

In The News 2013-2014

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The New York Times
March 2014

“Loyalty Programs For One-of-a-Kind Hotels”

BY: JULIE WEED

page 2

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ITINERARIES

Loyalty Programs For One-of-a-Kind Hotels

Independents Join Forces to Challenge Chains

By JULIE WEED

It's a decision many business travelers would rather not have to make: stick with the big, predictable hotel chain and accumulate rewards points, or stay at the offbeat independent hotel but give up any rewards.

Now, independent hotels are finding a way around that decision by banding together to offer loyalty programs that reward repeat customers and attract new ones.

Groups including Leading Hotels of the World, the Preferred Hotel Group and the Stash Hotel Rewards program are among the rising number of groups offering incentives to repeat customers who stay at their independent hotels.

The result is that guests "no longer need to choose between staying at a unique property and earning credit toward a free stay," said Jeff Low, chief executive of Stash Hotel Rewards, a three-year-old program that has signed up 200 independent hotels.

A frequent-stay program lets independent hotels better compete with big brands, said Lindsey Ueberroth, president of the Preferred Hotel Group.

"We want to attract customers who haven't stayed at our hotels before and shift the loyalty of corporate travelers, who really value points, away from the chains," she said.

Amy Chen, a community manager for LinkedIn, has loyalty memberships with "all the major chains," she said, but prefers to stay in boutique properties, for their "décor and the intimate feel." She joined the Stash guest reward program when she found out that two boutique hotels she planned to book in Arizona were members.

"It was a happy surprise," she said.

In some cases, the independent hotels may not have the resources to create and manage their own loyalty programs, so "we provide this service for them," said David Rompf, senior director of loyalty marketing at Leading Hotels of the World. His program includes more than 400 luxury hotels.

Typically in these types of programs, points are awarded only to guests who

book directly with the hotel, so the loyalty plans can also be a way to steer customers away from online travel agents, like Hotels.com, which keep part of the nightly rate, Mr. Low said.

A recent study showed that travelers joining independent hotel loyalty programs spent more nights, and dollars, at those hotels. Guests who signed up for the loyalty program stayed an average of 50 percent more room nights and spent about 50 percent more over the course of a year at that hotel than guests at the same hotels who did not join the loyalty program, according to research

Travelers inclined to the offbeat can get upgrades and other rewards, too.

sponsored by Stash and managed by the Cornell School of Hotel Administration and the University of Michigan.

Stash designed its program to be simple for customers, who earn five points for each dollar spent, but flexible for the participating properties to each set their own level of points required for a free night. Stash includes hotels along the price spectrum — current listings in the Seattle area include the Larkspur Landing in nearby Bellevue, an all-suite hotel with kitchens for 7,000 points per night and the trendy downtown Hotel Andra for 15,000 points.

Another independent loyalty program is Voila Hotel Rewards, which includes more than 100 hotels around the world.

The Preferred Hotel Group updated its iPrefer program last year, and about 450 of the group's 650 hotels participate, offering one point for each dollar spent. Guests exchange points for certificates they can use for hotel rooms, and in some cases dining or other products and services. Ms. Ueberroth said she hoped that partnerships and promotions

planned for this year would increase the number of program members to two million from the current one million.

The Leading Hotels of the World group has taken a different path with its program. For a \$150 annual fee, members receive breakfast with their room, Wi-Fi, upgrades and late checkout if available, and one free room night if they stay five times a year. For \$1,200, members receive guaranteed room upgrades, a card that gives them access to 600 airport lounges, membership for three people in their family and other benefits.

Barry Pozmantier travels frequently and has elite status at Hyatt, Starwood and the Intercontinental Group. Despite this he pays the yearly fee at Leading Hotels of the World to receive free room upgrades when they are available. He said sometimes a single room upgrade, like a recent one at Prague's Hotel Paris, more than paid for the annual membership costs.

The independent hotels have a chance to make some inroads with brand-loyal travelers because many of those brands have been making it harder to redeem a free room. Over the last year Hilton and some of the other major hotel chains devalued their loyalty points. Higher-level tiers were added, some hotels were moved to lower or higher tiers (but mostly higher) and some added seasonal pricing.

In January, Hyatt added a new, more expensive redemption level to its program, and in March, Club Carlson, which includes Radisson Hotels, increased the points needed to stay at some of its properties. The chains are aware of the potential effect these changes have on their guests and try not to push things too far, said Daraius Dubash, who runs the Million Mile Secrets travel website.

"The goal is often to move the goal post just enough so that folks keep staying and redeeming points at the hotel chain and don't feel persuaded to give up," Mr. Dubash said.

These industry changes however, represent "one more reason," Mr. Low said, that a traveler might try the new independent hotel loyalty programs.

Lodging

April 2014

“Checking In: Lindsey Ueberroth”

BY: MEGAN SULLIVAN

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APRIL 2014 <<

LODGING

BUILDING A
BRAND
8 INGREDIENTS
TO SUCCESS

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EFFECTIVELY
HANDLE A
CRISIS

TUNE UP
YOUR HOTEL
TO GET MORE
REVENUE

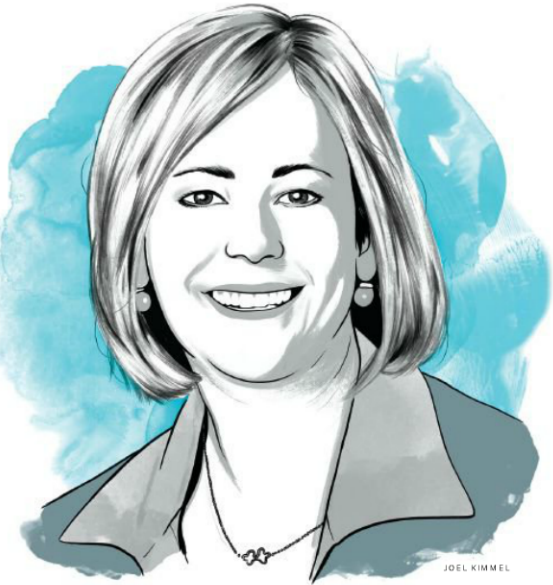
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PRESIDENT AND COO,
DESTINATION HOTELS & RESORTS

f LODGING MAGAZINE @LODGINGMAGAZINE

Checking in Lindsey Ueberroth



FAST FACTS

Title: CEO, Preferred Hotel Group

Years with company: 10

First hotel job: Management trainee, DoubleTree Pasadena

Hometown: Newport Beach, Calif.

Hotel must-haves: Good hairdryer, good bathroom lighting, good WiFi, and easy-to-access outlets

Best advice she ever got: "It's better to be tired than bored. The minute you're bored, you've lost your passion."

IN FEBRUARY, PREFERRED HOTEL GROUP announced the promotion of Lindsey Ueberroth, 38, to CEO. The move is part of a carefully planned and anticipated succession of leadership as the independent hotel company enters its 10th year of private ownership by the Ueberroth family. In 2013, Preferred generated \$834 million in revenue on behalf of member hotels—an increase of 14 percent over 2012—and welcomed 126 new properties. With Lindsey at the helm, the company is in a prime position to grow.

What are your key goals as CEO?

I want to continue to build on the momentum of everything we have achieved to date and set the tone for the next 10 years. There are certain things we're very focused on—the Chinese market is one we're putting a lot of effort into. I'd love to continue to see a lot more hard flags go independent. We're putting a lot of focus on our development team to not only be able to do that but really be able to support it so it's truly a viable option for hoteliers. I want to elevate Preferred Hotel Group's profile to be one that's synonymous with an iconic global hospitality brand. At the end of the day, it's about driving financial success to our hotel partners.

What's in the pipeline for 2014?

We've planned out about 125 new properties, which is pretty strong growth. We're trying to get into markets that we may not have as strong of a presence right now. Definitely Latin America is a big focus for us—we've got a nice presence down there but we would like to grow it; parts of the Middle East and northeastern Africa that are starting to grow pretty rapidly; and obviously China alone will add quite a few hotels.

How has the relaunch of Preferred's guest loyalty program strengthened the company?

The relaunch of iPrefer was a big marker for the company last year. Being the first independent hotel company to have a global points-based program has definitely caught people's eye. It's been successful in a lot of ways. We're seeing a lot of new members join, and we're seeing the buying behavior change. Ownership and manage-

ment companies that previously may not have considered an independent because they know how important these loyalty programs are have been a plus for us.

Do you think there will be a bigger shift of branded hotels becoming independent?

More and more hotel owners are really recognizing the value proposition of being independent and working with a soft brand like Preferred. And more than ever, you see all the chains are getting into the "independent" world, so the consumer really likes this authentic, one-of-a-kind experience.

How does it impact you when the major brands want a piece of the soft branding pie?

Competition is always healthy. It's funny, 10 years ago when my family got into the business, our competition was the other soft brands, and now today we are competing head on with the chains. So on one hand, I could say it's flattering that they recognized it's a growing segment, and it's what the consumer wants. On the other hand, it keeps us on our toes. But I definitely see this as a positive thing.

What are some key ingredients to running a successful family business?

We've worked with several outside consultants who helped us put in place best practices, and a lot of that is creating boundaries and having family meetings. We put a lot of effort into making sure we can separate the two, so when we spend time as a family, we're just enjoying our time together, and it's not all about work.

BOTTOM LINE

\$834
MILLION

Revenue Preferred Hotel Group generated in 2013 on behalf of its member hotels, an increase of 14 percent over 2012. The company represents 650 independent hotels, resorts, and serviced residences in 85 countries.

