The Case of the Missing Brand

By Stephen Hennis, ISHC

After more than 36 years as a Marriott, the Marriott Denver City Center converted to the Hilton flag this past December. Conversions certainly happen all the time, but this was more noteworthy as it was the first time Hilton's full-service moniker adorned a hotel in downtown Denver in more than 25 years. And now Marriott sits with a noticeable vacancy on its brand map.

Looking at the major cities across the U.S., it is pretty rare to find a city center without a Hilton or a Marriott, or even a Westin or Hyatt. It's curious to see where brands have planted their flags and which cities still have a void in their hotel offering. There's also the question of "Who needs who?" Does the city need the brand to validate its status as a major market? Or does the brand need its footprint to capture more "shelf space" for distribution?

City Status

Activity emanates from the city core where businesses, events, and cultural venues are based in most metro areas. In virtually every city, the central business district (CBD) boasts the highest hotel room rates. Installing the sign of a prominent luxury hotel brand, namely Four Seasons or Ritz-Carlton, can often signify that a city has "made it." Much like attracting a professional sports franchise or a Fortune 500 headquarters, a luxury hotel can improve the perception of a locale and spur further economic development. By the same token, a Kimpton or a W hotel has become an indicator of a market's cool factor.

It's no surprise that most full-service stalwarts have a presence in New York and Chicago (only Le Meridien is missing in both). San Francisco, Boston, DC, Dallas and Atlanta are also high in the rankings. Remarkably, brand coverage in some cities is higher than one might expect. Austin, Charlotte, Baltimore, Indianapolis and Cleveland all sit within the top 20. On the other end of the scale, it's amazing how few of the brands have set roots down in the hot market of Portland. Several other up-and-coming cities like Raleigh, Louisville and Columbus, have a ways to go, but this also illustrates growth opportunities for the cities, developers and hotel companies alike.

Brand Footprint

For the hotel brand, it can also be a status symbol to have a flagship in certain locations, whether it's a world-class city like New York or a hot spot like Austin. Focusing on the traditional full-service brands with the largest city center footprints, there is still potential for expansion. Overall, about half of the chart has "openings." Even Hilton, after more than 90 years in operation, has a few empty slots. The strong city center coverage of Marriott, Hilton, and Hyatt is not the least bit shocking with convention center hotels in two-thirds of these markets flying one of the flags. Westin, formerly the jewel in Starwood's crown, has also placed its stamp in most CBDs. Embassy Suites has a solid base in most urban centers as well, which speaks largely to its strength as a category killer.

While the Kimpton label has historically been more of a subtext for the hotels they operate, the brand name has shifted to the forefront of its properties in recent years placing it rather high in the footprint rankings. Of the flags that don't sit under a larger brand umbrella, Omni has created a solid urban collection over the past decade through its pursuit of public-private hotel projects in major cities like

Fort Worth, Dallas, Nashville and Louisville. Omni's convention center hotel portfolio may soon rival those of Hilton, Hyatt and Marriott with additions slated for Oklahoma City and Fort Lauderdale. The youngest of the established full-service brands at only 20 years old, W clearly gained traction by focusing its development in primary urban markets and sits comfortably above several older brands.

The infographic below illustrates the brand coverage for established full-service brands across 40 major city centers, including properties that are under construction or planned. The brands are ranked by the number of properties in these city centers, and the cities are sorted by the number of major brands in their city center area. To clarify, the city centers in these markets are typically the city core (e.g. Atlanta does not include Buckhead, Los Angeles excludes Hollywood, Miami excludes Miami Beach, etc.). Thus, it's possible that the brand sits in the market elsewhere. Moreover, this excludes resort markets where the convention center is located outside of the CBD or cities where the downtown is not the focal point (e.g. Orlando or Anaheim).

