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Fighting fit

CEOs of independent hotel groups aren't afraid of Airbnb or new soft brands launched by global hotel chains. In fact, they seem energised by the increased competition, says **Raini Hamdi**



Top (From left) Kristie Goshaw; Michelle Woodley; Lindsey Ueberroth; Caroline Michaud **Bottom** Filip Boyen (left) and Geoff Andrew

Reclassifying their portfolios. Launching the right kind of loyalty programmes. Adding more resources in development and sales. These are busy days for CEOs of independent hotel groups who – far from being cowed by competition from the home-sharing economy or a slew of new soft brands launched by international hotel chains – are showing they love a good challenge. Have a look:

PREFERRED HOTELS & RESORTS

Preferred is 50 years old this year, but shows no signs of a mid-life crisis. A new female leadership will have none of it anyway.

In March, the first non-Ueberroth president, Michelle Woodley, was named, along with a new chief marketing officer, Kristie Goshaw, and a new EVP corporate communications & PR, Caroline Michaud. The move was designed to harness the skills sets in key functional areas of experts outside the family, said CEO Lindsey Ueberroth.

Preferred ended 2017 with a 22 per cent year-on-year increase in reservations revenue to US\$1.35 billion, and the addition of 103 new properties, validating its rebranding in 2015, where each of its 650+ member hotels was aligned with one of five collections: Legend, LVX, Lifestyle, Connect and Preferred Residences. The idea of the exercise, said Ueberroth, was to provide a more intuitive way for consumers to search and book their lodging based on the type of luxury experience they are seeking, rather than by the ‘brand/hotel type’ way that hard brands had taught them to do.

It has paid off, not just in the increased revenue and bigger membership, but by only serving



Above The Fullerton Hotel, a Preferred member

to enhance the large degree of repetitive, indistinguishable products hotel chains have in their network.

“The process of reclassification allows traditional independent hotel groups to organise themselves into meaningful collections that make it easier for a consumer to understand their diverse portfolio without compromising on individual hotel personalities,” Ueberroth told *TTG Asia Luxury*. “While it is a key advantage to offer a great deal of variety in accommodation choices, authentic experiences and unique global destinations, we must also be easy to sell and easy to buy, regardless of the member’s reason for travelling. Therefore, transparency in pricing and breadth of information on these hotel choices are paramount.”

To support the differentiation of brand collections and the audience they resonate with, its loyalty programme I Prefer was enhanced through the launch of a mobile app and exclusive member rates.

“These new offerings fuelled an 84 per cent increase in stays, more than 50,000 downloads for the I

Prefer mobile app (available on iOS and Android), and more than US\$8 million in member rate reservations revenue for participating hotels. To-date, I Prefer has more than 2.5 million members worldwide,” said Ueberroth.

Plans are to continue enhancing the benefits and offers for I Prefer members, and to further strengthen engagement with them. At press time, details are under wraps but Ueberroth emphasised two key phrases, “true loyalty” and “gratitude”.

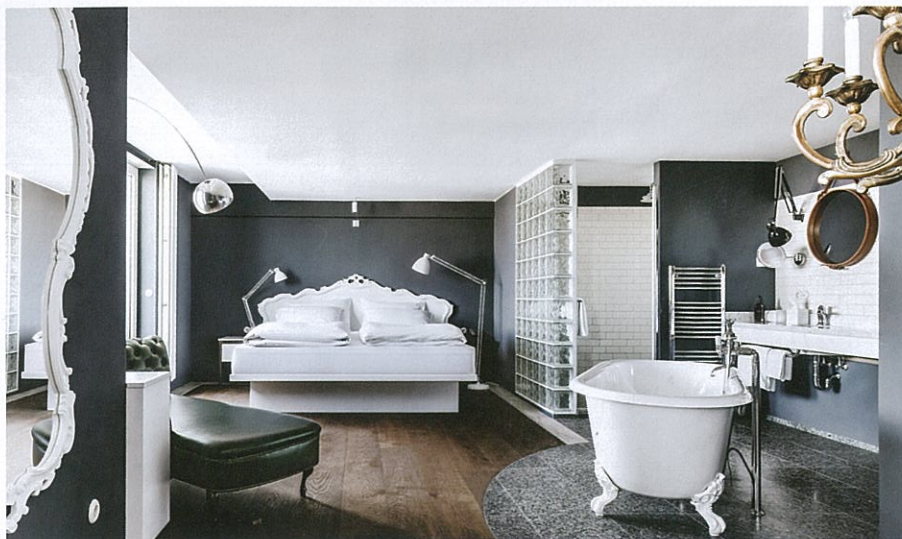
She said: “The consumer has been educated to expect instant gratification due to the proliferation of rewards programmes in every aspect of their daily lives, from supermarkets to healthcare. In fact, most of us will receive benefits before we have actually demonstrated any loyalty to a brand.

