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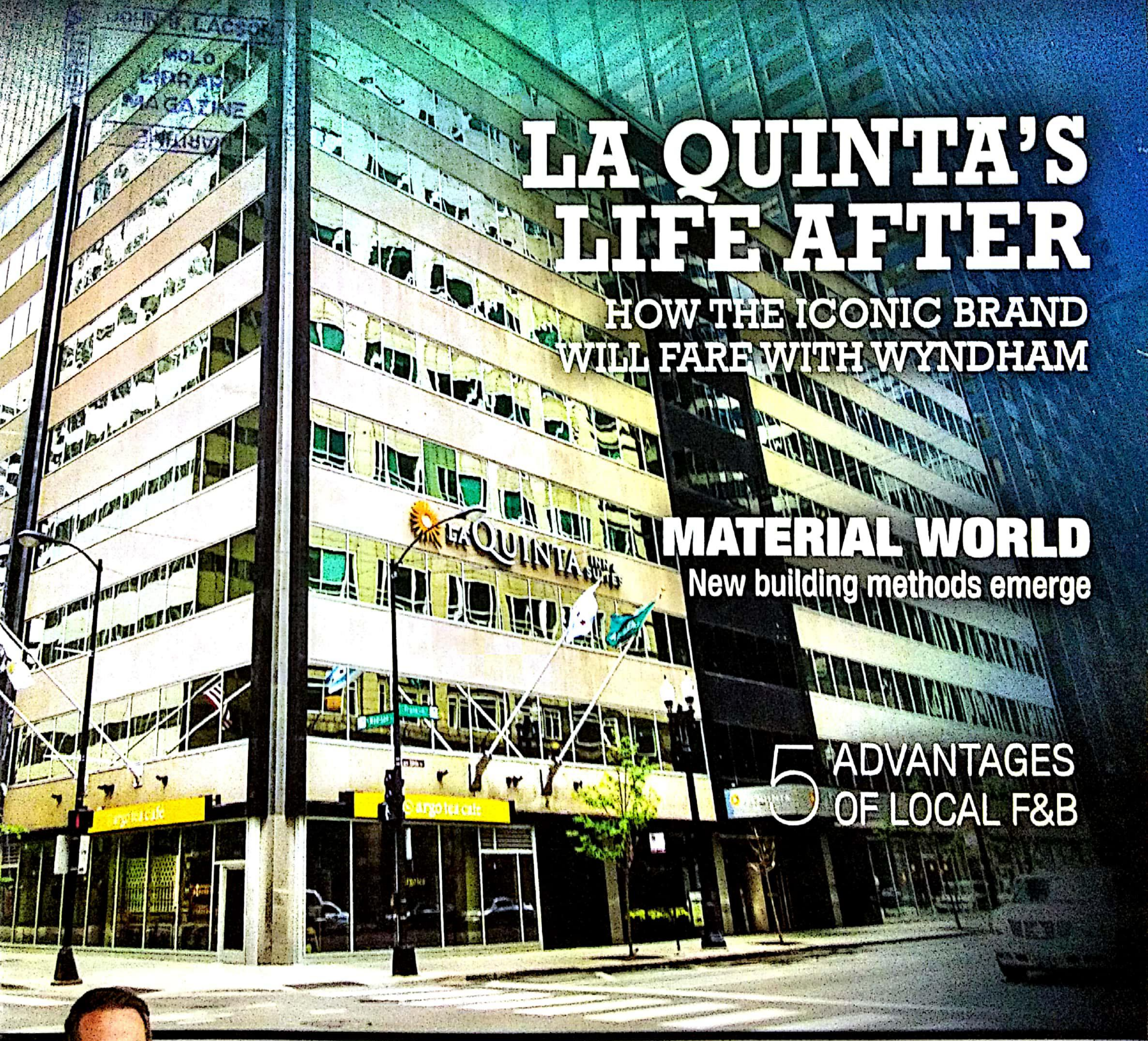

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Scott Gerber has created a niche far beyond being the brother-in-law of Cindy Crawford, who is married to Scott's brother, Randa. A meeting with Ian Schrager put Gerber on a trajectory to become a leading name in hospitality and nightlife, sought out by many today for his expertise.

