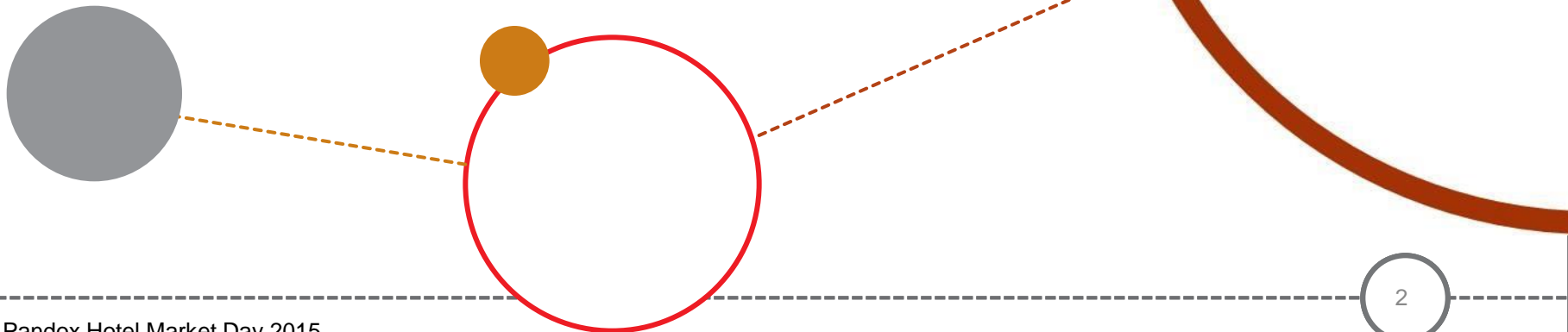


Past, Present and Future: The Ever-Changing Hotel Company Configuration

Professor Angela Roper
International Centre for Hotel & Resort Management



Past Hotel Company Configuration



Entrepreneurs starting from one owned/managed hotel



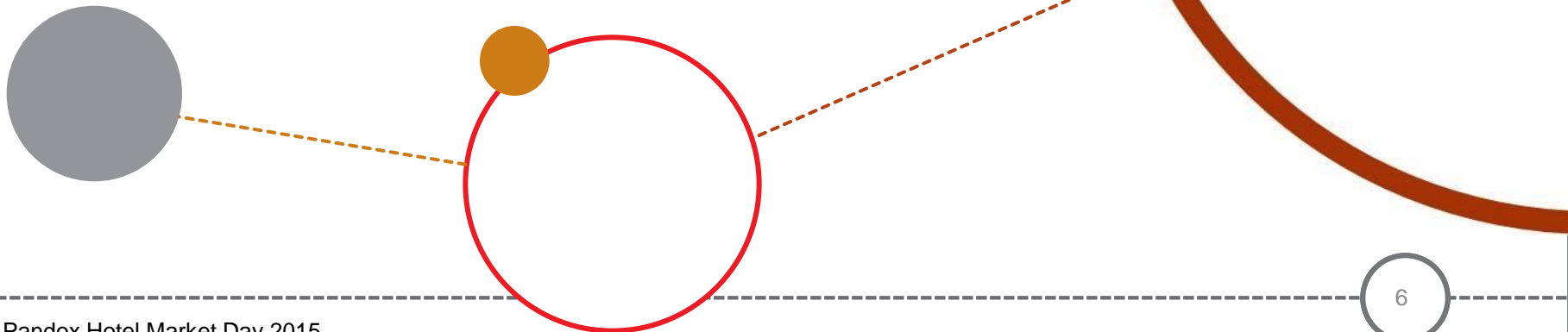