“Consequently, loyalty programmes must work significantly harder to deliver on their true intent – brand loyalty – especially in the hotel space where the traditional ‘earn and burn points’ model isn’t as effective as it once was. Loyalty is fast becoming

“**In fact, most of us will receive benefits before we have actually demonstrated any loyalty to a brand... programmes must work significantly harder.**”

Lindsey Ueberroth
CEO, Preferred
Hotels & Resorts

special report indie hotels



a singular focus that necessitates a reward framework based around the needs 'of one' rather than 'the loyal community'."

Preferred will also relaunch its website in the third quarter. This will include a dedicated section on Preferred Residences which, according to Ueberroth grew significantly in 2017 and now has 70 members.

WORLDHOTELS

In March, WorldHotels reclassified its 350 members into three collections, WorldHotels Distinctive, WorldHotels Elite and WorldHotels Luxury, from two collections previously, WorldHotels and WorldHotels Deluxe.

Distinctive covers upscale properties, Elite upper upscale and Luxury is, well, as the name says.

In general, WorldHotels members became part of WorldHotels Distinctive while members that were WorldHotels Deluxe became part of WorldHotels Elite. The very best hotels became part of WorldHotels Luxury.

"The re-classification clarifies the market positioning of our collections, so our sales team can sell our hotels to our clients

with greater confidence," Geoff Andrew, CEO of WorldHotels, said. "Therefore, travel agents as well as guests get a better understanding of the accommodations and the services they can expect before they book with WorldHotels."

He added: "The creation of the new collections signals that we will be taking a more focused approach to the quality levels within each segment. Hotels that don't meet our quality standards will obviously be addressed and given the opportunity to resolve these issues. If a hotel does not improve its quality standards, it is possible that it will be excluded from its collection and the overall WorldHotels' portfolio. As the brand continues to grow and expand, new properties will have to continue to adhere to the standards for each collection to maintain the integrity of each."

So is WorldHotels shifting towards the high-end? Said Andrew: "WorldHotels has always been involved with luxury, high-end properties. The overall WorldHotels portfolio, however, ranges from upscale to luxury and we will continue to serve all of them. Because of the upper upscale and luxury portfolio of our sister

Above Grand Ferdinand, Vienna, a member of WorldHotels Elite, one of three new classifications of the WorldHotels' portfolio

“

Today, independent hotels want loyalty programmes to help them drive more direct bookings and reduce their dependency on OTAs and other third parties.

Geoff Andrew, CEO, WorldHotels

company ALHI (Associated Luxury Hotels International), we do see an opportunity to grow within the high-end market. However, this does not mean we will be shifting solely towards the high-end."

Since ALHI parent, Associated Luxury Hotels, acquired WorldHotels in February 2017, work on leveraging the two brands has been going on in earnest. ALHI handles global sales, particularly meetings & incentives, for its membership comprising more than 250 luxury hotels and resorts, primarily in the US. WorldHotels' portfolio, on the other hand, comprises 350 properties, many outside the US.

Andrew said WorldHotels is leveraging the luxury aspect of ALHI to elevate the overall brand of WorldHotels. ALHI too has been generating leads of clients they can't place in their own portfolio to WorldHotels. "Between us, we have 150-odd sales people and 600 hotels. One of the things that we're looking at is, what services can we add that will benefit both organisations and members?" he said.

