IDEAS & TRENDS HOTEL ONLINE

Hotel Brands Weren't Always Thinking Outside the Box

By David M. Brudney, ISHC, July 2007

Two items caught my attention this month.

One was the announcement of Marriott teaming up with Ian Schrager to co-develop a new boutique hotel brand.

The other was the 40th anniversary of the Hyatt Regency Atlanta.

I'll try to connect the dots here.

I was just graduating from hotel Sales neophyte when the much-heralded Hyatt Regency came on the scene. It was a time long before management contracts and asset management came in vogue, back when hotel chains owned mostly what they managed.

I remember Chuck Grigsby, the Regency Atlanta's D.O.S. at that time, working the room at all the industry trade shows, talking up this spectacular new hotel soon to open.

With its vast 22-story, sky-lit atrium and high-speed, glass cabbed elevators, who would have thought the Regency would become the prototype for a generation of spectacular urban renewal hotel projects that by the end of the '70s would become main stream?

Back in the mid-'60s, architect John Portman was creating the Regency product with its 800 rooms, large convention facilities and no brand affiliation. The risks were high indeed - - remember, in the '60s, Atlanta was not very high on the radar screens of national convention and meeting decision makers.

"Too much wasted space"

History has recorded that no less than a dozen major hotel brands passed on this revolutionary designed downtown Atlanta hotel. Critics said, among other things, it would never be successful because it had "too much wasted space".

A good argument could be made that had Marriott said yes to the Atlanta Regency deal, Hyatt might never have become the major player Hyatt is today.

No doubt desperate to find a chain to manage his creation, John Portman reached out to the late Don Pritzker, at the time president of a small, obscure chain of west coast motels called Hyatt House Corporation.

Skip Friend, Hyatt's EVP, was on vacation with his wife Rhea in Puerto Rico when he got an urgent message to call Don at Hyatt's corporate offices in Burlingame, California.

As Skip tells the story, Don told him to stop in Atlanta before returning home. Skip asked Don, "Where's Atlanta?"

Skip went direct to Atlanta, toured the project site and after calling Don and giving his opinion, Don made the deal with Portman. And the rest, as they say, is history.

Remember, in the '60s the industry built hotels with only guests' physical needs in mind; today we create hotels more with the guests' psychological needs in mind, e.g., socializing, guest room bedding, amenities, etc., reflecting personal home choices.

"We've made a multi-million dollar mistake!"

It was a bold new concept: spending time as a guest at the Hyatt Regency would be an exciting celebration, different from a typical hotel guest experience - - and absolutely nothing at all like being at home. In fact, following successful Regency openings in Chicago, Houston and San Francisco in the early '70s, Hyatt's message became, "If we've made you feel at home, we've made a multi-million dollar mistake!"

The buzz created by the Atlanta Regency helped launch a near nationwide development juggernaut. It seemed as though every city wanted a Hyatt Regency as the anchor for urban renewal, a panacea for bringing both local residents and visitors back into the city.

The photo of Ian Schrager and Bill Marriott and their new boutique brand development partnership reminded me of the sharp contrast between Marriott Hotels & Resorts today and what the company was in the '60s and '70s. Marriott was very much an insular company back then, leery of all competitors, dedicated to doing things the Marriott way.

At the time of the Hyatt Regency Atlanta emergence, Marriott would never have considered partnering with Nickelodeon, would never have entered the Las Vegas market, and would never have acquired a luxury hotel company such as Ritz-Carlton. And most definitely, founder J.W. Marriott would never have had his own personal Blog on Marriott's company website! (Congratulations, Bill!).

Marriott's deal with Schrager is yet another example of how one of today's major chains has reached outside the company to find someone with a unique expertise to help Marriott create yet another successful brand in its portfolio.

"We don't have the talent in our company"

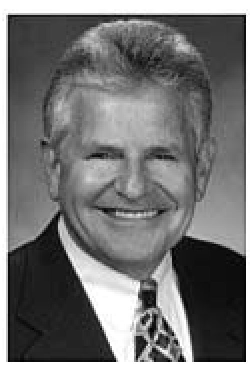
"We can't get into this segment unless we have the best guy in the world to run it," said Bill Marriott in the July 16th issue of Hotel & Motel Management. "We don't have the talent in our company," said Marriott, adding, "There's only one guy who can do it and that's Ian Schrager."

And Marriott wasn't bothered by some of the baggage Schrager brings. After all, Schrager did serve more than a year in prison for tax evasion during his Studio 54 era, sought bankruptcy protection for his Clift Hotel in San Francisco and did not make many friends in Santa Barbara with the stalled renovation of the Miramar.

But Marriott saw in Schrager a man who has made a tremendous contribution to (and advancement of) the hospitality industry. Recognized as the "boutique hotel segment's inventor" from his Morgans Hotel, Mondrian and today's Gramercy Park creations, his passionate commitment to the modern lifestyle has been imitated throughout the world. Schrager has been credited with introducing "hip", "lobby socializing", the "hotel as theater", and the hotel as "home away from home".

Who could have imagined Marriott and Schrager becoming partners? But then who could have imagined Starbucks outlets in (almost) every hotel in America? Better yet, who could have imagined Bill Gates and his Saudi prince partner paying $3.37 billion to buy Four Seasons Hotels?

I must say that it's very satisfying for an industry veteran like me to see hotels reaching out, thinking outside the box, recognizing and embracing new concepts, new ideas and new talent. The Hyatt Regency Atlanta's 40th anniversary is a reminder to all that it wasn't always that way.



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