One interesting item of note: 25 years ago, the 22 brands below would have represented the flagships of 19 separate companies; today they comprise only 10 hotel groups, perhaps even less before the year is out...
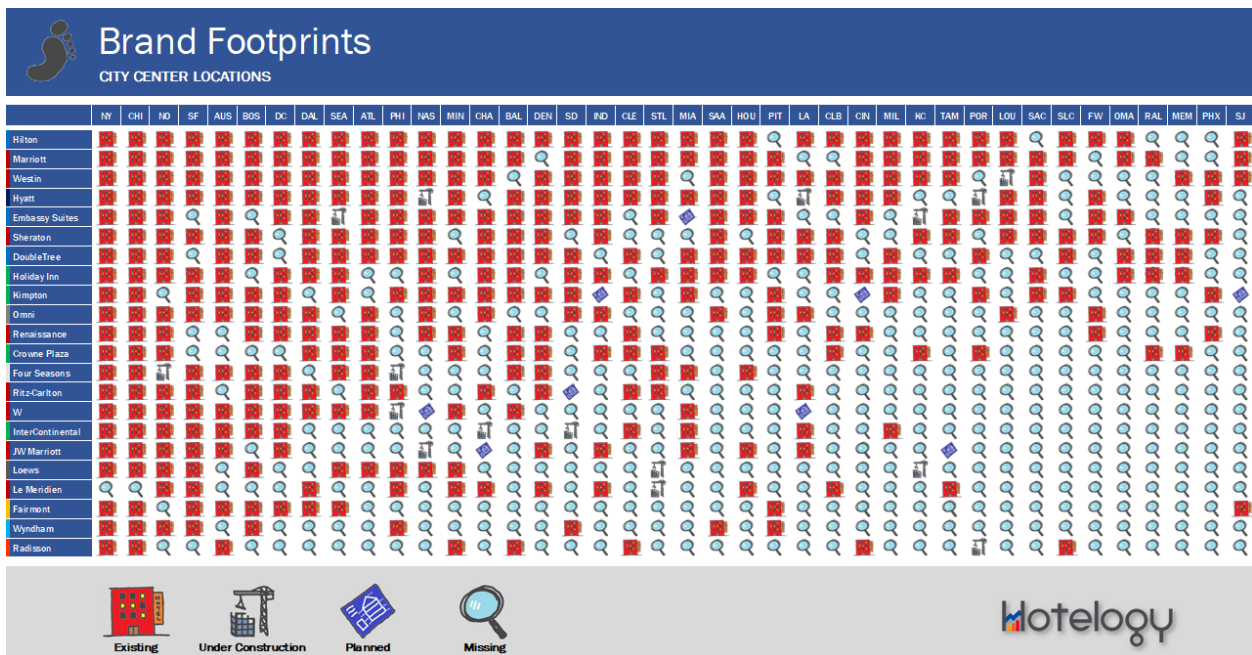
Hyatt includes Hyatt, Hyatt Regency, Grand Hyatt & Park Hyatt
Radisson includes Radisson, Radisson Red & Radisson Blu

ATL	Atlanta
AUS	Austin
BAL	Baltimore
BOS	Boston
CHA	Charlotte
CHI	Chicago
CIN	Cincinnati

CLB	Columbus
CLE	Cleveland
DAL	Dallas
DC	Washington, DC
DEN	Denver
FW	Fort Worth
HOU	Houston
IND	Indianapolis
KC	Kansas City
LA	Los Angeles
LOU	Louisville
MEM	Memphis
MIA	Miami
MIL	Milwaukee
MIN	Minneapolis
NAS	Nashville
NO	New Orleans
NY	New York
OMA	Omaha
PHI	Philadelphia
PHX	Phoenix
POR	Portland
PIT	Pittsburgh
RAL	Raleigh
SAA	San Antonio
SAC	Sacramento
SEA	Seattle
SD	San Diego
SF	San Francisco
SJ	San Jose
SLC	Salt Lake City
STL	St. Louis
TAM	Tampa