

# Franchising peaceful rest motor lodge essay sample

[Sport & Tourism](#), [Hotel](#)



In today's market whether it is shopping for a vacation spot or purchasing tangible goods the consumer is one thing that never changes. Research tends to support brand equity and brand loyalty. In choosing a vacation, spot customer not only wants the facility to meet their needs they want it to exceed their expectations, none the less for the best price. Branding within the hotel industry is no different. Consumers look for key risks, perceived benefits and costs when making their purchases. Through all the ways, that tourist can book hotels and read prior reviews on where they are, going to stay the decision is, usually, made before the trip. With the case of Peaceful Rest Motor Lodge, there are significant obstacles that the owner overlooked when jumping into becoming a hotel owner and now faces the decision of choosing a franchise. Addressing some of the critical issues the company is suffering from will help to determine the necessary action and best decision of a franchise company.

In conducting the SWOT Analysis, the majority of the critical issues are the within the confines of the weakness and threats. However, in addressing some of the strengths of Peaceful Rest one discovers that it is in a prime location that it is growing to be a favorite vacation spot. It is located next to the highway with excellent visibility and easy to get to. Considering the low cost of purchase, Tristan can have low-cost rooms to meet a tighter budget. A viable weakness is that the lodge has limited amenities. The owner utilized only his opinion to determine what was the standard package of amenities to offer to the clients. The next area of weakness is the lack of advertising that the owner is choosing to utilize. While advertising is expensive, it is a necessity to drive people to the business. Advertising budgets should always

be considered when conducting a business plan. The next apparent weakness in the business is the inability to present better curb appeal. With people driving in and out of the parking lot, it is apparent that there is a need for improvement externally.

The threats that facing Peaceful Rest is the untapped market for larger hotel chains to come in and establish business that would only devastate the financial concerns the owner is facing now. In today's economy, the big seem to overtake the small. It is a near impossibility in some industries to compete with large chains that have the financial ability provides for their clients whatever they wish. Even if they suffer a loss in one market, they are large enough to absorb the costs somewhere else. Furthermore, if the area continues to grow and it becomes more of a vacation spot there is no doubt that the tax rate on the property will increase creating more of a financial burden that the owner cannot seem to afford.

Branding a hotel is usually, a lengthy and expensive process, and it requires crucial decisions from an economic standpoint and reputation standpoint. The recognized goal of hotel branding is to provide added value to both guests and the hotel companies by building brand loyalty (INSERT CITE) The case states that he was an avid traveler, and he made assumptions that the majority wanted and or needed the bare minimums based on his experience. Failure to look at the market research and the competition of another similar business is a huge mistake on his part. Market research is a fundamental five-step process that Tristan should have considered prior to opening a small hotel on limited resources.(William D. Perreault, 2012; Zeigler, 2007)

This would have allowed him to produce and analyze the information in front of him and make better financial decisions for his company. Another critical issue that he faced jumping into hotel management is brand power.

Brand power is what captures the consumer's attention. When a consumer is faced with a brand that they do not know in an area that they are unfamiliar, they will most likely choose what they are familiar, and others have used and reviewed. Brand image is defined as " a name, term, sign, symbol, shape, or combination thereof that aims to define the seller's products and services and differentiate it from its competitors' (Pars & Ciftci, 2011) Thirdly, within the text we see that there is a substantial lack of advertising and marketing to reach the target market. To ride on the coattails of a larger chains advertising wings and not have the ability to compete with them only makes the Peaceful Rest look weaker and less appealing. Consumers depend on the strength and dependability of a chain to meet their needs. (Kayaman & Arasli, 2007). The decisions that Tristan is left with is choosing a franchise company.

