

17 Predictions On Future Resort Development

By Jeff Coy and Bill Haralson

As we start Year 2005, here is our forecast on the future of resort development.

1. Americans traveling abroad will start to increase. For three straight years since 2000, Americans traveling internationally has declined. However, outbound travel was up 15% during the first nine months of 2004. The Iraq War, US foreign policy, terrorist threats, currency exchange rates and our actions in the world will increasingly place the spotlight on Americans traveling abroad. Those Americans wanting to avoid criticism, intimidation, fear of danger or even loss of life will choose to avoid certain countries or stay home altogether. More Americans will Visit USA and boost the domestic tourism industry over the next few years.

2. US Airlines will continue to lose share of total passenger miles traveled. In the decade ending 2003, domestic air travel posted a 4.7% decline. Part, but not all, of that decline can be attributed to the decrease in business/convention travel, since that group is more likely to fly to their destination. Business travelers have learned how to conduct business effectively without necessarily flying to meet with clients. Leisure travelers will occasionally fly (if the fare is low enough) to see if air travel has gotten any better. When they discover that air travel is less convenient and more stressful than ever before, they will think twice about flying next time. Arriving at the airport two hours prior to flight time, missing flights and generally experiencing a low level of customer service all contribute to the feeling of the unfriendly skies. Prevailing attitude is, "I will fly only if I have to!" And this attitude will get worse before it gets better. Result is, Americans will fly less and drive more.

3. Regional drive-to resorts will attract more guests than national fly-to resorts. Between 1994 and 2003, auto travel increased 12.4% while air travel dropped 4.7%. A whole list of reasons support a growing trend of vacationing closer to home. Fear of flying, avoiding airport hassles, terrorism threats, emergence of regional resorts, growth in Indian gaming, popularity of adventure sports and the success of hotels with indoor waterparks. Research has shown that Americans will not give up their vacations. In times of war, disaster, high fuel prices or a poor economy, Americans will cut back and economize, but they won't totally give up their recreation time with family and friends. Attendance and occupancies at the major resort destinations, such as Orlando, will improve ever so slightly but fall short of their recent record years. However, more and more families with children will decide to drive up to 200 miles away and pay \$200 a night for a suite at a regional resort --- especially a resort with an indoor waterpark or a family entertainment center.

4. Business travel will become more an elective and less a requirement. In the ten years between 1994 and 2003, business/convention travel fell 15 percent. During the same period, leisure travel rose more than 16%. Despite recent increases in

business travelers, it is leisure travelers who will remain the backbone of the hotel and travel industry. Corporations and their executives have learned to work effectively without traveling. Traveling and meeting face to face are business electives. Traveling is no longer required for many people in order to conduct business, communicate with others and process business information. Picture phones, digital palm assistants and thin, lightweight notebook computers connected to wireless networks have all contributed to decentralized management and virtual offices.

5. More Americans will telecommute. More and more executives, especially entrepreneurs and consultants, will roll out of bed, commute ten seconds to their notebook computer, have a cup of coffee near the swimming pool and log into their business network of co-workers, suppliers and customers.

6. Mixing business & leisure 24/7 will lead to greater stress. Increasingly, phrases like the 9 to 5 workday, midnight shift or banker's hours will disappear and be replaced with a term called 24/7. More and more people will try to stay connected all the time --- mixing business with leisure and blurring any distinction between work time and play time. On the 1950's *I Love Lucy* television show, Desi Arnez used to open the door and say, "Hi, honey, I'm home." This greeting will become increasingly meaningless over the next few years. More people with home offices will be at home and at the office at the same time --- causing more and more problems with priorities. Mixing business and leisure will create greater stress.

7. Never disconnecting will cause greater stress. Always being in touch gives some people greater satisfaction and a sense of being in control. However, never disconnecting will take its toll on physical and mental health. Greater stress will cause relationships to suffer and productivity to decline. When is it time stop and smell the roses? When is it time to rest, relax and engage in recreation or re-creation? When is it time to stop work and start to play? Resorts will either become part of the problem or part of the solution as they respond to this trend.

8. Lodging and entertainment concepts will continue to merge. Increasingly, hotels are being integrated into mixed-used developments and planned unit developments that include restaurants, nightclubs, retail shopping, movie theaters, fitness centers, health spas, recreation, sports and entertainment centers --- such as casinos, climbing walls, arcades, amusement parks, indoor waterparks and family entertainment centers. Hotel developers are no longer content with locating near these demand generators; they are integrating these attractions and entertainment components into the overall design of new hotel projects. Result is, more and more hotels are looking like resorts.

