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The Marriott-Starwood Merger: Navigating Brand Portfolio Strategy and Brand Architecture

In September 2016, hotel operator Marriott International, Inc. completed its $13.3 billion acquisition of Starwood Hotels & Resorts, which added 11 brands to its already robust 19-hotel brand portfolio (see **Exhibit 1**). Marriott was now the world's largest lodging company with 6,400 hotels and 1.2 million rooms in 126 countries and territories. Arne Sorenson, Marriott's CEO, acknowledged that the company probably didn't need 30 different hotel brands, but claimed to have no plans to shed any of them in the near future, even though analysts pointed to significant overlaps that existed in the brand portfolio, particularly in the luxury, premium, select-service, and soft brand segments.[1]

In fact, Sorenson was not ruling out launching new brands to round out the Marriott portfolio and to attract new consumers to it. A recent Landor Pulse study[2] indicated that legacy hotel brands such as Marriott, Hyatt, and Westin were perceived by consumers as less innovative, but that the companies' newer sub-brands, such as Andaz (from Hyatt), Element (from Starwood), and Edition (from Marriott) were conversely perceived as exciting and cutting edge. Traditionally, Marriott had been seen as the consummate hotel operator, while Starwood was touted as the premier hotel brand developer and marketer. Could Starwood's success at bringing new, exciting brand platforms to market be leveraged to help Marriott's brands improve their standing with consumers?

Tina Edmundson, Marriott's Global Brand Officer, was charged with making sense of the brand portfolio and designing a strategy that would clearly differentiate each brand from the others and a brand architecture system to communicate to consumers how to navigate among them.[3] She would need to decide whether and how to prune brands from the portfolio, whether and how to combine brands through dual-branding and/or sub-branding strategies, and whether, where, and how to use the Marriott parent brand to endorse the remaining brands.

Marriott and Starwood had also begun an aggressive campaign to acquire management contracts for unique independent hotels which were then curated into so-called soft brands in an effort to combat the rising influence of sharing economy companies, such as Airbnb, and consumers' increasing desire for unique, non-chain hotel experiences. These added an additional layer of brands to the portfolio, further complicating Edmundson's task.

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Marriott had promised its investors that the newly merged company would cut costs by $250 million annually by 2018, mostly through savings on the SG&A[a] line.[4] It also promised to maintain Marriott's aggressive growth goals, opening a new hotel every 15 hours in 2017. Edmundson's biggest challenge in the short term was identifying and communicating 30 different unique brand value propositions. Over the long term, she would need to design an efficient and effective brand portfolio, surgically culling and/or combining brands with decades of heritage, strong consumer-brand relationships, and billions of dollars in brand equity, and construct a coherent brand architecture system to define and regulate it. Along the way, she and her colleagues would also need to decide how to combine two very successful, but different customer loyalty programs without alienating customers of either company.

The Merger

A few individuals have had some fun calling the new entity Marwood, but to be clear, this is not a pairing of equals. Starwood is on the business end of an acquisition; the same way a wounded water buffalo is on the receiving end of an acquisition by a lion. When the dust settles, there may be some scattered bones and fur left over, but nothing that could be easily recognized as its original form. Marriott will eventually devour Starwood in a similar manner. Anything that may be difficult to digest will get discarded, but all the delicious parts will be savored and completely ingested.[5]

— Hotel Consultant Robert Cole

Marriott International

Founded by J. Willard and Alice Marriott in 1927 and guided by family leadership for 85 years, Marriott International, Inc. was a worldwide operator, manager, franchisor, licensor, and owner of hotels and resorts. Headquartered outside of Washington, D.C., the company employed 127,500 associates.[6] Sorenson, who succeeded J.W. "Bill" Marriott, Jr., in 2012, was the third CEO in the company's history and the only one who was not a Marriott family member. He was leading the company into its 90th anniversary year.

Marriott pursued a "one company, many brands" strategy (also known as a house of brands) that strove to satisfy every segment of the traveling public for business or pleasure one-night or extended stays at all price points, except for the lowest price tier, the economy segment, which was populated with brands such as Motel 6.[b] Portfolio growth came from acquisitions and from new concepts, as Marriott evolved its brand holdings to create a portfolio it described as "Individually distinctive. Collectively powerful."[7] Marriott's diverse portfolio of 19 brands covered 4,424 hotels and 759,330 rooms worldwide and were mostly concentrated in the upscale (38% of rooms) and upper-upscale (37% of rooms) price tiers. Seventy-seven percent of the company's rooms were located in North America, which accounted for 84% of its revenues and 80% of its profits. 2015 revenues were $14.5 billion, a 5% increase over the previous year (see **Exhibits 2** and **4** for financial and operating information).

[a] SG&A (sales, general, and administrative expenses) include costs associated with marketing, selling, promoting, and delivering a company's products and/or services as well as managing the company.

[b] Hotels were categorized into price tiers based on their average daily rate (ADR). The six most common price tiers (moving from less to more expensive) were Economy, Midscale, Upper Midscale, Upscale, Upper Upscale, and Luxury.

The Starwood Opportunity

In the spring of 2015, Starwood Hotels & Resorts, a major hotel operator and a direct competitor that was less than half the size of Marriott, came up for sale. Starwood was founded in 1991 by real estate magnate Barry Sternlicht. Starwood became a prominent hotel company in the late 1990s when it acquired Westin for $1.6 billion[8] and Sheraton for $15 billion.[9] By 2015, the company managed 11 brands on 1,300 properties providing 370,000 rooms in over 100 countries. Starwood had a strong focus on the upper-upscale price tier (72% of its rooms) and a strong international presence with 51% of rooms located outside the U.S., generating ~50% of its revenues and 44% of its profits.[10] Starwood was known as a dynamic lifestyle hotel brand builder for its ability to create distinct brands with unique voices, characteristics, architecture and design, and guest experiences. The company was a front-runner in leveraging technology to achieve a personalized guest experience.

In 2014, Starwood saw its revenues fall by 2% to just under $6 billion, driven by weakness in its flagship Sheraton brand (see **Exhibits 3** and **5** for financial and operating information). By March 2015, CEO Frits Van Paasschen had resigned and interim CEO Adam Aron announced plans to explore the company's financial options, opening the door to prospective buyers.[11]

Sorenson quickly recognized the benefits of scale that would accrue to Marriott with a Starwood acquisition that would boost its room count so significantly that the company would control one out of every 15 hotel rooms worldwide. In addition to the scale economies and cost savings that could be achieved by merging management and operating systems, Sorenson also saw the potential for greater negotiating leverage against the increasingly powerful online travel agents (OTAs), such as Expedia and Priceline. OTAs had, in recent years, increased their share of hotel room bookings, often at the expense of hotels' more profitable direct bookings.

After a protracted battle against Intercontinental Hotels, Hyatt Hotels, and a consortium led by Beijing-based Anbang Insurance Group, Sorenson emerged victorious, signing an agreement to acquire Starwood for $13.3 billion. Edmundson, who was one of the few employees who had experience working in both companies, saw major potential: "I see this very much as a perfect marriage. Marriott is the leading international hotelier, operationally very excellent with so much experience and success both with existing brands and launching new brands. Then . . . Starwood, which is foundationally about innovation. Their strength is in public relations and brand marketing. You put these things together, and the marriage makes for a complete whole. . . . Competitively, it will be really beneficial for us."[12]

However, analysts fretted that Starwood's inferior financial performance would put a drag on Marriott's earnings. Starwood's RevPAR[c] Index (an index that measured a company's room revenue per available room, relative to a comparable competitive set of companies) was weaker than Marriott's. While Marriott achieved an average global RevPAR index of 113 in 2016, meaning that its hotels' room revenue per available room was 13% higher than the average of its competitors, Starwood's was 105[13] (see **Exhibits 6**, **7**, and **8** for operating performance). Guest satisfaction mirrored this result. Many of Starwood's brands ranked lower than Marriott's in J.D. Power's annual North American guest satisfaction survey (see **Exhibit 9**).

And industry observers were curious and cautious, questioning whether Marriott could maintain Starwood's culture of cool and its strong customer loyalty post-merger. Said Ron Lieber of the *New*

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[c] RevPAR, or revenue per available room, is a metric that measures how well a company is generating revenue on its available hotel room assets. It is calculated by either multiplying a hotel's average daily room rate (ADR) by its occupancy rate or by dividing a hotel's total room revenue by the total number of rooms that were available for sale in the period being measured.

