

# Birthplace of Budget

**Norfolk-born Econo-Travel, now the hotel chain Econo Lodge, was the pioneer of budget hotels. GARLAND POLLARD looks back at the formerly plaid-painted motels, whose groundbreaking first location still takes guests on Norfolk's Military Highway.**

In May of 1969, if you were anywhere around the intersection of Virginia Beach Boulevard and Military Highway in Norfolk, you might have seen a, ahem, *hot*-looking young "mascot" hanging around, named Sandy Econo. Leggy "Sandy" was dressed in short Scottish skirt and tam, and she visited neighboring businesses with brochures, telling them all about a new hotel concept at 865 Military Highway, called Econo-Travel.

"No matter which office she visited, she got in," recalls Lloyd Tarbutton, a Norfolk businessman and an initial partner in the venture, which grew from a single location across from what became Military Circle Mall into a chain of 800 hotels today under the brand Econo Lodge. As the chain grew, there wasn't just one Sandy. Like Ronald McDonald, there were many, and when Tarbutton sold the chain in 1983, there were 309 locations, with "Sandy" opening motels across the eastern U.S. "As we got large, we had to have more of them," says Tarbutton, now a resident of Naples, Florida, and Virginia Beach.

Before Super 8 (founded in 1972) and others, there was Econo-Travel, dreamed up by Norfolk developer Vernon Myers and his son. They were intent on creating a new business category by filling an important market need—a clean, cheap hotel. They worked in the same office building as Tarbutton and one day came to him with drawings for Econo-Travel, an idea that Tarbutton had been exploring, too. Myers Jr. had drawn up a prototype for the motel and was intent on selling the plans for \$2,000.

"I have to give Mr. Myers some credit," says Tarbutton. "He always saw opportunity." Myers, who had built much of 21st Street and another hotel called the Lafayette, created a motel that was different. At that time, most hotels were full service. While not all had bellhops, the typical Holiday Inn, which ruled the road in those days, had a restaurant, a pool and sometimes even a bellhop. All that was nice, but it left a market for more basic rooms.

Myers' son, Vernon Jr., had drawn up the idea for an Econo-Travel Motor Hotel. The motel had 48 rooms, a small lobby, a small manager's apartment and nothing else. Myers had been trying to get



investors interested in this, to no avail. Often Myers came to Tarbutton with ideas. But "something just seemed to tell me this is right," recalls Tarbutton.

When Econo-Travel started, Holiday Inn had just quit a test project called Holiday Inn Junior, and Tarbutton had a hard time finding financing, as the budget category of hotels had been proven unsuccessful. Tarbutton still took on the project, finding investors and money, and doing extensive market research to see if the concept would work. In the creative process, they simplified the costs of a hotel room and created many innovations now standard in the industry. For instance, most hotels at the time had beds on legs. Tarbutton put the mattresses on boxes, so maids wouldn't have to clean underneath and customers wouldn't lose belongings. Telephone switchboards were automatic, maid closets were close to rooms and managers even had an electric panel to shut off electricity to empty rooms. Later, Tarbutton even dared to try out an extreme innovation—the non-smoking room.

The initial hotel on Military Highway, built for \$275,000, was

profitable within 21 days. It sold rooms for \$7 single, \$9 double and \$11 for four. Today, the hotel is owned by Hampton-based Allen Management, which owns 13 Econo Lodges across Virginia. Investor Lou Allen got involved in the Econo-Travel business early on as one of the first franchisees, building a motel on Mercury Boulevard in Hampton and later acquiring the original.

It hasn't been all easy. Franchisor-franchisee relations, always a challenge in any sort of franchise business, have often been adversarial, but through it all, the Allens, and many other franchisees, have stuck with the brand. Son Michael Allen, now president of Allen Management, attributes the success to how the brand weathered downturns like the 1973

oil embargo. "Things went to hell," says Allen. "In better-off times, you wouldn't make as much. But in bad times, you wouldn't go bankrupt."

Michael Allen started with the company in 1982; his brother Kevin is also involved. Their father, Lou, is still chairman. While the product has changed slightly over the years (sadly, the kicky little Scottish man came off the signs in the 1980s and the plaid left in 1991), the chain is still focused on budget travelers who choose to "Spend a night, not a fortune."

The brand went through ups and downs and a number of owners after the founders, including investor Ben Douglas, who moved the company to Charlotte. Between its founding and growth, tensions grew between the company and franchisees. But it "kept ticking," says Allen, until it fell into the hands of investor Paul Wallace, whose fund bought the brand and then sold it to what is now Choice Hotels International, about doubling his

money in three years. Today, Choice has capital, international marketing strength (it owns Quality Inn, Comfort Inn and Clarion, among other brands) and a diverse franchise base.

Today, Kevin Bradt, Econo Lodge's senior director of brand strategy, sees continued growth, though he has no plans to revive the Scottish man. When Choice, of Silver Spring, Maryland, bought the company in 1990, the chain was about 600 properties and now includes more than 800. It has also gone outside of the U.S. "There is plenty of room for international expansion," says Bradt. "Econo Lodge already has a strong presence in Canada, and we currently are looking at other international markets."

The brand is no longer in the extreme budget category—Choice also owns Rodeway Inn, which is even cheaper. But the brand is still growing. "Last year, Econo Lodge had a record year in development, and we continue to see great things ahead," says Bradt.

Today, Sandy Econo is gone, but the company remains. Looking back, Tarbutton is glad he grasped at this opportunity that came in his door. And when asked, he dares to say that there was a bit of providence in it, as well. "God gives us all the abilities," says Tarbutton. "If we want to use them, it's our choice."

He recently told his grandson, just entering college, that he should stop worrying that everything has been done in business. Humans always have new desires, and that will never change. "Everything hasn't been done," says Tarbutton. "There are still lots of opportunities. Opportunities are not lost. They are just picked up by somebody else."

*A history is at [elfa.org](http://elfa.org). Stay in history and make reservations at the first Econo Lodge at [APlusLodging.com](http://APlusLodging.com) or [ChoiceHotels.com](http://ChoiceHotels.com).*



