

## HM EXCLUSIVE

## Wyndham's franchise-first mindset drives evolution



The new ECHO Suites extended-stay brand tops Wyndham's development pipeline with 205 signed properties; two have already broken ground in Texas and Virginia.

## BY HILARI GRAFF

Looking back over the past five years since debuting as a publicly traded, pure-play hotel company, Wyndham Hotels & Resorts is understandably proud of its accomplishments—launching three new brands internally and acquiring one, growing its loyalty program to 100 million members and adopting a streamlined technology approach, to name a few. Moreover, the company is motivated by what it perceives to be a bright future ahead.

One of the keys to the success of the largest hotel franchising company in the world (based on the number of properties across its 24 global brands—approximately 9,100 hotels in more than 95 countries) is its owners-first philosophy, which drives its growth and development. Wyndham's executive team is passionate about implementing the right type of initiatives to make the more than 6,000 owners continually profitable, and that starts with engagement. Business

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strategies and decision-making that resonate with owners only happens when a company truly listens to their franchisees, and ultimately, owners (and guests) stay with a company the executive team says, "they know, like and trust."

Insights from Wyndham's franchise advisory councils are integral to shaping the company's strategic direction. "Most important in the past five years has been the engagement of our owners, which is as high as it has ever been by many measures, including retention rates that have grown during this time from 92 percent to more than 95 percent," CEO Geoff Ballotti said.

A franchisee-first mindset for providing the best brands and value proposition has driven Wyndham's evolution, moving from what was viewed as a timeshare company to leading in select-service (Days Inn, Super 8 and La Quinta reached historic revenue per available room market share premiums in the last five years) and gaining a foothold in the economy extended-stay space with the introduction of ECHO Suites in 2022. Wynd-

ham also simplified their business to focus on franchising and experienced exceptional growth of its Wyndham Rewards loyalty program. "Seven out of 10 reservations come from the central distribution system, and one out of every two check-ins is giving their Wyndham Rewards loyalty number, which is extremely powerful," Ballotti shared.

## DIVING INTO DEVELOPMENT

Development has been impressive since 2018 while also moving at a thoughtful speed. "When we launch or acquire a brand, we make sure it fits into a white space we don't currently occupy, so we take the time to do it right to create something new and unique in our portfolio," Chief Development Officer Chip Ohlsson explained. Keeping owners and guests top of mind, Wyndham went to their franchise advisory councils and asked what they would look for in a new brand. "Our development strategy comes from seeing how we can make owners more profitable with new-builds and conversion products and from understanding guests' needs in

the changing market."

Dominant in the economy and midscale segment, Wyndham developed three new brands organically since 2018—Registry Collection Hotels for independent properties, the all-inclusive Wyndham Alltra resort product and ECHO Suites Extended Stay—and acquired Vienna House with hotels in Europe. The past five years have also seen brand refreshes for Days Inn, Super 8 and Microtel.

ECHO Suites tops the company's development pipeline with 205 signed properties; two have already broken ground in Texas and Virginia. The development path is significant: Through Q1 2023, Wyndham reported the 11th consecutive quarter of sequential growth. "Every section of the U.S. has pockets for hotel development, and we have brands for all those pockets," Ohlsson said.

In addition to its high retention rate, Wyndham's owners-first approach has resulted in a growing a second and third generation of owners, along with franchisees who have been with Wyndham since day one and stayed through various iterations.

"We're the world's largest hotel franchising company for a reason," Ohlsson said. "We believe in our products and are passionate about what we do. Owners recognize they're getting a return on investment with our brands and with their relationship with us. We believe that the best way to grow is to grow together."

## EMBRACING ITS FUTURE

Looking ahead to the future, Ballotti is inspired by the potential for Wyndham's continued evolution and success. Nine of Wyndham's 24 brands are in countries outside the U.S., and further growth is backed by strong franchise and sales development teams around the world, including in Dubai, Australia, London, Mexico, India, Shanghai and Singapore.

"Approximately 50 percent of hotels around the world are unbranded, so there is tremendous opportunity as branded properties drive higher rates and occupancies," he said. "Internationally, the Asia-Pacific region holds great possibility. We didn't dream that when we acquired La Quinta in 2018 before going public that we'd be opening them in New Zealand, but we are."

