



SOFT BRANDING

UNIQUE AND POWERFUL

Hard vs soft branding - what's the difference?

Soft brands: exposure to various markets

The value of soft brands

What is right for my hotel?



THE ESSENCE OF A SOFT BRAND

Hard brands as they are often referred to are those renowned brands we're all familiar with. Think Choice Hotels, Marriott, Hilton and Accor. Powerful hotel groups that provide respected branding options, sophisticated suites of services for hotel operators, reassurance for guests and return on investment for owners. However, it's the soft brands such as Ascend Hotel Collection by Choice Hotels, Autograph Collection by Marriott, MGallery by Accor and Curio Collection by Hilton that are increasing at a rapid pace.

The essence of a soft brand is the ability for an independent hotel to maintain a unique identity and retain a certain style, yet leverage off the benefits of a well-known hotel group. Such benefits include access to a group's reputation, sophisticated marketing campaigns, powerful sales services, distribution prowess, support, training and behind the scenes operational systems. Soft branding has the significant potential to propel an independent property to reach its maximum potential.

Unique hotels that provide their own flair and character are satisfying a demand for many modern travellers seeking unique one of a kind experiences. This may include a unique building or decor or local experiences that a soft branded property has the capacity and encouragement to provide.

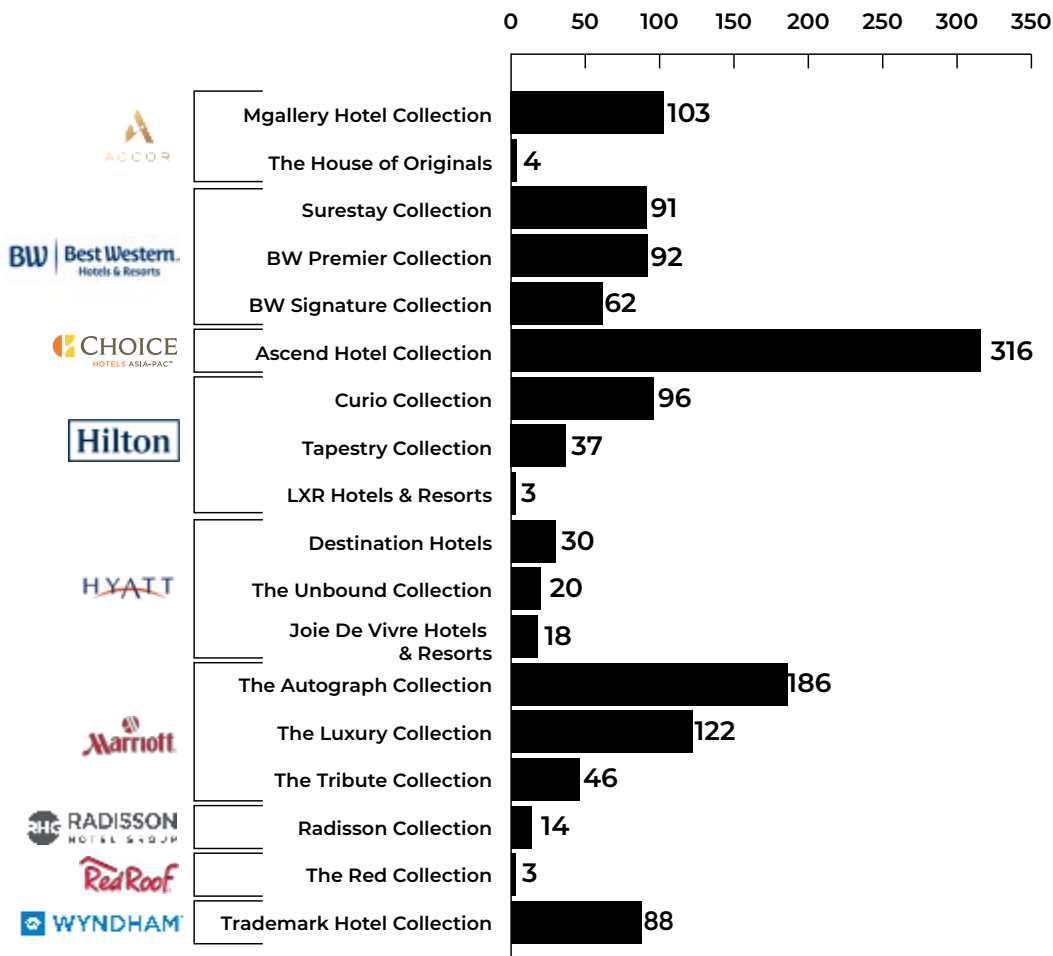


“...soft brands increased their room count 31.6%...”

At the end of 2018, there were 342 hotels with 57,810 rooms in soft-brand collections in the United States, according to The Highland Group's "The Boutique Hotel Report 2019," which tracks lifestyle hotels, soft-brand collections and independent boutique properties. At the end of 2018, hotel guestroom supply for the total U.S. rose 2%, while soft brands increased their room count 31.6%, according to the report.

Source: Information from The Highland Group's "The Boutique Hotel Report 2019", sourced from Soft-brand collections: The new norm?, Alicia Hoisington July 18, 2019

GLOBAL HOTEL SOFT BRANDS



Updated January 2020

THE DIFFERENCE BETWEEN HARD & SOFT BRANDING

Certain standards are a mandatory requirement when a property raises the flag of a particular hard brand. Room size, layout, amenities, décor and often rates, set the standard in which the property operates. This provides a uniform approach and results in the guest purchasing their room with predetermined expectations, providing a level of reassurance and familiarization worldwide.

