Dynamic Duo

Best Western’s Aiden arrives, with Sadie close behind

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Aiden arrives, with Sadie close behind

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There are only two ways to grow a hotel brand company—through mergers and acquisitions or through organic growth. Both options are being utilized by most hotel companies these days, as everyone aims to gain scale. For its part, Best Western Hotels & Resorts has thus far focused on organic growth through new brands in recent years—like Vib, Glo and SureStay. On the heels of The Lodging Conference in Phoenix—where Best Western launched its two newest brands, Sadie Hotel and Aiden Hotel—the company held its annual convention in Grapevine, TX, introducing the boutique duo to its members, in addition to three new prototypes for its core brands and a host of technology updates. But while the industry is getting acquainted with Sadie and Aiden, the first hotel is already here.

“It’s only been a few weeks since we launched officially,” David Kong, president/CEO, Best Western Hotels & Resorts, told Hotel Business exclusively. “And what of Sadie? Aiden’s upscale sister brand has two projects approved in the U.S. ‘We have one under construction in Tampa, FL, and another [142-room Sadie hotel] we approved in New York City,’” Kong said. The 70-room Florida project is estimated to open April 2020.

“These projects will project the right image for these brands because these projects project the local flair and the owner’s vision of the hotel as the basis for design,” Kong said. “It’s got that ultra-modern sleek Asian design to it, but at the same time, he’s got the rooftop bar based on the Western influence.” Kong noted that the unique exterior design of the hotel is the result of the design team’s vision. “I had a meeting with the architects and designer, and he was talking about how his mother used to work in a hotel and used to fold towels; from a young age, he heard his mother tell the story, so now, if you look at the exterior design of the hotel, it’s got that design of a folded towel, which really reflects the designer’s upbringing,” he explained.

Best Western has another Aiden location slated to open next month, just outside of Paris. “The design is very much customized for each location. The one outside of Paris has a European design—very colorful, very sophisticated looking,” he said. “It’s very much the local design.”

The 90-key hotel will have a restaurant, a pool and three meeting rooms. And what of Sadie? Aiden’s upscale sister brand has two projects approved in the U.S. “We have one under construction in Tampa, FL, and another [142-room Sadie hotel] we approved in New York City,” Kong said. The 70-room Florida project is estimated to open April 2020.

“These projects will project the right image for these brands because these projects project the local flair and the owner’s vision of the property very well,” Kong said. “The next step is that very fast integration with our revenue system, so they can ramp up quickly. A lot of these projects, whether new-construction or conversion, take a while to ramp up because they have to get established in the marketplace and operators have to get used to the revenue systems we have and learn how to leverage them properly. In this case, we have dedicated teams to help them get ramped up quickly, so they are going to be able to capitalize on that.”

“That constant buzz on social media is really important because it’s a boutique hotel—you want it to be the most-talked-about hotel,” Kong said. “We purposefully have lots of areas in the hotel where there will be selfie moments; we want people to post them on social media. That’s how you can quickly ramp up your social media coverage. We also envision holding some events at these properties, so it would attract even more people to come, not just those staying at the hotel, but local people who live close by and can participate in the fun and excitement of these hotels. That’s something else we’re working on.”

What is unusual about all four of these hotels is that they’re all new-construction projects; from the beginning, Best Western has considered both Aiden and Sadie to be an opportunity for conversion repositioning opportunities. “But, as the word got out, a lot of people who were building this type of boutique hotel anyway were very excited because they could tap into the powerful Best Western revenue engines and leverage our knowledge in social media and create that
It’s really a boutique hotel that’s unique and just makes sense for a lot of owners. “When it comes to opening new-construction, and we’ve seen a marked slowdown in activities, whether it’s the banks more reluctant to lend for new projects right now because they think it’s more risky, or because construction costs or land costs are so high. There are all kinds of factors affecting new-construction right now. It’s slowing down for sure; I think everyone would tell you that in the industry.”

