

My Place Hotels CEO: The Economy Hotel of Yesteryear Is Dying

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My Place Hotels CEO Ryan Rivett's views on hospitality are contrarian, but judging from the growth of his brand, he just might be onto something.
— Deanna Ting

My Place Hotels CEO Ryan Rivett has a special reverence for classic economy hotels, especially the Super 8 brand, which his grandfather, Ron Rivett, co-founded in 1973.

In fact, the Rivett family still owns and operates the first-ever Super 8 hotel in Aberdeen, South Dakota. Today, the Super 8 brand is owned by Wyndham Hotel Group.

But if you were to ask Rivett what he thinks about the state of economy hotels today, his answer might surprise you, especially since he's spearheading his own independent midscale/economy extended stay brand, My Place Hotels.

"As I look at the economy [accommodation] segments from the late 1970s, the 80s, and the mid-90s, I think the economy segment, in general, is really at the end of its lifecycle," Rivett said. "Certainly, it's been pushed down quite a ways from where it was. Most properties — not all — but most, are aged and not as well maintained and not as economically viable for guests as they once were."

Not only that, but midscale and upper midscale hotels have also seen their quality deteriorate, he added.

"Brands have seemingly taken intentional steps to push those products down a scale, or even re-flag within their parent company to make room for a new product that fits in with what's popular," Rivett said.

All of this, he said, is partly what prompted him and his grandfather to consider launching a new brand that would take the "fundamentals of economy hotels" in terms of "efficiency" but do it in a way that's not what we traditionally would think of as necessarily economy or midscale.

With My Place Hotels, Rivett hopes to redefine what it means to run a popular, franchise-based extended stay hotel brand — to create a brand that's priced and operated like an economy/midscale hotel, but punches above its weight when it comes to the overall experience.

"We're transcendent of what economy and midscale [hotels], as most of us know, [them] today are like," Rivett said. "I wouldn't say we're directly comparable to the upper midscale properties, but we certainly do service a lot of guests who would typically stay at an upper midscale property."

While Rivett wouldn't provide a panacea for what ails the majority of today's economy hotels, he did note, that My Place takes the best of what his family learned from running the Super 8 brand, one he calls "an affectionate reference," and brought it into the popular and in-demand extended stay space.

And so far, that formula seems to be working. The My Place Hotels brand is only six years old, but it already has a portfolio of nearly 40 economy/midscale extended stay hotels throughout the United States, with 40 more on the way, increasingly in major gateway cities such as Nashville, Dallas, Portland, and Chicago. Eventually, Rivett would like to see the brand grow outside of the U.S., too.

The extended stay market shows no signs of slowing down, either. Extended-stay hotel occupancy rose a full percentage point and saw one of its highest occupancy levels in the first quarter of 2018, despite the fact that more than 26,500 new extended stay rooms opened in the U.S. in the past year, according to The Highland Group.

In addition to having some strong opinions on the state of economy and midscale hotels, Rivett shared with Skift his thoughts on where the industry is headed, as well as his own strategy for growing an independent franchise hotel brand.



My Place Hotels has expanded throughout the U.S. in just six years. Source: My Place Hotels

INVESTING IN THE GUEST ROOM VS. COMMON AREAS

At a time when a number of hotel brands, including Extended Stay America, are actually increasing their investments in public spaces, such as lobbies and bar areas, Rivett's My Place Hotels are doing the opposite, and putting that money toward guest rooms.

"I've heard that the average in the limited service and extended stay segments is somewhere around 60 to 65 percent of the building being rentable space," Rivett said. "Ours is 79 percent as is, calculated off of our prototype. So, we have a lot more efficiently laid out space by eliminating some costly areas, by focusing on the feel, comfort, and the accommodation within the room more so than creating large spaces in common areas."

When asked if he'd ever reconsider that stance and implement a revenue-generating dining outlets to utilize common spaces, Rivett said he "doesn't expect to give any consideration to integrating a greater food-and-beverage model into My Place."

He did, however, note that a soon-to-open My Place location will feature a bar/lounge that is connected to the main hotel building. Still, Rivett added, "I'm not necessarily in favor of making hoteliers food-and-beverage operators."

Essentially, Rivett said he believes hotel guests would rather have more space in their guest rooms than more common space areas — a direct counterpoint to the current microhotel room trend.

TRENDS ARE FLEETING

Another way in which My place differs from some of its fellow hotel peers is that Rivett is not at all interested in chasing trends or trying to transform his brand into a lifestyle.

"I think products that come out that are so heavily leveraged on those minute elements, or those key lifestyle features, they don't necessarily make it because when the trend does change — when others around them learn from what they're seeing and make something better — they quickly find themselves in a position of being fundamentally obsolete," Rivett explained.

That doesn't mean, however, that My Place Hotels is a brand that's immune to change or evolution. Rivett said the brand is constantly evolving, but he's not interested in trying to deliver a "lifestyle" product, although he does appreciate what they do to elevate the overall industry.

"We know we can't just be My Place, the simple, fundamental, used-to-be-Super 8-type company," he said. "We certainly are focused on evolving and continually making ourselves better by listening to both our franchisees and our guests."

While design- and trend-driven hotels may appeal to guests on a temporary basis, the most successful hotels, Rivett noted, are those that appeal to the largest common denominator.

"At the end of the day, the largest hotel segments have always been those that are not necessarily boutique or lifestyle oriented in nature," he said. "They've always been the hotel segments and the products that are capable of meeting the demands of the greatest volume of people traveling."

WHY FRANCHISEES AND OWNERS MATTER MORE THAN EVER

Rivett said one defining feature of My Place is its emphasis on the hotel owner or franchisee, especially since Rivett himself is a franchisee and developer as well.

He noted that, in general, there is a tremendous amount of "discord among franchisees" in the hospitality industry today, and that more brands "need to pay close attention to their franchisees because, at the end of the day, that's really the only thing driving their business."

"If franchisees aren't happy or aren't successful, we as the franchisor aren't going to be happy or successful," Rivett said.

WHY AIRBNB ISN'T A THREAT TO EXTENDED STAY

When asked if he thinks the popularity of homesharing or private accommodations poses a threat to extended stay hotels, Rivett said he didn't see any competition.

"We haven't seen any impact on our business," he said. "I know a lot of that is relative to market locations. So, if we were in Manhattan or Miami or more densely populated urban areas, or greater resort markets, we'd see a little bit more competition from them."

Like other hoteliers, Rivett also sees Airbnb transforming "into more of a booking channel than a platform of operations or a product type."



A guestroom at My Place Hotels. CEO Ryan Rivett says the brand places more investment in spacious, amenity-filled guestrooms than in focusing on building out common spaces. Source: My Place Hotels