Disaster in the Gulf: Oil spill not leading to hotel specials

By Sara K. Clarke, Orlando Sentinel

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With the BP oil spill showing up as tar balls in the Panhandle and possibly headed toward other parts of Florida's coastline, will the state's hotels be cutting prices further, hoping to lure pollution-wary travelers with discounts?

The answer: unlikely.

Experts say many hotels have already reduced room rates because of the slow economy, while others don't think oil-spill discounts would draw much business and still others say such specials could create an additional image problem.

According to hotel consultant Scott Brush, Florida hotels have already cut prices sharply and established discount packages for the summer in an attempt to make up for a dismal 2009.

"There's probably not a whole lot more that they can discount," said Brush, who leads Brush & Co. consultants in Miami.

Many hotels are trying to ease travelers' concerns by relaxing cancellation policies and offering refunds should a beach be closed for either cleanup or safety reasons. They're also directing prospective customers to Internet sites with Web cameras showing that, for now, nearly all of Florida's beaches are free of oil.

Orlando-area hoteliers said they're reluctant to cash in on the misfortune of their seaside colleagues by offering oil-spill discounts, especially since such a move might seem tacky.

"I have a personal problem with benefiting from someone else's problem," said Duane Winjum, general manager of the Quality Suites Royale Parc near Walt Disney World.

Winjum said discounts would also send a negative message at a time when his hotel's summer business looks strong.

"I don't want to do anything that could potentially hurt tourism in the state," he said.

Central Florida hoteliers are focusing on the positives that could draw tourists inland this summer to the area's theme parks — like the upcoming grand opening of the Wizarding World of Harry Potter at Universal Studios — rather than calling attention to the oil spill in the Gulf.
"I don't think anybody'll resort to it," said Mark Moravec, general manager of the Sonesta Orlando Downtown Hotel.

Although he's much closer to the spill, Pensacola hotelier Julian MacQueen said he, too, is holding his rates steady, though occupancy is down about 20 percent so far this month. "We're already a discounted destination," said MacQueen, "and right now we haven't had enough impact on the beach with oil to change the experience" for vacationers.

But ResortQuest of Northwest Florida, in an area of Florida's Panhandle that has not seen oil come ashore, is offering up to a third off on June beach vacations. Sandestin Golf & Beach Resort is offering one free night with the purchase of four.

The 19-room Marco Island Lakeside Inn in southwest Florida has added specials, such as four nights for the price of three, and other packages not usually offered until fall. Business there has plunged more than 40 percent since news of the BP spill broke in late April, and as of Tuesday not a single room was reserved for midweek, general manager Marcia Mandel said.

"In the Midwest, they hear, 'Oil in Florida.' They don't realize that Pensacola is a thousand miles away. It's just killing us," Mandel said. "We're on every conceivable website. We have 112 reviews on tripadvisor[.com]. But if people aren't looking to make a trip to Florida, it doesn't matter."

Visit Florida last weekend began spending the first $11 million of the $25 million it has received from BP for emergency travel marketing. It is focusing on TV, print and Internet ads in cities such as Atlanta and Raleigh, N.C., from which travelers often drive to Panhandle beaches. The message: We're still open for business.

In theory, the laws of supply and demand suggest that a drop in prices would trigger an increase in travelers. But that's not always true in practice for hotels, said Peter Ricci, who directs the hospitality-management program at Florida Atlantic University in Boca Raton. Demand depends on a variety of factors, including the economy, brand, service and how others set prices. And discounting tends to eat away at hotels' long-term pricing and profits.

Scott Smith, a lodging instructor at the University of Central Florida's Rosen College of Hospitality Management, said there's a limit to how much discounting will work in an area hit by oil.

"What we've always found is that discounting doesn't necessarily drive people to your hotel," Smith said. "No [amount of] discounting will make up for the fact that they may not be able to enjoy the beach."

Still, summer deals exist for Florida residents, who are more likely to be aware of the nuances in the developing oil-spill story.

The Gaylord Palms Hotel and Convention Center near Orlando, for example, offers Thank You
Thursdays — a 40 percent discount for Florida residents who stay on a Thursday night. FloridaVacationAuction.com, based in Fort Myers, has deals from more than 180 hotels, many geared to in-state clients.

"We have better-than-average deals this summer because of the season and the economy," said Sal Dickinson, chief executive of FloridaVacationAuction.com. "We haven't seen any oil-spill deals. But if the spill progresses, there could be more deals for Florida residents, as more and more travel marketers focus on that segment."

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