

CHAPTER 8

RECOMMENDATIONS

This chapter includes a discussion of implications for the proposed project and makes initial recommendations for the project that optimizes the opportunity.

As a result of the preceding study of supply, demand and opportunities, and synthesis of the various factors affecting the proposed project in Madison, HSP has determined that a convention hotel is necessary to remain competitive, optimize Monona Terrace, and is feasible after stabilization.

Discussion of Need, Strengths, Weaknesses, Opportunities and Threats

When considering the idea to develop a hotel, one must consider the strengths, weaknesses, opportunities and threats of and for such a development.

Strengths

- **Location.** Downtown Madison as a destination offers amenities that visitors and meeting attendees prefer such as choices for dining and shopping and cultural venues.
- **Access.** Potential sites that would be suitable for the project have good access that would make them attractive to users. Downtown Madison itself is not located on a major interstate but has access to I- 90/94 and I-39.
- **Increasing Population.** The population of the local and regional areas has grown significantly over the last ten years and continues to increase. This increasing population provides a growing base of business in every major segment for a hotel (business, group and leisure). The growing population also enlarges the group base for Monona Terrace public events.
- **Excellent Demographics.** The market has the third-highest educated workforce in the country, which has accompanied strong market growth and high wages. These factors bode well for events and hotel success.
- **Relatively Strong Hotel Market.** The hotel market for the competitive set is performing well, and has continued to improve, despite nationwide declines over the past year. Even during the last recession and addition of the Hilton, the market absorbed the property well and RevPAR only declined slightly in one year.
- **Balanced Economy.** The economy of the area, both regionally and locally, is fairly balanced and should not suffer at a greater rate than the overall economy due to the presence of large numbers of government, healthcare and education jobs.

- **City Owned Land.** The city owns land that could be suitable for a hotel downtown near the convention center. Some parcels are a combination of city and state ownership and can be made available to the project.
- **Strong Leadership.** Local civic and political leaders have shown the vision and commitment to move downtown projects forward.

Weaknesses

- **Airport Access and Cost.** Madison is not competitive in terms of airline fares and is also has limited direct flights to other cities. Demand for a new hotel can be impacted if groups, especially those from out of state cannot get to Madison easily or inexpensively. This is a factor that a convention hotel will not likely impact.
- **Existing Hotel Package.** This is a weakness for Monona Terrace, yet is an opportunity for a new hotel. There are no hotels that offer the combination of full-service amenities, adequate function space, location and quality that a convention center needs to thrive.
- **Weak CVB Funding.** Madison has a relatively small destination marketing budget to use for capturing visitors, compared to most of its competitors. Compounded with the lack of hotel rooms considerably puts Madison at a disadvantage when competing for business.

Opportunities

- **The Group Market is Relatively Stable.** The local market for meetings and events continues to grow with the business, education and government in the community and the regional population. Even when economic times are difficult, group business is less affected than corporate travel and therefore can offer a stabilizing effect on the hotel market.
- **Lack of Quality Hotels Downtown.** Except for the Hilton and the Madison Concourse, the quality of the downtown hotel room supply is lacking. A number of the properties in the market are considerably older and outdated. Feedback from guests has indicated that they would prefer newer accommodations.
- **Lack of Proper Headquarters Hotel.** No single hotel meets the needs of downtown and the convention center: a large, full-service, branded convention headquarter hotel with a large number of rooms and meeting space.

Threats

- **U.S. Economy and Declining Demand.** The U.S. economy has been experiencing signs of extreme weakness in the past few months due to the housing credit crisis and financial meltdown. This could dampen demand growth for a convention and hotel facility in the short-term.

However, the long-term tourism infrastructure needs of Madison and external competitive threats suggest that a large convention hotel be planned and developed despite the current market conditions.

