

## Buyers Place JW Marriott Atop Reshuffled Upper Upscale Tier

BY MICHAEL B. BAKER

Travel buyers for the third year in a row rated Marriott International's high-end JW Marriott brand the top of its tier, part of an overall strong performance for both Marriott and Hilton Hotels Corp. in the 2009 U.S. Hotel Chain Survey. In a year when hotels have seen a return to a buyer's market and buyers are facing pressure to extract more value and savings from their hotel programs, top brands across all tiers saw a bump in their satisfaction ratings among the 380 buyers who assisted *BTN* with its research.

Marriott's upper upscale and luxury brands dominated, while Hilton's

brands made a strong showing in every tier, taking most of the top positions in the upscale tier and the top of the midprice tier. Buyers also for the first time gave top marks to Wyndham, while Four Seasons maintained its high satisfaction ratings in the deluxe tier.

A key tier in many corporate travel programs, upper upscale hotels are likely to take almost as hard of a hit as the luxury tier in 2009, said Bjorn Hanson, an associate professor at New York University's Tisch Center. Travel cutbacks in the financial sector, one of the highest users of the tier, as well as companies trading down to lower hotel tiers will

contribute to about a 5 percent decline in upper upscale demand, just under the 6 percent decline expected for luxury, he said.

The tier also has become more negotiable for buyers, with more wiggle room than even in midprice tiers, said American Express Global Advisory Services vice president Frank Schnur. "We saw rate reductions, and it was a lot easier to negotiate in amenities and last-room availability," he said. "Prices on lower-tiered hotels were not as inflated, so there was less room to move there."

Charges for amenities, particularly Internet usage, in the upper upscale tier that generally are includ-

ed in rates in the lower tiers long have been a sore spot for buyers. At The Masters Program in Washington, D.C., in February, David Marriott, Marriott's Eastern region vice president of market management, said the eventual removal of Internet fees is likely, though full-service hotels will only reluctantly turn away a revenue stream.

Still, many business travelers are bringing their own solutions, such as wireless Verizon or AT&T cards, to bypass property connects. As a result, "usage of the landlines in the hotel rooms has declined a little bit," Marriott said.

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## Four Seasons Tops Ritz-Carlton In Deluxe Photo-Finish

BY MICHAEL B. BAKER

High marks for amenities and meetings facilities edged Four Seasons Hotels and Resorts to the top of the U.S. Hotel Chain Survey's deluxe tier, as brands strategize to show buyers that luxury is not incompatible with necessary cost-cutting.

Four Seasons bested Ritz-Carlton, with which it tied for top deluxe tier honors in 2008, by just three-hundredths of a point. The two brands, which together have dominated the top positions of the tier for the last decade, both significantly improved their scores compared with 2007 and maintained a healthy premium over other competitors in the category.

Susan Helstab, Four Seasons' executive vice president of marketing, said such service innovations as one-hour pressing, around-the-clock fitness and dining options and complimentary services for business travelers like overnight shoe shines and newspaper deliv-

eries propelled the brand to the top of the survey.

"Four Seasons began as the first 24/7 hotel for the business traveler, and we continue to focus on that today," Helstab said.

Ritz-Carlton, part of the Marriott International fami-



**RITZ-CARLTON'S GABALDON**  
Maintain, but adapt, service

ly, received top marks from buyers for its corporate rate programs, food, staff and appearance of its hotels, all of which have been areas of focus for the brand in recent years, vice president of sales Chris Gabaldon said. The

brand has moved away from the formal restaurant dining rooms traditionally associated with luxury hotels in favor of more relaxed eateries often anchored by celebrity chefs, as with Dean Fearing's restaurant at its Dallas location, he said.

Newer Ritz-Carltons, such as those in Westchester and Battery Park in New York, have been designed with a more contemporary style, and the brand has worked to adapt service to the individual traveler.

"Ritz-Carlton's foundation

was built on outstanding service delivered consistently from hotel to hotel," Gabaldon said. "We don't want to depart from that quality of service, but we did want to adapt how that service is delivered to the customer."

