

Interview: Preferred Hotels President Lindsey Ueberroth

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Upscale and luxury hotel collection Preferred Hotel Group this summer will shift its loyalty program to a "currency-based" redemption system. President Lindsey Ueberroth spoke recently with Business Travel News lodging editor Michael B. Baker about the new program, Preferred's corporate sales and trends within the luxury tier.



Lindsey Ueberroth

How are your hotels performing so far this year?

It's been a great year for Preferred. Clearly, we're not quite back to pre-recession times, but we're really, really close. Our reservations revenue is up 19 percent, so we have about \$730 million [in 2012 reservations revenue]. Our overall bookings are up close to 15 percent. We're even seeing corporate group travel way up. It's been the best year in the history of our company in that. Meetings are coming back, and incentives are coming back, and they're coming back at higher average daily rates. It's been a positive year. We've added about 100 hotels across our brands, and we're opening properties in new and unique destinations.

What sort of destinations?

Places like Iraq and Georgia. A lot of things are opening up in North Africa. Here in the U.S., we've just added a lot of great, wonderful, iconic properties like the Mark here in New York, the Jefferson in Washington, D.C., and the Wynn Encore in Las Vegas.

A lot of hoteliers still say group business has been sluggish. Your hotels have seen otherwise?

One of the benefits of being an independent hotel is that you can fly underneath the radar a little differently than some of the chain luxury brands. Even though they're affiliated with Preferred Hotels and Resorts, because they're called the Montage Hotel, it doesn't register the same way as if you were staying at the St. Regis or Four Seasons. Our hotels have benefitted from that.

How is your rewards program changing?

On Aug. 15, we are relaunching our I Prefer program. It's a big change for us in the sense that we're going to be the first global independent hotel company to launch a points-based program. But it's different than the other points-based programs, because it's going to be a currency-based program. Like the other programs, you earn a point for every dollar you spend on room revenue, but on the redemption side, you're actually going to be able to redeem those for reward certificates in \$50, \$100, \$250 and \$500 increments, which then can be used toward your hotel room or in the restaurant, spa, golf or other ancillary spend on property. It's entirely transparent to the consumer.

You're not sitting there, saying, 'How much are my points worth now to get a free room?' and it gives a lot more flexibility in terms of how they spend on property or whether they even have to be staying at the hotel to use a rewards certificate. Redemption can happen faster, too, because of the way the thresholds are set up. We're also going to have tiered statuses within it. As with most other ones, as you become more loyal and stay longer, we have silver, gold and platinum statuses, so as you move through the tiers, you get more benefits for things like upgrades and different amenities when you're at properties, and when you hit platinum, there's a 10 percent additional points-earning capacity.

Will that be a selling point for corporate customers?

Now, there's an option for them to stay at independent hotels. A lot of our hotels are in the major corporate programs, but when push comes to shove, they'd prefer to stay at a chain so they can get points. In addition, to some of the programs it was seen as a benefit to be able to pass on those points to the corporate travelers, and we weren't able to offer that in the past. There will be a lot of focus on not only communicating and educating that to the corporate entities but also incentivizing those that communicate and deal with the corporate traveler, to say that there's this new program and make sure they're enrolled in it.

How is your sales team structured?

Our sales team is all over the globe, and we're divided by corporate sales, leisure and group. Our corporate sales teams work regionally, or where that account might be headquartered. During the request-for-proposals seasons, we use Lanyon as our tool to do the corporate RFP process, and it's our sales team's responsibility to work with the corporate procurement person to put our hotels that are appropriate into the program.

Has it been growing?

We add to the sales team every single year. For one, as we grow within markets, we need to add resources, and that's a labor-intensive process. We have a team in Newport Beach who is responsible—once hotels get accepted—for making sure everything gets loaded.

Will more independent hotels be looking to companies like Preferred as the distribution landscape becomes more diverse?

To truly be independent would be incredibly difficult. The number of distribution channels continues to grow, and hotels have to understand which of these channels they want to participate in and why, and have the technology to help manage the channels. To do it one-off doesn't make any sense. Those are the benefits of being with partners like us and others. We've got the revenue account management team that's helping you evaluate what you're doing with distribution and rate yielding. Every day, you hear about new [distribution] companies being started with some new spin. The actual distribution channels are getting more competitive in pricing, but to get [travelers] to land on the channel you want them to book on, whether it's keyword search or having a presence in social media, which also keeps involving, there's a lot of investment that goes into that.

What about the "soft brands," like Marriott's Autograph Collection and Choice's Ascend Collection?

We knew we competed with the chains in a sense, but now, we're truly competing in that space because they decided to get into it. It's a very complimentary thing, but it adds a little more pressure.

What have you been doing in mobile?

We launched a brand new website for all our brands in April, and we launched mobile as well. As we're watching this trend, mobile will start to eclipse bookings on the web.

Have you seen any changes in what travelers expect in the luxury tier?

We have an umbrella of brands that goes from luxury to upscale. For our luxury hotels, some say this is the best year they've ever had. Everybody's gotten over the idea that they can't spend on luxury. Things are evolving a bit in the sense that luxury is becoming more causal. The guy walking in to buy a Lamborghini is not a guy in a suit. It's a guy in shorts, a T-shirt and flip-flops. They want a luxury experience, but they want it on their terms. Technology also is driving where a lot of our hotels are investing a lot of their money. What is the in-room entertainment experience like? That consumer expects that whatever is in that hotel room to be just as good as what they have at home. The Wi-Fi better be as fast as what they have at home, and they should have access to things on the four devices they show up with.