

Hotels ditch brands and geek out to attract younger travelers

By Renée Frojo

The UpTake: In cities across the country, hotels are getting hip and reinventing themselves to appeal to the Millennial set. Here's a snapshot of the changes in one city—tech favorite and tourist magnet San Francisco.

Following a national trend, San Francisco hotels are ditching the well-known brands and reinventing themselves to attract younger, hipper and more tech-savvy travelers.

Locally based Kimpton Hotels & Restaurants should be given credit for leading the way in the sector, setting itself apart as a quirky-cool brand with a diverse portfolio of hotels—including the Palomar, Hotel Monaco and Harbor Court—where no two accommodations are the same. But now it faces more competition from hotel owners intent on replicating that same model to attract this new crowd of consumers with very particular tastes.

They include the former Hotel Milano in San Francisco's Soma neighborhood, which was transformed into the gadget and fun-filled Hotel Zetta at the beginning of the year, and the Hilton Fisherman's Wharf, which was rebranded as Pier 2620. The Radisson Fisherman's Wharf will likely go the same way next year, as it was recently acquired by Pebblebrook Hotel Trust—owner of the Argonaut and Hotel Zetta—which promises to pour \$20 million into renovations.

There's also San Francisco-based Commune Hotels & Resorts, the parent company of Joie de Vivre, which recently unveiled its millennial-focused Tommie chain and has been broadening its scope of brands with a "younger, more hip" selection of hotels since Niki Leondakis took over as CEO late last year.

"With San Francisco's strong hotel market, owners are becoming a little more willing to venture out without the safety net of a brand and get outside their comfort zone by testing out new designs and concepts," said Michael Baier, general manager of Nob Hill's historic **Stanford Court Hotel**, which also recently shed its Marriott flag and is undergoing a major brand change.

Having poured in only a little more than \$150,000 in new features so far, Baier said the hotel's updated theme is intended to give travelers "a glimpse at what it's like living in the Bay Area" and attract customers it could be losing to other brands down the hill.

To that end, it's stocking the property full of local, recognizable brands, such as Method soap and Equator Coffee, and looking towards retailers like Levi's and Banana Republic to design its uniforms. The

décor, meanwhile, is being led by local artists, and includes a series of graffiti-inspired skateboards strewn throughout the lobby.

It's also turning up the tech with new features that include iPads in the lobby, an electric car charging station, local spirits on tap at the bar and a tech center where visitors can test out new gadgets—all things “along the lines of Hotel Zetta,” Baier said.

“We felt like we had to infuse the hotel with all kinds of high tech to get the startup folks and those looking at Soma to come up the hill,” he added.

Open nearly one year now, the Hotel Zetta said its tech-focused concept has paid off, with quick adoption, higher-than-expected business and a clientele base that extends beyond the one they originally intended to reach.

“The design and vibe of Hotel Zetta speaks particularly to the tech industry and we envisioned the hotel to be a place for hotel guests and local tech professionals alike to work, meet, drink, dine, play — the whole work-hard play-hard adage,” said Greg Bell, the hotel's director of sales and marketing. “What surprised us this year is that we've had more of a mass appeal than just the tech industry. While tech professionals immediately latched onto the concept, so have fashion, music, food and media. We've become a hub for San Francisco's leading cultural communities, not just tech.”

Similar things could be on the way to the Radisson Fisherman's Wharf. Ray Martz, Pebblebrook's chief financial officer, would not disclose the exact details of what it plans to do to transform the tourist-centric hotel, but alluded that it will likely be de-flagged and elevated from a 2.5 diamond hotel to a 3.5 diamond hotel.

“It will certainly have more style and a design that will have pop and uniqueness,” he said. “That will allow us to charge better rates.”

In general, Martz added, de-branding hotels give the owners more freedom to tweak the property as needed. “Brands are more of a commodity and have less differentiation,” he said. “When you have one of a kind, you can define everything. We can determine what our standards are.”