Hilton's Waldorf-Astoria Collection brand, launched just three years ago to build upon the iconic status of the famous New York hotel, for the first time garnered enough usage among travel buyers to be included in the survey and made a strong debut in third place. Tom

Botts, a partner with strategic advisory firm Hudson Crossing, said Hilton's global sales force has helped the brand get a quick foothold with travel buyers.

Buyers gave top marks to Starwood Hotels & Resorts' Luxury Collection, for arranging group travel and its commission payment systems, placing the brand fourth overall.

The luxury tier, however, is expected to take an especially hard hit amid the travel slowdown. Bjorn Hanson,

*Continued on page 17*

## 2009 U.S. Hotel Chain Survey Methodology

*Business Travel News'* U.S. Hotel Chain Survey annually measures corporate travel buyer opinions of the lodging brands they use. *BTN* e-mailed corporate readers responsible for hotel buying decisions, asking them to rate hotels, arranged by tier, with which they did business in the past year. Equation Research tabulated ratings from 380 respondents.

Based on price point data produced by Smith Travel Research, *BTN* this year di-

vided hotels that in recent years it has ranked within the upscale and midprice tiers into three tiers: upper upscale, upscale/select service and midprice.

Buyers rated hotels in each segment on as many as 13 attributes. Ratings are presented as a numerical score from one to five, with the highest score for each attribute listed in boldface.

*BTN* reported results only for hotel tiers and chains with significant usage. ■

# 2009 U.S. HOTEL CHAIN SURVEY

## DELUXE

	ARRANGE INDIVIDUAL TRAVEL	ARRANGE GROUP TRAVEL	FACILITIES FOR RESORT MEETINGS	FACILITIES FOR NON-RESORT MEETINGS	CORPORATE RATE PROGRAMS	COMMISSION PAYMENT SYSTEM	QUALITY OF FOOD	HELPFUL COURTEOUS STAFF	PHYSICAL APPEARANCE OF HOTELS	QUALITY OF IN-ROOM AMENITIES	QUALITY OF IN-ROOM BUS. AMENITIES	QUALITY OF BUSINESS CENTER	OVERALL PRICE-VALUE RELATIONSHIP	OVERALL AVERAGE SCORE
<b>1 FOUR SEASONS</b>	<b>4.62</b>	4.45	4.46	<b>4.49</b>	4.02	3.83	4.47	4.70	4.68	<b>4.58</b>	<b>4.56</b>	<b>4.60</b>	<b>4.35</b>	<b>4.45</b>
2 RITZ-CARLTON	4.60	4.30	<b>4.50</b>	4.46	<b>4.04</b>	3.95	<b>4.54</b>	<b>4.71</b>	<b>4.69</b>	4.49	4.42	4.50	4.22	4.42
3 WALDORF-ASTORIA COLLECTION	4.38	4.28	4.28	4.33	4.00	4.06	4.43	4.37	4.53	4.37	4.21	4.28	4.16	4.28
4 LUXURY COLLECTION	4.38	<b>4.50</b>	4.38	4.40	3.82	<b>4.07</b>	4.15	4.48	4.52	4.19	4.22	4.22	3.95	4.25
5 FAIRMONT	4.36	4.29	4.28	4.21	3.83	3.91	4.25	4.54	4.33	4.36	4.15	4.25	4.24	4.23
6 ST. REGIS	4.41	4.06	4.12	4.12	3.76	3.79	4.29	4.29	4.29	4.35	4.25	4.27	4.00	4.15
7 MANDARIN ORIENTAL	4.40	3.92	3.77	4.23	3.57	3.70	4.08	4.21	4.50	4.36	4.17	4.18	3.83	4.07

