

BUSINESS

Radisson is investing nearly \$200 million in brand

The former Carlson Rezidor Hotel Group wants to become one of the world's top hospitality companies

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Streamlining: Radisson's Eric De Neef, above, is helping refocus the company's eight hotel brands under one name. Top: Plans also call for more upscale Radisson Blu hotels.

The hospitality company behind the Radisson, a household name in Minnesota for more than a century, is on the cusp of investing nearly \$200 million to rebrand and reposition itself to become one of the top three hotel groups in the world.

Carlson Rezidor Hotel Group, the combination of Minnetonka-based Carlson Hotels and its European sister company Rezidor Hotel Group, has officially changed its name to Radisson Hotel Group, with plans to overhaul hundreds of its properties, revamp its meetings and loyalty programs, open more hotels and refocus on the guest experience.

Carlson Hotels will also now be called Radisson Hospitality Inc., a departure from the well-known Minnesota family that used to own it. The name changes come on the heels of leadership shifts and restructuring under Radisson Hospitality's new owners, Chinese conglomerate HNA Tourism Group.

"The rationale behind the whole repositioning of the brand is to elevate the master brand, which is Radisson," Eric De Neef, global chief branding and commercial officer of Radisson Hotel Group, said in an interview. "We have a tremendous brand awareness and equity in Radisson."

Radisson Hotel Group has more than 1,400 hotels in operation and under development around the world, but it has a ways to go to catch up to the big players that rule the hospitality industry. According to new financial numbers, revenue was flat at \$7.2 billion in 2017, the same as the year before. World leader Marriott had revenue of \$17.1 billion in 2016.

Still, leaders are bullish about the company's chances to climb to the top.

The name Radisson was inspired by the French explorer Pierre-Esprit Radisson. In 1909, the first Radisson hotel opened on 7th Street next to the Dayton's store in downtown Minneapolis. Local business mogul Curt Carlson would acquire it in 1962, and it would grow to become the prominent brand of Carlson Hotels.

Carlson Hotels expanded its portfolio with brands like Country Inn & Suites, Park Plaza and three different Radisson brands including the upscale Radisson Blu and the millennial-oriented Radisson Red. Radisson Hotel Group now has eight hotel brands.

By the end of 2016, when HNA closed on its purchase of Carlson Hotels — which also made it the majority shareholder of Rezidor Hotel Group — Carlson Rezidor Hotel Group was ranked the 11th largest hotel group in the world, considerably behind the likes of Marriott, Hilton and Choice Hotels.

'Right time' to rebrand

The new plan calls for Radisson to gain ground and become one of the top three hotel companies in the world as it heads into the "start of an exciting era," said Federico J. González, president and chief executive of the Rezidor Hotel Group and chairman of the new global steering committee of Radisson Hotel Group, in an announcement last week about the name change.

"It's the right time for us to align our strategic and operating plans and go to market as one solid player," said John M. Kidd, chief executive and chief operating officer of Radisson Hospitality Inc., in the statement.

Radisson has identified more than 500 hotels globally that are going to be rebranded or repositioned with about 400 in the Americas.

It estimates that it will reduce the number of core Radisson hotels by about 10 percent as it evaluates hotel quality, but it also plans to significantly boost the number of Radisson Blu hotels in the United States (there are only three) in key cities. It also wants to add more Radisson Red hotels throughout the country.

As a part of the changes, Radisson Hospitality's workforce has been cut by about 20 percent, and the Minnesota company is looking at whether it will move somewhere else in the Twin Cities or stay in the Carlson Towers in Minnetonka.

With eight hotel brands spread across different segments and different continents, there could sometimes be a disconnect between the various hotel brands and the Carlson-branded groups and programs, De Neef said.

In the overhaul, the brands will be streamlined so that the Radisson connection will be emphasized. For example, earlier this year, Country Inn & Suites added "By Radisson" to its name. The company's Quorvus Collection luxury brand will be replaced by the Radisson Collection in June.

"Every time we are going to talk about Radisson it will benefit the entire family," De Neef said. "That's the efficiency of it instead of in the past talking about Carlson Rezidor for business or Club Carlson or Radisson Blu. ... When we were analyzing the feedback of the customer, they didn't see the link between Carlson Rezidor and Radisson."

This endorsed brand strategy is often used by Marriott and other established brands, said George John, a marketing professor in the Carlson School of Management at the University of Minnesota.

"They have to find different brands for these different price tiers but at the same time they want to signal some commonality," John said. "There is a lot of legacy lint hanging around so it's a good idea to do a brand architecture exercise to know for sure what this should look like."

Centralized booking

To help foster the integration, Radisson Hotel Group later this year will launch the new web portal RadissonHotels.com through which customers will be able to book any of the company's hotels. Internally, the company plans to invest in new property management and distribution platforms as part of a five-year plan. The Club Carlson loyalty program will become Radisson Rewards, which will have lower thresholds to get to elite status.

A big part of the change at Radisson Hotel Group won't be in the physical programs but the mind-set of how staff will look at the guest experience, De Neef said. At Radisson, the company has started to decrease the number of brand guidelines that hotel managers must adhere to like what table or chair is used in the lobby and instead will begin to give hotel operators more flexibility to be creative in how they try to improve the guest experience.

"The revolution now of Rezidor group is going from brand standards, product, process-driven to guest experience," he said. "This is where we have had made the switch, inspired by what the customer wants to have and wants to experience."