A soft brand such as the Ascend Hotel Collection, allows hotel operators the flexibility and creativity to position their hotel rooms, amenities and food and beverage offerings in a direction they believe will appeal to a certain audience. It's worth noting the world's soft brands typically exist in the Upscale to Upper Luxury segments.

Soft branded properties can occupy unique, heritage listed buildings where a hard-branded property may appear out of place including repurposed factories, court houses, mills, churches etc. A soft brand provides hotels with a highly desirable outcome for owners wishing to maintain their own true character and still be elevated to a global audience with world leading resources.

THE VALUE OF A SOFT BRANDED HOTEL

VALUE	ACHIEVED BY
Increased demand, average daily rate and occupancy	Leveraging off the hotel group's advanced sales and distribution reach, marketing initiatives and central advanced systems.
Loyalty	Enhancing their exposure and guest retention via the loyalty/ rewards program to drive direct bookings and stimulate demand. Providing memorable and unique experiences resulting in positive reviews and publicity.
Greater exposure	Access to digital and social media strategies of scale, executed by experts in the marketing field an independent property may not be able to achieve.
Cost savings	Accessing a hotel group's economies of scale, preferred supplier (vendor) programs and typically lower distribution (Global Distribution and Online Travel Agent) fees and commissions. Receiving access to a highly visible direct brand reservation channels that reduces commissions.
More appealing finance option	Providing the financial institutions with confidence of partnership with a proven industry leading brand to provide support.
Enhanced quality service	By accessing a hotel group's training resources and operational support to provide guidance around tried and tested delivery.

“Soft branded hotels appeal to millennials, and both leisure and business travellers of all ages, who have an adventurous mindset and want variety and uniqueness during their journeys. The ability to provide those experience, combined with the support and infrastructure of an established brand, contributes to a very optimistic outlook for soft branded properties.”