York Times, "I sure am [in a conundrum], and so are untold numbers of loyal Starwood Hotels customers who feel uneasy about big, beige Marriott acquiring their beloved Starwood."[14] Echoed Kenneth Ballenegger, a longtime Starwood customer, "There are very few properties in the Marriott spectrum that I might find desirable."[15]

Critics saw significant overlap in the brand portfolio. Complained Lieber, "The companies' 30 brands ought to provide enough variety to satisfy everyone from picky millennials to finicky retirees, right? Well. For one thing, many of those brands are indistinguishable from one another. Do we really need both Sheraton and Marriott? Can you even tell their rooms apart if you walk into one without seeing the sign outside?"[16] He continued, "The world does not need both Four Points and Fairfield. Affluent travelers would suffer no grievous harm if Marriott forced a death match between Starwood's St. Regis brand and Ritz-Carlton."[17]

These overlaps indicated an opportunity for significant cost savings; however, selling, combining, and/or phasing out brands was contractually difficult and risked the flight of third-party hotel owners and customers to exterior options. Following the merger, Marriott International, Inc. would own only 22 hotels, as it continued to pursue an asset-light strategy with two different business models. Thirty-one percent of its hotel portfolio would be designated as company-operated, governed by long-term management agreements or long-term lease agreements. On these properties, the underlying property was owned by another party and the company received a management fee equal to a percentage of the total revenue of the hotel and an incentive fee based on the hotel's gross operating profits. In return, it provided the use of its brands, the hiring, training, and supervision of managers and employees, the procurement of supplies, centralization reservation systems, and advertising, marketing, and promotional services. Management agreements were signed for a 20- to 30-year initial period with an option to renew for up to 50 additional years. Sixty-nine percent of its hotel portfolio would consist of franchised, licensed, and unconsolidated joint venture properties that were owned and operated by others. On these properties, the company provided the use of its brands and some of its systems in return for a fee.[18]

Explained Lieber, "Combining brands turns out to be challenging. Franchisees often sign 20-year contracts, and pulling them out of a particular brand mid-deal may be difficult. Plus, there's the sheer expense of changing every last pen, sign and interior marker."[19] Proclaimed Ben Schlappig, a travel blogger known as Lucky, "When airlines merge, all planes are eventually used interchangeably. The planes go from competing with one another to complementing one another. Meanwhile hotels are individually owned, and continue to remain competitors with one another, often unhappy when mergers happen, since it means they have more direct competitors and less that makes them unique."[20] Explained Sorenson, "The hotels are owned by third party real estate investors, our contracts don't give us a right to change the brands that are associated with their hotels, and they have made deliberate bets with their valuable real estate about which brands they would like to have on their hotels."[21] Changing brands would require renegotiating long-term management agreements with Marriot's numerous partners.

The Competitive Landscape

The global hotel industry offered consumers 16 million rooms in 2015 and branded hotels accounted for 53% of the supply. Consumers could choose from among 1,000+ brands and the industry was highly fragmented. The share of branded versus nonbranded hotels varied quite substantially across regions: 67% were branded in North America, 54% in Africa, 52% in Asia, and 40% in Europe, the Middle East, and Latin America, respectively. In 2016, the top four operators managed or franchised only 23% of global rooms, with wide geographical disparities in level of concentration. Following the merger, Marriott would control a dominant market share globally, with 8.3% of rooms. It would rank #1 in North America with a 15% share, #3 in Europe with a 3% share, #1 in Asia Pacific with a 6% share, #2 in the Caribbean and Latin America with a 5% share, and #1 in the Middle East with an 8% share.[22]

The hotel industry had been shaken by the emergence in 2008 of a new sharing economy competitor, Airbnb. Ten years after its arrival, Airbnb offered customers access to over 3 million rooms in 191 countries. Most of these rooms were in owner-occupied private residences, but the company had recently added rooms in properties dedicated to the rental market and were offering services such as Trips, a program that provided tours, tailored activities, and other travel experiences to guests. Said Sorenson, "They were the toughest competition when they were offering a true sharing-economy product. The more they get to offering dedicated units, which they've done as they've grown, the more they look like the competition we've faced for decades."[23]

Airbnb's success was driven by a changing landscape of travelers. Millennials, unlike the generations before them who relied on the familiarity of trusted brands to deliver a standardized, familiar, and trusted experience everywhere in the world, were increasingly demanding authentic, location-specific lodging. Said industry analysts,

> Millennials seek unique experiences—and they love to share those experiences. Millennials don't like big brands. They don't want to wake up in a hotel room that looks the same whether it's in Prague or Peoria. They want just the opposite. . . . No matter how luxe or legacy a brand, the millennial consumer is not impressed unless a brand differentiates itself and proves its worth and experiential value. For millennials . . . it's all about the experience—along with the resulting Instagram or Snapchat photo.[24]

Rather than reinventing their brands to address this significant market disruption, the major hotel management companies had focused their innovation efforts on the creation of new brands that "dial up local flavor and cutting-edge design, offering truly differentiated experiences that you just can't find in the parent brands," according to Michael Khoury, Brand Strategy Director at Landor.[25]

Making Sense of 30 Brands

Post-merger, Sorenson was singing the praises of a large, diverse portfolio: "The marriage of these two leading hotel companies means Marriott will deliver an unparalleled guest experience with more hotels in more global destinations, an unrivaled range of comprehensive accommodations to suit every traveler, and the industry's best loyalty programs. Providing such a wide selection reinforces our enduring commitment to offering guests an even greater world to explore with Marriott at their side."[26] (See **Exhibits 10** and **11** for Marriott's and Starwood's brand value propositions before the merger.)

Marriott's brand portfolio expansion accentuated two trends in the industry: an exponential growth in the number of hospitality brands, concurrent with the consolidation of brands and their properties within a shrinking number of management companies. While consumers could now choose among 1,000 different hotel brands,[27] most of these brands were operated by or affiliated with just a handful of hotel management companies, including Accor (27 brands), IHG (12 brands), Hilton (14 brands), and Wyndham (34 brands).

Adding brands to their portfolios allowed hotel management companies to increase penetration in important markets without violating exclusive territory clauses in their management agreements with property owners.[28] Edmundson explained, "Delta [one of Marriott's newly launched brands] allows us to put a hotel in a market where we cannot plant another Sheraton flag. . . . Other brands can cover the white space that Marriott did not cover. . . . Positioned appropriately, brands provide choices for guests."[29] However, hotel owners often pushed back when new brands encroached on their territories, claiming that Marriott was introducing more direct competition for them that was not sufficiently differentiated from their existing offerings. Sorenson worked to reassure owners that "we will continue to work with our brand teams that include great leaders from Marriott and Starwood to drive distinctions between those brands and make sure that we can . . . rationalize them with product and service features that customers over time will understand."[30]

Consumers were increasingly confused by the proliferation of choices facing them and often could not distinguish between the offerings of one brand versus another. Proclaimed Ricco de Bank, owner of two Ritz-Carltons, a St. Regis, and a W Hotel, "Eighty percent of CEOs believe their brand differs from the competition, but only 20 percent of customers agree with that."[31] An analyst at Skift, a travel industry publication, declared, "Vacationers once relied on big-name hotel brands to signal the kind of experience they could expect. People knew what Holiday Inn, Hilton, Hyatt or Marriott meant. Familiarity bred a sense of comfort. No longer. The world's 10 largest hotel chains now offer a combined 113 brands at various price points, 31 of which didn't exist a decade ago."[32] Echoed another analyst, "A consumer might know a brand, like a brand, and choose hotels flying that flag because the brand tells them just what they're going to get—that consistent experience they're comfortable and familiar with and feel favorably towards. But with too many brands, and brands that don't clearly distinguish themselves, it's hard for guests to 'get' the brand idea."[33]

However, Edmundson was excited by the possibilities offered by the consolidation of brands and an ability to mine customer purchase data across Marriott's expanded brand portfolio to better understand what guests were looking for in their travel experiences. Historically, the addition of brands allowed for market segmentation and targeted value propositions customized to individual customer segments, demand states, or needs. With more brands from which to choose, customers could find the perfect brand for them. Declared Sorenson, "This era is leading us to say 'You know what, you can have what you want. And if you want it, we need to make it happen for you.' With the size that we have, we have the ability to deliver against the breadth of what drives customer demand."[34]

However, traditional bases of segmentation had already been largely exhausted, leaving Edmundson with the challenge of making sense of how 30 brands could offer clearly differentiated and compelling value propositions and the challenge of actualizing those value propositions through product and service features to create a coherent brand experience. Historically, both companies had segmented their brands by price tier, level of service (e.g., luxury, full-service, select-service), type of room (e.g., suites vs. nonsuites), length of stay (e.g., a few nights vs. extended stay), and whether the hotel brand was standardized and delivered consistently across locations or customized to bring the local flavor of each location to life (e.g., traditional vs. boutique/lifestyle). More recently, a new method of segmentation had appeared—whether brands delivered a classic hotel experience or a more modern experience that often focused on local flavor, social connectivity, and technological advances.

