

January News Brief 2009

Message from the President

As a new year begins, we reflect upon the challenges faced in 2008 and look forward to an optimistic year ahead. The status of the global economy has affected travel choices but we are certain that the U.S. Virgin Islands will remain a much desired destination for those with the means to take a vacation. With our marketing initiatives and the extensive strategies of the Department of Tourism we will weather this storm.

Lisa

In this issue.....

- *January Membership Meeting*
- *New Membership Card Program*
- *CMI Corner—Adrian Award*
- *Holiday Party/Toy Delivery*
- *Our Environment*
- *Trend Report*

John Fareed to Speak at January Membership Meeting



Hospitality marketing expert John Fareed (Fareed, Zapala, Koepke) will address the membership at the next meeting scheduled for 12 noon on January 14, 2009, at the Wyndham Sugar Bay Resort. In light of the changing economic landscape, the association thought it would be appropriate for the first meeting of the year to explore methods of “**Winning Marketing Share in A New Economy.**” Fareed will offer strategic solutions for surviving the new business climate.

John Fareed is an internationally recognized authority in the field of hospitality marketing. He has appeared as an expert on national television programs and has had many articles published in highly regarded publications such as USA Today and the New York Times.

The meeting is complimentary to all members. Non-members will be charged \$30. For additional information contact the association office at 774-6835.

Membership Card Program Initiated

The Association has launched a new Membership Card Program, offering participants special benefits, recognition and discounts to members. A specially designed card will be sent to all participating businesses along with a flyer detailing business offers. Discounts are updated on the membership web site (www.usvihta.com) regularly. Some of the current discounts include*:

Budget—10% discount on rental

Winner's Mini Golf—15% off mini golf and bumper boats

Tropicana Perfume Shop—10% off purchase

***NOTE: Restrictions and special rules apply**

To join the membership card program contact the association office at 774-6835.

CMI CORNER

Many may remember the **"Big Beach Ball"** marketing campaign created by marketer John Fareed and his partners. The giant inflatable appeared in New York City and Chicago surrounded by bathing suit clad models, directing viewers to visit a designated web site for special offers. Well, the ingenious idea has earned Fareed, Zapala, & Koepke a coveted Gold Adrian Award, presented by the Hospitality Sales & Marketing Association International (HSMIAI). The award, one of many to win by FZKLLC, will be accepted on January 26, 2009, at a banquet held in New York City. President Lisa Hamilton will be on hand to accept the award with the Fareed group.

The CMI web site redesign is close to completion. The site features a new layout, new images and hot deals. If you haven't updated your listing please send the information to web master Richard Holm at rholm@caribbeanconsulting.com.

OUR ENVIRONMENT, OUR FUTURE

The Association has formed a new partnership with the Virgin Islands Resource Conservation & Development Program (VI RC&D). The aim of the non-profit organization is to enhance the quality of life of Virgin Islanders through the conservation of natural and cultural resources and the stimulation of growth and development. Priority areas include land conservation and water management, land management and community development. One project currently sponsored by VI RC&D is the St. Croix Recycling Association. The group is a part of the Freecycle Network, a non-profit organization and movement of people interested in keeping good stuff out of landfills. Joining the network allows individuals and business to post and acquire items that are **free**. Just visit the web site, www.freecycle.org, enter your location and register. The site also lists locations where specific items can be recycled. Visit www.vircd.org for additional information on VI RC&D. Let's do our part.

HOLIDAY EVENTS

Thanks to the generosity of our members, the association was able to donate toys and raise money to support our scholarship fund. Tommy Starfish brought holiday cheer to the 70 kids of the Boys & Girls Club of St. Thomas, delivering over 120 gifts right before Christmas.

The holiday party's silent auction raised over \$7000 for the scholarship fund. High School seniors interested in the hospitality industry have the opportunity to apply for the one-time \$2500 awards.



What People Are Saying About 2009.....

