



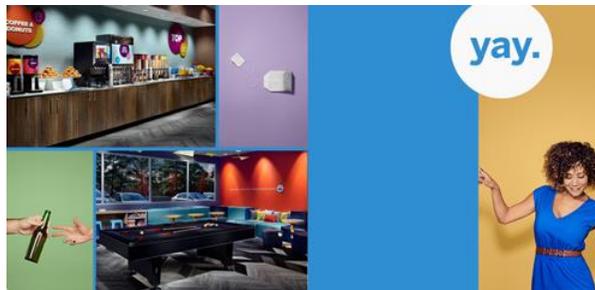
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How Hilton's Tru and Other Offerings Aim to Capture Millennial Traveler Demand

By **Michal Clements**, April 19, 2017 at 7:00 am



Both Airbnb and Hotels Like Tru Offer a Place to Sleep, But What about Conveniently Eating and Drinking, Exercising, Working or Just Hanging Out?



In 2016, Hilton announced their new concept, Tru, which is designed to offer affordable and stylish places to stay, work and eat while traveling. Tru will serve the midscale segment (approximately 40% of market demand), and compete with other midscale hotel players like Fairfield Inn & Suites by Marriott and the Comfort Inn by Choice Hotels. Expected nightly pricing will be \$90 to \$100. This is the first time that Hilton has entered into the midscale segment, and there are already over 140 signed hotels. The first Tru property is slated to open in April 2017 near the Oklahoma City Airport. Tru is **targeting Millennials who:**

“Like modern design, public spaces where they can work and socialize, and advanced technology such as mobile check-in.”

In all its properties, Hilton is focusing on increasing guest choice and control in foodservice and beyond, whether the brand is Tru, Hilton Garden Inn or the New York Hilton.

Food and beverage options provide a good illustration of guest choice and control. For example, Mark Southern, Director of Food and Beverage, Product Innovation, Hilton Focus Service, describes Tru's breakfast:

“Breakfast will be very interesting and give the guest a lot of choice and control. It will include a build-your-own parfait with Greek yogurt, and a build-your-own donut bar.”

By comparison, Hilton Garden Inn will:

“Become a bar-centric food and beverage operation with a heavy focus on shared foods, flights and sampling. Guests will be able to find locally relevant items such as local beers to try at night. In the morning, this bar area will morph to pouring Nitro coffee and breakfast will be served. Meanwhile, the New York Hilton offers a magnificent grab and go area called the Urban Kitchen with fine dining quality food in a casual atmosphere.”

These properties hit very different price points, and have food and beverage offerings intended to fit their target customer, daypart and occasion. The goal is to “better understand the daypart needs and to create different products.”



Target Customer, Daypart and Occasion Considerations

All of this makes me consider, what's the occasion for an innovative offering like Tru compared with Airbnb? Traveler demand for onsite food and beverage, work spaces, common areas for groups to meet and work, and even exercise facilities are likely some

features that can distinguish the experience of staying at a hotel like Tru from a typical Airbnb property. To be sure, pricing is an important part of the decision, and different studies have found different pricing results, but in some cases, a consumer may be able to rent a “whole house” through Airbnb for the cost of a hotel room.

That’s where food and beverage come in. Already stocked, and freshly prepared, onsite food and drinks sets hotels apart. To be sure, while staying at an Airbnb property, a consumer can buy groceries and prepare their own, or they can get delivery or pickup from a local restaurant. But there are times when those options are unappealing or not practical, in my experience as a business traveler. Planes have a funny way of being delayed so that arrival can be at odd times. Other times, after a full day of work and travel, I just don’t feel like making a big effort to find food.

According to one source, the hotel industry lost \$450 million in direct revenues to the disruptive vacation service Airbnb, along with another \$108 million in food and beverage revenues associated with those lost stays. It’s evident that Airbnb is filling a part of the market demand, and certainly offering value to the traveler. But what about their other needs?

With the opening of its first Tru property, Hilton is entering the moderate price space, and offering a solution for occasions for Millennial travelers that may not be well served by Airbnb. Tru’s market strategy appears to be carefully planned for this consumer segment, with customizable food and beverage options, along with more areas for socialization. As more properties open, it will be interesting to see how Millennial consumers react.