HISTORY AND CONTROVERSY: BRAND PROLIFERATION & EXTERIOR CORRIDORS

By Stanley Turkel, MHS, ISHC

With the current proliferation of new brands, it might be instructive to take a backward look at earlier explosions of motels and hotels. As Confucius said, “Study the past if you would divine the future.”

In the early 1900’s motels were the epitome of modernism—the civilized evolution from tents to tourists cabins to auto courts to motor courts. With the vast improvement in roads spurred on by the visionary Carl G. Fisher’s building of the Lincoln Highway from New York to San Francisco in 1917, the tourist cabin business grew into a large industry. By 1925, Florida had 175 of the new roadside motor courts. In the U.S., the number grew from 1,000 to 2,000 from 1920 to 1926.

On January 3, 1920, in the *Saturday Evening Post*, novelist Sinclair Lewis wrote, “Somewhere in these states there is a young man who is going to become rich. He may be washing milk bottles in a dairy lunch. He is going to start a chain of small, clean, pleasant hotels, standardized and nationally advertised, along every important motor route in the country. He’s not going to waste money on gilt and onyx, but he is going to have agreeable clerks, good coffee, endurable mattresses and good lighting, and in every hotel he will have at least one suite which, however small, will be as good as the average room in a great modern city hotel. He will invade every town which hasn’t a good hotel already.”

Despite the Depression, the number of motor courts increased from 9,800 in 1935 to 13,500 by 1939, with total guest registrations at about 225 million. By the early ‘40s, 25 million cars were registered, and 800 new motor courts were opening each year. Most of them offered private baths, heating, inner-spring mattresses and rugs or carpeting. Only a few had air conditioning or room phones.

After World War II, many veterans opened roadside motels resulting in 20,000 motels in 1940, 30,000 in 1948 and 61,000 by 1960. The institution of the motel made a qualitative leap by the ‘60s, as it evolved into the motor inn and motor hotel. This expansion was triggered by the Federal-Aid Highway Act which President Dwight D. Eisenhower signed into law in 1956. Over the next two decades, 47,000 miles of new Interstate highways were built which attracted motor inns, fast food franchises and a suburban residential construction boom (which continues to this day).

The new motor inns were much more luxurious than their predecessors. Most had swimming pools in elaborately landscaped settings. There were bars, restaurants, coffee shops, meeting rooms, lobbies and telephone switchboard service for the rooms—all of the comforts of a downtown hotel but on the edge of town. Almost all had exterior corridors with convenient adjacent parking areas and easy access to guestrooms by traveling salesmen, handicapped people and families with children.

As most of us know, the young man who fulfilled Sinclair Lewis’ prediction (except for the good coffee and good lighting) was Kemmons Wilson, who in 1952 opened the first Holiday Inn in Memphis. By 1968, the 1,000th Holiday Inn opened in San Antonio. By then, many competitors had entered the marketplace: Howard Johnson (1954), Motel 6 (1962), Days Inns of American (1970) and many others (Quality, Comfort, Rodeway, Econolodge, Friendship, Ramada, Super 8, Travelodge, Best Western). Many of these names are still in existence but now combined under new ownership entities, such as Choice, Wyndham, Hilton, Marriott, Starwood and Intercontinental.

As the new brands are rolled out, there is a quiet but potentially explosive controversy simmering just below the surface of the hotel franchising industry. It concerns the defranchising of exterior-corridor properties—once the standard of motel design—and whether the traveling public considers them insecure and outdated.

Some hotel franchisors have concluded that exterior-corridor properties are obsolete and detrimental to their brands' images. As a result, they're defranchising these motels to take advantage of current market conditions and the possibility of franchising newer and more modern properties.

Unfortunately, there is a dearth of reliable data regarding many of the questions involved in this controversy:

- How many exterior-corridor properties are in operation in the U.S.?
- What do travelers think about exterior-corridor properties?
- Are these properties considered outdated and undesirable?
- How many guests still would rather park close to their rooms so they can
    - see their SUVs and their possessions
    - have a short walk with their luggage
    - have the privacy and convenience of avoiding hotel lobbies, elevators and long interior corridors?
- Do women guests believe that exterior corridor hotels are safer?

There are an estimated 500,000 brand-affiliated, exterior-corridor hotel rooms now operating in the United States. If you add in independent properties, there are probably one million rooms, or 30 percent of all domestic hotel rooms. At a 50 percent occupancy and $30 Average Daily Rate, these hotels generate nearly $5 billion in annual room revenues and pay $150 million in royalty fees (using a conservative three-percent franchise fee).

In light of their constant claims of fairness in franchising, how can franchise companies reconcile their rhetoric with the painful reality facing hotel owners whose exterior-corridor properties are losing value every day?

The hotel industry badly needs primary research on consumer preferences for exterior corridor hotels. Franchisors and franchisees should sponsor such research under the aegis of one or more of the following: the American Hotel & Lodging Association, The Cornell Center for Hospitality Research, the NYU Tisch Center for Hospitality, Tourism and Sports Management and/or other hotel graduate schools at major universities.

Stanley Turkel, MHS, ISHC operates his hotel consulting office as a sole practitioner specializing in franchising issues, asset management and litigation support services. Turkel's clients are hotel owners and franchisees, investors and lending institutions. Turkel serves on the Board of Advisors and lectures at the NYU Tisch Center for Hospitality, Tourism and Sports Management. He is a member of the prestigious International Society of Hospitality Consultants. His provocative articles on various hotel subjects have been published in the Cornell Quarterly, Lodging Hospitality, Hotel Interactive, Hotel Online, Hotel & Motel Management, AAHOA Lodging Business, Bottomline, New York Times, Travel & Leisure, etc. If you need help with a franchising problem such as encroachment/impact, termination/liquidated damages or litigation support, don't hesitate to call 917-628-8549 or email stanturkel@aol.com.