

Celebrating A Golden Jubilee Preferred Hotels Eyes Further Growth On Strength Of Loyalty Program, Executive Talent

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By Kerry Medina

Celebrating its 50th anniversary this year, Preferred Hotels & Resorts proudly claims to be the world's largest independent hotel brand representing more than 675 properties and small hotel groups across 85 countries. But Preferred announced more than just its semi-centennial in January as the Newport Beach, CA-based firm released its year-end results for 2017 when reservation revenues generated on members' behalf totaled \$1.35 billion, an increase of 22 percent over the year prior.



The Hotel Unique in Sao Paulo, Brazil

The brand's portfolio grew more than 15 percent with 103 properties joining the Preferred stable. In 2017, the I Prefer loyalty program also saw an 84 increase in stays, compared to 2016, more than \$4.8 million in member rate reservations revenue for participating hotels and 50,000 downloads of the I Prefer mobile app that launched last April.

According to CEO Lindsey Ueberroth, the outlook for 2018 is equally as strong. "This momentum, along with the continued uptick in corporate business globally, the growth of our I Prefer hotel rewards loyalty program that is also helping drive more leisure and corporate business, and the promotions and packages we have launched to celebrate our 50th anniversary are all contributing to a very strong year ahead," she said.

A strategic global development plan has also played a significant role in Preferred's success. Also on the docket of this year's objectives is increasing the Preferred Residences collection from 70 properties to 100 globally. But a third component of the strategy is to bringing more new builds into the fold as well as de-flagged chain properties. "We have continued to see great gains in these two areas and are excited to keep them as a focal point in our development strategy," Ueberroth noted.

While the company has made strides in expanding into new markets, such as Chennai, India and Riyadh, Saudi Arabia, it also continues to build in traditional markets like New York City and Barcelona. But the focus is not strictly on expanding the portfolio, but also on including properties that resonate with Preferred guests and are located in markets to which the brand's demographic travels.

To that end, Preferred targets three geographic areas, beginning with a hub-and-spoke approach that starts with city centers or gateway destinations and then emanates to surrounding areas and complementary markets. Emerging markets run the gamut from Africa, where South Africa is the priority, to China and parts of South East Asia. "Gap cities" are also a consideration.

"Globally, there are still developed markets where we have little or no presence so we are focusing on establishing or expanding our awareness in those destinations which include Berlin, Frankfurt, San Francisco, and Johannesburg," Ueberroth explained.

Internally, the CEO has also executed on her vision to expand the company's executive team to complement family leadership with fresh, outside talent. In February, Ueberroth promoted Michelle Woodley to president and Caroline Michaud to executive vice president, corporate communications and public relations. Kristie Goshaw also joined the company as the new chief marketing officer.

"The success of 2017 is what motivated me to focus even more on harnessing leadership and talent outside of the family," Ueberroth explained. "As I looked at the future of the business, I had to really evaluate my own personal bandwidth and where my strengths and talents were best put to use and where I needed more expertise outside of my skill set. I have confidence that bringing in new outside talent and promoting existing leadership in the company would springboard greater, faster, and more strategic growth."

Woodley is actually a 15-year veteran of the company, having previously held roles overseeing marketing and distribution and revenue management. She was involved in Preferred's 2015 rebranding, a move that she described as "moving the business from a house of brands to a branded house."

A multitude of sub-brands under Preferred were consolidated into the current five collections, with Preferred now the single and overarching brand. Today, the Preferred brand has a single URL, a single chain code (PH) and a marketing budget that stretches further with just one brand to support. "We saw payoff for all of that in 2017," Woodley said.

She also credits last year's successes to some more recent changes in business practices, including a greater focus on developing the Preferred Residences collection, which brings together residential-style accommodations with hotel amenities. The launch of the I Prefer app also played a critical role in 2017's positive year-end numbers. More than 10 percent of the app's total downloads came from new members. "Now that we know the demand is there, there will be more enhancements by the end of the year," Woodley added.

Woodley also said that Preferred has opened the door to offer hotels consulting services such as revenue management consulting, digital marketing and e-commerce along with public relations and social media.

Future development objectives for the company include further building out this segment of the business. "We have already executed on some very strong projects in the areas of revenue management and public relations, and are committed to growing this area to drive more success for both our company and our member hotels," Ueberroth said.

The CEO is also seeking new opportunities that will diversify Preferred's current business model through the acquisition of complementary travel and hospitality companies that operate across a spectrum of disciplines. The strategy is designed to maintain Preferred's position in the independent space while executing on other key strategies with innovation and efficiency in order to enhance benefit offerings to internal and external stakeholders.

Ueberroth's strategy also lends itself to the traveling public. "I want to have the Preferred brand globally recognized for exceptional, one-of-a-kind independent hotel experiences, which will result from a strong and continuous consumer awareness campaign," she hinted. Expect the international sign of hospitality, also the brand's logo—the pineapple—to have a prominent presence in the campaign.