Some new brands rise in the ranks in BTN’s Annual Hotel Chain Survey.
Hyatt Place Tops Select-Service Tier For First Time; Hampton Returns To Midprice Acme

One of the newest entrants to the select-service tier earned top marks from buyers this year, while a well-established, 30-year-old brand rebounded to the top of midprice tier in BTN’s 2012 Hotel Chain Survey.

Buyers for the first time ranked Hyatt Place as the top select-service brand, giving it top marks in all but three of the survey’s categories. The brand began when Hyatt acquired AmeriSuites in 2004 and now has a portfolio of 160 properties.

Hilton Garden Inn was second and last year’s highest-ranked select-service brand, Four Points by Sheraton, slipped to fourth.

In the midprice tier, Hilton’s Hampton Inn bounced back from a sixth-place ranking last year to claim top marks in all but two criteria and the overall number-one spot. The only criteria for which it did not outperform its category competitors were corporate rate programs and meetings facilities—both won by Holiday Inn, which was last year’s highest-ranked midprice brand.

Although Hyatt Place garnered sufficient recognition among buyers to be included in the past several annual BTN surveys, brand vice president Kristine Rose acknowledged that brand awareness had been a weakness. “We’ve focused a lot on growth and have been extending our reach to a lot more business travelers,” she said. “We launched our first national ad campaign and are finally getting our name out there.”

Like many of its select-service competitors, Hyatt Place is designed with the business traveler in mind, Rose said. The hotels offer hot, fresh food around the clock, which likely contributed to its top score for food quality. It also secured top marks for amenities, which Rose credited to such room features as corner couches designed for a comfortable work setting and large flatscreen televisions with ports for laptop plug-ins.

Of course, having the flagship Hyatt brand as its older sibling has been a key to Hyatt Place’s quick rise, according to brand vice president of sales Kate Burda. “We see our sales effort as two-pronged, and we’re able to leverage the worldwide sales organization,” she said. “That has made a real dent for us as a brand as we’re coming into our own.”

Hilton Garden Inn, meanwhile, earned top marks in three categories: consistency of offering, quality of business center and overall price/value relationship. Alan Roberts, the brand’s vice president of performance and sales support, attributed the performance to a decision to quickly prepare for the occupancy rebound following the economic downturn by reviving staff levels. He added that Hilton Garden Inn business centers have benefitted from a remote printing service rolled out a few years ago, enabling guests to print documents from their mobile devices.

The top brands in these tiers are expanding outside of the United States. Select-service hotels are a foreign concept in many such markets, so brands plan their expansion carefully.

### SELECT SERVICE

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<th>Quality of Food</th>
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Hyatt, Marriott Brands
Top Extended-Stay Tiers

Sweeping their respective tiers, Hyatt’s Summerfield Suites and Marriott’s TownePlace Suites were the definitive favorite extended-stay brands among buyers surveyed in the 2012 Hotel Chain Survey.

After not generating enough usage among respondents to be included in last year’s findings, Summerfield Suites received the highest scores across all criteria in the upscale extended-stay tier. Its overall score almost was 0.4 points higher than the next highest brand, Marriott’s Residence Inn. Last year’s top brand, InterContinental Hotels Group’s Staybridge Suites, slipped to third.

While this is not Summerfield Suites’ first time at the top of this survey—it secured top honors in 2008 among upscale extended-stay brands—it will be its last. Hyatt early this year completed the switch of Summerfield Suites properties to its new extended-stay brand, Hyatt House. Hyatt House last year got an additional boost through Hyatt’s acquisition of LodgeWorks, which included 17 extended-stay Hotel Sierra properties.

Combined with the existing Summerfield Suites portfolio, those locations have Hyatt House poised to be a major player in the extended-stay tier, said Kate Burda, the brand’s vice president of sales.

“With the acquisition of LodgeWorks, we hit that 50-property mark, and from there Hyatt House’s distribution presents a larger footprint that will help the brand compete against the other major extended-stay brands, which have portfolios twice or three times as large Summerfield Suites.

Hyatt House intends to sustain Summerfield Suites’ high scores via such business amenities as remote printing and new design features including a living room space separate from the bedroom, said Hyatt House brand vice president Kristine Rose. For the social hour that has become a tradition across many upscale extended-stay brands, Hyatt House holds summertime grilling events to stand out from the crowd, she said.

“Bringing all this to new markets has driven a lot of the success we’ve seen this year,” Rose said. “The rebranding went well, and guests have been very receptive to the amenities and spaces that we have.”

Hampton Inn also has been focusing on its public areas. By the end of this year, the brand’s 1,800-plus properties globally will have implemented a “perfect mix” lobby, with soft seating areas and extra electrical outlets, said Phil Cordell, Hilton Worldwide’s head of focused service and Hampton brand management. “We’re re-energizing what could have felt like a cafeteria to feel like a social space. It will have spots where guests can have group meetings or one-on-one meetings.”

