



Franchise model drives revenue

New Zealand hotel owners looking to leverage the power and experience of heavyweight global brands are pursuing the franchise model for efficiencies, growth and improved bottom-lines.

The franchise model is becoming more prevalent than the traditional hotel management model globally, and that trend is playing out in New Zealand, too. Bayleys national director hotels, tourism & leisure, Wayne Keene says the model has multi-faceted benefits for franchisors and franchisees.

“The franchise blueprint provides a proven business framework for franchisees and allows the franchisor to expand its portfolio without capital investment in the physical hotel assets. “This asset-light approach sees franchisors providing hotel owners with access to brand recognition, marketing resources, reservation

systems, established loyalty programmes and varying levels of operational support in exchange for a franchise fee, royalty fees, marketing contributions and in some cases, training fees.

“It allows hotel owners to meet guest expectations around service, sustainability, and customer personalisation without having to reinvent the wheel and to benefit from the demonstrated knowledge and experience of the franchisor.”

Choice Hotels International is one of the world’s largest hotel franchisors spanning 46 countries and territories. It has 13 hotels in New Zealand and is looking to continue growing the network across its five brands – Ascend, Clarion, Quality, Comfort and Econo Lodge.

Choice Hotels Asia-Pacific head of investments and portfolio growth, Trent Conroy says Choice Hotels has identified New Zealand opportunities in CBD, suburban and regional locations, which highlights the range

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WAYNE KEENE
BAYLEYS NATIONAL DIRECTOR
HOTELS, TOURISM & LEISURE

of locations and assets that can be successful within its network.

“We’ve witnessed the benefits of scale for both guests and owners in our other markets and seek to replicate these benefits in New Zealand with continued unit growth.

“Smaller markets, like New Zealand, are often more competitive, consequently standing out is essential. This is where Choice Hotels delivers real value by providing franchisees with an ideal balance between delivering locally and leveraging the scale of our internationally recognised brands to drive international guests.

“Our global distribution systems and award-winning Choice Privileges loyalty programme not only enhance brand awareness but also drive direct bookings, attracting guests who know and trust the Choice Hotels experience.

“We welcome expressions of interest from owners and operators in New Zealand who wish to explore the benefits of joining Choice Hotels to gain a global network with local impact.”

The Choice Hotels approach enhances hotel operations and drives profitability without sacrificing franchisee autonomy. It offers comprehensive operational and systems support, market-leading revenue management, and dedicated teams across sales, marketing, franchise support, and procurement to maximise hotel revenues, streamline processes and reduce costs. Additionally, with 66 million-plus members, the Choice Privileges loyalty program drives repeat bookings from engaged travellers.

Choice Hotels is a pure-play franchisor, meaning it doesn’t own or operate hotels.

“From the perspective of a hotel owner or operator, this makes collaborating with Choice Hotels very appealing as they can be confident that success is mutually aligned,” says Conroy.

“Also, our business model facilitates multi-unit ownership across various hotel sizes, scale mix, and locations, enabling our franchisees to grow

scale and significant wealth across a diversified hotel portfolio, all while benefiting from all the advantages offered by the Choice Hotels franchise system.”

Choice Hotels’ five strategic brands span economy to upscale to maximise brand recognition and meet diverse traveller needs, with each brand having distinct asset specifications, amenities, and service offerings, with price points reflecting their value propositions.

Ascend is the world’s first boutique soft brand featuring properties with distinct character and premium amenities for discerning business and leisure travellers, while Clarion hotels offer elevated experiences and accommodation with high-quality facilities and services in both city and regional locations.

Quality is Choice Hotels’ trusted mid-scale brand offering high amenity at an affordable price tag, Comfort is a widely recognised brand offering dependable accommodation in convenient locations across New Zealand and Australia, while economy brand Econo Lodge rounds out the portfolio with wallet-friendly comfortable accommodation.

Franchised operations have a fine line to walk between standardisation of operations for efficiency and profitability, and guests’ desire for authenticity and localisation.

“Choice Hotels strikes this balance by maintaining consistent brand standards for amenity and service levels, while offering flexibility for franchisees to showcase their local identity,” explains Conroy.

“This can include regionally inspired decor that reflects the destination’s character, locally sourced amenities that add an authentic touch, or partnerships with nearby businesses, enhancing the guest experience.

“By empowering franchisees with the tools and support to integrate these local elements, we create both familiar and memorable stays, offering guests the reliability of a Choice Hotels brand with a genuine connection to the destination.”

In the current economic and geopolitical climate, where visitor numbers are still rebounding from pandemic disruption, funding lines can be a challenge for hotel, tourism and hospitality businesses.

Conroy says funders and lenders generally view franchised operations as a lower-risk investment compared to independent businesses, thanks to the stability and support of an established business model.

“We’ve witnessed project approvals; lending approvals and other favourable terms be achieved by our franchisees as a result of collaboration with our brands.

“A recognised brand provides credibility, helping to attract guests and stabilise revenue. Additionally, national and global sales and marketing initiatives, loyalty programs, and centralised booking systems contribute to consistent business growth.

“Franchisees also benefit from training, operational support, and technology that improve efficiency and profitability, which reinforces confidence for lenders evaluating a property’s financial viability.”

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TRENT CONROY
CHOICE HOTELS ASIA-PACIFIC HEAD OF
INVESTMENTS AND PORTFOLIO GROWTH

