

CASE 10

Wyndham Worldwide Adopts a Stakeholder Orientation Marketing Strategy*

Synopsis: From its founding in 1981, Wyndham Worldwide has emerged as a global powerhouse in the lodging, timeshare, and rental industry. Along the way, Wyndham struggled through several mergers and acquisitions and an inconsistent branding strategy. After struggling through the recession of 2008, Wyndham moved quickly to reinvigorate its core brands and launch new lodging concepts, all with a laser focus on a stakeholder orientation marketing strategy. This case briefly reviews Wyndham's history and challenges that the company faced in becoming the powerful brand that it is today. Wyndham's multifaceted stakeholder orientation marketing strategy is also reviewed with consideration for how Wyndham's brands have become synonymous with quality, ethical leadership, customer satisfaction, and sustainability.

Themes: Stakeholder orientation, marketing strategy, branding strategy, ethics, sustainability, social responsibility, corporate reputation, customer satisfaction, international marketing

Wyndham Worldwide, headquartered in Parsippany, New Jersey, is a leading global provider of travel-related services, including lodging, timeshare exchange, and rentals. The company can be broken down into three components: Wyndham Hotel Group, Wyndham Vacation Ownership, and Wyndham Exchange & Rentals. Each of these parts is comprised of different companies and brands that are well known in their own right. Despite the many services the organization offers, Wyndham Worldwide is best known for its hotel chains. Wyndham Hotel Group consists of more than 7,200 franchised hotels, including well-known brands such as Days Inn, Howard Johnson, Super 8, Ramada, and Planet Hollywood. Case Exhibit 10.1 provides an overview of Wyndham's product mix.

Since Wyndham Worldwide became an independent company in 2006, the company has achieved a solid reputation for quality and strong stakeholder management. Many different stakeholders view Wyndham Worldwide as a company that truly cares about

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CASE EXHIBIT 10.1 Wyndham's Product Mix

Wyndham Hotel Group	Wyndham Exchange & Rentals	Wyndham Vacation Ownership
Wyndham Hotels and Resorts	Wyndham Vacation Rentals	Club Wyndham
Wyndham Grand Collection	Landal Greenparks	Wyndham Vacation Resorts Asia Pacific
Wyndham Garden	cottages4you	WorldMark
TRYP	Canvas Holidays	
Wingate	James Villa Holidays	
Hawthorn Suites	Hoseasons	
Microtel Inns & Suites	RCI	
Dream Hotels	The Registry Collections	
Planet Hollywood		
Ramada Worldwide		
Night Hotels		
Baymont Inns & Suites		
Days Inn		
Super 8		
Howard Johnson		
Travelodge		
Knights Inn		

Source: Wyndham Worldwide website, (<http://www.wyndhamworldwide.com/about-wyndham-worldwide/our-brands>), accessed August 31, 2012.

their needs and concerns. The company's stakeholder initiatives and strong ethics and compliance programs are role models for practices within the hotel and resort industry.

History and Background

Trammel Crow founded Wyndham Hotel Corporation in 1981. The company grew rapidly and merged with Patriot American Hospitality, Inc. in 1998. The newly merged company was renamed Wyndham International, Inc. The new Wyndham embarked upon an aggressive acquisition strategy by acquiring other hotels and companies. However, the organization made the common mistake of growing too rapidly, acquiring massive debt in the process. Patriot American sought a \$1 billion bailout from private investor groups. The company underwent an extensive restructuring process, in which Patriot became a wholly owned subsidiary of Wyndham International.

In 2005, Cendant Corp. bought the Wyndham hotel brand. The stock price of Cendant had remained stagnant since its merger with CUC International in 1997—a company that was later implicated in one of the largest accounting frauds of its time. Unfortunately for Cendant, the acquisition of Wyndham did not do much to raise its stock price. One year later, Cendant spun off its lodging, vacation exchange, and rental businesses to create Wyndham Worldwide and the Cendant name was officially retired.