SOFT BRAND EXPOSURE TO VARIOUS MARKETS

MILLENNIALS

At the forefront of our evolving traveler set, a generation in their career infancy that are crucial to both leisure and corporate hotel visitation, Millennials are shifting the way in which we have to think as hoteliers. Millennials are focused on the Instagram-able experience they can remember for a lifetime. A memory they can share with their thousands of followers and an evoked feeling to remind them that they are on the move and doing something different. Couple this thought with the demand for consistent standards associated with a well-known brand. Today's millennial can afford to travel, they are also corporate guests and they will share their experience. Soft brands are the ideal platform for their visitation.



DESTINATION MARKETS

In a destination market saturated by independent hotels, hard brands may not be as appealing to travelers seeking experiences. A soft brand affords a property to elevate their exposure beyond their competitors. The exposure of a powerful sales network for inbound, wholesale and loyalty guests provide significant uptake that an independent property cannot obtain without a soft brand.

SOFT BRAND ADVANTAGES

Unique and genuine locational experience

Soft brands allow the operator to provide the guest with a property that is immersed in the local culture whether it be Beach chic, city heritage or lodge style accommodation. Where a hard brand provides consistency of room layout and standards portfolio wide, a soft branded property has the capacity to wow the guest in a local, unique and tailored experience.

New competition

A soft brand can enable a hotel to rise above competition due to the significant exposure the sales network and loyalty in particular fetch on their behalf. Airbnb, short term rental properties and hard brands remain highly competitive however aligning an independent hotel with a global group affords the hotel the opportunity to protect their market share.

Instills confidence in lenders

Financial institutions prefer the reassurance of an operation partnered with a world-renowned brand. The leading brands all typically have decades of experience and understanding around factors that make a property succeed or fail. As a result, they have efficiencies, systems, operational structures and personnel all geared to ensure the property is set up to not only to succeed, but to also maximize their potential well beyond the capacity of an independent hotel.

Lenders understand that soft brands who adhere to a hotel group's procedures and have the support through both rewarding and challenging times, are best equipped to succeed. Trust is a key element with regards to finance and as an independent hotel may not be able to present a strong track record, the soft brand partnership tends to provide reassurance to lenders.

Variable room rates

There is typically a preconceived sentiment around rates for a hard-branded property therefore sometimes limiting the potential to fetch a strong ADR. Soft brands have the freedom to set the rate to market demands and being positioned in the upscale segment or beyond, this factor can be most favourable in fetching higher rates.

“A lot of [independent hotel] owners come for the distribution and business delivery and then understand all the other parts of the value proposition that we provide”

Patrick Pacious, President and CEO,
Choice Hotels International

Source: “The Rise of Hotel ‘Collection’ Brands”,
Business Travel News, July 7, 2017

Creative flair

Ownership of a hotel has a definite appeal to many investors. There is a clear attraction around a portfolio including a hotel in an investment. Often, owners wish to portray their own identity or vision and soft branding allows the creative owner to relish in their intended design.

Pre-opening support

Developers wishing to create a unique experience have the benefit of the abundance of resources a soft branded arrangement can bring. Hotel groups are equipped with contacts, suppliers, contractors, design partners, feasibility support to ensure the developers commence the project on the right foot.

Perfect for conversions or repurposed buildings

Old courthouses, mills, churches, schools and factories are examples of buildings that can be repurposed for hotels, often with unique layouts. Partnering with a soft brand results in the hotel group leveraging off any story the building may have to assist in creating a winning appeal.

Conversions, or partnering an existing independent property with a soft brand is an efficient and cost-effective measure due to the minimal change required. The equity already established in the property name is enhanced and typically a plaque, minor internal branding and affiliation added to the official name are the key changes.

WHAT IS RIGHT FOR MY HOTEL?

