

## WHAT CAN HOTELS DO TO GENERATE EXTRA ON REVENUE IN THESE RECESSIONARY TIMES THE CASE STUDY OF HOSPITALITY INDUSTRY

*EKONOMİK RESESYON DÖNEMLERİNE OTELLER GELİRLERİ EKSTRA ARTIRMAK İÇİN NELER YAPABİLİRLER: KONAKLAMA SEKTÖRÜ ÜZERİNE ÖRNEK ÇALIŞMA*

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### ÖZ

Bu çalışmanın amacı, küresel düzeyde meydana gelen ekonomik durgunluğun otel sektörü üzerindeki etkisini araştırmaktır. Bu araştırmada İngiltere Londra'da otel endüstrisinde faaliyet gösteren otellerin ekonomik durgunluk dönemlerinde ne gibi farklı yönetim teknikleri ile pazarlama stratejileri uygulayarak gelir düzeylerini artırabileceğini araştırılmıştır. Bu araştırmanın veri toplama araçları; otel yöneticileri ve çalışanlarla yapılan yüz yüze bireysel görüşmeler ve anket sorularından oluşmaktadır. Bu çalışmada, ekonomik durgunluk dönemlerinde otellerin bu sıkıntılı süreçten minimum derecede etkilenmesi için etkili bir yönetim planlamasına sahip olmasının önemini özellikle vurgulanmıştır. Bu çalışmada, konaklama sektörünün trendleri yakalamak için güncel pazar araştırmasının önemi belirtilmiştir. Ayrıca, ekonomik gerileme dönemlerinin otellerin verimliliklerini artırmak, yeni yönetim şemaları ve stratejileri keşfetmeleri için bir fırsat sunacağı ön görülmüştür. Bu araştırmada, maliyetleri düşürmenin ve çalışanları işten çıkarmanın bir çözüm olmadığı görülmüştür. Buradan hareketle, otellerin digital pazarlama aktivitelerini artırıp, websitesini güncel şartlara göre optimize ederek cazip kampanyalar sürarak tanıtım faaliyetlerine ağırlık vererek satış odaklı bir kampanya yürütmesinin önemli olacağı beraberinde marka imajını geliştirme ve ürün hizmet kalitesini artırma yönelik pazarlama yaklaşımlarının firmalara resesyon dönemlerde avantajlar sağlayarak en az derecede etkilenmesine neden olacağı görülmüştür.

**Anahtar Kelimeler:** Otel Yöneticiliği, Ekonomik Durgunluk, Strateji, Turizm Sektörü, Hilton Otel

### Abstract

The purpose of the study is to investigate the influence of global economic recession on hospitality industry. Dissertation will be based on hotels in hospitality sector in the UK and will illustrate how hotels can increase revenue and wealth in the recession time by applying various management strategies and techniques. The most important methods of gathering data employed in this research were questionnaires and conducting face to face interviews with managers and employees. In this research, it is clearly seen that to have a proper management planning is very important in finding new solutions in the situation of economic downturn. It was suggested that hotels should make an external research regularly in order to catch new trends and changes in marketplace. Moreover, recession may create an opportunity for companies to discover new management scheme and strategies to

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improve company productivity. This research demonstrated that cutting costs and lying off employees are not the best ways to generate extra revenue. On this basis it emphasized the advantages of different more innovative methods such as; exploring new marketing approaches for example online marketing, optimising website, organizing campaigns and promotion activities, enhancing the brand image and improving the quality of products and service.

**Key words:** Hotel Management, Recession Time, Strategy, Hospitality Industry, Hilton Hotel

## 1. INTRODUCTION

The hospitality industry and tourism sector is one of the biggest rising industries not only in UK but also around the world. Hospitality is one of the dynamic sectors in UK economy especially in terms of generating wealth and employment. According to British hospitality association; industry involves 127.000 businesses and employs with more than 1.6 workforces in United Kingdom economy (NS, 2009). Mainly there are four main areas that can be distinguished in hospitality industry. The most basic one is of course lodging i.e. hotels, resorts, motels, B&B and hostels. Another important one is food and beverage sector for instance restaurants, bars and clubs. Last area consists of leisure facilities including fitness centres, spas and theme parks (Rabone and others, 2009).