First brands grew by franchising



Early internationalization



Current Hotel Company Configuration



Configuration seen through customers' eyes



Hotels

Outsourcing as you sleep

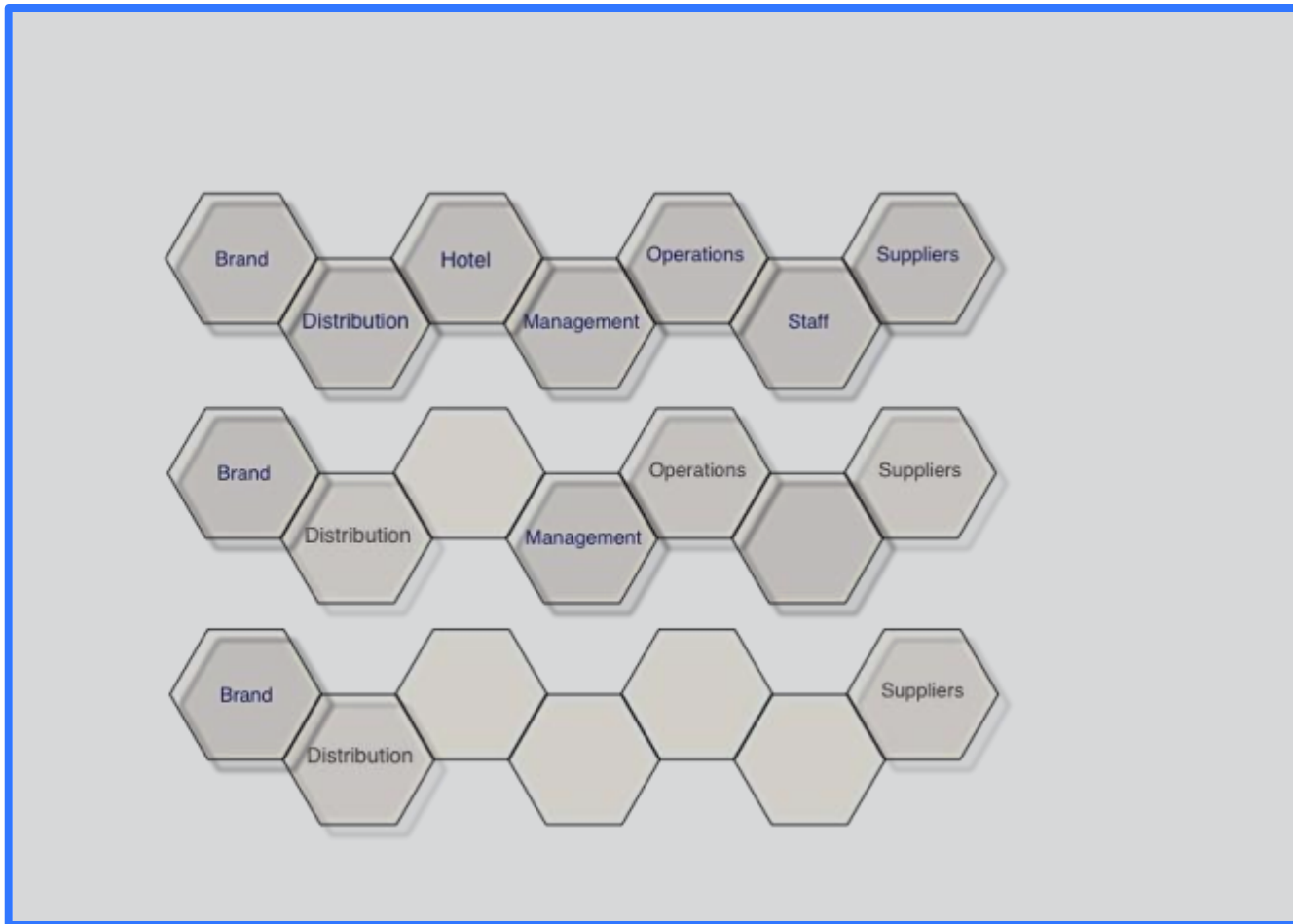
Reservations are plunging, but virtual hotel chains should escape the worst