The reality of the company's newly expanded footprint brought the challenge of managing 30 brands into stark relief. In New York City, Marriott now managed 93 properties (65 of which bore Marriott-legacy brands and 28 of which bore Starwood-legacy brands), compared to its competitor Hilton which managed seven. And, within Marriott's asset-light portfolio, brand differentiation was "increasingly based on marketing-driven messaging and competitive positioning as opposed to tangible product attributes," according to analyst Robert Cole.[35] As properties crowded up against each other as closely clustered neighbors, the lines of brand delineation were blurring.

Differentiating Seven Different Luxury Brands

Sorting out the luxury portfolio was particularly important given the revenue importance of these brands to Marriott and the intense loyalty for these brands among consumers. Explained Sorenson, "The economics of each luxury hotel are significantly more important to us than the economics of an average hotel for obvious reasons—there's that much revenue running through these hotels. So the size of it is one thing. But probably the most important thing is that it's during the most emotionally important times in travel that we build the closest ties with our customers. . . . It's that special memory that a luxury hotel is often—not exclusively, but often—the most suited to create."[36]

Edmundson expressed her long-term vision for the luxury portfolio as, "I'd love to look back and for this Marriott International Luxury Group to be known as the undisputed leader in luxury, with the best global hotel portfolio, with coveted brands that really offer very personal, very individualized, very bespoke experiences. Where luxury at one point was prescribed, today we know that luxury is what you want it to be. Our luxury brands all cater to this idea in very different ways."[37] Critics saw significant overlap between Ritz-Carlton and St. Regis and between EDITION and W. Illuminating the challenge facing Edmundson, one proclaimed, "Ritz-Carlton and St. Regis once occupied opposite corners of the same boxing ring. Now they're strange bedfellows. So how do two brands, very similar in style and taste, stop competing for the same customers and start to share?"[38] However, Edmundson advocated that the seven luxury brands were already offering very different experiences. She explained:[39]

- "[The Ritz-Carlton] is the legendary brand that we can accept as the standard for luxury in the industry. For this brand, it's all about our ladies and gentlemen creating these indelible moments for our guests and that's really at the heart of what the brand promises."
- "St. Regis is a global destination where every detail, every interaction, and the environment that it lives in is precisely designed. St. Regis started on 55th Street and 5th Avenue in Manhattan. . . . We are bringing this legacy to life in a modern and timeless way. . . . The stand-apart thing for this brand is the signature rituals, every[thing] from the Bloody Mary to Midnight Suppers to the Jazz Legends where we continue to reinterpret the legacy of John Jacob Astor."
- "[EDITION] is a very sophisticated experience combined with a contemporary lifestyle. This is the brand we've done in partnership with Ian Schrager. This is the brand that offers the best in food and beverage, and entertainment, and this is a brand that wants to be the social center of the locale that it's in."
- "[W Hotels], from a personality perspective is bold, playful, and extravagant. This is the lifestyle that was really born in New York City . . . With W, what we're trying to do is really push the boundaries of what traditionally people think about hospitality."
- "We talk about [JW Marriott] as being the lens of approachable modern luxury, inspired by our legendary namesake. This brand is built around people who are really passionate about design and anticipatory enrichment, ensuring that guests leave more fulfilled than when they arrived."
- "[Bvlgari] are exquisitely styled, very contemporary hotels and resorts. The brand is founded on the principles of the renowned jeweler."
- "[The Luxury Collection] is a glittering ensemble of locally authentic hotels. We talk about this brand's hotels as defining the destination. It has palaces in Vienna and Venice and haciendas in the Yucatan Peninsula. These hotels are really connected to the locale."

Explained Sorenson, "We have talked internally about 'brand riddles,' and those are: how do we draw distinctions between these brands and how do we position these brands, relative to one another, that used to be competing head to head?"[40] Did Marriott really need seven different luxury brands and was there space in the luxury segment for seven different value propositions?

The first luxury brand riddle was differentiating the Ritz-Carlton from the St. Regis. According to Sorenson, "Each has its own identity, but work is still being done to define them apart from each other. We do think there are some things we can tease out over time . . . to dial up some service distinctions between those brands, and to dial up some product cues as well." Herve Humler, President and COO of the Ritz-Carlton, Bvlgari, and St. Regis brands, was tasked with executing brand differentiation across the brands in his portfolio. He pondered, "When I look at true luxury, The Ritz-Carlton and St. Regis play very much in the same space . . . The Ritz-Carlton has been well organized in the high-end landscape and sets the standards in the luxury space, especially related to service. St. Regis is an iconic brand with a lot of history, and it's very exciting for me to have two iconic brands."[41] Explained Edmundson, "When we think about any of our brands, we start with the consumer and look at what they value. With Ritz-Carlton, this consumer is really leaning toward discovery. And for St. Regis, it's really about status and connoisseurship. Luxury customers are looking for everything but lean more heavily on Ritz-Carlton for facilitation [to explore a new place] and on St. Regis when they want the hotel to be the destination."[42]

The second luxury brand riddle was differentiating EDITION from W Hotels. Both were marketed as luxury modern lifestyle boutique hotels. While W Hotels had a larger footprint, its inventory was older and more concentrated in North America. The brand ranked last in its price tier on guest satisfaction. Declared Sorenson, "EDITION is a great, luxury lifestyle hotel, but it's also a bit more nuanced in design sensibility than W would be. So even though they bear some relationship in the way they are positioned in the marketplace, they have a very different feel to them. I feel it would actually be quite easy to make sure those brands remained distinct as we move forward."[43]

Sorting Out the Premium Segment

The premium segment included some of the largest and oldest brands in the portfolio. Significant brand overlap existed, particularly between Marriott, Westin, and Sheraton, which had spent many decades in head-to-head competition targeting the same upscale business and leisure travelers. The company was searching for ways to better delineate these properties from each other.

The Sheraton brand was not in great shape, despite a $6 billion revitalization program in the 2010s and a $100 million brand overhaul in 2015. Explained Stephanie Linnartz, Marriott's Executive Vice President and Global Chief Commercial Officer, "There's a wide gap between the best and worst hotels . . . In our view, Sheraton's primary problem has been a poor quality assurance program and inadequate accountability."[44] Sheraton's average RevPAR index was 12 points behind Marriott's. In the U.S., Sheraton was considered upper-upscale but was performing poorly in terms of customer satisfaction and RevPAR. However, the brand had a positive brand awareness and reputation outside the U.S., particularly in Asia, where it had more luxurious hotels and a larger footprint than Marriott.

