

2009 U.S. Hotel Chain Survey: Buyers Place JW Marriott Atop Reshuffled Upper Upscale Tier

By Michael B. Baker

MARCH 16, 2009 -- Travel buyers for the third year in a row rated Marriott International's high-end JW Marriott brand the top of its tier, part of an overall strong performance for both Marriott and Hilton Hotels Corp. in the 2009 U.S. Hotel Chain Survey. In a year when hotels have seen a return to a buyer's market and buyers are facing pressure to extract more value and savings from their hotel programs, top brands across all tiers saw a bump in their satisfaction ratings among the 380 buyers who assisted BTN with its research.

Marriott's upper upscale and luxury brands dominated, while Hilton's brands made a strong showing in every tier, taking most of the top positions in the upscale tier and the top of the midprice tier. Buyers also for the first time gave top marks to Wyndham, while Four Seasons maintained its high satisfaction ratings in the deluxe tier.

A key tier in many corporate travel programs, upper upscale hotels are likely to take almost as hard of a hit as the luxury tier in 2009, said Bjorn Hanson, an associate professor at New York University's Tisch Center. Travel cutbacks in the financial sector, one of the highest users of the tier, as well as companies trading down to lower hotel tiers will contribute to about a 5 percent decline in upper upscale demand, just under the 6 percent decline expected for luxury, he said.

The tier also has become more negotiable for buyers, with more wiggle room than even in midprice tiers, said American Express Global Advisory Services vice president Frank Schnur. "We saw rate reductions, and it was a lot easier to negotiate in amenities and last-room availability," he said. "Prices on lower-tiered hotels were not as inflated, so there was less room to move there."

Charges for amenities, particularly Internet usage, in the upper upscale tier that generally are included in rates in the lower tiers long have been a sore spot for buyers. At The Masters Program in Washington, D.C., in February, David Marriott, Marriott's Eastern region vice president of market management, said the eventual removal of Internet fees is likely, though full-service hotels will only reluctantly turn away a revenue stream.

Still, many business travelers are bringing their own solutions, such as wireless Verizon or AT&T cards, to bypass property connects. As a result, "usage of the landlines in the hotel rooms has declined a little bit," Marriott said.

Satisfaction scores for the JW Marriott brand continued their climb this year, while Marriott's flagship brand also improved its scores but dropped one place to third. It was surpassed by Starwood Hotels & Resorts Worldwide's Le Meridien brand, which was ranked sixth in 2008. The top five was rounded out by Marriott's Renaissance brand and Hilton's flagship brand, which tied for the fourth-place slot.

The JW Marriott brand scored highest in seven of the 13 criteria with which the survey measured upper upscale hotel performance: arranging group travel, facilities for both resort and non-resort meetings, corporate rate programs, quality of food, the staff and business centers. Tom Botts, a partner with strategic advisory firm Hudson Crossing, said the brand, as well as Marriott's other upper upscale brands, benefits from its establishment as a stalwart, reliable product well-catered to business travelers.

"As far as consistency of product, there's nobody better, and buyers appreciate that, particularly in the JW

brand," Botts said. "You know what you're getting."

The Le Meridien brand—which scored highest for the physical appearance of its hotels, in-room amenities, in-room business amenities and overall price-value relationship—has been transforming in the past few years, and Botts said the survey results reflect those efforts coming to fruition.

Starwood acquired Le Meridien in 2005 and has worked to reenergize the brand, said Eva Ziegler, global brand leader for Le Meridien and W Hotels Worldwide. "The brand needed to be redefined from scratch," she said. "We had to take it in more of a lifestyle direction."

That included a cleaning of the Le Meridien portfolio, now at 110 hotels, she said. Some that didn't fit the brand initiatives were removed, and renovations now are planned at 60 Le Meridien properties.

Since Starwood acquired the brand, it has seen double-digit revenue per available room growth, Ziegler said.

Starwood's centralized services, including its Web site, global sales force and the Starwood Preferred Guest program have boosted Le Meridien's performance more than any other Starwood brand, she said.

The Marriott flagship brand and Omni Hotels both tied for the top score in arranging individual travel. Renaissance scored highest for its commission payment system.

The Hilton flagship brand significantly improved its score and ranking, up from ninth in 2008, in the survey to fourth this year, scoring particularly high in arranging individual and group travel. The quality of staff service is an area that has been a particular focus for the brand, according to Jeff Diskin, Hilton's senior vice president of brand management.

The brand has doubled its training staff and adopted clearer service standards, while Hilton's technology platform allows hotel staff to foresee guest needs based on booking and historical data, he said.

Hilton has invested about \$2.5 billion to renovate about 80 percent of its hotels in the Americas, Diskin said, and seen guest satisfaction scores increase about 20 percent.