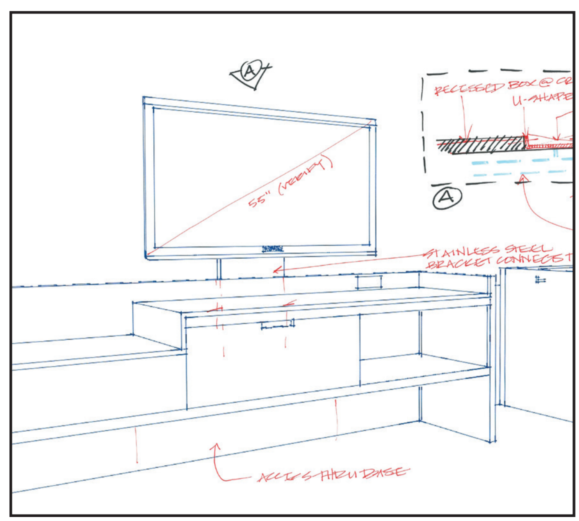
Boston Hospitality Review

Fall 2014
Vol. 2 No. 3



BU

Boston University School of Hospitality Administration

www.bu.edu/bhr


CITGO

Contents

Fall 2014

The Prevalence of Longevity Among Leading Brands

Bradford Hudson, Ph.D.

The longevity of brands is embedded in scholarship involving brand processes that evolve over time such as brand equity, loyalty, nostalgia, and lifecycle. It is also an important conceptual element in the emerging topic of brand heritage. This paper offers new insight regarding the prevalence of brand longevity in a variety of industries, based on historical research about 148 leading brands ranked in prior studies by the consulting firm Interbrand. The author finds that a significant proportion (64 brands representing 43% of the total number) are aged 100 years or more. The oldest brands are grouped in the food industry, while some of the youngest brands are grouped in the hospitality industry. The author applies the principles of scale and scope from the work of business historian Alfred Chandler to explain the timing of this industry emergence. The advanced age of many leading brands suggests the need for stewardship to preserve and protect the equity that resides in historic brands, and supports the argument that further attention should be directed toward the study of brand heritage effects.

Re-imagining The Hotel Guestroom for The Millennial Business Traveler

Alexis Oliver

Almost every major brand in the lodging industry has allocated considerable resources toward capturing the attention and loyalty of this new breed of guest, the Millennial Business Traveler. Room design, furniture, functionality and connectivity are all part of the growing needs of this generation.

European River Cruising On The Rise Among American Tourists

Melinda Jászberényi, Ph.D.

River cruising is one of the most attractive and rapidly developing areas of international tourism. Beyond the beautiful natural environment of the rivers, architectural attractions along the riverside enrich the experience, providing historical and cultural background that deepens tourists' connections to the city. This article provides an overview of Danube river cruise tourism among American tourist experts. It also showcases Budapest, an increasingly important and internationally recognized port of the Danube and capital of Hungary, as a popular tourist destination.

Building A Spirit of Inclusion: Pan Am and The Cultural Revolution

Mirembe Birigwa

The legendary Pan American World Airways remains a bastion of nostalgia and cultural significance and serves as a case study in how airlines adapted their hiring practices to reflect the social movements of the 1960's and 70's. To maintain a competitive advantage, top companies thriving today are tasked with conveying a message of inclusion that matches the expectations of the traveler. Mirembe Birigwa interviews her mother, Sheila Nutt, about what it was like to be one of the first African American flight attendants.

Boston Hospitality Review

Volume 2 | Number 3 | Fall 2014

ISSN 2326-0351

Publisher
Arun Upneja, Ph.D.

Editor
Dr. Michael Oshins, Ed.D.

Contributing Editors
Zoe Ho, Ph.D.
Michael Kwag, Ph.D.
Christopher Muller, Ph.D.
Courtney Raeisinafchi, Ph.D.
Dr. Peter Szende
Erinn Tucker, Ph.D.
Arun Upneja, Ph.D.
Nicholas Washienko, Ph.D.

Layout Editor
Ahlea Isabella

Published by
School of Hospitality Administration
Boston University

Boston Market Hotel Review

Andrea Foster

PKF Consulting USA (PKFC) and PKF Hospitality Research (PKF-HR) are respected sources for sound decision-making in the hospitality and real estate industries. In this issue, PKF Consulting examines the Boston Market Hotels.

The Greater Boston Lodging Market

The city of Boston features many demand generators that attract leisure, corporate, and group travel. A city with rich American history, wide array of businesses, and strong convention center programming, Boston's lodging market is a popular destination for both transient and group travel.

The greater Boston lodging market is relatively small by comparison to other primary U.S. markets, with approximately 51,000 hotel rooms across six submarkets: Downtown/Airport, Woburn/Tewksbury Northwest, Southshore, Cambridge/Waltham, Dedham/Marlborough, and Andover/Danvers Northeast. Below is a breakdown of each submarket.

According to PKF-HR's *Hotel Horizons®* report, among the 55 U.S. markets forecasted by PKF-HR, the Boston lodging market is forecast to rank #11 in occupancy, #5 in average daily rate (ADR), and #5 in RevPAR for year-end 2014. Looking at compound average annual growth (CAAG) from 2009 to 2013, the Boston market ranked #37 in demand growth (a lower ranking due to the market's strong occupancy levels), #9 in ADR growth, and #12 in RevPAR growth.

Historical Performance

Boston Lodging Supply

Submarket	Properties	Total Rooms	% Market
Downtown / Airport	75	18,658	36.5%
Woburn / Tewksbury Northwest	47	6,347	12.4%
Southshore	58	5,514	10.8%
Cambridge / Waltham	54	7,821	15.3%
Dedham / Marlborough	49	6,736	13.2%
Andover / Danvers Northeast	72	6,020	11.8%
Total	355	51,096	100.0%

Source: PFK Hospitality Research, Hotel Horizons ®, STR, Inc.

Greater Boston's strong lodging performance can be attributed to its multitude of demand generators, a thriving economic base, and limited hotel development. Since 2010, Boston's occupancy level has been greater than the national average by 10 to 11 percentage points. Boston's CAAG ADR growth from 2009 to 2013 was 4.4 percent, ranking #9 among the Top 25 U.S. Markets, which averaged 3.4 percent for the same period.

Due to strong occupancy levels, increasing ADRs, and minimal supply increases, RevPAR for the Boston market has experienced positive performance over the past several years. In 2013, RevPAR grew by 5.5 percent, with growth weighted by ADR. ADR growth has been higher than that of occupancy growth since 2011, as the Boston lodging market began recapturing demand quickly following the end of the recession, thus allowing hotels to increase their rates faster than other markets with an established base of demand.

In 2013, lower-priced hotels experienced a slightly greater increase in RevPAR than upper-priced hotels, at 5.6 versus 5.2 percent, respectively. For three of the last four years, lower-priced hotels experienced higher RevPAR growth than upper-priced hotels. The city of Boston's high occupancy and rates create scarcity of available rooms during peak demand periods, resulting in compression that pushes hotel guests outside the city. Lower-priced hotels, generally located in the city suburbs, are able to capture this demand overflow, followed by the ability to capture higher rates as demand has increased.

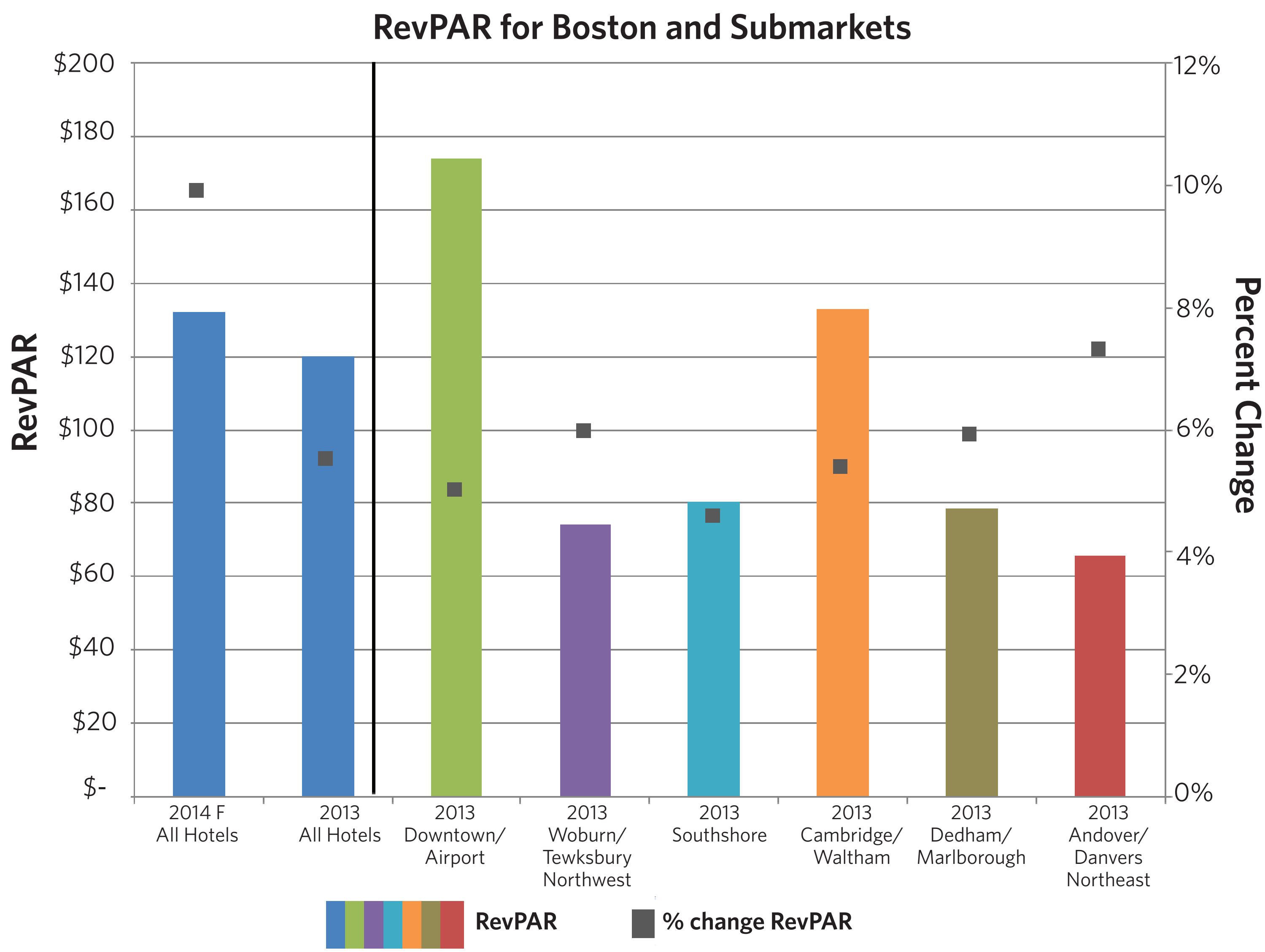
Of the six submarkets, the Andover/Danvers Northeast submarket experienced the highest percent increase in RevPAR of 7.3 percent in 2013. The Woburn/Tewksbury and Dedham/Marlborough submarkets also achieved high RevPAR growth of 6.0 and 5.9 percent, respectively.

