

## Good times for The Curtis, tough for the independents

BY ED SEALOVER

DENVER BUSINESS JOURNAL

Six months into its rebranding as a Doubletree hotel, The Curtis' revenue has jumped by 20 percent from one year ago — and those in the hospitality industry say it exemplifies the fact that branded hotels are coming out of the recession more successfully than independent properties.

"Independents are certainly more vulnerable, particularly those that are not part of marketing groups," said David Corsun, director of the School of Hotel, Restaurant and Tourism Management at the University of Denver's Daniels College of Business. "Those that have remained purely independent are particularly at risk because they don't have the benefit of the reservations system that the brands have."

Revenue growth was even more dramatic, at 40 percent, in May and June for The Curtis - a Doubletree Hotel, which is located at 14th and Curtis streets. General Manager Kim Corrigan also said there's been a year-to-date increase of 88 percent in transient customers — those coming in for a purpose other than a convention, conference or meeting. **MEMBER HOTELS | A26**

bers of the Hilton HHonors rewards program, which wasn't available to the Curtis as an independent, made up 35 percent of customers in June.

Corrigan and officials from Sage Hospitality LLC of Denver, owner of The Curtis, had predicted that affiliating themselves with a brand could increase business from Hilton loyalists looking to stay at the only full-service Hilton facility downtown. But it's exceeded expectations; Corrigan said the business surge, which is larger than the growth in the general hotel market, is much

bigger than she expected.

Corsun said he's not surprised how much a facility can benefit by becoming part of a chain these days. He said chains carry reputations that create customer expectations, as well as popular rewards programs that allow people to earn points toward free stays.

The Doubletree affiliation also means more publicity opportunities for The Curtis. The hotel will be the subject of an article in a national magazine in October, and it's gotten calls from travel publications that didn't pay attention to it before, noted JoAnn Elston, director of sales and marketing for the hotel.

"It's hard, I think, in this day and time to open an independent hotel," said Corrigan, noting the Curtis debuted in 2007, just about a year before the hotel industry market collapsed. "With all those channels that Hilton or Marriott or the other brands can give you, that distribution channel is huge. We went from a sales staff of 10 to a sales staff of hundreds throughout the country."

Independent hotels once graced the streets of Denver and most other major cities. But the growth of chains and the expansion of benefits they offer to frequent customers has reduced their numbers in the past two decades. Roughly 57 percent of American hotels are branded now, but Corsun said even that number is misleading because the majority of those that remain independent are mom-and-pop roadside motels that bring in small revenue.

Even chain hotels are creating independent-style brands in order to attract those who prefer that individuality but also want the benefits of chain loyalty programs. Chains such as Marriott Hotels and Starwood Hotels and Resorts Worldwide promote their affiliated collections of unique hotels. Organizations such as The Leading Hotels of the World market a group of independent hotels but require them to conform to certain standards to be a part of the group.

More than 80 percent of travelers belong



to at least one hotel loyalty program, with many belonging to three or more, said Jeff Low, CEO of Stash Hotel Rewards of Palo Alto, Calif. Studies show that frequent travelers consider loyalty program membership very important when selecting a hotel, and though those travelers make up just 10 percent of hotel guests annually, they're responsible for 44 percent of hotel-room occupancy, he said.

Low founded Stash in May, bringing together 73 independent U.S. hotels — including Denver's Hotel Teatro — in a program where guests can earn points by staying at any of them and use those for free nights at any of the participating hotels.

Without such perks, independent hotels are at a disadvantage, especially in the eyes of savings-oriented consumers, he said.

"Independent hotels need to employ every tool in order to compete in this economic environment," Low said. "Many frequent travelers won't even consider staying at a hotel that doesn't offer rewards. As a result, the big chains, all of whom have rewards programs, currently own the bulk of the frequent traveler market."

The share of the Curtis' business that comes from transient travelers — which includes most frequent travelers — is up 15 percent from one year ago. This is despite the fact that the hotel — located near the Denver Performing Arts Complex and the Colorado Convention Center — draws heavily from convention crowds and performing artists, Elston said.

The Curtis' year-to-date occupancy rate is up 15 percent in 2010 — double the overall Denver rate jump, according to industry research firm STR Analytics of Boulder. And its average daily room rate has risen 5 percent in 2010 while rates are down 3.4 percent in the Denver market.

This success has allowed Curtis officials to rely less on booking discounted room rates through Internet sites specializing in cheap sales and to offer packages at more normal rates for events such as the King Tut exhibit at the Denver Art Museum, Elston said.

Though the recovering economy plays a part in this change, the affiliation with Doubletree plays an even bigger role in this newfound business, she and Corrigan said.

"Now people are making choices on the Curtis rather than choosing the rate,"

Corrigan said. "I don't spend a lot of time thinking about what would have happened had we not made this [affiliation] decision. We're happy to say we're happy with the results we've gotten."

Steve Hennis, STR Analytics director, said an obituary for independent hotels would be premature, but he expects a lot more co-branding or Curtis-like affiliations to occur in Colorado and nationwide.

"During the downturn, you see where the brand strength is," Hennis said. "The stronger brands are maybe not able to maintain their performance level, but they can outperform other properties."

[ESEALOVER@bizjournals.com](mailto:ESEALOVER@bizjournals.com) | 303-803-9229



KATHLEEN LAVINE | BUSINESS JOURNAL

**The Curtis hotel became a part of the Doubletree hotel chain six months ago, and its revenue is climbing as a result.**



**Kim Corrigan** is general manager of The Curtis.

### INDEPENDENTS' UNDERPERFORMANCE:

Independent hotels were hit harder than the overall industry during the recession. They've also been slower to recover than luxury and upper upscale branded hotels, with which they often compete. A comparison of performance in 2009 and 2010:

Hotel type	Occupancy change, 2008 to 2009	RevPAR* change, 2008 to 2009
Luxury chain	-8.7%	-23.6%
Upper upscale chain	-7.0%	-17.7%
Independents	-8.8%	-17.7%
Overall	-8.7%	-16.7%

Hotel type	Occupancy change, Jan.-May '09 to Jan.-May '10	RevPAR* change, Jan.-May '09 to Jan.-May '10
Luxury chain	+10.6%	+6.7%
Upper upscale chain	+7.7%	+2.5%
Independents	+2.6%	+0.7%
Overall	+3.9%	+1.1%

\* Revenue per available room  
 Source: Smith Travel Research Inc.

LUIS URIBE | BUSINESS JOURNAL