

# white

## LABEL SOLUTIONS



### THIRD-PARTY MANAGEMENT CAN BE A COMMERCIALLY ATTRACTIVE ALTERNATIVE TO THE TRADITIONAL FORMS OF HOTEL OPERATION.

AS THE COMMERCIAL ACCOMMODATION sector regrouped post-pandemic and with property investors looking to diversify portfolios, Bayleys national director hotels, tourism & leisure Wayne Keene says how a hotel is managed is more important than ever.

“There’s so much that goes into providing a welcoming, authentic and reliable hospitality experience for guests, let alone what happens behind the scenes to make all the component parts move in the right direction,” he says.

“Owners are increasingly opting to outsource the nuts and bolts of hotel management to service providers that can deliver efficient, cost-effective and measurable benefits through the likes of white label business models.

“This third-party hotel operator or white label model is well established around the world, particularly in the US, and we’re seeing more of it in New Zealand together with hotel franchising models under global brands.

“With the expected recovery of hotel trading performance and projected growth within the commercial accommodation sector, having robust management processes, systems and personnel will be the determiner of success for asset owners and will be of real significance should they decide to sell.”

A third-party hotel manager manages the day-to-day operations for a hotel owner or investor and receives a fee or a percentage of the property performance for providing that service.

The range of services provided is diverse and can be tailored according to the needs of the owner.

Streamlining the day-to-day management of a hotel asset via a third-party operator, means property owners can leverage the experience and efficiencies that these companies can offer.

“Once an investor has assessed their short, medium and long-term objectives and established their appetite for risk, they need to consider how much operational control they would want to have and, in many cases, the answer to that question is ‘none’.

“Investors new to the commercial accommodation sector would not necessarily have knowledge across the operational, financial, health and safety, compliance, marketing or revenue management demands of a hotel or lodge.



**“THIS WHITE LABEL MODEL IS WELL ESTABLISHED AROUND THE WORLD AND WE’RE SEEING MORE OF IT IN NEW ZEALAND.”**

WAYNE KEENE, BAYLEYS NATIONAL DIRECTOR HOTELS, TOURISM AND LEISURE

“It makes sense to engage the services of a company that can drive efficiencies in costs and outgoings, propel productivity, and provide the systems, tools and support to optimise the value of an asset and to protect the brand within the market.”

With construction and development costs rising, a squeeze on available developable land in pivotal locations, and financing challenges for the development sector, Keene says competition for existing accommodation assets is likely to increase.

“A white label solution could assist in repositioning an accommodation property in the market – perhaps after a

refurbishment, rebranding or value-add programme for example.

“White label management could also underpin an exit strategy for an hotel owner, making the asset more appealing for an investor looking for sound reporting data and wishing to remain at arms’ length of the day-to-day running demands.”

Another area that investors may not be completely au fait with, is the role of technology in the hotel sector and the way it can enable an accommodation business to be heard above the market noise and cluttered online world.

“From reservations software and room inventory management, to website and app management and customised reporting for stakeholders – there’s a technological answer, and experienced management companies can offer smart digital solutions and expertise.”

#### PROVIDING CHOICE

Global hotel franchise group Choice Hotels operates in New Zealand, Australia and around the world across five different brands from the full-service Clarion brand to the upscale Ascend Hotel Collection, and mid-range brands Quality, Comfort, and Econo Lodge.

As franchisor, Choice Hotels often works with white label management partners to provide a highly effective solution for hotel owners seeking to improve revenue and operational efficiencies which, as the accommodation world resets, becomes even more significant.







Armstrong says competition is tough in a tightening economic environment, and hotel owners who are out on their own are beginning to wonder how they can compete with other brands.

“Having Choice’s trusted brands and powerful national marketing behind them gives independent hotel owners confidence and a real edge and we find that our brands really stack up in the market.

“Choice offers global brand exposure, expansive revenue opportunities, and direct delivery channels, along with day-to-day management, operational efficiencies, and a profitability focus, which ultimately improves property performance and delivers strong financial outcomes for owners.

“White label management can include overseeing routine operations, staff, financial and accounting systems, sales teams, marketing support, and revenue management services.

“The relationships we have with our white-label management partners give investors and owners the assurance that there is a level of professionalism and expertise in what is an incredibly fast-moving environment.”

Inherent flexibility in tailoring a white-label management tool kit gives hotel owners peace of mind that they can optimise their hotel’s profitability while concentrating on their own strengths, and assuring investors that operations are well managed allowing them to grow their portfolio, and creating efficiencies across multiple properties.

White label management together with a Choice Hotels franchising opportunity ensures operational optimisation backed by strong and trusted branding and the ability to leverage group marketing, loyalty, and distribution services.