First hotels were established around two hundred years ago. The word hotel is derived from the French word "hotel garni" which referred to French version of a townhouse or any other building seeing frequent visitors. (Medlik 2003). Hotel is an establishment of industrial hospitality sector which provide different range of services and activities for sale, accommodation being the most important part of hospitality package. The quality of service in hotel industry is a key factor of successful business management. Thus, it is vital to ensure that customer expectations and requirements are met within certain criteria. The main benefit of providing quality service is obtaining more competitive position in the marketplace in order to get better business consequences and more market share. In the length of time, quality of service within the organization starts to become service culture that means service type in organization later come to sense the particular culture of an organization (Laurie, 2001).

Kamdampully (2001) point out that hospitality industry is the area where production and service co-exists. It encompasses tangible and intangible aspects; food, beverage and accommodation with contributions of service, ambiance and internal and external images (Kamdampully and others, 2001).

**The main characteristic of hospitality industry can be identified as below;**

- Hospitality cannot maintained without people who are the main asset of business
- Hospitality industry mainly focuses on types of service that sector offers and accordingly on guest satisfaction.
- Hospitality business proceeds on 24 hours basis all over the world and thus involves shift work and requires continual service proficiencies in order to meet every individual person's demands.
- The main idea behind the hospitality concept is to maintain the communication between customer and service provider. The failure in communication will result in losing customers and returns for business. (Kinton and others, 2009).

Management planning has got many definitions and explanations, Marquanett (1990) indicates that; "it is the main responsibility of management to plan everything and to make sure that the entire organization knows very well what its customer requirements are, what is the direction in which customer needs and customer expectations are changing, how technology is moving and how competitors serve their customer. By taking from this definition it is clearly seen that planning is the most important aspect of organizations. Organizations always should have right direction to the right purposes in this sense their strategic plans, goals and objectives should be clear and easy to operate in any stage of decision making process (Cathy 2010). The main purpose of strategic planning is, to help the organization choose and systematize its business. Strategic planning comes from company's

mission and objectives therefore goals and objectives must be expandable, developable and incentive (Walker, 2007).

The main purpose of strategic planning is, to help the organization choose and systematize its business. The big challenge that hotel companies come cross is, how to develop new strategies and sustain the business against economic fluctuation and many changes in marketplace and surroundings therefore it is strategic management task to develop the mission and objectives by making environmental are fundamentally important.

Kotler (2006), point out, the process of strategic planning in terms of marketing, following as below;

- Defining the Corporate Mission; in hotel organization, at the top level, companies begin the strategic management planning process by identifying its general aims and missions.
- Company Objectives; after that, this mission statement became general objectives which gives a direction to entire company.
- Designing the Business Portfolio; most of company's business fails because of poor business planning. Considering the hotel services are originated intangible elements companies in hotel business must identify the business in terms of customer needs and expectation, not product (Kotler and others, 2006).

## 2. METHOD

In this research, qualitative data method was used, is mainly stands for all non-numeric data which cannot be measured. In addition, in this research short list questions, open-ended questions and face to face interview technique are used therefore this research is more subjective than objective. However, the main limitation of qualitative research is that it does not recognize variations in marketing mix (Saunders and others, 2009).

### 2.1 Population and Sample

Hilton hotels across the city of London are universe of this research. Deliberately selected hotel manager, f&b manager, front office manager, finance and revenue manager from Hilton Hotel/Islington, Hilton Hotel /Docklands and Hilton Hotel /Waldorf are sample of this research. Furthermore "Hotel Olympia" exhibition in Excel Centre in London in 2010 was taken as samples of research in order to gain more data and opinions from experts in hospitality sector.

### 2.2. Data Collection Instruments

A total of 16 questionnaires were distributed and face to face interview technique is performed for the purpose of this research. At the first stage, 16 questions were given to hotel managers and employees for instance supervisors and staff from different department of Hilton Docklands and Hilton Islington hotel, Hilton Waldorf. At the second stage, face to face interviews were performed. Sometimes it was very hard to make an appointment with managers because of their busy schedule, however in the end it was managed to carry out in depth interviews with Front Office manager in Hilton Docklands and Sales and Revenue manager and Food and Beverage manager from Hilton Islington hotel in London.