Despite these changes, Wyndham Worldwide continued to face challenges. For instance, its hotel brands had earned a reputation for inconsistency. Each hotel seemed to differ from the other, making it difficult for Wyndham to establish a solid brand identity. CEO Stephen Holmes blamed its identity crisis on ineffective

marketing by previous investors. Holmes believed the key to success was to create a consistent look for the brand and hired designer Michael Graves to redesign its hotels. Then the recession hit. With hotel demand decreasing, Wyndham posted a quarterly loss of \$1.36 billion in 2009 and was forced to sell more shares to raise needed funds. However, the CEO for its hotel division, Eric Danziger, continued to work to create a more consistent brand image for Wyndham hotels. In creating its new image, the company also began expanding its international reach by acquiring hotel brands in major international cities. Today, Wyndham Worldwide is located on six continents and employs 25,000 people globally.

Wyndham's Branding Strategy

For some time, many people considered the quality of service and benefits at Wyndham hotels to be inconsistent. Hotel Group CEO Eric Danziger believed that past marketing initiatives conflicted with one another to muddle the company's brand identity. As part of the company's redesign, Wyndham sought to create a solid identity for each hotel chain that captured the feel of the chain's history and purpose. The company's goal was to create a "customer-centric lifestyle experience that will be relevant to guests across all tiers."

As part of its new brand strategy, each Wyndham hotel chain was redesigned with customers in mind. For instance, the Howard Johnson hotel chain's longer history prompted Wyndham to create an "iconic" atmosphere for these hotels that target leisure travelers and families. The experiential benefits of the Howard Johnson chain therefore include a family friendly environment and the ability to stay in a classic hotel at a reasonable price. On the other hand, Wyndham's more upscale hotel chains offer a completely different experience. Its Night Hotel in New York City claims to be "for the traveler who revels in all things after dark." The hotel tries to imbue a "sexy" feel with a chic eatery and bar as well as dark-colored furnishings. Wyndham's TRYP hotels are located in some of the world's largest cities in Europe, South America, and North America. The hotels are designed to fit in with the local environment and thus range from modernistic to historical designs. The hotels are meant to be an extension of the city in which they are located, enabling visitors to experience the excitement of the city even before leaving the hotel's doors. Wyndham hoped that the new identities for each hotel chain combined with consistent marketing would help solidify the brand and attract more customers.

Wyndham's Focus on Stakeholder Orientation

Wyndham Worldwide's vision is "to be the world's premier branded-hotel operating company." To help it achieve this goal, the company has adopted a stakeholder orientation marketing strategy to address the demands of a wide range of primary and secondary stakeholders. Stakeholder orientation in marketing involves activities and processes that create value through relationships with multiple stakeholders such as customers, suppliers, employees, shareholders, regulators, and the local community. Wyndham relies on their primary stakeholders for their continued success.

In order to satisfy relevant stakeholders, Wyndham gathers information, both formally and informally, to ascertain relevant issues of concern. However, a stakeholder orientation is not complete unless it includes activities that address specific stakeholder issues that reach or exceed expectations. This has led Wyndham to develop a number of initiatives, including benefits to its loyal customers and employees, community programs, and environmentally friendly practices. Wyndham gauges its stakeholder

orientation through feedback from stakeholders and generation of data from across the organization, which then results in the assessment of the firm's effect on these groups.

Wyndham is aware that a stakeholder orientation is connected to market share performance, financial performance, reputation, and employee commitment. The company works "to maintain social responsibility, as a way of living, working and playing that fully encompasses the vision and values that Wyndham Worldwide has incorporated." A climate of ethics and social responsibility creates a large measure of trust among a firm's stakeholders. Wyndham Worldwide has therefore adopted five core values of corporate social responsibility including integrity, respect, individual opportunity and accountability, improving customer lives, and community support. These values guide how Wyndham interacts with its stakeholders.

Relationships with Customers

When customers consider the Wyndham brand, they most likely think of upscale hotel chains that cater to wealthy vacationers and businesspeople. In reality, Wyndham targets travelers from across all segments of the price spectrum. Hotels carrying the Wyndham name tend to be luxury chains—Wyndham Hotels and Resorts, Wyndham Garden, and Wyndham Grand Collection. However, Wyndham also owns the budget hotel chains Howard Johnson, Days Inn, Super 8, Travelodge, and others. The diversity in hotel chains enables Wyndham to target a wide range of travelers. This strategy allows Wyndham to avoid brand confusion by omitting the Wyndham name from its budget hotels.