When reviewing the market research provided by the tourist bureau we can capture the market a little better to determine which company to choose. By utilizing this information, we can conduct that he needs to choose a franchise that will meet the needs of the younger generation and within a target salary. While there are some larger hotel chains in the area determining whether a holiday in or a days inn is in his best interest. Choosing a franchise agreement is a decision that will offer the owner the benefits and brand strength necessary to survive the trending market. ("

Franchise Agreements vs. Management Agreements: Which One Do I Choose?, by Nelson Migdal," 2014).

In the research presentation on Brand management by Jennifer Zeigler, it is presented to us that they are accumulating properties at a very fast pace. They are opening on average two properties a week They are in the midscale range of hotels competing with the Comfort Inn, La Quinta, Hampton, and Fairfield Inn alike, none of which are already in the area of Peaceful Rest. Their brand essence is " Stay Smart- Express offers pragmatic, honest value so our guests feel smarter for choosing the brand" (Zeigler, 2007) Holiday Inn offers in their franchise agreement that they provide several added amenities that the current owner is unable to provide. They are a top hotel choice for entrepreneurs and rated the best budget hotel chain. They are also a top choice among its competitors that also match the profile of the research done by the tourist bureau. Here is a profile for a typical holiday inn:

(Snyder, 2007)

In looking at the market research and brand management of Days Inn, he would fall under the umbrella of the Wyndham Group, which has a plethora of chains and a long term reliable reputation. They encompass over 7380 hotels with over 631. 800 rooms. (Wyndham, 2014) While they have some upscale hotels in their department, Days Inn is now a chain that is receiving many upgrades to bring it up to par from its dismal declining reputation in the past. Their slogan is " Days Inn® is a leading global brand in the economy segment with more guest rooms than any other economy brand in

the world and over 1, 820 properties worldwide. Under its “ Best Value under the Sun” market positioning, Days Inn hotels offer value conscious consumers free high-speed internet and most hotels offer free Daybreak® breakfast. Many hotels also have restaurants, pools and meeting rooms.” (Wyndham, 2014) They aim to the same target market that Holiday Inn provides and as a company they have. The Days Inn brand has consumer awareness of over 90%; they drive 35% of the economy segment of the company as a whole and have a yearly growth of 5. 9% in the RevPar index. (Revenue per available room). Days Inn take initiative to help owners maximize their investments with upgrades and design development which this property needs.

Both chains are at some point in the negotiation process are going to require substantial investment cost and upgrades to the facility. The problem the owner faces is that one franchise will require money now, and the other will require it later. The most important issue at this point is the segmentation and brand management. If the area continues to grow and flourish, either of these chains is going to come into the area and establish business. The decision to franchise is the best and most equitable decision that Tristan can make.

It comes with strong recommendation that he choose the Days Inn, to franchise with. While both companies are comparable in cost and features the umbrella of Wyndham is stronger and the relationship with them will have better options and will provide him with the best cliental based on the market segmentation and research of the area. Days Inn is geared toward

the family based traveler and offers plenty of incentives and packages that the Holiday Inn does not have. While the Holiday Inn is equally nice and budget friendly, their hotel is geared more toward the male business traveler and seen more as a corporate hotel instead of a family vacation spot. The Days Inn will provide and support the owner throughout the franchise process and enable him to get financing easier with a larger operation under the Wyndham umbrella. Choosing to franchise will help reduce the risk, help him to share brand identification, become a better business man with successful methods of operations and establish a strong marketing system. (Hayes, 2005)

It will also allow him to receive the financing necessary for the business and will be able to upgrade the facility to be more appealing to customers. Choosing to franchise with Days Inn will position his motel actually to have a marketing strategy that he lacks as an owner. Managing a company is hard and in a hotel industry, he faces substantial risk. Choosing to invest hotel property in this area was wise and will be a profitable venture if following the marketing plan and franchise agreement setup by days in. He may lose some of the control and decision making in the process, but he will undoubtedly reap the rewards of being a business owner and be able to capitalize on his investment better than choosing to go at it alone. The weight of conducting all the business such as marketing, management, sales, advertising, and the maintenance of the building will not be all on his shoulders anymore.

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