

ACCOMMODATION CASE STUDIES

Tips for Success

John Ellis from **Hanging Rock Winery** in the Macedon Ranges region of Victoria has been running a 4-room self-contained accommodation facility on his winery property for five years. He shares some of his experiences and offers some tips for you to think about.



One of the first things to consider is your **target market**, because your design will reflect their needs. You need to decide whether to pitch towards a 4, 5 or even 6 star rating, and the decision will impact heavily on your capital and operating costs. For example, will the bathrooms feature linoleum, tiles or marble? John made the decision to pitch at the 4.5 star market, which suits him and his customers – so far, anyway.

It also takes considerable time to achieve consistent occupancy rates. “After about 4 years we arrived at nearly 100% occupancy at weekends with the book full 6 months out,” says John. “The trouble is, not all the guests are wine drinkers, and some even bring their own supplies of (other) wine. So you have to work out how to filter out the non buyers (of your wine).”

John believes in offering great value and “**over-delivering**”. This has led to a loyal customer base, however he has also encountered a bit of a problem – how to move the loyal non-wine buyers on!

“Everyone enjoys themselves so much that repeat bookings are nearly 50% of our business and referrals a large part of the balance. We do offer good value and guests are eligible for a 20% discount on cellar door prices.”

When you do your **budgeting**, it is very important to get your costings right. And remember, you can't do it yourself all the time. “When you have to turnover the place with only two hours to spare on a Sunday – and you also have guests for lunch – you must have someone who can do it and reliably meet the standards you demand, every time,” says John.

Provisioning is something that also needs to be carefully thought through, because it provides a great opportunity to sell your region too. “Link the food to your region by using local produce. Be generous,” advises John. “We use thick-cut locally grown and smoked bacon as the “key” ingredient.” Remember too that you will have to meet HACCP and Food Services Act requirements, so make it simple and obtain professional advice.

Consider whether you want **children and pets**. Your property should be **wheelchair friendly** (though John admits he fails on that score) and if you're building from scratch, you may find that providing a unit suitable for disabled guests is mandatory. “We have a dam and electric fences, so “no children” is a strongly stated and enforced policy,” says John. Make sure any such requirements are clearly defined in your printed materials and website.

Don't ever try to return anything left behind. Instead, wait for the owner to contact you. “You don't want to be responsible for a broken marriage!” warns John.

Link the name of your accommodation to your winery name. “Initially we called ours “Dryden's Run” cunningly named after a local pioneer. However, once we changed the name to “Hanging Rock Winery Retreat” the PR rocketed, closely followed by sales.”

Use the accommodation as a marketing tool. “The accommodation can be a great marketing tool for the winery when used as trade incentives and prizes for charity events and the like,” says John. “It is a highly valued prize that can generate substantial sales of wine. But don't use weekends - use the weekdays, which are harder to fill.”

You must have a **24-hour phone booking service** or at least a very reliable answering machine and always take a **substantial deposit** because no-shows can be crippling to your bottom-line.

Never sell one night at the weekend – it's inevitable that you will put the phone down only to have it ring again with a whole weekend (or longer) booking.

Your best customers will be the ones who book out the whole facility. “We have serious wine buying customers who have booked the place for a long weekend every year for the last six years (and they book a year in advance). They are also the source of great referral business.”

Think hard about how to gain **midweek occupancy** because anything you get is cream. Package it for internationals and interstate and be prepared to discount and pay commissions. Link to conference centres in the region to pick up their overflow and use the Visitor Information Centres for bookings and referrals.

“You **should be accredited**, but **don't overdo advertising**. Seek PR at every turn and make sure you're in the “must do” brochures.” Like all advertising campaigns, make sure you monitor the results closely, because over time you might need to do a lot less advertising to get the same results. “After a few years, the investment settles down, repeat and referral takes over and the costs drop dramatically.”

