



Preferred Hotels & Resorts Rises to the Challenges of Independence

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Running a small business can be challenging. In larger, more competitive industries like hospitality, independent operators can have a difficult time staying ahead of the changes and remaining relevant and profitable. Collaboration can be essential to survival in these scenarios.

Such realities are what inspired the launch of Preferred Hotels & Resorts over 50 years ago. The brand provided a platform for hundreds of independent hotels to work together, so that they could compete—and win—when facing down the big chains. Since those early days, the brand has launched the I Prefer rewards program, which gives independent hotels the ability to offer robust rewards that one would expect from larger brands like Marriott and Hilton.

To learn more about this unique organizational structure and the challenges and opportunities inherent in maintaining a single rewards platform for hundreds of independent hotels, we recently spoke with Preferred's Caroline Klein, Executive Vice President of Corporate Communications & Public Relations, and Jeri Salazar, Vice President of Marketing Strategy & Loyalty. They provided an excellent overview of the company and the I Prefer program.

Klein affirmed that Preferred has remained true to its roots. “The one thing that has remained constant is that we remain dedicated to being the champion of the independent hotel, instead of requiring different brands, changing our model. We’ve really had a lot of success. I think we are true to who we are,” she said.

Preferred Hotels & Resorts has never, in its decades-long history, gone too far in consolidating the hotels in its network, and has instead continued to value independent spirit that makes it diverse. In contrast to some of the monoliths in the hospitality space, the 750 hotels that comprise Preferred feel authentic. Klein and team know that authenticity is a core asset for the brand, and they’re going to keep it strong.

Maintaining that authenticity wasn’t always easy, though. Preferred rebranded back in 2015. “We collapsed from six brands to one brand,” said Klein, “because we really recognized that consumers don’t need a lot of others in this space. They want something that they can connect with and something that’s easy to understand. We have the one master brand for consumers to be able to be loyal, and we have our five different collections again to identify the experience they are providing.”

It’s a balancing act, in which Preferred must cautiously make a simplified customer experience while still valuing the independent members of its alliance. Terms like “collections” help the brand create distinctions without sacrificing the importance of the larger Preferred brand.

Across the brand’s many offerings, there are some constant staples so that guests can be assured that certain expectations are met, regardless of where they’re staying. As Klein said, “None of the hotels are limited service. All our hotels are full-service, but they definitely don’t have the amenities that someone who’s on leisure might want. Connect hotels don’t necessarily have a spa. They’ll have food available but maybe not a well-known restaurant. It’s more business-focused in that sense, with fewer amenities.”

All hotels are full-service, but the extent of luxury varies. This way, Preferred is able to guarantee certain accommodations while maintaining offerings that meet needs at different price points and reasons for travelling. An associate-level professional, for example, is looking for something reasonably priced, not a luxury experience.

Salazar explained how the unified messaging works across the brand’s many, diverse hotels. “The vast majority of our 750 stay in the hotel’s loyalty program,” she said. “You see that common thread throughout. So, even if you miss the message when you were booking, this hotel is part of Preferred Hotel & Resorts. During your stay, you’re going to see that message, and you’re going to see a loyalty message that will show that common thread.”

In practice, the Preferred model gives I Prefer some unique advantages and opportunities. “Their basic structure is common; you earn points to get free perks, early check in, late check out, an upgrade,” said Salazar. “But where the hotels really make it different is, they will add special amenities, special experiences, they’ll add a special touch to it that a bigger chained program has less flexibility to do. So, we found out really what’s unique about our product and how unique they make the loyalty experience.”

Klein explained, however, that this robust program wasn't easy to get off the ground. "Some of the hotels already had their own program, and they chose not to participate because they didn't see the need to," she said. "That was really the majority of hotels that didn't opt in, because they wanted to streamline. Now, all of our hotels have joined Preferred Hotel & Resorts; a requirement is to offer Preferred Rewards, but there is always going to be that gap for hotels to have their own programs, and that's really where that came from."

When asked about the culture of the organization, Salazar said, "This is a conversation I could have for hours. We're constantly looking at how we can do things better to help independent hotels stay independent. The culture is very much a family culture. When I say that, we do treat our hotels like family. Our ownership is incredibly personal and incredibly involved. They pay attention. We're good listeners, and we're good storytellers in hospitality. We're committed listeners, because we listen to the need of hotels wanting a loyalty program with point save, and we created I Prefer in a way that tells their story."

Both centralized and decentralized, united and diverse, Preferred Hotels & Resorts has proven that independent hotels will always have a place in hospitality. It's fascinating to see how the brand has managed to turn such a seemingly complex organization into a single brand that is able to cultivate customer loyalty throughout the world.