Travel + Leisure

March 2014

“Hotel Brands 101”

BY: ANDREW SESSA

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Strategies

Vote now! Tell us your favorite hotel brands, tour operators, cruise lines, airlines, and more on the World's Best Awards 2014 survey, live through March 31, at TLWorldsBest.com.



BRANDS 101

The lobby
of the Ace
Hotel, in
downtown
Portland,
Oregon.

Booking a hotel these days can be overwhelming: new names are appearing alongside established ones, and they're competing for your attention, your dollars, and, above all, your loyalty. T+L has the scoop on the latest trends to help you find the one that's right for you. **PLUS** Our favorite amenities, how to snag perks with social media, and more.



BY ANDREW SESSA, WITH ADDITIONAL REPORTING BY NIKKI EKSTEIN, NINA FEDRIZZI, MELANIE LIEBERMAN, AND PETER SCHLESINGER

Strategies

For tips on getting better rates, room upgrades, and more, join T+L's *Hotel Strategies* Twitter chat on Tuesday, March 4, from 2 to 3 p.m. EST. Follow @TravelandLeisure and #TL_Chat.

SPOTLIGHT

Hotel Amenities

Why stop at Nespresso machines and turndown chocolates? When it comes to services and perks, some brands are taking things to the next level. Here, a few of our favorites.

BEFORE
The hotel
umbrella



AFTER
Burberry
trenches in
every suite



Seen at:
Maybourne
Hotel Group.

BEFORE
Welcome
wishbones



AFTER
Puppies as
concierges



Seen at:
Kimpton.

BEFORE
Mini-
bars



AFTER
Grocery
delivery with
ready-to-make
meals



Seen at:
Affinia
Hotels.

BEFORE
Yoga mat
room
service



AFTER
Running
partners
who take you
sightseeing



Seen at:
Westin
Hotels &
Resorts.

We also love...

Destination-themed scavenger hunts for kids at **Ritz-Carlton** hotels; bedside sample-size wine bottles at turndown at **JW Marriott**; itineraries created by local influencers, such as Piers Morgan in London or Nina Garcia in New York, for guests at **Rosewood** hotels.

Update

HOTEL
COLLECTIONS

Just like the big chains, hotel consortiums, made up of small, independently owned properties, are breaking out the big ideas. They're expanding to emerging destinations, creating loyalty programs, and even becoming prominent brands in their own right. In August, **Preferred Hotel Group**, with 650 properties around the world, launched iPrefer, a points-based loyalty program that lets guests earn discounted rooms and upgrades. This year, **Design Hotels** is rolling out its Design Hotels Community, a club that offers members free Wi-Fi and breakfast at many properties.

Relais & Châteaux, known for its curated collection of 515 properties, continues to gain prominence: it launched 85 vacation villas in 2013 and is expanding to eight countries, including Croatia, Turkey, and the Dominican Republic. **Small Luxury Hotels** is moving into more exotic locales, working with properties in Saudi Arabia for the first time and, this year, Lebanon and Ibiza, Spain. **Leading Hotels of the World**, which counts the Ritz Paris among its 430 members, is growing its presence in South America, with four new hotels in Colombia joining in 2014.

Business Traveler

March 2014

“It’s a Great Pleasure”

BY: NINA LEMKE

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Business Traveler

MARCH 2014

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Barefoot Workouts
Delhi Old and New
Meet, Eat and Be Merry

*P*It's A Great *Pleasure*

Luxury hotels reinterpret
the select experience



Exceptional Enclaves

New lounges open up
fresh pre-flight options

Sampa Sizzles

stylish São Paulo
is a city of contrasts

It's A Great Pleasure

In a realm where distinctive is the norm, luxury hotels continually reinterpret the guest experience

By Nina Lemke



What if you chose a different hotel for your next business trip? Someplace where an impeccable staff anticipates your every need and provides those touches that delight your senses.

A hotel that's unique, indigenous and wholly memorable.

What if you arrive at your meetings each day feeling confident, successful, relaxed and pampered? You entertain your clients at the perfect local restaurant or meet with your team in an atmosphere of elegance and relaxation. And imagine you come home from the trip feeling energized instead of overworked and under-appreciated.

What if a successful outcome could be accomplished because you took a leap into luxury?

Veteran business travelers are accustomed to the suite upgrades and concierge privileges that come with their frequent traveler status. But there is a place, above the typical concierge level, where some find accommodations that excel and the difference is more than just thread count and down pillows.

Small Hotels, Big Experiences

From a technical perspective, there are six tiers of hotel product; economy, midscale, upper midscale, upscale, upper upscale and finally, the luxury tier. Each tier has a specific set of standards from food service

to property amenities; from staffing models to public space use. Every tier caters to their core guest and travelers choose their hotel based on their specific needs for a particular trip. The luxury tier may be the natural choice of celebrities and the well-to-do, but it's also the choice of business travelers when the occasion calls for distinction.

"There are many and various factors that go into delivering a 'luxury' hotel product," explains Bob Van Ness, executive vice president of Americas, Preferred Hotel Group. "Luxury is created when variables like fine service, the physical aspects of the property, amenities and ambiance are carefully executed at a very high quality and highly personal level."

With over 650 hotels worldwide Preferred Hotel Group represents a collection of independent hotels, resorts and luxury residences located in both city center and destination locations.

For Paul Kerr, CEO of Small Luxury Hotels of the World, luxury is all about choice. "At SLH we give our customers the choice to book that is most convenient for them," he explains. "They have the freedom to choose when they want to arrive, when they want to eat – even if it's breakfast at 2 PM by the pool. That is luxury to me. Previously luxury meant fluffy white robes and room service, but that has changed drastically. Nobody wants to have the same experience as another guest – it's neither special nor memorable." True to their name, Small Luxury Hotels of the World, SLH, has 520 hotels in 70 countries with an average size of just 50 rooms.

Both PHG and SLH offer unique collections of hotels that are independently owned. "We have a dedicated development team who is constantly scouting emerging destinations, places where SLH is not represented where current hotels or new builds would be a good fit for our brand," explains Kerr. "The selection and inspection process is rigorous. Final approval is done by me, personally and the board of SLH." Only five percent of the hotels that they consider actually make it into the SLH portfolio.

"Nobody wants to have the same experience as another guest — it doesn't feel special nor is it memorable"

"To join SLH, the hotel must be the best of the best in the area and independent. It must offer high standards of excellence and reflect its local surroundings and culture. We're all about small hotels and big experiences."

PHG has a similar vetting process and works closely with their owners and managers to truly develop an independent culture and deliver authentic luxury hospitality. "Our member properties continuously introduce travelers to a new twist on the luxury experience. Whether in Boston or in Beijing, travelers can count on our hotels to be indigenous and unique."

There are service and staff standards to be considered a luxury or 5-star hotel including, among other things, a high staff to guest ratio, 24-hour room service, multiple dining outlets, a concierge and valet. The physical property requirements are less standardized so selection process, inspections and audits must be done personally. "At SLH, we don't have a set

of standard amenities that all hotels are required to have. For example, it wouldn't make sense in Fiji to have a door person because in Fiji, some hotels don't even have doors."

There are luxury chains with recognizable names such as Four Seasons, Waldorf-Astoria and Fairmont. Large, multi-brand hotel chains also offer products in the luxury tier. Marriott International offers multiple choices in luxury lodging including JW Marriott, BVLGARI Hotels and Resorts and the Autograph Collection which features independently owned hotels that can tap in to Marriott's resources and operational expertise.

One of the most recognizable names in luxury hotels is Ritz-Carlton, which also falls under the Marriott umbrella. Service is the hallmark of a true luxury experience, and 'Puttin' on the Ritz' has become almost synonymous with care and comfort of guests. As the hotel's credo puts it: "The

Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes



and needs of our guests." And their motto, "We are Ladies and Gentlemen serving Ladies and Gentlemen" is legendary in the hospitality industry.

A Rare and Ineffable Quality

Whether part of an independent collection or a brand within a brand, what is it about the experience that sets it apart from any other hotel? "It's the anticipation of the guest's needs and personalized service," explains an inspector with Five Diamond Hospitality. "From the moment you arrive, the experience is seamless."

You can describe a hotel building; the décor, the art and the grounds, but trying to describe the intangible feeling of staying in a luxury hotel is difficult unless you've shared that experience.

If you're unfamiliar with it, here's the kind of hospitality you can expect: You give

floor, a room on this level is a wise upgrade as these accommodations can enhance your stay immeasurably. Club floor guests can anticipate early check-in and late checkout, rooms with extra amenities, and, in most cases, a lounge with complimentary food, beverage, business services and other perks. A place to gather the team, discuss the wins of the day and create a plan of attack for tomorrow.

Let the feeling of success drive success.

Luxury Bargain Hunting

Most business travelers, guided by their company travel mandate, stay within the midscale to perhaps the upscale tier. Depending on the market, some five diamond hotels play in the negotiated corporate rate arena. However, for most business travelers and executives, luxury brands, particularly the small, independent

and welcoming, that is easy to get around, that has friendly, knowledgeable staff to assist you when you need it and has excellent food, whether dining in your room, in the restaurant or poolside."

For Kerr, the physical attributes of the property are tantamount to the service level; "I tend to favor hotels on the water because I enjoy traveling on my boat. I also enjoy hotels with a gym, preferably one with a view so I can look out over a beautiful vista when I'm breaking a sweat rather than in some gloomy basement that's been converted to house exercise equipment."

Hotels in every tier do their best to take care of their guests while staying within the expected price point for their product. From the roadside motel to the conference hotel in the city center, the hospitality industry is in business to serve their guests.

