The boutique and lifestyle hotel report 2014

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Contents

Introduction

After decades of brand standardisation, in which leading hotel companies such as Marriott International, InterContinental Hotels Group (IHG), Hilton Worldwide and Starwood Hotels & Resorts Worldwide provided consumers with a consistent product, the boutique concept was launched during 1980s and what started as a niche product has over the last thirty years become a global phenomenon.

This report aims to bring some clarity to the global boutique/lifestyle hotel sector, starting by looking at some of the key innovators of the boutique concept, who each in turn brought something to the sector.

The difficulties in defining the sector are considered and given these difficulties, the main characteristics of the boutique hotels are reviewed, giving examples how they differ from the standard hotel product.

The concept of boutique hotels and added value is discussed. Boutique hotels are often not just about developing a new hotel product, but this development has often led to them adding value not just to the building but also the neighbourhood it is situated in.

New for the 2014 report is a section of the performance of boutique hotels in two key markets – London and Paris over a five year period.

Hotels as an investment vehicle have grown in importance over the last decade or so, and despite of the global economic slowdown, investment in the sector has continued, the report provides details on recent transactional activity in the sector.

Also new for this edition of the report is a discussion on social media and its usage in the boutique and lifestyle sector.

Finally, trends and issues that impact the industry are discussed.

This is followed by ‘boutique brand bytes’, snapshots of many of the boutique companies /brands/concepts. They are broken down into boutique/lifestyle brands, resorts, global brands, design-led brands, eco-friendly, health conscious and budget boutique hotel companies.

Characteristics

Seeing that it is so difficult to define exactly what is a boutique hotel, then it may be easier to discuss the characteristics that these product have in common.

City location[12] – Good locations for boutique hotels are not determined only by manner of convenience, but also by the trendiness and chicness of the respective neighbourhoods. Most existing city boutiques are located in 'happening' cities such as New York, London, San Francisco and Miami. However, in recent years more and more companies are targeting other smaller cities that still have strong potential for boutique hotels; cities with vibrant economies and high-end residential areas but just has standardised hotel inventories. The style and design of city boutique properties are different to that of its resort counterparts. Technology has a strong focus either with lighting and music or technology that is provided for the guests (such as in-room DVD players, flat screen TVs, cordless phones, and high speed internet access. The entertainment in the boutique hotel is also important in creating a lively, chic and trendy atmosphere. Entertainment is not just live music and performances, but the idea of a boutique hotel is entertainment in its own nature; hip restaurant, lounge, and bar; its theme or decor.

Resort location[13] – boutique hotels in resort destinations are exotic, small and intimate. These hotels give their guests the chance to explore the local feel without sacrificing luxury. Although location is just as important in resort destinations as in city destinations, the word 'trendy' has a different designation in this matter; if location should be centrally in the case of city boutique hotels, trendy resort boutique are generally well-hidden, tucked away in deserted corners. Often the more difficult a destination is to reach, the more fashionable the location is considered. In boutique resort destinations, service is generally more important than it is in boutique city destinations.

Size – does it matter? Many industry commentators feel that size is an important factor when determining a boutique hotel. However, they appear to range from very small in double figures up to more than 600 rooms.

Some argue that it is difficult to over the personalised service that the concept is renowned for at such high levels of rooms in the 400 to 600 range. For example Marriott's Autograph Collection ranges from 3,000 room The Cosmopolitan Las Vegas to a 15-room retreat.

Experience – most boutique/lifestyle hotels aim to offer the guest some type of 'experience'. Bjorn Hanson, global hospitality leader for PricewaterhouseCoopers, said that experience is mostly being aimed at younger generations, with more natural materials and fabrics, food geared toward "grazing" rather than dining, a greater emphasis on technology and common areas that offer guests a variety of places to congregate. (Even when tethered to their laptops, Mr. Hanson says, younger travellers seek out social environments more than their elders[14])

Schrager defines boutique as an approach and attitude. He places the emphasis on entertaining his guests by creating a theatrical atmosphere that attracts all the senses: through architecture, design, colour, lighting, art and music.

