

Introduction

The purpose of this report is to bring clarity to the European hotel brand landscape and provide readers with a comprehensive branding structure.

The report investigates the different ways that hotel brands are segmented:

- Star-rating
- Chain scales
- Purpose of hotel

Using the information provided in the brand profiles in the report, an illustrative brand landscape for the European hotel brands split by chain scale as defined by themselves is provided.

The next section provides useful charts and tables of the leading European brands split by segment; growth of the leading brands, brands in transition and new brands and concepts.

In the final section of the report, there are 100 brand profiles of the individual leading European hotel brands plus an additional 20 'Ones to Watch'.

Table 1: Leading European hotel brands to be profiled in this report (2016)

Brand	Company	STR	Rooms in Europe	Europe as share of whole portfolio
Best Western	Best Western Hotels & Resorts	M	82,000	27%
Ibis	AccorHotels	M	80,433	59%
Premier Inn	Whitbread	E	65,000	97%
Mercure	AccorHotels	UM	62,661	66%
Novotel	AccorHotels	U	46,675	52%
Holiday Inn Hotels & Resorts	IHG	UM	45,923	21%
Radisson Blu	Carlson Rezidor Hotel Group	UU	45,600 ^e	80%
Ibis Budget	AccorHotels	E	43,933	81%
Hilton Hotels & Resorts	Hilton Worldwide	UU	42,500	21%
Scandic Hotels	Scandic Hotels	U	41,551	100%
NH Hotels	NH Hotel Group	U	37,634	89%
Travelodge	Travelodge	E	36,000	97%
Ramada Worldwide	Wyndham Hotel Group	M	31,000	26%
B&B Hotels	B&B Hotels	E	28,000	106%
Campanile	Louvre Hotel Group	M	28,000	100%
Holiday Inn Express	IHG	UM	27,583	12%
Barcelo	Barcelo Hotels & Resorts	U/UM	25,000 ^e	66%
Sol	Melia Hotels International	M	24,500	97%
Marriott Hotels	Marriott International	UU	23,000	10%
Ibis Styles	AccorHotels	M	21,404	64%
Melia	Melia Hotels International	U	20,500 ^e	64%
Crowne Plaza Hotels & Resorts	IHG	U	20,270	18%
HotelF1	AccorHotels	E	19,000	100%
Premiere Classe	Louvre Hotel Group		19,000	100%
Clarion	Choice Hotels International	U	17,865	41%
Sheraton	Marriott International	U	17,614	11%

Methodology

There are 120 profiles on the leading European hotel brands including significant others. These significant others are 'ones to watch' due either to the fact they are new brands launched by the global players, are new concepts or are large brands in their domestic markets and may possibly move into Europe.

A variety of different sources were used to collate a list of the leading hotel companies and their brands. These included the list of top 325 hotel chains provided by *Hotels* magazine, Otus OHBD Hotel Chains in Europe, MKG Consulting and individual company websites. For the purpose of the report, it was decided to focus upon those brands that had operations in Europe or that were planning to develop hotels in Europe. The report looks at the leading 100 European hotel brands.

Brands and sub brands: due to the difficulty in obtaining data for many brands by sub-brand if necessary, they will be profiled together. For example Best Western does not provide any information on BW Plus, Premier, Collection, so they will be profiled together

Profiles: the information provided in the profiles comes from:

- Company websites
- Development information
- Investor Relations – SEC filings, Annual Reports
- Facebook
- PR departments

Definition

Wikipedia defines a brand as “...a collection of images and ideas representing an economic producer; more specifically, it refers to the descriptive verbal attributes and concrete symbols such as a name, logo, slogan, and design scheme that convey the essence of a company, product or service. The brand, “branding” and brand equity have become increasingly important components of culture and the economy, now being described as ‘cultural accessories and personal philosophies’ ”.

Brands in the hotel industry today are more than the actual hotel itself; they represent a lifestyle choice and create a ‘whole new meaning’ system. Hotel brand experts now aim for ‘loyalty beyond reason’ which is associated with international brands like Coke, Nike, Apple and Starbucks.

In order to increase profitability, hotel companies need to expand and in order to do this they either stick to one brand or they develop a portfolio of brands in order to capture a wider market. A one-brand strategy has the advantage of coherence and economies of scale, while multi-brand companies can target specific market segments with products tailored to the needs of that particular niche. Also, there are often potential synergies between the brands of one hotel group. For example, one individual may belong to different market segments, depending on whether they are travelling for business or leisure.