For this thesis, interviews seem to be a suitable method because they allow asking open ended questions to a small sample and exploring individual experiences or opinions regarding the researched phenomenon in order to gain deepen the insight into the question in the course of this study (Khan and Cannell 1957, pp318).

### 2.3. Data Analysis

At this stage of the research, semi-structured interviews were carried out with the sales and revenue manager, front office manager and food and beverage manager of Hilton Islington hotel, Hilton Docklands and Hilton Waldorf. Interviews took place in Hilton hotel/Islington for around 20 -25 minutes for each managers because of intensive schedule of the company's managers. These findings was analysed and discussed in relation to the academic literature. Moreover to get cross-sectional ideas regarding the study, interviews and research also took place with other hotel managers and directors from various hotel companies from many European countries at the event of "Hotel Olympia" exhibition in Excel Centre in London in 2010. All the answers and information gathered from interviewees were both recorded and written down and translated by the researcher with the permission of interviewees in order to contribute the purpose of study. A part from interviews, the 16 questionnaires were prepared by researcher aimed at gathering more general information about the current state of hospitality industry in addition demographic information about interviewees such as age, gender, education level and position in the company was obtained.

### 3. FINDINGS

In the analysis on the demographic questionnaire, the average age of correspondent was between 18-35 ages with 50% , 62% of respondents are male by contrast female respondent only represent 38% of whole percentages. In the analysis on the demographic information 87 % of people in the organization have got managerial position. It shows that such people are tend to answer the questionnaires promptly comparison with other employees. In level of education side, %69 percent bachelor degree and %31 percent master degree. In support of this statistic, it can be concluded that more educated people are tend to give more information regards the research.

#### 3.1. Findings and Analysis from Interviews

The researcher carried out interviews with the Hilton hotel/Islington managers. Interviews made huge contribution on research providing the researcher with more detailed and insightful answers regarding the ways in which hotels can overcome the negative effects of the recession therefore

##### **Q1.** *Would you please tell us a little bit about your background?*

The aim of this question was to find out about the respondents' qualifications and work experience. The interviewees are people working in hospitality industry for more than six years and occupying managerial positions in front office, sales and revenue and food & beverage departments.

[FO Manager, Sales and Revenue Manager, F&B Manager]

##### **Q2.** *How do you see your company's performance last year, especially in financial terms?*

It has been a difficult term in recession time. In fact recession affects companies in almost all economic sectors. Especially in the financial side, credit crunch has affected hospitality in a bad way. The hotel room occupancy in UK significantly fell and it put hospitality sector which is of the major industry in a difficult position.

[Sales and Revenue Manager]

##### **Q3.** *In what way, did global recession influence your company last year?*

Because these questions are interconnected, the answers to them are given together. All managers agreed that there was a sharp decline in revenue caused by diminishing number of both corporate and leisure guests and decrease in the need for meetings, conferences and functions. Sales

and revenue manager pointed out that “Not all Hilton hotels were equally affected by the downturn some of them, like Hilton Docklands, lost a lot of revenue because of the decline of the number of corporate guests. Front office manager of Hilton hotel also stressed that they had done it very good compare to other companies and were very proactive at the beginning because they identified the situation much in advance.

[FO Manager, Sales and Revenue Manager, F&B Manager]

**Q4.** *What was Hilton hotel reaction to the recession last year? Was any redundancy or cost-cut programme applied?*

“There were some redundancies however not too many” “The most visible negative effect was the decision to cut the position of switchboard operator in all UK Hiltons”. “As a result of that, in Hilton Islington two full time employees and one part time employee lost their jobs” He also emphasized that this situation is quite inconvenient for the functioning of the front office as all the calls must be taken by the receptionists and at more busy time it may cause delays and make dealing with the guests less efficient. The front office manager also said that the reductions mentioned above had yet another negative influence “The situation was very stressful for team members and it affected the overall atmosphere at work and the people's motivation.”