- **Existing/Proposed Hotels Nearby.** There have been plans discussed for other new hotels downtown and enhancements to the existing supply. This could actually complicate matters for a convention hotel, as these plans would not aim to expand demand as they would not be directly increasing Madison’s “walkable” hotel room supply. Instead they would create more of the same situation of scattered hotel rooms throughout downtown, and likely dividing demand further.
- **Competitors with Improved Hotel Packages.** Cities that compete with Madison for meetings business pose a threat every time an improvement is made to one of their facilities or hotels. Meeting planners will often choose the city that had the most convenient and cost effective rooms. With room blocks scattered throughout the city, Madison is often beaten by other destinations that offer a tighter, larger hotel package of rooms.

Recommendations

Based on these various factors. The following table summarizes the recommendations for the hotel.

Table 8-1

Summary of Recommendations		
Proposed Improvements		
Assumed Opening Date	January 1, 2012	
Hotel	Full-Service, Branded, HQ Meeting Hotel	
Guest Rooms	400	
Function Space	Size (SF)	Divisions
Grand Ballroom	14,000	4
Junior Ballroom	4,800	3
Meeting rooms	10,000	13
Board Room	500	1
Total	29,300	20
Parking	380	
Source: HSP		

It is recommended that the hotel be a full-service branded hotel of 400 rooms. Unlike the Hilton, the hotel should have its own adequate function space, including two ballrooms, meeting rooms and a boardroom. This allows the hotel to generate

group business when the convention center may not be able. Parking at the hotel is recommended to be at least 380 spaces.

The table below shows more specifics for the hotel recommendation.

Table 8-2

Recommended Hotel Components		
Item	Count	Unit
Guest Rooms (Total)	400	Rooms
Grand Ballroom	14,000	Square Feet
Junior Ballroom	4,800	
Meeting Rooms (5)	10,000	
Board Room (1)	500	
Parking	380	Spaces
Three-meal Restaurant	96	Seats
Fine Dining/Steak Restaurant	80	
Sports Bar	72	
Lobby Lounge/Bar	16	
Spa	Yes	
Indoor Pool	Yes	
Fitness Center	Yes	
Concierge Desk	Yes	
Business Center	Yes	
Extended Hours Room Service	Yes	
High Speed Internet (Wi/Fi)	Yes	

Source: HSP

The hotel is recommended to have its own substantial amount of function space, as detailed above. The purpose of internal function space is to allow the hotel to induce its own in-house meetings business when the CVB or Monona Terrace is not generating business for the hotel. It also provides an offsite meeting package for convention planners that may want to host board meetings or other side meetings during a convention. Additional meeting demand could be generated as well through the national sales force associated with the brand of the property. It is highly unlikely that a new convention hotel would be part of the Hilton brand family. Access to a new reservation pipeline and sales force would be an advantage for Madison as a destination. There are several brand options that would enhance the hotel.

Three restaurants are suggested in the hotel. One of the restaurants should offer three-meals per day and serve a generally upscale menu. This is where the morning breakfast buffet will be served. The other two restaurants will be similar in size, but one should likely offer a high-end steak and seafood style experience while the other is recommended to be a more casual sports bar concept, perhaps with live music on

certain nights of the week. In addition, a lobby bar that doubles as a coffee bar in the morning and a standard bar in the evening should be programmed into the hotel. A full-service spa, pool, business center and room service should also be included. Room service late at night (24 hours is recommended) should be included since it is a continual request of meeting planners and their attendees.

Site Discussion

Although no sites have been specifically chosen for consideration, there are parcels within downtown Madison that could be suitable for the project recommended in this report. This will be analyzed and recommendations provided in any Phase II study, which HSP recommends.

One of the most important factors is the proximity of the property to Monona Terrace. Typically, meeting attendees will tolerate a distance of less than four blocks between the hotel and convention center and in many cases the hotels are connected via a conditioned skywalk. HSP recommends a site that is adjacent or connectable to the Hilton and/or Monona Terrace for maximum impact.