

Hotel guests don't know who is hosting them—and that's okay

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Before I wrote about hotels for a living, which is to say when I had much more hair and still laid out cash for DVDs, if I stayed at one, I reasonably believed that whatever name hung over the door owned and managed the property, too. For all I knew, Conrad Hilton himself owned and ran the Hilton in Short Hills, N.J., I stayed at when visiting my grandparents for the holidays.

The hotel industry as we all know is, for the most part, not like that. It's fragmented with many different parties having a function—and that is before we get to what brand the hotel operates under.

Over time, branded hotel companies have eschewed hotel ownership in favor of franchise agreements, wherein they lend the name to an asset in exchange for a fee. (Hotel companies still manage some of the properties that fly their flags, but this is less common in the limited- and select-service space.)

This has led to the rise and ubiquity of third-party management companies, which operate a property at the behest of an owner. And while the value of a brand may never be more important than it is today, when you consider threats such as online travel agencies and home-sharing, it got me thinking: Who is a guest really staying with—the brand or the management company?

Undoubtedly, hotel guests believe that when they are staying at a Holiday Inn, they are staying at a Holiday Inn. And that's how it should be: from a touch-and-feel, design and F&B standpoint. These are distinct expectations a traveler has when staying at a branded hotel. But allow me this: As hotel companies cycle out of the ownership business, and to an extent managing hotels, the less responsible they are for the guest experience. That falls to whoever provides the quotidian task of hosting guests; to wit, the franchisee or third-party management company. In my estimation, the brand is a name, an essence; the franchisee, the management company are the tangible representation of that.

Don't just take my word for it. "The management company does, in fact, control the service levels in non-brand-managed hotels," said Evan Weiss, a principal at LW Hospitality Advisors, an advisory firm focused on hospitality. "The overall service level is set by the brand, but the culture and day-to-day staff performance is set by the management company."

Brad Rahinsky is president and CEO of Hotel Equities, a management company based in Atlanta with a portfolio of branded properties. He inventively compares the brand to a car: four wheels, four doors and a windshield—standard features. The management company, he contends, creates the experience, what he calls the upgrades: bigger engine, leather interior, booming sound system. "Brand standards are table stakes," he said. "It's then going above and beyond."

Hospitality is a technology-driven business, connecting customers to properties. Rahinsky acknowledges the value brands yield: distribution, loyalty programs, marketing—"Especially when the industry turns down," he said. There is no dismissing the power of brands; it's something that is true to hospitality as is true in other industries. Brands equal trust.

As HVMG SVP of Guest and Brand Excellence Matthew Woodruff put it, "The brand brings [customers] to the front door." HVMG, like Hotel Equities, is an Atlanta-based hotel-management company. Woodruff continued, "The brand responsibility is to create the trust points, the non-negotiables customers come to expect."

But since management companies oftentimes operate different types of brands, it's incumbent on them to, as

Woodruff said, “unify them under a constant umbrella of look and feel.”

Consider for a moment that Hotel Equities and HVMG both operate Courtyards. Among many, Hotel Equities operates one in Buford, Ga., while HVMG operates a Courtyard in Mount Arlington, N.J. Same brands, yes, different experience at both, you bet. And that is the point: Management companies—the ones running hotels on a daily basis, the ones that employ staff, the ones responsible for guest well-being—they are who the guest is really staying with.

Guest satisfaction and net promoter scores ebb and flow on the ability of management companies and franchisees to execute on a brand's promise. They are the brand's shadow: rarely seen unless you look hard enough. And that's where their importance lies.