

There's Cash Under the Mattress: Economic Spotlight on Barter in the Hotel Industry

In a Troubled Economy, Hotel Executives Show Fiscal Responsibility by Using Barter to Unleash Value of Inventory

PARSIPPANY, NJ, (MARKET WIRE via COMTEX) -- The tentacles of a volatile economy are permeating the travel industry. Occupancies are drastically plummeting due to pull-back in demand, with more and more unsold hotel rooms available. More than ever, insightful hoteliers are on the barter bandwagon... converting the value of their excess room inventory into 'currency' that helps finance marketing.

A wide range of properties -- from the Riviera Resort & Spa in Palm Springs and Marquis Los Cabos in Cabo San Lucas, to urban hotels such as Affinia Hotels in Manhattan and Chicago, and even spa resorts like The Lodge at Woodloch -- are using barter as a strategic financial tool, with the assistance of specialists such as Innovative Travel Marketing (ITM). These hotel companies tap the equity of their empty accommodations to expand their cash flow and their ability to buy advertising, product or soft goods. For example, by taking just 1% of potential room revenue, a hotel can realize a significant credit to purchase advertising or merchandise that would increase sales.

The practice of trading goods and services has been around for centuries, but today barter is one of the most innovative financial tools available in the corporate world and a multi-billion dollar industry, according to Barter News magazine.

"Executives realize their fiduciary responsibility to owners and shareholders to maximize the inherent equity of their unsold rooms, by converting that inventory into 'currency' that can procure goods and services," says Jody Merl, president of Innovative Travel Marketing (ITM), which specializes in the marriage of unsold inventories in the travel and media businesses, through barter advertising, media planning and buying. "Even a small percentage of empty hotel rooms can be exchanged to fund valuable resources, plus, the hotel benefits from the end users of these 'barter' rooms -- guests who ultimately bring new business, revenue and occupancy to the hotel company."

As part of the reciprocal exchange cycle, many media companies also use barter by trading their available advertising space or airtime in order to save money on travel/entertainment expenses. The added benefit is that the media companies gain access to new advertisers while reducing out-of-pocket costs.

Once an outside-the-box financial strategy in the hotel industry, barter is now growing in prevalence as a mainstream business practice. According to Merl, many hesitate due to lack of knowledge of barter's benefits, an antiquated system for accounting for barter, or executive bonus programs that are out-of-step with the true bottom line. *"Hoteliers typically earn bonuses on their ability to make it through the year within budget, as opposed to receiving incentive compensation on profit and cash flow. We try to redirect potential clients from a cash-only focus to either trade or cash-blend."*

About Innovative Travel Marketing (ITM)

Established in 1992 by Jody Merl, ITM is the only company that specializes in hotel and travel advertising using barter to expand buying power. The firm integrates expertise in strategic media planning and buying, with the financial intelligence of barter -- the exchange of unsold room inventory for advertising placements and services. ITM's clients, which include some of the finest hotels, resorts and airlines worldwide, benefit from cash-saving strategies to expand marketing budgets, increase occupancy rates and profitability.

About BarterNews

BarterNews magazine, an independently owned and operated publishing company, has been the voice of the industry since 1979. BarterNews reports on the latest trends and evolution of barter -- a proven business tool.