Ballotti is also motivated by the U.S. government's Infrastructure Investment and Jobs Act, which he considers a \$3 billion revenue opportunity for franchisees and a way to further cultivate the company's business segment, the majority of which is blue-collar workers. Wyndham is also looking forward to growing its Women Own the Room and BOLD (Black Owners & Lodging Developers) by Wyndham programs to advance ownership diversity.

"Retaining owners helps super-charge our growth," he said. "Attributing Wyndham's 'count on me' culture in both good and bad times as contributing to the high retention rate and impressive success, he noted, "Our franchisees have a choice, and we're fortunate owners continue to work with us and stay year after year." **HM**



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# Why Wyndham needed a massive technology overhaul

The past five years ushered in a massive technology overhaul for Wyndham—a spend of \$100 million. Staying true to its franchise-collaborative approach, Wyndham leaned into owner insights to develop game-changing technology initiatives. “We need to do what’s

right by the franchisees by providing technology that adds value, enhances profitability and improves the guest stay,” Chief Information Officer Scott Strickland said.

Wyndham first consolidated technology to simplify franchise operations. Now there is one

reservations system and two property management systems. Other technology highlights from the past five years include signing with a new customer data platform, becoming 100 percent cloud-based, launching an upgraded mobile app, moving to a single digital platform

for all 24 brands and the launch of the RevIQ revenue management platform. “As a result of this technology investment and being on common systems, we

can innovate faster while maintenance is lower,” Strickland noted.

Coming out of the pandemic, Wyndham wanted to double-down on guest-facing technology, so they sought insights from their franchisees and identified 89 items. This lengthy list was narrowed to seven initial priorities—fast and reliable Wi-Fi, smart TVs and in-room casting, mobile tipping, ID scanning and virtual check-in/check-out, housekeeping opt-out, electric vehicle charging stations and guest journey engagement. “Many of these initiatives offer owners opportunities for ancillary revenue while also bringing this type of technology to the masses, in line with our philosophy of democratizing travel,” Strickland said.

On the technology horizon are items eight to 15 from that lengthy list of 89, such as the ability to choose a specific room and offering early check-in. Looking ahead, the company will continue focusing on guest-facing technology, including chat, texting/direct messaging and artificial intelligence.

“Owners select a hotel company for their brand growth, marketing expertise and technology, and our scale allows owners to purchase technology they couldn’t otherwise afford so they can better run their operations and better serve their guests,” Strickland shared. **HM**



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## WHO ARE WYNDHAM'S MARKETING HEROES?

Chief Marketing Officer Lisa Checchio's sentiment that Wyndham's brands and franchisees are the “heroes of the marketing story” speaks volumes about the company's strategy since its inception. “When you keep guests at the center of marketing decisions in terms of where they like to travel and how they like to book, and you keep the owner at the center by focusing on what's going to drive maximize value, you can't go wrong.

“Owners franchise with us because of our ability to drive the most bookings at the lowest acquisition cost,” she continued. “We do that with powerful global marketing campaigns that let guests know about the value they receive by coming to a Wyndham hotel.” Wyndham targets the “everyday traveler,” backed by the mission of making travel attainable for all and that regardless of price point, guests deserve an amazing experience.

“By Wyndham” was added to all brands at the time it was announced in 2018, with the exception of those brands that already had Wyndham in the name. All new brands since have had “by Wyndham” added, except for Registry Collection Hotels. Today,

23 of the 24 brands have Wyndham in the name. At the heart of this endorsement-based marketing strategy is the Wyndham Rewards loyalty program. In the last five years, Wyndham made investments in its customer data platform in order to craft customized messaging to loyalty members based on their preferences.

“Knowing more about our members, who have a high propensity to book and typically spend more and stay longer, allows us to market in a more specific way, lowering customer acquisition costs and making marketing dollars go further,” Checchio said.

Marketing strategy has pivoted as Wyndham recognizes that their guests are getting younger and make purchases differently. The company has been investing in digital products, including an enhanced mobile app, which launched during the pandemic and has since become its fastest-growing booking channel. “Wyndham is fueled by the franchisees who own our brands, which is why the most important feedback we receive is from our owners,” Checchio said. “This is their story. Listening to them allows us to focus on the right things, makes us stronger, and sets us up to deliver exceptional franchise offerings in the future.” **HM**