

teaching note

The Market Analysis of Nashville's Historic and Covid-19 Pandemic Data from STR, LLC.

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Case Study Summary

This case study is more analytical in nature and is focused on a single city, Nashville, TN. This case study is a single unit of analysis, as it is critical to study one of the cities impacted by the Covid-19 pandemic. A chronological turn of external threats which has impacted the supply and demand in Nashville, TN is described in detail. This case study is bounded by time and the pandemic is a short period of time impacting tourism in Nashville, TN. Also, emphasizes on the lessons to be learned from the pandemic is highlighted in this case. The economic cycles in Nashville, the events over the past 30 years, and their impact is displayed on the various graphs and pie charts. These diagrams are displayed in different ways; the single bar for each category, multiple bars for more than one category (like supply and demand), and historic trend lines for each category since there is a lot of data which is displayed in detail and presented accordingly.

Nashville is known as the “songwriting capital of the world” and is located in Tennessee. The Covid-19 pandemic in the United States began in March 2020. This pandemic negatively impacted the hospitality and tourism industry as tourists do not need to travel or explore new places. Nashville is the capital of and the most populous city in the state of Tennessee. Nashville brings tourists to the city because of the music industry and the rich cultural heritage. The demand percentage change decreased from 2011 to 2012 and again from 2014 to 2016, and 2020 showed the greatest negative impact caused by the Covid-19 pandemic. The breakdown of the Nashville market is shown by location, rooms, class, and submarket with key performance indicators. The pipeline projects in Nashville will be constructed in 2021 as pre-planned prior to the pandemic. Pinkasovitch (2020) suggests that the law of supply and demand dictate that firms increase supply when demand is high and decrease supply when demand is low which is the basic understanding, however, evolutionary economists argue that the economy is never still, and there are always challenging circumstances, and general managers or owners of the hotels should re-consider strategic decisions impacting the hotels.

Teaching Objectives and Theoretical Concepts

Based on the market study analysis and the empirical study of the Nashville hotel market, the teaching objectives of the case study are:

- Familiarize the student with the key performance indicators (KPIs).
- Investigate the external threats which cause disruptions to hotel business in Nashville.
- Understand and apply the evolutionary theory of supply and demand.
- Analyze the statistics of supply and demand changes in a major city like Nashville.

The tourism industry is competitive and fragmented and the challenges posed by external threats like floods, Covid-19 pandemic etc., the responsibilities of the Nashville Convention & Visitors Corp, marketing, and promotion of “music city” as a safe destination and internal activities in a hotel constitute the destination promotion post the pandemic. Examples of destination marketing post Covid-19 include industry coordination, product and service development, crisis management, destination stewardship, information, research management, etc. Specific to this case study, different organizations like the Nashville Convention & Visitors Corp,

Key Performance Indicators (KPIs)

This case study provides valuable insights into a particular place called Nashville, TN. The analysis of the group of hotels provides an overview of the hotel industry in Nashville, TN. The group of hotels is divided into class or scale group, type of hotels, company brand, and location. The STR data for this market study includes size and structure information, performance information, pipeline data, hotel census data. This case highlights and analyzes historic data to identify trends. The census database helped count the various special types of hotels such as Boutique, All-Suite, etc. Also, specific hotels were identified using the census database such as oldest, newest, largest, historic. Some general information such as universities, events, attractions were included to provide information about the Nashville market. The current statistics show a picture of the market's performance currently, these include actual values and percent changes. The trended data shows peaks, valleys, and current metrics. The basics are $\text{Occupancy} = \text{Demand} / \text{Supply}$

And RevPAR is a combination of OCC and ADR –Occupancy is a combination of Supply and Demand–compare the percent changes for Supply and Demand to the percent change for Occupancy. Remember that additional Supply may have a negative impact on Occupancy.– RevPAR is a combination of Occupancy and ADR-Occupancy, and ADR will add up to the RevPAR, so if both percent changes are positive, RevPAR will be higher. If both are negative, RevPAR will be lower. If positive and negative, RevPAR will be in the middle.

Basic fundamentals and sample graphs give a detailed explanation of the Nashville market. The next part of the case study shows important examples of graphing data to help understand some data fundamentals:–Running 12month data versus monthly data–the running 12-month data removes the seasonal distortion (noise). The key performance indicators which include the actual value or percent changes included are created from the current 12month data or YTD (year to date) from STR data files.

Breakdown of the Market

The breakdown of the market shows the submarket, class, scale, and the pie charts provide a clear distinction among these categories. Also, location, size, and type give a clear picture of Nashville's hotel market situation. The combination of the different categories gives the exact percentages of the different classes and the number of rooms for instance. The submarket is a subset of the market, and the defined groups are mentioned. Nashville hotels are divided by scale such as luxury, upper upscale, upscale, etc. The OCC% and ADR% changes are displayed. The multiple bar graphs and pie charts are visually easier to understand. The breakdown of the market helps understand the market share, the strengths and weaknesses in each market, the opportunity for the entrance of new properties in the market, the importance of the target market after a pandemic, and the barriers to re-opening after a pandemic. The comparable markets will indirectly impact the success of the Nashville market.