Brands are developed based on guest feedback and traveler needs. In every tier, hotels are going through significant changes, refreshes and updates today as the typical business traveler profile transitions to a younger demographic with different expectations and requirements of their lodging choice.

The core guest for a luxury brand hotel isn't over-the-top, suite-trashing celebrities you read about in the press. "I could describe them by profession, such as the entrepreneur, the financial planner, the business executive, the real estate developer or the hotel owner. But it's not the profession, executive rank or even the net worth that defines our core guest," notes Van Ness. "It's much more about their sense of adventure, desire for new experiences, personal confidence and their appreciation of fine service."

Despite what the non-traveling public thinks, business travel is far from glamorous. Away from home and family, trying to answer e-mails on an iPhone or tablet, stuck in the middle seat on a crowded flight; standing in line to check in to the hotel after a hot, traffic-delayed shuttle ride from the airport. Business travel can be a grind so here's a question...

What if you chose a different

experience?

What if, when you arrive at the hotel, you feel like you've arrived? BT

"It's not the profession, rank or even net worth that defines our core guest. It's much more about their sense of adventure"

your name one time and from then on, you are introduced to each staff member along the way as if you were the only guest in the hotel. They anticipate your needs and requests. If you're there for a wedding, for instance, your tuxedo will need to be pressed and your shoes shined. No need to ask. Women staying in a luxury brand are treated to spa quality toiletries, amenities, service and special touches that are distinct from even the upscale brand they may have experienced.

If you're there on business, they may anticipate your need for transportation and have made arrangements pending your approval. They ensure you are connected to the hotel concierge who can literally make your stay.

For business travelers, having access to a spectacular concierge, one that can make anything happen for you, is a benefit worth considering. "The concierge at a luxury property can make the difference between a good trip and a wildly successful one. Their job is to make you look good," the inspector says. More than just a resource for making restaurant reservations, the hotel concierge can be a critical partner in your business success.

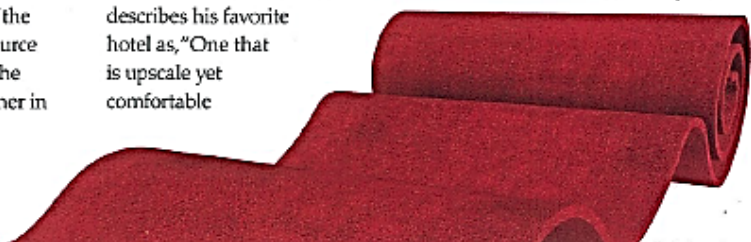
In addition to the concierge, if the property offers a hotel "club"

hotels, aren't offered on their corporate booking tool.

There are, however, opportunities to enjoy a luxury stay at a rate that doesn't raise the exception flag on your expense report – if you know where to look. Some of the most beautiful hotels in the world are located in areas that are considered weekend destinations and may welcome business travelers who can fill their rooms during their slower mid-week. Trading the convenience of your standard lodging choice for the luxury service and experience of a five-star hotel might be well worth a little extra travel time and incremental expense.

Possibly for business but definitely for incentive or leisure, Las Vegas has one of the largest selections of luxury hotels in the world and offers travelers a great value on the five-star experience.

Veterans of luxury hotels agree that travelers today are looking for the new and different. PHG's Van Ness describes his favorite hotel as, "One that is upscale yet comfortable



Orange County Business Journal

February 2014

“Preferred Outcome”

BY: KARI HAMANAKA

page 16

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MAIL TO:



Lindsey and Casey Ueberroth at Newport Center: she took on chief executive duties last week, he's senior vice president of marketing

Preferred Outcome

Marketing Programs Behind Growth of Service Provider for Independent Hotels

By KARI HAMANAKA

Preferred Hotel Group's 1,600-point hotel inspection is intense.

It counts how many times a phone rings before it's answered and tracks whether an article of clothing left behind by customers get sent back to them via snail mail or

overnight.

Hotels need to score at least 80% to make the grade and join the company's growing roster of upscale independent hotels in the U.S. and around the world. Preferred now has relationships with 650 properties, ranging from boutiques to resorts, that specialize

➔ Preferred 84



Website: lays claim to American, international versions of game

Friedman's New Gooaaall!!!

Auction.com Co-Owner Fires Up Football.com

By MEDIHA DIMARTINO

Robert Friedman didn't sink much into football.com—a 1994 bargain at \$70.

That doesn't mean he's discounting the domain name's potential now, though.

"It's a pretty valuable piece of Internet real estate," said Friedman,



Friedman: paid \$70 for domain name in 1994

founder of Three Point Productions LLC in Irvine, the business entity behind the website. "My small goal is to help America win the World Cup, my large goal is to become a hub of (the) football universe for the planet."

Friedman knows something about the value of the right do-

➔ Football 86

Broadcom Aims for Qualcomm Stronghold

TECHNOLOGY: Set to debut chips for 4G in Samsung phone

By CHRIS CASACCHIA

Broadcom Corp.'s long-awaited push into the developing LTE smartphone market is under way.

The Irvine-based company last week announced that it began shipping two chips to power the latest standard of wireless communication, commonly referred to as 4G con-



Kamdar: "we will become the only alternative" to San Diego-based rival

➔ Broadcom 12

Kiani's Patient Safety Bid Gains Look of Movement

HEALTHCARE: More companies, hospitals join Masimo-led initiative

By VITA REED

More companies and hospitals are being drawn to the patient safety movement spearheaded by the chief executive of Irvine-based patient monitor maker Masimo Corp.

Some 30 device makers are now part of the effort to stop the estimated 200,000 American hospital patient deaths each year from infections and other complications that start with hospital



Kiani: campaign to share data "should transcend competition"

➔ Masimo 86

\$250M Worth of Deals Bring New Life to Central OC 'Zombies'

REAL ESTATE: Starwood, CIM, Torchlight buy into office recovery

By MARK MUELLER

There's a new set of owners overseeing four of the most prominent office buildings on the skyline of Orange and Anaheim following a series of sales that reached about \$250 million combined.

The four buildings—City Tower, 500 Orange Tower, Stadium Towers Plaza and 3800 Chapman—were snapped up by a trio of out-of-town institutional investors who appear confident about the

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Preferred

► from page 1

in unique experiences for travel lovers and road warriors alike.

The Business Journal estimates Preferred—with executive offices in Newport Beach, where it has about 40 workers—gets about \$70 million in annual revenue by providing marketing, sales and operational support to member hotels. It doesn't directly manage any of them and instead offers itself as an umbrella brand that helps boutiques retain and add customers. Additional support comes from the company's largest office in Chicago, with about 65 people, along with others around the globe.

Uniqueness

Being unique is key, as Preferred—under newly appointed Chief Executive and President **Lindsey Ueberroth**—and the rest of the hotel industry scramble to keep up with shifts in how people want to travel.

The trend is toward customizable experiences that go well beyond sitting in tour buses and sleeping at chain hotels.

"If you just look at 10 years ago, the way that people shopped for travel was very different, with all these review sites and ways for a consumer to really look at how good is a hotel," said Lindsey, who was named to the top spot last week. "Before, it was, 'I'm going to stay at a chain because I know it's going to be the same regardless. Now, there's this wave of consumers that have a lot of confidence in the independent hotel world, and that's what they're craving.'"

It's akin to using Yelp to find an authentic Indian food restaurant when in London, added Lindsey's brother and Senior Vice President of Marketing **Casey Ueberroth**.

"Mediums like ours allow consumers to do that in the same way an iTunes or Yelp is doing, to tell people where to stay that's authentic and real," he said.

Preferred's 2013 numbers show the movement away from mainstream travel agendas gaining traction.

The company added 126 hotels to its roster last year, and its executives believe the portfolio could swell to 1,000. Eleven of the additions last year were properties converted from chain affiliations to independent status. The shifts spanned the U.S. and world—the Hyatt Regency Irvine became **Hotel Irvine Jamboree Center** under its owner, Newport



Hotel Irvine Jamboree Center: went from Hyatt brand to independent, joined Preferred's roster of 650 hotels and resorts throughout U.S., world

Beach-based developer **Irvine Company**. The **Waldorf-Astoria** in Naples, Fla., converted to **Edgewater Beach Hotel**.

And a **Crowne Plaza** in Beijing went independent as the **V-Continent Beijing Parkview Wuzhou Hotel**.

Preferred has a hard sell to prospective members: The company said it helped drive members' revenue up 14% in 2013 compared with the year prior, to \$834 million. Bookings for member hotels grew 17% last year, while average daily rates rose 6%.

The \$122.46 billion U.S. hotel industry grew 6.2% last year, according to Hendersonville, Tenn.-based industry researcher **STR Global**. The average daily rate in the U.S. rose 3.9% to \$110.35.

Lindsey and Casey's parents, **Gail and John**—brother of former baseball commissioner and one-time travel industry executive **Peter Ueberroth**, who's a partner in **Pebble Beach Resorts**—acquired Preferred 10 years ago. It had about 350 member hotels at the time.

John recently stepped down as chief executive to make way for Lindsey, and he continues to serve as chairman. Gail is chief marketing officer and vice chair.

Lindsey joined the company in 2004 as executive vice president and was named president in 2010, succeeding her mother.

Casey got his start at the company in 2005 as area managing director for the Western United States.

All four are owners in the company.

The younger Ueberroths believe growth is in the cards if Preferred continues to focus on an aspect of the business it has been hitting particularly hard over the past couple of years: elevating its brand through more marketing plays.

iPrefer

The big one was the iPrefer loyalty points program launched about six months ago.

Travelers earn points from participating Preferred hotels—up to 465 hotels now—and can exchange them for reward certificates that can be used as currency at member properties.