“Choice Hotels is one of the largest pure-play accommodation franchisors in the world, and while we don’t offer management in-house in New Zealand, we do have several partnerships with white-label management groups in the Asia-Pacific region that we can put forward as options for owners,” explains Armstrong.

A key attraction for owners and investors is the expert revenue management services Choice Hotels brings to the table when it partners with white label service providers.

“Over the past few years, our revenue management offering has been a huge differentiator for properties, with hotels using these services consistently outperforming the market,” says Armstrong.

“Across 2022, RevPAR (revenue per available room) for Choice brands in New Zealand was up seven percent and ADR

(average daily rates) were up 10 percent on pre-COVID figures from 2019.

“However, hotels using our revenue management services saw an 11 percent increase in RevPAR over 2019 figures, which shows that the group expertise we deliver on rate setting can make a significant difference in a tight market.”

Armstrong says he’s focused on growing Choice Hotels’ presence in New Zealand by bolstering its existing portfolio of franchisees and by having multiple Choice Hotels brands in each location it currently occupies, providing a spectrum of options for guests.

“We’re also seeking new franchisees in markets where we experience high demand from our preferred corporate and leisure clients – the likes of Auckland, Hamilton, Rotorua, New Plymouth, Wellington, Nelson, Dunedin, and Queenstown.

“These high-demand locations are across all brands and market segments with our corporate and leisure clients representing a broad cross-section of the market who travel and stay at a variety of accommodation levels, depending on their reasons for travel.”

Armstrong says one of the biggest challenges for owners and investors is defining the service offerings they require and ensuring that they optimise the franchise and white label management relationship’s strengths.

“Choice brings a strong brand, powerful marketing, revenue management, smart procurement solutions, global distribution, worldwide sales power, the Choice Privileges loyalty program with over 530,000 members in this region, ongoing support, and contractual flexibility.

“Because we have existing relationships in place, we can offer owners live examples to compare against, and help them define exactly what they need to create the best brand and operations model for their hotel.

“With our partners, we offer a complete solution allowing for a seamless experience for the asset owner and as the franchise agreement and hotel management agreement are independent of each other, both parties keep each other accountable, and ensure we deliver strong outcomes to owners.”

### BESPOKE SOLUTIONS

Fully New Zealand-owned and operated hotel management and tourism company Capstone Hotel Management, oversees a wide range of hotels and lodges nationwide.

Capstone brings an innovative approach with a broad operational knowledge and decades of experience to the way they represent their clients’ interests.

Priding themselves on having a deep understanding of this country’s tourism industry and its nuances, and in particular, the intricacies of regional New Zealand, Capstone is able to provide bespoke solutions to their clients with everything from deploying change management strategies through to a complete hotel rebrand or a new management mechanism.

Capstone Hotel Management managing director Clare Davies says flexibility is key, in the quest to ensure hotel owners can deliver a superior guest experience, and see profitability across their asset.

“We understand that each hotel owner has unique preferences and requirements, and we can tailor our services accordingly.

“By offering a range of services, from full white labelling to partial white labelling, hotel owners can choose the level of service they require, which can be particularly beneficial for those with small and medium-sized hotels.”

Davies says it is important to apply a well-developed, profitable strategic approach to building a hotel brand for the long term, and overlaying this with the flexibility of a management solution such as white labelling means the asset value can be protected and enhanced.

**“EACH HOTEL OWNER HAS UNIQUE PREFERENCES AND REQUIREMENTS, AND WE CAN TAILOR OUR SERVICES ACCORDINGLY.”**

CLARE DAVIES, MANAGING DIRECTOR, CAPSTONE HOTEL MANAGEMENT

“As a white label operator, Capstone can enter into a management agreement with an owner to manage a hotel either as an unbranded hotel, or as a branded hotel, under a franchise agreement which the owner is party to,” she explains.

“This joint experience increases asset value through a variety of initiatives, along with providing flexibility for the owner of the asset long term.

“Further, our offering gives the owner surety that their investment in marketing spend is going back into their own hotel’s identity and relieves them of costly rebranding should they ever decide to move on from a major brand.”

Staffing challenges are just one of the side effects that the pandemic has created for the wider tourism sector, so Capstone Hotel Management’s white label offering can relieve hotel owners of the stresses associated with personnel.

“Our approach allows hotel owners to outsource their operations, including staffing and day-to-day operations.

“This is particularly beneficial for hotel owners who live offshore or are wanting an investment where they are hands-off and removed from the daily demands of the asset.”

Davies says when assessing an accommodation operation for a management solution, Capstone looks at the property’s potential for long-term growth with a focus on delivering yields.

“An owner’s willingness to take frank feedback onboard based on trust and transparency, and to invest in their asset to maintain it to a viable level, is vital for a long-term sustainable relationship on both sides.

“Growing a successful operation takes an honest partnership between owners, management and the hotel white label partner.”

