WEEKEND CONFIDENTIAL

Bill Marriott: Where Hotels Are Going

The Marriott International chairman on Chinese menus, bigger lobbies and the future of hotels

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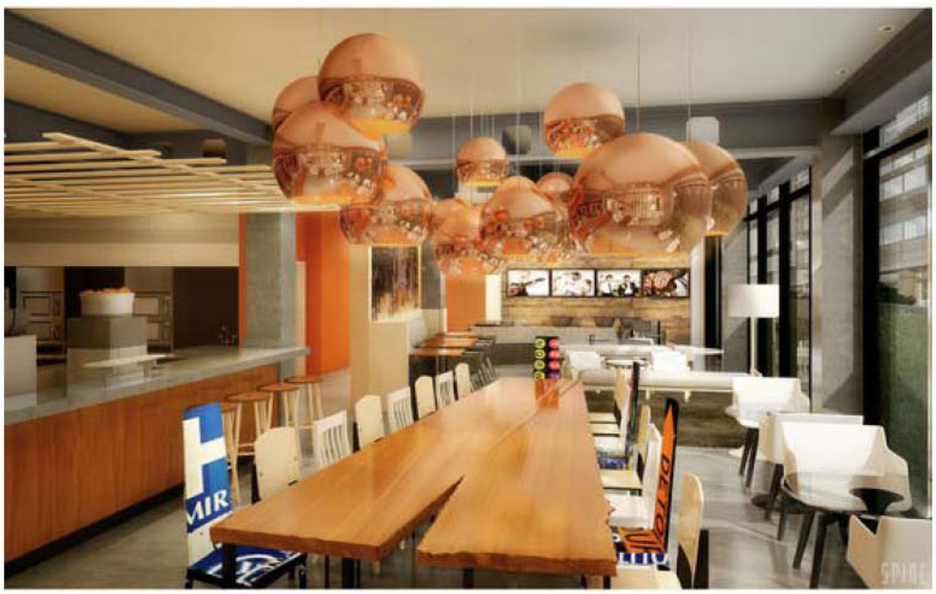
Bill Marriott, the 82-year-old chairman of Marriott International, the $19 billion hotel-management company, is done with flowered drapes and white tablecloths. In place of fusty bedspreads and fluffy carpets, he wants most of his 200 new luxury and lifestyle hotel projects to be filled with sleek flat-screen TVs, hardwood floors and hopping bars.

"We've got to be cool!" Mr. Marriott exclaims, sitting in one of the last bastions of the old Marriott aesthetic—his office. Surrounded by oil paintings, old photographs and a model boat, his sprawling suite in his company's headquarters in Bethesda, Md., is exactly what the future of Marriott hotels will not look like. It will look instead like the hotel company's innovation lab a few floors below, where mock rooms are being built in a cavernous space to be tested among 20-somethings.

Later this summer, Marriott will launch its new hotel chain, Moxy Hotels, aimed at the millennial generation (roughly ages 18 to 33). In partnership with Inter Hospitality Holding, the hotels will feature small, low-cost rooms with grab-and-go food and the feel of a Silicon Valley startup. "In four years, 60% of our business will be millennials," says Mr. Marriott, who adds with a laugh, "All of us old folks are moving on."

A New Look for Marriott Hotels



The future of Marriott Hotels will look like the hotel company's innovation lab, where mock rooms are being built in a cavernous space to be tested among 20-somethings.

Wearing a gray suit and a red tie, Mr. Marriott may not look anything like the younger generation, but he now blogs like them. "I'm up on social media," he says, and he uses it to get ideas of what millennial customers want. "It's changed the whole dynamic of the growth of the business," he says. "Ten years ago if you said we're going to measure social engagement, I'd say, 'What in the world are you talking about? Social engagement is saying hello to somebody in the lobby!' "

Mr. Marriott has been in the hospitality business since he was in college in the 1950s, when he went to work for Hot Shoppes, his family's restaurant chain in Salt Lake City. "I liked doing the fountain the best and making ice cream sundaes, but I also washed dishes and cleaned pots," he remembers. After graduating from the University of Utah, he joined the Navy for two years and worked on an aircraft carrier. "I saw my first bikini in Cannes in 1955," he says.

