

Boutique Hotels Have A Future

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by Pete Millard, Reporter, The Business Journal of Milwaukee

Craig Nedderson has witnessed two national calamities in the past 10 years — the Sept. 11 terrorist attacks on New York City and Washington, D.C., and the current recession — that have hardened his resolve as the manager of two boutique hotels in Waukesha County.

Nedderson, the co-founder and president of Inn Development & Management Group LLC, Fort Atkinson, operates The Clarke Hotel in Waukesha and The Delafield Hotel in Delafield. Could business be better in the boutique hotel category? There's no doubt it could.

However, Nedderson is sticking to his business model of specializing in boutique hotels. To make the model work, Nedderson said he has to be part soothsayer, part travel psychologist and part economic strategist.

In the past 10 years, which is also the age of his company, there are a number of lessons Nedderson has learned in the boutique hotel business and he's willing to share his observations.

- The boutique hotel may be the destination, not the city where the boutique hotel is located. This is particularly true of properties where the cultural and historical benefits of a city are close to the hotel.
- Travelers will pay for comfort. While conspicuous consumption is not in vogue, Nedderson said travelers will pay for creature comforts. But don't overcharge guests for soda and snacks, he said.
- High-end boutique hotels will corner the pet-friendly market. Travelers like to take their pets, but don't want to be relegated to the economy hotels. People will pay more to bring their pets to an upscale boutique hotel.
- Independent hotels may band together to become regional brands. While large chains are trying to act like independents, the boutiques will soon take a page out of the chain playbook and create informal regional networks where one boutique manager recommends another boutique hotel in another region to keep customers in the boutique fold.

“As the country pulls out of this recession, I predict a mix of risk and reward for the independent hotel market,” he said.