

Nobody Asked Me, But....
By Stanley Turkel, MHS, ISHC

1. If you read the hotel trade press regularly, you would think that hotel franchisors owned and operated all the hotels in their system. Their advertising campaigns stress the improvement in amenities like wireless HSIA and new beds. They talk about “tightening standards” and “strengthening the brand”. But they never mention that the costs for these amenity improvements are borne solely by the franchisees (owners of the hotels) and not by the franchisors (providers of reservation systems without any fiduciary duty).

2. Believe it or not, there are still women-only hotels in New York City even in a ‘Sex and the City’ age? For example, on Gramercy Park, the Parkside Evangeline, operated since 1963 by the Salvation Army. About a half-dozen women’s residences remain in the city including the Brandon on West 85th Street and another Salvation Army-run building, the Markle Evangeline on West 13th Street.

3. Did you see the new HVS International 2005 Hotel Franchise Fees Analysis Guide? It reviews the franchise documents of 89 major hotel franchise companies to compare the various fees they charge their franchisees. These fees include royalty, advertising, reservation, frequent traveler programs, travel agent commissions, global distribution systems, computer hardware and software maintenance. The HVS Guide reveals the following wide disparities in three categories:

<u>Economy Brands</u>	<u>Percent of Total Rooms Revenue</u>
Best Value Inn	.09%
Days Inn	11.0%
 <u>Mid-Rate Brands</u>	
Best Western	2.8%
Comfort Inn	10.7%

First-Class Brands

Omni	7.0%
Marriott	11.1%

Hats off to Steve Rushmore for producing these invaluable guides.

4. Did you read the new report (available at no charge from TheCenterforHospitalResearch.org) on the cost of impact when a franchisor licenses a same-brand hotel near an existing property? Associate Professor Arturs Kalnins of Cornell University calculates the cost of impact to be 2.7 percent of revenue when the franchisor licenses a competing same-brand hotel in a market where it already has franchises. The report characterizes the revenue losses from impact as “not negligible but not a fatally insurmountable burden”. Easy for the Professor to say but hard for the hotel owners to absorb.

Suggestion: The franchisor should reduce the franchise fees by 2.7% (or whatever the cost of the impact) for the affected franchisees as long as the impact lasts.

5. Is it possible that Americas Best Value Inns is the fast growing chain in America in 2005 (more than 500 properties in six years) because of:

- low flat fees
- no long term contracts
- no liquidated damages
- major decisions must be approved by two thirds of its membership

6. Shouldn't hotel guestrooms provide filtered air and water?

7. Why has the Bush administration allowed the National Parks to fall into despair?

8. In the summer of 1900

- only 8% of homes had a telephone
- the average wage in the US was 22 cents an hour
- most women only washed their hair once a month and used borax or egg yolks for shampoo
- plutonium, insulin and antibiotics hadn't been discovered yet. Scotch tape, crossword puzzles, canned beer and iced tea hadn't been invented.
- marijuana, heroin and morphine were all available over the counter at corner drugstores. According to one advertisement, "Heroin clears the complexion, give buoyancy to the mind, regulates the stomach and the bowels, and is, in fact, a perfect guardian to health."

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