



## IMPACT STUDIES

### Methodology for conducting Impact Studies

- ❑ *Comprehensive evaluation of applicant's and franchisee's properties including location, accessibility, visibility, facilities, age, market position and condition.*
- ❑ *Determine the location of all pertinent major sources of business and prime competitors.*
- ❑ *Study geographical relationship of subject properties including significant traffic patterns/conditions and drive-time factors versus distance.*
- ❑ *Compare and contrast main facilities, services and room rates.*
- ❑ *Analysis of market segments and sources of business.*
- ❑ *Assessment of management and marketing strengths and weaknesses of both properties.*
- ❑ *Review of market area including relevant population and economic data, growth trends, highway influences, and explanation of factors affecting future growth or decline.*
- ❑ *Summary of historical and recent statistical data on occupancy, average rate and review of competitive hotel facilities related to both properties.*
- ❑ *Conclusions of impact on franchisee's property and estimate of impact expressed in room nights and percentage points of occupancy, estimated effect on average room rate, and estimated effect on food, beverage or other revenues.*

**Hotel Consulting International** has provided the hotel industry with skilled research, analysis, valuations, impact studies, and optimal management brand affiliation and strategic advice on over 1,000 hotels throughout 40 states and 28 countries. All members of the professional staff at **Hotel Consulting International** have hotel management backgrounds and extensive knowledge of hotel markets. The principal of the firm has 25 years of hotel operations, ownership, development, consulting and valuation experience. The principal's designations include *Counselors of Real Estate (CRE)*; *Member Appraisal Institute (MAI)* and *International Society of Hospitality Consultants (ISHC)*.

Impact Studies are requested by a hotel chain, or by the franchisee, as a result of an existing hotel objecting to another hotel being added to the chain. Most chains have formal policies that define when a franchisee can object to an addition to the brand. In addition, some chains will also define the area of protection and the level of impact that will determine the acceptance or denial the application for the additional franchise. Other hotel chains consider impact studies on a case-by-case basis. The purpose of an impact study is to estimate incremental impact, the potential loss to an existing franchise when another same-brand hotel is added within the same hotel market. **Hotel Consulting International** is uniquely qualified as an independent third party when there is an impact issue.

Over the past few years, **Hotel Consulting International** has performed over 30 impact studies. Examples of organizations that have commissioned Hotel Consulting International to perform impact studies include Best Western International, Choice Hotels, City of Coral Gables, and litigation support regarding an impact issue. The typical methodology we utilize to conduct impact studies is shown within the side bar to the left, however we are flexible enough to tailor the scope of our studies to the unique needs of the individual project or the requirements of the firm requesting the impact study.

An important element of our analysis is our emphasis on comprehensive fieldwork including interviews with representatives of the subject hotels and market information. This commitment in combination with our hotel industry experience and knowledge separates Hotel Consulting International and ensures a comprehensive and accurate impact study.