

— CAN ONE —
ASSOCIATION
— MAKE A —
DIFFERENCE?

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BOUTIQUE & LIFESTYLE
LODGING ASSOCIATION

8 BOUTIQUE & LIFESTYLE HOTEL
TRENDS TO WATCH IN 2015

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LODGING ASSOCIATION

The Boutique & Lifestyle Lodging Association (BLLA) attended the 2015 ALIS Conference zooming in on the boutique lifestyle sector and accessing the landscape from a big conference point of view.

As the boutique and lifestyle hotel landscape experiences unprecedented growth, the Boutique & Lifestyle Lodging Association (BLLA) and journalist, Jessica Blotter, set out to shed more light on industry movements and thought-provoking perspectives uncovered at ALIS.

The conference, one of the largest in the industry, included representatives from 24 countries and nearly 3,000 attendees. Among the topics discussed were the news of economic upturns and historical growth in the boutique and lifestyle sector, major chain announcements of launching lifestyle hotels, and new definitions of boutique and lifestyle hotels.

1. Sustained economic growth

Economic trends revealed by Jim Burba, President of BHN (Burba Hotel Network) and chair of ALIS indicate that 81% of 2,800 participants asked believe the economy is trending up. With 24 countries represented, the U.S. was most optimistic.



John Silvia

“There are no signs of recession at least for the next year or two,” explains John Silvia, Chief Economist for Wells Fargo. “The problem won’t be about getting people

in the door, it will be about meeting guest expectations once they are in the door.”

The Takeaway: There is a zest going on in the U.S. economy; plan for evolving growth.

2. Occupancy rates at a historical high

Occupancy rates have trended up as supply has increased. In major U.S. western cities, rates remain at historically high levels. The question is - will hotels be able to satisfy guest expectations?

“Hotel occupancy has been about 69% for the last 20 years—but for Los Angeles & San Francisco, we’re at about 78.2% - 83%,” states Silvia.

The Takeaway: Make sure your business model can adapt to increased occupancy rates and provide room availability and consistent customer service for your loyal clientele.

3. Corporate chains launch lifestyle brands

With more and more guests looking for experiential travel—think an experience that will impress on their Facebook or Instagram page—“formulaic” hotels become less desirable.

Whether it’s by developing new lifestyle properties or acquiring existing boutique properties, major hotel chains such as IHG, Hilton, Marriott, Best Western, and Hyatt are entering into the arena.

Announced at ALIS, Marriott International, Inc. introduced Moxy Hotels to the U.S. The new contemporary brand, first launched in Europe at the IHIF Conference a few years ago, is entering the market in a bold way, with eight identified projects slated for major metropolitan locations, including New York.



In October of 2014, Best Western launched Vib, a stylish and technology-centric hotel concept created to meet the needs of today's connected hotel customer. "The big chain brands saw that customers really want to stay in boutique hotels," expresses Mike Muir, V.P. Development of Best Western, in an on-site interview with BLLA. "They like the way they feel, they are chic and it feels good. There's a strong demand for such qualities. At the end of the day, all national hotel brands will end up having a boutique brand in their portfolio."

The Takeaway: Continually challenge your standards and focus on providing a uniquely-curated experience to your guests.

4. New definitions of boutique & lifestyle

"I think there's a lot of confusion about what a lifestyle hotel and boutique hotel is. They get used interchangeably but they are totally different products, and should be very different products," explained Richard Kessler, CEO of The Kessler Collection, in an on-site interview with BLLA.



Richard Kessler

With two new boutique hotels opening this year in the Birmingham and Charleston markets, Kessler tells us, "Chains can't produce boutique hotels—they are too individualized and handcrafted.

"Boutique consumers are searching 'boutique' not lifestyle. 'Lifestyle' is being used by the big chains," explains Niki Leondakis, CEO of Commune.



Niki Leondakis

"Lifestyle is being used to make hotels that are conceived by larger hotel companies to make them more intimate and specialized." A true boutique has very specific local relevance and layer upon layer of emotional relevance; not just to the hotel but the people who work there.

"You can't make boutique formulaic — it's about serving people as well as creating transformative experiences. This is what's missing from the sector," voices Leondakis.

Allison Reid, Sr. VP of Starwood shares today's definition of boutique as a customer that is "looking for something different, not special."

The Takeaway: Know how to engage different types of customers based on their preferences and expectations for service and design.