Architecture and design – style, distinction, warmth and intimacy are key words in the architecture and design of boutique hotels which appear to attract a set of consumers looking for something different to fulfil their needs. Boutique hotels are not standardised, they are individual and unique. They often have a theme and this runs throughout the whole hotel even to different guest bedrooms all designed along a similar theme.

Service – boutique hotels feels that what differentiates them from standard hotels is the connection that hotel guests experience with the staff. Personalised service is considered to be a key aspect.

Target market – customers are generally in their early 20s to mid-50s, with mid to upper income averages. Some have different target markets, for example Ian Schrager aims his products at creative people.

12 HVS International, The Definition of Boutique Hotels; 2001
13 HVS International, The Definition of Boutique Hotels; 2001
14 The New York Times; Hotel as Lifestyle, May 2007

The new consumer

As in retailing, knowing your customer has become a basis of competition for hotels. At the same time, the world in which many hoteliers operate has changed and it has become increasingly fragmented. Some of the complex issues and forces for change include[15]:

- The fluidity of 21st century consumer lifestyles: as attitudes and behaviours change in unpredictable ways, companies have found that applying blunt definitions of life stage and lumping consumers into one catch-all segment no longer works. New consumer patterns are hard to read and new models for understanding consumer behaviour are needed.
- The rapidly evolving meaning of value: value versus 'premiumisation' is another complex equation. Research shows that we paid more for food that it perceived to be better for us. Similarly with hotels, consumers are more likely to pay for attributes and experiences that they value, such as location, safety, experience, ambience and 'ego-fit'. Value has emotional as well as financial attributes. Hotels will need to ensure that they know what consumers really value and are prepared to pay for.
- Increasing wealth versus discretionary income squeeze: while on the one hand the wealthy are becoming wealthier, at the same time, many consumers are suffering from the effect of the global slowdown. In emerging markets, the level of GDP growth is leading to increasing numbers of the populations joining the middle classes with higher disposable incomes, which they are using to spend on travel and hotels.

The secret of lifestyle hotel's popularity is simple: they are in tune with the needs of the new, complex consumer[16].

Developing/evolving consumer habits have contributed to the growth of the boutique hotel industry as guests are becoming more discerning, they are aware of design, expect a higher level of service and are increasingly seeking an experience instead of a commoditised product. Guests increasingly want to feel recognised and like to feel part of a unique experience[17].

In research by PwC[18], it discusses how today's consumer wants to be recognised, valued and above all, be seen to be unique. The new consumer wants better and more personalised experiences. Increased prosperity and high levels of personal comfort in the home have raised the bar significantly. And many consumers are now operating very much in what the motivational psychologist Abraham Maslow called the 'self-actualisation' or self-fulfilment space of human needs. In other words, they are increasingly willing to invest time and money in individualised pursuits.

People need to feel part of society. But at the same time they want to feel special and unique. Consequently, there is an active movement to avoid the mainstream in favour of personalisation and unique experiences. The popularity of boutique hotels can be seen as reflecting – and indeed satisfying – aspects of the desire for the aspirational as well as wanting to feel special.

Part of the lifestyle's sector's popularity arises from the fact that the hotels have themselves increasingly become like celebrities. Staying at one makes guests feel special and included in some sort of exclusive club. This phenomenon started with Ian Schrager, who's Delano Hotel in Miami was possibly the first 'celebrity' hotel, famous as an entity in its own right. However, this is not necessarily a new concept, a many luxury hotels such as Waldorf Astoria in New York and Dorchester in London have positioned themselves like this throughout their existences. But now exclusivity is coming within the reach of 'ordinary' people not just the rich and famous.

New consumer patterns are hard, if not impossible, to read using traditional methods, and classifying consumers into traditional broad typologies simply do not work anymore. In response, sociologists and marketers have coined new names and groups for these consumers. These include:

Tribes – dividing consumers into smaller, more flexible and informal groups. They are searching for identity and are made up of people who though individualistic in their approach, are seeking new groups to identify with and belong to based on common motivation, culture or interests. These could be:

- Bobos (Bourgeios-bohemians) – 35-55 years old whose values fuse those of both 1970s hippies and 1980s yuppies
- Cultural creative – wanting a fairer more friendly society based on so-called feminine values
- Bloggers – internet bloggers who send out information in real time and collect readers opinions
- Bar crowd – 20-35 year old wanting social bonds, obsessed by their careers and following an individualist model.