There are two sides to why the program makes sense, said Lindsey, who recalled her days at **Andersen Consulting**—now **Accenture**—when she filled out every frequent flyer and hotel loyalty program application she came across.

Employers promote those programs to employees as an added benefit to offset the grind of business travel. IPrefer caters to those road warriors, Lindsey said, but it's also attractive to the other end of the spectrum: guests interested in the VIP treatment.

The point of distinction for Preferred's loyalty program from the chains, Lindsey said, is that its membership offers "more interesting hotels to stay at than maybe the average chain."

China Ready, rolled out in December, is another marketing program that set guide-

lines for participants on how to accommodate guests from China.

There also was the rollout of Preferred Fantasy Golf Challenge, an interactive game where people play for a chance to win weekly trips to golf resorts around the world.

Preferred also added sales and marketing executives in its various offices around the world to accommodate growth in places such as China, Brazil and the Middle East.

Casey called the raft of initiatives the "perfect storm" for the company and its brand as it looks to elevate itself in the marketplace and get more people to understand Preferred and what it does.

"I think we're only getting better and better about sharing that story," he said. "We've been doing this 10 years as a family, and it's like we're just finding a really pure gallop right now."

It's a nice feeling for a hotel company run by avid travelers, with Casey and Lindsey having "grown up on airplanes," he said.

That love for travel drives a companywide desire to be at the forefront when it comes to consumer travel trends.

"One thing that we continue to really pay close attention to is what's happening in the world of technology and online," Lindsey said. "What are the things that consumers are gravitating towards to make it easier for them to book and create that transparency and then experiences? How do you get into food and wine or the arts or these other affinities that the traveler now wants?"

Part of that includes changes to the company's website that shift how Preferred "talks" to consumers. Industry jargon such as "destination" has been removed from the website and replaced with "hotels & resorts." Search results are easier to view with a new tiled layout. Websites in German and Japanese recently launched. And more changes are in the works to make it faster and easier for consumers to access information.

"Travel's about passion—we're in the business of passion," Casey said. "We have corporate travelers, but most people celebrate travel. And one of our commitments this year is, how do we use all of our mediums to really just inspire people to get into travel?"

"Right now, there's a lot of, 'OK, I go to Expedia, and I click and it's 50 bucks less,' but that's not travel. And I think we're having a lot of fun making [the website] do more than that. It's about, how do you make [travel] come to life again?" ■

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The New York Times

November 2013

“Welcome, in Mandarin”

BY: JULIE WEED

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ITINERARIES



Amanda Wong, left, of Charles Hotel in Cambridge, Mass., helps Panda Chen Xi of Guangzhou, China.

Welcome, in Mandarin

Hotels Introduce Special Services to Attract Chinese Travelers

By JULIE WEED

Mandarin television channels. Congee rice porridges. Smoking rooms.

China has become the biggest travel spender in the world, and hotels are taking notice. Across Europe and America, back-office planners and front desk clerks are learning Chinese customs to attract the new travelers and keep them returning.

The market is large, and growing. China's economy included \$102 billion spent on travel abroad in 2012, according to the United Nations World Tourism Organization. Rising incomes, combined with a relaxation of foreign travel restrictions and the sheer number of citizens, have fueled the Chinese growth.

Scott Taber, a vice president at Four Seasons Hotels and Resorts, said his company was updating its employee training and guest offerings to meet the 76 percent increase in travelers from mainland China over the previous year. Bellmen, reception clerks and telephone operators are being trained to pronounce Chinese names and offer Chinese newspapers, translated welcome materials and green tea in rooms at hotels in Paris, London, Los Angeles and other cities.

"We operate six hotels in mainland China and have learned cultural expectations and preferences from our experience with guests there," Mr. Taber said. The Medallia company, which created the customer feedback system for Four Seasons, has translated it into Mandarin so Chinese guests could provide feedback worldwide.

At a minimum, hotels that hope to attract and retain Chinese business teach their front desk staff and reservations agents basic cultural information. Guests from China are not assigned to rooms that include the number four, which is considered unlucky because it sounds like the word for death. Chinese business practices and management hierarchy influence room assignments, so managers need to be assigned to a higher floor than their team, or given a high-

er room number.

Some hotel chains formalize these amenities and services under names like JW Marriott's Li Yu, meaning "To Serve with Courtesy." As part of this program, The JW Marriott London Grosvenor House staffs a Chinese welcome desk for group arrivals, offers Chinese-labeled bathroom products and supplies a Chinese do-not-disturb sign.

The Hilton Worldwide website lists hotels where its Huanying or "welcome" program is offered, including 19 in Europe and 29 in America. Guests of Conrad Hotels and Resorts can use the Conrad Concierge mobile app to choose Chinese television channels, mini-bar foods

Accommodating cultural differences to please a big and growing market.

and other amenities, in Mandarin, on their mobile phone before they arrive.

Sales and reservation departments are also adapting. At the Waldorf-Astoria New York, Robert Armstrong, the sales manager, quotes all-inclusive pricing, with taxes and breakfast, to Chinese guests who ask about reservations, because they are accustomed to that type of pricing in China. He also asks which guests need to stay on a smoking floor. Chinese business groups often travel together, so the staff greets them at the entrance when they arrive.

The Preferred Hotel Group, which oversees 650 luxury hotels, says the number of Chinese guests and their average room rates has increased. "Chinese travelers have also started coming without tour groups, and so we are seeing a shift from traditional wholesale rates," said Casey Ueberroth, senior vice president for marketing.

To market to these individual travelers, the company is starting a program called "China Ready" next month. Participating hotels will meet more than 25 criteria and become part of the company's global marketing campaign to attract Chinese travelers via websites and online advertising in China.

"We thought just hotels in the bigger cities would sign up, but we have places like the Broadmoor in Colorado Springs joining because they see the importance to their client base," Mr. Ueberroth said.

Many hotels in the United States and Europe have not adapted. According to a survey by Hotels.com, three-fourths of Chinese travelers say hoteliers need to improve their offering of translated items, like welcome literature, websites, television programs and newspapers, while 42 percent say that they would like to see more Mandarin-speaking staff.

Ray Zhang has made about 10 business trips to the United States from China since 2006, staying at some of the largest hotel chains in the largest cities. "They expect you to know English," he said. More than half of the hotels polled by Hotels.com said they had spent less than \$10,000 in the last 12 months on programs or products for Chinese travelers.

Hotels can go beyond Asian menu items and translation services to cater to Chinese clients with entertainment, among other items. Richard Sprague, co-founder of a Beijing-based health devices company, travels in the United States regularly with Chinese business colleagues, and says he is often asked to find local karaoke rooms (or "KTV," as the Chinese refer to them), which can sometimes be found in Chinese hotels.

Si Jingnan, an engineer from Beijing, said he traveled to the United States once or twice a year and brought a shopping list from relatives or friends. "This list not only contains L.V. or Gucci," Mr. Si said, referring to Louis Vuitton, but it also has new brands he has never heard of in China. A shopping guide or helper from the hotel, even with an extra fee, he said, would be most appreciated.

Business Traveler

May 2014

“A Passion for Travel”

BY: ROSS ATKINSON

page 21

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A vibrant red shopping bag is the central focus, set against a background of a blue sky with soft white clouds. The bag features several travel-themed icons: a USA flag, a Visa logo, a compass, a hot air balloon, a German flag, an Australia flag, and a 'Verified' stamp. The text 'Enjoy Your Journey' is written on the bag in a white, cursive font. The bag's handles are white and curved. The overall composition is bright and cheerful, suggesting a theme of travel and exploration.

ONE N E

A Passion for Travel

The newly promoted CEO of Preferred Hotel Group, Lindsey Ueberroth, talks luxury, points and bragging rights



BT: What is your elevator pitch for the seasoned traveler?

UEBERROTH: Preferred Hotel Group delivers unique, one of a kind properties that are authentic to each destination. Much like the destination, the hotels are an experience within themselves and when a traveler leaves, it is something that is imprinted in their hearts and minds.

BT: There is an interesting discussion thread on a social network about defining luxury. How would you characterize "Luxury"?

UEBERROTH: Luxury is very personal. Travel requires an investment of time; there are numerous choices and a wide variety of experiences. It is much more than the physical aspect and also requires amazing people, interactions, and experiences. People want to return home with "bragging rights" or cocktail conversation about their trip. It is more a result and delivering an elevated sense of positive emotions that people then love to share with others.

BT: With challenges in today's loyalty programs, how do you think frequent travelers see your iPrefer program?

UEBERROTH: We have studied this topic extensively. From airline to hotels and various aspects of traveler's behavior, we have spent

three years studying loyalty programs, point schemes and loyalty structures. We see loyalty members looking for three critical items that we have made inherent to iPrefer:

One, transparency. Knowing the value and the cash value of points allows iPrefer members to understand the possibilities in redeeming points.

Two, flexibility. Since iPrefer points have a defined value, members can redeem their points for more than hotel stays – like spa treatments, meals or golf among other things at participating program properties.

Three, unique experiences. With over 70 percent of the 650 unique properties participating in the program, we are able to offer a large number of very different experiences that make rewards and redemption more interesting, delivering many different memories from around the world.

BT: As the president and now CEO, what do you feel are the unique opportunities you have with premium travelers that others in the space don't?

UEBERROTH: I see the role I'm doing as not that much different, just fulfilling it with my influence and touch going forward. It is still very early so I have really enjoyed flying around the world talking to travelers, partners and hotels with a different set of eyes and ears. Looking for new triggers to further shape my opinions. A fun rebirth of looking at what we do.