According to Sorenson, Marriott began visiting and speaking with owners of U.S. Sheraton properties to better define brand standards and communicate how they could best be met. The company signaled that it might reduce the presence of the Sheraton brand by deflagging (as brand changes were referred to in the industry) several of its underperforming properties. Warned Sorenson, "That means that for hotels that don't meet those standards, we move with due speed to either get them onto brand standards or get them out of the brand."[45]

Navigating the Select-Service and Extended-Stay Brands

Post-merger, Marriott managed seven select-service brands, which covered small to medium-sized hotel properties that offered basic accommodations with no or little amenities outside of the rooms themselves (such as comfortable lobbies, restaurants/bars, and meeting rooms), and five extended-stay brands, which were designed to accommodate travelers staying for more than a few nights. In the select-service segment, Marriott's brands were more dominant than Starwood's in scale, performance, and customer satisfaction. Courtyard by Marriott and Four Points by Sheraton both targeted business travelers in the upscale price tier, but Four Points' global average RevPAR index was nine points behind Courtyard's and the brand lagged in customer satisfaction in the U.S. Likewise, in the extended-stay segment, Starwood's Element's global average RevPAR was 19 points behind Marriott's Residence Inn, the segment leader.[46] Starwood's Aloft ranked second to last in the segment for customer service in the J.D. Power survey.[47]

Because self-select and extended-stay hotels tended to have lower room rates, it was more difficult to obtain a return on invested capital for their construction. In response to this challenge, Marriott had been experimenting with dual-branding properties, doubling up the branded offering within one building. For example, the following properties were currently operating in the market:

- In Denver, a joint 495-room AC Hotel by Marriott and Méridien
- In Austin, a joint 422-room Aloft and Element
- In Atlanta, a joint 288-room AC Hotel by Marriott and Moxy
- In Florida, a joint 255-suite Residence Inn by Marriott and SpringHill Suites
- In New York City, a joint 639-room Courtyard by Marriott and Residence Inn by Marriott

Dual branding allowed property developers to simultaneously pursue two different consumer segments (i.e., an extended-stay customer and a select-service customer) within the same property, yielding operational cost savings by combining staff, amenities, and back-of-the-house activities. Explained Erich Baum, a hotel consultant, "Buyers and investors love these [dual-brand] properties because of their better chance at cash flow. If your point of view is your return on investment, there's nothing not to like about it."[48]

Marriott currently operated 44 hotels in 22 dual-brand properties and maintained two methods to manage their operations.[49] The "linked" method was more conservative and mandated that the two brands be separated, with different lobbies, elevators, and amenities, while the newer "blended" method was more daring and allowed developers to morph the brands together as a seamless whole. The company's policies allowed any two brands to be linked, but only select-service or non-lifestyle brands could be blended.[50]

Marriott had recently announced its first triple-branded hotel scheduled to open in Nashville, which would attempt to offer three distinct hospitality experiences across 455 rooms from AC Hotels by Marriott, SpringHill Suites, and Residence Inn by Marriott.[51] A new experiment was in the works in Chicago, where a cross-company, triple-branded property was under construction. Marriott's Fairfield Inn & Suites would join Starwood's Aloft and competitor's Hyatt Place hotel in the same building.[52]

The company was also experimenting with multi-brand advertising. Its recent "Golden Rule" campaign featured four select-service brands: Courtyard by Marriott, Fairfield Inn & Suites, SpringHill

Suites, and Four Points by Sheraton, which were jointly promoted in ads that touted their warmth, familiarity, and the genuine human connections that could be found there.

Balancing Four Soft Brands

Unique travel, dining, and entertainment experiences were replacing physical goods as contemporary markers of status, and millennials were rejecting traditional hotels for one-of-a-kind, unique, lifestyle hotels. This behavior was driving companies like Marriott to invest in expanding their curation of soft brand collections. Explained Brian Povinelli, Senior Vice President and Global Brand Leader of Marriott's Premium Distinctive portfolio:

> More and more people are looking for more experiential everything, especially when it comes to travel . . . people in general are just more focused on experiences than material things. The hotels in these soft brands have unique stories to tell to help create memories that last beyond a material purchase. . . . I think there's a little bit more willingness to deviate from the comfort of a global chain scale brand than there was 10 years ago. A lot of that comfort comes from the digital world, because travelers can access so much information about these hotels online—pictures, customer reviews, you can literally engage with people who've stayed at a property and find out what it's all about.[53]

Following the merger, Marriott owned four soft brands: three upper-upscale brands (The Autograph Collection (93 properties), the Tribute Portfolio (2 properties), and Design Hotels (5 properties)) and one luxury brand (The Luxury Collection (100 properties)), all of which offered consumers their choice of one-off, unique hotel experiences. Explained Povinelli, "From our perspective, all we're doing is capturing an experience that already exists and putting a different formula around it. All of these hotels were already out there and we're giving them a chance to be part of a bigger opportunity . . . these collections give independent hotels the opportunity to plug into the sales organization, the loyalty program, the revenue management programs, all of the services that a big international hotel company can provide."[54]

However, he warned that curating a collection involved properly assigning a particular property to the appropriate soft brand so that the hotel's brand image was maintained and simultaneously that the collection's brand was enhanced by its presence alongside the other properties: "If you're going to launch a soft brand, you really have to commit to spending the time to properly curate the portfolio and ensure that you deliver on customer expectations. If you're just trying to grow your footprint and bring in everything and the kitchen sink, at the end of the day, the consumers' expectations won't be met and your plan is going to backfire."[55]

Marriott believed that having four soft brand collections in the portfolio offered the company the ability to differentially curate a hotel property into a collection that reflected its appropriate market position, something that was more difficult when the company only had one soft brand. "Sometimes absolutely amazing assets would want to join Autograph, but they just didn't fit into that brand's upper-upscale market segment. Now, with the Luxury Collection and Tribute, we have the opportunity to bring those properties into the fold. When it was just Autograph, there was pressure to push the boundaries up or down. Now we have a much more organic home for most opportunities that we're looking to bring into the broader portfolio," declared Julius Robinson, Vice President of The Autograph Collection and the Tribute Portfolio.[56] However, distinguishing The Autograph Collection from the Tribute Portfolio would be challenging, as the two soft brands were positioned within the same price tier and their properties promised consumers very similar experiences and designs.

Combining the Loyalty Programs

One of the final challenges facing the company was determining whether and how to combine the two companies' loyalty programs—Marriott Rewards (with 54 million members) and Starwood Preferred Guest (with 21 million members). The two programs were significantly different and each program had its own consumer fans and elite members that needed to be taken care of during the merger. Starwood Preferred Guest was a cutting-edge loyalty program that was the envy of many of its competitors who tried to copy it. Marriott Rewards was a more standard hotel loyalty program.

The programs had different rules governing how spending converted to points (the earning benefit) and how much those points were worth to use to access benefits and experiences (the trade-in benefit). For example, Marriott members could earn points 3–5 times as fast as Starwood members. However, Starwood members needed fewer points to cash in for free nights; Marriott's free nights often cost 2–3 times more than Starwood's. Obtaining elite status also differed. With its more ubiquitous presence, Marriott required 75 nights to achieve elite status, while Starwood merely required 50 nights, reflecting its smaller footprint. Marriott's more stringent criteria limited the amount of elite members, which had benefits, according to an elite member with more than 2,400 lifetime nights at Marriott: "One of the things I like best about getting into Marriott's highest elite levels is that it's pretty damn hard. The benefits they are able to provide are fairly generous because the number of people are fairly small."[57]

Starwood Preferred Guests were zealots for its program. Many members were high income professionals who spent many nights on the road and who would go out of their way to stay in a Starwood property even if it was less convenient in order to earn points, which could be redeemed for free nights, suite upgrades, choose your own check-in/check-out time flexibility, ambassador service, and one-of-a-kind SPG Moments—VIP access to sporting events, culinary experiences, concerts, and more.

Research showed that the two reward programs offered differential value:

- J.D. Powers' 2015 Hotel Loyalty/Rewards Program Satisfaction Report gave Marriott Rewards a 717 score, slightly above average, and Starwood Preferred Guest a score of 661, near the bottom for the industry. Both programs underperformed Hilton's HHonors' 727 score.[58]
- Ideaworks' payback analysis concluded that Marriott Rewards produced 9.4% in value for every $100 spent, while Starwood Preferred Guest returned 6.1%. Hilton HHonors came out in the middle of the two at 8.9%.[59]
- According to Wanderbat's SmartRating, Starwood Preferred Guest ranked first with a rating of 100. Marriott Rewards with a score of 88 was tied with Hilton HHonors.[60]
- NerdWallet calculated that Starwood Preferred Guests earned an average of 2.3 cents per point when redeeming for free night stays (with a range of 1 to 4 cents per point, depending on the hotel and time of booking), while Marriott Rewards members earned 1 cent per point on average (with a range of 0.5 to 1.7 cents per point).[61]

David Flueck, Senior Vice President of Loyalty, was in charge of the integration process. He admitted that "there was a lot of skepticism around how we were going to treat the respective programs, and we wanted to send a really strong signal from day one of the respect we have for the members in each program, and the value we want to be able to show them. . . . Today . . . the hard work begins of how do we take the best of both programs and think about what the combined program would look like down the road?"[62] For the time being, the company announced that it would continue to support both programs separately and that members could swap their points across the two. However, over the long run, they would likely need to be combined.

