

Hilton - Scaling Undergraduate by Hilton

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Decision scope: Initial market and owner rollout for Undergraduate by Hilton

Case convention: This is a hypothetical classroom strategy exercise. The alternatives and decision assignment are not disclosed Hilton plans or private deliberations. Company disclosures and the launch announcement are historical. Use only information available by the cutoff.

The decision

On June 1, 2026, Hilton launched Undergraduate by Hilton, an upper-midscale brand intended to expand its presence in college and university markets. Hilton described it as a complement to Graduate by Hilton, with a flexible model for new builds and conversions. It said the concept could have long-term potential for 400-500 hotels and anticipated the first opening in 2027. The release did not report any opened properties or an Undergraduate-specific development pipeline. [1]

Hilton must decide how to translate that ambition into its first wave of markets and owner agreements. A broad conversion-led solicitation could build reach and momentum quickly, but the brand has not yet demonstrated its economics or guest experience. A staged set of campus-market and owner pilots could generate evidence before wider expansion, but it may slow signings and fail to capture markets that fit the proposition.

Assignment: Assume Hilton's strategy team has been asked to recommend the rollout approach for the first set of Undergraduate markets and owners. Should Hilton pursue a broad conversion-led rollout toward the stated long-term potential, or use a staged pilot with market, owner and quality gates before widening the offer? Identify the evidence that should determine the next wave and the conditions that would cause Hilton to pause, adapt or accelerate. This hypothetical assignment does not imply that Hilton disclosed such a pending internal decision. Keep the distinction between announced long-term potential and committed projects explicit.

A brand for more campus markets

Hilton described Undergraduate as a flexible upper-midscale offer designed for travelers visiting college towns: students and families, alumni, sports fans, business travelers and conference attendees. Hilton said that campus visits, athletic weekends and other gatherings create consistent demand throughout the year and can pressure local hotel availability. It positioned Undergraduate as an off-campus social hub and said the format could use both new construction and conversions. These are Hilton's claims about the product and market; the launch materials provide no campus-by-campus demand or owner-return data. [1]

Undergraduate builds on Hilton's existing Graduate by Hilton brand. Hilton described Graduate as upper-upscale and bespoke; Undergraduate would use a more flexible prototype and serve a

broader range of campus markets. Hilton characterized its model as more efficient and scalable for owners. Its announcement put the first Undergraduate opening in 2027, after this case's decision date. [1]

Exhibit 1. What Hilton announced

Item	Publicly stated by Hilton on June 1, 2026
Positioning	Upper-midscale; designed for college and university markets
Relationship to Graduate	A complementary collegiate-hospitality offer; Graduate is upper-upscale and more bespoke
Development model	New builds and conversions; flexible development model
Guest occasions described	Campus visits, athletic weekends, campus gatherings, business and conference travel
Long-term potential	400-500 hotels, as stated by Hilton
First opening	Anticipated in 2027

Source: Hilton's launch announcement. "Potential" is not a forecast, contract count or committed pipeline. Its year-round-demand and scalability statements are management claims, not independent measurements. [1]

Hilton's growth model

Hilton operates a large, multi-brand hotel system. At June 30, 2026, it reported 9,453 properties and 1,384,842 rooms across 144 countries and territories, with 260 million Hilton Honors members. Its business has two reportable segments: management and franchise (M&F), and ownership. Franchised hotels are operated by third parties, while Hilton provides a brand and commercial services in exchange for fees. Owners typically provide the capital to build, renovate and maintain third-party hotels. [2]

Hilton said it evaluates a proposed hotel's location, owner credit and other factors before adding it to the development pipeline. It also cautioned that inflation and elevated interest rates can delay openings and new development. Nearly all of the 541,300 rooms in its June 30 pipeline were expected to enter the M&F segment. The pipeline included 3,853 hotels; nearly half of the rooms were under construction and more than half were outside the United States. Hilton approved 42,900 rooms during Q2. These figures show the scale of Hilton's development system; they do not identify Undergraduate signings or guarantee that planned hotels will open. [2, 3]

Exhibit 2. Selected Hilton scale and operating indicators

Measure	June 30, 2026
Properties	9,453
Rooms	1,384,842
Countries and territories	144
Hilton Honors members	260 million
Development pipeline	3,853 hotels / 541,300 rooms
Q2 rooms approved for development	42,900
Q2 systemwide comparable RevPAR growth	3.9% year over year

Sources: Hilton Q2 2026 Form 10-Q and July 28 earnings release. The reported RevPAR change is a company-wide comparable statistic; it does not measure campus-market demand. [2, 3]

Growth through franchise or management agreements can expand Hilton's fee-based business without Hilton funding most hotel real estate. The arrangement also makes Hilton dependent on owners and operators to deliver the brand promise. Hilton's filings say it approves sites and facility plans for new franchise hotels, inspects franchised properties, and can require property-improvement plans or terminate contracts for certain defaults. Hilton also warns that owner underinvestment can harm brand quality, while standards owners view as too costly or restrictive can make contracts harder to secure or renew. [2, 4]

That balance matters for conversions. A conversion path may make more campus sites and owners eligible, but existing buildings vary in layout, condition, staffing and neighborhood. An attractive sign-up count would not by itself show that owners can finance the required work, open on time, meet standards or generate a compelling guest experience.