BT: With respect to growth, what is your magical mix?

UEBERROTH: Independent hotels continue to pick up steam. In the next several years I want to position the Preferred Hotel Group as an iconic global brand and the place to go that is a wonderful, unique and fulfilling experience.

With that goal, of course I need many things but some keys are more of the same great people and talent as we already have at every level. I also need to continue to make sure we have the right hotels in the right locations. And then that those hotels are fulfilling the various aspects of what travelers are looking for, whether that is business, spa, culinary, sports or what have you. People travel for their passion. A great example is our community we have built around the Preferred Golf collection. We have built a great collection of hotels that really caters to the enthusiast.

BT: As guests leave your properties, what impression do you want them to have?

UEBERROTH: I want people to leave a Preferred Hotel Group property with a memory, a sense of bragging rights around the experience; the meal, the service, the whole package. I want them to tell their friends and see them again at this property or another Preferred Hotel.

WORLD'S TALLEST HOTEL OPENS SECOND TOWER

The second tower at JW Marriott Marquis Hotel Dubai, the world's tallest hotel, is now open. The addition of 294 new rooms bring the total room count to 1,098. The hotel opened 804 rooms in Tower 1 in November 2012; by September of this year it will offer 1,608 rooms across the two towers.



There will also be two new food and beverage outlets in Tower 2. Altogether the hotel boasts nine restaurants, five bars, two ballrooms, and a spa and health club.

Guest rooms are equipped with modern technology, including LCD TVs, iPod stations, WiFi and a master room control tablet. The hotel's 81,000-plus square feet of total event space features two ballrooms and 32 flexible meeting rooms.

For details visit marriott.com.

Hotel News Now

February 2014

“The Nuts and Bolts of Going Independent”

BY: ED WATKINS

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The nuts and bolts of going independent

February 14, 2014

When converting from a brand to an independent, owners and operators face a long list of logistical items.



Owners of the Pier 2620 Hotel in San Francisco launched a major renovation as part of the hotel's conversion from a Hilton. (Photo: Pier 2620)

Highlights

- In some cases, the existing brand no longer fits the tastes and sensibilities of the hotel's customer base.
- The brand company often retains ownership of guest history files when a hotel deflags.
- To be successful, the GM of an independent property needs to be creative, entrepreneurial and sales-minded.

By Ed Watkins
Editor-at-Large

ewatkins@hotelnewsnow.com

REPORT FROM THE U.S.—The decision by an owner to switch a branded hotel to an independent is a weighty one. Shedding the presumed marketing and image advantages of a national brand in favor of starting fresh with no brand, or with a soft brand, entails a long list of logistical steps necessary to ensure the conversion is as seamless and successful as possible, sources said.

"The things (an owner) doesn't need to think about is a much shorter list than the list of what he needs to consider," said Robert Van Ness, executive VP of the Americas for Preferred Hotel Group. "In other words, (the owner) needs to contemplate just about everything. After all, there aren't too many industries where owners decide to change the name and focus of their business. It's a formidable challenge."

The steps involved in making a brand-to-independent conversion range from the conceptual to the mundane. In some cases, the flag no longer fits the hotel's customers and their tastes and sensibilities.

"We had a brand that wasn't relevant in our marketplace anymore, and we needed a fresh new approach to doing business," said Tom Conran, principal of Greenwood Hospitality Group. In 2010, the company converted a former Ritz-Carlton Hotel in Dearborn, Michigan, to The Henry, a 308-room independent that's part of Marriott International's Autograph Collection soft brand.

"Many travelers today are looking more for an experiential event than just checking in and out of a hotel," Conran said. "We knew we had to change the dynamics of the hotel with more relevant color palettes and create a lot more excitement in the hotel and create more congregational spaces rather than segregated spaces."

Part of the change was the addition of extensive artwork throughout the hotel, with each floor devoted to works from one artist. A full-time art curator on staff manages the art program.

"This makes guests' stays much more than just hotel stays," Conran said. "The public is looking for these differentiators, those things that are just a little different."

Timing is critical

B. Thomas Goodwin, senior VP of Fillmore Hospitality, said timing is the most critical element in a brand-to-independent conversion. The Columbus, Ohio-based company has done "12 to 15" of these conversions, Goodwin said. The latest conversion took place in November, when the company converted the former Hilton San Francisco Fisherman's Wharf to the Pier 2620 Hotel. The 233-room hotel is part of Preferred Hotels' Sterling Hotels soft brand.

"By far, the most challenging part of the conversion was planning and managing the connectivity with all the various technology systems and distribution points," Goodwin said. "It entailed everything from replacing the (property management system) and its connectivity to the (global distribution systems) to dealing with (online travel agencies) and TripAdvisor.

"These transitions took a lot longer than we expected. It's a lot more complex than just flipping a switch or plugging in a cable. The testing of the two-way communications, for example, takes weeks, not hours or even days," he said.

Van Ness said Preferred, which has seven soft brands in its portfolio, has developed a checklist of items operators need to address when shedding a hard brand in favor of independent status. He said the list covers sales, marketing, public relations, social media, e-commerce, purchasing and more.

A hotel's data, especially its guest history files, sometimes pose problems for operators when they choose to convert to an independent.

"It's likely that control of the data is part of the contract with the chain, and the question is often whether the owner retains access to the (hotel's) guest history," Van Ness said. "If (the data)

www.hotelnewsnow.com/Article/13152/The-nuts-and-bolts-of-going-independent

belongs to the chain, then the owner has to deal with the fact that they were operating as a chain property for 10 or 20 years but no longer have access to that data.”

Goodwin said his company wasn’t able to retain the hotel’s guest history data from its years as a Hilton, but to compensate management beefed up the hotel’s sales staff and increased marketing expenditures.

“As we ramp up the hotel we need to be sure we get people coming to our website and checking us out online. To do so, we’re doing significantly more advertising, principally online, than we did before,” Goodwin said, who added that the effort will go for a year or so, “depending on how quickly the hotel re-stabilizes.”

Retaining staff, particularly managers and members of the hotel’s executive committee, is another challenge.

“A hotel with a hard brand often has managers who have spent time growing their careers within that chain, so it’s a question of whether they’ll stay with the hotel or go to another property in that chain,” Van Ness said. “These are critical positions—whether it’s the GM, or sales people or revenue managers—so it’s important to stabilize the situation.”

Goodwin said staff retention hasn’t been an issue at Pier 2620 because “we concentrated a lot on communicating internally to our staff on who we are, what we stand for, what this new brand stands for. We took time to create some elements that would breathe life into this new brand in the eyes of our staff so they feel they’re part of something important.”

He also said it’s crucial to tie a significant property renovation to the de-branding process. Pier 2620 is in the middle of a two-step renovation. The first phase focused on the public areas, including lobby, entryway, food-and-beverage outlets and meeting space, as well as new bedding, TVs and technology in the guestrooms. The hotel also plans a new fitness facility and club lounge and later in the year a broader-scale renovation of the guestrooms.

“It’s important to do these conversions from a position of strength because the last thing you want is for customers to think you lost your flag,” Goodwin said. “The renovation helped to get the staff excited about the investment we put into the property and its new direction.”

A special leader required

Not all GMs, particularly those who have only worked in branded properties, have the skills and mindset to operate independent hotels, sources said.

“When you come from a chain environment, you often rely on the brand to set the course,” Conran said. “An operator of an independent hotel must be able to significantly differentiate the guest experience. They need to be more than a little entrepreneurial and not risk-adverse. They need to say, ‘We’re a little bit different today, and how can we be a little different tomorrow and the next day.’”

Goodwin believes it's sales and marketing expertise that separates successful GMs at independent hotels from their counterparts at branded properties.

"Many GMs have never had to concentrate so thoroughly on the top line as do GMs at independent hotels," he said. "It requires a very strong sense of sales and marketing and an entrepreneurial approach to the business. It can't be someone who just implements a plan; they must be the drivers of the business."

Travel Weekly November 2013

“Thanks to Tech and Online Review Sites, Indie Hotels Can Keep Pace with Brands”

BY: HARVEY CHIPKIN

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TRAVEL WEEKLY

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NOVEMBER 25, 2013



BARRY LIBEN

**KING
OF THE CONTRARIANS**

The CEO of Travel Leaders Group reigns over a \$17 billion empire comprising a third of U.S. retail agencies — success he credits to camp-counselor people skills and bucking accepted retail wisdom.

BY KATE RICE **PAGE 16**

[ILLUSTRIOUS SPEAKER ROSTER DRAWS RECORD ATTENDANCE]

Wielding technology star power, PhoCusWright dazzles, informs

By Kate Rice

HOLLYWOOD, Fla. — The PhoCusWright Conference, which each year stands at the intersection of travel and technology, last week opened for the first time without its founder and perennial frontman, Philip C. Wolf, on Center Stage.

Wolf, who sold PhoCusWright to Northstar Travel Media (publisher of Travel Weekly) in June 2011, retired from the company earlier this year.

But the show went on, with its trademark razzle-dazzle staging, an unmatched roster of speakers and its biggest-ever crowd — more than 1,644 attendees, an increase of about 180 over last year.

The event had traditionally kicked off with Wolf's monologue, but new Managing Director Tony D'Astolfo made his debut on

Center Stage with a "dialogue."

"What won't change" about PhoCusWright, he said, "is the pace, the banter, the theater, the setting or the spontaneity."

True to that pledge, what followed was the event's traditional mix: the provocative, the philosophical and the bullish.

Mark Mahaney, managing director of Internet research for RBC Capital Markets, said that Expedia and Priceline are still seeing up to 30% growth rates in mature markets such as North America and Europe, "so, global players with exposure should be able to sustain real premium growth."