His family bought their first hotel in 1957, a year after he returned to Utah. Mr. Marriott asked his father if he could run it, and the family soon found that it could make more money with hotels than with restaurants. He worked his way up to become CEO in 1972. In the late 1980s, to expand the business, the company started selling most of its properties and became a hotel-management company instead: Someone else owns the properties, and Marriott manages them for a fee. Over the years, the firm has acquired brands including Ritz-Carlton, Renaissance and, more recently, Protea Hotels, Africa's largest hotel chain. Marriott now manages 18 hotel brands and more than 4,000 properties.

Over the years, Mr. Marriott has seen a seismic change in his business. "Today is a whole new ballgame for me," he says. "When I went to hotels when I was young, you went into the lobby, you checked in at the desk, and if you were hungry, you went to the restaurant and sat at the counter and had a hamburger," he says. "Now, you check into your room, drop your luggage and go back to the lobby to use your computer or meet your friends."

Seven years ago, in response to changing patterns, Marriott launched a program called "The Great Room" that raised the ceilings in hotel lobbies and expanded the seating areas to give customers a central place to work and socialize.

In addition to conducting focus-group research, Mr. Marriott says the company now pulls data from social media. For example, it asks guests for ideas of how to improve travel. When one wrote back asking for healthy vending machines, the company flew her to London to find items in farmers' markets that could be stored in a machine. Marriott plans to launch the first of its new nutritious vending machines—with items such as fresh fruit and energy bars—in Chicago this fall.

Marriott has also redesigned hotel rooms in its newer brands based on what customers want today. Millennials live out of their suitcases, Mr. Marriott says, so the company has made closets smaller and TVs and bathrooms bigger. It has gotten rid of in-room desks in many hotels. And a new line of Edition hotels—a collection of contemporary properties in London and Istanbul, with two more locations coming by the end of 2015—emphasizes the hotel's lounge and restaurant scene over the rooms. (The brand is a collaboration with Ian Schrager.) Over 50% of the Edition brand's revenue comes from food and beverage rather than from room fees.

Mr. Marriott himself doesn't stay there when he goes to London. He prefers the more traditional Grosvenor House, another Marriott-managed hotel. "I'm not quite into the bar scene," he says. As a Mormon, his religion opposes drinking alcohol, but he doesn't impose his beliefs on his business.

Mr. Marriott is also adjusting his company for the growing middle class, especially from China. Last year, he says, 100 million Chinese traveled out of the country, and by 2020, that number is expected to double. In response, Marriott has launched programs to teach more desk clerks to speak Mandarin. "We've got to get ready for them, and we've got to provide them with good Chinese food and menus in Chinese, especially in gateway cities like San Francisco, New York and Chicago," he says. "They want to shop, they want to go downtown, and they spend two to three times more on a trip more than we spend."

His family foundation is also sponsoring an initiative with 25 hospitality schools in China to train staff to work in the 350 hotels he plans to open in Asia in the next four years. "We're opening a hotel a week there for the next three to four years," he says.

He expects more advances in technology. Marriott now has mobile check-in and will add mobile checkout next. Soon, he says, guests will be able to open their room doors with their smartphones and choose exactly which rooms they want ahead of time.

It's a lot of change for a company that has had the same leader for over 40 years. But Mr. Marriott understands the need to be flexible. "You surround yourself with good people, then the important thing is to listen to them, and not let them know what you think before you ask them what they think," he says. "Once they know what you think, most of the time they'll go along with it."

He also tries to be decisive. "If you have to make a decision, you just can't analyze it to death," he says. "We didn't do a lot of research with Ritz-Carlton" when they bought a 49% stake in the company in 1995 for $200 million, he says. (Marriott purchased the balance in 1998 for an undisclosed amount.) "We paid more than we should have, maybe, but we did it, and it worked out."

Ritz-Carlton has since grown from 31 to 85 properties. Luxury then meant formalwear and steak dinners, but that has changed too. Mr. Marriott mentions the new Ritz-Carlton Reserve brand, including a rebranded Dorado Beach in Puerto Rico that in the 1950s was a playground for Hollywood's glitterati. A room now costs, on average, $1,100 a night, but the property has still grown more casual.

Mr. Marriott remembers the old days at Dorado Beach. In the 1960s, he and his wife used to go with George and Lenore Romney, Mitt Romney's parents. "I thought it was just fabulous back then," he sighs. Then he quickly smiles and says, "But I think it's much better now."

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