Below is a graph depicting the 2014F RevPAR and percent change for all Boston hotels, and the 2013 RevPAR and percent change for all Boston hotels and each of the six Boston submarkets. Despite greater

RevPAR increases in the suburban submarkets, the actual RevPAR levels remain far below that of the Downtown/Airport and Cambridge/Waltham.

PKFC's *Boston Trends*® identifies the Back Bay, Downtown, and Cambridge submarkets as the Boston Core. According to the July 2014 edition, all three submarkets experienced increases in RevPAR year-to-date of at least 7.9 percent, with an average of 9.8 percent, despite the Back Bay and Cambridge submarkets experiencing slight decreases in occupancy of 0.3 and 0.1 percent, respectively.

Route 128, Route 495 North, and Route 495 South comprise the Boston Suburbs within PKFC's *Boston Trends*®. These submarkets experienced a 4.3 percent increase in occupancy YTD through July 2014 compared to the same period in 2013, while the Boston Core hotels achieved a 0.6 percent increase. This is evidence of the compression created that is benefitting the lower-priced suburban submarkets. Additionally, from the guest standpoint, most properties in the suburbs are a bargain compared to the hotel rates in the Boston Core. The YTD increase in both occupancy and rate led to an average RevPAR increase of 10.1 percent for the Boston suburbs submarket through July.



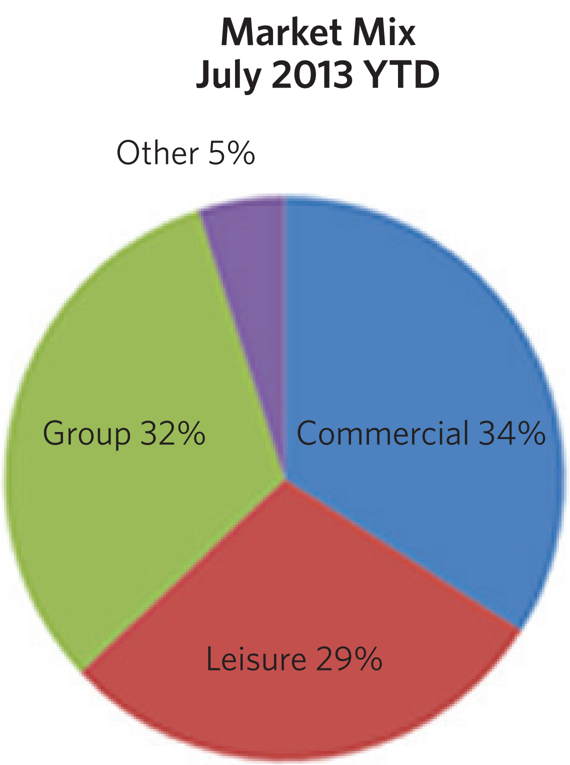
Source: PKF-HR *Hotel Horizons*®, September – November 2014 Edition; STR, Inc.

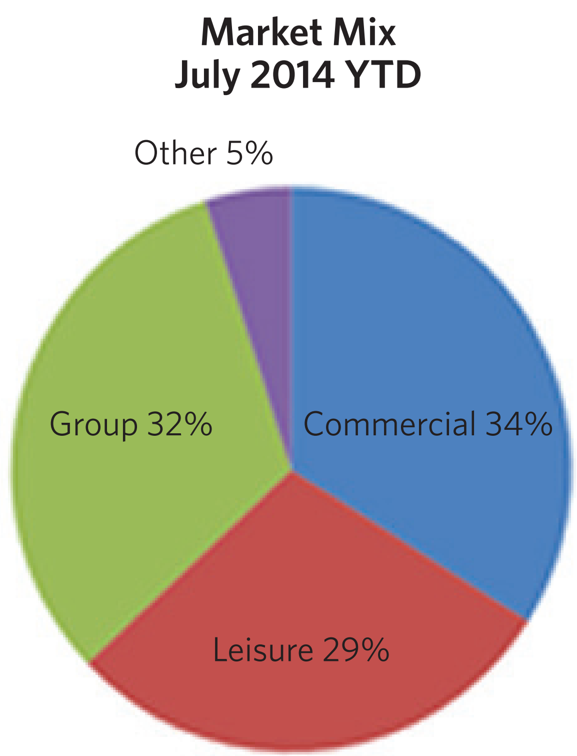
PKFC's Boston Trends® identifies the Back Bay, Downtown, and Cambridge submarkets as the Boston Core. According to the July 2014 edition, all three submarkets experienced increases in RevPAR year-to-date of at least 7.9 percent, with an average of 9.8 percent, despite the Back Bay and Cambridge submarkets experiencing slight decreases in occupancy of 0.3 and 0.1 percent, respectively.

Route 128, Route 495 North, and Route 495 South comprise the Boston Suburbs within PKFC's Boston Trends®. These submarkets experienced a 4.3 percent increase in occupancy YTD through July 2014 compared to the same period in 2013, while the Boston Core hotels achieved a 0.6 percent increase. This is evidence of the compression created that is benefitting the lower-priced suburban submarkets. Additionally, from the guest standpoint, most properties in the suburbs are a bargain compared to the hotel rates in the Boston Core. The YTD increase in both occupancy and rate led to an average RevPAR increase of 10.1 percent for the Boston suburbs submarket through July.

Market Segmentation

The Boston lodging market maintains a relatively stable and balanced market segmentation, demonstrated by *Boston Trends®* YTD July statistics. Roomnights are split almost evenly between the group (32 percent), commercial (34 percent), and leisure (29 percent) markets, which have exhibited little change in recent years.





Source: PKF Consulting USA, LLC *Boston Trends®* report, July 2014

Convention Center Demand

The city of Boston is home to two convention centers, the Boston Convention and Exhibition Center (BCEC) in the Seaport District, and the John B. Hynes Veterans Memorial Convention Center (Hynes) in the Back Bay neighborhood. Unique to Boston, both convention centers were awarded gold standard certifications by the International Association of Conference Centers (IACC). The Massachusetts Convention Center Authority (MCCA) operates both the BCEC and Hynes, which have 516,000 and 193,000 square feet, respectively.

In 2013, the two convention centers captured 770,000 attendees, and generated 462,000 hotel roomnights and an estimated $620 million in economic impact. According to the MCCA's 2014 economic impact report, the Hynes and the BCEC are expected to generate 629,000 hotel roomnights, the most since 2006, and an estimated $680 million in economic impact, the largest amount since the BCEC's opening in 2004.

After a down-year in 2013, total citywide conventions, defined as 2,000 roomnights on peak or greater, are forecast to increase 54.6 percent in 2014. After two years of forecast slight decreases, in 2017 total citywides are expected to reach 456,000 roomnights, a 15.4 percent increase from 2016F. The following table presents the actual and projected citywide convention demand between 2004 and 2013 and projections for 2014 through 2018.

Total Boston
Convention/Meeting/Exposition Demand by Center
2004 through 2018

Year	Number BCEC Citywides	BCEC Total Roomnight Demand	BCEC Total % Chg	Hynes Citywides	Hynes Total Roomnight Demand	Hynes Total % Chg	Number All Citywides	Total Citywides Roomnight Demand	Total Citywides % Chg
2004	2	20,325	-	6	65,279	-	8	85,604	-
2005	4	56,815	179.5%	11	144,991	122.1%	15	201,806	135.7%
2006	14	317,374	458.6%	12	145,944	0.7%	26	463,318	129.6%
2007	15	294,430	-7.2%	12	140,303	-3.9%	27	434,733	-6.2%
2008	14	274,614	-6.7%	11	112,489	-19.8%	25	387,103	-11.0%
2009	16	249,494	-9.1%	8	108,260	-3.8%	24	357,754	-7.6%
2010	16	353,097	41.5%	4	44,323	-59.1%	20	397,420	11.1%
2011	13	182,457	-48.3%	7	81,757	84.5%	20	264,214	-33.5%
2012	15	298,724	63.7%	9	125,452	53.4%	24	424,176	60.5%
2013	12	190,886	-36.1%	7	96,056	-23.4%	19	286,942	-32.4%
2014F	17	338,419	77.3%	8	124,456	29.6%	24	443,595	54.6%
2015F	20	378,067	11.7%	3	29,648	-76.2%	24	426,995	-3.7%
2016F	18	323,525	-14.4%	6	71,783	142.1%	24	395,308	-7.4%
2017F	19	369,065	14.1%	7	86,963	21.1%	26	456,028	15.4%
2018F	19	401,522	8.8%	2	25,734	-70.4%	21	427,256	-6.3%

Source: Massachusetts Convention Center Authority (MCCA)

Left, Boston Convention & Exhibition Center located in Boston's Seaport District

BCEC Expansion

While Boston has historically been among the nation's top destinations for meeting and conventions, there are certain challenges that must be addressed to improve the convention center's competitive positioning. According to a strategic development plan by Sasaki Associates, there are concerns regarding space at the BCEC and the Seaport District's lack of a critical mass of hotel rooms, which results in excessive transportation costs for large events. The study also points to the lack of "mid-priced" hotel rooms in the greater Boston market. The expansion goal would move Boston from eighth among the top ten meeting/convention destinations in the nation to a position among the top five.

In July 2014, Governor Deval Patrick signed legislation that permits the MCCA to move forward with their BCEC expansion plan without increasing existing fees or taxes. The $1B plan calls for a 1.3MM square foot expansion that incorporates a second ballroom and additional exhibition and meeting space.

Near the BCEC, construction of an aloft and an element hotel is underway, with a combination of 510 total rooms, both scheduled to open Q1 2016. Additionally, a 1,200- to 1,500-room headquarters hotel is planned to be built cooperatively by the MCCA and Massachusetts Port Authority, across the street from the BCEC. Request for qualifications of the developers were submitted in April, and a developer is expected to be chosen by the end of this year. According to the MCCA, the BCEC expansion and the hotel developments are expected to generate $716 million annually in economic impact.

Gaming

The Boston area is expected to see new development of a hotel and casino. Wynn Resorts recently beat Mohegan Sun for the single Boston area casino license now to be located in Everett, proposing a development geared toward attracting higher-end visitors and from outside New England, to be located in Everett. These casino developments aim to be the source for the economic development and revitalization of these neiborhoods, though traffic and area housing are still items for discussion. The greater Boston casino license is estimated to generate $700M annually in gambling revenue and create a substantial number of jobs for nearby citizens.

Boston Hotel Sales				
Property	Sale Date	Number of Rooms	Sale Price	Price Per Room
enVision Hotel Boston	May-14	59	$9,200,000	$235,897
Best Western Plus Roundhouse Suites	Feb-14	92	$16,500,000	$179,348
Copley Square Hotel	Sep-13	143	$59,320,000	$414,825
The Boston Park Plaza Hotel & Towers	Jul-13	1,053	$250,000,000	$237,417
Loews Boston Back Bay Hotel	Feb-13	225	$84,387,000	$375,053
Bulfinch Hotel	Oct-11	80	$21,810,176	$272,627
Hotel Commonwealth	Dec-12	149	$79,000,000	$530,201
Bulfinch Hotel	May-12	80	$18,200,000	$227,500
Boston Common Hotel and Conference Center	Dec-11	64	$22,550,000	$352,344
Renaissance Boston Waterfront Hotel	Aug-11	471	$90,000,000	$191,083
W Hotel & Condos	Mar-11	235	$89,500,000	$380,851
The Boston Park Plaza Hotel & Towers	Jul-13	1,053	$250,000,000	$237,417
Fairmont Copley Plaza	Aug-10	383	$98,500,000	$257,180
Ritz-Carlton	Mar-10	273	$25,000,000	$91,575
Hyatt Regency Boston	Mar-10	498	$112,000,000	$224,900
Source: PKF Consulting USA				

Hotel Sales

Boston has seen a healthy level of hotel transactions over the last few years. Between March 2010 and May 2014, fifteen Boston hotels sold between $91,575 and $530,201 per key. These have been predominantly full-service assets, due to the current lodging cycle in which select-service hotels are more feasible to build and full-service are often more cost-effective to buy. Hotel transactions are expected to continue into the next handful of quarters, as investors are encouraged by the strong historical and projected performance of the Boston market, remaining projected upside, availability of equity, the loosening debt market for acquisitions of existing properties, and the interest in solid assets in gateway markets like Boston. The following table presents hotels within the Boston that have transacted since March 2010.

