

Economy Hotels: Maintaining Relevance in a Competitive Market

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October 31, 2021



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In the early 20th century, the “Mo-tel” or Motor Hotel was a mom and pop stop that catered to the age of the automobile and the travelling family. Most often, these motor lodges were dotted along the highways inside America, lending to the regional style of a particular area. Whether it imitated a lakeside log cabin in New England or a string of beach cottages along coastal California, each property welcomed its guests for a sense of home away from home while offering them an adventure.

Hospitality evolved throughout the century and many of these once-roadside treasures felt like they were losing their market share as independents, so many took the opportunity to become part of hotel groups that were offering these motor hotels a position in their economy tier.

These chains offered consistency and quality standards, along with value pricing, global distribution and market segmentation. The opportunity for greater exposure through the franchise’s more-defined marketing strategies was tempting for these small players in the industry. Promising properties higher revenue through central reservations gave them peace of mind in the ever-evolving lodging industry. But, now with so much competition and higher operational costs, many of these economy hotels are struggling to remain relevant in the hospitality landscape.

Unfortunately, for the owners who either signed with a franchise or chose to remain independent, they’re viewing their options through a very narrow lens. They see a threat of having to compete with midscale brands offering more amenities, including breakfast, fitness rooms and business centers with competitive rates. They are faced with the question of how to offer a consistent, quality guest experience amongst the infiltrating competitors with larger pocketbooks.

Many have told me, they feel they are less desirable and, therefore, must take whatever guests come their way. The good and the bad; accepting the latter far more than they’d like. I have worked with nearly 200 properties, both in the U.S and Canada, and my mantra has always been, “you’ve got to decide who you want to be and commit to it.”

Having been a Quality Assurance inspector and Marketing Support Director for over a decade, I can speak from a knowledgeable place in the industry. I’ve been focused on the economy segment and reaching out to the hotels that seem to face the tougher challenges relating to types of guests on tighter budgets and their expectations and perception of value. I’ve been guiding them as they exist

alongside midscale properties that are contracted to steadily upgrade their FF&E to remain trendy and competitive. I keep pushing and promoting change that could give their competitors a run for their money and change the dynamics of who the real threat might be.

First, they must acknowledge that they are surrounded by competition, and they should get real with how they want the outcome to read. “Insanity is doing the same thing over and over and expecting different results.” That’s a quote credited to Albert Einstein and it’s quite befitting when it comes to the hotel operators who question why they are not increasing revenue or, at the very least, improving their reputation.

While guests are re-evaluating their preferences, economy hoteliers should be re-evaluating their priorities. Just because they have less amenities than midscale doesn’t mean they can’t be trendy, updated and desirable as well. They need to open their eyes to who’s sitting one block away, taunting their potential guests with a more tempting product and a higher ADR. Many think that playing with their rates to follow the leader is considered rate management. It might be if they were comparing apples to apples. But lowering rates to try to lure a potential guest isn’t enough if the competing property appears to be more suitable for the guests’ needs. They need to be honest with who they are and with whom they coexist.

So how do they remain relevant amongst the competition? How do they transition from a sleepy hotel to one that ramps up the reservation hotlines? I’m here to tell them that operating with less-stringent restrictions has its advantages, but in no way gives them the approval to run their property at half its value. That’s just a trip to failure.

If they want to remain in the game, they must attract the guests they want! Focusing on what they want their property to be will help them define the changes they make, whether it be investing all at once or working on incremental changes; either way, they will be heading in the right direction. Rome wasn’t built in a day.

There are many things that work to their advantage. Their expenses are not as high as midscale properties – staffing is minimal and, generally, room counts are lower, making it easier to achieve higher occupancy. Also, without spas, gyms and restaurants, their properties require less maintenance. In addition, they have a strong loyalty amongst construction crews, traveling groups and local patrons, adding to a steady stream of revenue. And, their exterior corridors offering a safe haven for essential workers and local family members to quarantine during the pandemic is another valuable asset during a time of economic upset and where health safety is of much concern.

Let’s also address the fact that, with millennials being one of the largest spending generations with greater demands at affordable

pricing coupled with COVID bringing to light the importance of healthy travel, there are many reasons for the surge in relevance of the economy segment.

As a group, millennials are smarter shoppers and savvier in navigating search engines and social media reviews. They grew up with a much broader understanding of technology, as opposed to the Boomers who went by word of mouth or what was advertised in the newspaper. There was no real crosscheck, but then they were expecting far less of their stay. Times have changed since the days of less-complex motor lodges and expectations have heightened. Today, with so many options, the new generations are searching for the best guest experience at the best affordable rate.

