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One year since launch, Tru on fast development track

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Officials with Tru by Hilton, which launched in early 2016, said the brand has seen the fastest takeoff in Hilton’s history from a development perspective, even though the first property won’t open until early spring.



This rendering depicts the public space at the first Tru by Hilton property expected to open in Oklahoma City, Oklahoma, this spring. (Rendering: Hilton)

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McLEAN, Virginia—There isn’t a single Tru by Hilton property open and operating today, but there are some clear signs it is already arguably among Hilton’s most successful brands.

Just more than a year since [announcing the launch of the midscale brand](#) at the 2016 Americas Lodging Investment Summit, officials with Hilton said there are now 180 signed. Including those signings, there are 400 total in “various stages” of negotiations. The company is quickly approaching the consumer facing launch of the brand with the first property expected to open in Oklahoma City, Oklahoma, as soon as late March.

Alexandra Jaritz, global head of the brand for [Hilton](#), said Tru’s quick growth is encouraging, but there is still considerable work to be done to live up to the lofty goals set for it.

“The goal for Tru was always to be a largely distributed brand,” she said. “This is a brand we believe will be bigger than Hampton.”

Jaritz said that internal sense of competition at Hilton has been a big motivator for her team as they look to build the Tru brand from the ground up. So far, so good, she said.

“This is the fastest growing brand launch in the history of Hilton,” she said. “No other brand has been so successful in terms of development numbers. And in the data we can collect, this is the fastest growing (new-build) brand in the history of the hospitality industry. Those numbers are something to be very proud of and really speak for themselves.”

Timeline for growth

There are nine Tru properties set to open in 2017, Jaritz said, adding that is a conservative estimate. The company expects an additional 60-plus properties to open in 2018.

Jaritz said the “magic number” for hotel brand rollouts has historically been 300 open properties. For Tru, it might be closer to 200—a threshold she said could be passed in 2019, because “additional marketing and social media make it easier to drive brand awareness.”

She said the brand will see more regional marketing efforts in 2018 and likely a wave of national marketing in 2019.

Jaritz said Hilton just recently launched development efforts in Canada, but there are currently no plans on the table for growth outside of there and the U.S. She said because the success of the brand is built so much around keeping costs down, it makes the most sense to key in on those two countries for the time being.



This rendering depicts the grab-and-go market at the first Tru by Hilton property expected to open in Oklahoma City, Oklahoma, this spring. (Rendering: Hilton)

However, she said, international growth is definitely part of long-term plans.

“First, we want to make sure this thing is running exactly how we want it to,” she said.

Jaritz said Hilton is already offering a dual-brand concept for Tru coupled with a Home2 Suites by Hilton, which she said was an idea brought to Hilton officials by developers. She said developers like the fact that the two brands together draw a wide range of guests.

“It makes a lot of sense because Home2 is extended stay and Tru is more transient,” she said. “And the brands have complementary personalities for design.”

So far there are 16 executed agreements for that brand combination, which features not only a shared back of house but also shared fitness center, pool, meetings space and laundry. The initial dual-brand concept was built around having two separate entrances with separate front desks, but Jaritz said the company is also developing a version with a single entry point and front desk.

What works about the brand

While Tru was put together with a very specific aesthetic in mind, the true power of the brand is the simplicity for development and the fact that it represents new-build hotels in a niche largely populated by older properties and conversion brands.

“If you look at the midscale segment in general, it doesn’t have very consistent product,” Jaritz said. “It’s not known to have this sort of all-new build, fresh experience that has been developed to account for how guests changed over the years.”

The brand was developed in large part through collaboration with a panel of owners and developers, and that feedback helped establish that the brand has a lower build cost and smaller footprint than most new-build hotel brands.

She said the combination of those low development costs, flexible design that lets people target both urban and suburban locations, and the overall power of Hilton’s loyalty and distribution platforms has fueled developers’ interest.

“We have a really strong track record in launching new brands and guest growth,” Jaritz said. “We’ve built up a lot of confidence for owners over the last few years. So the combination of all those things makes this a great proposition.”



This rendering depicts the public game area at the first Tru by Hilton property expected to open in Oklahoma City, Oklahoma, this spring. (Rendering: Hilton)

The brand is “as recession proof as it can get” since it captures guests at a lower rate but still ties them into the larger Hilton system through the Honors loyalty program, she said.

She said the brand is a reminder that the travel and hospitality industries don’t cease to exist in a recession.

“At the end of the day, consumers still want to travel,” Jaritz said. “But instead of a five-day trip, they’ll take a weekend trip.”

The lower price point, she said, represents a good opportunity for Hilton overall.

“We wanted to go after a new consumer segment,” she said. “We wanted to get millennials, but they aren’t the only target. We want to go after those who don’t have as much disposable income.”

Developer perspective

Harshil Patel said his company Champion Hotels and Development is betting big on the success of Tru, and that company is the developer behind the first property set to open in Oklahoma City.

Patel’s company has already signed on for more than 15 Tru properties, largely in Oklahoma or nearby states, which represents roughly 10% of [Champion](#)’s total portfolio. His company is also on track to be one of the first to open a dual Tru/Home2 property.

What makes the brand compelling, he said, is the flexibility of design and Hilton’s willingness to be responsive to developers’ feedback. He said he sees this brand working in both large urban downtowns and more remote or suburban locations due to that flexibility.

“You can squeeze these in anywhere,” he said. “Usually (to build a hotel) you have to buy 1.8 to 2 acres in a normal Midwestern town, but you can build these on 1.4 acres, so you save on land costs.”

Patel said he also likes Tru’s smaller room sizes and the freedom to make some features like pools and patios optional.

“This is one of the first brands to really roll out a hotel that is basically shrunken down,” he said. “We’re very cognizant that smaller rooms equal less square footage, which equals cheaper development costs.”

He noted the flipside of that is the ability to fit more rooms on to that smaller, less-expensive property, which in turn provides a chance to drive more revenue.

While relatively inexpensive, the brand offers the advantages of being tied into the larger Hilton ecosystem.

Patel said his father and founder of the company, Champ Patel, was one of the first owner/developers on Hilton’s owner action committee, put together when forming the brand. The committee, he said, quickly learned how developer-friendly the company wanted to make the brand.

Harshil Patel said being among the first developers to work on this brand came with challenges, as with any brand. But the Tru team more than overcame them from his perspective. And at the same time, Hilton officials have been willing to change and tweak things based on developer feedback, throughout the process.

“Everybody working on this has been so proactive in trying to make sure that things flow and things are correct,” he said. “That’s been very helpful. I think without a doubt, the steps they’re taking to ease development have been better than what you’d see with a Hampton, or really any other brand, be it from a company like Choice or Marriott.”