Supply growth was limited between 2009 and 2013, with a CAAG of 0.3 percent, and is forecast to increase to a CAAG of 1.4 percent from 2014 to 2016. In 2017 and 2018, supply growth is expected to increase to 2.7 and 3.1 percent, respectively. The long-run average annual increase in supply for the Boston market is 1.9 percent.

ABOUT THE DATA

Performance and forecast data used in this article are sourced from PKFC's Boston Trends in the Hotel Industry® and PKF-HR's Hotel Horizons® September-November 2014 Edition. Boston Trends® compiles performance data from approximately 100 hotels in the Greater Boston area, published in a monthly report used by hoteliers, management companies, owners, and other associations as a benchmarking resource and an operational aid. Hotel Horizons® is a quarterly econometric hotel forecasting publication that projects five years of supply, demand, occupancy, ADR, and RevPAR for 55 lodging markets in the U.S.

Projected Performance

The Boston lodging market is expected to continue to perform strongly relative to the rest of the nation. On average, Boston hotels are forecast to see a 9.9 percent increase in

City of Boston Pipeline				
Property Name	**Address**	**Room Count**	**Pro-jected Opening Date**	**Project Phase**
Autograph Collection Envoy Hotel	66 Sleeper Street	136	2015	Start
Hilton Garden Inn Boston Logan Airport	415 McClellan Highway	177	2015	Start
Hotel Commonwealth	500 Commonwealth Avenue	96	2015	Start
The Godfrey Hotel Boston	59 Temple Place	243	2015	Start
element Hotel @ Convention Center	371-401 D Street	180	2016	Start
aloft Hotel @ Convention Center	371-401 D Street	330	2016	Start
Courtyard by Marriott Boston Downtown North	Causeway Street & Beverly Street	210	2016	Final Planning
AC Hotels by Marriott Boston Medford	Wellington Circle	152	2016	Planning
Melnea Hotel	Melnea Cass Blvd & Washington St	145	2016	Planning
Trinity Stuart Hotel & Residence	40 Trinity Place	227	2017	Planning
Four Seasons Hotel @ Christian Science Plaza	Belvedere and Dalton Streets	211	2017	Planning
Source: PKF Consulting USA, STR Inc.				

RevPAR in 2013, greater than the 5.5 percent increase in RevPAR in 2013. Occupancy is projected to increase through 2015 achieving record high levels, before adjusting to a more stabilized level as new supply is absorbed. RevPAR is forecast to increase by a 5.8 percent CAAG through 2018, driven predominantly by increases in ADR.

For year-end 2014, lower-priced hotels are forecast to achieve higher RevPAR growth than upper-priced hotels, at 11.3 percent compared to 9.5 percent. The delta is attributed to the greater opportunity for occupancy growth in the lower-priced hotels, compared to the upper-priced hotels, as demand further strengthens and compression ensues. In 2015 and 2016, we anticipate the trend to reverse, as lower-priced hotel occupancy reaches its peak and RevPAR increases are focused primarily on ADR for all segments.

The greater Boston lodging market has flourished in the recent past. For 2014, hotel occupancies are expected to finish at the highest levels they have been in several years. Average daily rate growth has experienced positive growth since 2010 and ADR is projected to surpass $200 by 2016 for upper- and lower-priced hotels combined. This positive growth in both demand and ADR is expected to continue and lead to an increase in supply in the years to come. ■

Andrea Foster is Vice President; Practice Leader, New England; and the National Director of Spa Consulting for PKF Consulting USA, LLC (PKFC), A CBRE Company. She has nearly 20 years of experience within the lodging industry with a wide range of operations, marketing, business development, financial, and consulting expertise. Ms. Foster was also with PKFC from 2002 to 2006 in the firm's Los Angeles office. She now heads up the Boston office of PKFC.She can be reached at andrea.foster@pkfc.com, or (617)488-7290. Jenna Finkelstein, Consultant, also contributed to the preparation of this article.

Moët et Chandon
circa 1898

The Prevalence of Longevity Among Leading Brands

Bradford Hudson, Ph.D.

The age of firms and the implications of organizational longevity have been recurrent topics of interest among business scholars. However, attempts to catalogue or quantify the age or number of older firms are relatively rare. Even fewer scholars have investigated the longevity of brands, as opposed to the longevity of organizations with which the brands are associated. Such research would provide additional evidence to validate the prior work of scholars in contiguous areas, and assist in assessing the importance of brand longevity by determining its prevalence in the marketplace. Longevity is an underlying issue in a variety of topics such as brand equity, loyalty, nostalgia, and lifecycle. It is also an important conceptual element in the emerging topic of brand heritage. This article offers new research regarding the age of leading brands in a variety of industries. The purpose is not to explore the causes or nature of longevity, but rather to determine the extent of the phenomenon.

Organizational and Brand Longevity

Much of the literature on the age of firms is focused on organizational (or company) longevity, rather than brand longevity. Such scholarship typically emerges from the disciplines of strategy, management, or economics. These publications explore the conditions or principles necessary for a company to survive and grow over extended periods, the nature and dynamics of older firms, the limits to longevity and causes of decline as expressed in the metaphor of the lifecycle, and techniques for overcoming such constraints and extending the life of mature companies.

An analysis by the Harris Corporation of founding dates of organizations listed among the Fortune 500 in 1994 concluded that 193 companies or 39% were aged 100 years or more. Seven of these companies were founded prior to the year 1800 and the oldest was founded in 1781. A separate study of management styles by Richard Hall was based on data from more than 200 existing companies in Britain that were founded prior to the year 1800. It has been estimated that there are several hundred companies worldwide that are at least a century old.

To the extent that it has been accomplished by the research mentioned above, the task of investigating the age of brands has been completed in circumstances where the organizational name and history are identical to the brand name and history. However, in circumstances where these differ, the longevity of the brand must be researched independently. This may occur if a company has traded under a different name than its legal registration, if a company has changed its name, if partners have entered or exited the firm, if a new brand has been created or acquired, if a company has assembled a portfolio of multiple brands, and so forth. Thus the founding date of a brand may be different from the founding date of the organization associated with the brand.

Marketing literature has devoted significant attention to issues relating to older brands. However, the age of brands is often considered incidental to other types of analysis and the raw data about longevity are usually not provided. Standards of longevity are also often unspecified or vague. There has not been any significant research conducted about the age of brands or brand longevity itself, as opposed to its effects or benefits. Apparently there is no brand equivalent of the Harris Corporation study of organizational founding dates.

The Importance of Longevity

The longevity of brands is embedded in scholarship involving processes that evolve over time, or research in which time or duration constitute input data. For example, the concept of brand equity suggests that after new brands are introduced into the marketplace, they may accrue value over time. The concept of loyalty suggests that consumers may become increasingly loyal to products over time, thereby increasing purchase likelihood and reducing price sensitivity. The concept of nostalgia suggests that consumers may have sentimental reactions to brands and products from prior eras. The concept of product or brand lifecycle suggests that a company or its goods may have a limited lifespan in the marketplace.

ABOUT THE RESEARCH SOURCES

The list of brands derived from the *Best Global Brands* report created annually by the consulting firm Interbrand during the period 2001 to 2010, which was also published in *BusinessWeek* during the period 2001-2009. Sources for historical data included *Historical Components of the Dow Jones Industrial Average* from McGraw Hill Financial, the *International Directory of Company Histories* from Gale, the Mergent Online Database, the ProQuest Historical Newspapers Electronic Database, the Trademark Electronic Search System of the European Union, the Electronic Search System of the United States Patent & Trademark Office, and a multitude of websites and publications produced by the companies that own the brands included in this study. Perspective on the historical emergence of industries derived from the work of Alfred Chandler, especially his books *The Visible Hand* and *Scale and Scope*. Background literature about brand heritage included work by John M.T. Balmer, Stephen Greyser, Bradford Hudson, and Mats Urde. Background literature about older brands included work by Stephen Brown, Joel Evans, Gregg Lombardo, Robert Kozinets, and John Sherry. Background literature about organizational longevity included work by Simon Caulkin, Arie de Geus, Richard Hall, the Harris Corporation, and Ichirou Horide. Background literature about historical research methods included work by Mary Fulbrook, Peter Golder, Louis Gottschalk, Terence Nevett, and Ronald Savitt. The complete inventory of sources constitutes more than 500 individual citations. Further details are available directly from the author.

It would be useful in considering such scholarship to have a more precise notion of the longevity of older brands. If events or conditions are predicted to occur at certain points in the evolution of a brand, then it is important to understand the magnitude of the scale of measurement. Such research would also assist academics or practitioners who are studying specific companies with the intention of making future-oriented prognoses or decisions about change. The question of whether brands tend to decline after a certain period of time has important strategic implications for the management of brands of varying ages within a portfolio.

The age and longevity of brands is a subject of particular relevance to scholars concerned with brand heritage. Brand heritage is an emerging concept within the marketing discipline, which suggests that the historical status of older companies may be explicitly linked to their brand identity and consumer appeal. Although longevity may not be a sufficient condition for brand heritage effects to be evident, it is a necessary component. Heritage requires age.

Existing scholarship in the area of brand heritage has not adequately addressed the question of how old a brand must be to qualify for heritage status. In manner similar to the research cited earlier, the standard of longevity is unspecified. There is also uncertainty regarding the prevalence, and thereby the importance, of brand heritage. The question of whether the brand heritage concept could be applied to 5% of brands or 95% of brands has implications for the activities of researchers in the discipline of marketing.