Feb 19th 2009 | From the print edition



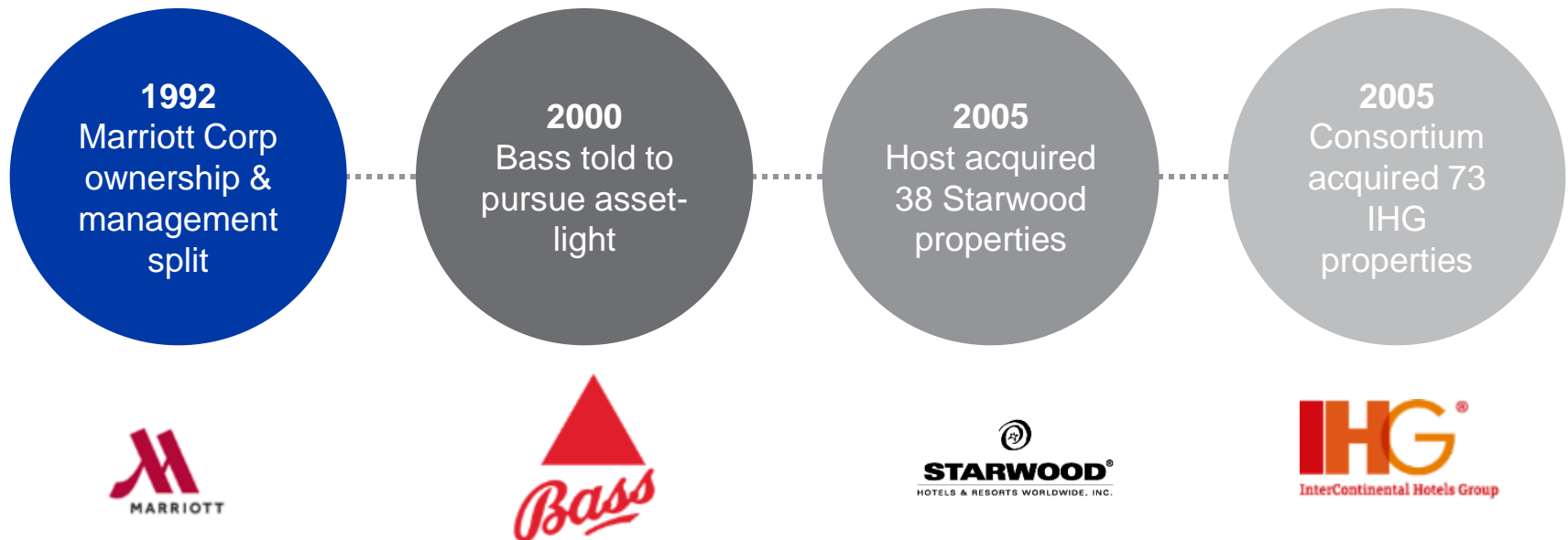
YOU book a room on the website of a famous international hotel chain. As you arrive to check in, its reassuring brand name is above the door. Its logo is everywhere: on the staff uniforms, the stationery, the carpets. But the hotel is owned by someone else—often an individual or an investment fund—who has taken out a franchise on the brand. The owner may also be delegating the running of the hotel, either to the company that owns the brand or to another management firm altogether. The bricks-and-mortar may be leased from a property firm. In some cases, yet another company may be supplying most of the staff, and an outside caterer may run the restaurants. Welcome to the virtual hotel.

Vertical disintegration



Motivating factors: specialization gains

- Argued that the trend to move from real estate-based to fee-based business models was triggered by specific transactions:

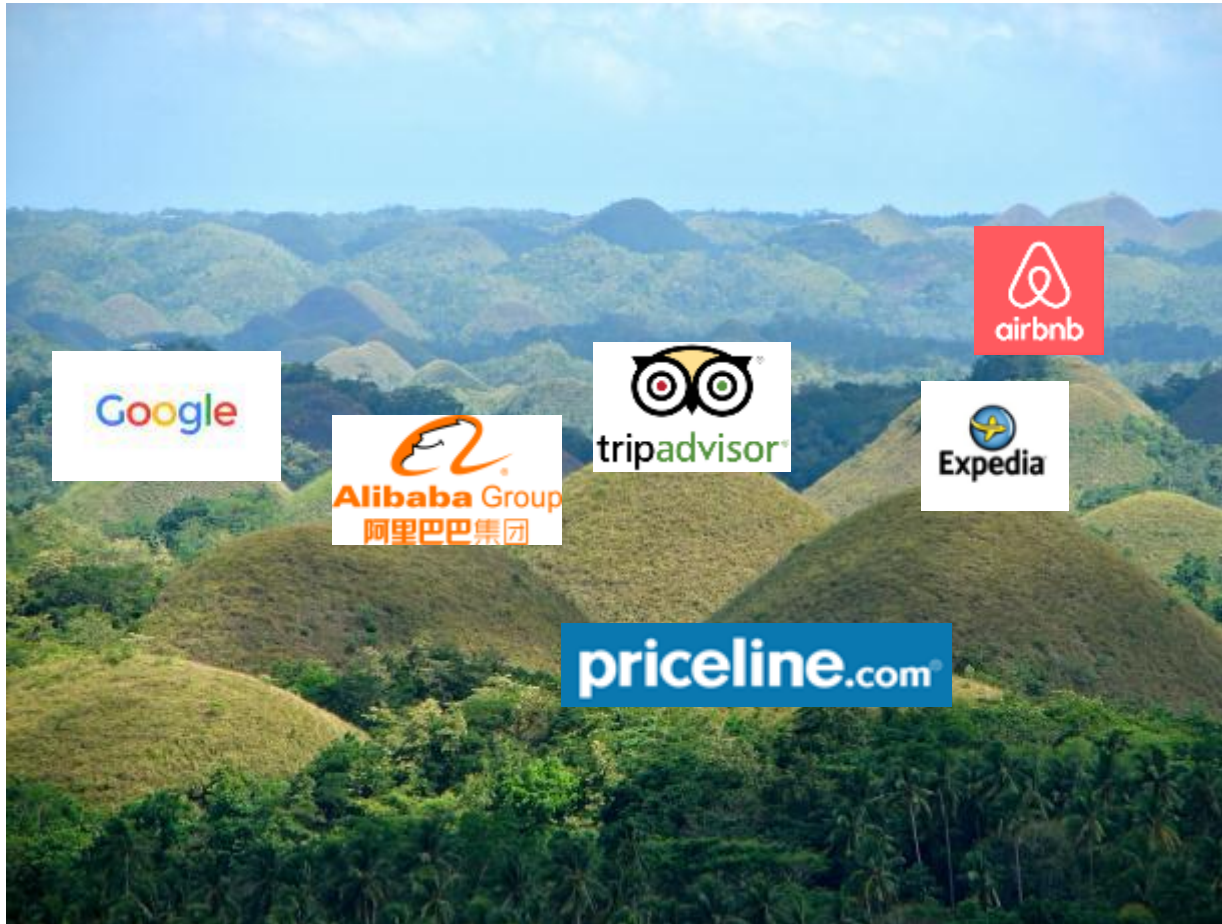


Hotel company strategies



WordItOut

Motivating factors: technology companies precipitating change



Motivating factors: pure gains from trade

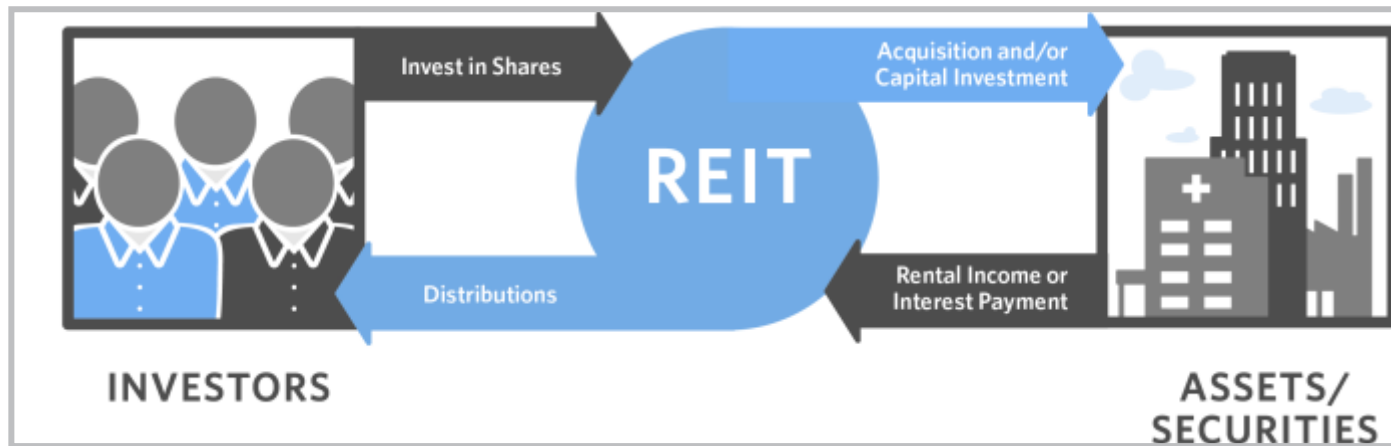
Firm differentials seen in franchised brands



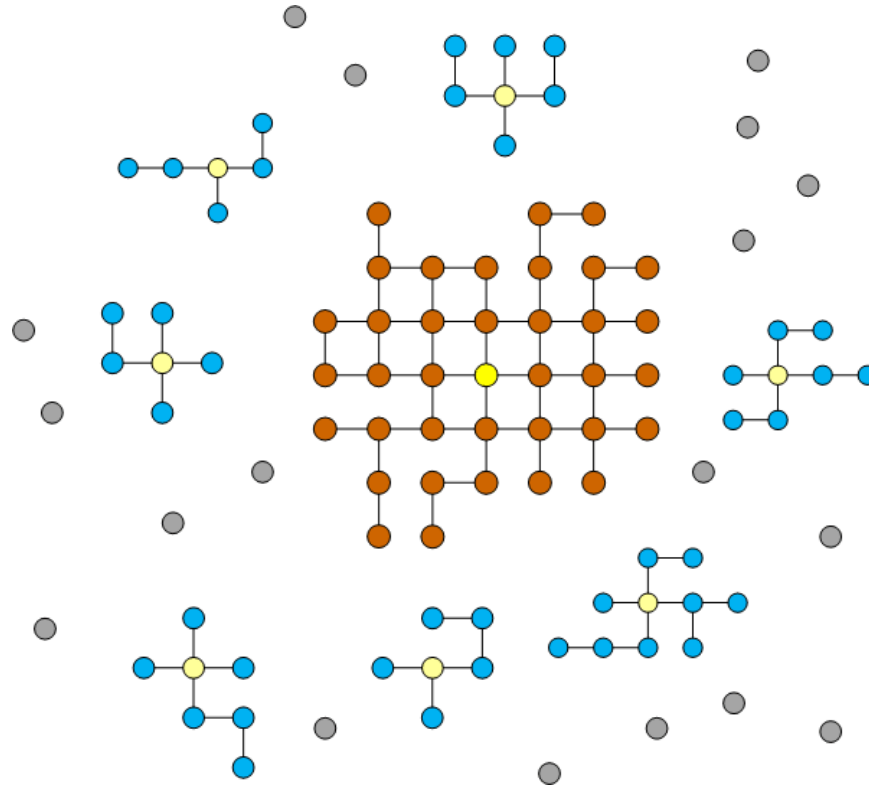
Franchised brands curtail national competitors



Motivating factors: demand smoothing benefits



Enabling factors: organizational partitioning



Enabling factors: supplementary stakeholders

- Specialist lawyers, accountants, consultants & data providers offering services that create & augment business relationships:



