

## Brands

# Wyndham execs stress balance between scale, quality

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President and CEO Geoff Ballotti and other Wyndham Hotel Group executives held up AmericInn, La Quinta and Trademark as models for growth and guest satisfaction at the company's recent Global Brand Conference.



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LAS VEGAS—Wyndham Hotel Group's recently acquired AmericInn and soon-to-be-acquired La Quinta Inns & Suites brands epitomize the focus which executives said will make 2018 a breakthrough year for all of the company's 20 brands: scale and quality.

The two brands were the focus of discussion throughout Wyndham's 2018 Global Brand Conference, where excitement among executives and brand leaders permeated sessions focused on strategy and initiatives for achieving those goals for growth and guest satisfaction.

[More: Adding 'By Wyndham' expected to boost 12 brands](#)

Both brands will add scale in the midscale segment, which executives said is key, and to Wyndham's total portfolio. Once the La Quinta acquisition closes—currently on pace for the second quarter—Wyndham's portfolio will contain 9,100 hotels.

Wyndham has been growing organically, too, averaging "two new hotels each and every day, including Saturday and Sunday," President and CEO Geoff Ballotti said during the conference's opening session.

"Why does size matter? Because it is providing more choice to our guests," he told the audience of franchisees and owners. "Why does size matter? Because

the bigger we get, the lower we can drive your distribution costs.”

When it comes to growth, Wyndham executives see “the biggest opportunity for us in the midscale segment for growth,” Ballotti said during a press briefing. “We operate 40% of the nation’s economy hotels today. We operate roughly 30% of the midscale hotels. La Quinta will push us to, I believe, 38% of the midscale hotels.”

On the quality side, both AmericInn and La Quinta consistently rank in the top five on J.D. Power rankings for guest satisfaction, Ballotti said, and when the La Quinta acquisition closes, Wyndham will own four of those top five spots.

That’s also created a “friendly competition” among brands in the Wyndham family that not very long ago were competitors, said Nasir Raja, SVP of brand operations at AmericInn.

“The message is, it really doesn’t matter which Wyndham midscale brand is No. 1, 2, 3 or 4,” he said. However, during the AmericInn brand session, Raja laid out his strategy for unseating Wingate by Wyndham at the top of the J.D. Power rankings.

“Pretty soon, all four of the top midscale brands will be Wyndham and sister brands,” he said.

### **QA strategy**

Ballotti said online ratings factor a lot into Wyndham’s attention on quality, and in that arena, AmericInn and La Quinta are models for the company’s legacy brands.

“In today’s day and age, we live in a transparent world, where everyone’s quality is pretty transparently and readily visible based on your ratings online,” he said. “It’s made our quality-assessment job a little bit easier, and we’ve been very focused on it.

“You look at a brand like AmericInn where a majority of hotels are 4-star or above on TripAdvisor, and 50% of AmericInns are 4.5-star and above. That’s a fantastic number. Quality is less of an issue with AmericInn, less of an issue with La Quinta, which is why those are such great acquisitions for us.”

To continue to push quality standards with its legacy brands, Wyndham will “spend millions of dollars” to increase its director of franchise operations ranks by 20%, so those DFOs can spend more time with owners to get their property’s quality scores up, Ballotti said.

When that doesn’t work, it might be time to let those properties go. Ballotti said that Wyndham has “said goodbye to 80,000 rooms” in the past year and will continue to take that tact to drive quality.

That’s not necessarily the case with the company’s recent sale of its [Knights Inn brand to RLH Corporation](#), Ballotti said, noting it was a deal that strategically made a lot of sense.

“Knights Inn was a deep discount brand, and as acquisitive as we are ... an offer came that we thought made a great deal of sense,” he said. “I think the world of Greg Mount and the leadership team at Red Lion. And I just had lunch with a Knights owner. We had a conversation, and we think they’re going to be in great shape with RLH, and RLH is going to be able to continue to grow that brand.”

### **Trademark’s success**

Another boost to overall quality in the Wyndham brand portfolio is independent soft brand Trademark Hotel Collection. [Since launching in June 2017](#), Trademark has already signed “70 hotels with 4- to 5-star quality rankings in countries like Austria, in Germany ... in Switzerland, on the East Coast of this country, heading down the coast into Florida and the Panhandle and heading out west,” Ballotti said. And there are “dozens more that want to join,” he added.

Chip Ohlsson, EVP and chief development officer, announced at the conference that Trademark’s latest addition is the 1,314-room Galt House Hotel in Louisville, Kentucky, which is now Trademark’s flagship property and Wyndham’s largest hotel in North America. To emphasize its commitment to quality standards, the hotel is undergoing a \$100-million renovation to join the Wyndham brand family, he said.

Lisa Checchio, SVP of global brands at Wyndham, said that there’s lots of excitement around Trademark and huge opportunity for growth.

“When you think about independent landmark locations, a lot of hotels that have come into the Trademark system (such as the Galt House) ... are conversions,” she said. “You can see that we’re focused on these landmark hotels in key locations that really will just benefit from being a part of the Wyndham engine because they are well-marketed hotels, they have the brand awareness, they are well-known by guests and well-known in the communities.

“But by joining the Wyndham family, it gives them the opportunities with our procurement and our sourcing and, most importantly, our loyalty program, and also the cross-sell and exposure they’ll see in our brand channels they wouldn’t necessarily get on their own.”

### **New brands?**

Asked whether Wyndham could look to replicate that success by adding a similar soft brand in the future, Checchio said, “We will add brands where it complements our portfolio ... not just for the sake of adding brands.”

She said Trademark fit because it gave Wyndham “an opportunity to sell a type of hotel that at that time did not exist” for independents in the upper-midscale segment.

Ballotti said there is not a finite number of brands that Wyndham could operate.

“As long as each one of our brands are increasing its market share, and as long as the brands we bring into the family aren’t eroding others’ market share ... and if the brand has awareness and history ... I think we can continue to add brands,” he said.

Ballotti said there are tremendous opportunities with unbranded hotels, which was the motivation behind the Trademark launch.

“When you think that in the world of hotel ownership, 40% of the world’s hotels are not branded, there’s tremendous opportunity for growth, and a lot of that is in the midscale space,” he said.

But Ballotti said he doesn’t foresee adding a luxury brand.

“In the upper upscale and upscale, we always get asked, are we looking to buy a luxury brand? We have our flagship brand, the Wyndham Grand brand is bumping up in the upper-upscale and luxury segment against luxury competitors,” he said.

“To the extent that Wyndham Grand is now about a dozen hotels in China, and they’re operating as No. 1, 2, 3, 4, 5, 6, 7 in their market, of not hundreds of hotels but thousands of hotels. ... And you think about the Wyndham Grand at Bonnet Creek, and you think about the Wyndham Grand in North Palm Beach,

in Jupiter Island ... those hotels are competing against upper-upscale and luxury hotels. And they're competing at often fair market share or above. So we would love to see the growth of our flagship brand continue to expand and grow. We're not actively out looking to buy a luxury brand or acquire a luxury company."

*Editor's note: Wyndham paid for meals and accommodations at the Mandalay Bay Resort and Casino where the conference was held. Hotel News Now retained complete editorial control, and Wyndham had no influence on the coverage provided.*