## UPPER UPSCALE

	ARRANGE INDIVIDUAL TRAVEL	ARRANGE GROUP TRAVEL	FACILITIES FOR RESORT MEETINGS	FACILITIES FOR NON-RESORT MEETINGS	CORPORATE RATE PROGRAMS	COMMISSION PAYMENT SYSTEMS	QUALITY OF FOOD	HELPFUL COURTEOUS STAFF	PHYSICAL APPEARANCE OF HOTELS	QUALITY OF IN-ROOM AMENITIES	QUALITY OF IN-ROOM BUS. AMENITIES	QUALITY OF BUSINESS CENTER	OVERALL PRICE-VALUE RELATIONSHIP	OVERALL AVERAGE SCORE
<b>1 JW MARRIOTT</b>	4.39	<b>4.29</b>	<b>4.34</b>	<b>4.31</b>	<b>3.98</b>	4.07	<b>4.30</b>	<b>4.35</b>	4.36	4.19	4.12	<b>4.10</b>	4.08	<b>4.22</b>
2 LE MERIDIEN	4.24	4.06	4.20	4.00	3.94	4.00	4.26	4.27	<b>4.50</b>	<b>4.36</b>	<b>4.31</b>	3.92	<b>4.23</b>	4.18
3 MARRIOTT	<b>4.41</b>	4.26	4.22	4.27	3.94	4.03	3.99	4.27	4.09	4.06	4.04	4.05	3.99	4.12
4 HILTON	4.36	4.27	4.11	4.16	3.92	3.89	3.99	4.18	4.07	4.01	3.94	4.03	3.98	4.07
4 RENAISSANCE	4.32	4.00	4.00	4.09	3.89	<b>4.09</b>	4.24	4.24	4.09	4.00	4.06	4.00	3.86	4.07
6 WESTIN	4.31	4.08	4.13	4.08	3.80	3.80	4.05	4.09	4.14	3.96	3.92	4.04	3.84	4.02
7 HYATT	4.24	4.08	4.04	4.11	3.79	3.78	3.92	4.15	4.10	3.96	3.91	4.07	3.92	4.01
8 INTERCONTINENTAL	4.25	4.02	3.87	4.11	3.78	3.82	3.96	4.06	4.00	3.98	3.91	3.95	3.89	3.97
9 OMNI	<b>4.41</b>	4.00	4.00	3.87	3.78	3.92	4.00	4.22	3.88	3.88	3.87	3.80	3.81	3.96
10 LOEWS	4.14	3.88	3.87	4.00	3.56	3.77	4.00	4.05	4.11	4.00	3.88	3.94	3.89	3.93
11 SOFITEL	4.14	3.94	3.87	4.00	3.78	3.80	4.11	3.94	4.06	3.94	3.67	3.80	3.87	3.92
12 SHERATON	4.21	4.00	3.87	3.95	3.76	3.82	3.86	3.98	3.84	3.89	3.76	3.84	3.95	3.90
12 W	3.97	3.93	3.93	4.00	3.79	3.77	4.07	3.93	4.07	3.93	3.81	3.78	3.67	3.90
14 MILLENNIUM	4.20	3.89	3.71	3.80	3.56	3.85	3.82	4.11	3.93	3.80	3.79	3.80	3.81	3.85

## JW Marriott Tops Tier Again

*Continued from page 10*

Satisfaction scores for the JW Marriott brand continued their climb this year, while Marriott's flagship brand also improved its scores but dropped one place to third. It was surpassed by Starwood Hotels & Resorts Worldwide's Le Meridien brand, which was ranked sixth in 2008. The top five was rounded out by Marriott's Renaissance brand and Hilton's flagship brand, which tied for the fourth-place slot.

The JW Marriott brand scored highest in seven of the 13 criteria with which the survey measured upper upscale hotel performance: arranging group travel, facilities for both resort and non-resort meetings, corporate rate programs, quality of food, the staff and business centers. Tom Botts, a partner with strategic advisory firm Hudson Crossing, said the brand, as well as Marriott's other upper upscale

brands, benefits from its establishment as a stalwart, reliable product well-catered to business travelers.

"As far as consistency of product, there's nobody better, and buyers appreciate that, particularly in the JW brand," Botts said. "You know what you're getting."

The Le Meridien brand—which scored highest for the physical appearance of its hotels, in-room amenities, in-room business amenities and overall price-value relationship—has been transforming in the past few years, and Botts said the survey results reflect those efforts coming to fruition.

Starwood acquired Le Meridien in 2005 and has worked to reenergize the brand, said Eva Ziegler, global brand leader for Le Meridien and W Hotels Worldwide. "The brand needed to be redefined from scratch," she said. "We had to take it in more of a lifestyle direction."