[FO Manager]

**Q5.** *Which hotel department do you think has been the most affected by recession?*

Sales and Revenue manager said” It can be seen that finance sector was mostly affected. Because of the credit crunch the banks are unwilling to give loans the companies including the hotels, in this way they are depriving us all the resources necessary to expand and develop our hotels”. Food and beverage manager said that restaurant did not suffered that much especially because in London there is a strong culture of dining out. He said that because of the fact that restaurants in Hilton hotels in London are “well known for their excellent service and good quality food” and because of that “there are many regular customers and not necessarily the hotel guests”

[FO Manager, F&B Manager]

**Q6.** *Do you think, international hotels were affected more than small hotels by economic downturn last year? Why?*

In common; sales revenue manager, front office manager said: “On the contrary, it seems to me that big chain hotels have suffered less because thanks to their worldwide presence they are able to balance the negative situation some hotels by obtaining income from more successful ones.”

[FO Manager, F&B Manager]

**Q7.** *How management planning can play a role in coping with this economic downturn?*

The front office manager said that “It is important to have back -up plan” and added that planning is crucial and if hotel management does not adapt its marketing strategies into today’s market conditions, they will be probably under the water. According to the Revenue Manager “Managers need to know what is going on in the hospitality business and plan in advance the actions they must take in order to keep the business going on.

[FO Manager, Sales and Revenue Manager]

**Q8. What precautions were taken by your management in response to these challenges?**

The Revenue Manager stressed the importance of managing all costs connected with running the business. "The costs of everything need to be checked and sensible cuts need to be done". "There should be no unnecessary waste of money, especially in difficult economic situation". Another point that he made was that the hotels must be careful when it comes to discounting and so called "special offers". He said that "the good deal" is only good as long as it brings profit to the company and that the management "needs to above all try to preserve the margins". He suggested that "It is better to keep the prices up and attract the guests by maintaining high quality of the service."

Front office manager said that, establishing cost for per unit in business important for example filling the hotel with cheap rate, it will not be good business because you will not make enough money to cover the expenses but in another scenario do not fill the room but get a good rate , will make good profit.

[FO Manager, Sales and Revenue Manager]

**Q9. Who do you think is the most eligible person to deal with this kind of challenges?**

All department managers agree that dealing with recession is not individual action and that it basically requires team effort. What is more they emphasized the fact that there should be good communication and interaction between the departments.

[FO Manager, Sales and Revenue Manager, F&B Manager]

**Q10. How do you think hotel productivity can be increased in recession time?**

All the respondents agreed that it is a big challenge to increase productivity in unfavorable economic climate, however they suggested some strategies. They all stressed that it is crucial to maximize selling, gaining new customers through effective advertising and promoting the brand. According to the food and beverage manager "Hilton is a famous brand, synonymous with high quality, our task is to further reinforce this image by advertising and delivering excellent service" The front office manager said that all people employed in Hilton "must do their best in keeping to Hilton standards and fulfilling the company's promise". Sales and Revenue Manager said that nowadays "the companies should not underestimate the potential of the Internet in advertising" in order to increase the sales.

[FO Manager, Sales and Revenue Manager, F&B Manager]

**Q11. Do you consider employees to be important factor in effective functioning of companies in recession time?**

All the managers agreed that in the case of hospitality industry the employees play the main role in achieving the company's goals, because what is the most important to customers is the service they receive- friendliness, kindness and helpfulness of the staff. The F&B Manager said "One of my greatest responsibilities is to keep the team motivated and encourage my people to do their best because their performance is immediately reflected in the level of guests' satisfaction. "Revenue Manager said that: "Hospitality is a "people" business, that's why training, coaching and developing people skills is crucial to overall success of the hotel." Front Office Manager "although training people creates some additional cost, which is not desirable in the time of recession this issue can not be neglected especially now.

[FO Manager, Sales and Revenue Manager, F&amp;B Manager]

**Q12.** *In case of Hilton hotel, how do you get benefit from technological development to increase the hotel efficiency?*

Front office manager stated that international hotels was successful in getting benefit from technological advances for example previously each hotel has got one accounts department but now they have one department for four hotels within the same company, what is more they have one satellite individual sitting the hotel and they doing day to day operation easily and get all the data daily basis. He also added that Hilton hotel has got unique software program in market is called “citric” where you can link another properties data sitting another area.

[Front Office Manager]

### 3.2. Findings and Analysis of Questionnaire

In order to obtain the necessary information, the researcher asked 16 questionnaires to people who are all Hilton hotels employees. The questionnaires were aimed at gathering more general information about the current state of hospitality industry. First four questions respectively; age, gender, education level and positions of managers who interviewed previously at the selected hotels for the purpose of study.