15 PwC Hospitality Directions Europe Edition issue 14, September 2006
16 PricewaterhouseCoopers; Hospitality Directions Europe Edition, Issue 12 September 2005
17 HVS International; Boutique Hotels Segment; September 2011
18 PricewaterhouseCoopers; Hospitality Directions, issue 12 European Lifestyle Hotel Survey, September 2005

IHG classifications

Research for IHG by the futures company suggests several new types of traveller classifications[21]: These are:

- **The new global explorers** – over the coming decade new explorers will become more regionally diverse as more people from CIVET countries (Colombia, Indonesia, Vietnam, Egypt and Turkey) and Africa start to be able to afford to travel.
- **New family groups** – Across the globe the traditional family unit is becoming more fluid in structure. Demographic shifts that have long been shaping social units in mature markets are extending to emerging markets. In Asia, women are increasingly marrying later and putting their careers first. In Western markets, extended family travel – traditional in emerging markets – is becoming more common.
- **Younger 'laptop and latte' workers** – with Millennials making up more of the workforce, this generation is now challenging the norms of business spaces in hotels. Often with no set location, no set hours, these younger business travellers are used to not having an office, and they do not mind sharing work spaces as long as they have some privacy. In the coming years, there will be growing demand for 'laptop and latte' working lounges in hotels, where these new business travellers can enjoy the company of fellow travellers while getting work done.
- **Expansive midlifers** – the appetite to travel is great among this group, often to make up for the more limited travel opportunities before gap years and cheap flights were common. This group of travellers does not want to be identified purely by their age. Revolutionary medical research, healthier lifestyles, longer working lives and technology have resulted in an expansion of the mid-life period and, as a result, age is increasingly just a number to the over 50s.

INDUSTRY INSIGHT: There is a lot of marketing hype surrounding the changing needs of different generations of consumers. Marketers come up with all sorts of fancy definitions about what Generation Y or Millennials want.

When the surface is scratched, however, it seems younger guests want pretty similar things to all other guests – a good night's sleep in a comfortable bed and an effective shower. The main development in the past decade or so is that Wi-Fi is now as high on the list as the shower and bed.

Source: Hotel Analyst Perspective, Issue 23, November 2013

21 The new kinship economy: From travel experiences to travel relationships, 2013

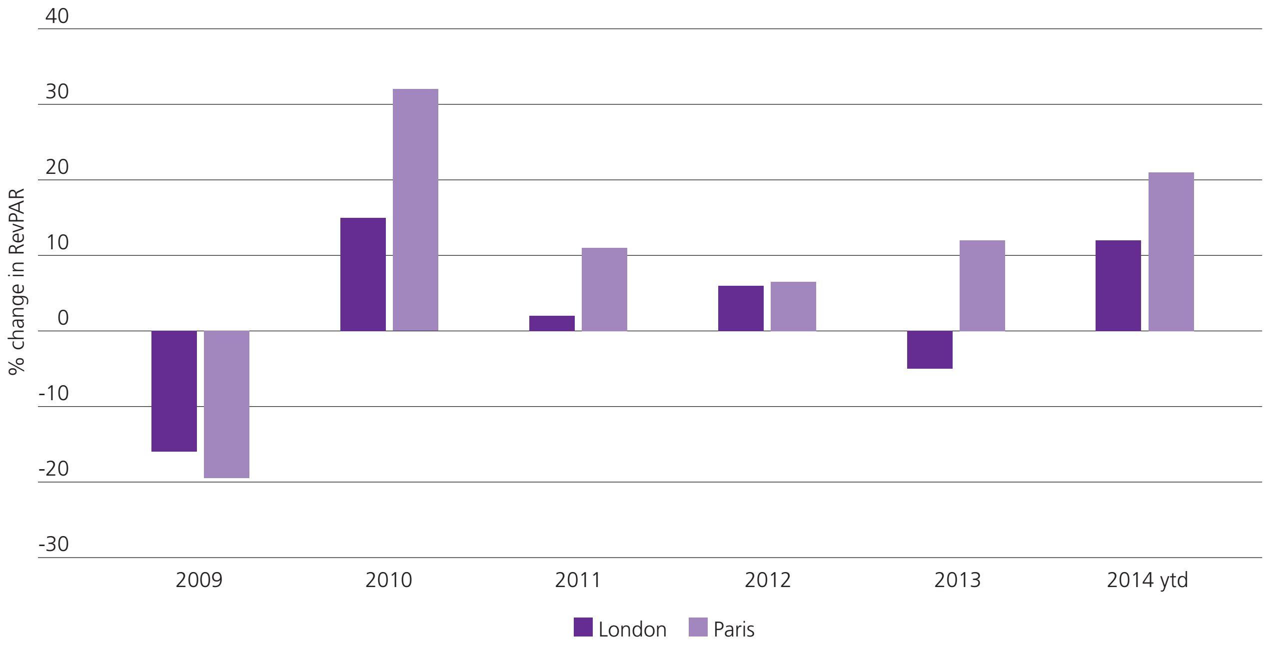
So how do boutique and lifestyle hotels perform?