Mahaney also cited the growth of mobile and of same-day and last-minute bookings, as well as the entrance of alternative accommodation and transportation models such as Airbnb and car-sharing as evidence of "great growth factors" for the industry.

Sam Lessin, Facebook's director of product management, took a "Back to the Future" approach, saying that until relatively recently

See **PHOCUSWRIGHT** on Page 25

Thanks to tech and online review sites, indie hotels can keep pace with brands

By Harvey Chipkin

Despite their lack of branding power, independent hotels are very much in the game these days thanks to technology and social media services that level the playing field.

Recent data from STR, the hospitality industry statisticians, reveals that in the upper-upscale category — brands just below luxury, on par with Marriott, Hilton and Westin — independent hotels command a significant premium when it comes to average daily rate (ADR).

Over the past few years, independents have enjoyed an ADR premium ranging from \$9 a night in the depths of the recession to about \$13 in recent months. When it came to group bookings, independents commanded an ADR premium of about \$8.

In terms of occupancy, independents did

lag brands in the upper-upscale category by 6 to 7 percentage points, but as STR Senior Vice President Jan Freitag pointed out, "Any hotelier would prefer to see that rate premium, because it is ADR that makes hotels more profitable. There are expenses associated with higher occupancy as far as labor and other factors."

Interestingly, the STR research also revealed that independents' rates had recovered fully to prerecession levels, while brands' rates had not.

Analysts agree that there is strength in the independent segment.

"With search optimization in the hands of every property (and many consulting firms who serve independents), the Web is, more than ever, the great leveler," said Donna Quadri-Felitti, associate professor at

See **INDEPENDENTS** on Page 26

TRAVEL WEEKLY

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The Eau Palm Beach Resort & Spa recently dropped its Ritz-Carlton branding.

INDEPENDENTS

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New York University's Tisch Center for Hospitality, Tourism and Sports Management. "Reservations systems have been the powerhouse engine of brand conversions in the past, but today there are so many more options for the independent operator. Brands have done a great job of teaching the owner about the complexities of distribution and marketing in the travel business."

At a conference conducted by the Hospitality Sales & Marketing Association International (HSMAI) earlier this year, Andrew Mantis, group head for merchant information services for MasterCard Advisors, said, "The interest in independent hotels is rising, particularly among younger travelers. ... Independents are doing very well against brands. There is a back-and-forth cycle as far as whether brands or independents are doing better, but the strength of independents is surprising."

Mantis' insight derived from data that MasterCard Advisors collects for merchants.

One sign of the emergence of independents is that the first Independent Lodging Congress is being held this month in Philadelphia. According to a statement on the group's website, "Independent and boutique hotels are gaining prominence in American cities, yet their unique advantages and operation often go undiscussed in today's brand-dominated hospitality industry."

A big plus for independents, say operators in that category, is that franchise, marketing and other fees make it too expensive

in many cases to take on a brand affiliation. If an independent hotel can drive financial results similar to those of a brand hotel, they find themselves ahead of the game.

James Simkins, COO of Personal Luxury Resorts & Hotels said, "What typically happens with a well-managed independent is that the hotel will start a little slower than a big brand, because they don't have that reservation faucet to turn on. But within three years, they will be running ahead of the big brands."

One network of independent hotels has also published research recently demonstrating the staying power of that segment. Preferred Hotels Group commissioned industry consultants HVS to measure and compare the performance of more than 200 Preferred hotels in North America to their competitive sets between 2009 and 2012.

Analyzing STR data, HVS found that the Preferred members enjoyed an ADR almost 12% higher than their branded competitive set. This reflected hotels in multiple price categories — upscale, upper upscale and luxury — all of which are affiliated with the Preferred network.

The HVS research also covered the cost of being a member of an independent network like Preferred against being a brand affiliate. In aggregate, the total fees payable under a Preferred affiliation were less than half the average for first-class brands.

Tech is the game changer

Interviews with independent operators suggested three key reasons for the strength of the independents.

First was that they have the opportunity to affiliate with groups like Preferred.

Second was the fact that Internet review sites have gained such power among traveling consumers. And, third, it's because hotels are displayed on online travel agencies (OTA) in "agnostic" fashion, enabling consumers to compare branded and non-branded hotels on the same page.

Bob van Ness, Preferred's executive vice president for the Americas, said, "We're beyond arguing that TripAdvisor or Expedia aren't major factors in hotel distribution. It comes down to what the costs are for those channels."

Thomas Goodwin, senior vice president for Fillmore Hospitality, a portfolio containing multiple branded and independent hotels, said,

"The big challenge for independents has been building credibility and consumer confidence. As hotel reviews have become transparent, that whole world has changed. The democratization of reviews is the best thing that has ever happened to great hotel operators."

And it has changed the very nature of hospitality marketing, he said.

"It's so much easier to show up through search engines and through hotel reviews, and you can really communicate what your value proposition is and give people the confidence to pay for that," said Goodwin. "It changes the way you operate a hotel. We have realized that the most effective marketing expenditures come not necessarily from advertising but from giving a great experience. Reviews drive a lot of demand."

Even so, the decision to be brand-affiliated or independent is complex.

"It's up to an individual hotel operator to figure out what makes sense, because you can't say if one is better than the other," Freitag said. "On the surface, a central reservation system and a loyalty program will certainly drive reservations."

What's more, despite the strengths of the independents, Goodwin admitted, "It's possible we would convert an independent back to a brand."



Bob van Ness
Executive V.P.,
Americas
Preferred Hotels



The lobby of the Joule Dallas, part of the Preferred Hotels Group network.



Thomas Goodwin
Sr. Vice President
Fillmore Hospitality

Control counts

In large part, hotels become independent or remain so because it gives them more control over their product.

"Entrepreneurship is key," van Ness said. "Someone who wants to have more control of how they operate their own hotel will remain independent."

Besides, as Simkins pointed out, "The prime brand is always the hotel itself, and so the hotel needs to assume the character of a destination and assume a meaningful role within that destination. That does not lend itself to brand standards, and we do not even use the word 'standards' because they imply a cookie-cutter approach."

"Brands are making progress, with products like Andaz and Indigo moving in this direction, but there are still restraints because brands control between 80% or 90% of a hotel's spend, and the marketing, fees and advertising are not always in the best interest of the property."

Those arguments strike home with John Bradway, director of marketing for the Eau Palm Beach, which recently dropped its Ritz-Carlton branding.

Independence, Bradway said, "gives us the freedom to be more creative, to create customized guest experiences. It's been only a couple of months, but we immediately changed some things, like introducing a weekly general manager's reception and greeting guests at check-in with herb-infused cold towels and Champagne. It's about having fun and being whimsical, and we can do that better as an independent."

Driven by demographics

There are several demographic factors behind independents holding their own.

"All the studies you see today show that travelers are looking for a different kind of experience," van Ness said. "Chains were created around the idea of safety and consistency, and that can now be observed by checking out review sites or looking at a hotel online. The No. 1 thing people are seeking now is something different. Younger travelers, in particular, are looking for the contemporary and unique, which they are more likely to find with independent properties."

Many portfolios for management and development companies alike include both branded and independent hotels, with the chosen model often depending on the individual market.

Typical is Goodwin's company, whose collection includes Hilton, Starwood and Marriott properties. However, the company recently deflagged a branded hotel in San Francisco and renamed it Pier 2620.

"We saw an opportunity to create a unique experience that's appropriate to the local environment and highly relevant to the destination," Goodwin said. "When visitors come to San Francisco, they are not coming to eat in a hotel restaurant, and by doing this, we were able to invest elsewhere than in our [food and beverage] infrastructure. We opened a craft cocktail bar, and it doubled the previous revenues on the first night."

What the agent needs to know

Independent hotels do offer agents one more option to consider when qualifying clients.

Goodwin said: "If somebody is going

to an agent, they are really invested in the trip, and the agent has the ability to provide more value to the client if they can offer up a unique experience. There is almost no risk to an agent who books a big brand — they do a great job, and you know what you will get — but you can exceed client expectations if you can book them into something they wouldn't have found on their own."

The long debate about brands vs. independents is becoming murkier with the

emergence of "soft brands" like Marriott's Autograph Collection and Choice's Ascend, both of which allow independent hotels to retain their names and avoid branding fees, while placing them on major reservation-distribution networks.

Alluding to such hybrids during a panel at a recent conference of the International Society of Hotel Consultants, Bruce Baltin, senior vice president for PKF Consulting, observed, "I'm not sure what a brand is vs. an independent at this point."



The Pier 2620 Hotel at Fisherman's Wharf in San Francisco.

