Guests try to decipher what’s in a hotel brand name

By Scott Mayerowitz, AP

Today’s traveler faces a bewildering choice of hotel brands with similar-sounding and confusing names. Want to stay at a Hyatt? Take your pick. There’s Hyatt Regency, Park Hyatt, Grand Hyatt, Hyatt House, Hyatt Place and, coming soon, Hyatt Centric.

Vacationers once relied on big-name hotel brands to signal the kind of experience they could expect. People knew what Holiday Inn, Hilton, Hyatt or Marriott meant. Familiarity bred a sense of comfort.

No longer.

The world’s 10 largest hotel chains now offer a combined 113 brands at various price points, 31 of which didn’t exist a decade ago. And there’s no sign of this proliferation slowing down.

Thanks to high occupancy levels and cheap interest rates, developers are scrambling to build new properties. At the same time, hotels are trying to lure a new generation of travelers in search of authenticity. They want unique and hip places to sleep, not cookie-cutter facsimiles of hundreds of other hotels.

These so-called lifestyle hotels are the hot, new area for growth. They are designed to attract millennials: travelers between the ages of 18 and 34 who hotels say aren’t interested in marble bathtubs but might enjoy beanbag chairs.

“The big hotel chains are in the business of pretending they aren’t big chains. They want you to think they are boutiques,” says Pauline Frommer, editorial director for Frommer's, the travel guide company founded by her father, Arthur Frommer. "This dizzying array of brand names is a good way for them to hide. The vast majority of the public is not going to keep track."

In the past year, Marriott International Inc. launched Moxy, Hilton Worldwide Holdings Inc. created Canopy, Best Western International Inc. came up with Vib and InterContinental Hotels Group PLC – the parent company of Holiday Inn – purchased Kimpton, adding its boutique hotels to the larger chain.

And hotel executives say more brands are on the way.

"The Internet has driven people to more niches. Everything is more segmented," says Best Western CEO David Kong. "Our six brands are actually six different needs."

This is a good time to own a hotel.

U.S. hotels are now selling 65 percent of their room nights, up from 55 percent five years ago, according to travel-research company STR Inc. Guests are also paying more: $115.72 on average a night, up from $97.31.

That's why there are 128,874 additional hotel rooms already under construction in the U.S., up 32 percent from last year, according to STR. Another 306,644 rooms are in various planning stages, all of which will be added to the exiting supply of 5 million rooms.

Hotel companies typically don't build or own individual properties but collect management or franchise fees from the owners. Those developers need to decide if their building is going to be a Hilton, Comfort Inn, Sheraton or something else. Competition is fierce from the hotel chains to ensure that new properties falls under their brand. But a city can support only so many Marriott hotels. That's why Marriott

International offers 19 different brands, including Courtyard, Residence Inn, Ritz-Carlton and TownePlace Suites.

Several hotel executives acknowledge an excess of brands, although each blames their competitors, not themselves.

“With very few exceptions, brands are probably overdone,” says Steve Joyce, CEO of Choice Hotels, whose 11 brands include Comfort Inn, EconoLodge, MainStay Suites and Cambria Suites. “I don’t see a consumer demand.”

But with developers eager to break ground while financing remains cheap, hotel companies are willing to do anything to sign on new properties. Many of the new developments are in tight urban spaces that couldn’t fit traditional, boxy hotels, let alone their ballrooms. In the next four years, a quarter of Marriott’s growth will come from brands that didn’t exist five years ago.

“It’s not a question of how many brands. It is a question of the right brands,” says Anthony Capuano, global chief development officer for Marriott. “We may need more.”

The last time the hotel industry saw this many new brands introduced was in 2006 and 2007, in the boom just before the Great Recession, says Adam Weissenberg, the global leader of Deloitte & Touche’s travel consulting business.

Despite what hotels are saying, Weissenberg says this isn’t being driven by the guests’ desires.

“Are there that many different customers out there?” he says. “Or are you really catering to the developers who are looking for more ways to build hotels and you can collect more fees?”

Will most of these brands still be around in five years? Some experts doubt it. You can’t design a brand with just millennials in mind, says Mark Lunt of Ernst and Young’s real estate transaction advisory business.

“Tastes will ultimately change,” Lunt says.

After all, most guests are just looking for a clean room, comfortable bed and perhaps free Wi-Fi and breakfast.

Maybe the key question for guests is: Which brand is it that promises to leave a light on?