

## **Nobody Asked Me, But.... No. 30**

### **Impertinent Questions In Search of Pertinent Answers**

**By Stanley Turkel, MHS, ISHC**

1. How come the advertisements of the largest hotel franchise companies never mention areas of protection and encroachment, termination and liquidated damages, arbitration vs. litigation, transferability of the license agreement, reservation conversion ratio & productivity, venues for law suits, etc.?
2. Since most hotel operations need immigrant labor to fill housekeeping, porter, kitchen, laundry and landscaping jobs, it was good to see six leaders of the nation's largest lodging companies (Hilton, InterContinental, Marriott, Hyatt, Loews, Starwood) join to urge Congress and the Administration to take action on comprehensive immigration reform. What happened to Choice, Wyndham, Carlson and Accor?
3. Since new U.S. hotel construction increased by 64.2% in 2006 (making the 2006 room starts increase the highest since 1994), will new supply exceed demand by a wide margin in 2007? If so, is the 800 pound gorilla in the room being ignored by industry pundits?
4. How many hotel franchise companies have adopted AAHOA's 12 points of fair franchising?
5. Did you take notice of the Consumer Reports National Research Center's 2006 Annual Questionnaire results (from almost 35,000 subscribers who spent more than 139,000 nights at 48 hotel chains):
  - Although members were generally satisfied with their hotel stays, at least 33% had at least one problem. 55% who stayed at Howard Johnson had one or more problems compared to 16% at Homewood Suites.
  - Among the five top complaints overall:
    - unattractive décor: Days Inn, EconoLodge, Howard Johnson, Ramada, Travelodge
    - poor room lighting: Clarion, Days Inn, EconoLodge, Howard Johnson, Ramada,

## Travelodge

-excessive phone charges: Hilton, Omni, Hyatt, Ritz-Carlton, Westin

-heating or A/C issues: Clarion, Days Inn, Howard Johnson, Red Roof Inn

-uncomfortable bed: Days Inn, EconoLodge, Howard Johnson, Ramada, Travelodge

- The fanciest hotels provided the fewest freebies. 60% of high-end hotels charged for internet access, compared to 10% of budget hotels.
- Most budget hotels aren't a bargain; the least expensive generally scored the lowest. Their guests were more likely to report getting a poor night's sleep because of noise or a bad bed.

6. Carbon monoxide detectors are not hard to find. They are available in many stores, and a growing number of people are using them in their homes. But if you go looking for one in a hotel room, a new study says, chances are it will not be there. Writing in *The American Journal of Preventive Medicine*, researchers said that from 1989 to 2004, they found 68 incidents that affected more than 700 guests, 41 employees and 20 rescue workers. Twenty-seven of the people died. Even after these episodes, the researchers found, most of the hotels where they took place still did not install the detectors. Federal law requires that hotels install smoke detectors, but it does not require carbon monoxide detectors. The lead author of the study, Dr. Lindell K. Weaver of the University of Utah School of Medicine said that "although one's individual risk is extremely low, hotel guests should not have to put up with it."

Hasn't the time come for hotels to install carbon monoxide detectors in guestrooms?

7. 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.

## 8. QUOTE OF THE MONTH

“Nothing is easier than self deceit. For what each man wishes, that he also believes to be true.”

DEMOSTHENES

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 at the NYU Tisch Center for Hospitality, Tourism and Sports Management. If you need help with a hotel 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](mailto:stanturkel@aol.com).

If you would like to reserve an autographed copy of Mr. Turkel’s new book “Great American Hoteliers: Pioneers of the Hotel Industry” (to be published at the end of 2007), send an email to [stanturkel@aol.com](mailto:stanturkel@aol.com).