That included a cleaning of the Le Meridien portfolio, now at 110 hotels, she said. Some that didn't fit the brand initiatives were removed, and renovations now are planned at 60 Le Meridien properties.

Since Starwood acquired the brand, it has seen double-digit revenue per available room growth, Ziegler said.

"Le Meridien needed to be redefined from scratch, in more of a lifestyle direction."

**EVA ZIEGLER**

Le Meridien global brand leader

Starwood's centralized services, including its Web site, global sales force and the Starwood Preferred Guest program have boosted Le Meridien's performance more than any other Starwood brand, she said.

The Marriott flagship brand and Omni Hotels both tied for the top score in arranging individual travel. Renaissance scored highest for its commission payment system.

The Hilton flagship brand significantly improved its score and ranking, up from ninth in 2008, in the survey to fourth this year, scoring particularly high in arranging individual and group travel. The quality of staff service is an area that has been a particular focus for the brand, according to Jeff Diskin, Hilton's senior vice president of brand management.

The brand has doubled its training staff and adopted clearer service standards, while Hilton's technology platform allows hotel staff to foresee guest needs based on booking and historical data, he said.

Hilton has invested about \$2.5 billion to renovate about 80 percent of its hotels in the Americas, Diskin said, and seen guest satisfaction scores increase about 20 percent.

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## In Midprice Tier, Hampton Inn Thwarts Holiday Inns' Rise

BY MICHAEL B. BAKER

Hampton Inn emerged as the definitive winner in the U.S. Hotel Chain Survey's midprice tier—a tier poised to grow in importance to travel buyers in the current economy—while InterContinental Hotels Group's Holiday Inn brands showed marked improvement.

Hilton Hotel Corp.'s biggest brand, rising from fourth in the midprice category in 2008, Hampton maintained a healthy premium over its competitive set and also scored highest in eight of the 12 areas in which buyers rated the tier. It scored highest in arranging individual travel, meeting facilities, corporate rate programs, commission payment systems, staff, physical appearance, in-room business amenities and overall price/value relationship.

Tom Botts, a partner with strategic advisory firm Hudson Crossing, said the tier has seen a lot of investment in recent years, but Hampton has the advantage of Hilton's large, global operation. "There's a lot of players in this tier, and Hampton benefits disproportionately from

their tie-in with Hilton," Botts said. "It helps them on the sales side and the loyalty side."

Phil Cordell, Hampton's global head of brand management, said the biggest impact came from enhancing the breakfast to include hot items and a new bedding program.

Hampton also is renovating its lobbies and by year-end plans to have high-definition televisions in all of its rooms. At the same time, it is increasing its presence globally, particularly in urban markets.

"We'll open about 125 hotels this year and about 125 next year, including a couple more in Manhattan, downtown Boston and Chicago," Cordell said.

IHG's Holiday Inn and Holiday Inn Express brands showed the biggest turnaround in the tier. Ranked sixth last year, Holiday Inn Express jumped to second, also scoring highest for its in-room amenities and ability to arrange group travel. The Holiday Inn brand, which finished in last place in 2008, vaulted to third.

Holiday Inn has been undergoing a relaunch during the past few years,

said senior vice president of brand management John Merkin, gaining new signage, better exterior lighting and improved bedding and bath while putting properties through a certification process.

"We've taken out the hotels that have given us the most perception problems and are re-imaging the remaining hotels," Merkin said. "We're about one-third of the way through that relaunch, and it will be completed by 2010."

Choice Hotels International's Comfort Inns & Suites brand and Marriott International's Fairfield Inn completed the top five in the category. Buyers also gave Carlson Hotels Worldwide's Country Inns & Suites highest marks for its food offerings.

Though *BTN* for several years has not distinguished between midprice with and without food and beverage service, Bjorn Hanson, an associate professor at New York University's Tisch Center, said midprice without F&B should be one of the relatively strongest tiers this year, while midprice with F&B brands will have much more of a struggle. "These on

average are older hotels that might be viewed as having less value," according to Hanson.

