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Preferred
HOTELS & RESORTS



HIT REFRESH

On its 50th anniversary, Lindsey Ueberroth, CEO, Preferred Hotels & Resorts reveals how the brand is expanding its hotel portfolio and refreshing its loyalty programme

BY VINITA BHATIA

Here is a quick question, what's in a number? Well, sometimes it depends on the number!

50 is proving to be magical number for Preferred Hotels & Resorts. As it geared up to celebrate its 50th anniversary, global provider of sales, marketing and distribution services to independent luxury hotels, decided that the time was right to make some momentous changes all around – changes that had not happened for several decades.

It followed its decision by announcing three executive appointments that marked a significant shift in the leadership structure of the family-owned and operated company. These appointments come at a pivotal moment in Preferred Hotels & Resorts' history and signal the Ueberroth family's strategic focus on driving growth and innovation to ensure future decades of success for the Preferred brand. Michelle Woodley was promoted to president; Kristie Goshow was named as chief marketing officer; and Caroline Michaud was promoted to executive VP, corporate communications and PR.

"With a goal of positioning Preferred Hotels & Resorts as the world's most recognised independent hotel brand globally, we have made the strategic decision to harness the skill set of experts in key functional areas outside of our family, which will allow us to augment our existing strengths and better position our company on a global scale," said Lindsey Ueberroth, CEO, Preferred Hotels & Resorts.

She added that over the past 16

years, the company has witnessed year-over-year growth, irrespective of the economic times, and the Ueberroth family has realised that to continue this accelerated growth it was important to bring in people from outside the family with strong skills to manage the business. "Personally, there was a reality check about bandwidth – about how much I can manage. That was when I realised about where I should focus on leveraging my strength and leveraging the strength of our leadership team. Some family-owned businesses think that by bringing in outside leadership you are somehow giving up control, but in reality it actually allows us greater control over the company's future." No wonder, then that Ueberroth is excited to bring in talent and promote people within the company when it comes to leadership roles.

A PROUD HERITAGE

The good thing about working with a brand that has a 50-year legacy is that it has a strong foundation on which the team can keep building. And Ueberroth plans to do just that, as more hotel owners seek an option separate of the hard brands to promote and leverage their properties.

The Preferred Hotels Association was started half a century ago as a referral organisation. Over the past five decades, it has evolved to become Preferred Hotels & Resorts, offering its services to over 650 member hotels, resorts and residences

The I-Prefer loyalty programme currently has 2.5 million members and Preferred Hotels & Resorts plans to add half a million members to it by this year-end



➔ The Chedi Mumbai

across 85 countries. It was 14 years ago that the Ueberroth family took ownership of Preferred Hotels & Resorts and since then the brand got a major fillip. Its global expansion was accelerated and it marked its presence in 30 new countries.

Additionally, the company launched I-Prefer Hotel Rewards, a points-based guest loyalty program for independent hotels globally. It also kept adding to its technology, sales, and marketing support services to help its member hotels perform better. It was in 2015 that the company was rebranded from Preferred Hotel Group to Preferred Hotels & Resorts. Lindsey oversaw this transition from one a multi-branded hotel platform to a singular brand with five global collections.

To commemorate its 50th anniversary milestone, Preferred Hotels & Resorts has launched a year-long Golden Anniversary campaign that invites travelers to explore its portfolio of independent hotels through a series of consumer-driven initiatives. This includes social media campaigns with the #PreferredCelebrates50 hashtag, a Golden Anniversary package; a bonus points

booking incentive; and a dedicated Golden Anniversary microsite that will serve as the hub of all related activity throughout the year.

“Our hospitality brand’s story is an incredible one. It is testament to growth, innovation, perseverance, and the strong value the global travel community places on the truly independent hotel experience,” Ueberroth said. “United by a deep passion for hospitality, our global network of associates and hoteliers continues to embrace authentic travel as an important and essential part of life. We are so excited to celebrate this momentous occasion with travel enthusiasts worldwide through our Golden Anniversary Campaign, which honors our strong heritage while highlighting the opportunities for discovery and evolution that lie ahead.”

SET TO IMPRESS

The Chicago-based company clocked \$1.35 billion in reservations revenue on behalf of its member properties last year. Globally, it added 103 properties in 2017, of which seven were in India. This included The Chedi Mumbai, Turyaa Chennai, WelcomHotel Coimbatore, Shahpura

House, Shahpura Haveli in Rajasthan, Feathers-A Radha Hotel in Chennai, and Fortune Inn Promenade in Vadodara. Preferred Hotels & Resorts launched its Indian operations with The Imperial New Delhi in 2002, which is still part of its portfolio. Starting with just three hotels, it has steadily expanded this to 35 Indian member hotels, including brands like The Leela Group, Roseate Hotels & Resorts (Bird Group), Suryagarh, Fortune Hotels, Raintree Hotels.