EXHIBIT 1 // ALL BRANDS All 148 brands, sorted alphabetically

Absolut	Compaq	Jack Daniels	Panasonic
Accenture	Corona	Johnnie Walker	Pepsi
Adidas	Credit Suisse	Johnson & Johnson	Pfizer
Adobe	Danone	JP Morgan	Philips
AIG	Dell	Kellogg's	Pizza Hut
Allianz	Disney	KFC	Polo Ralph Lauren
Amazon	Duracell	Kleenex	Porsche
American Express	Ebay	Kodak	Prada
AOL	Ericsson	Kraft	Puma
Apple	Estee Lauder	Lancôme	Reuters
Armani	FedEx	Levi's	Rolex
AT&T	Ferrari	Lexus	Samsung
Audi	Financial Times	LG	Santander
Avon	Ford	L'Oreal	SAP
AXA	Gap	Louis Vuitton	Shell
Bacardi	GE	Marlboro	Siemens
Barbie	Gillette	Marriott	Smirnoff
Barclays	Goldman Sachs	McDonald's	Sony
Benetton	Google	Mercedes-Benz	Sprite
BlackBerry	Gucci	Merck	Starbucks
BMW	Guinness	Merrill Lynch	Sun
Boeing	Harley-Davidson	Microsoft	Swatch
BP	Heineken	Mobil	Texas Instruments
Budweiser	Heinz	Moët et Chandon	Tiffany
Bulgari	Hennessy	Morgan Stanley	Time
Burberry	Hermes	Motorola	Toyota
Burger King	Hertz	MTV	UBS
Campbell's	Hewlett-Packard	Nescafé	UPS
Canon	Hilton	Nestlé	Visa
Carlsberg	H&M	Nike	Volkswagen
Cartier	Honda	Nintendo	Wall Street Journal
Caterpillar	HSBC	Nissan	Wrigley
Chanel	Hyundai	Nivea	Xerox
Cisco	IBM	Nokia	Yahoo
Citi	Ikea	Novartis	Zara
Coca-Cola	ING	Oracle	Zurich
Colgate	Intel	Pampers	3M

Research and Findings

This study involved historical research to determine the age of leading brands. The list of brands derived from the *Best Global Brands* report created annually by the consulting firm Interbrand during the period 2001 to 2010, which was also published in *BusinessWeek* during the period 2001-2009. Each annual ranking included 100 brands, but the overall data set comprises 148 brands that appeared in the rankings at least once. These are listed in Exhibit 1.

After identifying the set of brands, the author conducted historical research to determine the year in which each brand was established, using more than 500 sources. Further information about this can be found in the accompanying textbox entitled "About the Research Sources."

The founding years of brands sometimes differed from the founding years of the organizations with which they were associated. In several instances, there was significant ambiguity or contradiction among the various sources consulted, requiring interpretation by the author. Further information about this can be found in the accompanying textbox entitled "About the Research Methods."

After the historical research was completed, the founding year of each brand was subtracted from the year 2010 (the final year in the data set) to determine the age of each brand. The data about age was then analyzed for patterns across industries and age groups. The results appear in Exhibits 2 through 4.

Analysis of the data set reveals significant longevity among the 148 brands, as indicated in Exhibit 2. The founding dates range from 1743 to 2000, and therefore brand age ranges from 267 years to 10 years. The average age is 93 years and the median age is 87 years. Within the entire data set, 64 brands (43%) are aged 100 years or more, and 5 brands (3%) are aged 200 years or more.

An analysis by industry groupings is provided in Exhibit 3. The three oldest industries (based on average age) are food & beverage manufacturing (141 years), pharmaceuticals (119 years), and financial services (117 years). The food & beverage manufacturing industry constitutes only 16% of all brands, but accounts for 30% of brands aged 100 or more. The oldest brand in the entire data set is the Champagne wine producer Moët et Chandon (founded as Moët in 1743).

The three newest industries (based on average age) are computer hardware, software & services (39 years), followed by hospitality, foodservice & travel (62 years), and finally media, entertainment & information (64 years).

Historical Context

Although the overall findings provide new insight into the extended longevity of leading brands, the findings by industry are generally consistent with prior scholarship in economic and business history. For example, the predominance of the food & beverage manufacturing industry among the oldest brands is consistent with analysis by other scholars.

The influential business historian Alfred Chandler explored the founding of companies and the emergence of industries in his books *The Visible Hand* (1977) and *Scale and Scope* (1990). According to Chandler, the food industry provides a "good starting point" for understanding the growth in the American economy during the later phases of the Industrial Revolution. The food industry was one of the few sectors in which "the modern industrial enterprise had its beginning." The other early sectors he cites are tobacco, heavy machinery, and primary metals. The former has since been diminished by legal settlements, while the latter two are not characterized by strong brands (the presence of Caterpillar in the data set notwithstanding).

Chandler cited several food or beverage companies that are represented among the Interbrand rankings including Anheuser Busch (Budweiser), Campbell's, Coca-Cola, Guinness, Heinz, Nestlé, and Wrigley. Early entrants in this sector were positioned to harness the benefits of first-mover advantage in developing strong brands as the consumer and media economies developed. These companies were pioneers in the modern branding phenomenon.

Some of the newest industries reflect popular narratives about economic development. The youthfulness of brands in the computer industry can be explained by the young age of the industry itself, the relatively recent development of most aspects of computer technology, and the movement of the industry into consumer markets during the past two decades. The media industry includes several brands aged more than 100 years, but these are overwhelmed by a large number of newer brands with operations based on television or internet channels of communication. Again, it seems clear that new technology explains the low average age of these brands.

However, the youthfulness of hospitality and travel brands cannot be explained by the age of the industry or by the novelty of related technologies. Activity in this sector can be traced to antiquity, and technology has arguably not been a major influence on growth, despite the importance of aircraft and computers. Again, a possible solution to this confusion may be found by ap-

EXHIBIT 2 // AGE SUMMARY All 148 brands, summarized by age group

	Number of Brands	Percent of data set	Oldest brand (year)	Newest brand (year)	Oldest brand (age in 2010)	Newest brand (age in 2010)	Average age (2010)	Median age (2010)
Age group (years)								
0-99	84	57%	1912	2000	98	10	55	59
100-199	59	40%	1812	1910	198	100	134	129
200-299	5	3%	1743	1806	267	204	239	245
300+	0	0%						
Subtotal 100+	64	43%	1743	1910	267	100	142	137
Total (all brands)	148	100%	1743	2000	267	10	93	87

EXHIBIT 3 // INDUSTRY SUMMARY All 148 brands, grouped by industry, sorted by decreasing average age of brands in industry

	Number of brands	Percent of data set	Oldest brand (year)	Newest brand (year)	Oldest brand (age in 2010)	Newest brand (age in	Average age (2010)	Median age (2010)
Industry								
Food & beverage manufacturing	23	15%	1743	1961	267	49	141	141
Pharmaceuticals	3	2%	1827	1996	183	14	119	161
Financial services	17	11%	1782	1991	228	19	117	120
Energy	3	2%	1897	1917	113	93	104	106
Personal care	10	7%	1806	1961	204	49	100	95
TOTAL (all industries)	**148**	**100%**	**1743**	**2000**	**267**	**10**	**93**	**87**
Apparel, accessories & jewelry	21	14%	1837	1981	173	29	93	89
Other (various industries)	5	3%	1885	2000	125	10	88	106
Electronics & equipment	15	10%	1847	1998	163	12	86	76
Motor vehicles	13	9%	1900	1987	110	23	79	76
Consumer products	4	3%	1883	1964	127	46	73	60
Transportation & logistics	2	1%	1919	1971	91	39	65	65
Media, entertainment & information	12	8%	1851	1997	159	13	64	53
Hospitality, foodservice & travel	8	5%	1924	1971	86	39	62	59
Computer Hardware, software & services	12	8%	1924	1984	86	26	39	33

plying the principle of scale.

Chandler devotes considerable attention to the size and sophistication of railroad companies, emphasizing their importance as pioneers of the modern corporate form. Otherwise, he completely ignores the hospitality and travel sector, because it remained highly fragmented until the twentieth century. The development of significant scale and scope lagged other industries by at least fifty years, and the emergence of most major hospitality and travel brands did not occur until the 1950s.

One indication of scale is the ability of a company to generate interest from public equity markets. The New York Stock Ex-

EXHIBIT 4 // BRANDS IN SELECTED INDUSTRIES, Selected brands, grouped by industry, sorted by decreasing age

	Age of brand (calculated 2010)	Brand introduced (author year)	Company founded (official year)
Food & Beverage Manufacturing			
Moët et Chandon	264	1743	1743
Guinness	251	1759	1759
Hennessy	245	1765	1765
Johnnie Walker	190	1820	1819
Carlsberg	163	1847	1847
Bacardi	148	1862	1862
Heineken	146	1864	1864
Smirnoff	146	1864	1864
Jack Daniels	144	1866	1866
Nestlé	143	1867	1866
Campbell's	141	1869	1869
Heinz	141	1869	1869
Budweiser	134	1876	1852
Absolut	127	1883	1879
Coca-Cola	124	1886	1886
Wrigley	119	1891	1891
Pepsi	114	1896	1898
Kellogg's	107	1903	1906
Kraft	107	1903	1903
Danone	91	1919	1919
Corona	85	1925	1925
Nescafé	72	1938	1866
Sprite	49	1961	1886

	Age of brand (calculated 2010)	Brand introduced (author year)	Company founded (official year)
Hospitality, Foodservice & Travel			
Hertz	86	1924	1918
Hilton	85	1925	1919
McDonald's	62	1948	1955
KFC	60	1950	1930
Burger King	57	1953	1954
Marriott	54	1956	1927
Pizza Hut	52	1958	1958
Starbucks	39	1971	1971

change was founded in 1792, but the first hotel company was not listed on this exchange until 1945 (Sheraton). Similarly, the first food manufacturing company to be included in the Dow Jones Industrial Average debuted in 1894 (American Sugar), but the first restaurant company did not become part of this index until 1985 (McDonald's).

Implications

The idea that companies decline over time has received attention from a variety of scholars and practitioners. Some observers believe that successful brands must be youthful, while others suggest that companies and products have an inherent lifecycle. The findings of this study, specifically the existence of a large number of brands more than a century old within a group of modern brand leaders, will undoubtedly surprise and challenge such observers.

The results also offer some guidance about the appropriate gauge of longevity for further scholarship related to older brands. Although debate may continue about shorter measures, it seems clear that the intuitively satisfying boundary of 100 years may be applied with some confidence. A significant proportion of firms exceed this milestone, which also exceeds both the average and median age of the sample as a whole, such that it seems to offer a meaningful standard.

The extended longevity of many brands in the Interbrand rankings supports the argument that brand heritage is an important concept. Prior literature discussed the phenomenon of older brands or companies, but such scholarship often relied upon vague conceptual analysis and provided limited evidence. In contrast, this study suggests not only that older brands exist, but that a large proportion of major brands have significant longevity.

The advanced age of many leading brands has implications for practitioners and scholars. For executives within companies that possess older brands, this study suggests the need for stewardship to preserve and protect the equity that resides in historic brands, and for methods to exploit the heritage embedded in such brands for marketing advantage.

For executives within younger companies, this study suggests that opportunities exist to build and preserve equity over extended periods, and that strategic analysis must include consideration of brand heritage effects among older competitors. Brands in the hospitality and travel sector will undoubtedly exhibit heritage effects as they grow older, and the related companies can benefit from insightful management of the history embedded in these brands.

For academics, this study suggests that brand heritage is an important concept within the larger discipline of marketing. The validation of significant age among leading brands informs prior scholarship on a variety of related subjects, and supports the argument that further attention should be directed toward brand heritage effects. ■

ABOUT THE RESEARCH METHODS

The list of brands derived from the *Best Global Brands* report created annually by the consulting firm Interbrand during the period 2001 to 2010. The purpose of this study was to investigate longevity among a group of leading brands, not to evaluate the methodology used to establish the group itself. The Interbrand rankings were used solely to identify a plausible data set for subsequent historical analysis.

The first step involved aggregation of the ten separate annual Interbrand rankings into a single database. Each annual ranking included 100 brands, but the overall data set included 148 brands that appeared in the rankings at least once. Many brands near the top of the ranking appeared every year, while brands lower in ranking have appeared less frequently.