Wyndham offers its customers many different benefits to increase customer loyalty. For instance, Wyndham's Rewards program awards points and air miles to customers for staying at more than 6,000 hotels and resorts worldwide. Those customers with enough points can receive free nights at Wyndham hotels. Wyndham's ByRequest program provides a more personalized benefits package; members get free Internet access, expedited check-in, and—after three nights—a snack and drink, extra items such as higher quality pillows, and the option to have the room personalized to the customer's preferences.

In addition, Wyndham strives to encourage travel among businesswomen and make their stays more comfortable. Since 1995 Wyndham has run Women on Their Way, a program that specifically targets female business travelers. The program's website offers advice and special packages for businesswomen planning their trips. Wyndham also prides itself on being one of the first chains to conduct research on the woman traveler when it was still an underserved area. Wyndham claims that its research and feedback from its female travelers prompted the hotel chain to offer improved amenities in the hotel rooms, such as full-length mirrors, coffee pots, and healthier menu options. The company has its own female advisory board and periodically conducts surveys and research in what it sees as an important market for future success.

Wyndham has great faith in its hotels' abilities to meet and exceed customer expectations. In addition to being the first hotel company to implement fully online customer service satisfaction tracking, each of the company's 7,200 hotels' websites displays ratings and feedback from TripAdvisor, a travel website where customers can share their opinions. Because 40 to 60 percent of Wyndham's customers refer to TripAdvisor, this move shows that Wyndham understands the importance of customers' experiences.

Relationships with Employees

The corporate culture at Wyndham Worldwide focuses extensively on employee well being. The company considers its employees to be crucial to its success. For this reason, Wyndham offers a range of employee benefits, including health and welfare, retirement

planning, employee discounts, education assistance, employee assistance, adoption reimbursement, flexible work arrangements, and domestic partner benefits. Wyndham also has several unique programs for employees:

- University Relations, which provides students with information regarding internship and job opportunities at Wyndham.
- The Be Well program, which aims to improve the holistic health of employees and advocates for exercise, lifestyle management, emotional wellness, financial health, and the quality of the work environment through programs such as weight management and stress reduction.
- The Count On Me! Service Promise, which holds employees accountable to one another in fulfilling Wyndham's core service values of responding to customer needs, being respectful, and delivering a great experience.

Wyndham Worldwide also realizes that one of the best benefits it can offer its employees is knowledge. The company believes its employees have the chance to embark on long-term careers in the hospitality industry, and Wyndham wants to cultivate these skills. In so doing, Wyndham not only helps its employees learn the necessary skills but also creates benefits for the company as well, because more skilled employees translate into better service for customers. Wyndham created the Employee Value Proposition (see Case Exhibit 10.2) to summarize the benefits of employment with the company.

Relationships with Shareholders

As a publicly traded company, Wyndham must create value for its shareholders, which the company has achieved in recent years. Wyndham Worldwide's stock price has steadily increased, and the company outperformed the hotel industry in 2011, with its stock price increasing 26 percent. Its Hotel Group is the leading franchiser of hotels, its Exchange & Rentals Group is the leading timeshare exchange and rental company, and its Vacation Ownership Group is the leading timeshare developer. Its high cash flows

CASE EXHIBIT 10.2 The Three Es of Wyndham's Employee Value Proposition

Experience (*expand know-how*)

- On the job assignments
- Job rotation and job shadowing
- Development of a personal career development plan
- Interaction with cross-functional, cross-business unit and project teams

Exposure (*expand network*)

- Interaction with senior leadership
- Personal feedback through self-appraisals
- Frequent "lunch-and-learns" and informational sessions
- One-on-one coaching

Education (*expand knowledge*)

- Wyndham Worldwide University's learning and development programs
- Research and study opportunities
- Online course offerings
- Tuition reimbursement program

Source: "Employee Value Proposition," Wyndham Worldwide, http://www.wyndhamworldwide.com/careers_at_wyndham/evp.html, accessed July 28, 2012.

and diversity of products and services makes it uniquely positioned in the lodging industry.