Designing an Efficient Portfolio for Future Growth

As the two companies came together, Sorenson had reasons to be optimistic. By March 2017, Marriott's market value had more than doubled since the announcement of the merger was made in September 2016 and the company was now valued at $33 billion.[63]

However, analysts continued to pester him about cleaning up the brand portfolio. He admitted, "If we were to start with a plain piece of paper, we wouldn't start with 30 brands. But we think that more choices and more brands is a positive, not a negative."[64] While he remained committed to keeping all 30 brands in the short term, many in the company were working to optimize the brand portfolio for long-term growth and to efficiently market the combined companies' brands as a coordinated portfolio of assets. Cutting brands would not be an easy task, but might be necessary, according to marketing analyst Mark Ritson: "We're talking hundreds of millions in financial brand equity, customer affection, brand heritage, and loyalty programmes. The idea of killing a couple of the portfolio of brands that Marriott now owns is a daunting prospect despite the fact that there are clear overlaps in the newly merged portfolio."[65] But, how many brands did the company need to offer a diversified, yet cohesive portfolio that addressed the needs of a diverse customer base and maximized return while minimizing inefficiencies from brand overlap and intracompany brand competition?

Edmundson was grappling with making sense of the 30 brands currently under management and was tasked with determining the scope and role of each brand and designing a strategic, logical, and efficient brand architecture that knitted the brands together into an interdependent system that promoted synergy, diminished friction, and sketched a clear, compelling roadmap for customers' purchase journeys. Once the portfolio was established, her team would have to map its brand architecture, specifying the blueprint for the brands' interdependent relationships by clearly drawing the hierarchical structure of the portfolio to guide the execution of brand strategy in the marketplace.

As she considered questions related to brand architecture, she wondered if rebranding, dual-branding, blended-branding, sub-branding, and/or endorsed branding strategies could help her solve some of her dilemmas and eliminate the need to delete brands. How should she leverage the Marriott International corporate brand? Today, several of the brands in the portfolio were supported by the corporate brand; for example, the Courtyard, AC Hotels, and Residence Inn brands were all followed by a corporate endorser "by Marriott." Similarly, the Four Points brand was endorsed "by Sheraton." Should she continue this practice or were there other innovative ways to combine brands? She would also need to decide what to do with the now defunct Starwood corporate brand along with the Starwood Preferred Guest brand, which had garnered so much affection among its guests.

As she prepared to tackle these challenges, she was optimistic about Marriott's future, proclaiming, "I believe our strength lies in the unmatched diversity of our portfolio as we offer the largest and most compelling range of properties in hospitality. This allows our guests to pick the hotel that best suits their travel needs . . . by making a point of celebrating the distinct nature of each [brand] we are able to provide an unrivaled variety of personalized . . . travel experiences."[66]

Exhibit 1 The New Marriott/Starwood Brand Portfolio

Source: Ting, Deanna and Greg Oates (2016) "Every One of Marriott's 30 Brands, Explained," Skift, September 21, 2016, https://skift.com/2016/09/21/every-one-of-marriotts-30-hotel-brands-explained/, accessed 01/18/2018.

Exhibit 2 Marriott International, Inc. Financials, 2011–2015 ($ in millions, except per share data)

	2011	2012	2013	2014	2015
Revenues					
Base management fees		$581	$621	$672	$698
Franchise fees		607	666	745	853
Incentive management fees		232	256	302	319
Owned, leased and other revenues		989	950	1,022	986
Cost reimbursements		9,405	10,291	11,055	11,630
Total Revenues	12,317	11,814	12,784	13,796	14,486
Operating Income	526	940	988	1,159	1,350
Net Income (loss)	198	571	626	753	859
Diluted earnings per share	0.55	1.72	2.00	2.54	3.15
Total Assets	5,910	6,342	6,794	6,833	6,082

Source: Casewriters, compiled from data in Marriott International, Inc. (2015) Marriott International, Inc. 2015 Annual Report, http://files.shareholder.com/downloads/MAR/1376213204x0x884644/934434D3-0551-4E9D-94EF-687390A5AE6F/2015_AR.pdf, accessed 01/18/2018.

Exhibit 3 Starwood Hotels & Resorts Worldwide Financials, 2011–2015 ($ in millions, except per share data)

	2011	2012	2013	2014	2015
Revenues					
Owned, leased and joint venture hotels				$1,541	$1,293
Management/Franchise fees, other income				1,047	1,057
Vacation ownership and residential				687	674
Other revenues from managed and franchised properties				2,736	2,711
Total Revenues	5,624	6,321	6,115	5,983	5,763
Operating Income	630	912	925	883	740
Net Income (loss)	502	470	565	643	489
Diluted earnings per share	2.57	2.39	2.92	3.46	2.88
Total Assets	9,560	8,855	8,762	8,659	8,268

Source: Casewriters, compiled from data in Starwood Hotels & Resorts Worldwide, Inc. (2015) Starwood Hotels & Resorts Worldwide, Inc. 2015 Annual Report, http://d1lge852tjjqow.cloudfront.net/CIK-0000316206/62411a1b-07f7-46aa-9ca8-1490a22dbde3.pdf, accessed 01/18/2018.

Exhibit 4 Marriott International, Inc. Pre-Merger Brand Portfolio

Brand	# of Hotels	# of Rooms	Segment	Service Type	Geography
The Ritz Carlton	96	27,131	Luxury	Full	Global
Bvlgari	3	202	Luxury	Full	Europe/Asia Pacific
J.W. Marriott	77	34,042	Luxury	Full	Global
EDITION	4	819	Luxury	Full	Global
Autograph Collection	95	22,808	Upper Upscale	Full	Global
Renaissance Hotels	160	51,593	Upper Upscale	Full	Global
Marriott Hotels	526	187,277	Upper Upscale	Full	N. America/Global
Marriott Executive Apts.	28	4,181	Upper Upscale	Select/ Extended	Europe/MEA/Asia Pacific
Gaylord Hotels	5	8,098	Upper Upscale	Full	North America
Delta Hotels	36	9,385	Upper Upscale	Full	North America
Residence Inn	697	85,129	Upscale	Select	North America
AC Hotels	83	10,462	Upscale	Select	Europe
Courtyard	1,037	153,417	Upscale	Select	North America
SpringHill Suites	336	39,750	Upscale	Select	North America
Protea	102	9,609	Midscale	Select	MEA
Fairfield Inn & Suites	768	71,072	Midscale	Select	North America
TownePlace Suites	270	27,128	Midscale	Select/ Extended	North America
Moxy	1	162	Midscale	Select	Europe
Residences/Timeshares	100	17,065			
Total	4,424	759,330			
% of Rooms in N. America		77%			

Source: Casewriters, compiled from data in Marriott International, Inc. (2015) Marriott International, Inc. 2015 Annual Report, http://files.shareholder.com/downloads/MAR/1376213204x0x884644/934434D3-0551-4E9D-94EF-687390A5AE6F/2015_AR.pdf, accessed 01/18/2018.

Note: Full = Full Service, Select = Select Service, Extended = Extended Stay.

Exhibit 5 Starwood Hotels & Resorts Worldwide, Inc. Pre-Merger Brand Portfolio

Brand	# of Hotels	# of Rooms	Segment	Service Type	Geography
The Luxury Collection	99	18,942	Luxury	Full	Global
W Hotels	46	13,023	Luxury	Full	Global
St. Regis	36	8,033	Luxury	Full	Global
Le Méridien	103	26,993	Upper Upscale	Full	Global
Sheraton	446	156,432	Upper Upscale	Full	Global
Westin	209	78,288	Upper Upscale	Full	Global
Tribute Portfolio	6	2,877	Upper Upscale	Full	N. America/Europe/ Asia Pacific
Four Points	210	36,764	Upscale	Select	Global
Aloft	104	17,357	Upscale	Select	Global
Element	20	3,027	Upscale	Select	N. America/Europe/ Asia Pacific
Other	7	8,100			
Total	1,286	367,836			
% of Rooms in N. America		47%			

Source: Casewriters, compiled from data in Starwood Hotels & Resorts Worldwide, Inc. (2015) Starwood Hotels & Resorts Worldwide, Inc. 2015 Annual Report, http://d1lge852tjjqow.cloudfront.net/CIK-0000316206/62411a1b-07f7-46aa-9ca8-1490a22dbde3.pdf, accessed 01/18/2018.