#### 1. Questionnaire

*What are the main advantages of tourism for UK economy?*

	Rating Question items	f	%
1	Strengthening the UK economy	4	25
2	Generates more employees	9	56
3	Market opportunities for local business	3	19
<b>Total Respondent</b>		16	100%

As it can be seen from this table, 56% respondents think that the main advantages of tourism on UK economy is that, “it generates more job opportunity” for people, a part from this fact, rest of people agree that tourism has got quite important role in UK economy in terms of “strengthening the economy” with 25% and 19% represent that “creating new market opportunities for local business” are advantages for UK economy.

#### 2. Questionnaire

*Which countries do you think most of tourist comes from UK?*

	Rating Question items	f	%
1	Europe	9	56
2	United States	2	2
3	India	3	19
4	Chine	2	12
<b>Total Respondent</b>		16	100%

By looking at this table, it can be seen that people thinks that the most of tourists come from “Europe” due to the fact that UK are situated in Europe, which makes it easier for the travellers to

access the country. From these results, it can be also easily concluded that the respondents think that UK economy will get benefit from arrivals of tourist as a lot.

### 3. Questionnaire

How would you explain the tourist arrivals in 2008-2009 to UK compare to previous years?

Rating Question items		f	%
1	An increase	4	25
2	A decrease	10	62
3	A stable	2	13
<b>Total Respondent</b>		16	100%

According people from the organization, in 2008-2009, vast majority of people said the arrivals of tourists in United Kingdom went down significantly with 62 % because of economic downturn. There was a sharp decline in number of tourist and it impacted UK’s tourism income percentage negatively.

### 4. Questionnaire

In general, do you think recession has deeply affected on world economy?

Rating	Agreement Level	Export Responses	%
1	Strongly Disagree	0	0
2	Disagree	2	13
3	Agree	5	31
4	Strongly Agree	9	56
<b>Total Respondents</b>		16	100

As it can be seen from this table, recession made considerable impact on world economy. Around 14 respondents either agree or strongly agree whereas only 2 of total respondents declared that economic recession did not affect world economy at all.

### 5. Questionnaire

Economic recession has affected UK economy and hotel industry in a negative way?

Rating	Agreement Level	Export Responses	%
1	Strongly Disagree	0	0
2	Disagree	2	13
3	Agree	5	31
4	Strongly Agree	9	56
<b>Total Respondents</b>		16	100

The figures above indicate that, the rank of agreement among the respondent. It can be seen that vast majority either strongly agrees or agrees that the negative effect of recession in hotel industry was very profound.

### 6. Questionnaire

What are the most visible results of economic recession in hotel industry?

Rating	Question Items	Export Responses	%
1	Decrease in employment	4	25
2	Decline in buying power	1	6
3	Lots of job losses	8	50
4	Low occupancy rate	3	19
<b>Total Respondents</b>		16	100

These figures clearly show that the most remarkable consequence of recession was a “lots of job losses ” as 8 (50%) respondents stated .However, 4 (25%) respondents said that the obvious result of economic recession was a decrease in employment. Other 3 (19%) respondents claim that low occupancy level was the most significant outcome of recession. A part from these results only 1 (6%) respondent declared that recession influenced buying power of people. Overall, it can be concluded that there were various visible results of recession.

## 7. Questionnaire

Do you think which group of people has greatly been affected by the influence of this recession in hotel sector?

Rating	Agreement Level	Export Responses	%
1	Employees	7	44
2	Traders	0	0
3	Local Business	4	25
4	Hotel Administration	5	31
<b>Total Respondents</b>		16	100

It appears from this table, in hotel sector “employees”are the most affected group by 44 %. Secondly, hotel administration with 31% followed by local business which represents 25% of total respondents answer and none of people declared that traders has been affected by recession.

## 8. Questionnaire

What do you think; hotel sector can do to help resolve the affect of recession in tourism sector?