9. Resorts will become more like theme parks. New resort developments will be more heavily themed to showcase regional pride, culture and geography. Increasingly, meeting planners will call on resort managers to program both time and space to provide settings for business, learning, participation, play and entertainment. Resort designers will create whole new worlds for guests to experience. Event planners will become increasingly important in programming a group's agenda. Smart resort

managers will move from an attitude of providing a space to an attitude of providing an experience that is different from the ordinary workday. We are constantly advising our clients on how participation, learning and play impacts business productivity.

10. Resorts will grow faster than other types of lodging. Resorts ran a higher occupancy in 2004 than 2003 and achieved higher occupancy and average room rates than all other types of lodging --- urban, suburban, airport and highway. Families will continue to vacation close to home and escape for weekends to nearby regional resorts.

11. More resorts will become part of mixed-use developments. In urban and suburban areas, we now see themed resorts and large-scale attractions being designed into regional shopping complexes (Mall of America in Bloomington MN), mixed-use waterfront developments, downtown convention centers (Milwaukee and Dubuque) and even some renovated old railroad depots (Marriott Depot Hotel & Waterpark in downtown Minneapolis). In more rural settings, resorts are being designed into casinos, medical centers, conference centers, golf courses, ski hills, residential projects as well as second home, vacation home and retirement communities.

12. Future resorts will focus more on guest participation and interaction. New thematic resorts will be designed to provide greater interplay between the visitor and his environment. This is a natural expansion of technology and the popularity of places like Tucson's Biosphere, San Francisco's Exploratorium, underwater tunnels, desert museums, zoos and science museums. Suites and entire resorts (Nickelodeon) will be themed with comic book and TV characters to reach a specific audience. Future hotels and resorts will add more and more participative recreation facilities and sporting activities --- such as treetop rope courses, climbing walls, activity pools and waterslides as well as survival courses and teambuilding programs. Adventure sporting facilities will go mainstream and integrate with resort developments.

13. Theme parks and resorts will use more simulators to create virtual reality. Advances in technology now make it possible for attraction and resort designers to duplicate any natural experience or special effect. For example, you can build Niagara Falls and a thrill ride that goes over the falls or you can simulate going over the falls by entering a dark ride simulator or putting on a virtual reality mask. The VR mask combines high quality visual imagery with seats that are programmed to move with the action. You can simulate a white water rafting trip at a fraction of the cost of the actual experience. And simulators are flexible; you can easily change the experience by changing the software. Resorts will increasingly use simulators and VR to attract, teach and entertain guests.

14. Resorts will increasingly become a teacher. Traditionally, resorts provided space --- a place to meet and play. Increasingly, resorts were asked to provide learning centers, and the resort conference center emerged. In the future, resorts will have a new role as teacher. Resorts will increasingly introduce visitors and guests to the region --- helping them to interpret its history and understand its environment and values. No longer viewed simply as a commercial enterprise, resorts will become part

of a balanced leisure product that provides economic development, learning and environmental preservation of the region.

15. Seasonal resorts will become year round operations. Traditionally, resorts have been highly seasonal, which meant that profits were dependent upon the weather. Ski resorts thrived when it was cold. Beach resorts did well when it was hot. Resort owners and developers will increasingly try to eliminate the seasonality and weather factors by designing resorts to capture year round revenues.

16. Resorts will build more and more indoor recreation facilities. Any recreation or sporting activity you normally do outdoors will have an indoor version. Yes, golfing outdoors is superior to golfing indoors. But, on rainy days during a vacation, indoor golf is great! Swimming in an outdoor pool on a hot, sunny day is ideal. But during inclement weather while on vacation, an indoor waterpark saves the day! Resorts with indoor recreation facilities will face fewer trip cancellations and preserve their revenue streams. Future resort designs will incorporate indoor-outdoor combinations using new technology structures, domed enclosures and moveable glass walls.

17. Resorts will increasingly incorporate water into their designs. Developers are using more and more water in all types of real estate development whether it be a water activity, attraction or landscaping for a theme park, shopping mall or residential project. Regional shopping malls will continue to add water attractions, such as high-tech aquariums with acrylic tunnels which give visitors a diver's view of the undersea world. Major theme parks will continue to add outdoor waterparks. Outdoor waterparks will build more and more indoor waterparks with attached lodging. Hotel waterpark resorts will continue to grow nationally.

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