The level of adherence to brand standards is another important strategic variable. There is an inherent trade-off between maintaining very demanding requirements and promoting a looser concept of brand affiliation. Strict standards which require that all hotels in the chain have a consistently recognisable appearance and that they be managed according to detailed operating procedures have the advantage of ensuring a brand’s integrity. The downside is that such rigidity can hinder a brand’s expansion, especially when it is a question of converting existing hotels under franchise or management contracts. One example is the introduction of loosely-affiliated brands such as Marriott’s Autograph Collection. Also, increasingly, hotel consumers are rejecting standardisation and are seeking out properties that have individual character or reflect local culture¹.

Factors that have brought about increasing importance of brand:

- Many hotel groups are divesting their real estate interests and pursuing an ‘asset-light’ strategy in order to free up capital for expansion. Therefore ownership of bricks and mortar is giving way to ownership of the brand itself, in both its physical and intangible aspects: a major cultural shift in the industry.
- Hotel expansion is intensifying competition; most gateway cities are reaching market saturation with leading brands sited close to one another, and travellers frequently spoilt for choice. There are now clear signs that hotel groups are beginning to recognise the importance of brand management within their organisational structure.
- Loyalty schemes, traditionally the preferred tool for winning and retaining hotel customers, are having a declining impact. Many hotel guests now own loyalty cards for all of the major chains, therefore such schemes are no longer a dominant factor in their choice of where to stay.
- Brand relationships – as owners continue to expect more from brands, they will not sit by idly while a property they believe should be performing better is struggling. High profile cases such as the Waikiki Marriott and the Summit Hotel Properties-Cambria Suites are going to become more the norm as owners demand better performance from brands and management companies with which they align themselves².

¹ Mintel International Group, International Hotel Industry, December 2007

² www.hotelnewsnow.com; 11 issues hotels will face in 2012 – a Blog by Jeff Higley, January 2012

Trends and issues

The power of the brand

Brand awareness remains a key influence on the hotel sector and whilst there are numerous challenges facing global hotel operators, these operators remain best placed to face those challenges. This said, as in so many walks of life, some of the best ideas come at a micro level but are then translated to businesses operating at the macro level. This can be seen in the context of the global hotel operators currently striving to promote brands with their own, unique independent identities. Established brands will always have a place, but in today's fast-paced world staying "current" is vital. A well-defined brand, satisfying customer expectations in terms of their experience is the cornerstone of the franchise system, therefore hotel franchising remains critical to growth and geographical expansion in the hotel sector.

As we are all becoming increasingly aware, the volume and richness of data and information now available to consumers (and to the operators themselves) is huge. Traditional media (such as print) is no longer as important as digital platforms like Expedia, TripAdvisor, Google Hotel finder and a plethora of alternative sites are where consumers obtain information. Add to this consumers' requirement for mobile bookings (according to statistics, just over 27% of mobile web browsing is related to travel websites) and the rise and rise of social media platforms disseminating information ("likes", "dislikes" and twitterati followers), it is easy to come to the conclusion that innovation will be the focus for the hotel industry in the coming years³.

INDUSTRY INSIGHT by Chris Bown: *Traditional hotel brands offered certainty, a room that looked the same and delivered consistently, anywhere in the world. That cut the risk for guests, in a world of limited information flow – the days when a multi-channel TV in your hotel room was something special.*

In a multimedia world, those guests can now look before they book, and see what others are saying; and more importantly, younger generations think differently about personal and shared space. Grabbing their attention requires more points of difference, an injection of local character, the creation of something "cool".

Each of these brands is aiming to deliver something less cookie cutter than the traditional options, but as the recent Hotel Analyst Boutique Hotel Report notes, the target audience is notoriously hard to define. Whether Generation Y, Millennials, or one of the four types identified by IHG's kinship research, all are united by the need for some basics – a good night's sleep in a comfy bed, followed by a good shower, and connectivity. Hotel groups seem to have got these mostly covered, although they've been slow to respond to the demand for free, easy internet access.

Ironically, it is that multiplicity of media that may help the winners set themselves apart. Communicating directly, and more intimately, with a target audience is now possible through social media; and reacting to feedback will help the fleet of foot match their offer to the customer's needs more clearly.

To date, there have been some successes, notably W from Starwood, and IHG's Indigo, while there have been failures, too. Hilton is late to the game with the recently launched Curio, while Rezidor will try again with Quorvus, after its tie-up with Missoni didn't work out.

³ Hotel Analyst newsletter, Volume 8, issue 6

Segmentation of brands

Star-rating

Although hotels are classified into 'Star' categories (one-star to five-star), there is no standard method of assigning these ratings, and compliance with customary requirements is voluntary. A US hotel with a certain rating, for example, may look very different from a European or Asian hotel with the same rating, and would provide a different level of amenities, range of facilities, and quality of service.

