



[Link to Article](#)

## Rapid Rollout

### Tru By Hilton Brand Poised To Debut Some 15 Months After Launch



Tuesday, April 25, 2017

Tru by Hilton is poised to put an exclamation point on one of the fastest ramp-ups in recent brand history with next month's planned opening of its first property in Oklahoma City.

Hilton's new midscale brand was formally introduced to the lodging industry some 15 months ago at the 2016 ALIS Conference. According to Alexandra Jaritz, global head, Tru by Hilton, the chain has more than 200 executed deals already and is expected to open anywhere from 9-16 hotels this year, followed by an estimated 60 properties in 2018.

Jaritz acknowledged the company has been gearing up for the brand's debut internally and emphasized the importance of its "speed to gain" team, which is focused on RevPAR index gains. "We've been really all hands on deck. From the entire organization we are all hyper focused on ensuring that A; these prototype costs come in where we need them to and B; that the performance is where we need it to be so the ROI is there and the development story continues to bloom," she said.

One of the keys to the development boom for the brand has been its affordability at roughly \$85,000 a key, excluding land, for a 98-key prototype. However, Jaritz noted that development costs have been rising across the board throughout the U.S. so the brand is being proactive.

“That’s another thing we do that’s a little different with Tru. We’ve already sat down with the owners that have started to build and said ‘ok where can we further value engineer?’ as every prototype goes through a value engineering process. We’ve really made it a point—especially since we have this velocity and speed and number of hotels—to get in early on and say ‘what can we do to drive down costs a little more and be even more competitive without sacrificing guest experience?’” said Jaritz.

She noted that many professionals, including owners, general contractors, electrical engineers, and architects, have weighed in with suggestions. “We already have incorporated a lot of their feedback into the prototype and catching them as they’re starting to build,” she said.

Jaritz acknowledged that both consumer research and feedback from owners have spurred some minor changes within the brand, such as toning down the colors a bit and eliminating the center media wall at the front desk. Additional efficiencies when it comes to things like electrical solutions and flooring have also helped pare costs. She also suggested more changes are in the offing as the brand evolves.

“Now for the changes that we’ll make we’re going to have to have the guests speak a little too. How do they feel about certain decisions we’ve made? Do they care about using x, y, or z? We’re going to do some real time consumer testing where guests are going to monitor themselves through the hotel experience,” she said, adding that will be the feedback will be the basis of a new brand prototype that will be released in December.

Jaritz stressed the importance of getting the brand off on the right foot and that the company is heavily focused on the commercial performance of the first 10 properties to open. “With a new brand it’s not always all plug and play. We have to think of plus ups or how do we challenge certain thinking that we may have used for different brands that worked well. They may not work as well for Tru, and why is that? We’re going after a new consumer segment that we’ve traditionally not gone after and how do we target them and what kind of marketing strategies do we deploy there, and what kind of revenue management strategies do we deploy with a new brand?” commented Jaritz.

To that point, Jaritz noted that the brand—which is expected to attract primarily transient business—would start with modest marketing plans, at least initially. “We’re starting more on the local level and then we’ll build on the regional level as we get scale, and then we’ll build on the national level when we get a little more. But right now it’s a little bit of one hotel at a time,” she said, adding that going after feeder markets, such as Dallas in the case of Oklahoma City, is an important part of the strategy. “We are very much focused on how are we going to grow business in the local markets,” she said. Jaritz further added that the company would be leveraging social media as an integral part of an “influencer strategy.”

The Oklahoma City property is owned by Oklahoma City-based Champion Hotels, which Jaritz pointed out has also committed to building 15 additional Tru properties. She touted the relationship that’s been forged. “I can’t say enough about Champion because they have worked with us lockstep. We’ve talked

every day for last three months, and we've built a partnership upon which they're working with us real time in partnership to make this even better than it already is, and you can't ask for more than that," she said.

Jaritz noted the second Tru to open is expected to be located in McDonough, GA, which is some 30 minutes out of Atlanta. In addition, while Tru is primarily a ground up development brand, the company has green-lighted an adaptive reuse in San Antonio for Baywood Hotels. Jaritz noted the building was built in 1929 as a car dealership and later became a shoe store. "They have found an absolutely amazing way to combine the prototype with the original building," she noted.

Jaritz also noted that dual brand development has been very much in demand from the company's ownership base and represents as much as 10 percent of Tru's development pipeline. In most cases, she said Tru would be paired with Home2 Suites, the company's mid-tier extended stay product. "The fit together beautifully," she said, adding they now have a model with just one front desk that saves on labor and leverages other efficiencies.