Note: Full = Full Service, Select = Select Service, Extended = Extended Stay.

Exhibit 6 Marriott Performance by Brand/Region for Comparable Systemwide Properties (2015)

Brand	Occupancy	Average Daily Rate	RevPAR
Total Worldwide	73.7%	$152.30	$112.25
Total International	72.5%	$171.20	$124.13
Caribbean and LATAM	70.7%	$210.46	$148.86
Europe	74.3%	$167.63	$124.59
Middle East and Africa	61.6%	$178.37	$109.80
Asia Pacific	74.6%	$155.24	$115.77
Total North America	73.9%	$148.53	$109.83
Marriott Hotels	72.6%	$175.53	$127.52
Renaissance Hotels	73.9%	$164.02	$121.20
Autograph Collection	77.5%	$229.90	$178.16
Ritz-Carlton	72.1%	$359.92	$259.41
Courtyard	73.1%	$136.58	$99.88
Residence Inn	79.4%	$139.51	$110.75
Fairfield Inn & Suites	70.6%	$108.71	$76.70
TownePlace Suites	74.8%	$101.83	$76.15
SpringHill Suites	74.8%	$118.64	$88.80

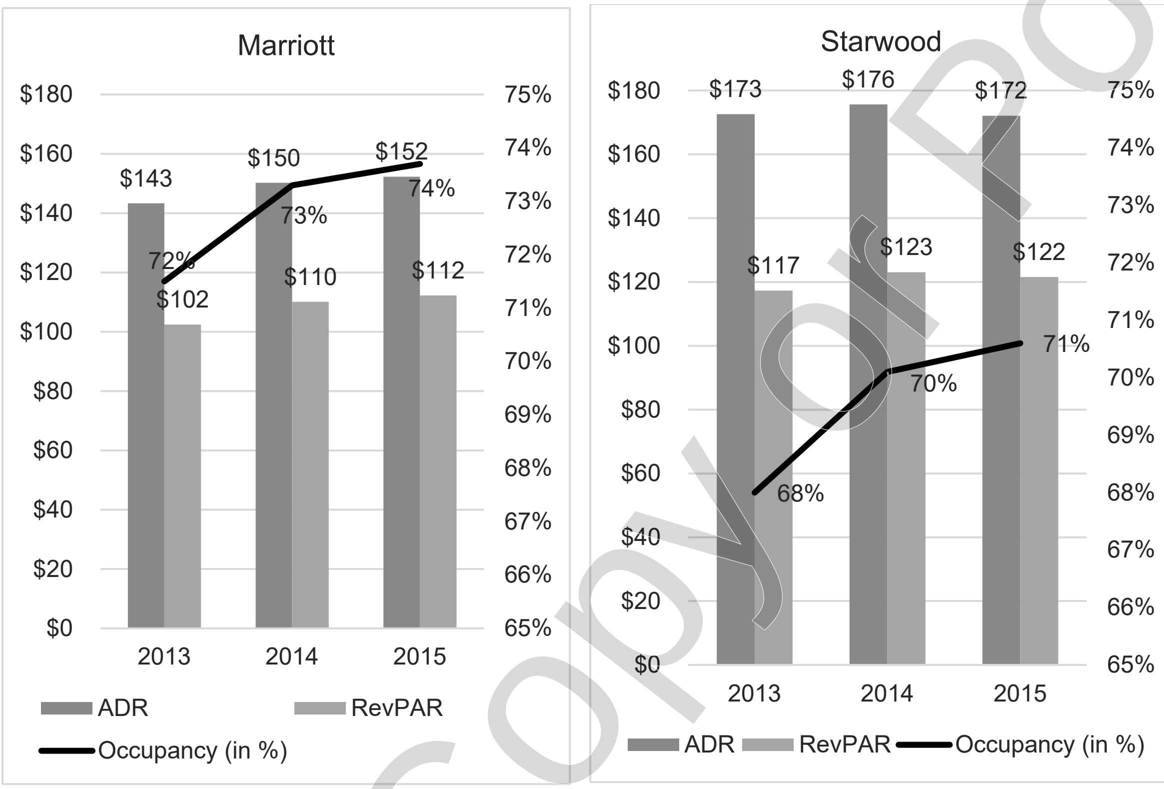
Source: Casewriters, compiled from data in Marriott International, Inc. (2015) Marriott International, Inc. 2015 Annual Report, http://files.shareholder.com/downloads/MAR/1376213204x0x884644/934434D3-0551-4E9D-94EF-687390A5AE6F/2015_AR.pdf, accessed 01/18/2018.

Exhibit 7 Starwood Performance by Brand and Region for Same-Store Systemwide Hotels (2015)

Brand	Occupancy	Average Daily Rate	RevPAR
Total Worldwide	70.6%	$172.11	$121.57
Americas	73.7%	$176.26	$129.82
EAME	67.8%	$196.44	$133.14
Asia Pacific	66.1%	$146.38	$96.82

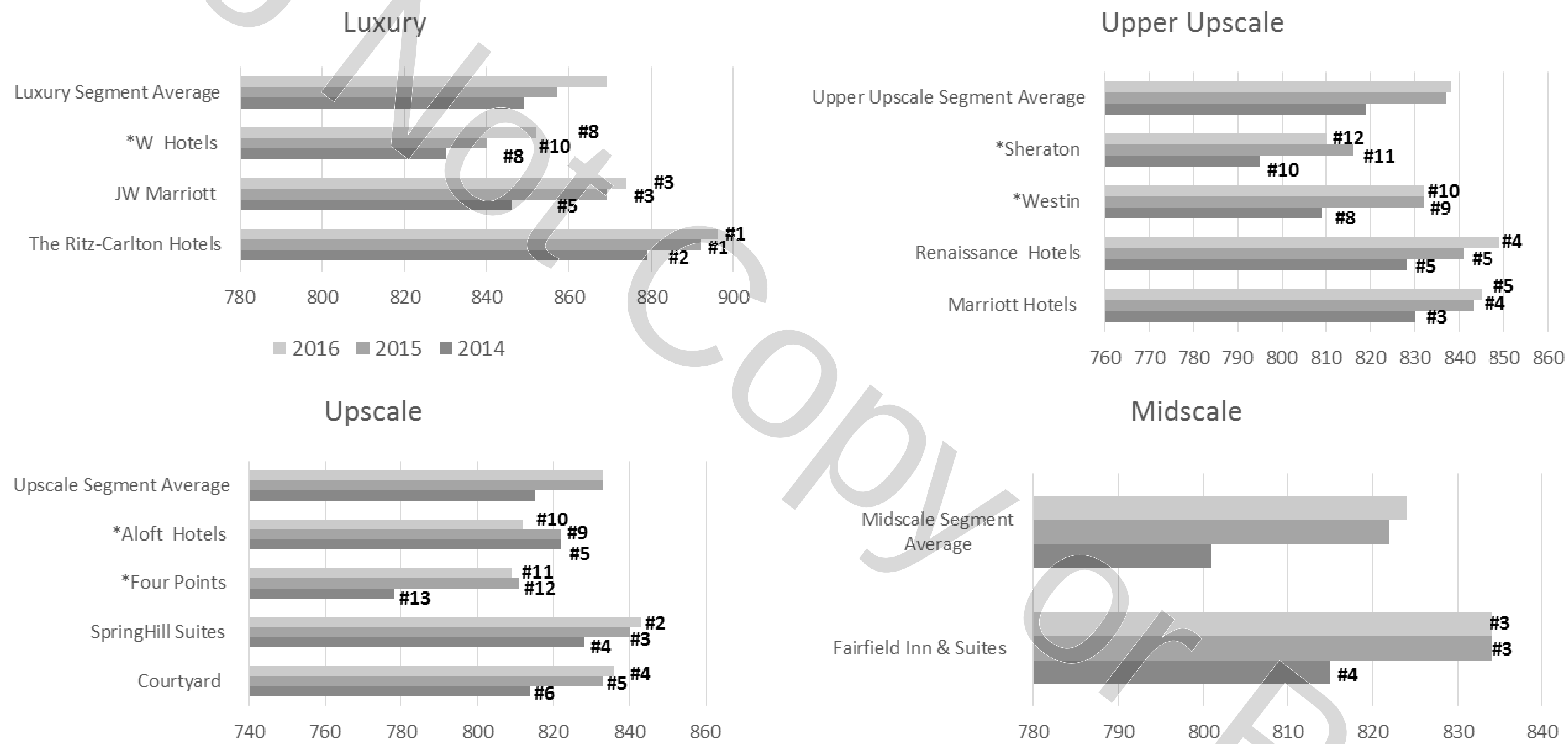
Source: Casewriters, compiled from data in Starwood Hotels & Resorts Worldwide, Inc. (2015) Starwood Hotels & Resorts Worldwide, Inc. 2015 Annual Report, http://d1lge852tjjqow.cloudfront.net/CIK-0000316206/62411a1b-07f7-46aa-9ca8-1490a22dbde3.pdf, accessed 01/18/2018.