“New Delhi is our largest regional hub offices providing IP to some of the other offices around the region that I directly oversee. Of the 40 member hotels across South Asia, 35 are exclusively in India,” informed Saurabh Rai, executive VP, Preferred Hotels & Resorts. “We hope to increase to 50 hotels by 2020.”

He added that the last financial year, the company packed in around \$18 million business in the South Asia, which was a solid 23% uptake over the previous year during a testing economic phase. A lion’s share of this business can be attributed to India, since 35 of the 40 hotels are in the country and four are in Maldives.

As Preferred Hotels & Resorts looks at adding more properties to its portfolio, will these be hotel chains or independent players? "If we have to be pragmatic about these 10 hotels that we will add in the next two years, about 40% to 50% of them will have to be through organic growth. So hotel chains like the Leela Group, ITC Hotels and Welcome Hotels are growing enterprises and we hope to grow with them," Rai explained. "When we partnered with Leela, it was a four-hotel company, now it has around nine hotels. So, we would like to lean on the organic growth spurts of hotel chains going ahead as well." At the same time, the company is open to exploring partnerships with new hotel groups, especially in new markets like the North East.

PROLIFERATION OF CONSOLIDATION

Globally, the hospitality industry is witnessing growing instances of

mergers and consolidation, giving more power to certain hospitality chains. As these hotel chains become bigger, independent hotel owners and developers often feel comfortable working with them, taking advantage of their brand recall and marketing prowess. In such a scenario, how does Preferred help these its member hotels gain a competitive edge especially when it comes to operating scale and ensuring that they get better bang on their buck?

Uberroth explained that Preferred Hotels & Resorts' business models are quite different from those of the major hotel chains. "So, hotel owners, management companies and developers are very intrigued with the independent business model because they see it as a successful one where they can definitely drive bottomline results and topline revenue," she said. "We provide them

a global sales and marketing structure covering leisure, corporate, and business hotel business. Additionally, there is a backend reservation system that can plug them into different distribution channels, which includes OTAs. We provide them with a working platform in terms of co-operative marketing opportunities, a quality assurance programme, travel trade purchasing programme, loyalty programmes, etc. So while we don't own or manage hotels, we pretty much provide everything else when it comes to the business of hospitality."

BE INDIAN, LIKE INDIAN

Building confidence in Indian hotel owners does take a little hard work. Most of them prefer to be associ-

Preferred Hotels & Resorts has 40 hotels in South Asia, of which 35 are in India.



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➡ Saurabh Rai, executive VP, Preferred Hotels & Resorts.

ated with a hard brand, as they feel that when it comes to bankrolling of their projects, this association can help them get the requisite financial assistance from a financial institution, especially when they are embarking on a new project.

Rai is aware that this was a legacy fact, but he feels that this is changing every year.

"The success of the independent segment in hospitality is inspiring lenders and financial institutions and making them take steps forward to finance independent operators. You can see what quality domestic operators like Taj, Oberoi, ITC, Leela or The Imperial have been to do. These financial institutions need to simply do their due diligence and figure out if an independent outfit is capable to succeed as hard or soft brand," Rai emphasised.

In fact, he noted that increasingly, lenders are paying attention to whether hard brands can manage to pull off the promised bottom line at the end of the year. Ultimately, the business model that can deliver results is the one that is most attractive to them.

Many independent operators are first-generation hoteliers who might not understand the dynamics of the hospitality industry. While Preferred Hotels & Resorts does not own or manage any of its hotels, it does partner with select hotels during the pre-opening stage. In fact, it has a specific business model around that what the preopening services, should a hotel owner or builder want to partner with them, where the company will extend its comprehensive understanding of supporting that project all the way till the preopening and then help launch the hotel within the domain of its business model, which is global sales, marketing distribution and quality support.

Rai elaborated, "We do not lend ourselves too much beyond the point on operating capability, but yes, we are an hospitality enterprise. Hence, all of us are hoteliers and have a great deal of experience as a team, which is at the disposal of hotel owners. So, yes, we do partner with greenfield or deflagged hotels too."

Deflagging seems to be gaining ground, especially as more owners get into the profit protection mode. These could include an individual owner or a financial institution, because ultimately, everyone is focusing on the true bottom line profitability of the hotel enterprise.

Over the past 24 months, a significant number of hotel deflagging has taken place globally, including in India. Rai revealed that out of its upcoming hotel pipeline, Preferred Hotels & Resorts is having discussions with a couple of hotels that currently with a hard brand and are contemplating going independent. "I think this trend would prevail and gain momentum as the independent space becomes a more profitable option for owners and operators.

Preferred Hotels & Resorts has initiated several changes and new programmes to mark its 50th year milestone. It is now time to see how effective these will be in driving its business and helping it reach the various targets it has set itself to ensure better business outcomes for the independent hotels that comprise its portfolio. ■