The newer brands, meanwhile, will benefit from being fresher. Hampton's high-definition television initiative, for example, gives it an amenity not seen even in some upscale or upper upscale hotels.

This year, IHG has put more weight behind its sales force, adding 20 positions to the global sales team and opening a new sales center in Atlanta, and Holiday Inn has seen more preferred agreements as a result, Merkin said. "We're very bullish that this is the time to gain share," he said. "Based on new expense policies, we're definitely getting a lot of people who wouldn't have considered us in the past."

"It's the slowest period we've had in a number of years," added Hampton's Cordell. "You haven't necessarily seen the cessation of business travelers, just an adjustment in their travel patterns, perhaps adjusting the frequency of visits from three times a month to one time a month."

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### MIDPRICE

	ARRANGE INDIVIDUAL TRAVEL	ARRANGE GROUP TRAVEL	FACILITIES FOR MEETINGS	CORPORATE RATE PROGRAMS	COMMISSION PAYMENT SYSTEM	QUALITY OF FOOD	HELPFUL COURTEOUS STAFF	PHYSICAL APPEARANCE OF HOTELS	QUALITY OF IN-ROOM AMENITIES	QUALITY OF IN-ROOM BUS. AMENITIES	QUALITY OF BUSINESS CENTER	OVERALL PRICE-VALUE RELATIONSHIP	OVERALL AVERAGE SCORE
1 HAMPTON INNS & SUITES	4.30	3.94	3.52	3.82	3.80	3.48	4.11	3.95	3.66	3.78	3.67	3.96	3.83
2 HOLIDAY INN EXPRESS	4.16	3.95	3.37	3.70	3.74	3.36	3.90	3.85	3.73	3.68	3.71	3.89	3.75
3 HOLIDAY INN	4.13	3.93	3.57	3.48	3.46	3.44	3.96	3.61	3.61	3.30	3.60	3.70	3.65
4 COMFORT INNS & SUITES	4.06	3.71	3.39	3.77	3.45	3.33	3.79	3.61	3.62	3.61	3.49	3.82	3.64
5 FAIRFIELD INN	4.11	3.62	3.14	3.65	3.49	3.25	3.83	3.71	3.53	3.51	3.43	3.71	3.58
6 COUNTRY INN & SUITES	4.12	3.35	3.18	3.38	3.53	3.60	3.75	3.75	3.43	3.35	3.37	3.62	3.54
7 BEST WESTERN	3.87	3.58	3.37	3.45	3.32	3.12	3.71	3.40	3.41	3.51	3.39	3.55	3.47
8 LA QUINTA INN & SUITES	4.12	3.27	2.93	3.31	3.08	3.12	3.65	3.45	3.33	3.31	3.13	3.64	3.36
9 QUALITY INN & SUITES	3.83	3.28	2.74	3.35	3.20	2.79	3.50	3.14	3.19	3.22	3.14	3.43	3.23

## Wyndham Tops New Upscale/Select Service Tier

BY MICHAEL B. BAKER

Wyndham Hotels and Resorts this year for the first time received top honors in *BTN's* U.S. Hotel Chain Survey, just beating out a strong bloc of Hilton family properties as buyers' highest-rated brand in the upscale/select-service tier.

The brand edged out Hilton Garden Inn by two-hundredths of a point, boosted by top scores for arranging individual travel and its facilities for non-resort meetings. Wyndham's overall score improved from 2008, when it was ranked 11th in the upscale tier, albeit against a different set of competitors because of the restructuring of the survey this year.

Kevin Rupert, Wyndham's vice president of marketing and strategy, said the brand has undergone a good deal of renovation—new bedding packages, new bathroom amenities, in-room MP3 players, new

coffee makers—since what was then Cendant Corp. acquired the brand that would ultimately become its flagship as its hospitality business was spun off into its own entity.

"We've always been well-positioned," Rupert said. "We've improved the product quality, added points to our rewards program and included free high-speed Internet for our loyalty members."

High scores for meetings facilities could be attributed to a recent brandwide initiative for allergy-friendly meeting spaces and guest rooms that has helped the brand secure a large piece of business in the pharmaceutical industry, as well as a focus on such equipment as ergonomic chairs, Rupert said.