ENVIRONMENT	HARD BRANDING	SOFT BRANDING
Hotel located on a highway, near airport, industrial area. Guests seeking a cost efficient accommodation	<p>Reputable brand could attract guests.</p> <p>✓</p>	<p>Soft brand may not appeal due to the simple demands of the guest</p> <p>✗</p>
Hotel located in a competitive leisure destination	<p>Guests may desire a brand they're comfortable with</p> <p>✓</p>	<p>Guests may also be looking for a memorable experience to submerge themselves in the location</p> <p>✓</p>
Hotel with a unique structure or physical offering	<p>More difficult to comply with the hard brand standards</p> <p>✗</p>	<p>Soft brand can adapt and leverage off the appeal of a unique structure</p> <p>✓</p>
Hotel in a busy metropolitan market with high occupancy rates	<p>Guests may desire a brand they're comfortable with</p> <p>✓</p>	<p>Guests may be looking for an offering that provides a sense of escape from the norm.</p> <p>✓</p>

Hotel Associations and Alliances

Another option for independent hotels includes alliances such as Leading Hotels of the World, Relais & Chateaux and Small Luxury Hotels. Memberships provide the hotel an affiliation with well-known associations. It identifies to the guest that a certain standard has been met and therefore results in the ability to fetch premium rates, often due to prestige. To join an association, a hotel must apply and go through rigorous inspection criteria, pay a significant affiliation fee and ongoing fees. Certain facilities, services and amenities are essential and audits and inspections are carried out to ensure compliance. Whilst this option is favourable, an association or alliance typically does not include the support provided to a hotel group's soft brand. Operational platforms, systems, targeted corporate sales initiatives etc.



FUTURE OUTLOOK

Soft brand acceleration

The explorative nature of today's traveler has seen the demand for a more unique and tailored experience. Undoubtedly, hard brands will always have their place in the market however there is a growing attraction to cater for those guests that desire a distinctive experience. Hotels still need access to the benefits a hotel group provides such as systems, sales, marketing, loyalty and supplier prowess which an independent property is unable to match.

These factors that ensure long term financial success are exemplified by the impressive growth of the Ascend Hotel Collection™ which now has over 300 properties worldwide and is proudly the world's largest soft brand. Marriot's Luxury Collection, Tribute and Autograph soft brands continue to grow as do Hilton's Curio Collection and Tapestry. The leading hotel groups of the world have adapted to provide owners with a solution.

The rapid growth, collaboration with owners and franchisees to understand and anticipate their operational and support needs coupled with consumer trends suggests an optimistic outlook for the soft brand.



“We love the Ascend Hotel Collection. It gives your independent hotel brand access to a reservation system, rewards program and marketing help - the support independent hoteliers need to compete in the world today.”

Gautam Sharma, President, Global Vision Hotels
Chairman of the Ascend Owner Advisory Council
Choice Hotels:



The Ascend Hotel Collection™ from Choice Hotels is a network of more than 300 historic, boutique and unique hotels (open or under development worldwide) that offer guests an authentic, local experience. Launched in 2008, the Ascend Collection is one of the world's first soft branded hotel collections and with more than 400% growth since 2010, is one of the fastest growing brands in the upscale segment. Ascend hotels are woven into the culture and fabric of their communities and share a passion for delivering attentive service to guests who are seeking a more experiential, individualized travel experience with a local flavour.

All members are one-of-a-kind hotels defined by a strong local identity, with upscale amenities and attentive service. Ascend members are able to retain their own unique identity and tap into Choice Hotels' immense distribution system, advanced technology platform and best-in-class operational support and training. Each hotel has access to our reservation channels designed to help acquire and retain loyal guests and our sizeable purchasing power that can help reduce operational expenses. From Napa to New Orleans and Stockholm to Sydney, the Ascend Hotel Collection portfolio helps travellers feel at home across the country and around the world.

ASCEND™

HOTEL COLLECTION

Choice Hotels Asia-Pac™ is one of the largest franchisors in the region with more than 270 properties currently open or under development. The Choice family of hotel brands has over 7,000 hotels worldwide and provides business and leisure travellers with a range of boutique, high quality mid-scale, and economy accommodation options.

For more information visit [JoinChoiceHotels.com](https://www.JoinChoiceHotels.com)