Comparison with major cities in the US

When displaying trended data, it is interesting to compare Nashville with other major cities. It is interesting for students to see the comparison of the market being studied to different geographic areas and understand the differences and similarities among the market. The comparison to similar cities like Detroit, New Orleans, and Minneapolis. Additionally, comparing the markets such as Chattanooga, Knoxville, and Memphis to Nashville provides a clear picture of the market situation in Nashville, TN.

Target Audience

This case study is suitable for undergraduate and graduate students in hospitality and tourism management, and courses such as Hotel Operations Management, Lodging Management, Problems in Restaurant, Hotel and Institutional Management, and Introduction to Hospitality and Tourism Management. The case study aims to analyze the Nashville market, an important topic for undergraduate or graduate students aspiring to become general managers, operations managers, or owners of hotels. Issues emerging from pandemics and other natural disasters are important for students to investigate in undergraduate and graduate programs.

The Recommended Teaching Approach and Strategy

Ideally, at least two classes are conducted for this case study. The specific types of courses best suited for this case study are Lodging Management, Leadership, and Customer Relationship Management and Problems in Hospitality and Tourism Industry. To understand this case study, an introduction to the supply and demand theory and KPIs in advance is the best approach. The first section should include an introduction to key performance indicators and their roles in determining the success of the hotels in a city. The freshman students require an explanation about the indices such as RevPAR. The display of Occupancy and ADR is sufficient if there is not enough time for the first class. However, for graduate students who are experienced, you can discuss the contribution of Occupancy and ADR to RevPAR. For example, in a recovery, frequently Occupancy growth contributes more to RevPAR growth at first and then later ADR growth contributes more to RevPAR growth. The RevPAR % changes can be displayed as positive and negative. Additionally, this section can include an explanation of the graphs and pie charts, and to help students analyze these graphs and pie charts and recognize the important percentages. This can be followed by a small session where students are divided into groups, and each group is given data of any major city like Boston, New York, etc. and they can create these graphs and pie charts using excel or SPSS.

The second section could include *point-counterpoint*; where the students are divided into groups, as many groups as there are positions on the issue and each group will come up with arguments in favor of the assigned position. Select one student to launch the debate by presenting one argument for the groups' stance then call on each group in turn to give a different argument or counterargument. Conclude the class discussion by comparing the various positions.

Additionally, the second section can be dedicated to discussions, after the students have read the case study. The discussion could involve brainstorming recommendations for the city post-Covid-19, and marketing tools that can be used to promote the “music city”.

Answers to Discussion Questions and Activities

The following answers can be used by the instructors/ professors of the class to grade the students and to use as a guideline to ensure students comprehend the case study questions:

1. Nashville attracts tourists by its music industry compared to other Tennessee markets, such as Memphis, Knoxville, and Chattanooga. However, Chattanooga was outperforming pre-pandemic, but Nashville can attract a larger number of tourists post-pandemic. Since Chattanooga has competitive music festivals in comparison to Nashville compared to the other markets, Nashville was outperformed in terms of actual occupancy.

2.

Strengths <ul style="list-style-type: none">• Music festivals and events.• Location.• Well-known city around the world.	Weaknesses <ul style="list-style-type: none">• Chattanooga is a better spot for music and nightlife activities.• Competition has increased over the past few years.• Other cities have events and festivals to attract more tourists.
Opportunities <ul style="list-style-type: none">• Nashville has Covid-19 prevention protocols in place.• Avenues for creating new music festivals.• Venture into other businesses, such as famous chefs' restaurants, food & wine festivals.	Threats <ul style="list-style-type: none">• Natural disasters could be harmful.• Ongoing pandemic.• Tourists lack trust in hotels cleanliness.• Competition from other famous cities.

3. The leadership role which hotel managers play in promoting Nashville as a tourist destination is attending workshops and conferences that addressed many of these topics, completing thorough research about destinations' speed to recovery, benchmarking recovery to pre-pandemic, and making decisions with employees first and foremost in mind.

4. Weekday and weekend occupancy can be increased by creating in-house events at hotels and promoting other festivals related to culinary and alcoholic beverages. Transient tourists can be attracted by providing discounted room rates and promoting Nashville as a “getaway destination” along with being the songwriting capital of the world.

5. The marketing managers promote on their websites, social media handles, and educate tourists and hotel guests about the Good-To-Go logo and its significance. Also, the housekeeping department provides as much information about the steps to clean and the prevention initiatives of the hotels. Also, front desk managers request feedback from guests about steps to be taken to make them feel safe and comfortable.

6. The promotion of Nashville as a tourist destination. Preventing the negative fallout of disaster events and the response strategies can manage the ongoing stability of the tourism industry and its quick recovery (Machado, 2012). Tourism stability programs and projects must be kept in place for the industry and political society to be in immediate control of the next crisis, instead of waiting to pick up the pieces afterward because of inadequate plans. It should be within the mandate of the industry leaders to create as their legacy strategies and techniques that promote the continued health and vibrancy of the tourism market.

7. Hotels should be providing self-care tool kits to guests, convincing guests that the hotels care about their safety and security. Hotels are ensuring that their stay guests are taken care of above and beyond their expectations better than the pre-pandemic standards. Also, hotel managers pay close attention to evolving standards of guest services.

Additional Readings and References

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