Rating	Question Items	Export Responses	%
1	Offer discount holiday package	3	19
2	Increasing the promotion and advertisement	8	50
3	Spending more money on training and development	5	31
4	Other	0	0
<b>Total Respondents</b>		16	100

According to this data, 8 (50%) of respondents claim that strategic management, focusing on more promotion and advertisement activities in recession time will be beneficial in order to overcome this bad economic period. 5 (31%) respondents agree that spending money on training and development is also important to cope with bad economic situation. 3 respondents which represent 19% of total response defended the view that offering special discounts during the recession may reduce the effect of recession in hotel industry.

## 9. Questionnaire

Do you think online marketing help to increase the sales during the recession period?

Rating	Question Items	Export Responses	%
1	Yes	16	100
2	No	0	0
<b>Total Respondents</b>		16	100

From this chart, it can be clearly seen that all 16 (100%) respondents agreed that online marketing help to boost the sales and revenue in recession time. By contrast none of respondent showed disagreement which represents zero percent of whole respondent.

## 10. Questionnaire

How would it made an impact on sales in hotel sector?

Rating	Question Items	Export Responses	%
1	Increase on room sales	2	13
2	Reaching more new customers	10	62
3	Time efficiency	4	25
4	Non above	0	0
<b>Total Respondents</b>		16	100

This table demonstrated what are, according to the respondents, the most positive consequences of direct marketing, including online marketing. Figures show that 10 (62%) of respondents say that "reaching new customer" is the main beneficial result. Follow by 4 25% respondent rate state it is good for time efficiency. Eventually, only 2 (13%) of people say that it helps to increase room sales.

## 11. Questionnaire

In what way, public relations are important for hotels during the recession time?

Rating	Question Items	Export Responses	%
1	Building good corporate image	11	69
2	Keeping retained	1	25
3	Handling the harmful rumors and stories	4	6
<b>Total Respondents</b>		16	100

By looking at the figures it can be concluded that the majority of the respondents think that building good image is the main benefit of public relation. Secondly, 25% of respondent rate in total declared that public research (PB) can be used for the purpose of keeping steady customer in. Handling the bad rumors only stands for 6% out of total respondent rate.

## 12. Questionnaire

Which sectors do you think benefited from recession?

Rating	Question Items	Export Responses	%
1	Accountancy	9	56
2	Consultancy	5	31
3	Travel agency	2	13
<b>Total Respondents</b>		16	100

According to this data, it can be seen that as recession has had impact on all sectors it may also bring some opportunity for different sectors to make more business. According to this chart, 9 (56%) of respondents claim that "accountancy sector" got some business opportunity in recession time. It also seems that "consultancy" was another fortunate sector that benefited from the recession. However, travel agency was affected badly due to low rate of booking with 2 (13%).

#### 4. CONCLUSIONS AND RECOMMENDATIONS

From the above findings as well as my own experiences and knowledge gained as an employee of Hilton, the following conclusions regarding the strategies applied by hotels in the time of economic recession can be drawn. It is important to be fully conscious of the margin on each product and service, component costs, expenses, history and forecast of such information, pipelines of sales with risk ratings, salaries, and contractual terms with suppliers and so on.

Another crucial strategy in time of recession is intensive focus on "selling". Finding and maintaining new customers will obviously increase profit, and there are many techniques to do that. The most basic marketing strategy which proved to be very effective in case of Hilton is to emphasize what is different and absolutely unique about the company. It is vital to identify or create a difference which would favourably distinguish the company from its competitors and Hilton always excelled at that. Hilton has always been very focused on building and emphasising the Hilton Brand and that's why it is instantly recognized all over the world and never confused with other brands. The technique of creating and promoting a difference is applied in Hilton Company in a variety of ways. It basically consists in establishing a quality product or service and adding the adjective 'Hilton' to its name i.e. 'Hilton Breakfast', 'Hilton Meetings' or 'Hilton Honours'. This gives the impression that they are unique to Hilton although in fact similar facilities can be found in other upmarket hotel chains.

The positive and special image of the company is reinforced through different media and special emphasis was put by Hilton on the development of its internet page. The company recognized the fact that "online marketing" is a very effective way of promotion which is so necessary in the period of tough competition and fighting for a client. External market research; catching new trends being very sensitive to the changing customer needs and expectations for example Hilton has responded actively to the increase in the demand for short term, usually weekend leisure stays by offering the concept of minibreaks.