5. New definitions of luxury



"Authenticity is the new definition of luxury," explains Erin Green, V.P. of Development Americas of Rosewood Hotels & Resorts. "Individualized, bespoke experiences with a true sense of place so you feel like you're part of the community you're in."

From a luxury experience, it's not as important to be on the cutting edge with "the latest bells & whistles." It's about "being personal not trendy," says Green.

"If you wake up in Vail, you should feel like you are in Vail," describes Russell Urban, Executive VP, Business Development & Acquisitions, of Destination Hotels. "Authenticity is more important than room size, finishes, and brick and mortar. It's about feeling like you are in place."



The Takeaway: Personalize in an authentic way to bring a luxury experience with a sense of place.

6. Mindset not millennials



When it comes to appealing to a wide range of customers, “It’s not about a specific demographic but more of a mindset of consumers,” states Raul Leal, CEO of Virgin Hotels during an on-site interview. With the recent launch of Virgin Hotels Chicago, and renderings of its new Nashville & New York City properties released, Virgin Hotels is bringing a better lifestyle hotel to the market, bridging the gap between some of the legacy and lifestyle brands.

Leal explains that the shared values of their customers are people and planet. Their guests want to know they are doing business with an organization that supports sustainability.



Raul Leal

“They are not millennials, gen X’ers or baby boomers, but rather travellers which have a shared mindset of creative class, curiousness, and a love for travel.”

“Millennials don’t want to be pigeon-holed; they don’t want a special hotel built just for them,” shares Leal.

Commune’s CEO Niki Leondakis further explains that boutique hotels are not only about millennials. There may be certain brands that are targeting this specific demographic but “it’s about attitudes that are cross-generational.”

While millennials care about the environment and companies being more socially responsible, “this isn’t necessarily an attitude that is only shared by them,” states Leondakis. “There is a migration to an alternative hotel stay.”

The Takeaway: Communicating with customers on shared values and attitudes will help create more emotional relevance.

7. Staying locally engaged

Canopy Hotels, Hilton’s new lifestyle brand, joins the conversation on local relevancy. The company surveyed more than 9,000 consumers in the United States, United Kingdom, and China. The findings: “Consumers want to ‘feel’ the neighborhood they are part of,” explains John Vanderslice, Hilton’s Global Head of Luxury & Lifestyle Brands. Their projects plan to represent their neighborhood influences.

Providing local food and beverage flavors gains a strong momentum on the culinary stage.



Destination Hotel’s Russell Urban discusses the importance of having offerings that are genuinely local. “The luxury customer doesn’t care about caviar—they want to know that it’s local and sustainable.”

Virgin Hotels will maintain its local relevance and connection by stocking its mini bars with locally curated items that are unique to each destination.

The Takeaway: Source locally to create a deeper layer of community integration.

8. Understanding new guest profiles: the Chinese traveler



Alan Fuerstman

“The influence of Chinese travelers has been a huge awakening,” expresses Matthew Sparks, Sr. V.P., Luxury & Corporate Development of Hilton Worldwide.

Since the Chinese traveler has changed the guest profile, it’s important for hotels to “know the new guest.”

Luxury hotelier, Alan Fuerstman, Founder and CEO of Montage Resorts also explains, “We are seeing

an influx of the Chinese market at our Beverly Hills hotel.”

With 150 hotels on the ground in China, the 2nd largest market for Starwood, Simon Turner, President of Global Development for Starwood Hotels & Resorts, voices the importance of having an organization that can adapt as the world changes around us. “When the middle class grows, we see a huge increase in outbound travel,” says Turner. In China, “having a team on the ground is critical.”

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Bio: Jessica Blotter is CEO & Chief Kindness Curator of Kind Traveler, a new Public Benefit Corporation that transforms hotels and travelers into forces for good. Travelers give a donation to their favorite local or global charities to benefit the community, environment, or animals; They get an exclusive rate on today's greatest hotels and unique properties. As a journalist, she contributes to Fast Company, Hospitality Design, Green Lodging News, CBS Los Angeles, Examiner, Spa Finder, One Green Planet, and the Boutique & Lifestyle Lodging Association (BLLA). Connect with her on Twitter @travelkindly

The Takeaway: Know the psychographics of international travelers and be nimble to adapt to their needs.

BLLA Events

BOUTIQUE LIFESTYLE LODGING ASSOCIATION

LOS ANGELES

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Boutique Hotel Investment Conference

June 3, 2015
SVA Theatre
New York

Boutique Lifestyle Leadership Symposium

Sept. 16-18, 2015
Los Angeles