In data provided by STR Global on boutique hotels in the two key markets of London and Paris, it can be seen that over the past five years in both markets, occupancies have remained steady at the 76/77% mark for London, and have risen slowly between 2009 and 2013 to 78% in Paris.

Both markets registered a decline in RevPAR in 2009 due to the economic slowdown, London's decline was driven solely by a drop in ADR of 17%, while Paris saw a fall of 19% driven by both decreasing rate and occupancy.

Since 2009, Paris has seen double digit growth year on year in RevPAR, with the exception of 2012, which still recorded a healthy 7% increase. London, on the other hand, registered good RevPAR growth during 2010 to 2012, but there was a decline of 6% in 2013, driven by declines in rate. This was due to the high rate growth in 2012 attributed to the Olympics.

Performance of a sample of boutique hotels in London and Paris (2009 to ytd 2014)



Source: STR Global

In a recent survey by PKF Hospitality' Research, the superior performance of the boutique class is evident.

At the national level in the US, boutique space reflects an occupancy premium of approximately 13%. The boutique sector also exhibits strong growth in RevPAR. In 2012, 2013, and 2014 RevPAR is trending at 6.3%, 7.4%, and 8.8%, respectively, exceeding national averages, for the sector at large, in the last two years.

The demand in growth for boutique rooms is predicted to exceed the growth for traditional hotel rooms and the growth in demand for boutique hotel rooms will continue to exceed the growth in supply through 2015 with RevPAR premiums continuing through 2017.

Boutiques offer owners another distinct advantage. While comparable in payroll expenses and income from room rental and food and beverage, boutiques spend, on average, $7,564 in marketing per available room each year compared to $8,620 for branded hotels. This savings largely results from the avoidance of marketing fees levied by national brands for access to their reservation platforms[27].

27 http://www.thefreelibrary.com/Boutique+hotels+reaching+new+heights.-a0357262820

Examples of social media

facebook

Facebook is one of the most important forms of media for hotels, and is probably currently one of the best opportunities to directly improve hotel online bookings. The majority of hotel Facebook pages encourage their guests to interact with them. A hotel can put details of its property on its page along with photos and contact details.

Hotel Analyst, on discussing the links between Facebook and TripAdvisor, propose that as the major social media systems become increasingly interconnected, the possibilities to leverage user-generated content expand exponentially. Nowhere can this be seen better than with the links between FB and TripAdvisor, whose unique combination of where you have been and who you know is proving very powerful in terms of influencing consumers[29].

Online user-generated travel reviews are already highly influential, falling behind only personal recommendations from friends and family in terms of credibility according to a 2011 study by Nielsen. But what TripAdvisor's use of Open Graph does is effectively combine these two factor's together, allowing the user to see what their friends, and friends of their friends , think and recommend, thus creating a very powerful recommendation tool[30].