Exhibit 8 Marriott's and Starwood's Relative Operating Performance, 2013–2015



Source: Casewriters, compiled from data in Marriott International, Inc. (2015) Marriott International, Inc. 2015 Annual Report, http://files.shareholder.com/downloads/MAR/1376213204x0x884644/934434D3-0551-4E9D-94EF-687390A5AE6F/2015_AR.pdf and Starwood Hotels & Resorts Worldwide, Inc. (2015) Starwood Hotels & Resorts Worldwide, Inc. 2015 Annual Report, http://d1lge852tjjqow.cloudfront.net/CIK-0000316206/62411a1b-07f7-46aa-9ca8-1490a22dbde3.pdf, accessed 01/18/2018.

Exhibit 9 J.D. Power North American Hotel Guest Satisfaction Index (2013–2016)



Source: Casewriters, compiled from data in J.D. Power (2017) "Growth in Mobile Usage for Hotel Stays Presents Opportunity, Challenge for Hoteliers, J.D. Power Finds," J.D. Power Press Release, July 12, 2017, http://www.jdpower.com/press-releases/jd-power-2017-north-america-hotel-guest-satisfaction-index-study, accessed 01/18/2018.

Note: Brands were ranked on a 1,000-point scale within their price tier. Results were based on 65,000 guest responses in the U.S. and Canada each year. Brands marked with * were Starwood brands.

Exhibit 10 Marriott Brands and Their Value Propositions (2015)

Brand	Value Proposition
The Ritz-Carlton	"A luxury hospitality brand where the genuine care and comfort of guests is the highest mission…properties provide the finest personal service and facilities for its guests so that they will enjoy a warm, relaxed, yet refined ambience. The…experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of its guests. Established in 1983…the brand has grown worldwide with award-winning luxury hotels, residences, golf communities, elegant spas, innovative retail outlets, and acclaimed restaurants."
BVLGARI	"…developed in partnership with jeweler and luxury goods designer Bvlgari… a collection of sophisticated, intimate luxury properties located in exclusive destinations. With properties in London, Milan, and Bali and food and beverage outlets in Tokyo, premium individuality is the rule - no detail is too small, no experience too grand. Each intimate location offers guests an exclusive celebration of contemporary design and superior service."
EDITION	"A luxury lifestyle hotel brand that combines a personal, individualized, and unique hotel experience with the global reach and scale of Marriott International and creative vision of Ian Schrager…encompasses not only great design and true innovation, but also great personal, friendly, modern service as well as outstanding, one-of-a-kind food, beverage, and entertainment offerings. Each hotel with its rare individuality, authenticity, originality, and unique ethos reflects the best of the cultural and social milieu of its location and of the time."
JW Marriott	"A global luxury brand of beautiful hotels and resorts located in gateway cities and exotic destinations around the world…properties have awe-inspiring spaces influenced by modern residential design, exceptional amenities and culinary experiences, and warm and engaging associates delivering intuitive service…elegant yet approachable positioning provides a differentiated offering in the luxury hotel market, bridging the gap between full-service hotel brands and the super luxury brands at the top of the tier."
Autograph Collection Hotels	"…high personality upper-upscale and luxury independent hotels that deliver unique experiences and design across a global portfolio. Each property has been selected for its originality, rich character, uncommon details, remarkable design, or for its best-in-class resort amenities. From iconic to chic and artsy to luxurious…designed to attract guests who prefer original, locally authentic, and unique hotel experiences that other conventional brands do not offer."
Renaissance Hotels	"…a global, full-service brand in the upper-upscale tier that targets lifestyle-oriented business travelers. Each…hotel offers its own personality, local flavor, and distinctive style. Innovations include the Navigator program, which helps guests discover the soul of the neighborhood, and Evenings at Renaissance, which helps guests experience the unexpected with live music, mixology demonstrations, art exhibits, and more in the comfort of the hotel lobby bars and lounges. The diverse portfolio of properties includes historic icons, modern boutiques, resorts, and convention hotels."
Marriott Hotels	"…the Company's global flagship premium brand, primarily serving business and leisure upper-upscale travelers and meeting groups…properties deliver premium choices, sophisticated style, and well-crafted details. Properties are located in downtown, urban, and suburban areas, near airports, and at resort locations. Typically, properties offer well-appointed guest rooms, convention and banquet facilities, destination-driven restaurants and lounges, concierge lounges, fitness centers, and swimming pools. Many resort properties have additional recreational facilities, such as tennis courts, golf courses, additional restaurants and lounges, and spa facilities."

Brand	Value Proposition
Delta Hotels and Resorts	"…a full-service brand, primarily serving business travelers within the upscale and upper-upscale tiers…focused on elevating and delivering on the essentials of business travel, through pragmatic and efficient design, thoughtfully appointed guest rooms, large functional work spaces, and complimentary Wi-Fi. Located in gateway cities, suburban areas, near airports, and resort locations, properties also feature flexible meeting spaces, food and beverage options, and premium fitness centers."
Marriott Executive Apartments	"…provides international, five-star serviced apartments in emerging market gateway cities, designed for business executives who require housing outside their home country, usually for a month or longer. These one-, two-, and three-bedroom apartments are designed with upscale finishes, amenities, and services, including on-site gyms and other recreational facilities, a 24-hour front desk, weekly housekeeping services, laundry facilities within the apartment, and often on-site restaurants."
Marriott Vacation Club	"…offers the ultimate in vacation flexibility with a deeded, points-based ownership program for resorts, hotels, safaris, and cruises."
Gaylord Hotels	"…offers guests an entertaining, upscale experience at world-class group and convention-oriented hotels…a leader in the group and meetings business and complements the Company's network of large convention hotels. Properties are designed to celebrate the heritage of their destinations… properties typically have between 1,400 rooms and 2,900 rooms, 400,000 to 600,000 square feet of meeting and convention space, world-class dining and entertainment offerings, and retail outlets in magnificent settings."
AC Hotels by Marriott	"…designed to attract the next generation design-conscious business traveler in the upper-moderate tier, who seeks a sleek, modern hotel with unique European touches. With hotels across Europe, and now in North America, and coming soon to South America…properties are located in destination, downtown, and lifestyle centers. Properties feature the AC Lounge, offering cocktails, tapas-inspired appetizers, and shareable plates, where guests can work and collaborate during the day and relax and unwind in the evening."
Courtyard by Marriott	"…designed for the upscale tier, and is focused primarily on transient business travel. Hotels feature functionally designed guest rooms and meeting rooms, and offer free Wi-Fi, a swimming pool, an exercise room, and The Bistro (a self-serve food store open 24 hours a day). Courtyard Refreshing Business lobby fuses functionality, aesthetics, and technology to offer guests greater control of their environment. High-tech and high-touch meet high-style, providing flexibility to work, relax, eat, drink, and socialize all at one's own pace."
Residence Inn by Marriott	"…the leading upscale extended-stay hotel brand designed for frequent and extended stay business and leisure travelers staying five or more nights… provides upscale design and style with spacious suites that feature separate living, sleeping, and working areas, as well as kitchens with full-size appliances. Guests can maintain their own pace and routines through free Wi-Fi, on-site exercise rooms, and comfortable places to work and relax. Additional amenities include free hot breakfast, evening social events three times a week, free grocery shopping services, 24-hour friendly and knowledgeable staffing, and on-site laundry facilities."
SpringHill Suites by Marriott	"…the largest all-suites style hotel in the upscale tier that delivers industry leading service to guests who are enthusiastic about travel...delivers a fresh and interesting hotel, focused on fusing form and function with modern decor. The suites feature proprietary West Elm furniture as a new standard…properties offer enhanced food and beverage choices, with craft beers and wine...free hot breakfast, and fitness and wellness zones."
Fairfield Inn & Suites by Marriott	"…a well-established leader in the moderate tier and targets no-nonsense travelers seeking a stress-free stay experience…committed to supporting guests' desire to maintain balance and

