

Checking In With Gary Isenberg of LWHA

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As president of LW Hospitality Advisors Asset & Property Management Services (LWHA), it's Gary Isenberg's business to identify and respond to trends in the industry. As he recently shared with *LODGING*, he views the "sharing economy"—which includes Uber and Airbnb—as just another part of a changing world whose population has become accustomed to and is now demanding individualized, convenient goods and services. This, in turn, has also given rise to an entrepreneurial response made up of individuals willing to deliver those goods and services to suit their own desire for flexible income. The technology-enabled pairing of these service providers and service seekers, he says, is here to stay, but has confidence the hotel industry can likewise leverage technology and its special advantages to win and retain customers' hearts and minds.

How has the technology-enabled "sharing economy" impacted businesses, including the hospitality industry?

The way I look at it, the world as we know it—including nearly all businesses—is changing as a result of technology. For example, awareness and ultimately sales of the L.O.L. Surprise! Doll, the best-selling toy last Christmas, were driven not by high-dollar advertising, but a YouTube video of a toy packaged in a ball, which was sent to identified YouTube viewers who enjoyed videos showing packages being opened.

There are lots of examples of how technology is matching up buyers and sellers to meet their ever-increasing desire for conveniently available good and services. This is certainly true with Uber; because it's easy and affordable, an ever-increasing number of people are requesting

rides, so that market is expanding. Other new businesses cropping up include one my daughter works for: She makes \$300 in supplemental income doing people's grocery shopping on the weekend.

In our industry, it might not make sense to build more hotel rooms to meet occasional demand for rooms for, say, a Big 10 football game; but additional capacity supplied by the sharing economy, i.e., the Airbnb model, enables more people—many of whom would be unable to find rooms otherwise—to attend those games.

My point is that everything's becoming very individualized. Everything's about individual experiences and convenience, which has also enabled that entrepreneurial response. It's marrying the need for service to entrepreneurialism and allows for natural expansion and reduction of inventory. So, while Airbnb does fill a need, that same guest may very well decide to book earlier next time with a hotel due to advantages such as loyalty programs, services, and predictability.

How does the traditional hotel model fit into this new world?

The technology boom will fundamentally change all businesses going forward, but I think it's important to understand that the Airbnb concept is nothing new; in fact, if you look at the birth of our industry, it started more in the bed-and-breakfast realm. What Airbnb has done has harnessed that with technology.

So, bed and breakfast and even camping are part of the lodging industry; the hotel industry just happens to be the largest part of it right now, and that may change—just as radio changed when television came along, and railroad travel changed when air travel became more popular. They didn't go away, but they changed. This has already happened with hotels, which now offer different price points and experiences, and are using technology and their own special advantages—e.g., predictability, services, loyalty programs—to forge lasting relationships with guests.

What has been the impact of Airbnb in particular on the hotel industry?

The entry of Airbnb has been a boon to customers in that it's offered more options, including pricing that has moderated the rate hikes that caused many customers to turn to them in the first place.

But it also woke up brands to what customers like about the unique lifestyle experiences provided at one-of-a-kind properties, which has been incorporated to a greater or lesser extent into many properties at different price points, but especially the boutique hotels.

It also made clear the importance of customer loyalty as a hedge against that kind of competition.

What most differentiates hotels from other forms of lodging?

I think the main difference comes from the fact that the hotel industry is just that—an industry. Although many in the Airbnb world behave professionally and deliver excellent service, there's no real career path like that in the hotel industry, with its training programs and culture of hospitality and customer service, including those in fine colleges and graduate schools, and professional associations. Hotels must also adhere to strict health and safety regulations, and there are trained employees on the premises to handle issues that may arise.

In short, while there are few guarantees in life, hotels—especially those that are part of franchises—generally provide a more predictable experience for travelers than less regulated lodging options. The challenge for the industry seems to use its own resources—including OTAs, loyalty programs, and technology—plus lessons learned from the success of Airbnb, to make a greater effort to know and please its customers.

I think the key to controlling the customer service experience begins when the customer books direct with a brand. It gives us the ability to harness the power of the internet to hone in on our guests' desires and provide the services they want so we can keep them.