In times of economic downturn the issue which must be dealt with effectively is "managing costs". It is important to reduce costs in all possible areas, but it must be done sensibly without compromising the quality of service. In this case Hilton Hotel Company tried to do re-forecasting on the daily basis or use yearly calendar to get to know the previous year sales, income and expenses in order to get right direction for business.

From the study, it has been analysed closely that unit level costs and through active cost management succeeded in protecting operating margins. It is absolutely crucial to "avoid discounting" which is often the panic reaction in difficult economic situation. Instead of cutting prices which inevitably leads to big loss of profit, it is better to preserve and strengthen the quality of the products and services that the company offers. Even in recession customers are willing to pay high prices if they seem to give value for money. It is important to set rates confidently and defend the value of the

product instead of discounting without thought; otherwise the company's margin will be negatively affected.

In past downturns, some hotel owners have attempted to slash room rates in an attempt to fill beds. In the majority of cases, this tactic will bring about material long-term damage to the business, for two basic reasons. First of all, the rise in occupancy is accompanied by increases in operating expenses. For every room that is filled, there are extra costs such as housekeeping, laundry and utilities that the hotel must cover. When room rates go down and at the same time variable operating expenses remain the same, margins are squeezed.

Second and most importantly, "cuts to ADR" (average daily room rate) are difficult to recover when the economic climate improves. After cutting room rates with the aim of filling a hotel, the efforts to bring back those rates may not be effective. The ability to take advantage of an improving economy will be delayed. Ultimately, the ability of hotels to maintain room rates as much as possible is crucial in order to survive the downturn. Cutting rates significantly is not a good tactic, because changes in rate have the biggest impact on the bottom line, and are very difficult to regain when the operating environment improves.

Another highly important matter is the attention to the basics - small details which make big impact and "creating overall positive impression". Improving the basics does not require huge expenses but may cause a dramatic difference in the way the company is perceived by the customers. Attention to detail has always been one of Hilton's major strengths and now in hard economic conditions and increased competition it is one of the factors which enhance the general appearance of Hilton hotels and attract customers. Primarily, these details concern polite and personalized attitude towards the guest including; welcoming each guest with a smile, using guests name when greeting them and recognizing and appreciating regular guests' preferences by assigning the rooms they like, granting them complimentary upgrades or complimentary amenities in the room such as water, wine, basket of fruits. Other examples of small but important details are: putting dressing gowns and slippers in deluxe rooms, serving orange juice for breakfast at the very moment when the guest is seated and always placing fresh flowers at the reception.

The issue of utmost importance is the "role of people employed" in the company. Recession is always a very anxious time for the team. People tend to worry about the company's future and their own. The fear of becoming redundant paralyzes people and they lose their motivation. For that reason it is crucial to maintain morale among the staff. In order to achieve it, it is extremely important to find ways to motivate the people. Hilton hotels' core strategy is to motivate people through trainings and offering them possibilities of professional development. Human beings are generally motivated by the wish to live the life they dream of and if the company helps them to realize this dream they will do their best for it. Hilton is aiming in assisting people to realize their potential by the whole system of training. The first step for each new employee is 'Spirit of Hilton' which transmits the fundamental knowledge about company's promise, aims, procedures, ethics as well as customer service and selling techniques. Then other trainings take place including the so called 'Hilton University' which is a set of online courses allowing Hilton employees to improve various skills necessary in hotel industry. Another possibility offered by the company is an award winning graduate programme "The Elevator" which fast tracks talented individuals to management positions. Hilton Hotels Company believes that training is a win-win investment, which strongly motivates the employees and makes them work more effectively which in turn brings more revenue to the company and help to reduce negative impact of economic recession.

It is true to say that a recession exposes certain opportunities which in the more prosperous time one might not be able to grasp. The main areas which benefit from the recession are "consultancy and accountancy". Consulting is largely engaged in a hectic pursuit of advisory and agency work regarding the negatively affected properties. What is more, although nobody is insulated from the

negative impact of the global recession, certain opportunity arises for the strong brands like Hilton namely the possibility to convert unbranded hotel operators. Another strategy consist in investing in renovation and development of already existing properties which is even more advantageous because of the lower prices of materials and companies which specialise in building construction.

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