Brand	Value Proposition
	momentum by providing healthy options with our free hot breakfast, 24/7 Corner Market offerings, and on property fitness facilities. The hotels feature a multi-functional lobby and guest rooms and suite rooms that are uniquely designed for restful sleep and productivity…our second largest distributed brand, located across three continents from urban gateway cities and exciting leisure destinations to secondary and tertiary markets."
TownePlace Suites by Marriott	"…our extended-stay brand in the upper-moderate tier, designed to appeal to business and leisure travelers who stay for five nights or more. Each suite provides functional spaces for living and working, including a full kitchen and a home office. Each hotel specializes in delivering service that helps guests make the best of long trips by helping them stay productive and upbeat… daily housekeeping services, free hot breakfast, exercise facilities, a pool, 24-hour In A Pinch (food and beverage) Market, laundry facilities, and free Wi-Fi."
Protea Hotels	"…the leading hospitality brand in Africa and boasts the highest brand awareness and largest strategic footprint among all the major hospitality brands in Africa. Competing in the moderate and upper moderate tiers…ideal for both business and leisure travelers by offering properties in primary and secondary business centers and desirable leisure destinations…offers modern facilities, proactive and friendly service, and consistent amenities such as full-service restaurants, meeting spaces, complimentary Wi-Fi, and well-appointed rooms, ensuring global standards for a high quality, relaxed, and successful stay.
Moxy Hotels	"…a design-led, lifestyle moderate tier brand with a chic, modern, and edgy personality…offers a vibrant and stylish public space and a fun, energetic, and lively social scene. The brand opened its first hotel in Italy in 2014 and is expanding to other European countries and the United States."

Source: Casewriters, compiled from data in Marriott International, Inc. (2015) Marriott International, Inc. 2015 Annual Report, http://files.shareholder.com/downloads/MAR/1376213204x0x884644/934434D3-0551-4E9D-94EF-687390A5AE6F/2015_AR.pdf, accessed 01/18/2018.

Exhibit 11 Starwood Brands and Their Value Propositions (2015)

Brand	Value Proposition
Four Points by Sheraton	"…delights the smart traveler with what is needed on the road for greater comfort and productivity. All at the honest value our guests deserve, with perks they don't expect. Our guests start their day feeling energized and finish up relaxed, by kicking back with one of our Best Brews (local craft beer, coffee)…Best For Business."
Sheraton Hotels and Resorts	"…makes travel easier and more intuitive, so guests can experience more. With more than 440 properties across 75 countries…continues to establish itself as the global hospitality brand of choice. Signature elements include Sheraton Club, offering a superior guest experience through exclusive lounges, personalized service and enhanced guestroom features; innovative food & beverage showcasing culinary talent and local cuisine; meetings & events featuring flexible design, smart technology and intuitive meeting planner tools; the Sheraton Signature Sleep Experience, designed to eliminate pressure points and alleviate the stress of travel; and Sheraton Grand, a designation recognizing hotels and resorts with distinguished design, superior service and exemplary guest experiences in iconic destinations."
Aloft	"…opened its first hotel in 2008 and has rapidly expanded to 104 properties in 17 countries...Designed for global travelers who love open spaces, open thinking and open expression…where travel creates possibilities. An affordable alternative for the tech-savvy and confidently social…caters to the global traveler. With a vibrant social scene at W XYZ® bar, modern authentic design throughout and technology that keeps up with the next gen traveler… Different. By Design."
W Hotels	"…where iconic design and cutting-edge lifestyle set the stage for exclusive and extraordinary experiences. Each hotel is uniquely inspired by its destination, where innovative design converges with local influences to create energizing spaces for guests to play or work by day or mix and mingle by night. Guests are invited into dynamic environments that combine entertainment, vibrant lounges, modern guestrooms, and innovative cocktail culture and cuisine. The beats per minute increase as the day transitions to night, amplifying the scene in every W Living Room for guests to socialize and see and be seen…a global design powerhouse brought to life through W Happenings, exclusive partnerships and the signature Whatever/Whenever® service philosophy that grants its guests and local community access to what's new and next."
Le Méridien	"…a Paris-born global hotel brand, currently represented by 103 properties in 37 countries worldwide…aims to target the creative and curious-minded traveler: an audience eager to experience something new in every destination and discover things with a new perspective. A curated approach towards culture, the arts, and cuisine unlocks the destination for guests in special and inspiring ways. Signature to the experience is Le Méridien Hub – the brand's unique lobby concept where a café inspired atmosphere and high impact art, music, and food & beverage experiences set the scene for guests to socialize and exchange ideas in a curated environment, and our Unlock Art program offering free access to local cultural institutions…more than a hotel, it's your key to unlocking unique destinations around the globe."
The Luxury Collection	"…a group of unique hotels and resorts offering exceptional service to an elite clientele. From legendary palaces and remote retreats to timeless modern classics, these remarkable hotels and resorts enable the most discerning traveler to collect a world of unique, authentic and enriching experiences indigenous to each destination that capture the sense of both luxury and place. They are distinguished by magnificent decor, spectacular settings and impeccable service."

Brand	Value Proposition
Element	"…first opened in 2008, providing a modern, upscale and intuitively designed hotel experience that allows travelers a place to thrive. Whether stopping by for a few days or settling in for a few weeks…proves that time away from home doesn't mean time away from life. All hotels pursue third-party sustainable certifications, furthering the green from the ground up sensibility of the brand. Extended Stay Reimagined."
Westin Hotels and Resorts	"…provides innovative programs and instinctive services designed with our guests' well-being in mind. Indulge in a deliciously wholesome menu, including exclusive SuperFoodsRx® dishes. Energize in the fitness studio with the industry-leading WestinWORKOUT®. Revive in the Heavenly® Bath where luxurious touches create a spa-like experience. And of course, experience truly restorative sleep in the world-renowned Heavenly® Bed—an oasis of lush sheets, down, and patented pillow-top mattress. Whether an epic city center location or a refreshing resort destination…ensures guests leave feeling better than when they arrived…For A Better You."
St. Regis Hotels and Resorts	"…for connoisseurs who desire the finest expressions of luxury. They provide flawless and bespoke service to high-end leisure and business travelers… located in the ultimate locations within the world's most desired destinations, important emerging markets and yet to be discovered paradises, and they typically have individual design characteristics to capture the distinctive personality of each location."
Tribute Portfolio	"…our newest brand, gives guests access to exceptional independent hotels around the world. From boutique resorts to compelling hotels in choice urban locations…hotels offer inspired style and superior service."
Design Hotels	"…represent and market a curated selection of independent hotels. More than a collection of hotels, the company is a collection of stories. Each property reflects the ideas of a visionary hotelier, an "Original," someone with a passion for genuine hospitality, cultural authenticity, thought-provoking design, and architecture."

Source: Casewriters, compiled from data in Starwood Hotels & Resorts Worldwide, Inc. (2015) Starwood Hotels & Resorts Worldwide, Inc. 2015 Annual Report, http://d1lge852tjjqow.cloudfront.net/CIK-0000316206/62411a1b-07f7-46aa-9ca8-1490a22dbde3.pdf, accessed 01/18/2018.

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