Whereas hotel chains assure uniform standards throughout, non-chain hotels (even within the same country) may not agree on the same standards. In Germany, for example, only about 30% of the hotels choose to comply with the provisions of the rules established by the German Hotels & Restaurants association. Although both UN World Tourism Organisation (UNWTO) and International Organisation for Standardisation (ISO) have been trying to persuade hotels to agree on some minimum requirements as worldwide norms, the entire membership of the International Hotel & Restaurant Association (IH&RA) opposes any such move.

According to IH&RA, to harmonise hotel classification based on a single grading (which is uniform across national boundaries) would be an undesirable and impossible task. As a rough guide:

- One-star hotel provides a limited range of amenities and services, but adheres to a high standard of facility-wide cleanliness.
- A two-star hotel provides good accommodation and better equipped bedrooms, each with a telephone and attached private bathroom.
- A three-star hotel has more spacious rooms and adds high-class decorations and furnishings and colour TV. It also offers one or more bars or lounges.
- A four-star hotel is much more comfortable and larger, and provides excellent cuisine (table d'hote and a la carte), room service, and other amenities.
- A five-star hotel offers luxurious premises, widest range of guest services, as well as a swimming pool and sport and exercise facilities⁷.

STR classifications

STR and STR Global use Chain Scales and these are a very useful indicator of where brands sit in relation to one another. The brands/chains are sorted by chain scale based on the brands previous year's annual systemwide (global) Average Daily Rate. The rate ranges defining each chain scale are determined by STR itself.

They have the following chain scales:

- Luxury
- Upper upscale
- Upscale
- Upper midscale
- Midscale
- Economy

⁷ <http://www.businessdictionary.com/definition/hotel.html#ixzz2lesn14iN>

Sheraton	Marriott International	16,600
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^e = estimate

Source: McKenney Research

Chart 3: Illustrative brandscape for European midscale and economy brands



Source: McKenney Research

Table 8: Leading European midscale brands 2016

Brand	Company	Rooms
Best Western	Best Western International	82,000
Ibis	AccorHotels	80,400
Mercure	AccorHotels	62,700
Novotel	AccorHotels	46,700
Holiday Inn	IHG	45,900
Ramada	Wyndham Hotel Group	31,000 ¹
Campanile	Louvre Hotel Group	28,000
Holiday Inn Express	IHG	27,600
Sol	Melia Hotels International	24,500
Ibis Styles	AccorHotels	21,400

Note: ¹ – room count for EMEA

Source: McKenney Research

Table 9: Leading European economy brands 2016

Brand	Company	Rooms
Premier Inn	Whitbread	65,000
Ibis Budget	AccorHotels	43,900
Travelodge	Travelodge	36,000
B&B Hotels	B&B Hotels	26,300
Hotel F1	AccorHotels	19,000
Motel One	Motel One	14,000
Balladins	Dynamique Hotel Mgt Group	10,000
Days Inn	Wyndham Hotel Group	4,000

Source: McKenney Research

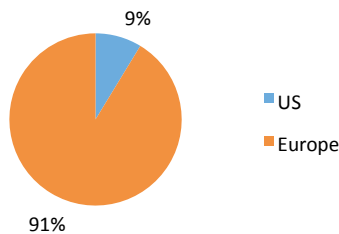
Brands

AC HOTELS BY MARRIOTT

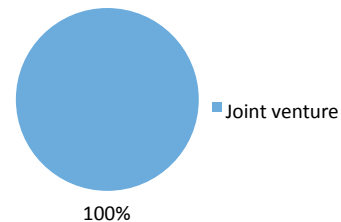


Ownership	Joint venture with AC Hotels and Marriott
Hotel & rooms	91 hotels with 11,629 rooms
Launched	1998 – joint venture with Marriott in 2011
STR Classification	Upscale

**Geography
(rooms)**



**Operating model
(rooms)**



Europe accounted for 9,500 rooms of the total portfolio.

Characteristics	<ul style="list-style-type: none"> • AC Hotels was borne from the vision of Spanish hotelier Antonio Catalan, who created a new kind of stay for a new kind of traveller – a creative, entrepreneurial and modern global traveller – who prefers to have fewer things, but expect them to be better than good. • The design vision is European modernism, which brings the AC Hotels brand to life. • Stylish design and a unique urban-inspired experience • The public spaces are never prototypical. • “AC Hotels by Marriott is a new breed of lifestyle hotels created to inspire the next-generation traveller through innovative design,” explains Tina Edmundson, Global Officer, Luxury and Lifestyle Brands, Marriott International.
Key competitors	Hotel Indigo, Canopy by Hilton, Kimpton, Public, Joie de Vivre & independent boutique hotels
Brand specific products	<ul style="list-style-type: none"> • AC Lounge; AC Kitchen – multi-functional space with the look of a high-end residential kitchen; AC Library – incorporated within the public space, and provides a space for guest to work and collaborate; AC Media Salon; AC Meeting Room; AC Fitness Room; AC Store offers upscale product assortment with retail-inspired shelving and features interesting local products
Customer profile	Creative, entrepreneurial and modern global traveller
Development plans	<ul style="list-style-type: none"> • AC Hotels has 91 properties located throughout Europe, North America and Latin America, and continues to quickly grow and develop in major travel markets. • Growth plans include more than 50 hotels set to open within the next three years throughout the U.S., Canada, Europe, and Latin America. • Pipeline of 96 hotels (15,500 rooms)⁹
Latest news	Announced global plans for 22 new design-led hotels slated to open in 2016 (January 2016)