The second step involved assignment of an industry category for each of the brands. These categories were created and assigned intuitively by the author, based partially upon review of the North American Industry Classification System in the Mergent database. The third step involved historical research to determine the founding year of each brand. This process followed methodological principles that are well established for historical research on any topic, but relied mostly on secondary sources. Although primary sources are preferred in historical research, the use of secondary sources is a legitimate and accepted technique in some circumstances. The nature and size of the data set in this study precluded the examination and validation of primary sources for each brand.

Three sources were consulted for every brand. First, the author reviewed the historical narrative about each brand or parent company within the *International Directory of Company Histories*. Second, the author reviewed the official historical profiles provided by the current owners of each brand, which were usually found within corporate websites. Third, the author conducted searches in the online trademark databases of the European Union and the United States Government.

In some instances, there was significant ambiguity or contradiction in the preliminary references and therefore additional sources were consulted. In most cases, the additional sources were also secondary in nature. These included articles in academic journals, books written by historians and journalists, or correspondence with archivists regarding primary sources in their collections. In a few cases, the author was able to find primary sources that could be reviewed remotely. These included historical newspaper collections, which offered definitive evidence of brand usage no later than a particular date.

Ambiguity about dates often required significant interpretation and analysis by the author. Three types of problems occurred routinely. First, many of the brands were founded after the related organization was officially established. This usually occurred because a new product or business unit was subsequently introduced. Sometimes the new product was so successful that the entire company was re-named with the product brand. Second, brand usage sometimes preceded the official company founding date. This typically involved use of the brand by founders in a prior partnership or company. Third, trademarks were sometimes registered years or decades after the first usage.

Therefore legal actions (such as incorporations and trademark registrations) did not always provide reliable measures for the longevity of brands. Rather the primary criterion adopted for this study was the verifiable first usage of the brand as a formal term associated with the provision of a commercial product or service.

Ambiguity was also apparent in older brands that have changed over time. This may have involved changes in spelling, wording, partners, or translation (from the language of origin). This may also have involved the use (formal or informal) of acronyms derived from the original name. The approach in such cases was to adopt the oldest date upon which the name (or part of the name) was first used in a form that would be recognizable to subsequent customers as representing the same business offering.

After the historical research was completed, the final step involved determination of the age of each brand. The author subtracted the founding year from the year 2010, which was the final year in the data set. This was calculated using calendar whole years, with no consideration of the exact date (month and day) of founding.

Further details about research methods, interpretation of evidence, and the determination of specific founding dates for each brand are available directly from the author.

Bradford Hudson is Associate Professor of the Practice of Marketing and Assistant Chair of the Marketing Department in the Carroll School of Management at Boston College. Previously he was a faculty member at Boston University, where he held concurrent appointments as Associate Professor of the Practice of Marketing and Business History in the School of Hospitality Administration and Lecturer in Marketing at the Graduate School of Management. He holds a Ph.D. in business history from Boston University, a master's degree in services marketing from Cornell University, and a certificate in strategy from Harvard Business School. He is a former Fulbright Scholar. Email bradford.hudson@bc.edu

The Parliament, located on the bank of the Danube, built in Neo-Gothic style.

European River Cruises On the Rise Among American Tourists

Melinda Jászberényi, Ph.D.

River cruising is one of the most attractive and rapidly developing areas of international tourism. Beyond the beautiful natural environment of the rivers, architectural attractions along the riverside enrich the experience, providing historical and cultural background that deepens tourists' connections to the city.

With other European cities, Budapest has benefited from the heightened interest in river cruising among tourists. In fact, Budapest won the Best River Cruise Port Award in the American Porthole Cruise Magazine and the Editor-in-Chief Award in 2014. This article provides an overview of Danube river cruise tourism among American tourist experts. It also showcases Budapest, an increasingly important and internationally recognized port of the Danube and capital of Hungary, as a popular tourist destination.

The American market ranks among the top in the number of tourists it sends to Hungary. Consequently, it is one of Hungary's most important partners. American tourists generally consist of travelers over the age of 50, intending to use high-quality tourist services, as well as 30 to 55-year old business tourists. Since 1996, the Budapest Welcome Touristic Travel Agency has organized Hungarian cruise programs for three large cruise companies for approximately 125,000 people per year. In 2013, the number of American guest nights on European river cruises rose more than 10%.

While the idea of a cruise evokes a vacation designed for recreation and relaxation, increases in both demand and competition have given rise to a range of different options for travelers. Cruise programs attend to guest needs are not only served on board, but also on land. By offering new packages and organizing themed tours, cruise enterprises are able to attract new customer segments. Many oversees visitors seek to extend their vacations by staying extra days on land, either before or after the river cruise. Beginning with one week modules, cruise packages can be extended and customized to meet customer's preferences.

The river cruising industry is one of the fastest growing vacation markets. Its growth rate is almost double compared to the overall transportation sector. This industry burst is a result of:

- High standards of living in the primary sender countries of origins of travelers (North and West Europe, United States of America)

- Growing intensity of competition in the market with evolving price wars in countries such as Russia, Ukraine and Bulgaria, as cruise liners are lowering their prices to attract customers

- Appearance of new customer preferences in today's market, such as desire to travel in a manner that enables visits to as many destinations as possible without changing hotel rooms, giving cruise ships an advantage because they can serve guests' needs under safe and luxurious conditions

In the early 2000's, the European river-cruise ship market was dominated by German and Swiss-owned companies. The ships were small in scale with modest designs. Ticket prices were very high. An average Danubian cruise cost $10,000-$12,000 (plus flight). At this time, participants in these programs were mostly retired, older travelers. Since then, the popularity of the European luxury river cruises has risen, beginning with American-owned Viking Cruise company's action to halve prices and thereby initiate a price war.

As larger and more comfortable American-owned cruise ships appeared on the market, and as the tickets fell to half price, demand for river cruising started to increase. Viking Cruises was the leader in price reduction. First, they offered 2-for-1 discounts; later prices fell to almost half their original price. River cruises could be found for as little as $1,000 to $1,500. As the cost of these once expensive journeys dropped, river cruises became available to a wider range of travelers.

A two-tiered pricing strategy exists in the market. First is a comprehensive package that includes all programs, accommodations and catering. Second is a streamlined plan that covers accommodations and basic meals. In the second plan, arrangements for additional services must be paid for separately (i.e. a la carte pricing model).

One indicator of the success of river

Source: HCSO (2012)

cruising is the high occupancy even during the recent economic crisis. In the last five years, the number of passengers taking part in river cruising has risen 10%. It is difficult for cruise companies to keep pace with this demand. Many operators have currently sold out their tickets not only for 2014 but also for the beginning of 2015. In response, cruise liners have the opportunity to enlarge their fleet. Last year, Viking Cruises, one of the largest companies, increased the number of its vessels to thirty-five, purchasing six new ships. This year, the cruise liner plans a further expansion by launching ten new ships.

The countries that send the highest numbers of tourists to Hungary are the United States of America, Australia, Japan, North and West Europe. The primary target group of Danubian river cruising is 50-70 year olds. This group has both more free time and higher discretionary income (with annual salaries of $80,000-$100,000 for Americans as an example). Typically, members of this target group have traveled a lot and are looking for new ways of traveling. They tend to be highly interested in history and culture. The features of this target group have made it possible for the river cruise sector to withstand the negative effects of the economic crises.

European river cruise liners are targeting a wealthier tourist segment than ocean liners. This is because the cost per capita of a river cruise is much higher than an ocean cruise. The river boats are significantly smaller than the ocean ships. Consequently, costs of high quality and expensive technology have to be divided among many fewer passengers. The capacity of ocean liners amounts to thousands of people, while river vessels generally have a maximum capacity of 200 passengers.

River cruise lines are also marketing to potential tourists who do not seem interested in cruising, but who may be attracted

Panoramic view from Buda to Pest side and St. Stephen's Basilica named after St. Stephen, the founder of the Kingdom of Hungary to the wide range of programs and luxury facilities available on the ship. Cruise liners often organize many different themed routes to enable travelers to find a journey that meet their particular interests. Organizers are also working to attract younger tourists, by offering short, family-friendly packages. Marketing campaigns for river cruises often highlight a comfortable, easy way to visit cities less frequented by tourists.

Many European rivers are destinations for tourism. The most popular waterways are the Danube, Rhine, Elbe and the rivers of France and Russia. An important characteristic of sightseeing by ship is that tourists visit multiple cities along the river than engaging in an extended stay in one location. The most significant advantage of this style of sightseeing is the variety. Guests reach new cities every day without tiring travel. New tourist attractions are available each day without changing accommodations. Additionally, a magnificent calm, romantic landscape appears from on board of the ship, a view not accessible from the land. From the river, the noise of the city is softer; travelers are not caught up on hectic sidewalks or in frustrating traffic jams.

The most popular stations of Danubian river cruises are: Passau, Linz, Vienna, Bratislava, Esztergom and Budapest. In 2014, Budapest was ranked the 11th friendliest city for tourists by Conde Nast Traveler. According to the travelers, Budapest is majestic, regal and breath-taking with its rich history and elegant buildings, filled with lovely, friendly people, courteous drivers, and a youthfulness that make the city special.

Budapest is a key destination among European river cruises. With the unique coast of the Danube, world heritage sites on both Pest and Buda side and rich historical and cultural offers, the capital deserves its special place among European river shore cities. The most beautiful view of the city

Budapest panorama, which is part of the world heritage, with Gellért Hill in background

The Royal Palace of Gödöllő is an imperial and royal Hungarian palace located in central Hungary.

Szentendre is a small Hungarian town near the Danube bend, framed in a picturesque, natural setting with the winding river, nearby hills and mountains.

greets passengers arriving on the Danube. The first landmarks they see are the Buda Castle, the bridges over the Danube, and the view of the Danube embankments, which is a cultural world heritage site.

Nearly all of the existing Danubian cruises include a visit to Budapest. Some operators offer further Hungarian stops and buses allow for easy travel to other Danubian coast towns. Sightseeing by bus or on foot enables travelers to customize their journeys to address their particular needs and interests. These excursions on land might include: exploration of religious sites, programs designed for tourists with Hungarian origins, visits to museums and exhibitions, and gastronomy tours. Specific programs might include the discovery of the Royal Castle and Castle District, the Fishermen's Bastion, Citadel with its fascinating panorama, and the world famous baths, such as the Gellert Bath or the Szechenyi Bath from the nineteenth century. Beyond the planned programs in Budapest, visits to Gödöllő Castle Museum (Buda Castle) and the small, romantic, picturesque, Szentendre, are highly desired.

Tourists spend an average of two to three days in Budapest. The highest amount of travelers' exchange is seen in Budapest as the city is either a trips starting point or a final destination. In that case, tourists often extend their Budapest visit with a few guest nights in a hotel.

