



# HOTEL MANAGEMENT

THE LEADING HOSPITALITY NEWS AUTHORITY SINCE 1875 | Vol. 225, No. 2 | February 2018

HOTELMANAGEMENT.NET

## SMART BET

### POLICYMAKING POSITIONS EUROPE FOR STRONG YEAR

## ASCENSION

### IHG's new CEO groomed to lead

\*\*\*\*\*8\*\*\*\*\*1RM\*\*CNR-RT L01\*\*C-031  
#100248322/8\* P 6  
BEN SIMONIO  
2111 MARBELLA AVE  
CARSON CA 90745-1339



### Take Everything You Know about a Sleeper Sofa and...

## Erase It.

Tested to real bed standards and providing an additional 14 sq. ft.\* of usable room space, the Sleep Between The Arms\* features a luxurious pillow-top mattress with no "bar-in-the-back", making it the most comfortable sofa bed in the industry.

[SleepBetweenTheArms.com](http://SleepBetweenTheArms.com)



\*Depending on sofa design © 2018 Arroyo Direct, Inc.



# INSIDE THIS ISSUE

## NEWS

**6** | The hotel industry in Europe is primed for a strong year. Here's why.

**7** | Wyndham Worldwide spends \$1.9 billion to make La Quinta its 21st brand

**8** | Embassy Suites overhauls its F&B offerings, with revenue now in the spotlight

**9** | Extended Stay America's new CEO sings the praises of his chosen segment

**10** | LW Hospitality Advisors' Dan Lesser lays out the challenges and opportunities we'll see in 2018

## OWN

**11** | Conversions remain the tool of choice for rapid expansion

## COLUMNS

- 4 Up Front | David Eisen
- 12 On Finance | Zak Selbert
- 14 Trends & Stats | Robert Mandelbaum
- 40 Ad/Editorial Index
- 41 Marketplace
- 42 Seen
- 45 Classifieds

## ON THE COVER

The Metropolis Building in Madrid



## DEPARTMENTS

### ONE-ON-ONE

#### 16 | Keith Barr

The CEO of InterContinental Hotels Group discusses his new role six months in

### GM LOOK

#### 18 | Anne Legrand

The GM of London's St. Pancras Renaissance Hotel on forging an unexpected career in hospitality

### New Department

#### IN YOUR SHOES

#### 20 | The Wilshire Grand Hotel

Hotel Management's Jena Fox spends a day as an "intern" at the independent hotel in West Orange, N.J.

### SPECIAL REPORT

#### 22 | Top Hotel Brands

The biggest names in hospitality give us a glimpse of their portfolio numbers

### TECHNOLOGY

#### 32 | Energy Management

Hotels are latching on to artificial intelligence to manage energy costs and increase efficiency

### OPERATIONS

#### 34 | Laundry Sustainability

Rising utility bills are washing away hotel revenues, so some hotels are thinking green

### DESIGN

#### 36 | Outdoor Spaces

Hotel gardens are getting special attention in 2018 as guest demands for local and organic food grow

### IN THE MARKETPLACE

#### 38 | Beekeeper

This company is rethinking how employees and businesses communicate

HOTEL MANAGEMENT (ISSN 2158-2122) is published monthly (except two issues in June - 13 issues yearly), by Questex LLC, 757 Third Ave, 5th Floor, New York, NY 10017. Subscription rates: \$84 for 1 year, \$132 for 2 years in the United States & Possessions; \$112 for 1 year, \$173 for 2 years in Canada and Mexico; all other countries \$180 for 1 year, \$255 for 2 years. Single copies (prepaid only): \$5.50 in the United States; \$6.50 in Canada and Mexico; \$12.50 all other countries. Back issues, if available are \$10 in the U.S.; \$12 in Mexico and Canada; \$24 for all other countries. International subscriptions will be subjected to \$82.50 per annual order for air-expedited service. Include \$7.15 per order plus \$2.20 per additional copy for U.S. postage and handling. Periodicals postage paid at New York, NY 10199 and additional mailing offices. POSTMASTER: Please send address changes to Hotel Management, P.O. Box 1267, Skokie, IL 60076-8267. Canadian G.S.T. number: 840 033 278 RT001, Publications Mailing Agreement Number 40017597. Printed in the U.S.A. Copyright 2018 Questex LLC. All rights reserved.

