

Nobody Asked Me, But... No. 9

**Blang, Bathtubs, Best Green, Arbitration, Best Western, AAHOA,
State Franchising Laws, VFR**

By Stanley Turkel, MHS, ISHC

1. Here's a wonderful American immigrant success story! In the past 25 years, members of the Asian American Hotel Owners Association (AAHOA) have acquired more than 20,000 hotels with more than one million rooms or 40% of all U.S. hotel properties. If you bear in mind that Indian Americans constitute less than one percent of America's population, their achievement is all the more extraordinary. These hotels (many upscale) have a market value of about \$40 billion, employ 800,000 people, and pay some \$700 million in real estate taxes.

2. Ron Watanabe, ISHC (808-599-5595), a well-known hotel consultant in Hawaii, writes,

“I enjoy reading your articles. I had some comments about your bathtubless hotels.

I worked for Amfac, Inc. the company that owned Island Holidays Resorts back in the 70's and most of our hotels were bathtubless and consisted only of showers. My boss Lyle Guslander who started the Island Holidays chain which was later sold to Amfac insisted that tourists did not want bathtubs and showers would do fine. He had picked up the idea of no bathtubs from his mentor, Roy Kelley the founder of the Outrigger Hotels and Resorts. Many of the Outrigger Hotels and the former Island Holiday hotels that were built in the 50's 60's and 70's are shower only hotels with the exception of a few bathtubs in some of the suites.

Just thought you'd like to know that a couple of Hawaii hoteliers were trendsetters- and the mainland is finally catching on 50 years later.
Aloha.”

3. Kit Cassingham, ISHC of Sage Blossom Consulting (bestgreenhotels.com) has collected a list of 1628 hotels- bed and breakfasts, resorts, motels, lodges and inns- worldwide that are committed to the environment and greening of the hospitality industry. The property name on the summary page is a hot link to each property's website where you can get more information about the hotel.

4. Hotel franchisees should beware of mandated arbitration. Many franchise agreements stipulate arbitration over litigation. At first glance, this may appear to be more beneficial to franchisees but nothing could be further from the truth. Compulsory binding arbitration protects franchisor interests while diluting franchisee remedies. Alan L. Sklover's Newsletter (www.ExecutiveLaw.com) says, "It costs about \$200 to start a lawsuit, but as much as \$5000 to start an arbitration. You pay a state or federal judge nothing... you must pay arbitrators tens of thousands of dollars for their time. It is in a judge's interest to finish a case in a short amount of time; it is in an arbitrator's interest to make a case last forever. These may be surprising, but in actuality that's how arbitration works: the costs can be prohibitive and make your efforts to achieve fairness anything but." Sklover is an attorney-author who represents senior executives worldwide in their personal negotiations and a leading authority on Negotiating At Work.

5. Do you realize just how big Best Western has become? Founded in 1946 by M.K. Guertin, the BW system now contains about 4200 hotels worldwide (316,000 guestrooms) including about 2400 hotels in North America. Different from typical franchises, BW member hotels must renew their affiliation every year and can, therefore, terminate without liquidated damages. Furthermore, the membership fees (approximately 2.3% of room revenues) are far lower than normal franchise fees (approximately 9.5% of room revenues). When will the leadership allow the Best Western Premier designation in the United States (to attract higher average daily rates in certain BW hotels)? The Best Western brand Premier has been permitted in Europe and Asia for years.

6. Franchisees should be wary of the differences in state laws that apply to franchising. The differences in the laws from state to state can have a substantial effect on the outcome of disputes between franchisee and franchisor. For example, in New Jersey, all contracts, including franchise agreements, are subject to implied covenants of "good faith and fair dealing". This

means that a franchisor's conduct is subject to a higher standard than what is written in the agreement. While in Pennsylvania, no "good faith and fair dealing" requirement exists. This important difference may affect the outcome of disputes concerning such issues as termination, renewal and transfer rights.

7. In my Nobody Asked Me, But... No. 8 article, I quoted from a speech made by H. P. Rama, a former chairman of AAHOA and the AH&LA as follows. "... Only 65% of our guestrooms are occupied most of the time. What this means is, on an average day, 1.5. million rooms are vacant." Rama said that capturing just 5% of that potential business would add billions of dollars in revenue to the industry. It has now come to my attention that the research for these remarks was done by D. K. Shifflet & Associates Ltd. (DShifflet@dksa.com).

The project is entitled "VFR Traveler Conversion Project" (Visiting Friends & Relatives). Shifflet concludes the following:

- a) The sheer size of the VFR market (almost two thirds the size of the entire hotel market) makes even a small convertible portion significant.
- b) The Core Potential Guests alone (14%) represents a 60 million room-night opportunity- and they want to stay in hotels and will consider any good deal that hotels offer. This group wants the hotel stay for freedom, privacy and comfort.
- c) Hosts are a key resistance factor to moving guests to hotels. A targetable Support Group needs to get over the 'guilt of not inviting them' and 'we need to save them money'.
- d) Since target guests want to be in a hotel and targetable hosts want them there, the challenge is to produce a strong industry campaign focusing on good-deal programs with a 'guilt-reducing' theme.

I strongly believe that a humorous advertising campaign could produce extraordinary benefits in increased guestroom occupancy. Which hotel company has the creativity and guts to reach for this low-hanging fruit?

8. Did you hear about “Blang” as in web language?

- Earburst- a sharp pain in the ear caused by accidentally hitting the volume control on your iPod
- Cybermoment- confusion that arises when one person closes an instant messaging window and the other person keeps “talking”
- Cylences- the long gaps in phone conversation that occur when a person is reading email or cybershopping at the same time.
- Schoogle- a popular pastime consisting of googling the name of old classmates
- Unamailer- someone who replies to email with one word responses. Right. Good. Thanks
- Wirenia- a hernia cause by carrying too many mobile devices on your belt
- Virtuoso- somebody who is more comfortable in the virtual world than in the real world

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