



The New Hotel Name Game

From Manhattan to San Diego, hotels are switching brands and getting upgrades.

What it means for you.

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When Anthony Tangorra checked into a Ritz-Carlton in Washington, D.C., recently, just about everything was what he'd come to expect from the chain, including free cocktails on the concierge floor and sumptuous marble bathrooms. But one thing surprised him: a \$12 fee for the hotel gym on top of a \$600 room rate.

"At most of them, you don't have to pay," says Mr. Tangorra, chief executive of an airline consulting company. It turns out that different Ritz-Carltons have different policies about the fitness center, meaning things aren't always consistent.

PODCAST

- Candace Jackson discusses [the best and the worst](#) among the major hotel chains.

Making sure travelers get the same kind of experience at all of a chain's locations is a growing challenge for the hotel industry, which is going through a big shift. Chains from Marriott to Hilton are selling off properties to third-party owners so they can focus on making more money from management fees. That's putting greater responsibility for the brands' reputations in the hands of outsiders. It's also sparking a wave of "reflaggings" -- industry-speak for switching from one brand to another. Since 2001, the name plates on 7,600 U.S. properties have changed -- that's about one in every six hotels, compared with one in every seven during the previous five years, according to industry tracker Smith Travel Research.

Now, companies are trying all kinds of tactics to keep their properties in line. Hyatt, for instance, says it will send undercover inspectors over the next year to all 215 locations to make sure they're following the company's latest mandates, including installation of new alarm clocks with iPod docking stations and curved shower rods. Marriott now posts standards on its internal Web site, and specifies everything from the cereal offerings at breakfast (oatmeal is required, grits are optional) to the way napkins are folded ("no fans, artichoke, bird of paradise or complex napkin folds may be used").



Hyatt, San Diego (left): Staying past regular check-out time costs \$22.80 an hour; **Hyatt, New York:** We weren't charged for checking out three hours late.

"Consistency may be the most important thing to these hotels," says Stephen Van, president and chief executive of Prism Hotels & Resorts, a Dallas hotel owner that operates properties under the Marriott, Sheraton and Hilton names, among others. "Without that, by definition, they're not really a brand."

But who really delivers an experience travelers can count on? To find out, we hit the road, checking into hotels belonging to nine of the biggest U.S.

brands. We examined the rooms themselves, evaluating both size and design scheme. We also looked at key amenities for business travelers, including whether there's a surcharge for Internet access, and whether they provide quality bath products, a bigger issue following the recent clampdown on carry-on bags.

Overall, we found a strong link between room price and consistency. The Four Seasons chain -- where basic rooms range from \$200 to more than \$700 depending on the season and location -- stood out as the clear winner, with everything from reliably speedy room service to upscale décor. But there were some unexpected standouts, too. Food quality was excellent at all the W hotels in our survey; gyms were well-equipped and mini bars jampacked. Westin won points for its in-room coffee makers stocked with Starbucks.

HOTEL REPORT CARD

- We tested nine hotel chains with a focus on consistency, visiting three locations for each chain: one in a major city, one in a resort area and one near the airport. To test for consistency, we examined 24 criteria, from the size of rooms to the content of late-night room-service menus. See our [report card](#).

The rapid pace of reflaggings hasn't made things easy for hotels or guests -- especially when the name change happens literally overnight. One spring night last year, guests at the Adam's Mark hotel in Jacksonville, Fla., went to sleep and woke up the next morning to find a new sign out front that read Hyatt Regency. Turns out, the hotel's new owner, Oxford Lodging, a San Francisco-based asset management company, had canceled the old contract with Adam's Mark and signed up with Hyatt instead, hoping to attract a higher-end business clientele.

The transformation started immediately, with a Hyatt task force flying down to retrain staff. Hyatt requires each employee to verbally greet guests that are within five feet, for example, and to make eye contact for guests within 10. The staff was required to attend as many as three day-long training sessions, which were given in four different languages, including Croatian and Farsi. The new owners also monitored message boards on travel Web sites like Expedia to get travelers' feedback during the transition.



Ritz-Carlton, St. Louis: A more old-fashioned look

To get the hotel up to the brand's standards, a fancy steakhouse has been built and an Einstein's Bagels is in the works. By early October, the hotel will be outfitted entirely with Hyatt's "Grand Beds." "In the beginning, we did have a lot of disappointed Hyatt guests because we didn't have the standard beds," says Maxine Taylor, senior vice president of asset management for Oxford. But over the last few months, she says, "the comments on Expedia have really changed."

Total renovations will cost the new owners around \$15 million, which they say is already paying off: room rates rose by as much as 7% the day after the name change, and as much as 20% after the renovation got under way.

Across the country, room rates are up. This year over last, according to PricewaterhouseCoopers, rates rose 6.4%. That's an average of \$96.69 a night compared with \$90.91 in 2005 -- the biggest dollar increase ever.

Hotels say better amenities justify higher rates -- and they're spending millions in marketing battles over these perks. New ads for Westin in magazines like Vanity Fair tout white tea as "the calming new scent of Westin." And Marriott's Web site boasts that rooms have electrical outlets at the base of all desk lamps, "so you'll never again climb under the desk in search of power."