Copyright 2018 Questex LLC. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopy, recording or information storage and retrieval system, without permission in writing from the publisher. Authorization to photocopy items for internal or personal use, or the internal or personal use of specific clients, is granted by Questex LLC for libraries and other users registered with the Copyright Clearance Center, 222 Rosewood Dr., Danvers, MA 01923; phone: (978) 750-8400; fax: (978) 750-4470; call for copying beyond that permitted by Sections 107 or 108 of the U.S. Copyright Law. For those not registered with the CCC, phone permission request to Wright's Media (877) 652-5295. Hotel Management does not verify any claims or other information appearing in any of the advertisements contained in the publication, and cannot take any responsibility for any losses or other damages incurred by readers in reliance on such content. Hotel Management welcomes unsolicited articles, manuscripts, photographs, illustrations and other materials but cannot be held responsible for their safekeeping or return. Questex LLC provides certain customer contact data (such as customers' names, addresses, phone numbers and e-mail addresses) to third parties who wish to promote relevant products, services and other opportunities which may be of interest to you. If you do not want Questex LLC to make your contact information available to third parties for marketing purposes, simply call toll-free (866) 344-1315 between the hours of 8:30 a.m. and 5:00 p.m. CT and a customer service representative will assist you in removing your name from Questex LLC's lists. Outside the U.S., please phone (847) 513-6024.





# I need you. I hate you.

BY DAVID EISEN  
@DAVIDEISEN3

Moments of levity are rare during panel sessions at a hospitality industry conference. That's just the way it is when discussion bends toward cap rates, multiples, basis points and other terms that have come to define the hotel industry's workings. Imagine my surprise, then, when one panel I attended, at January's Americas Lodging Investment Summit, in Los Angeles, turned downright snarky.



Still, hotel owners aren't about to say goodbye to brands. Like Jerry Maguire, "You [brand] complete me [owner]." While owners oftentimes malign brands, they love the scale their parent companies provide; their robust reservation engines and loyalty programs. Because... the one thing hotel owners resent more than brands is online travel agencies. Paying one fee to the brand is enough; they don't want to pay what amounts to an even higher fee per booking to an OTA.

It came during a rather subdued panel concerning the topic of hotels of the future and what they might look like. At one point, the moderator, Bob Alter of Seaview Investors, posed this question to Lauren Chewning, VP of customer insight and growth at Marriott International: "What will a hotel look like 15 years from now?"

Alter's seemingly innocuous question wasn't intended to lay a trap, but Chewning took the bait with her response: "15 years," she said, "is a little bit too far from now." That's when Alter, a hotel investor, took the opportunity to throw some shade back: "But you ask me to sign a 30-year franchise agreement!" he said.

The audience guffawed at the rejoinder—myself included (in my head I said, "Daaammnnn, she got told" like I was back in high school, in the nineties).

This anecdote does not exist in a vacuum: hotel brands and hotel owners have a symbiotic relationship where both sides need each other to survive. But the relationship comes with a dollop of rancor and acerbity.

Hotel owners have a lot to say about brands, but their on- and off-the-record comments are miles apart. One owner I spoke to recently compared hotel developers to the world's oldest profession. Nice.

I'd say it's not the brands' fault as much as it is their preferred business model. Publicly held hotel companies, from Marriott to Hilton, IHG to Wyndham, are out of the real estate game. They are largely franchisors and their revenues are made off fees; the only way to generate more fees is to open new hotels at a high clip. Like a shark, they must always move forward.

That oftentimes comes at the expense of hotel owners, who get vexed when they see a glut of new hotels opening on their block—especially within the same brand family. (This is more noticeable now that Marriott has acquired Starwood.)

But one of the issues of being a franchisee of a company with more than, say, 5,000 hotels is that not all those 5,000 hotels are up to snuff, which is why, in 2018, many hotel companies will jettison those hotels they feel don't typify the brand. That's a win for hotel owners that have either opened new hotels or reinvested in their properties to bring them up to snuff. Like Steve Belmonte, CEO of Vimana Franchise Systems, recently said in a column he wrote: "Many believe they have to be a part of a system with 300 or more hotels. However, if of those 300 hotels, a large percentage are substandard, what good does that affiliation do the hotel owner? He or she could end up alienating a huge percentage of the traveling public who probably had a bad experience with that brand no matter where they stayed."

There will always be disagreement between brands and hotel owners, but they will never quit on each other. The advantages outweigh the drawbacks because the alternative is going at it alone as an independent, which can oftentimes end up being more costly and profit eroding. But a more equitable relationship can and should be reached that benefits both sides because one thing is clear: Brands don't get built without developers and developers can't build more hotels without brands (try getting bank financing without one).

