

Nobody Asked Me, But... No. 10

Chinese Tourists, Gasoline Prices and Alternatives, GLBT Segment, Travel Agents, FAC's, Manhattan's Record Breaking Year, Impertinent Questions

By Stanley Turkel, MHS, ISHC

1. For the first time in history, large numbers of Chinese are leaving their country as tourists resulting in an explosion of Chinese travel. In 1995, only 4.5 million Chinese traveled overseas. By 2005, the number increased to 31 million and by 2010, international travel industry experts forecast 50 million and by 2020 100 million. The six most popular destinations for the Chinese are Japan, Vietnam, South Korea, Russia, Thailand and the United States.

Are your children learning to speak Chinese?

2. With gas prices soaring, a number of hotel chains are rolling out gas-related discounts:

- Through Sept. 10, Gaylord Hotels, which has properties in Dallas, Nashville and Kissimmee, Florida is offering \$25 a day to guests who stay a minimum of two nights.
- About a dozen Best Western hotels in California are giving gas credits. They include properties in Pacifica, Half Moon Bay and San Diego who are offering \$50 gas cards to guests who stay three or more nights and use a special promotional code when booking online.
- Apple Core's five midtown Manhattan hotels (www.applecorehotels.com) have a "Leave The Car at Home" deal in July at \$159.99 a night. It offers unlimited-ride subway metro cards and round-trip train or bus tickets for Kennedy or La Guardia Airports.

3. Obviously, as the price of gasoline climbs, alternative fuels look more appealing. But Wired magazine argues that even if we wanted to convert completely to bio-based fuels for our cars, we would have a problem. According to the magazine:

- one acre of soybeans can produce 50 gallons of biodiesel fuel

- there are 427 million arable acres in the United States
- the average American driver uses 464 gallons of gasoline a year and there are 198 million drivers in the United States

All of which means:

- Arable acres needed to make enough biodiesel fuel: 1.8 billion
- Would annexing Canada be a possibility?

4. With more than \$76.5 billion in expenditures, the gay, lesbian, bisexual and transgender (GLBT) segment is a booming travel market. Predicted to increase by more than \$20 billion over the next five years, the GLBT market provides strong opportunities for companies to capture a new audience. Peak travel months for GLBT travelers are in the fall while mainstream travelers are in the summer. Because fewer GLBTs have children, relative to the mainstream, they are able to travel at more off-peak times.

Some companies are already making strong progress within the GLBT community. Travel giants Orbitz and Travelocity have both created dedicated microsites for GLBT-friendly travel packages and destinations. Starwood's W Hotel chain has committed resources to attract GLBT consumers, recently promoting a Queer Eye package across a variety of gay media channels.

5. As you might predict, online bookings continues to rise for the first quarter of 2006, as reported by TravelCLICK'S eMonitor. What you might not have expected was that travel agents continued to provide significantly higher revenue business for hotels with an average rate 37.1% higher than that for room nights books via the Internet. Furthermore, travel agent bookings account for 84.9% of total room nights booked electronically through the GDSs.

6. Do you know that:

- 60% of people 65 years or older do not use the Internet at all
- 33% of people 45 years or older are not connected
- 6 million households that have a PC but don't have Internet access and say they won't subscribe at any price

7. HVS International reports:

In 2005, the Manhattan lodging market continued growing strongly, with a RevPAR increase of roundly 18.0% compared to 2004. The market recorded double-digit growth in RevPAR each month of the year, ranging from a high of roundly 28.0% in September to a low of roundly 14.0% in January. Overall occupancy of 85.0% and average rate of \$232.31 exceeded the historical peak achieved in 2000 (83.7% at \$222.53); these 2005 performance figures are also higher than in any other year for which STR data for Manhattan is available. Continued RevPAR growth is expected in 2006, primarily fueled by a strong growth in average rate. Due to limited new supply and increased compression resulting from near-maximum-capacity occupancy levels, overall RevPAR is expected to experience continued growth for the next few years.

8. Impertinent questions seeking pertinent answers:

Why don't franchise advisory councils (FACs) represent their member franchisees better?

Shouldn't franchise companies secure approval from a majority of its members before:

- 1) increasing fees for royalties, reservations, advertising, computer and software upgrades, etc.
- 2) changing the physical requirements for façade and building design, signage, guestroom and bathroom facilities, food and beverage upgrades, amenities, etc.

It is possible for franchisor-dominated franchise advisory committees to redress the imbalance in power between franchisors and franchisees? Not likely unless FAC's are reinvented in a more independent format with their own funding sources, separate headquarters, executive directors and purchasing cooperatives controlled by FAC members.

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