"We've also been rolling out a new meetings program, helping create events that are more interesting and more stimulating for attendees," Rupert said.

Despite missing the top slot, Hilton Garden Inn, the top midprice brand in last year's survey, had the distinction of having the highest score in the largest number of categories for the upscale/select-service tier.

Buyers rated the 13-year-old brand tops for its corporate rate programs, staff, business center, in-room business amenities and overall price/value relationship.

Tom Botts, a partner with strategic advisory firm Hudson Crossing, said the brand's properties generally are newer builds of high quality, combined with rates that work well in tough economic times. "Its rooms are consistently nice, and there's free breakfast and free Internet, which are big wins," Botts said.

Even in tough economic times, Hilton Garden Inn wants to continue to invest in its service offerings, said Hilton Garden Inn senior vice president of brand management for Adrian Kurre. "We've reduced owners' fees so they can stay focused on their customers."

Hilton Garden Inn also benefits from its quickly growing footprint, with 79 hotels opened in 2008, Kurre said. "There isn't a major market anywhere in which we don't have some sort of representation, so it's just a matter of filling in those markets where the business has moved to," he said.

Two other Hilton brands, Doubletree and Embassy Suites, placed third and fourth in the tier, respectively. Each considerably improved its score and ranking compared with 2008, when Doubletree ranked 16th and Embassy Suites ranked 15th.

Doubletree particularly scored well on the meetings side, earning top scores in the tier for arranging group travel and facilities for resort

meetings. Embassy Suites, meanwhile, benefited from a number of upgrades to its physical product—breakfasts, fitness centers and check-in kiosks, for example—said Jim Holthouser, global head of full service hotels for Hilton.

"We've had a huge percentage of the brand returned to like new, and we've also launched a new prototype," Holthouser said. "Now we have the biggest pipeline that we've ever had as a brand."

Starwood Hotels & Resorts' Four Points by Sheraton brand took fifth place, scoring highest in the tier for its commission payment system.

The rapidly growing Hyatt Place brand, launched just a few years ago and now at 130 hotels, generated enough usage among travel buyers this year to be included on the survey for the first time, and it demonstrated a strong performance in several categories.

Buyers ranked the brand highest for its food, the physical appearance of the properties and its in-room amenities.

Alison Kal, vice president of marketing for Hyatt, said the food category in particular has been a focus, and the brand also added touchscreen menus for ordering in guest kitchens, she said.

"This was the most researched brand in the history of Hyatt," according to Kal. The brand continues to grow, with more than 20 planned for this year.

Bjorn Hanson, an associate professor at New York University's Tisch Center, said the tier would be one of the industry's highest performers. With other tiers expected to see demand hemorrhage as much as 5 percent to 6 percent this year, the upscale tier seems poised to drop by only 1 percent or so in terms of demand.

"It's very much a value story," Hanson said. "There's no charge for high-speed Internet access and no charge for the fitness center, so it's one of the two tiers that are going to fare the best."

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# 2009 U.S. HOTEL CHAIN SURVEY