Let's work it out. **HM**

**CORRECTION**  
On page 60 of the January issue, the photos of Sean Kreiman and Anthony Scotland were incorrectly identified.



Kreiman



Scotland

**CONNECT WITH US!** At Hotel Management, we are doing more and more each day to interact and engage with you—our loyal readers. Join us on the following social-media platforms and join the discussion.



www.twitter.com/  
HotelMgmtMag



www.facebook.com/  
HotelMgmt



www.linkedin.com  
Search: Hotel Management



Download the  
Hotel Management app

**EDITORIAL MISSION STATEMENT**

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 TRUCKS AND MORTAR TO BRING READERS CLOSER TO THE FUNDAMENTALS OF OPERATING IN THE LODGING BUSINESS.



**EDITORIAL**

757 Third Ave., New York, NY 10017

**{ WHAT'S YOUR FAVORITE GIRL SCOUT COOKIE? }**



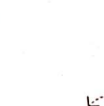
**Editor-in-Chief**—David Eisen  
deisen@quester.com | (212) 895-8436  
Do-si-dos—because the cookie is better than the dance.



**Managing Editor**—Elaine Yelzer Simon  
esimon@quester.com | (212) 895-8431  
Thin Mints all the way!



**Associate Editor**—Jena Tesse Fox  
jfox@quester.com | (212) 895-8287  
Samoas. Chocolate and coconut. Perfection.

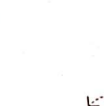


**Associate Editor**—C. Elliott Mest  
emest@quester.com | (212) 895-8288  
Thin Mints only.



**Art Director**—Amy B. Witte  
awitte@quester.com | (440) 540-4935  
Thanks: A-Lots.

**ADVERTISING/SALES/CIRCULATION**



**Group Publisher**  
Amy B. Waxman | awaxman@quester.com  
(609) 257-3412 | Fax: (609) 257-0980  
Thin Mint—all day.



**Dir. Business Dev., West, Midwest, NJ**  
Cynthia Zuckler | czuckler@quester.com  
(732) 845-0011 | Fax: (732) 350-0390  
Thin Mints kept in the freezer.



**Dir. Business Dev., East Coast**  
Jai Wallace | jwallace@quester.com  
(212) 895-8409 | Fax: (212) 895-8219  
Samoas.



**Dir. Business Dev.**  
Mary Malloy | mmalloy@quester.com  
(216) 402-9467  
Ditto, Samoas.

**Audience Dev. Manager**  
Deborah Gullian | dgullian@quester.com

**PRODUCTION**

**Production Director**—Hal Garsten  
hgarsten@quester.com | (212) 895-8439

**Production Specialist**—Sue Gigliotti  
sgigliotti@quester.com | (212) 895-8239

**MARKETING/MAGAZINE SERVICES**

**Marketing Director**—Alexandra Alaridge  
aalaridge@quester.com | (212) 895-8284

**Digital Marketing Coordinator**—Ashley Yaghoobian  
ayaghoobian@quester.com | (212) 895-8408

**List Rental**—MeritDirect LLC—Anthony Carraturo  
acarraturo@meritdirect.com | (914) 368-1088

**Permissions/Reprints**—Wright's Media | (877) 652-5255

**Subscriptions, Customer Service, Back Issues, Single Current Copies**  
HotelManagement@hmdata.com | Toll Free: (866) 344-1315 | Int'l: (847) 513-4024

**EXECUTIVES**

**President & Chief Executive Officer**—Kerry C. Gumas

**Chief Financial Officer**—Debra S. Mason

**Chief Revenue Officer, Quester Digital**—Evan Brucke

**Executive Vice President and Chief Digital Officer**—Steve Koff

**Senior Vice President Sales and Business Development**—Rick Hill

**Senior Vice President Digital Content and Product**—Andrew Johnson

**EDITORIAL ADVISORY BOARD**

Jim Butler, Executive Director, Butler & Butler

Mike Cahill, CEO & Founder, HRCO

Mary Beth Cuthbert, CEO of Acquisition & Business Development, HMC

JP Ford, President, Lodging Economics

Naveen Kulkarni, President & CEO, HMA

Bill Laneham, EVP & COO, Best Line Hotels Corp.

Ravi Patel, President, Housing Points

Raj Trivedi, EVP & COO, La Quinta