Ron Pohl, SVP and COO for Best Western Hotels & Resorts, added that there are multiple factors aligning to make conversion projects more sensible. In addition to the costs of construction and land, he said, “This is the longest run we’ve had. In 2006, we started ramping out of the recession, and 10 years later, investors—big investors especially—are wondering how long is this going to last.”

“The real opportunity for upside is to get it renovated and reopened as quickly as possible,” Pohl added. “Even our brands are taking 24 to 36 months from new-construction to get open. Conversions are nine to 12 months. They still feel they can hit the cycle and, oftentimes, they do these deals to reposition them and sell them. They say, ‘If I can open this thing up, run it for a year, I can show the return and I can flip it.’ We’re doing our best to secure that hotels that move into either one of those brands are long-term agreements, so if they sell it, it still stays with us—but we’re in a conversion cycle now.”

Pohl added that the outcome of the midterm elections in November could affect this. “I don’t want to overplay this because I don’t know what the outcome will be, but I think November is going to be very telling for us here in the U.S. Consumer confidence is at an all-time high, stock markets are at an all-time high, unemployment is at an all-time low,” he said. “Anything that changes in the November elections can negatively affect that. [It could] start the question: Is there anything going to get done in Washington? Almost nothing is getting done now, so what’s going to happen?”

Kong noted that a boutique repositioning just makes sense for a lot of owners. “When you look at what the market needs today, it’s really a boutique hotel that’s unique and different, and allows the owners to incorporate their vision,” he said, noting that he expects both Sadie and Aiden to ramp up quickly. “The boutique segment is one of the fastest growing segments in the industry, and for good reason. There’s no official rate cap for these hotels. People can’t really compare these hotels properly because there’s not much competition. If people want a unique experience, they’re more willing to pay a premium on the average rate. You’ve got occupancy working for you, rate working for you—it’s no wonder boutique hotels are such a hot segment right now. I see both of these being able to capitalize on that trend, and that trend will last awhile.”

There’s also a reason why Sadie and Aiden were positioned in the upscale and upper-midscale segments, respectively. “We are in the midscale, upper-midscale and upscale segments already,” Kong said. “They have the most number of hotels and, therefore, hold the biggest potential for conversion. These segments also have the largest number of independent hotels.”

“If people are going to spend money for another competitor brand where they have to do some renovation because it’s time to do it, they may as well spend the same amount, make it into a boutique hotel in a new segment, and achieve higher occupancy, rate and RevPAR—they can enhance the asset value,” Kong reasoned. “It’s a very compelling thing to do right now.”

And he has reason to believe hotel developers and owners will agree. “There was tremendous interest at The Lodging Conference and at our convention [from] current members who expressed interest in how we can use one of these two brands to help them reposition the assets,” he said, noting that he believes Sadie and Aiden will appeal to owners both in and outside of the Best Western family.

“It’s for Best Western members who have unique hotels in unique locations, and can use either one of these two brands to reposition their current Best Western-branded hotel. It’s for current members who have other assets who have to undergo some renovation anyway, or they may be thinking about repositioning assets, so this is a wonderful opportunity to do that safely because they’re not taking a chance doing it on their own. And it’s attracting developers who have other wise worked with us in the past,” Kong said. “It’s allowing us to reach out to them with these exciting products to appeal to them to join Best Western. It hits a very broad spectrum of the industry, and that’s why they’ll be powerful growth brands.”

Kong also noted at the conference that these brands will be good for all Best Western members: “There are three good reasons: First, if we have more hotels in more locations, we enhance the awareness of our brand. If people consistently see our Best Western name, then when they need to travel, they will think about Best Western. Secondly, the new brands can also elevate our brand image because they are contemporary and exciting. These brands enable us to be in terms of our development plans and, also, the leadership gaps we have to close at Best Western and the hotel community at large,” Dowling said.