Remember you will have to **close for maintenance**. “We've managed to avoid it for 5 years, but we have now planned a 1 month closure for recarpeting, painting, landscaping etc. You really cannot afford to look tired.”

Having mastered the basics and achieved a viable occupancy rate, John is now looking to the future and how to link wine sales more profitably. “We are now at the stage of planning strategic packaging to increase yield of wine sales. We're looking at linking in to local restaurants for small, personal new release or museum dinners and selling this as part of a package”. John's only worry if this proves successful is the impact it will have on his waistline!

RESEARCH PAYS DIVIDENDS

If you ask Steve Myles from **Immerse in the Yarra Valley** what business he is in, he is likely to tell you Property Development, Destination Tourism and Farming.

Sure he has a Vineyard, Cellar Door, Café, Accommodation and a Day Spa but he is very clear that whilst these might look like the business, his success and profits come from focusing on a much bigger picture.



Since buying his Melba Highway-fronted property in 2001, every step has been **extensively researched** and **well planned**. Steve says it is all about “Knowing your business focus so you can undertake the right research”.

In this case the investigation revolved around:

- ❑ Property trends and values
- ❑ Council overlays
- ❑ Quality of existing buildings – capital input required
- ❑ Demographics / Psychographics / Geographics of the potential market
- ❑ Customer visitation and trends
- ❑ Wine industry performance
- ❑ Quality capabilities of the vineyard

The research involved in-depth analysis of readily available data from Tourism Victoria, the Regional Tourism Association, market researchers, industry bodies and journals and consultation with every key stakeholder he could think of. These included Real Estate agents, planners, council, industry experts, Tourism Victoria, tourism operators, booking agents, winemakers, retailers and wholesalers and vigneron. The **engagement of consultants** created a foundation of industry knowledge that would have taken many years and as many mistakes to acquire.

Thorough evaluation of the research revealed there was a **gap in the market**. Current and potential cellar door visitors had needs, expectations and aspirations beyond anything that was being offered. From this, the concept for Immerse in the Yarra Valley was born with an identified **Unique Selling Proposition (USP)** to reflect the self-image of the target market that says – *‘I’m successful, I work hard and I deserve to spoil myself’*.

Having achieved a clear vision around this proposition, the strategy was then developed and written into a business plan and marketing plan.

Currently Immerse has **five luxury rooms** all carefully created to reflect a different ambience. The *Antique Suite* is indulgently romantic, the *Red Room* is dramatically bold, the *Java Room* exudes mellow relaxation with the remaining two being serene and sophisticated.

Adding a **Day Spa** (currently six treatment rooms) into the business model not only created a stunning point of difference but also delivers a steady stream of overnight guests. There is nothing more romantic or self indulgent than to eat, drink, sleep and be pampered with rejuvenating body treatments, all under the one roof.

From the time of opening, Immerse in the Yarra Valley has received a healthy volume of media attention (thanks to a well planned and executed **Media Strategy**), which in turn has delivered constant visitors. In addition to courting the press, strong relationships have been established with other accommodation providers, the region’s cellar door operators, tour operators, Tourism Victoria and the cherished Visitor Information Centre. In fact, this network has

proved a powerful ally and generous source of business. Demand for accommodation at Immerse is such that (after more research and planning) the number of rooms will be quadrupled in the near future.

A noteworthy fact about the Immerse Development Project is that it wasn't undertaken with a bankroll of disposable cash and a 'money is no object' attitude. Each stage was tightly managed and whilst the result doesn't reflect it, the **budget was lean** and the focus remained squarely on the capacity to get a return on investment.

Just as Steve Myles is very clear about what business he is in, he is equally clear about what product he is selling. You won't hear too much discussion about accommodation, wine tasting, winery lunches, massage and events, but you are often confronted with messages about romance, good times, memories, self indulgence and celebration.

As the name suggests and the target market have confirmed, it feels pretty good to "Immerse in the Yarra Valley".