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May 2014

“Independent Minded”

BY: HARVEY CHIPKIN

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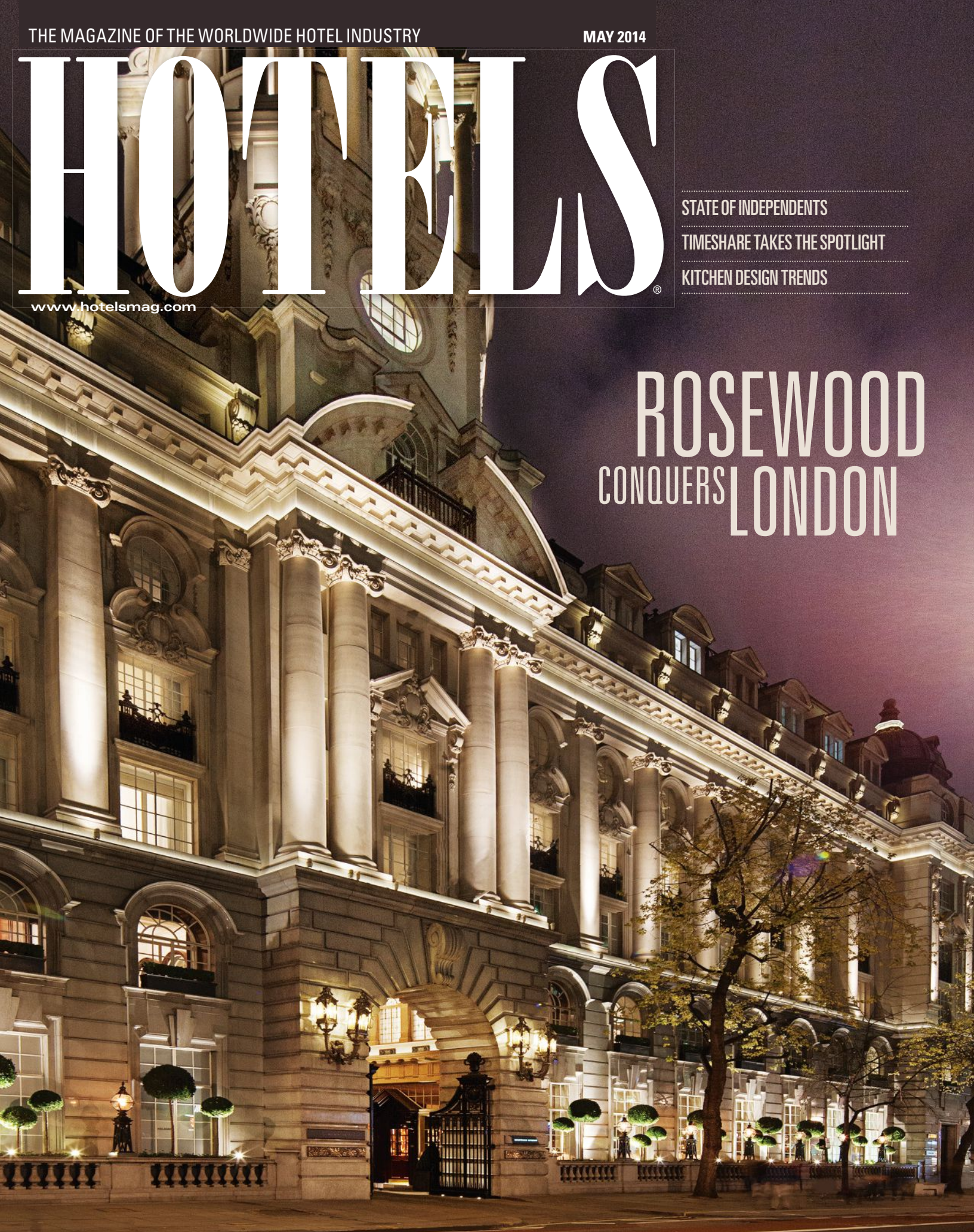
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STATE OF INDEPENDENTS

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INDEPENDENT MIND

As the hospitality landscape shifts, owners — and, yes, brands — see a more prominent place for non-branded hotels.

contributed by **HARVEY CHIPKIN**

WELCOME to the Hybrid Hotel. The dark line separating branded hotels and independents has lightened considerably in recent years as technological advances and demographic shifts have reinforced the resiliency of independents. At the same time, branded hotels have recognized that resiliency and have created soft brands of their own.

IDENTIFIED

ARE WE ALL MILLENNIALS?

While there has been extensive buzz about how Millennials want to stay in hip boutiques, many observers believe there has been a cross-generational shift in consumer tastes. Bjorn Hanson, divisional dean of New York University's Tisch Center for tourism hospitality and sports management, says, "Each trip has a different mission profile and a different lodging solution. What independents can do is appeal to some of those mission profiles, especially where the experience of the trip is a priority."

It also appears social media sites such as Facebook, where Baby Boomers have the fastest-growing presence, are playing a critical role for independents. "Many independent operators or developers are more social media-savvy than many of the brands," Hanson says.

Provenance Hotels, Portland, Oregon, spends all its marketing dollars on electronic channels and social media. In fact, it ran a promotion during a heat wave last summer promising a rate of whatever the temperature was at 10 a.m. that morning. The result: more than 300 bookings it would not have otherwise had — and at decent rates, according to company President Bashar Wali.

Insurgent independents

The traditional attractions of being independent remain: lower costs than those associated with a franchise; the ability to be flexible on capex and marketing expenditures; and the inherent excitement in running a hotel creatively.

"Being independent allows autonomy, and the decision-making process is direct and swift," explains Hans Bruland, general manager of The Hay-Adams in Washington, D.C.

That attitude is not North America-centric. In fact, Europe has a stronger history of independent hospitality. Sören Huber, director of business development for the Hotel Bayerischer Hof in Munich, Germany, says, "As an independent hotel, we do not depend on a headquarters' opinion on strategy, interior design, brand development or marketing approach."

Today, because of technology and demographic shifts, the dream of remaining independent seems more viable than ever. Lindsey Ueberroth, CEO of Preferred Hotel Group, Chicago, says the landscape has changed dramatically over the last

SPECIAL REPORT: INDEPENDENTS

three years as the chains leapt into the independent scene with their collections. “It heats up the competition,” she says, “but reinforces what our company has stood for — the idea that an experiential hotel is what the consumer is moving toward.”

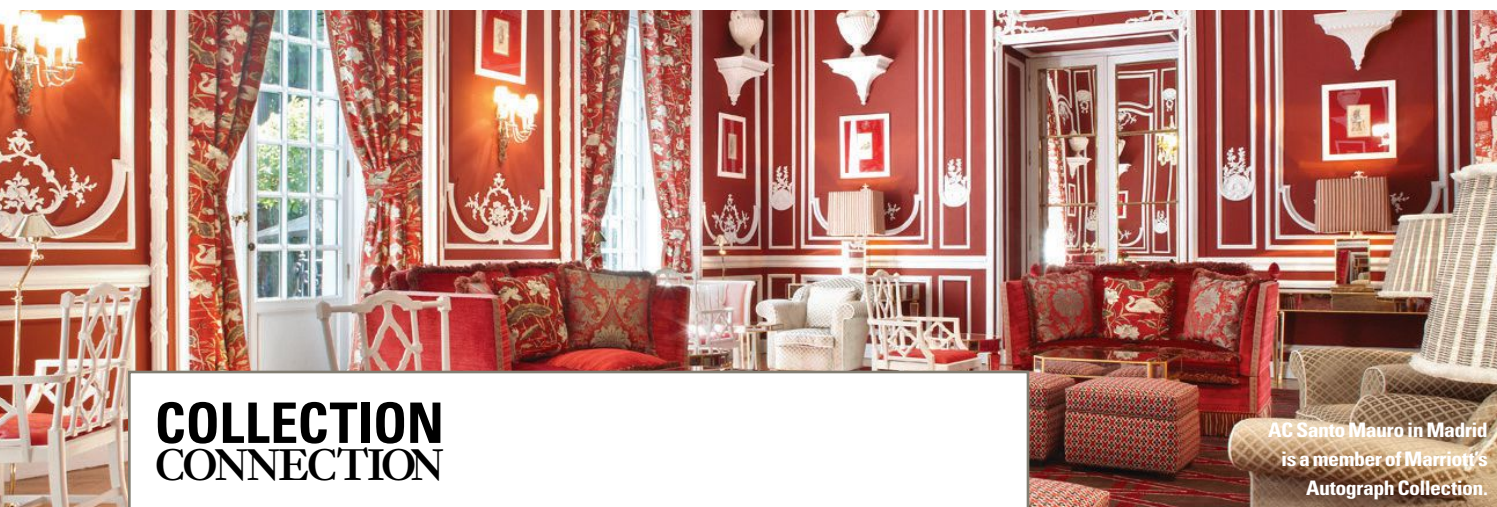
“There will always be many places where brands work better — like airports,” says David McCaslin, president of New York City’s Northwood Hospitality, which operates hotels such as The New York Palace for its sibling owning company. “But if you’re in a

highly desirable location like a downtown or an Aspen, Colorado, there will be so many people going there no matter what. Nobody is going to these places because they want to stay with a brand; they are going for the destination.”

Another plus: a non-branded hotel can be easier to sell as a real-estate asset. “Our independents can be purchased by a strategic buyer who would have more options than if they were branded or under a management contract,” McCaslin adds.

Review sites like TripAdvisor also can give independents a leg up if they focus on that segment. “Consumers now really make their judgments based on reviews and social media,” McCaslin says.

“Travelers today can have confidence in the hotel that they used to look to brands to provide,” says Geoff Andrew, chief operating officer for Worldhotels, Frankfurt, Germany, adding that the importance of loyalty programs “now lies more with the databases they create than with loyalty itself.”



COLLECTION CONNECTION

AC Santo Mauro in Madrid
is a member of Marriott's
Autograph Collection.

When Marriott International approached Richard Kessler to become the original member of its Autograph Collection of independents, Kessler came up with three non-negotiable principles: retaining his own website; no Marriott say on design; and no Marriott name in the properties — only small Autograph signs. Four years later, Kessler says he is quite satisfied with Autograph membership and if he wants to enter a market where an Autograph already exists he would be open to joining another collection.

Collections are “the middle ground of branding,” says Bjorn Hanson, divisional dean for NYU’s Tisch Center for hospitality, tourism and sports management.

“The challenge is that even within traditional brands, brand managers are getting more flexible,” Hanson adds. “So these collections have to offer even greater flexibility.”

