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Best Western growth hinges on new brands

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Best Western Hotels & Resorts started 70 years ago with a singular brand, but today it's the company's newest brands that will help grow its customer base globally, President and CEO David Kong said. PHOENIX—Best Western Hotels & Resorts celebrates its 70th anniversary this year, and at its annual convention this week, executives are emphasizing what it will take for the company to grow even more in the coming years.

One major path to growth is through the company's expanded line of brand offerings that will appeal to a broader range of customers and developers, President and CEO David Kong said, as well as by sharpening what those brands mean to the guest.

"Five years ago, we expanded from one brand to three. In the last couple years, we launched four brands. They allowed us to broaden our brand appeal," he said. "When the new brands attract new guests, we will have a better chance of encouraging them to stay in other Best Western-branded hotels."

Brand push

In 2011, the company rolled out its descriptor program, establishing the Best Western, Best Western Plus and Best Western Premier tiers. Since then, the company also launched its Best Western Plus Executive Residency brand, soft brand BW Premier Collection, lifestyle brand Vib and midscale boutique brand Glo.

In September, Kong shared details about the company's private-label franchise play for the economy and premium economy segments, SureStay. During the convention, he talked more about the new endeavor, which officially launches 1 December.

Best Western signed its first SureStay franchisee this week—the Genetti Hotel in Williamsport, Pennsylvania—which will belong to the SureStay Signature Collection soft brand.

The owner, Gus Genetti, is a Best Western member who also owns and operates the Genetti Hotel.

“His hotel has a 4.5-star rating on TripAdvisor, which is perfect,” Kong said. “By joining the SureStay Signature Collection, he can tap into Best Western resources, but also he can benefit from the commercial terms we’ve negotiated with (online travel agencies). He’ll get sales support and operational support.”

Kong said SureStay properties will not have property-improvement plans, but will instead rely on “superior customer care.” Properties must achieve certain TripAdvisor scores, agree to a service promise that requires owners to fix things that go wrong and comply with unannounced inspections.

Kong said he’s already hearing from current Best Western members who want to convert their branded properties to SureStay.

“Some Best Western hotels don’t feel they need to do a renovation or see the returns, and SureStay gives them a migration path to stay within the company,” he said.

In September, the company broke ground on its first three Glo properties—in Nashville, Tennessee; Goshen, Indiana; and Sheboygan Falls, Wisconsin.

“Secondary markets are often areas much easier to secure land for development,” said Ron Pohl, Best Western’s SVP of brand management and development. “That’s why Glo is taking off like crazy.”

The first Vib (pronounced “vibe”) is expected to open next year, Pohl said. Three properties have broken ground, but he said “the challenge with Vib is like in any primary or urban market, it takes longer to pull those deals together.”

Development and pipeline

“The quality of hotels joining today is pretty impressive,” Pohl said. “We opened 76 hotels so far this year (in North America), which is an average of one new hotel every four days.”

Of those openings, he cited 22 Best Westerns, 41 Best Western Plus, four Best Western Premier and eight Premier Collection hotels.

The company’s North American pipeline has more than 220 hotels, including 43 Best Westerns, 107 Best Western Plus and 20 Best Western Premier hotels. There are 14 Premier Collection hotels in the pipeline, 26 Executive Residency properties and eight Vib hotels. In addition to the three Glo hotels that broke ground last month, the company signed 13 Glo deals in the first nine months of 2016.

Around the world, Europe and Australia will add 130 new Best Western properties, and Asia will add 66, Pohl said. Nearly 240 hotels are in the company’s international pipeline and 60% of those are new-construction hotels. Ten are Vibes, with the first to open in December, and three are Glos, with the first to open in Thailand in 2018.

Rewards and distribution

Dorothy Dowling, SVP and chief marketing officer, addressed the company's goals for Best Western Rewards, which will be put to membership in a ballot vote.

While Rewards membership is up nearly 12% over last year, Dowling said the company "has lost ground to our competitors this year."

To address that, the ballot to members will present a two-pronged approach, Dowling said.

"One is doing a complete Best Western Rewards program refresh to enrich and make the rewards more relevant for our customers, and the second is to address some of our gaps in customer experiences at our hotels," she said.

Many of those gaps involve front-desk staff not recognizing loyalty program members consistently and thanking them, she said. The program's highest tiers have seen membership declines year over year and year to date, so many efforts will focus on keeping elite members rewarded and happy, she said.

On the distribution side, Dowling said the company's thinking toward OTAs have undergone "a fundamental shift."

"We recognize their marketing power and how many customers begin their travel journey on an OTA site," she said. "We now think of our OTA relationships as strategic partners."

To further the benefits Best Western members can get from OTAs, Dowling said the company is working to maximize revenue and market share through them, use them as an acquisition channel to increase Rewards enrollments, and learn from what they do well and adopt those strategies for Best Western channels.