The annual Condé Nast Traveller Gold List includes cruising in a separate section, testament to the general success this tourism sector. According to 1,300 American tour operators, European river cruises are more popular for American tourists than holidays at the Mediterranean Sea. The 2014 statistics indicate only Caribbean and Alaska journeys are more popular than European river cruises. Within this, the Danube has a valuable position among European rivers, creating a positive potential for Budapest tourism. ■

Melinda Jászberényi, Ph.D. is an Associate Professor of the Centre for Tourism, Institute of Marketing and Media in the Faculty of Business Administration at Budapest Corvinus University where she is the program leader of Bachelor of Sience (BSc) in Tourism and Hospitality. She has PhD degree in transportation from Budapest Corvinus University and master degree from Budapest University of Economics.
Email:jaszberenyi@uni-corvinus.hu

Building A Spirit of Inclusion: Pan Am and The Cultural Revolution

Mirembe B. Birigwa

The legendary Pan American World Airways remains a bastion of nostalgia and cultural significance and serves as a case study in how airlines adapted their hiring practices to reflect the social movements of the 1960's and 70's. To maintain a competitive advantage, top companies thriving today are tasked with conveying a message of inclusion that matches the expectations of the traveler. The Civil Rights and Women's Liberation movements motivated Pan Am to update their messaging to accommodate a broader audience and translate that shift to the marketplace. One of the solutions included reinterpreting strict Eurocentric beauty codes to suit a more diverse workforce. Pan Am also released advertising campaigns that highlighted African American flight attendants. My mother and her colleagues were a part of the drive to change Pan Am's perception of exclusivity.

Pressure from the Civil Rights Act of 1964, including discrimination lawsuits against airlines, contributed to Pan Am increasing the number of diverse hires. From 1958 to 1969, 0.79 percent of Pan Am

MISS PHILADELPHIA, Meredith G. Flershem, of Chestnut Hill, is flanked by first runner-up Sheila E. Nutt (right), of West Oak Lane, and second runner-up Susan E. Epstein, of Fullerton, after winning the title in the auditorium of the center-city Strawbridge & Clothier department store.

Left, Sheila Nutt was 1964 Miss Philadelphia first runner-up.

stewardesses were African American. My mother Dr. Sheila Nutt recalls being one of a few African American women sitting in the waiting room at the Pan Am interview held in Philadelphia in 1969. I also spoke with Oren Wythe, pictured in the Pan Am advertisement that ran in all major publications including Time Magazine and Newsweek. Oren grew up in Philadelphia as well. A talented violinist and excellent student, her French language fluency aligned with the iconic-style of the Pan Am brand. In the advertisement beneath a picture of her and a smiling team of Pan Am flight attendants reads, "Pan Am, The Spirit of '75." Flying during the seventies entered Oren into the unexpected role of cultural ambassador as the hospitality industry transitioned towards workplace inclusion.

While researching the integration of the airline industry, I sat down to speak with my mother, who now serves as the Director of Educational Outreach Programs in The Office for Diversity Inclusion and Community Partnership at Harvard Medical School. Following her fifteen-year tenure with Pan Am she wrote her Doctorate dissertation on Flight Attendant Stress and earned an Ed.D from Boston University in 1986. As a passionate advocate for diversity and inclusion, we spoke about implementing change in turbulent times and the effects of the historical movements on the aviation industry.

[Birigwa:]How did you find out about a career with Pan Am and were you concerned that you may not fit the standards of beauty?

[Nutt:]I entered beauty pageants while attending Girls High School located in Philadelphia in the 60's. I first won local contests and was featured in Jet Magazine, a nationwide African American lifestyle publication. At that time the Civil Rights Act of 1964 created a policy that mandated diversity in all American institutions. I was first runner up for the title of Miss Philadelphia, a registered contest of the Miss America pageant. A fellow contestant who shared my disenchantment with the idea of becoming a teacher or a nurse as women were expected at that time—she told me the airlines were hiring. I felt a need to explore the world beyond my current reality so I applied to Pan Am with a friend, and together we were invited to interview at a local hotel. I was aware of the strict codes of appearance, however, at that time it was fashionable for women to groom themselves with great detail, never allowing a hair out of place and always keeping light, friendly make-up and of course a smile. The pageant world prepared me for the poise and demeanor necessary to stand out during the interview. I was used to being

THE CIVIL RIGHTS ACT OF 1964

President Lyndon Johnson signed the historic legislation to end racial bias in education, voting practices, places of public accommodation and employment. The Act ensured legal repercussions for hiring or terminating the employment of an individual on the basis of color, race, religion, or national origin. Title VII of the act created the Equal Employment Opportunity Commission (EEOC) to implement the law.

MISS SHEILA NUTT

Local Girl Finds Miami Gateway to World Travel

Right, Stewardess' were subject to high fashion and beauty standards. *Far right,* Sheila Nutt featured in a local Philadelphia newspaper.

judged. I knew right away when I arrived that I was in the right place. All I had to do was get through the various levels of medical and language testing. The interviewer asked me a few questions in Spanish about where I liked to travel. I was able to answer correctly and he seemed to have a look of approval. Walking out of the interview I noticed I was one of the only African American women in attendance. I felt confidant that I made a good impression and that my life was about to change.

What challenges did you face as an African American Woman once you were hired?

Arriving in Miami and meeting my soon to be roommates posed a challenge in terms of finding accommodations. I felt the rental companies were not keen on renting to an African American woman and a colleague made a comment that we would have found a place if I was not with them. We were young women from various regions in the United States and it was 1970, so we had to navigate various racial attitudes and beliefs we held about each other.

Flying also posed unique challenges when certain passengers unaccustomed to seeing African American women on the international flights often did not believe we were American. When passengers were unruly we found ways to express our discontent like withholding pillows or taking a longer time to respond to their call buttons. We also used our hair to express who we were. At that time an Afro was popular hairstyle for women to show solidarity to the Civil Rights and Women's Liberation movements. Crossing the Atlantic with an Afro fluffed under a pillbox hat was an act of defiance that somehow made it through the appearance requirements before each flight. Some airlines banned the style. Traveling to Africa for the first time increased my self-confidence and affirmed my choice of self-expression through my appearance. I was able to make a statement about my personal politics that passengers interpreted as a subtle hint that I expected to be treated politely.

How were you affected by the change in corporate policies between 1969 when you first began flying and 1978 when the deregulation of the Airline Industry occurred?

Dr. Sheila Nutt, Ed.D earned her doctorate the Boston University School of Education. She wrote her Doctoral dissertation on flight attendants and occupational stress.

When I first started flying I interpreted my role as beyond a caregiver. In the beginning we were poised to increase the comfort of our passengers flight experience in a way that mirrored the gender ideals of women as rulers of the realm of the domestic. Not only could we comfort an uneasy passenger, deliver a four course meal with dessert and beverage service--we could also execute an evacuation if necessary. We were prepared to change a diaper or two and kept diapers and bottles aboard the plane. It was not uncommon for a tired mother to hand us her infant to care for while she rested. Our role was to anticipate the needs of our travelers as well as rise to any technical challenge that may occur at 35,000 feet.

The Deregulation Act shifted the focus from training, discipline and customer service to strictly transporting persons in large numbers from point A to Point B. Where Pan Am once was the epitome of customer service, a stalwart of manners, diplomacy and luxury, the influx of many smaller airlines capable of moving large numbers of passengers for the least amount of money made it difficult to compete. We tried to for a little while, yet we were union organized and the smaller airlines were not, so they could afford to pay their flight attendants a lot less than we were paid. As well, there was an issue of the high cost of fuel at that time.

Deregulation completely changed the atmosphere of travel. The industry took a different path and the airline industry as a whole lost its luxurious feel. It was an end of an era when stewardesses shifted from glamorous icons to working-women balancing careers and families. Shortly before I started flying in 1970 it was customary to quit once you became pregnant or married. Pan Am had to change with the times. The general atmosphere was more relaxed.

When you were hired, did you believe you would remain a flight attendant for the rest of your working life?

THE AIRLINE DEREGULATION ACT

In 1978 Congress ended government regulation of the airline industry including ticket pricing, routes and entry. The Deregulation Act paved the way for a drastic shift in air travel as Low Cost Carriers (LCCs) with decreased fares and minimal amenities competed with the largest airlines. The Jet-Set era of personalized care and glamour declined as quality of service became secondary to airfare.

When I was in training school the very first day I sat in the classroom, I knew that Pan Am was the ticket to my future. I was valedictorian of my training school class and I wasn't sure what I would do with the rest of my life, I wasn't sure what my position would be, but I knew that Pan Am was the vehicle for me to fulfill my destiny. ■

Mirembe B. Birigwa is a writer who has contributed to Harvard Business Review reports and Huffington Post blogs. She is currently documenting the experiences of African-American Pan American Airways flight attendants. She holds a BA in English from Wesleyan University.

Re-imagining The Hotel Guestroom for The Millennial Business Traveler

Alexis Oliver

By now we've all heard the forecast: the Millennial Generation is set to take the country's business travel industry by storm. By 2020, Millennials will make up 50% of U.S. business travelers, and will carry $1.3 trillion to $1.7 trillion in total spending power, according to Jeff Fromm, a marketing specialist and co-author of the book "Marketing to Millennials: Reach the Largest and Most Influential Generation of Consumers Ever."

Almost every major brand in the lodging industry has allocated considerable resources toward capturing the attention and loyalty of this new breed of guest. As a hospitality designer, I've spent countless hours poring over the consumer insights presented to me by those brands in an effort to extrude them into successful physical spaces. This is, of course, how I approach every project, but as a 30-something, I am, in this instance, in the rare position of being my own target demographic.

Much has been written about the importance that Millennials place on unique or novel travel experiences. It is important to note, however, that this is not the same ilk of novelty that is usually associated with Ian Schrager and the boutique hotel movement of decades past. While wit, authenticity, and sense of place are strongly valued by my generation, so too is transparency. Millennials are drawn to thoughtful function, minimalism, and visible high-quality craft.

We somehow manage to hate consumerism while voraciously consuming. We drive unsexy hybrid cars, buy Levis over designer jeans, and eat local, sustainable, organic, inglorious, "slow" food. We subscribe to the "buy one, give one" business model that drives iconic Millennial brands like Toms and Warby Parker. We are a generation that prizes the appearance of egalitarianism and shuns apparent snobbery, and we are willing to absorb the added cost of life choices that we perceive as "meaningful." That which is simple and clear is far more prized than anything flashy or fussy.

