

## Sweetening The Pot Hilton's Repositioning Propels All-Suites Brands To New Heights

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In late April, the All-Suites brands by Hilton announced the opening of its 800th property, the Homewood Suites by Hilton New Orleans French Quarter.

Comprising nearly 15 percent of Hilton's total portfolio, these three all suites brands—Embassy Suites by Hilton, Homewood Suites by Hilton and Home2 Suites by Hilton—together total approximately 120,000 keys worldwide and another 530 properties are in their collective global pipeline. The success is largely the result of the hotel company's December 2015 repositioning of the three all-suites brands into a single portfolio, which Bill Duncan, global head for Hilton All Suites, credits as realigning resources and support for brands that share common synergies and opportunities.



**Homewood Suites by Hilton New Orleans French Quarter**  
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"The move really helped shine a spotlight on the category, the brands and the power behind them, allowing us to leverage their synergies to become even bolder and stronger in new areas and source new opportunities to drive performance," he said.

When the decision was made to bring these brands together under a single umbrella, it was with the intent of joining their affinities in order to optimize revenue management and generate more demand, particularly among corporate third-party customers. But Hilton didn't anticipate the development response that the move would receive from existing All Suites owners who now have more exposure to the benefits of each brand and see adding another Hilton All Suites brand to their own portfolios as an efficient means of diversifying their investments. "Developers and owners have strongly latched onto the all-suites concept and we're also seeing owners commit to different Hilton All Suites brands," Duncan explained, adding that "this wasn't initially a high-level focus for us, but it has allowed us to harness our own development networks."



The cumulative effect of the brands' unification has also shown significant results for each of the three Hilton flags. Embassy Suites now has the largest all suites, upper-upscale pipeline in the U.S. and Canada, with 49 hotels in the pipeline, another 20 under construction and international growth in the Caribbean, Saudi Arabia and China. Homewood Suites currently has 425 properties open and 30 more in the pipeline, including future projects in Latin America and the Caribbean. Home2 Suites has 142 existing properties across the U.S. and Canada and a pipeline of 356 properties.

Duncan attributes Homewood and Embassy's expansions into the Caribbean with the brands' abilities to compete with the all-inclusive segment, the fact that most American travelers are already familiar with both brands and their pliability. Owners and developers are contractually mandated to include the brands' signature elements in their properties, but they can also build upon them.

For instance, the Embassy Suites located in San Juan, Puerto Rico includes a casino, which is a non-standard offering for the brand. "These brands are very nimble and flexible and can go into a variety of locations where their brand recognition and guest amenities allow them to compete with all inclusive resorts," he said. "But they can also compete in urban or suburban locations where they're a few blocks off a main drag's beachfront, especially when beachfront locations aren't available for development or are just too expensive." Upcoming Homewood Suites hotels are slated for: Santo Domingo, Dominican Republic; Silao and Saltillo Mexico; and Lima San Isidro, Peru. Embassy Suites has international locations slated for St. Kitts and Nevis, St. Thomas, Saudi Arabia and China.

Another phenomena driving the brands' international growth in fact mirrors their domestic expansions; strong urban and suburban development as part of mixed use and downtown revitalization projects. Duncan notes that developers typically view the brand recognition of a Hilton All Suites property as a staunch anchor for a mixed retail development as it will help drive awareness and performance for the overall location.

While acknowledging that suburbia has long been a mainstay for the development of these all-suite brands, Duncan doesn't believe that their growth in urban markets is a new trend, but rather one that has gained momentum as developers look to reinvigorate a particular part of a city and as the brands' prototypes have become more adaptable to smaller parcels of land. To date, the strategy has resulted in 110 urban properties in markets including Washington D.C., Chicago, Atlanta and New York City.

The uptick in urban locations is all the more notable considering that 2014 marked the 25th anniversary of the Homewood Suites brand and the 30th anniversary of the Embassy Suites brand. However, Hilton is looking to keep these classic brands relevant through comprehensive redesign programs. Homewood Suites celebrated its milestone anniversary by kicking off the "Take Flight" design initiative, which revitalized existing spaces to give them a more modern look and emphasize the comforts of home while also adding new brand standards such as outdoor kitchens and lounge areas. Likewise, Embassy Suites' ongoing Atrium Refresh program is transforming the large, open-air lobbies of select properties into more intimate social spaces.

Hilton's multi-brands concept is also giving these all suites products an edge in urban markets.

In January, Hilton announced its first tri-branded property, a 466-room complex including a Home2 Suites, a Hilton Garden Inn and a Hampton Inn by Hilton to open across from Chicago's McCormick Place in 2018 as well as a dual-branded Home2 Suites and Tru by Hilton set to open next year.

Duncan explained that these multi-brand compounds are not springing up as quickly as traditional hotel developments, but they are also going into very high profile locations like Chicago. For owners and investors, these shared spaces represent minimized costs since two or more hotels are built into a single management project with shared construction and operational efficiencies. Savings are often used to drive a higher key count, in turn driving higher performance.

For customers who may be familiar with only one of the brands, the multi-brand concept is an opportunity for them to sample another Hilton flag without committing since the hotels share spaces and are thus interconnected. "The popularity of dual build is causing us to break out of traditional pairings and break into areas based on opportunity and availability," said Duncan. "It's an opportunity to bring new customers into the fold and get them familiar with our products, quality and service and make them more comfortable trying different brands within Hilton."

Also to cross promote the three brands, Hilton launched its first joint All Suites advertising campaign in May. Featuring actress and mother of two, Busy Philipps, the ad program highlights the space, value-add and convenient amenities offered by the brand's all suites accommodations. The campaign is built around the tagline "Bring It" in order to convey just how the unique benefits of these all-suites hotels can serve as responses to whatever life brings to travelers and Philipps kicked off the campaign with social media messaging that spoke directly to that.

"We thought she really identifies with our core audience who are parents of small children and who often travel with their kids," said Duncan. "Busy brings the realness of parenting to life and it's resonating with our guests. We're seeing some of the strongest engagement levels that we've ever seen."

Duncan noted that the campaign has tested higher than any previous Hilton ad campaign with 500 million impressions to date. He also noted that another purpose of the campaign was to target travelers who stay at Airbnb and other alternative accommodations when traveling. "This is an opportunity to take on the disruptors in our space by communicating that we have what they need. Bring it," he said.