WorldHotels is targeting a massive growth from its present 350 hotels to 500 properties within the next three years. Asia-Pacific is a clear target of growth, as seen in two key promotions in April, James Koh as regional vice president of hotel development Asia-Pacific, and Ganessan Suppiah as regional vice president of sales Asia-Pacific. Both have served WorldHotels for over 11 years. Outside Asia-Pacific, a global director of travel industry partnerships, Tim Burke, has been hired, based in Dallas, along with a regional director of sales based in Los Angeles, Fernando Carranza.

"WorldHotels is currently making significant investments to enhance its service offerings for independent hotels including the expansion of its already extensive global sales and e-commerce force

along with new additions to its development team,' said Andrew.

A new global loyalty programme, The List, will also be launched this summer, emphasising instant benefits for guests, such as an arrival ritual and upgrades on availability, and harnessing the collective marketing resources of participating member hotels.

Andrew won't give away the details, only saying: "Guests have a new set of expectations. They expect loyalty programmes to offer greater flexibility and personalisation; they are looking for individualised value and they want more than just points."

Added Andrew: "In hospitality, loyalty programmes will see a lot of changes within the next years. The industry needs to redefine what hotel loyalty is in order to adapt to changing consumer behaviours and hotel (members) expectations. Today, independent hotels want loyalty programmes to help them drive more direct bookings and reduce their dependency on OTAs and other third parties. That is why WorldHotels has been rethinking how loyalty is recognised and rewarded and will introduce a new loyalty programme this summer."

SMALL LUXURY HOTELS OF THE WORLD (SLH)

SLH launched a new look and feel in 2015, and was the first among independent hotel chains to reboot their loyalty plan to suit today's needs. It launched Invited, which replaced Club of SLH, last October.

Invited does reflect the pivot indie hotel groups are trying to make, from the typical point-based redemptions for free nights or upgrades offered by big-name chains, to what SLH CEO Filip Boyen described as "being more responsive to distinctive experiences".

Guests want immediate gratification and tailored communication, he said. Points accumulation is tedious. It's the "basics" that now count. "No one is interested in lounge access if they have to then pay for breakfast each morning at their hotel," Boyen pointed out.

"Our members do not want points because it takes effort to work out meaningful value. What members want is simplicity and Invited delivers just that – the more a member stays, the better it gets with SLH," he added.

Three new crucial Invited offerings are:

“

I'm asked all the time now about how the big hotel chains launching soft brands has affected our business – frankly, it hasn't.

Filip Boyen
CEO, Small Luxury
Hotels of the World

- Hotel benefits such as room upgrades and late check-outs which members see as extremely valuable remain, but are now implemented consistently across SLH's 500+ independently-owned hotels.

- New and more frequently awarded benefits such as reward night vouchers, birthday gifts, recommend a friend, and small luxuries to surprise guests.

- Members are recognised not only for the number or value of bookings that they make, but for their overall interaction with the brand.

SLH figures that the new loyalty programme will also give rich insights into 400,000-strong Invited members' travel patterns which it wants to leverage to raise the booking conversion through "highly personalised emails" and more engagements with the brand. Ultimately this will lead to greater brand loyalty from members.

Like Preferred, SLH is reaping rewards of the initiatives taken since 2015.

Said Boyen: "I'm asked all the time now about how the big hotel chains launching soft brands has affected our business – frankly, it hasn't. Business for us increased 16 per cent last year, and we added 57 new hotels in places like Dubai, Havana, Panama, the US, Rome and Japan. This year we have some really exciting new hotels joining the brand, including our second Nobu Hotel in Marbella, The Sukhothai Shanghai and 7 Secrets Resort and Wellness Retreat in Lombok, just to name a few."

Boyen said SLH's new look and feel was not just skin deep. "We also made quality a real focus for the business and now all our hotels are inspected every year – and hotels that fail these inspections must leave the brand. This way our guests know all SLH hotels, whether a modern city centre hotel, or a historic country retreat, meet our strict criteria."

Below
Dormy House
Hotel, Broadway,
Cotswolds, UK, a
member of SLH