Now, with a pandemic thrown into the mix, people are looking for a more sole experience where they can keep their distance from fellow vacationers and hotel staff. As mentioned above, exterior corridor properties have finally found their place again, offering a virtually “contactless” stay and giving more relevance to this architecturally dated concept. They have also redefined convenience, as the guest can drive up to the room door to unload picnic baskets, bicycles, luggage and fishing rods while allowing social distancing.

COVID has also forced corporations and families to hit the reset button and filter their preferences. Companies are re-evaluating the cost-prohibitive out-of-town business junkets, replacing midscale and luxury options with more economical ones. And with jobs coming to a screeching halt, families are tightening their belts, but still want to travel. More light has been cast on hotels that are affordable, clean, safe and convenient that would be more than suitable for a family vacation and a place for a business traveler to hang their hat. After all, many guests are focusing on a more experiential adventure outside the room, so clean, comfortable accommodations with sufficient internet access are what the traveler is most concerned with. Extra amenities are not necessary and they know that these just dictate higher rates.

Both millennials and COVID changed our perception of these affordable alternatives to lodging. Millennials are conditioned for more well-maintained and trendy properties, and COVID trained all of us to expect a clean and safe environment, much more than we were letting slip by in the past. With these two players in today’s arena, economy hotels should stay focused on these demands.

Many owners have already been working on recognizable adjustments, acknowledging that their day is coming full circle. They have started to redesign their affordable tier with far more interesting appointments than they had in the past, offering platform beds, contemporary bedding, recessed lighting and larger TVs to enhance movie watching and gaming experiences. They’ve also installed extra outlets and USB ports and upgraded Wi-Fi for more convenient and faster access to the internet. On a more fur-friendly note, many have embraced the travelling pet phenomenon, knowing that pets are people too and deserve a place to vacay along with their family. (If properties install quality vinyl flooring, worrying about the cleanup of a pet-friendly room is insignificant!)

These changes will help substantially by creating environments that are more adaptive for the guest, along with the added bonus of a more intimate property where the owner can actually get to know who is staying with them. This is something bigger hotels don’t have time for.

For those properties that have not fully engaged in change, they should, once again, study who their guests are, what their competitors are doing and what it will take to stay in the game.

Remaining relevant means they must acknowledge that their guests’ expectations are noteworthy. Polishing, updating and communicating extends a sense of pride to guests. The more a hotelier respects his/her own property, the more the guest will, building a sense of loyalty and guaranteed repeat business.

I urge the importance of a positive guest experience; one that the guest might Instagram or blog about. A unique exchange with the owners: how they helped them carry their luggage up the stairs or put down water bowls for Fifi. A gazebo or fire pit on the property where guests were notified about making s’mores. When I was visiting Gettysburg, PA, right next to the battlegrounds, the owner contracted “Ulysses S. Grant” and his “wife” to visit with the guests in their breakfast room, speaking in first person as if we were listening to Grant himself tell his story. It was captivating and unexpected. Properties need to be creative. They should help write the experience for their guest who has come to their area for a respite from reality.

One of the charming things about the past motor hotels was their uniqueness. They brought the flavor of the region to the property. From teepee style to Polynesian tiki accommodations, being kitschy has once again become a desirable request. Themed properties offer this new generation of explorers a fantasy amongst the everyday. Though many motel exteriors were later built on the premise of sameness, they can still offer a room to stir the guest’s imagination. Consider nautical décor, minimalist style, retro flair or a Western motif by making simple changes to accent walls, artwork and bedding, transporting the guest far from the ordinary.

Once they have evaluated and chose their plan of action, the economy hotels must next pay closer attention to their online presence. That includes marketing their newly updated property through professional photography and staying connected to future guests by responding to all reviews. Studies indicate that when both positive and negative reviews are answered, potential guests generally change their initial opinion of a property based on the attention the owner has given to responses.

The value of these economy hosts has long been underestimated and should no longer be ignored. We are living in an age where generations are blending together and demands have come back to basics ...cleanliness, comfort and convenience at a fair price.

It’s costly business and operators must step back and listen to their guests, market their investment and guard their reputation.

The economy hotel has always been a place where guests can relax near the ocean, in the mountains, on a lake or alongside Route 66. The enchanting motor hotels of the past may have morphed into more convenient motor lodges of today, but they still remain a friendly face for honeymooners, families and friends setting out to explore America. They continue to be the backdrop of our imagination; a home for us when we’re so far from our own and have befriended us in an unfamiliar town. They were the beginning of hospitality and remain the lead role in our story.