The executive stressed that, while having a forum for women is important, equally important was buy-in and collaboration with men. “I think the harder part in our industry is that some of the men haven’t come along with the women at the same level, and that’s something I’ve always had great respect for with David Kong, (president/CEO, Best Western),” she said. “I was incredibly gratified by the men in the room with us because I just think that’s an enormous signal; and I had some of our owners call and say, ‘I’m bringing three of my female leaders at the hotel because I believe in them and I want to empower and develop them, and this is an opportunity for me to show how committed I am to their futures.’ But that hasn’t been the experience throughout my career. I hope that these times are different.”

While the event was a women’s forum—with men included—both Rach and Dowling agreed that the goal is to get to a point where a forum like this isn’t necessary. “I’m waiting for the day it’s just leadership development,” Rach said. “I do think that day is coming… I worry, 20 years from now, are we going to be just so incrementally ahead?”

Rach stressed the importance of building up female leaders. “I ran the NYU investment conference for 15 years, and it was a constant battle to even get a woman on a workshop—forget the general session,” she said. “Every year, I looked to find a woman who could be on these panels, and they just weren’t there. The worst thing you can do in that situation is bring in someone who is not an equal… And until we have more women in positions of power, we will not see any great shift in the CEO/president ranks.”

To open up the event, Dowling shared her own personal story about being an unconventional woman in a business world that urged women to conform. “Women of my generation, when we started in the industry, we were taught to be conformists. That’s how we were rewarded and that’s what I learned,” she said. “But upon reflecting on her life thus far, Dowling realized she hadn’t confirmed as well as she thought. She was born an only child to older parents of the late 1950s. She was the only kid in her neighborhood who had two parents who worked out of financial necessity to have a lower-middle-class lifestyle. She married at 26, the last of her friend group to do so. She chose not to change her last name. She waited until after her career was established to have a child at 37, again, the last of her friends to do so. And when she had the opportunity to emigrate from Canada to the U.S. to advance her career, her husband became a stay-at-home dad.”

“I think I’ve led a pretty unconventional life,” she said. “I want to share with you what I’ve learned along the way: Choose story continues...
to reach new travelers or developers who may not have considered us in the past. That leads to the third reason: These brands allow us to grow and derive more funding for our sales, marketing and technology investments. I hope our members see how these brands create a halo effect for the rest of us and why they are an important component of our brand strategy.”

Speaking to the broader trend of acquisitions and brand debuts, Pohl noted that there’s no right answer on the “best” way, but elaborated on Best Western’s approach: “Where’s a box we don’t fill today, and would there be a brand that could fill that box?” he asked. “We don’t have an economy segment extended-stay. Well, if we’re going to do something, is there an economy segment extended-stay that would add to our portfolio, and not compete with something we have? There’s no right or wrong answer, but that’s the way we approach it: We want to have a brand in each of the boxes. If we already have a brand there, we’re not going to look for something else to put in that same box. And then we have to grow organically. That’s what we do.”

New prototypes
Best Western is also focusing on its existing brands, introducing new prototypes for Best Western, Best Western Plus and Best Western Premier. “We have to have fresh, relevant prototypes so people can think about our core brands,” Kong said. “Those brands will always be the core of Best Western, so their strength is really important; you always have to protect your growth from the inside out, so those are foundations for the organization.”

Pohl added, “The prototypes really had two goals in mind: For those developers asking for a turnkey operation, let’s provide them that product; but equally, if not more so, our current hotels that want to do renovations, or conversion hotels that want to know what to expect in each of the brands, this provides them that vision, and costs are a key factor of that.”

What can guests expect from the new designs? “My approach in recent years—in both public spaces and guestrooms—has been less is more,” Pohl said. “We really went out there and said, ‘Yeah, we see what competing brands are doing, but what does the customer really need?’ What we find is they want space. Now, in Downtown Manhattan, you know you’re going to get a small room and you deal with that, but they don’t want a bunch of furniture in the room; they want a good workspace, they want a comfortable bed; you have to be able to hang and store stuff, but you don’t have to do it in the traditional way that takes up a lot of space and makes the room feel tight; they want a great bathroom. That was the approach: How do we make all of these feel bigger and better, so it satisfies the customer, but for the developer, it reduces the cost significantly?