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HOTEL MANAGEMENT

Glut of brands confounds even hotel executives

BY DAVID EISEN
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If the above headline sounds like a riff on The Onion, then I have a future in satire. Turns out, the title actually isn't sardonic, but rather sincere. As someone whose job it is to cover brands—old and new—I've seen them come, but rarely seen them go. Sure, they might get dealt away because they've outlived their usefulness, but once a brand is built, it's likely here to stay. That's not necessarily a bad thing: As long as guests show up at the door and developers build them, there is no reason to shutter a brand. Problem is, there are just so darn many of them now, and that makes the job of brand executive, of marketer, of anyone in the organization tougher.

I recall the halcyon days of the hotel industry when hotel companies only had a smattering of brands under their belts. Can you believe that Best Western only a few years ago had just one brand: Best Western. Now it has like 11 and I'm getting emotional about the good ole days of yore. Marriott, Hilton, Hyatt—you name it, back in the day you knew them because their brands were easily identifiable: I am staying at the Hyatt Regency, the Marriott, the Hilton Garden Inn, for example. Hotel companies realized that in order to grow they had to offer more. Comparable to Baskin-Robbins and its original 31 flavors: not everyone is satisfied with plain vanilla.

They needed more variety, more price points, more logos, more design prototypes, more F&B offerings. To do so, they either created brands in-house or looked outside for acquisition opportunities. An example of the former is Marriott's new Moxy brand, while a brand like DoubleTree was brought into the Hilton family in 1999 through its acquisition of Promus Hotel Corporation. The past decade saw hotel company brand portfolios swell, especially as legacy brands began to reach critical mass, making it necessary to add new brands to sidestep things like areas of protection, give developers more options and offer more variety to travelers, especially those that were part of a specific loyalty program.

As has been covered in these pages and elsewhere, scale in the hotel industry has never mattered more, which is why companies have bulked up. Marriott International is up to 30 brands, Wyndham Hotel Group is at 20, Hilton 14, Hyatt Hotels Corporation 13, Choice Hotels International 12, IHG 12. If you aren't into double digits by now, then, really, come on! What's wrong with you? Here's the thing, as hotel companies have added and grown brands, they and the traveling public have lost a little of the thread that binds them all.

Wyndham, for example, took the step to ensure all its 20 brands now have a Wyndham association, adding the "by Wyndham" designation to a further 12 brands. Lisa Checchio, SVP of global brands at Wyndham Hotel Group, recognized this brand fugue. "In a world that has nearly 1,000 different hotel brands, guests look for names they know and trust. By putting 'by Wyndham' on the front door of all of our hotels, there is the awareness that this brand belongs to the largest hotel group in world," she told me recently.

Other hotel companies are also moving toward ensuring that their brands, especially their newer brands, contain the parent company imprint in some form or fashion; whether it's Canopy by Hilton, Courtyard by Marriott or Hyatt Centric, to name just three. Now more than ever, and particularly within this fragmented distribution landscape, a hotel company needs strong brands that connect back to the parent company's loyalty program, which helps foster a one-to-one relationship with travelers and facilitate direct bookings that (hopefully) obviate the need for online travel agencies, a far more costly booking channel.

As long as hotel companies can provide a valid reason for more brands and are able to connect those brands back to the parent company, patching them strongly into the fabric, then a case can be made to add brands, either organically or via M&A. Too many brands is not the issue; making them relevant, necessary and worthwhile is.

Figure this: The Coca-Cola Company has some 500 brands. There are so many concoctions that a Wikipedia page exists dedicated to them all. Ever heard of Georgia? Sure, you have; it's a state in the U.S. that produces a tasty peach. But in Coca-Cola world, it's a coffee drink that you can only find in the Middle East and Asia.

Still think there are too many hotel brands? Well, then, think of the 'Coke Side of Life.' And everything will be all right. **HM**

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HOTEL MANAGEMENT SUPPLIES THE CREDIBLE NEWS ANALYSIS AND OPERATING RESOURCES THE LODGING INDUSTRY NEEDS TO PROSPER AMID CONSTANT CHANGE. COMPREHENSIVE REPORTING AND RESEARCH OFFER TOP-OF-MIND AND QUICK-HITTING INSIGHTS WHILE INTRODUCING THE PEOPLE DRIVING THE FUTURE OF THE HOTEL COMMUNITY. STRATEGIES ABOUT MARKETING, FINANCE, TECHNOLOGY, DESIGN AND PRODUCT PURCHASING GO BEYOND THE BRICKS AND MORTAR TO BRING READERS CLOSER TO THE FUNDAMENTALS OF OPERATING IN THE LODGING BUSINESS.

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