Although the lodging industry lagged in the years following the recession, it is expected to grow over the coming years. The slowly strengthening U.S. economy, increases in corporate and government hotel bookings, and expansion into international markets will drive room rates higher. However, unstable global economic conditions may continue to hinder growth. Going forward, Wyndham must be certain to carefully survey its competition. Four large competitors that represent potential threats to Wyndham include Marriot Hotels, Starwood Resorts, Wynn Resorts, and MGM Mirage. All of these hotels are widely admired and score high on brand awareness. To improve its competitive position and thus its value to shareholders, Wyndham will need to identify, monitor, and react to threats and opportunities in a rapidly changing business environment.

Relationships with Communities

One of Wyndham Worldwide's corporate values is to support its communities. The company states that, "As a large company, we provide employment that helps out the communities in which we operate. But the Wyndham philosophy is that is not enough. We need to give back to our communities to improve the world around us." This led the company to create several ethical and philanthropic programs.

Wyndham is committed to protecting the human rights of the people within the company's "sphere of influence." The company adopted a Human Rights Policy Statement in 2007 and focuses on the ethical treatment of all workers. Wyndham aims to provide a safe working environment, rejects all forms of forced labor (especially child labor), and supports the rights of employees to form unions.

Wyndham Worldwide has a number of philanthropic programs to address the needs of its stakeholders. The biggest program is Wishes by Wyndham, which works to support charities that help women and children through donations, volunteerism, fundraising, and raising awareness. Under Wishes by Wyndham, the company has adopted three charities:

- The SeriousFun Children's Network, an organization that provides free programs to children with serious medical illnesses.
- The Christel House, a learning center for children founded by Wyndham employee and board member Christel DeHann, who realized that helping people by providing food and clothing was only a temporary solution to the much bigger problem of poverty.
- The Starlight Children's Foundation, which provides entertainment and educational activities to children with illnesses.

In addition to its corporate support of these programs, Wyndham strongly encourages its employees to contribute toward its philanthropic endeavors and gets its customers involved by giving them a chance to donate their rewards points to charity.

Relationship with the Environment

Wyndham Worldwide recognizes that its work practices have an immense impact on the environment. The company believes that using more eco-friendly products and reducing its environmental impact will not only help the environment but also save it money in the form of energy savings—contributing to the financial performance of the company. It therefore aims to reduce its negative impact and support sustainable initiatives. Wyndham Worldwide emphasizes the following goals:

- Educate and influence internal and external stakeholders on environmental issues
- Reduce energy consumption and track performance
- Reduce water and energy usage and recycle
- Improve air quality
- Minimize waste by recycling and reusing materials
- Implement sustainable procurement practices
- Participate in local community environmental activities

Just as Wyndham has teams devoted to ethics and compliance, it also has a team committed toward improving the company's sustainability. The company also collaborates with a variety of institutions to increase green practices in the hotel and leisure industry.

Thus far, more than 300 Wyndham facilities have received green certification. To become a greener company in every aspect of its operations, Wyndham Worldwide sets individual goals for each of its hotel brands. These goals target important subjects such as energy conservation, water conservation, recycle-reuse, education, and innovation. Some of Wyndham's major energy conservation initiatives include replacing incandescent lights with energy efficient bulbs, upgrading to more energy-efficient appliances, and using the ENERGY STAR® tracking system to measure energy use. Although many of these devices are expensive, most of them pay for themselves in a few years. Afterward, the company gets the increased benefit of energy savings. For example, Wyndham has installed an energy-saving DECTRON system in the hotel pools of its Hawthorne Suites by Wyndham. This device saved Wyndham an estimated \$20,000 over two years.

Wyndham attempts to conserve water through a variety of initiatives, including the EarthSmart® linen and towel program; low flow faucets, toilets, and other appliances; the Ozone Laundry System; drip irrigation and drought resistant landscaping; and EPA WaterSense® certified products. Although some of these initiatives appear small in nature, the company has advanced significantly in water conservation. For instance, low-flow fixtures have reduced water consumption at Wyndham's Vacation Ownership by 20 percent.