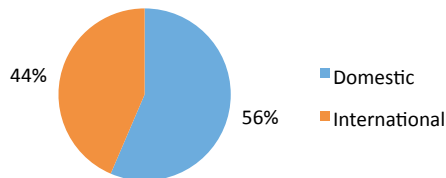
⁹ <https://hotel-development.marriott.com/brands/ac-hotels/>

CLARION

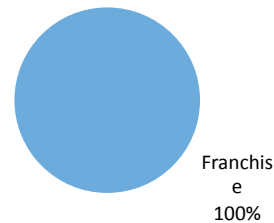


Ownership	Choice Hotels International
Hotel & rooms	313 hotels with 43,320 rooms
Launched	Acquired by CHI in 1986
STR Classification	Upscale

**Geography
(rooms)**



**Operating model
(rooms)**



17,800 rooms in Europe

Characteristics	<ul style="list-style-type: none"> • Clarion is a midscale full-service hotel offering food & beverage and meeting space amenities • Recognised in the US as the brand that serves the 'gatherings' segment. The Clarion brand offers a focused service operational model targeting the business and leisure gatherings markets • Amenities include a pool, business centre, free high-speed internet access and fitness centre.
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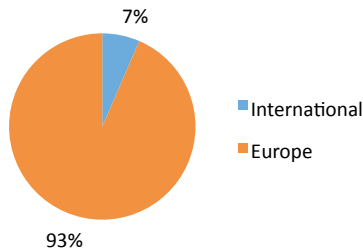
Key competitors	Four Points by Sheraton and Radisson
Tag line	Get Together
Customer profile	Business, leisure – meetings and gatherings
Development plans	22 hotels under development
Brand standards	
Standard	3+ to 4-star full service hotels
Rooms	60 plus rooms
Room size	Minimum 25m2 per room (including bathroom)
Location	Near popular leisure and business destinations, or a conference/leisure destination in its own right
	Conversions or new build properties
Restaurant & Bar	Dedicated breakfast room / area offering continental breakfast minimum Restaurant and licensed lounge bar required
Meeting facilities	Meeting rooms required and access to a leisure facility required
Business services	Business centre and high-speed internet access required

EUROSTARS



Ownership	Grupo Hotusa
Hotel & rooms	93 hotels with c.8,000 rooms
Launched	2005
STR Classification	Upscale

**Geography
(hotels)**



The hotels are located in the main Spanish capitals, as well as in top international destinations: New York, Paris, Berlin, Rome, Naples, Venice, Palermo, Brussels, Prague, Budapest, Lisbon, Porto and Mexico City, among others.

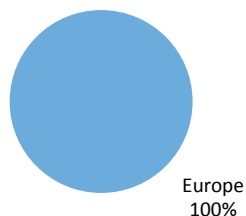
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Characteristics A collection of culturally unique, top-of-the-line urban establishments strategically located in cities' historical city centres or financial districts, which stand out for their cultural uniqueness.

- Development plans**
- The company's priority objective is to increase the Eurostar's portfolio. The company would prefer managed, but will also own or franchise if necessary.
 - Are looking at franchise options to grow the portfolio
 - The US is a main market of interest, and Eurostars is looking to grow through management contracts there.
 - It aims to be present in the top European capitals without turning its back on the Spanish market.

HESPERIA RESORTS
Hesperia

Ownership	NH Hotel Group
Hotel & rooms	25 hotels with 1,144 rooms
Launched	
STR Classification	Upscale

**Geography
(hotels)**


Located in key Spanish cities and resorts

Characteristics	<ul style="list-style-type: none"> • Holiday resorts with a renewed concept of contemporary accommodation and customized service that is surprising at every level. Situated in stunning locations, they are the perfect choice for couples and families who need the ideal combination of rest and enjoyment. They offer a wide range of services and leisure activities. Perfect for hosting events and business meetings (MICE). • Located in key Spanish cities and resorts
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Customer profile	Leisure and business travellers
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Development plans	None stated for Hesperia Resorts Since its international expansion began, NH Hotel Group has combined organic growth with acquisitions.
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