An example of how unclear the brand-independent landscape has become is Hersha Hospitality Management, Philadelphia, a major owner that has traditionally focused on upscale branded hotels but now has collected a number of its own independents into a collection — the Independent Collection.

“It’s all about Millennials and Gen Ys — people looking for unique experiences,” says Foiz Ahmed, vice president for Hersha’s collection. “We will look at

hotels for the collection in major urban and destination markets. That is where the people with dollars to spend are looking for neighborhoods and communities.”

The collection concept has global acceptance, as well. VOI Hotels, owned by an Italian travel company, is comparable to Autograph, according to CEO Arco Buijs. “We give individual hotels help on the commercial side without being hard-branded at much lower costs than a normal franchise,” Buijs says.

And the collections are evolving. Kessler says technology will continue to make it easier for hotels to be independent, resulting in collections having more pressure to deliver.

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Northwood Hospitality's Revere in Boston, formerly a Radisson brand hotel, features a whimsical rooftop.

Globally independent

The global stronghold for independents has been Europe because of the history and culture of the hospitality industry there. In Paris, Bruno Chiaruttini, general manager, L'Hotel du Collectionneur Arc de Triomphe (formerly a Hilton), points out, "All the luxury hotel chains like Four Seasons, Mandarin and Ritz-Carlton were born in North America and Asia, while the networks of independents like Worldhotels, Relais & Chateaux and Design Hotels emerged from Europe."

While Europe may have a stronger tradition of independent hotels than Asia or North America, that may be changing. The V-Continent Beijing Parkview Wuzhou Hotel in China opened as and remained an InterContinental hotel for 10 years before it went independent last year and became a member of Summit Hotels & Resorts, one of the Preferred networks. "We saw a huge trend among local hotels, which recognized it was time to start a

new era of independent development and innovation," says V-Continent General Manager Cui Fushui.

At a time when authenticity is a huge buzzword in the hotel business, independents can frequently lay claim to that appeal. "Design Hotels properties are driven by owners, who understand they are selling something that goes far beyond their own four walls," says CEO Claus Sendlinger. "They're selling an emotional connection to a neighborhood, to a destination — often to an entire city — since the traveler's take on that city is focused through the prism of their hotel."

Adds Adrian Bridge, CEO of The Yeatman Hotel in Porto, Portugal, Google Earth might be his most powerful tool as it shows his location among the famed wine lodges of Porto.

Marketing — nimbly

Diversity and diffusion define the

KEY POINTS

- Mega-branders like Marriott International, Choice Hotels International and Carlson have created "collections" of independents and emphasize design to compete with non-branded competitors.
- Independents have gone the brand route by creating more powerful loyalty programs and quality-assurance standards.
- Review sites like TripAdvisor now arguably play as much of a role in consumer decisions as a brand promise or loyalty program — one of the factors many see leveling the playing field between brands and independents.



Provenance Hotels' Hotel Max does business in a thriving indie market, Seattle.

HOW LEVEL IS THE PLAYING FIELD?

Anybody can have a website and do social media, but does that mean any independent hotel can go it alone against the brands?

"It still takes a lot of resources to compete," says David McCaslin, president of Northwood Hospitality, New York City. "With no name recognition or points programs, you have to offer something of value, or you will get crushed."

"There is less room for error when you're independent," says Antoine Chevanne, CEO of VOI Hotels in Italy.

Sometimes it's the ability to be flexible that can work against independents. "An independent might be able to divert capex dollars to marketing or another current priority," says Bjorn Hanson, divisional dean of NYU's Tisch Center for tourism, hospitality and sports management, "but this can work against independents because the industry for now is in relatively good physical condition. Things can't be neglected."

Others believe independents are not always as resilient in downturns. "The branded hotels will drop rates and start selling through other channels to stay competitive," says Suzanne Mellen, managing director of HVS, San Francisco. "Independents were really hurt during the last two recessions."

Plus, it remains tougher in most cases to finance an independent hotel. "You can project all you want and you still end up getting US\$20 less a night than you expected," Mellen says. "There is a huge execution risk, especially as brands have tried to get 'cooler.' When the line between brands and independents becomes blurred, how do independents differentiate themselves?"

It's not always easy being independent, but those within the category see problems with their counterparts. Bashar Wali, president of Provenance Hotels, Portland, Oregon, says many brands are now focusing more on "noise" rather than basics. "We are in the business of selling beds, showers and Wi-Fi," he says. "If guests don't get a good night's sleep, they won't come back."

consumer landscape, and that means a seismic shift in marketing — to a point. "Arguably," says Bjorn Hanson, divisional dean of NYU's Tisch Center for tourism hospitality and sports management, "every traveler is now his or her own segment."

For independents, it all leads to the word "differentiation," says Peter Shaindlin, COO of the Halekulani Corp., owner and operator of two luxury resorts in Honolulu. "A big brand is like a cruise ship that takes a while to turn; we are a luxury yacht that can change quickly," Shaindlin explains. "We decided recently and very quickly to open a bar called L'Aperitif; if I had 50 Halekulani hotels I couldn't do 50 L'Aperitifs — it's what differentiates us."

At Timbers Resorts, Carbondale, Colorado, COO Greg Spencer says successful promotions during award ceremonies such as the Oscars and Emmys included certificates for stays placed in gift baskets. "We recently did one for a pre-Oscar event with nominees for best director, best actor and actress in attendance," Spencer adds. "We soon had our first award nominee staying with us in Italy."

Digital strategies like social media are becoming the backbone of the marketing plan for Venice, Italy's Bauers Hotel Group, says CEO Francesca Bortolotto Possati. For example, she says, many websites are now incorporating video content. "As people's attention span consistently decreases and audiences are to be captured in just a matter of seconds, imagery is becoming increasingly important," she says. "Images must tell a story better and more effectively than words."

Sales — still personal

Even with all the new technology available, most operators agree there is no substitute for old-fashioned, face-to-face relationships — especially at the top end of the market. "We're out there beating the streets and establishing relationships," says Foiz Ahmed, vice president of the Independent Collection, operated by Hersha Hospitality Management, Philadelphia.

McCaslin adds that a one-on-one sales call is both the most expensive way to market and the most effective way to communicate with a potential producer.

Andrea Kracht, proprietor of Baur au Lac in Zurich, says he travels three or four times a year specifically to meet with agents. "I want to have a personal relationship with them," he says. "We believe agents are, and will remain, a key channel for us."

A contrarian point of view comes from Possati, who says traditional means of reaching out to the trade are losing importance and effectiveness. "Not only are they getting to be too costly for hotels, but it seems both companies and the trade are shifting towards other means of communication,"

SPECIAL REPORT: INDEPENDENTS

Possati notes. “Many travel agents are working from home. So we need to reach them there where they live. “

Capex flexibility rules

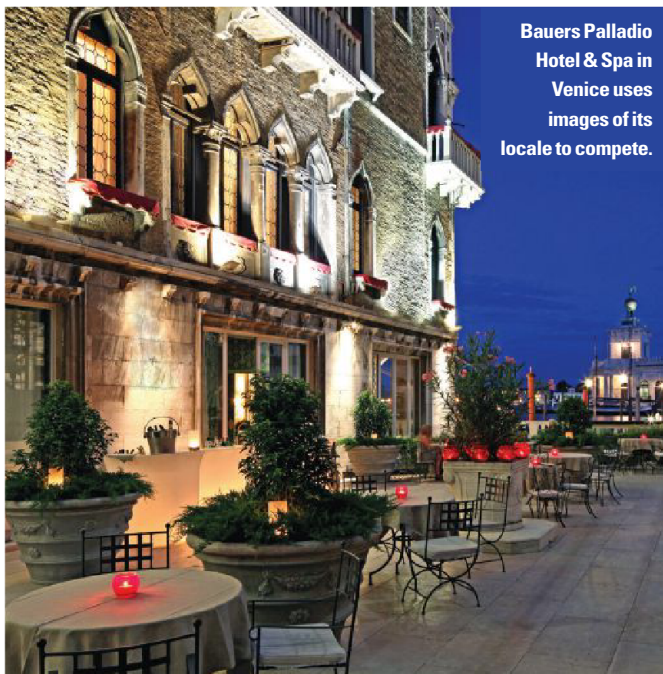
Independents claim they spend as much money on capex as any branded hotel — but on their own terms.

“We partnered to buy our Vail property at a bankruptcy in 2010,” Spencer says. “We talked with major brands. They said they would fill us up with loyalty points. How will that monetize real estate? We put in US\$9 million and made certain bets on what would work. We decided to get the energy up in the lobby and tried to get the pool right. The brand would have said ‘furniture package number 649.’ We ended up selling US\$25 million in real estate at the property.”

At Hersha’s Independent Collection, according to Ahmed, the approach to a “five-year plan” is very different and local. “We’re installing bicycles at every member hotel, and they’re different colors in each market,” he says. “Our Brooklyn bikes have a basket with the Brooklyn Bridge on it.”

Independents also claim they can now find renovation financing far more easily. “We have financed with everything from life insurance companies to CMBS to pension funds,” says Bashar Wali, president of Provenance Hotels, Portland, Oregon. “If we can show two to three years of trailing income, banks will be just as enthusiastic financing an independent. “

Indications are that the lines between brands and independents will continue to soften. One trend is networks of independents taking on more of the aspects of brands. At Destination Hotels & Resorts, which claims to be the world’s largest management company composed of independents, CEO Jamie Sabatier says the company definitely has a “Destination customer” and can bring in all the benefits of a larger company while at the same time allowing each property to have its own identity.



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