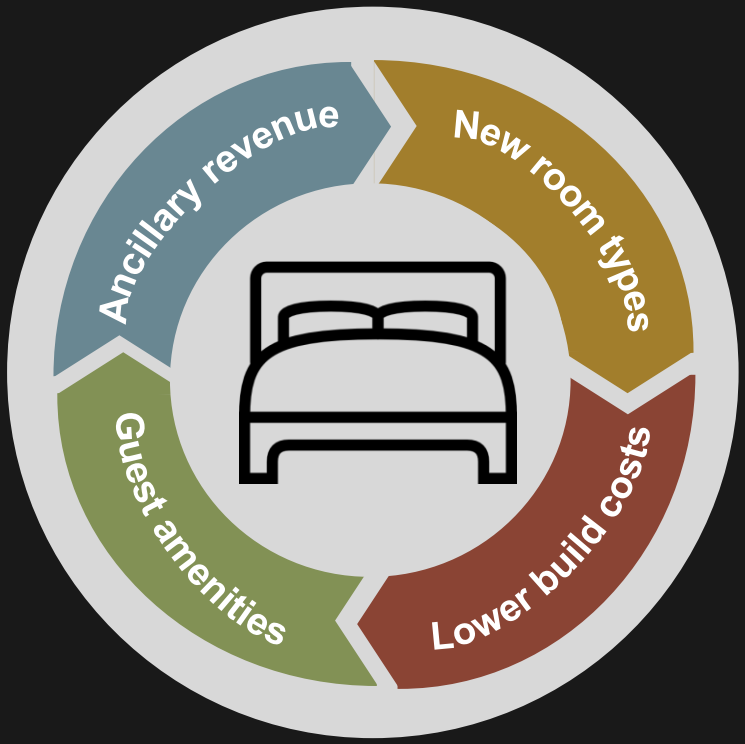
Evolving Focused Service for greater profitability

Changes in the model to grow RevPAR faster than the market



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5 trends to stay one step ahead

1. The emergence of the Chinese traveler
2. The rise of the 3D consumer
3. The convergence of two high speed models
4. Re-tooling the Full Service hotel model
5. Evolving Focused Service for greater profitability

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"…A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be…"

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Thank you

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SOUTHERN LODGING SUMMIT @MEMPHIS

Founded in 2003

Presented by
Pinkowski & Company
and
Metropolitan Memphis Hotel & Lodging Association

Memphis Cook Convention Center

August 19 - 20, 2014