



USA TODAY MONEY™



TRAVEL

HOTEL CEO ROUNDTABLE
Challenges and changes in the industry, 4B

DAN MACMEDAN, USA TODAY

4B MONEY

USA TODAY
MONDAY, FEBRUARY 23, 2015

TRAVEL

Q & A

Hotel CEOs discuss Wi-Fi, Millennials and mobile keys

Travelers don't just want to sleep in hotels anymore. They want to work, eat, drink, socialize or just keep to themselves with their electronic devices there.

Hotels are finding new ways to adapt, including experimenting with technology, design and amenities.

USA TODAY assembled five top hotel executives last month at the Americas Lodging Investment Summit in Los Angeles in the L.A. Live JW Marriott hotel to discuss these changes and challenges. Participating in our fourth annual roundtable were: Wyndham Hotel Group CEO Geoff Ballotti; 21c Museum Hotels President Craig Greenberg; Hyatt Hotels and Resorts CEO Mark Hoplamazian; InterContinental Hotels Group CEO Richard Solomons; and Preferred Hotel Group CEO Lindsey Ueberroth.

USA TODAY's Nancy Trejos moderated the discussion. The text has been edited for clarity and length. Photos by Dan MacMedan, USA TODAY.

Q We surveyed nearly 1,000 of our Road Warriors, and 71% said free Wi-Fi influences their choice of hotels. Hyatt offers free Wi-Fi to all guests. IHG offers free Wi-Fi to loyalty program members. Is free Wi-Fi finally going to become the norm at hotels?

but three devices, and they are looking for a really fast broadband. To the owner who believes that there's a return on investment and is going to invest in that, I think it makes sense to charge. I think business travelers, meeting planners and attendees are willing to pay for it.

SOLOMONS: The research you've done is what we see, and one of our biggest "dissatisfiers" that we had a few years ago was Wi-Fi availability, price — and actually how well it worked. ... In some ways, the wider world moved on faster than the hotel industry. You can go and spend 99 cents on a hamburger at McDonald's and get free Wi-Fi.



SOLOMONS

HOPLAMAZIAN: It's been a guest essential for a while now, and we felt that making it conditional was demonstrating maybe a tone deafness.

Q Though many more hotels offer free Wi-Fi, they have added a fee for premium, or faster, Wi-Fi. Some consumers have compared that to the airline fees they detest. How do you respond to that?

BALLOTTI: You need to differentiate between Internet access and knock-your-socks-off, high-speed Wi-Fi. Meeting attendees, planners, people are showing up with not one or two,

growing powerhouse, but to build a brand around Millennials is an interesting concept. The reality is, they are not spending their own money. They are spending other people's money right now. And they are influencing the Baby Boomers who have the time and the money to spend.



UEBERROTH

BALLOTTI: When you look at the four segments, they are the second-fastest spending and the fastest growing. The research last year said what Millennials' spent on travel grew 20%, which I don't think it did in the Generation Xers or the Boomers. These people are spending our corporate money, and they are out traveling, and we need to market to them, and we need to appeal to them.



BALLOTTI

Q Studies have shown that Millennials don't actually have brand loyalties. So why do all this — create brands and social spaces and improve technology — if they are not loyal?

HOPLAMAZIAN: First of all, we are talking about an age group of 16 or 17 years in breadth. There is a big difference between how an 18-year-old is behaving and a 34-year-old is behaving. ... I actually don't agree necessarily that Millennials are not brand-loyal. They develop and evolve their brand loyalty in very different ways than the Boomers did or Gen Xers.

Q Speaking of new brands, Hyatt had some news about creating a lifestyle brand called Hyatt Centric. Tell us about that.



HOPLAMAZIAN

HOPLAMAZIAN: The customer group that we call internally the "modern explorers" are people who are really looking for the experience in the neighborhood which they are visiting. ... The purpose of a visit would be

wide-ranging, from a sabbatical after graduate school or maybe it's a change in job or maybe it's a post-retirement trip. But the core element is that they are curious, and they are looking to explore, not that they are 22 years old or 42 years old or 62 years old.

Q IHG recently acquired Kimpton Hotels, the largest boutique brand in the USA. Tell us more about your reasoning behind that.

SOLOMONS: What we're seeing generally is that the boutique segment has been growing. There is a very big mass-market business out there ... but there are people who want something different. And so all of us have the

choice: Do you buy a brand, or do you launch a brand? (Kimpton) has really great locations, a great reputation. ... We see great opportunity in Europe and in Asia, including China.

Q Wellness and fitness is something many hotels focus on. IHG even created a brand called EVEN. How big is the segment of travelers who want to stay healthy on the road?

SOLOMONS: When we did our research, the total in the U.S. who say they fall off the wagon when they are on the road is about 17 million people. That was the original insight behind it. ... This comes back to the point about targeting. Whether it's boutiques or anything else, there are more and more customers who want the product targeted to them.

Q Can you name a design change you've made that you've received good guest feedback on?

HOPLAMAZIAN: The new Park Hyatt in New York has a passive

lighting system in the bathroom so that when you are walking into it at night — it's under the vanity, so it's not a bright, glaring light — it lights up the floor, so you don't trip on anything.

GREENBERG: I had one room in our Louisville hotel that was in the lower level next to the fitness center. It was always the last to sell. We turned that room over to two artists. Out of that came Asleep in the Cyclone, a wonderful, immersive art experience with brown shag carpet. We turned it from the least desirable room in the hotel to arguably the most desirable.

Q A few brands are trying out keyless entry, using your smartphone as your key. Do you think this will be the industry norm at some point, and what are the challenges that you face as an industry in making this happen?

BALLOTTI: There's not a new build or groundbreaking new construction that it doesn't come up in. If the owners are willing to pay for it and it's not much more money, you have a lock provider. ... I think it will become down the road, just as free Internet has become, a standard. It will take time to evolve.

Q The USA is easing relations with Cuba, which will make it easier for Americans to travel there. It's early to tell, but will we someday see an IHG Havana?

SOLOMONS: There are still quite a lot of restrictions on what you can do. But clearly, it's a market that is very close to the U.S. There's going to be a lot more development. I had several phone calls from people who would like us to do things tomorrow that we are not able to do. I think there is a lot of opportunity.

GREENBERG: It is an amazing place. So that is definitely on our list as soon as laws permit.

MORE ONLINE HOTEL CEOS TALK SHOP
Read more from our wide-ranging discussion at usatoday.com/travel



GREENBERG