Wyndham uses several recycled products (including pens, key cards, coffee cups, and laundry bags) throughout its hotels to reduce its impact on the environment. One unique way in which Wyndham has reused materials is in its employee uniforms. At some Wyndham Hotel & Resorts, the uniforms of front-desk staff consist of recycled 2-liter plastic bottles. By making genuine attempts to recycle and reuse materials, Wyndham has been able to reduce the amount of construction waste that ends up in landfills by 88 percent at its New Jersey headquarters.

Wyndham views the education of consumers on sustainability as a key driving force in achieving environmental success. In order to achieve its educational goals, Wyndham Worldwide takes steps such as educating guests and employees regarding environmental certification programs, green technologies, and ways to protect their natural environment. The Wyndham Worldwide green website (www.wyndhamgreen.com) educates consumers by outlining important facts regarding energy conservation, removal/cleanup guidelines for compact fluorescent light bulbs, consumer product rebates, and tax incentives and rebates offered by state governments. Additionally, the website educates consumers by outlining important facts regarding education, green reading, air quality, and green kids. Wyndham Worldwide's Green Program for Kids has been developed and designed around educating kids about the environment, communities, and the planet. In addition, the company's Global Best Practices guide educates businesses about environmentally friendly initiatives.

Wyndham's Ethics and Compliance Programs

To maintain a strong corporate culture, Wyndham has implemented an extensive compliance program to reinforce ethics throughout the organization. A climate of ethics and social responsibility creates a large measure of trust among a firm's stakeholders. The company has drafted a thorough Code of Business Conduct that has received top scores from the Ethisphere Institute for its comprehensiveness and availability to stakeholders.

Codes of conduct have several purposes. For employees, the code of conduct (or code of ethics) helps them to become familiar with the company's expectations for them. It also provides an essential reference for employees when faced with difficult decisions. Research suggests that employees in organizations with ethical codes of conduct are less accepting of potential misconduct toward stakeholders. For stakeholders in general, a code expresses the company's commitment to corporate social responsibility and ethical conduct. In addition, a code of conduct is an important way to share information about stakeholder issues. Therefore, the clarity and comprehensiveness of a company's code of conduct is an important signal of a company's dedication toward ethics, compliance, and stakeholder relationships. Wyndham received high scores for the company's values and commitments within its Code of Business Conduct, its coverage of risk topics, and the code's availability to stakeholders.

In addition to its strong code of conduct, Wyndham has created an Ethics and Compliance Program, a Compliance Governance Board, and a Compliance and Ethics Leadership Team. The audit committee on Wyndham's Board of Directors is also involved with the Ethics and Compliance Program and receives quarterly updates on the program's progress. The program is designed and directed by the Compliance Governance Board, which is made up of the company's CEO, Chief Financial Officer, Chief Human Resources Officer, and the General Counsel. The Compliance and Ethics Leadership Team helps to keep the company on its ethical course. They receive updates regarding the Ethics and Compliance program, collect feedback, assess the company's global risks, and train employees. All of these different positions and programs demonstrate an ethical tone at the top. In other words, Wyndham Worldwide believes that ethical programs must start with ethical leaders to be successfully implemented throughout the organization.

Wyndham Worldwide's efforts have not gone unnoticed. The company has received many awards regarding its ethical initiatives. Recently, *Newsweek* magazine ranked Wyndham Worldwide as one of the 100 Greenest Big Companies and ranked it in the top 10 of its Media, Travel and Entertainment category. Additional awards include the following:

- The Lodging Hospitality Chain Leadership Award
- *Fortune* magazine's World's Most Admired Companies for 2010
- ConEdison Green Pioneer Award
- DiversityInc.'s 2010 Top 50 Companies for Diversity
- *PINK* magazine's 15 Top Companies for Women
- *Ethisphere*'s World's Most Ethical Companies

Wyndham Worldwide's numerous initiatives in sustainability and corporate responsibility are key factors in enhancing Wyndham's reputation and contributing to future success.