The market proposition is not yet measured

Hilton's launch statement points to several potential demand sources: visits from prospective students and families, alumni travel, athletic weekends, conferences and business visits. The same mix creates questions. Do busy weekends compensate for softer weekdays? Are rates and occupancy strong outside event dates? Does the upper-midscale offer reach customers who would not choose Graduate, or redirect existing Hilton demand to another Hilton brand? Does a conversion format preserve the social-hub experience across different buildings?

The public announcement supplies no college-market demand curves, comparable hotel-set data, guest-preference research, conversion costs, franchise terms, owner return analysis or cannibalization estimates. Hilton reported strong systemwide Q2 RevPAR growth, but the national and regional averages cannot settle these property-level questions. [1-3]

Exhibit 3. Questions for the first wave

Decision area	What is known	What the team still needs to learn
Market demand	Hilton says campus travel spans multiple guest types and occasions.	Event vs. non-event and weekday vs. weekend demand; rates, occupancy, seasonality and local supply by campus market.
Owner readiness	Hilton uses location and owner-credit review in pipeline approval.	Conversion investment, financing, realistic opening date, owner returns and ability to sustain staffing and quality.
Guest proposition	Undergraduate is upper-midscale, collegiate and designed as an off-campus social hub.	Willingness to pay, guest satisfaction, repeat use, Honors contribution and whether the social-hub idea works across varied buildings.
Brand architecture	Hilton calls the new offer complementary to Graduate.	Guest understanding of the distinction; substitution with Graduate or other Hilton brands; effect on brand perceptions.
Standards	Hilton says it approves plans, inspects properties and uses improvement plans and contract remedies.	Undergraduate-specific design requirements, audit measures, enforcement cost and owner reaction to standards.

Competing explanations

The evidence allows more than one interpretation. Hilton may have identified an underserved, year-round campus segment where a flexible upper-midscale offer can convert suitable properties and complement Graduate. Or, demand may be concentrated in event peaks, while the proposed brand, building requirements and owner economics remain untested.

Hilton Honors distribution and the company's development platform may help a new brand reach guests and owners. Yet broad portfolio reach does not prove that college travelers recognize the distinction or that an existing Hilton hotel would not lose demand to the new offer. Graduate's character-rich upper-upscale positioning may leave room below it-or an adjacent brand may blur the portfolio.

Hilton's control mechanisms can protect consistency, but demanding standards can increase conversion cost and reduce the pool of financeable projects. A staged pilot may reveal which balance works. A broad rollout may instead be needed to create owner and customer awareness; delaying signings could sacrifice suitable locations. No public data establish which explanation is correct.

Decision

Choose an approach for the initial Undergraduate markets and owners. State whether you recommend a broad solicitation, a limited pilot or a different sequence. Define:

1. The market and owner evidence required before signing and before opening.
2. The brand and property standards that are essential, and where local adaptation is acceptable.

3. Measures that should determine whether Hilton expands, changes the format or pauses.
4. The strongest objection to your recommendation and the evidence that would change your mind.

Any market thresholds, pilot size, timing or performance targets you propose are your assumptions, not Hilton policy. No alternative is established as the correct choice by the available evidence.

Sources and conventions

[1] Hilton, “[Hilton Launches Undergraduate by Hilton](#)”, June 1, 2026; announcement and FAQ. Company claims and long-term potential are attributed as such.

[2] Hilton Worldwide Holdings Inc., [Q2 2026 Form 10-Q](#), quarter ended June 30, 2026, filed July 28, 2026; Overview, pp. 15-16; System Growth and Development Pipeline, pp. 16-18; operating statistics, p. 20; M&F results, pp. 21-22.

[3] Hilton Worldwide Holdings Inc., “[Hilton Reports Second Quarter Results](#)”, July 28, 2026; Exhibit 99.1 to Form 8-K, highlights and development commentary.

[4] Hilton Worldwide Holdings Inc., [2025 Form 10-K](#), fiscal year ended December 31, 2025, filed February 11, 2026; Item 1, pp. 3-8; Item 1A, pp. 16-18.

All company metrics are reported figures, with periods specified. The 400-500 hotel figure is management's stated long-term potential, not a committed pipeline, forecast or outcome. The rollout assignment and alternatives are author-created. No evidence published after July 28, 2026 is used; no Undergraduate property is portrayed as open.