

CASE STUDY



ASTOR CROWNE PLAZA – NEW ORLEANS, LOUISIANA

Hotel Experienced Increase in Market Share of 21.3%

The 700-room Astor Crowne Plaza (currently the Crowne Plaza New Orleans French Quarter) is located 1 mile from the convention center on famous Canal street, just a few minutes walking distance from Bourbon Street and the heart of New Orleans. The full-service property caters to both tourist and business travelers and offers guests luxury rooms, a fitness center, rooftop pool, restaurant and bar, and 32,000 square feet of meeting space.



Initial Condition of Asset at Time of Transition to HMC's Management: December 2008

Hotel Personnel at Time of Transition

- The line staff and management team had been cut to an unreasonable level resulting in a failed service culture
- Moral was at an all time low due to staffing reductions and lack of support from the previous management company
- Staff retention among the executive committee and upper management was solid but the associate staff was experiencing constant turn over

Comp Set and Penetration at Time of Transition

- Market Penetration in all three disciplines (Occ, ADR, RevPAR) fell substantially below comp set performance with a YTD RevPar Index of 67.3% at transition.

Hotel Market Performance at Time of Transition

- Occupancy YTD at transition was 46.8% which was 19% below the comp set and 12% below the Upscale Tract for the market
- ADR YTD at transition was \$128.30 which was \$8.80 below the comp set and \$22.59 below the Upscale Tract for the market
- RevPAR YTD at transition was \$61.20 which was \$29.70 below the comp set and \$25.44 below the Upscale Tract for the market.

Brand Citizenship at Time of Transition

- The hotel was in default with Crowne Plaza due to consistently low Overall Satisfaction Index (OSAT) scores from the hotel's guests' surveys
- Meeting Satisfaction Tracking System (MSTS) score in December 2008 ranked the hotel 121st out of 135 Crowne Plazas across the Americas from the hotel's meeting planners

Hotel Web Site at Time of Transition

- Web site was not current and needed updating
- Website maintenance and marketing was being handled by 3 different vendors
- Web site optimization needed to improve the sites visibility and lift in search engines
- The site was producing minimal revenues for the hotel at the time of transition

Strategy for Turnaround

- Opening management team was upgraded with a new general manager hired by HMC to rebuild the management and line staff teams. Staffing guides needed to be reviewed and hiring was to commence for key middle management positions that were eliminated by previous management company. Incentive programs for all departments needed to be created and implemented to improve guest service and associate moral.
- Introduced comprehensive sales & marketing plan and implemented strategies to regain group and transient fair share.
- Established a new partnership with IHG Crowne Plaza Brand Support
- Sales strategies put in place regarding local and national corporate transient accounts.
- Immediate focus on previous OSAT surveys to determine proper training direction for all associates with the intent to improve hotels scores and guest experience.
- Revamped accounting team with immediate focus on accounts receivable uncollectable backlog and demonstrated success by collecting \$280K that was previously written off.
- Introduce Hospitality E- Business Strategies to consolidate hotel's vanity website direction and marketing to improve the hotel's e-commerce efforts.

Results

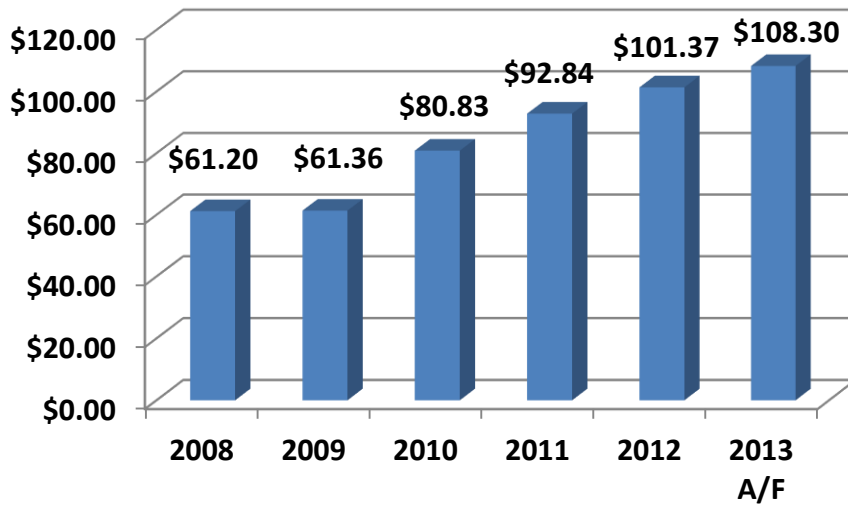
- Improved the hotel's occupancy by 43% while lifting the hotel's ADR by 23.3%
- Grew the Astor's RevPAR by 77%
- STAR Performance, from January 2009, the occupancy index grew from 79.3 to a year to date August 2013 index of 96.2. In this same comparison the ADR index went from an 83.5 to a 91.1 and for RevPar from a 66.3 to 87.6. This performance was versus a comp set including luxury brands of Intercontinental, JW Marriott and Westin properties
- From 2008 to 2013 year-end forecast rooms revenue increased by \$11.5M, which represented a 72% increase in room revenue achievement and overall hotel revenue increased by 62% or \$12.8M
- Meeting Satisfaction Score (the Crowne Plaza's MSTS score) went from being ranked 135th to being in the top 5 of the Crowne Plaza Brand as of August 2013
- In February 2011 the hotel achieved a AAA 4-Diamond designation being raised from the previous 3-Diamond rating.
- IHG acknowledgements include #1 in the MSTS Ranking in January 2010 and #1 in the Americas for Priority Club Enrollments for 2010 and 2011.