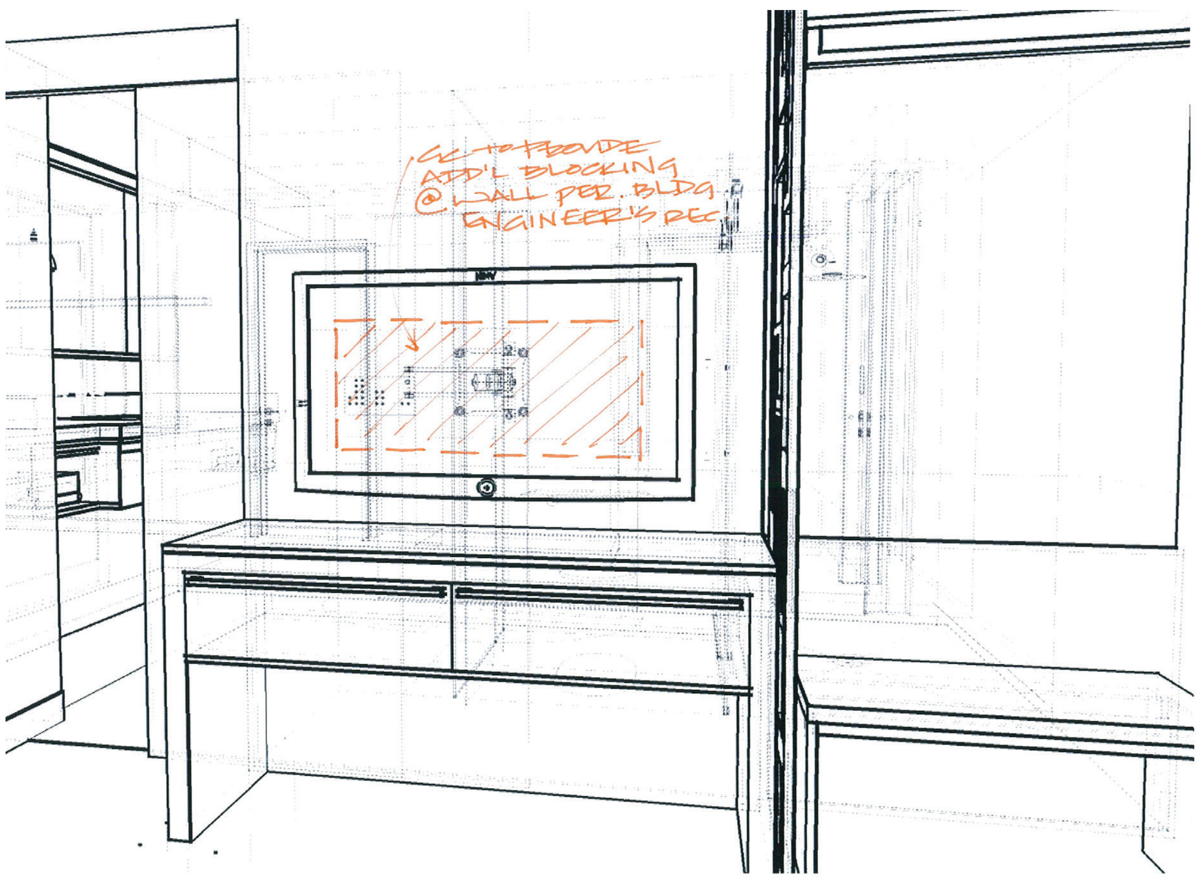
Because we live in a universe where we are constantly bombarded with information, it is the rare moment of "silence" which feels most indulgent. This drastically changes our definition of need versus luxury, and in doing so offers us a new yardstick with which to measure "good design." So how can the hospitality industry more effectively cater to the basic needs of the Millennial business traveler?

Connectivity, not cable.

The average 30-year-old guest travels with at least a laptop and a smart phone, and often a tablet and second phone. Fast and free WiFi in all rooms is table stakes for the Millennial guest. So is having ample opportunity to charge devices.

In 1951, Hilton became the first hotel chain to install televisions in every guest room. Today, cable TV, on a large screen, is universally accepted as a basic amenity in hotel guest rooms at both full- and select-service properties.

The average hotel guestroom size in the US is about 325 square feet. Subtract 100 or so square feet of that for bath and entry areas, and we're left with a living space that is, on average, twelve by nineteen feet. With the exception of, perhaps, artwork, there is no accessory or piece of equipment in the average guestroom that is more massive than the TV set. There is certainly nothing else in the room that demands so much real

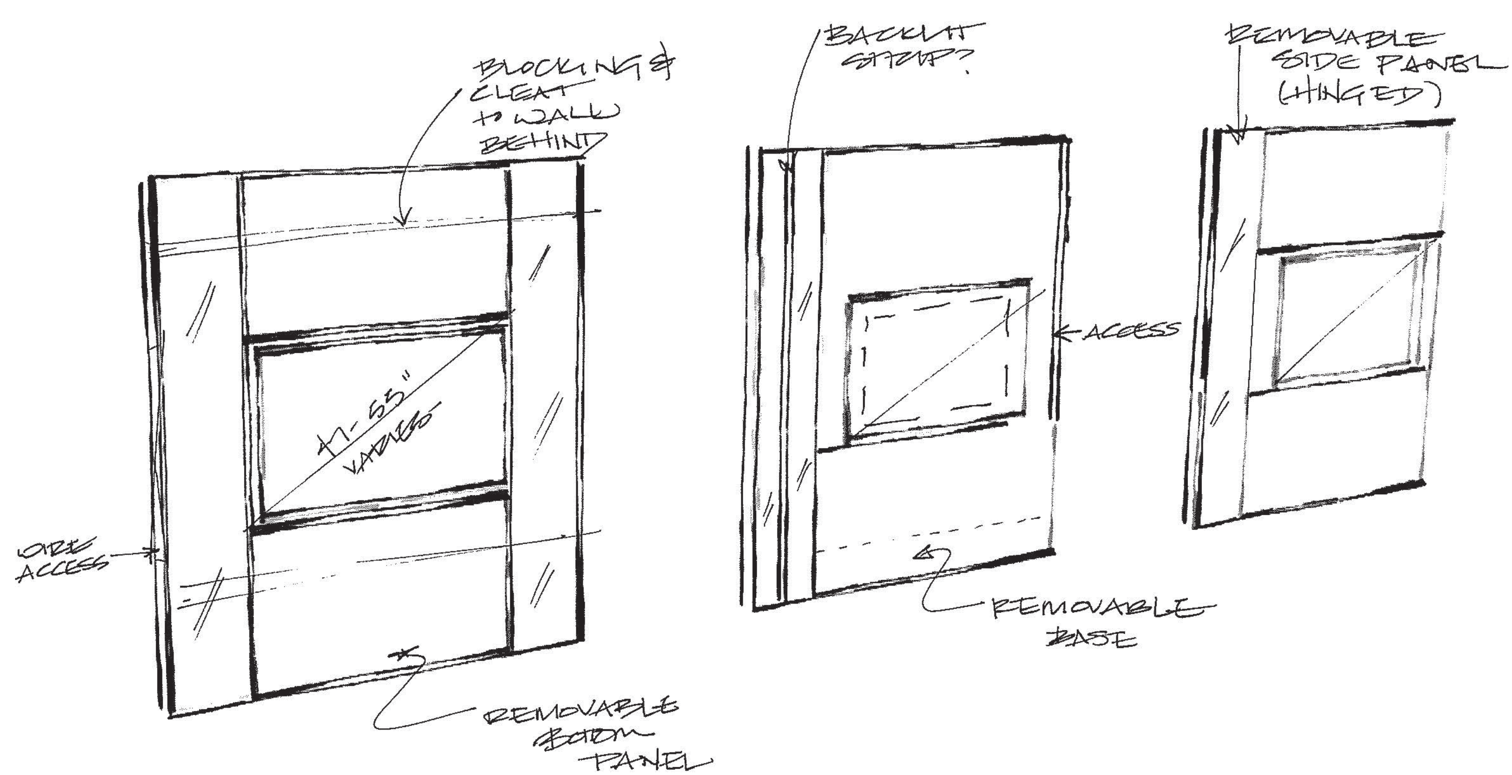


estate when not in use.

As a designer, I can attest to the fact that there is no inexpensive way to camouflage a large television in a small room. My colleagues and I are thus tasked with developing construction details and furniture pieces that support, house, or even highlight these large screens, while concealing the myriad cables and substantial structural reinforcements they require.

This summer LG announced the development of an OLED-based television that is so thin and pliable it can be rolled into a three-inch-diameter tube when not in use. Per the prominent tech news site Mashable, LG claims it is "confident it'll be able to build a 60-inch 4K TV that's both transparent and flexible by 2017." From an investment standpoint, it seems these television sets we so diligently work to accommodate are far from "future-proof" in either performance or appearance. In spite of this, I have found that there is a often a willingness among owners to pay for new televisions to replace existing units at a 1:1 ratio, a cost that includes not only the TV sets themselves (most often 47" or 55" models), but also the requisite revamp of any associated cabling infrastructure and video distribution systems.

What's ironic about this is that most Millennial travelers already choose to view video content on their laptops, tablets or even phones, where they can access their Netflix, Hulu, Amazon Prime and HBOGo accounts, rather than flipping through unfamiliar channels, begrudgingly beholden to real-time programming, using a tv remote that is largely perceived as one of the least sanitary objects in the room. Last week I came across an article from the website lifehacker.com, entitled "Get Around Hotel Wifi Blocks and Use Your Chromecast When Traveling." The article per se was little more than a blurb pointing to the original source of this "lifehack," but it was – tellingly – followed by 77 reader comments in which a much more lengthy discussion of the topic ensued. True to form, the Millennial traveler will almost inevitably try to "hack" whatever technology we find in our rooms in order to turn it into a system that better suits our needs.



These small panels allow hotel guests to connect their device-to-tv.

Rather than offering tech amenities that are prescriptive, brands and property owners would be wise to re-imagine in-room technology as a versatile platform that supports a wide range of guest-provided devices. There are already several products on the market today, for instance, that offer device-to-tv connectivity for hospitality applications. These panels are only slightly larger than a deck of cards, require no special cabling, and currently cost roughly $150 per key. They are exactly what every business traveler under the age of 35 wants to encounter in their room, but they're an extremely difficult sell, because they're perceived as a luxury rather than a basic amenity. The TV is certainly still an essential element in the Millennial traveler's ideal guestroom, but its purpose there is to act as a vehicle for custom content that is "programmed" by each individual guest via a Bluetooth or HDMI connection (and, more often than not, an internet connection as well).

Things should have a prescribed place, actions should not.

Let's revisit that 225 square foot living space I mentioned earlier. The average hotel room takes that 225 square feet and fills it with a king size bed, a lounge chair and side table, a desk and task chair, and a dresser or armoire. The issue with this layout is twofold: first, there is the sheer bulk of all those furnishings, second it is functionally rigid.

While I won't go so far as to say that the age of the MacBook Air has rendered the standard desk-and-task-chair completely obsolete as the "workstation" in a guestroom, it has certainly leveled the playing field. Millennial guests regularly work on the bed, for instance. This is especially true if the desk is the only available hard surface in the room, when it often becomes a place to eat, iron clothes, or charge devices. The lounge chair, meanwhile, largely serves as a kind of catch-

Flex Furnishings provide a guest with a small piece of furniture that has multiple uses including seating, storage, and table-top space.

© Edouard Hannoteaux / OXYO

© Edouard Hannoteaux / OXYO

all for clothes and shopping bags, or for the roughly 1/3 of Millennial travelers who live directly out of their suitcase for the duration of their stay, the lounge chair becomes a makeshift luggage valet.