All properties by the end of the year also will upgrade their exercise rooms, Cordell added.

Meanwhile, Holiday Inn and Holiday Inn Express continue to benefit from the recently completed global relaunch, a six-year investment that gave a new look to about 3,400 hotels around the world. “We spent $1 billion during the worst recession hopefully any of us will see, so this validates everything that the owners are doing,” said InterContinental Hotels Group vice president of brand delivery Gina LaBarre.

The bulk of U.S. hotel development currently is in the midprice tier. Through July 2012, supply in the upper midscale tier as defined by STR, which includes Hampton and Holiday Inn, increased by 1.8 percent year over year, and supply in the upscale tier, which includes the select-service brands, increased by 1.6 percent. Though such growth was lower than the long-term averages, those tiers this year have been the only ones to see supply increase by more than 1 percent, but they also had the highest demand growth.

Much of the growth in the United States comes from brands opening new urban locations. Hampton, for example, now has about a dozen properties in New York, Cordell said.

“Hampton’s fundamental start was in suburban and roadside locations, where the brand continues to be strong, but we’re seeing significant movement into urban environments,” he said. “Midprice hotels in urban environments are a relatively new phenomenon, so there is a lot of activity with owners tackling those needs.”

The top brands in these tiers also are expanding their presence outside of the United States. Hampton already has several hotels in Mexico and Canada and is planning an aggressive expansion into Europe, Cordell noted. Hyatt Place is eying Latin America, India and China, according to Rose.

Hilton Garden Inn also is looking at opportunities in China, Colombia and Chile, Roberts said. He added that select-service hotels still are a foreign concept in many of those markets, so brands are planning their expansion carefully.

“The prototypes are different, and it’s about getting those prototypes right,” he said. “We also don’t want to close the door on one of our sister brands, so we want to make sure we have the appropriate fit in the market.”

U.S. extended-stay rates so far this year have been rising on average faster than those of the overall U.S. hotel industry, according to the Highland Group’s mid-year report.

there’s a level of awareness that happens with travel buyers,” she said. “We can grow with more strength of distribution.”

While Summerfield Suites traditionally had scored well with buyers, many saw properties as single hotels serving local needs rather than a whole brand, Burda said. Hyatt
EXTENDED STAY UPScale

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This year’s results in the midprice extended-stay tier, meanwhile, were the same as last year’s: TownePlace Suites swept all criteria, followed by IHG’s Candlewood Suites. Extended Stay America ranked at the bottom.

Now offering more than 200 locations, the 15-year-old TownePlace brand last year began a renovation project for older hotels, said vice president of global brand management Loren Nalewanski. The main purpose is to add dedicated breakfast spaces for those hotels built before that was a brand standard.

TownePlace in the past 18 months also added daily housekeeping services to complement full cleanings for long-term guests: refreshing linens and cleaning dishes, for example. Nalewanski credited that service and some of the brand’s long-standing amenities—including its 24-hour fitness facilities and PC connection centers—for its still-strong perception among travel buyers.

“Midprice extended stay is designed for the self-sufficient, do-it-yourself traveler,” he said, “but just because they can take care of some things on their own doesn’t mean they don’t want exceptional service.”

U.S. extended-stay rates so far this year have been rising on average faster than those of the overall U.S. hotel industry, according to the Highland Group’s mid-year report. During the first six months of 2012, the average daily rate for extended-stay properties increased by 7.2 percent year over year, including a 5.8 percent increase in the upscale tier and a 9.6 percent jump in midprice. Overall occupancy was up 1.5 percent to 75.8 percent in the upscale tier but down 3.1 percent to 70.1 percent in midprice.

Much of the declining midprice occupancy stems from the large number of hotels under construction in the Extended Stay America portfolio. The company emerged from bankruptcy a few years ago and is trying to bounce back with a “very large renovation budget,” said Highland Group partner Mark Skinner.

Skinner added that extended-stay demand looks to remain strong “as long as the segment doesn’t get too easy on rate. Extended stay is a price buy, and there is a limit.”

Despite limited short-term construction in the upscale extended-stay tier, buyers are seeing new options there. In addition to the introduction of Hyatt House, Sonesta International this year also launched its own extended-stay brand by converting 17 former Residence Inn and Staybridge Suites properties from the Hospitality Properties Trust portfolio.

Both of those new kids on the block plan to aggressively grow their presence in the coming years.

“Since the introduction of Hyatt House, we’ve seen a huge spike in the interest of developing the brand,” Rose said. “We’re seeing expansion into markets where you wouldn’t normally see us: urban markets and gateway cities.”

Similarly, TownePlace is looking to expand further into larger urban markets and has 77 hotels in its pipeline, Nalewanski said. 📊