## UPSCALE/SELECT SERVICE

	ARRANGE INDIVIDUAL TRAVEL	ARRANGE GROUP TRAVEL	FACILITIES FOR RESORT MEETINGS	FACILITIES FOR NON-RESORT MEETINGS	CORPORATE RATE PROGRAMS	COMMISSION PAYMENT SYSTEM	QUALITY OF FOOD	HELPFUL COURTEOUS STAFF	PHYSICAL APPEARANCE OF HOTELS	QUALITY OF IN-ROOM AMENITIES	QUALITY OF IN-ROOM BUS. AMENITIES	QUALITY OF BUSINESS CENTER	OVERALL PRICE-VALUE RELATIONSHIP	OVERALL AVERAGE SCORE
<b>1 WYNDHAM</b>	<b>4.29</b>	4.12	3.78	<b>4.10</b>	3.73	3.89	3.82	4.21	4.12	4.00	3.93	3.90	3.94	<b>3.99</b>
2 HILTON GARDEN INN	4.27	3.93	3.53	3.92	<b>3.88</b>	3.85	3.70	<b>4.26</b>	4.15	4.07	<b>4.00</b>	<b>4.02</b>	<b>4.04</b>	3.97
3 DOUBLETREE	4.24	<b>4.17</b>	<b>3.88</b>	4.09	3.81	3.85	3.92	4.08	3.94	3.89	3.80	3.89	3.87	3.96
4 EMBASSY SUITES	4.24	3.96	3.74	4.07	3.72	3.73	3.74	4.19	4.05	3.93	3.85	3.76	3.84	3.91
5 FOUR POINTS BY SHERATON	4.17	3.91	3.68	4.00	3.78	<b>3.93</b>	3.97	4.11	3.84	3.91	3.83	3.77	3.84	3.90
6 HYATT PLACE	4.17	3.83	3.62	3.94	3.51	3.47	<b>4.09</b>	4.03	<b>4.17</b>	<b>4.09</b>	3.85	3.88	3.76	3.88
7 COURTYARD BY MARRIOTT	4.27	3.91	3.55	3.79	3.67	3.73	3.70	4.17	4.01	3.90	3.83	3.87	3.77	3.86
8 RADISSON	4.16	3.84	3.79	3.88	3.60	3.74	3.84	4.04	3.82	3.94	3.76	3.76	3.71	3.84
9 CROWNE PLAZA	4.11	3.91	3.70	3.87	3.52	3.77	3.72	4.07	4.04	3.94	3.70	3.80	3.69	3.83
10 SPRINGHILL SUITES	3.94	3.24	3.04	3.25	3.34	3.26	3.29	3.93	3.72	3.71	3.56	3.40	3.73	3.49
11 RAMADA	3.84	3.64	3.52	3.50	3.50	3.26	3.27	3.71	3.14	3.50	3.25	3.26	3.27	3.44

## Deluxe Tier To Take Hit

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an associate professor at New York University's Tisch Center, said luxury demand should decrease by about 6 percent this year.

Part of this comes from the so-called "AIG effect," coined after the insurance giant was roundly criticized for hosting a resort incentive trip within a week of receiving federal bailout money. With the top-rated brands in the category often considered synonymous with opulence, some large companies are reluctant to attach their travel and events to them.

"Many people are avoiding these two brands just because of the potential stigma, even if they can get a good rate," Hudson Crossing's Botts said. "It's perception. These brands have never been associated as a value play."

Ritz-Carlton's Gabaldon said the brand will never win on price, but the strategy in the current economy is to focus on the value that comes with

luxury stays. Though the properties offer spas and other amenities associated with indulgence, the brand in negotiations focuses more on the need for top executives to have access to services ensuring that their trips are efficient, he said.

"It's unfortunate that the rhetoric around luxury from Washington these days is putting so much pressure on our best customers," Gabaldon said. "We don't speak of luxury. We speak of service, trust, privacy, quality and consistency."

Luxury demand also will be hit because the businesses that have the highest propensity for using the properties, particularly financial institutions, are suffering, NYU's Hanson said. Additionally, the dollar has strengthened significantly against foreign currencies in the past year, and that combined with the global nature of the recession will significantly cut international inbound travel to luxury properties, he said.

"Those were really desirable guests," Hanson said. "They spent more and stayed longer."

Compounding the demand drop is the unusually large amount of supply growth forecast for the

tier in 2009. The long-term supply growth rate for the tier is about 2 percent, but supply growth is expected to be more than 5 percent this year, Hanson said.

The top-rated brands in the tier are part of that robust pipeline. Four Seasons opened nine new properties in the past 12 months—including properties in St. Louis, Mumbai, Istanbul and Seattle—and will open properties in Beirut and Vail this year with more than 40 properties in the pipeline for 2010 and beyond, Helstab said.

Ritz-Carlton this year plans to open six properties, including hotels in Shenzhen, China; Dubai; and Charlotte, N.C. In 2010, openings are scheduled for Los Angeles, Toronto, Hong Kong and Shanghai, and it plans to open five more in 2011.

"There could be some delays on the way without knowing what the next months will hold, but we have a strong group of owners and developers," Gabaldon said. "From a development standpoint, all of our projects except one resort in the Caribbean are on schedule."

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