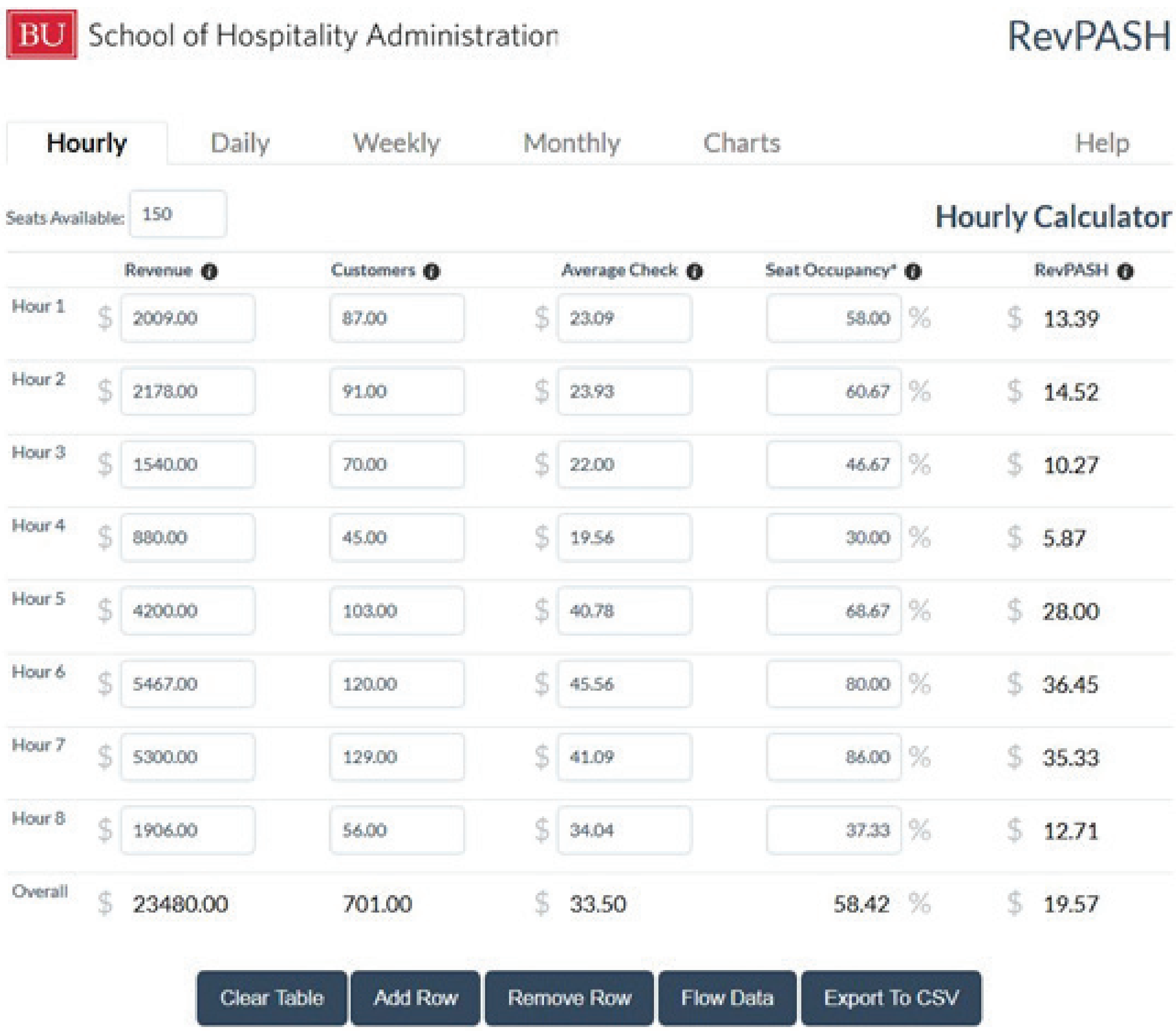
It is important to the over-stimulated Millennial guest to see their hotel room as a respite from the busyness of the workday and the demanding nature of travel. We desire a feeling of thoughtful spaciousness and order, as well as a sense of flexibility. We crave a room that offers a place for each of our belongings while inviting us to lounge, work, or socialize without a the implication of a pre-designated area for each activity.

From a design standpoint, the task at hand is to invert the existing guestroom paradigm by letting the form of the furnishings be defined by the actions of the guest (sort of a "Mies for the new Millennium" approach). This means developing guestrooms that feature multi-purpose furnishings, plenty of clear horizontal space, ample access to power outlets, and well-planned lighting.

The widespread criticism of Millennials as narcissistic and entitled may or may not be deserved, but there is no denying that we are a resourceful and motivated bunch, unburdened – however annoyingly – by a fear of failure. For the Millennial generation, if the proverbial shoe doesn't fit, we'll use freeware and 3d printing to rapidly proto type a new shoe, secure venture capital funding for our start-up shoe company, grow it into a profitable business through a clever viral marketing campaign, and then sell the company to Amazon. We are hackers of all things, and we prize adaptability, not only in the ether, but also in the physical realm. ■

The Flex Furnishing Maisonsette furniture takes up little space and allows flexibility of function and placement.

Alexis Oliver is a New York City-based interior architect with over 10 years of experience in the hospitality design industry. She is currently a Senior Designer at Krause+Sawyer, and was previously a Project Manager at the Rockwell Group. She has worked with developers and brands such as Host Hotels and Resorts, Starwood, Marriott, and Hilton on four- and five-star projects across three continents. She hopes to eventually stay at the properties she works on after they are renovated. Alexis holds a BA in Architecture from The University of Pennsylvania. She can be reached via email at ao@alexisoliver.com



	Revenue	Customers	Average Check	Seat Occupancy*	RevPASH
Hour 1	$ 2009.00	87.00	$ 23.09	58.00 %	$ 13.39
Hour 2	$ 2178.00	91.00	$ 23.93	60.67 %	$ 14.52
Hour 3	$ 1540.00	70.00	$ 22.00	46.67 %	$ 10.27
Hour 4	$ 880.00	45.00	$ 19.56	30.00 %	$ 5.87
Hour 5	$ 4200.00	103.00	$ 40.78	68.67 %	$ 28.00
Hour 6	$ 5467.00	120.00	$ 45.56	80.00 %	$ 36.45
Hour 7	$ 5300.00	129.00	$ 41.09	86.00 %	$ 35.33
Hour 8	$ 1906.00	56.00	$ 34.04	37.33 %	$ 12.71
Overall	$ 23480.00	701.00	$ 33.50	58.42 %	$ 19.57

Introducing RevPASH: The Free Webtool Application

Dr. Peter Szende, Dr. Kristin Rohlfs, and Roy Madhok

RevPASH (Revenue Per Available Seat Hour) is an important measure that helps restaurant operators understand how efficiently each seat in a restaurant generates revenue. The RevPASH app is an easy-to-use web-tool that provides an operator with a quick way to input a few relevant numbers and calculate RevPASH.The application has the ability to compare RevPASH over different times, days, weeks, and months. **Visit the application at www.bu.edu/RevPASH on your computer or mobile device.**

Expected Benefits for Restaurant Operators

Restaurant operators will be able to quickly understand the efficiency of the seats in their restaurant, therefore helping operators determine areas of their operations that can be altered in ways that maximize revenues. The application enables restaurateurs to use data to help make educated decisions in many areas, such as when to expedite service delivery, change price, modify function space, and institute marketing strategies.

Expected Benefits for Students and Educators

Students will learn hands on how different factors impact the top line of a restaurant. The application gives students the ability to analyze examples with great depth. The manipulation of actionable data helps students think critically regarding potential changes to restaurant operations, marketing, and more. (continued on p. 38)

Locking Mechanism
In order for the user to understand the relationship between different variables, the RevPASH application allows you to lock various fields. The locking mechanism enables you to pick which variables are affected by a change in the data input.

About the Authors

Dr. Peter Szende
Dr. Peter Szende is a full time faculty member at Boston University School's of Hospitality Administration with over 25 years of management experience in the hospitality industry both in Europe and North America.

Dr. Kristin V. Rohlfs
Kristin V. Rohlfs is an independent consultant and researcher based in Rochester, New York. Her research interests focus on small-business application of operations management and revenue management and customer reactions to revenue management practices.

Roy Madhok
Roy Madhok graduated from Boston University's School of Hospitality Administration and is currently a Director of Revenue Management with Highgate Hotels.

The Web Application Developed by Robert Fera and Andrew Bauer, of the Boston University IS&T Web Team.

For more information, please visit www.bu.edu/RevPASH

Information for Readers

Approach

Boston Hospitality Review is an interdisciplinary journal devoted to scholarship and reflection about the theory and practice of hospitality as a business activity and cultural phenomenon. It is published for the benefit of academics, industry practitioners, and the interested public by the School of Hospitality Administration at Boston University.

Authors

Prospective contributors should review the author guidelines on our website prior to submitting manuscripts.

Notices

Opinions expressed in Boston Hospitality Review are solely those of the authors. Boston University and the editors do not necessarily agree with, nor do they endorse, these opinions. Boston University and the editors do not endorse companies or products that may be mentioned in articles. The inclusion of such firms is solely at the discretion of the authors. Authors may have ownership interests, consulting arrangements, or other business relationships with these companies.

Copyright and Servicemark

Reproduction

Readers are welcome to share articles within their professional and personal networks. This means that individuals and organizations may reproduce and distribute unabridged articles, without permission or royalty fee, provided that the materials are distributed without charge. This permission extends to text excerpts, provided that attribution is given to the journal and the authors. However, this permission does not extend to visual excerpts of any type, such as photographs, which may never be reproduced separately from the articles in which they are embedded. For situations in which articles or excerpts are resold for a charge, permission is required and a royalty fee may be imposed. These regulations apply to all forms of reproduction, distribution or transmission, in any form or by any means, electronic or mechanical, including photocopy, recording, digital representation, or any information storage or retrieval system.

Image Credits

Exhibits (tables, charts, and diagrams) are usually created by the authors and revised by the editors. Photographs and artwork may be suggested by the authors, but are selected by the editors. Photographs and artwork are obtained by the editors from the creators or owners of the images, from the inventories of stock image companies, or from historical sources that are exempt from copyright. Readers should assume that all images in this publication are protected by copyright. Credits for this issue are as follows.

Front Cover: Danube at Night: Permission from the photographer, Adam Molnar. Passengers Boarding 707 Jet Clipper: Bettmann/CORBIS. John Hancock Tower and BPL: Daniella Nowtiz/Corbis. 1960s View of Pan American International Terminal: Dunigan/Corbis. Hotel Sketch: Sketches are from the authos personal collection. Inside cover: Sunrise over the Charles River, the BU Bridge, and campus: Boston University Photo Library. Boston Market Hotel Review (Foster): Boston Harbor Hotel at Roews Wharf: Richard T. Nowitz/Corbis. Boston Convention and Exposition Center at dusk: Dermot Conlan/PPSOP/Corbis. The Prevalance of Longevity Amongst Leading Brands (Hudson): Moet et Chandon: Corbis (Stapleton Collection). European River Cruises On the Rise Among American Tourists (Jàszbernèny): Danube River Cruise photos: Permission from the photographer, Adam Molnar. The Royal Palace of Gödöllő photo courtesy of Gödöllő Royal Palace Website. Szentendre photo courtesty of Irany Szentendre Website. Building A Spirit of Inclusion: Pan Am and The Cultural Revolution (Birigwa) Stewardess standing in front of mirror: Frontier Airlines Advertisement (Original Standards of Beauty) : 1980-81 Official Guide to Stewardesses and Steward Careers, p6. Copyright 1980 by Alexander C. Morton, Arco Publishing, Inc NY, NY. Photos of Sheila Nutt are from the authors personal collection. Re-imagining The Hotel Guestroom for The Millennial Business Traveler: Sketches are from the authors personal collection. Flex Furnishings photos from Edouard Hannoteaux/OXYO.

Offices

Boston Hospitality Review
School of Hospitality Administration
Boston University
928 Commonwealth Avenue
Boston, MA 02215
USA
617-353-3261
bhr@bu.edu

Website

www.bu.edu/bhr

ISSN 2326-0351

Boston Hospitality Review
School of Hospitality Administration
Boston University
928 Commonwealth Avenue, Boston, MA 02215, USA
617-353-3261 // bhr@bu.edu // www.bu.edu/bhr