Wyndham's Future

Wyndham has achieved great success with its stakeholder orientation marketing strategy. The company's ability to adapt its marketing strategies to suit its various chains has provided it with unique advantages that make it a formidable competitor to rival hotel companies.

Wyndham's hotel brands are at different levels of the life cycle. The company's Night and TRYP brands, for example, are in the introductory and growth stages, while its Howard Johnson, Super 8, and Days Inn chains are mature brands. However, despite heavy marketing to promote awareness of its newer brands, Wyndham has not neglected its more mature brands. For example, the company has worked hard to portray Howard Johnson as an iconic brand and continues to offer benefits packages to encourage families to stay at the chain. Wyndham makes sure to adjust its marketing strategies to suit both the brand's image and its stage in the product life cycle.

One opportunity for Wyndham that could prove profitable is expansion into emerging economies. Approximately 10 percent of Wyndham Worldwide hotels are in emerging markets such as India and China. With property prices at a low and a rising middle class in these countries, the disposable income makes these countries increasingly lucrative markets to capture. The company seized this advantage with the announcement that it will open seven additional hotels in India. Entering emerging markets will create new marketing challenges, and Wyndham must continue to adapt its brand strategies to new groups of stakeholders.

The company has demonstrated its concern for a variety of stakeholders by embracing a stakeholder orientation and focusing on competitive advantage. Although Wyndham seems to be on the right track, it still faces a variety of risks and competitive threats in the hospitality industry. Since these issues are inevitable in large corporations, Wyndham must ensure that it has plans in place to address these risks. Additionally, Wyndham must avoid complacency in its continued efforts to integrate its corporate culture into its global operations. Now more than ever, Wyndham should leverage its competitive advantage in ethics and social responsibility to enhance its reputation. As consumers become increasingly concerned with value and a quality experience, Wyndham's strong stakeholder relationships and reputation will likely prove a valuable asset that gives it a competitive edge over its rivals.

Questions for Discussion

1. How does Wyndham's stakeholder orientation create a strategic marketing advantage?
2. How do Wyndham's diverse brands contribute to customer satisfaction and marketing performance?
3. Do the awards and recognition that Wyndham has received for social responsibility and ethics contribute to its financial performance? If so, how?

Sources

The information for this case came from publically available information on the Wyndham Worldwide website (<http://www.wyndhamworldwide.com>) and the following additional sources: "About RCI," RCI (<http://www.rci.com/RCI/prelogin/aboutUs.do>), accessed July 28, 2012; "About Us," SeriousFun Children's Network (<http://www.seriousfunnetwork.org/About>), accessed July 28, 2012; "About Us," Christel House (<http://www.christel-house.org/about-us>), accessed July 28, 2012; Bloomberg News, "Wyndham Posts \$1.36 Billion Loss," *New York Times*, February 13, 2009 (<http://www.nytimes.com/2009/02/14/business/14wyndham.html?ref=wyndhamworldwidecorporation>); "Cendant buys Wyndham hotel brand for \$100m," *IndUS Business Journal*, October 15, 2005 (<http://www.indusbusinessjournal.com/ME2/dirmod.asp?sid=&nm=&type=Publishing&mod=Publications%3A%3AArticle&mid=8F3A7027421841978F18BE895F87F791&tier=4&id=217E6E851DF84383B6141F0B73912F24>); "Cendant Corporation Announces Filing of Wyndham Worldwide Corporation Registration Statement," Wyndham Worldwide, May 11, 2006 (http://www.wyndhamworldwide.com/investors/show_release.cfm?id=53); "Court Approves RCI Settlement," *Timesharing Today*, Issue #109, January/February 2010, 1; Barbara De Lollis, "Wyndham hotels embrace TripAdvisor reviews," *USA Today*, March 6, 2012 (<http://travel.usatoday.com/hotels/post/2012/03/wyndham-hotels-tripadvisor-reviews-social-media/640578/1>); Ethisphere Magazine, "The 2011 World's Most Ethical Companies," *Ethisphere*, Q1 2011, 37-43; O.C. Ferrell, John Fraedrich, and Linda Ferrell, *Business Ethics: Ethical Decision Making and Cases*,