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**EMERGING
MARKETS**

**DEMAND GROWS
FOR CEE HOTELS**



SureStay Exclusive

**2-YEAR-OLD
TURNS**

100

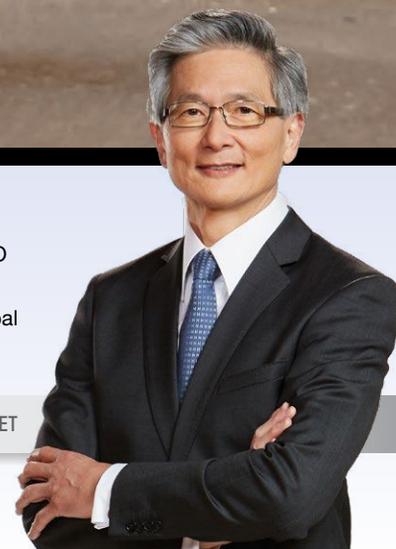
CHECK OUT
HM's TOP HOTEL
BRANDS

BEST WESTERN'S DAVID KONG SITS DOWN WITH HM

For more than 15 years, Best Western Hotels & Resorts' President and CEO David Kong has been steering the membership association down different paths, but always in the right direction. With 13 brands now part of the global group's portfolio, the urbane executive took a moment to reflect.



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HM EXCLUSIVE

Best Western's SureStay: The 2-year-old brand turns 100



The SureStay brand's 100th open property is a 58-room SureStay Plus located in Mesquite, Texas.

BY STEFANI C. O'CONNOR
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In 2003, when Kevin Patel was finished bringing his new-build hotel out of the ground in Mesquite, Texas, he likely didn't imagine he would be recognized some 15 years later for changing his mind on what he had just accomplished. But his decision last year to change flags has done just that.

While there were other contenders for the spot, Patel on Jan. 24 became the owner of the 100th SureStay to actually open, delivering congratulations to him and a milestone for Best Western Hotels & Resorts, which launched the brand slightly more than two years ago.

Patel's move from his original brand had more to do, he said, with changes going on with the franchised product than any outright dissatisfaction, but it was a scenario—one of many—executives at Best Western had in mind when the SureStay concept was being developed.

"I think [the chain] doesn't want any two-story hotels as [the former brand] anymore; they want three-story, even higher, to keep the brand unique," said Patel.

Since adding a floor to the 58-room hotel was not a consideration, Patel, who owns the hotel via KBC Properties Ltd., and manages it with family members through KBC Management LLC, began searching for a next-steps solution and one that wouldn't dig too deep into

his pocket.

"In the Mesquite market, there aren't too many options that are available and at the same time I didn't want to spend too much money as far as a [property improvement plan] was concerned," he acknowledged. Noting Best Western was a "strong brand," Patel said friends suggested he look into SureStay.

MAKING THE CONNECTION

Two years ago, Patel couldn't have correlated SureStay Hotels with Best Western's performance because the Phoenix-based global membership organization positioned its new franchise subsidiary as a "white-label" model and was keeping it at arm's length to avoid any confusion regarding the two entities. Fast forward to 2019 and the SureStay Hotel Group and its three tiers—SureStay Hotel, SureStay Plus Hotel and SureStay Collection—all live on the BW website and have the "by Best Western" tagline to show their pedigree.

It's just one of the things that has changed since the nascent brand went from zero to 100 (with 40 more in the pipeline in North America and 86 globally).

After creating the separation, Best Western President and CEO David Kong indicated the new launch wasn't tracking as anticipated.

"Developers were not interested in the SureStay brands if they were not connected to the Best Western revenue engines," Kong told Hotel Management.

"We rethought the whole proposition."

SureStay now is part of the entire BW distribution and support system, including the loyalty rewards program, but is handled via a franchise division.

The shift has brought benefits, according to Best Western SVP and COO Ron Pohl.

"The most challenging aspect of getting a new model off the ground, especially across three tiers, is convincing developers to invest in a new brand that has no historic performance. The success of the SureStay brand has been driven by the connection to the Best Western name and the global scale of Best Western ... The impressive early results speak for themselves and good news travels fast in the developer community. As a result, the brand has been on an accelerated growth path since the first SureStay opening," he said.

For 2018, Kong said the brands' Best Western Rewards

contribution was 33.5 percent, the overall contribution was 62 percent, the [revenue per available room] index for North America was 105 and the average rate index was 121.

One thing that has not changed is the requirement that any applicant for a SureStay brand must have a property score of at least a 3.5 on TripAdvisor for over a year; otherwise, the application is rejected. Applicants also must agree to a satisfaction guarantee and unannounced inspections.

The brands have provided "an out" for non-BW-brand hoteliers who can't afford or don't want to do full-blown PIPs and has helped cut outflow to other brands by BW members in the same situation.

"Currently, 20 percent of SureStay hotels were previously Best Western properties. Many of these properties could have retained the Best Western flag through investments, but the [return on investment] simply did not make sense based on the market and these owners instead opted to convert to a SureStay hotel," said Pohl.

"The primary reason is the owners want to reposition their hotels," said Kong, adding there's no PIP on design, but a PIP on condition. "Others want to tap into the Best Western system because they need an alternative to the [online travel agency] business." He felt mature markets provide the best growth potential

for the three tiers.

An international footprint for SureStay is key, Kong said. In 2017, Best Western Hotels & Resorts Scandinavia acquired Sweden Hotels, converting some to SureStays, boosting the brands' number in the country to 29.

England, Italy, France, Germany, Ireland, Mexico, South America, India and China are among other countries and regions on BW's radar.

On the consumer side, the CEO believes value is the operative word for SureStay's attraction. "It's kind of reminiscent of how Best Western started," said Kong.

FILLING A NEED

The 100th property is expected to draw business and leisure travelers to the off-highway location.

"We're about 12 to 15 minutes from downtown Dallas, so we have some corporate clients that we've built up over the years... we also have several church accounts," said Patel, noting the property offers 350 square feet of meeting space, a business center, a guest laundry and a fitness area. He said he hopes to replicate the strong performance numbers he saw last year, with occupancy in the upper 70s and average daily rate hitting the \$70-\$72 mark. Patel said because the property has amenities such as a pool, he chose the upper-economy SureStay Plus tier to reach for a higher rate.

"I feel great and I'm excited. I'm very pleased to be the 100th property open," said Patel.

"The impressive early success of SureStay is indicative of the brand's future," said Pohl. "As can be seen by the brand's trajectory, this is just the tip of the iceberg and we expect the brand to ramp up to 500 hotels within the first three to five years."

Said Kong: "We saw a void in the economy segment; there was no leadership ... no compelling consumer proposition ... no hotel owner proposition ... our mission from the get-go was to become the leader in the economy segment." **HM**