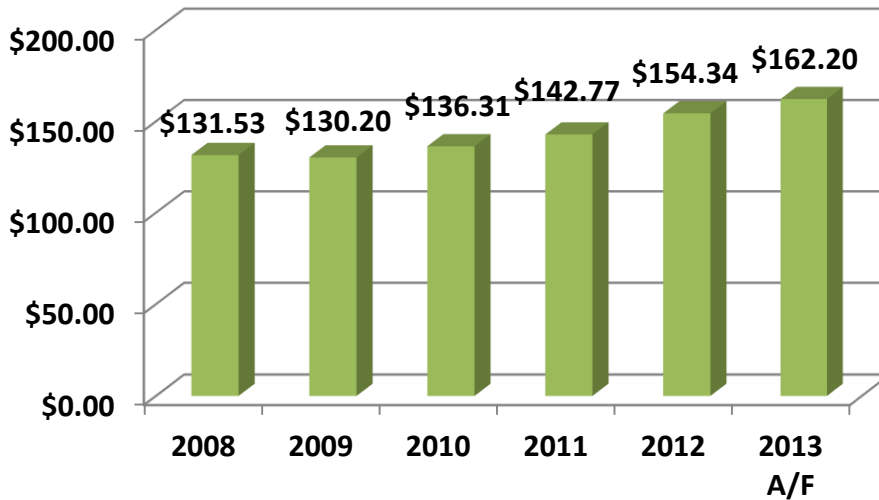
Strategy for Turnaround – Results (cont.)

- The hotel ended 2008 with an I.B.F.C. of \$5.9M as compared to a August 2013 year end forecast of \$14.4M
- Year to date August 2013, the hotel is over prior year revenue by \$1,061,000 and Cash Flow by \$425,000
- Awarded Convention South Magazine's 2012 Readers Choice Award for Meeting Excellence and currently a nominee for 2013
- Vanity website re-optimized improving visibility and revenues for the site. Paid search campaigns were expanded to compliment the brand's marketing efforts. Social media was added to the hotels marketing platform through Twitter, YouTube and Facebook. A new site was introduced in 2012 to mirror the Crowne Plaza Brand's Refresh. The vanity site's room revenues at transition were \$225K in 2008 and is expected to reach \$800K by year end 2013

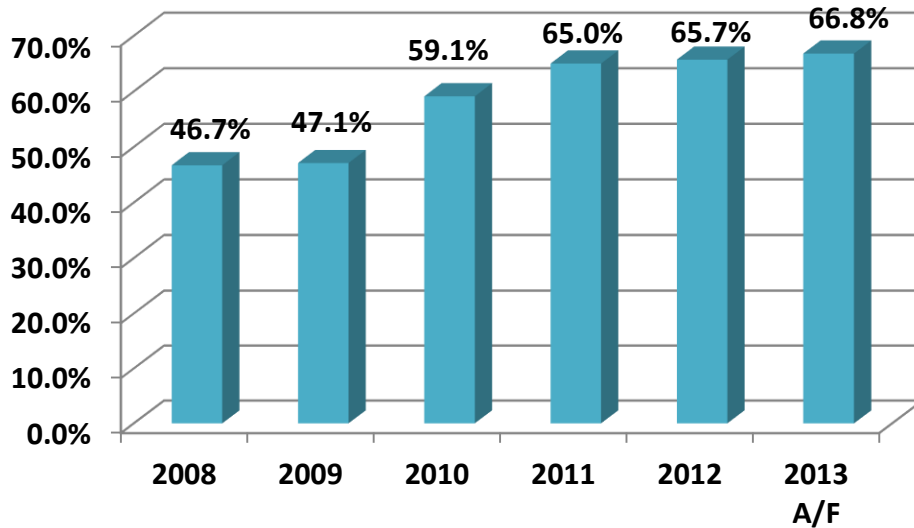
RevPar



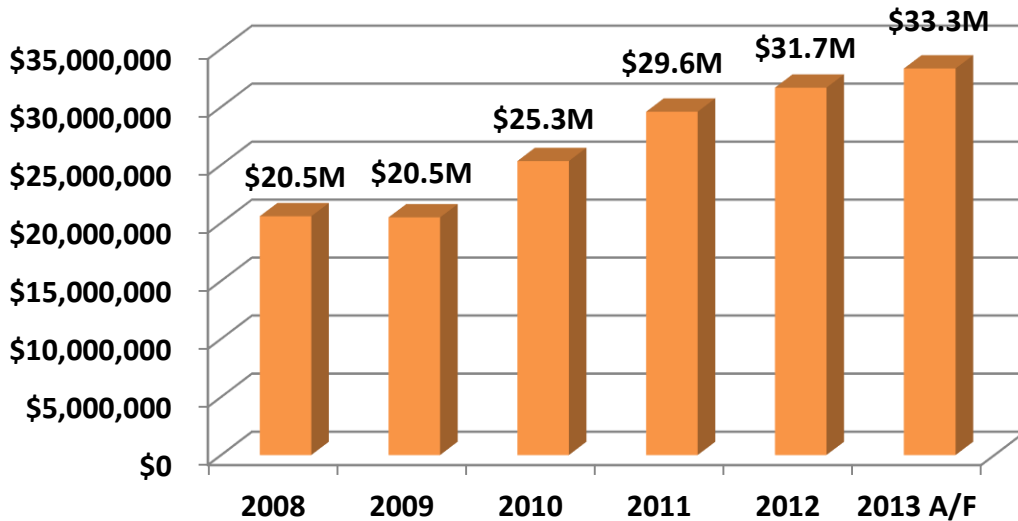
ADR



Occupancy



Total Revenue





I.B.F.C.