Most marketers of travel services will gladly bid adieu to 2008. But the year ahead promises to be equally challenging, and prevailing market conditions suggest it will be a year of heightened competition. The good news is that the travel intentions of Americans remain robust (71% of active travel households are planning at least one overnight trip during the next 6 months, the same as one year ago), so there is still plenty of demand in the marketplace for those who are aggressive and clever enough to capture it. The challenging news is that several emerging trends will affect the composition and performance of your marketing communications, the most significant of which are highlighted below:

- **Value Is King** - And if you doubt that, take a look at what is happening in retailing across America: the "big box" discounters are still churning out year-over-year same store sales increases, while most "luxury" retailers are reporting double-digit declines. The message for travel service marketers is clear: expect consumers to demand more in exchange for what they pay. They won't necessarily opt for the least expensive alternative, but they will shop aggressively to insure they don't overpay for what they consider rightfully theirs in the current economic climate: a good deal. They are also more likely to purchase inclusively-priced travel services to exercise greater control over the total cost of the trip...before they depart;
- **Vacations And Business Trips Will Get Shorter** – not surprisingly, two thirds of active travelers who participated in our October (2008) *travelhorizons*[™] survey stated that "staying fewer nights" was one of the strategies they intended to employ to manage the cost of their travel in the year ahead. The net effect is you will need to attract proportionately more visitors/guests just to achieve the same number you served this year. Clearly, withdrawal from the marketplace is not a prudent option when you do this math;
- **Consumers Will Use The Internet Differently** – the first 10 years of Internet usage were defined by our fascination with access to content. It was deep, enlightening and instantaneous. But the percentage of American travelers who go online to plan and purchase travel has remained essentially unchanged during the past two years (roughly two thirds), and they are increasingly enamored of the Internet's ability to assist with comparison shopping. The growing popularity of meta search engines such as Kayak and Farecast that pull prices for competitive products and services from multiple supplier Web sites then display them in a user-friendly manner will accelerate this phenomenon;
- **Marketing Will Go Mobile** – almost eight out of ten Americans own a cell phone, yet only 15% of them are Internet enabled. This percentage will rise quickly in the year ahead given the growing popularity of the iPhone[™], Blackberry Storm[™] and similar devices, however, and with this growth will come greater usage for things other than voice and text communications through advancements in mobility marketing. You can expect more travelers to plan and purchase travel services with these devices as a result. In fact, according to our 2008 NEXTGEN Traveler[™] survey, fully one out of four "next generation" travelers plan to use their mobile phone or PDA to make or change travel plans (other than through voice communications) in the next two years;
- **All Vacations Are Not Created Equal** – as revealed in a national survey of over 4,000 adults we conducted for Walt Disney Parks & Resorts earlier this year, vacations are increasingly perceived as an appropriate way to recognize certain life events (e.g., anniversaries, school graduations, retirement, etc.). And the vacations taken to celebrate these life events are decidedly special by practically every measure: they are planned further in advance, budgeted at a higher amount, longer in duration, and include more people in the traveling party. Fully seven out of ten adults have taken one of these "Celebration Vacations" before, with "milestone" birthdays and anniversaries topping the list. This insight inspired the introduction one of next year's most innovative promotional offers: free admission to any Walt Disney park on your birthday in 2009!;
- **Travel Agent Usage Will Continue To Rise** – contrary to what you may have read or heard in recent years, traditional travel agents are not down for the count. On the contrary, fully three out of ten American travelers use the services of a travel agent on a regular basis, and this percentage is growing for two reasons: 1) many travelers now place a higher value on the time it would take to pick through multiple Web sites to find the best options/prices than the fee they would pay an agent to do the same, and 2) consumers see agents as "in the know" and a potential source of otherwise unadvertised deals (of great interest when value is king!);
- **Going Green Is Good For Business** - although most Americans are unfamiliar with the term "carbon footprint," fully 85% consider themselves to be "environmentally conscious!" And an impressive four out of ten now state they would consider shifting their patronage to a travel service supplier who demonstrates environmental responsibility. Most, however, are not willing to pay a premium fare or rate to green suppliers as they expect them to be good stewards of the environment in which they operate;
- **Diversity Awaits Discovery** – two thirds of Americans are non-Hispanic whites, yet this percentage will decline to 50% by the year 2043 and become the minority (46%) by the year 2050. At that time, Hispanics will represent 30% of all Americans, African Americans will represent 13%, and the Asian population will represent 8%. Hence, diversity represents an emerging market force, and one that will gain more prominence in the year ahead, particularly given the election of soon-to-be president Obama.

There will be no shortage of challenges in 2009, to be sure. But the year ahead is also one that holds great opportunity for those who amend their marketing practices to reflect the manner in which consumers live, work and travel today.

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