“For the Best Western, Plus and Premier prototypes, we needed something new and exciting, and design has certainly evolved over the last three to five years,” he said. “Mix and match works and creates an upscale feel: when you do all of that, customers are willing to pay more.”

Pohl noted that the revamped Best Western prototype focuses on “smart, modern design with high-end impact; simplified furnishings and a reduced overall footprint [for] a cost-effective build; and well thought out rooms, universal design and multipurpose spaces.”

He added, “The new and improved Best Western Plus prototype brings affordable elegance to the modern-day traveler.” It is defined by “stylish textures with vibrant jewel tones to breathe life into refined public areas and cozy guestrooms; and guestrooms designed to provide comfort and relaxation to the contemporary traveler.”

For its part, the Best Western Premier prototype “welcomes guests with a luxurious experience and elegant atmosphere,” Pohl said. “Public areas provide an on-trend aesthetic with acute attention to detail catering toward today’s sophisticated traveler. Guests indulge in the comfort of guestrooms complete with upgraded beds and linens, spa-like bathrooms and spacious guestroom layouts. This design is sure to set a new standard for the upscale segment.”

The new prototypes are expected to roll out by the end of 2018.

Technology
Like most brands, technology was a focus at Best Western’s convention. “In today’s competitive environment, hotel rates are constantly changing; therefore, the frequency of shops has a direct impact on maximizing revenues,” Pohl said, noting that Best Western has signed an agreement with a new rate-shopping partner, OTA Insight. “Under this new agreement, the amount of rate shopping performed at hotels will more than double, helping you make better pricing decisions—and not only that, most hotels will see significant cost savings versus what you currently pay. The speed and quality of decision-making will also improve.”

“Systems will adapt and learn, and they won’t just optimize your rate—they will also help you manage inventory and restrictions, and dynamically manage and upsell your room types,” Pohl added. “Complex processes like rate loading will become simple tasks you can accomplish on your own with the click of a button. In short, our revenue management system will become easier to use and more intuitive.”

Pohl also elaborated on existing technology solutions. “Our mobile engagement platform, through Runtriz, has been successfully implemented at nearly 900 hotels in North America,” he said, noting that it provides guests with a pre-arrival email, opportunity to check-in in advance of arrival, make requests and purchase upgrades and amenities, allows for text messaging with hotel staff while on site, offers a local digital concierge feature through TripAdvisor, and the ease of checkout.

“For guests using mobile check-in, their overall experience increased by 4.1% and mobile requests increased by 8.8%,” he said, noting it also generated $340,000 dollars in incremental revenue to the hotels.

“Today’s platform is just the beginning. Over the next six months, the platform will be reintroduced as an app,” Pohl said. “It will offer full integration with
Visual Matrix and NiteVision, meaning guests will be able to check in and out through the application. It will provide improved text messaging capabilities—saving hotels time and money—and guests will be offered mobile key for hotels with Assa Abloy locking systems.

Best Western is also keeping its eye on voice technology. Pohl acknowledged that Best Western had experimented with Alexa with mixed results in the past, but noted, “It will have higher customer acceptance in the near future. Today, 39 million Americans have smart speakers in the home, and Alexa alone connects to 13,000 devices, from TVs to lights, faucets, coffeemakers, AC and refrigerators.”

Dorothy Dowling, SVP and CMO, elaborated on the company’s relationship with Google. “First, we collaborated with them to showcase each Best Western hotel with high-res photos. Then, Google helped us create virtual tours and videos, giving customers an up-close and personal online experience,” she said.

“Now, we have once again raised our hand to be a beta partner for a new Google project,” she added. “Right now, 80% of guests reach our hotels by car. And many of them are using Google Maps. Through this beta program, Best Western can send customized messages to these road warriors when they’re most in need of a place to stay.”

