

Hotel Guests Face Growing Amount of Fees

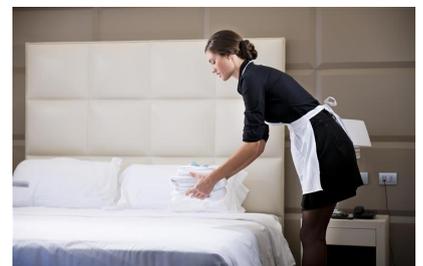
In the tourism industry, much attention has been focused on the fact that many airlines are adding fees to their basic fares in order to cream off the excess cash. New research conducted by the Preston Robert Tisch Center for Hospitality, Tourism and Sports Management at New York University has shown that the same thing is happening in the hotel business.



Figures show that hotels in the US will bring in a staggering \$2.1 billion US dollars in surcharges and fees in 2013. In 2012, the figure they collected was an estimated \$2 billion. In comparison, the airline industry made a shocking \$6 billion in charges from changed itineraries and baggage charges in 2012.

The main players in the fee revenue revolution seem to be convention resorts and luxury resorts, with overall hotel fees more than doubling in the last 10 years according to the report. Fees hotels typically charge include internet connection fees, and fees for the use of hotel business centers. Some hotels even apply surcharges for the use of the hotels most basic facilities, which they call resort fees. Other popular additional fees include early checkout fees, automatic gratuities for food and drink, fees for restocking mini bars, fees for compulsory valet parking and the use of safe's in guest bedrooms.

Anecdotal evidence gives a story of a guest at a conference a couple of years ago who was charged \$13 for a bellhop service that he did not even use. Guests also complain that on occasion they are even charged a fee for the housekeeper to clean their room. Charges for local charities also randomly appear at the most inopportune times on hotel bills.



One guest of Hilton Bayfront Hotel in San Diego said that he was offered a room with beautiful view for an extra \$20, only to turn it down and find themselves in a room with a view of a brick wall! The fee for the use of the most basic (and very slow) internet service was \$14. If he wanted a high speed connection, he was expected to pay \$20. This is not as uncommon as you might think. Especially in the higher priced hotels, with business centers which charge residents up to \$27 an hour just to use their

computers.

The same gentleman reported that when he checked out, there was a \$5 daily charge added on top of the daily room charge of \$297.50 – which incidentally included \$27.50 in taxes. The \$5 daily charge was written up as a fee for promoting events and tourism in the local area, assigning it as a SD TMD assessment on the receipt. The hotel was in San Diego and this is the description the city treasurers office gave of the fee, as it is something which hotels have to pay, however, they have the option of whether or not they want to pass the fee on to the customer. Check out fees was also on the bill. This hotel charged a \$75 fee when the gentleman in question had to check out a day earlier than he was supposed to. Luckily for him, he protested and after discussing it with the manager, the hotel decided not to charge him.

Despite these shady dealings, there are a great many brand name hotels, such as the Marriott, Garden Inn and Country Inn who do not partake in the fee adding game. Many of these mid-level hotels are well liked by frequent business travelers and as such provide all of the extras for free.



According to the Global Business Travel Association, \$273 billion will be spent on business travel in the United States in 2013. Of that figure, a staggering \$117 billion will be spent on meetings and conventions. Companies and event planners regularly strike deals with hotels and resorts years in advance, and as a result, they need much better information in order to negotiate effectively. Kevin Iwamoto, of Active Network (who provide cost control and data management software for companies in the meetings industry), says that hotels and resorts who deal a lot with business travelers are in a position of power when it comes to negotiation. This is because the demand for certain meeting facilities and corporate conference venues far outstrips the supply at the moment.

The business for conventions and meetings is not just growing in the States. There has been an increase since 2012 of 5.4% internationally to \$1.12 trillion in 2013, according to the travel association.

North American branded convention centers and hotels are exporting their fee mentality abroad as they expand internationally according to Mr. Hanson from the Preston Robert Tisch Center for Hospitality, Tourism and Sports Management. This is especially common in the major gateway cities of the world where there is a strong presence of US super brand hotel chains.

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