

The Anchor Brand

Destinations know the value of a headquarters-style hotel for their venue, but it also is important to be a name travelers like the sound of.

By Lisa Plummer -- Tradeshow Week, 4/5/2010

In their efforts to compete for business and be seen as desirable tradeshow destinations, many cities understand that an essential ingredient to any successful hospitality community is a convention center hotel with a brand name.

Be it a Hilton, Marriott, Hyatt or Sheraton, an established hotel company is able to offer an anchor hotel and a city a wide range of benefits, including brand recognition to drive occupancy; an established customer database; a uniform, quality service model; and group-centric sales and marketing strategies that work in harmony with city sales efforts.

For all of these reasons and more, many convention cities have realized having a big name headquarters hotel is not only an important asset, but also a crucial component of a successful group business strategy.

When participating in events that rotate to different cities, many groups prefer to stay in a headquarters hotel that is attached to or in close proximity to the convention venue, as well as one they recognize by name.

According to Leslie Duncan, director of sales and marketing at the San Francisco Marriott Marquis, the anchor hotel for the Moscone Center, brand recognition helps groups feel comfortable with the level of service and amenities they know they can expect from a hotel company. In addition, having that hotel brand conveniently located nearby helps make the convention facility more appealing.

“Well-known brands with strong service and product track records make it an easier decision for planners to secure business with the convention center, especially if they have had positive experiences with these brands in other cities,” Duncan said. “Being next to a convention center (also) can be a tremendous opportunity for a hotel property, including location preference for citywide attendees.”

Along with other known properties in the vicinity, having a brand-name anchor helps legitimize a city as a serious convention destination, making it more desirable for

delegates with different brand preferences and for those who participate in hotel loyalty programs, according to Rachel Benedick, vice president of sales and services for Visit Denver, the city's convention and visitors bureau.

“A brand name is important because it's sort of like the McDonald's concept: You rest assured you're going to have a very similar experience (wherever you go),” Benedick said. “For convention attendees, they know what it means to stay at a Marriott, a Hilton or a Sheraton. There's no guess work.”

Besides name recognition, though, a hotel company also is able to help a city expand its group business potential. Large hotel companies that specialize in running anchor hotels have proven sales efforts and extensive databases that are able to drive occupancy and in-house meetings business to the hotel, as well as help the city gather leads for larger pieces of business, according to Timothy A. Benolken, Hilton Worldwide senior vice president of operations for western North America.

“We have a track record, and we bring the engines (to a city),” Benolken said. “Hilton is in place, we're engaged, we turn a switch on and we drive business. On the customer side, (having a Hilton in multiple cities) creates a sense of comfort for the decision makers because they have this wide menu of options at their disposal for where they want to bring their business. (Our convention hotels) are definitely focused on the business of groups.”

As a company in the business of running convention hotels for several decades, Hilton has established a presence in most major markets and continues to expand into new ones, including Columbus, Ohio, and West Palm Beach and Fort Lauderdale, Fla., Benolken added.

For cities expanding their convention centers, matching the increase in square footage with additional hotel rooms is crucial, and no one knows this better than the city of Denver. Completed a year after the Colorado Convention Center expansion in December 2004, the 1,100-room Hyatt Regency Denver at the Colorado CC gave the city a greatly-needed increase in downtown hotel room inventory, allowing the city to accommodate larger pieces of business, including the **SnowSports Industries America Snow Show**, which moved to Denver earlier this year. With the Hyatt as the Colorado CC's anchor, the city now has 8,300 rooms within walking distance of the facility, with two additional hotels opening later this year, she added.

“When your center gets to be a certain size, there's definitely an expectation that there

will be a headquarters-type hotel, if not attached to the convention center, then definitely within a stone's throw," Benedick said. "Without the Hyatt, it would be hard for us to sell our package without that big hotel across from the CCC."

Convention center hotels aren't just a benefit to the city and its facility, but are a successful business enterprise for major hospitality players, including Hilton Worldwide, Hyatt Hotels & Resorts, Marriott Hotels & Resorts and Sheraton Hotels & Resorts.

According to Jack Horne, Hyatt vice president of sales for North American operations, having convention properties as one of its market segments allows a hotel company to diversify its revenue streams, expand its presence and increase its repeat customer base.

"The benefit is you attract a larger association customer and those customers do a lot of (city) rotations around the country," Horne said. "By having a network of these hotels, you build a network of Hyatts they can rotate into. (Also,) as the industry has gotten more into multi-year programs, trying to secure one organization over three or four years to use their hotels, (this strategy) has worked very effectively."

Although independently operated and boutique hotels are valuable assets to a city's hospitality community and help make a destination unique, acquiring a brand name anchor hotel appears to be a common strategy for most cities. According to Joe McInerney, president and CEO of the American Hotel & Lodging Assn., cities seek out brand names for their convention center properties.

"In today's environment, and even in the last 20 years, you need to have a brand to be able to get the financing (for a property)," McInerney said. "The convention center wants a brand to attract people, so they believe it's a quality operation as opposed to an independent property no one knows about. For a hotel company, it's another part of their portfolio. If they're tied to a convention center, that gives them a lot more advertising."