Necessary conditions: standardized information & simplified coordination

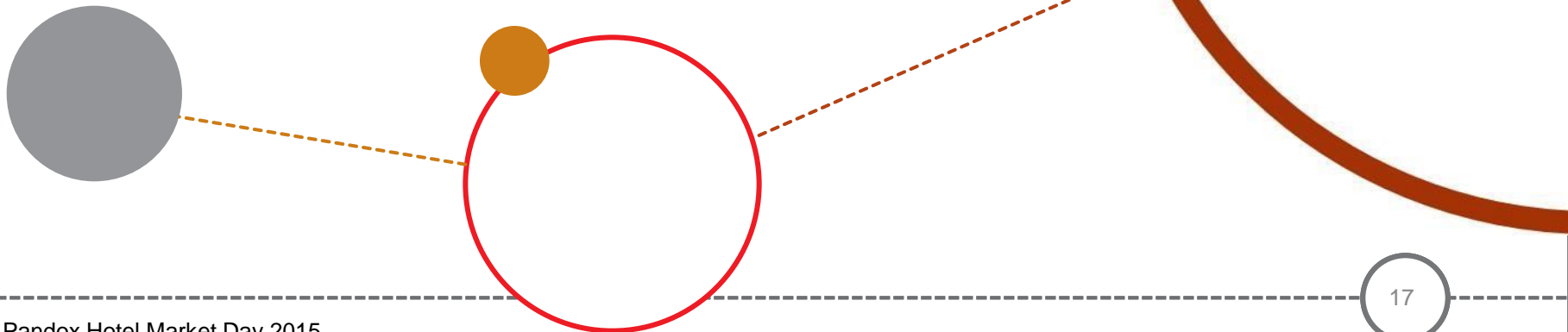
Formulaic methods



Standardisation; replication; codification



Factors Which Will Determine The Next Stage



Value-added of franchises & management contracts?



- Like half-man, half-horse centaurs:
 - Quasi-franchising
 - Soft brands
 - Platforms
 - “Manchising”
 - Three-way franchising

Personalized, individualized and alternative?



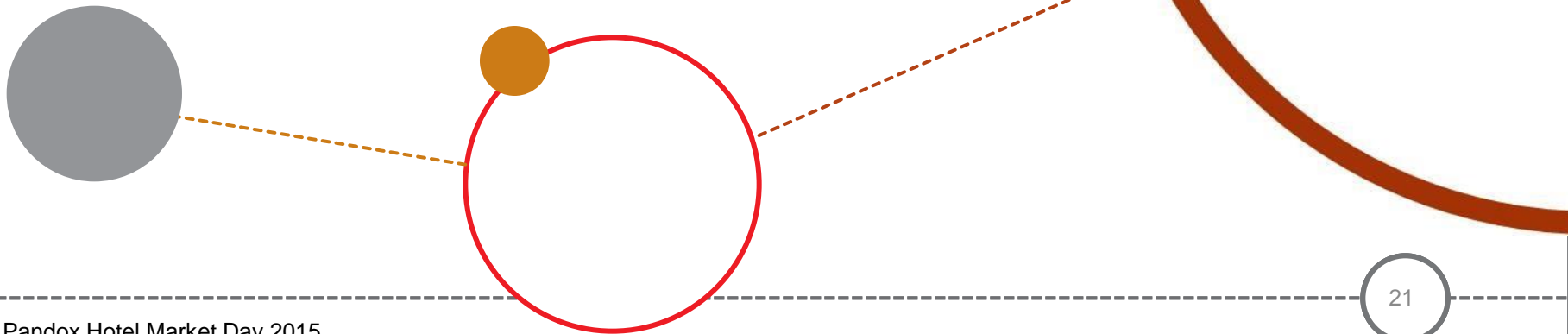
Influence of shareholders on consolidation?



“This greater scale should offer a wider choice of brands to consumers, improve economics to owners and franchisees, increase unit growth and enhance long-term value to shareholders. “

Arne Sorenson, 16.11.2015

Possible Future Configuration Scenarios



Vertical disintegration or back to integration?

- Global majors consolidating further
- Brand proliferation gap
- Technology driving global majors back in control
- Challengers globalizing through acquisition & strength in an integrated travel value chain
- New business models will develop
- Different players in value chain moving forwards and backwards





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