At the same time, to appeal to different demographics, U.S. chains are adding more niche brands to their rosters, while reinvesting a portion of last year's record profits to upgrade and renovate some existing properties. Starwood, which owns the W and Sheraton brands, is launching a midpriced line called aloft. Joining a stable of brands in Hilton's portfolio that includes the likes of Embassy Suites is the new luxury Waldorf-Astoria Collection. Hyatt just opened its first Hyatt Place, meant to appeal to a younger crowd, outside of Chicago in a former Amerisuites.

Though travelers aren't always aware of it, many hotels aren't owned by the brand named on the door. For example, the Hilton La Jolla Torrey Pines near San Diego, one of the hotels we visited, is owned by CNL Hotels & Resorts, a privately held real-estate investment trust. An owner will enter a contract with a major hotel brand for the right to hang that name on the building. The property owner typically pays the chain a one-time, per-room fee -- somewhere in the range of \$2,000 to \$5,000 per room, say analysts -- plus annual royalties of about 5% to 8% of room revenue.

Throughout the length of a contract, the hotel owner must also foot the cost of upgrades mandated by the hotel chain, like new desk chairs or bath towels. Hyatt, for example, is now requiring its hotels to switch out their old televisions for digital systems. "It's not unusual for hoteliers to throw out items they just bought," says Sean Hennessey, the CEO of Lodging Investment Advisors, an industry consultant.



W Hotel, San Diego (right): Hotel spa has five treatment rooms; **W Hotel, New York (left):** A larger spa with nine treatment rooms spread over 10,000 square feet

Brand standards cover everything from basics like cleanliness and towels with logos to minutiae like how tightly sheets are tucked in. Hotels are given some leeway when they first join a franchise, with a year or more to meet the standards on big-ticket items like beds and carpeting, and less time to upgrade smaller amenities. If a property falls behind, it can be placed on probation and in jeopardy of losing its franchise.

Some travelers say these kinds of details -- from the size of the TV to what's in the minibar -- can shape their long-term loyalty. Alaina McAuliffe, a Philadelphia-based consultant who travels frequently for work, says she looks for two things: good water pressure in the shower and a comfy mattress. That's partly why she opts for Marriott when she travels on business, over the others. "The bed is definitely key," she says.

At Hilton, much like its competitors, brand standards are specific, but individual hotels can vary services based on competition in the market. Hilton officials liken the differences in the cost of Internet access -- we paid \$5.95, \$9.95 and \$12.95 at the properties we tested -- to the same market forces that cause room rates to differ in different cities. High-speed Internet is mandatory, says Tom Keltner, president of the brand performance and development group at Hilton. "But that doesn't mean we say how much you have to charge for it any more than our standards say you have to charge specific amounts for guestrooms," he says.

Mr. Keltner says 40% of Hilton guests on any given night are members of its loyalty program, no small matter to business travelers who value hotel loyalty points as much as airline miles. While that's not an excuse for inconsistencies, says Mr. Keltner, reward points often trump other aspects of a hotel stay.

In the years since Marriott bought the venerable Ritz-Carlton in 1998, the brand has expanded to 61 hotels and continues to open new ones at a rapid pace. For Ritz's President and Chief Operating Officer Simon Cooper, the company's latest challenge is staying consistent while it changes the look of its hotels to better reflect the locale. After a \$40 million renovation, its Dana Point, Calif., resort reopened recently with an airy, beachy, Southern California-inspired design instead of the traditional dark-wood panel it

had before. "There's a fine balance in executing function in a relatively consistent manner," says Mr. Cooper, "while trying to create individual experiences hotel-by-hotel."

In our test, we learned some striking lessons about how chains go about ensuring consistency at all their properties. The quality of the televisions, for example, varied widely, in part because it can take a year or more for individual locations to replace them after a chain mandates an upgrade. After a stay at the Westin Times Square in New York, where we watched HBO on a 32-inch flat screen TV, we were disappointed to find a bulky 27-inch tube model at the Westin Horton Plaza in San Diego.

We also found that when it comes to surcharges, there are no guarantees. At two out of the three Four Seasons we tested, we had to pay a daily rate for using the Internet, while the Hyatt in San Diego was the only Hyatt that charged us for a late checkout -- \$22.80 per hour after noon. As for the toiletries, only three chains got it the same every time, including Hilton, which stocked the bathroom with Crabtree & Evelyn.

The trend toward chains selling off properties has helped spur some additional reflagging. The new owner may decide to shop around for a new flag. Other times, the new owner may want to keep the original affiliation but may fail to maintain the brand's standards -- prompting the chain to end its contract with the owner and forcing a reflagging.

In Los Angeles, the Century Plaza hotel recently converted to a Hyatt from a Westin after it was bought by Sunstone Hotel Investors for \$293 million -- or about \$402,000 per room. The hotel is now in the midst of a \$26 million renovation that includes adding flat-screen televisions. In the meantime, guests looking for a spa are in a for a letdown: The property's spa facility shut its doors this week and will be replaced by a tony Equinox Spa and Fitness center which won't open until next year.

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