Reflecting on the growth and evolution of the company since its $2-billion brand refresh a few years ago, Kong said, “Today’s Best Western is very vibrant, very relevant, very exciting, but we are not resting on our laurels. What you heard at our convention is evidence of how we are refreshing a few years ago, Kong said, “To-distinguish our brand.”

But Best Western doesn’t believe that. “Growing up, you had to be good at everything in order to be successful,” said Rachel Austin, VP, human resources, Best Western Hotels & Resorts. “How much time did we spend beating ourselves up on the things we struggled with versus fueling ourselves with things we were naturally talented at and enjoyed?”

Instead, Best Western focuses on strengths. “Let’s focus on what’s right with people rather than what’s wrong with them,” said Dawn Antrim, manager, human resources, Best Western Hotels & Resorts. “When you have an awareness of those talents, you’re able to truly leverage them. It’s a change in our mindset from a conventional thinking of identifying and fixing what our weaknesses are.”

According to Gallup, when people enjoy what they’re doing, they’re six times as likely to be engaged at work and three times as likely to have excellent quality of life.

“It’s important we identify the talents of our team,” Antrim said. “But, she added, it’s important to not just assume. “As leaders, we tend to assume we know the strengths of our team, but you need to talk to that person. Ask, ‘What energizes you and what do you want to do more of?’” she said. “That’ll give you a clue as to what they gravitate to. I’ve seen leaders who, based on that, will realign things and see amazing results.”

“Be honest with yourself on what your strengths are, and surround yourself with people who complement those,” Austin added. “It’s the team that should be well-rounded.”

Cathy Tucker, senior account executive, Google, added, “We are all compensated on team goals, not individual goals, which was new to me when I came to Google. Understanding where the strengths are of the other team members, how we can complement each other well, so we’re not duplicating efforts and being efficient with our time, and yet we’re all feeling good—seeing that success happen really motivates me.”

Be open. “One of the biggest problems with most leaders is allowing short-term emotion to dominate them: I can’t talk about that now. Don’t you see I’m busy? What have you people been doing?” Rach said. “We allow the moment to dominate us rather than stepping back and thinking, rather than asking questions. Your job as a leader is not to be an answer woman or man. Your job is to think. Employees are not something for you to take angst out on, any-more than the reverse is true.”

Remember balance. “Work/life balance is so much more important today than in years past,” Austin said. “People are looking to be able to attend their kids’ hockey games or school activities. Be flexible.”

And that goes for leaders, too. “Women, in particular, don’t follow this rule: Put your own oxygen mask on first,” Wendy Ferrill, VP, worldwide sales, Best Western Hotels & Resorts, said. “If you’re not taking care of your-sell, you can’t take care of others. As female businesspeople, we’re constantly giving and not filling our own bucket.”

Take risks. Natalie Holbrook, managing director, client advice and management, Initiative, recalled a time when she was selected for jury duty and chose not to take on the role of foreman. However, she later regretted not stepping up when she should have and, despite another person having the title of foreman, actively ran the jury meetings as if she had the title.

Since then, she hasn’t shied away from volunteering. “If you get the opportunity, take the risk because it could turn out to be something amazing,” she said.

Filomena Andre, VP, travel products, Auto-mobile Club of Southern California, added, “The ability and opportunity that’s around the corner might mean taking some risks. [Twice] in my career I left a stable job to take one that would take me further into leadership, and I took a pay cut. To this day, it was the best decision I ever made. Do not be afraid to take the plunge and move on to what you know will provide an opportunity to learn and grow.”

Regarding the event overall, Dowling noted that the turnout was excellent—better than had been projected. “The feedback I’ve gotten is it was a meaningful experience,” Dowling said, adding that as a result of feedback, the company has already set a date for next year to host the second Women’s Forum. “It’s something I welcome because it’s inspiring to me to be with our hoteliers, our partners and leaders, and get to work with remarkable women.” —Nicole Carlino

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