The majority of boutique and lifestyle brands have a Facebook page, in this report, of those brands profile, only three did not have a Facebook page, and these were Cheval Blanc, Hualuxe, and Baccarat Hotels & Residences.

Twitter is an online social networking and microblogging service that enables users to send and read short 140-character text messages, called "tweets". Registered users can read and post tweets, but unregistered users can only read them. Users access Twitter through the website interface, SMS, or mobile device app.

In 2013, Twitter acquired Spindle. It is anticipated this will make Twitter ever-more important to hospitality marketing strategies, as the site continues to work on figuring out how to monetise its massive user base.

For hotels, involvement with local services is important in terms of making visitors aware of their presence, the facilities they offer, special offers, as well as giving them a chance to interact. With Spindle discovery through maps as well as alerts, the marketing possibilities around Twitter are starting to become deeper.

SoLoMo (Social Local Mobile) has vast potential for hotels and other hospitality suppliers. Until now, even though highly interesting in theory, SoLoMo has been very difficult to implement in practice. But all that could change if Twitter succeeds in integrating seamlessly with Spindle[31].

Marriott is one of the leading travel brands on Twitter. From the start of its social media division, the company has used it to solve customer issues, share customers' stories, and enable them to speak openly about the brand. The hotel is divided into many different accounts for all of its locations around the world. Although they all garner thousands of followers, the biggest Twitter feed it has is @MarriottIntl, which has over 298,000 followers.

Twitter is very popular within the hotel community, with 69% of the profiled brands having a twitter account. The number of followers varied from a thousand to 64,000 for Renaissance. Some companies twitter by company, others are more specific and twitter accounts are operated by the individual hotels in the portfolio.

29 Hotel Analyst Distribution & Technology, Issue 22, June 2013
30 Hotel Analyst Distribution & Technology, Issue 22, June 2013
31 Hotel Analyst Distribution & Technology Issue 23, July 2013

	Followers	Tweets
Boutique/Lifestyle – US		
Kimpton Hotels & Restaurants	31,700	15,100
Morgans Hotel Group	21,700	2,698
Joie de Vivre Hotels	19,100	2,750
Thompson Hotels	9,288	6,050
Public	2,814	3,172
Boutique/Lifestyle – Europe		
Red Carnation Hotels	6,283	4,336
Firmdale Hotels	5,391	1,489
Malmaison	7,159	1,304
Hotel du Vin	8,242	1,316
Derby Hotels Collection	1,096	2,016
Sorat Hotels	1,709	5,378
Eton Collection	By individual hotel	
Chapter Hotels	By individual hotel	
Myhotels	3,124	2,181
Silken Hoteles	By individual hotel	
Art'otel	1,872	1,690
Boutique/Lifestyle – Asia Pacific		
East – part of Swire Hotels	806	385
The House Collection – part of Swire Hotels	806	385
Luxury hotels with lifestyle element		
The Dorchester Collection	17,000	15,900
Belmond	10,500	1,864
Cheval Blanc – part of LVMH	na	na
Amanresorts	na	na
Six Senses Hotels & Resorts	1,516	1,407
Murano Hotels & Resorts	By individual hotel	
Major hotel chains lifestyle brands		
Andaz – part of Hyatt	By individual hotel	
Edition	4,337	3,001
Renaissance	64,500	6,212
ME by Melia	8,247	3,773
W Hotels	24,400	5,497
Night	By individual hotel	
Design-led hotels		
Palazzo Versace	By individual hotel	
Eco-friendly		
Banyan Tree Hotels & Resorts	5,628	616
1 Hotels & Homes	By individual hotel	
Health-conscious		
Even	684	19
Budget boutique		
Aloft	6,845	2,058
NYLO Hotels	1,694	2,147
Yotel	4,731	2,917
Citizen M	19,700	9,601

Source: Twitter website – Research conducted in March 2014

Current trends

The boutique hotel sector continues to be driven by a talent for innovation, spectacle, experience and value for money. These points of differentiation give it a competitive edge and have raised the bar for the hotel sector as a whole. It is a constantly evolving sector and trends that are currently emerging include:

New brands

New boutique and lifestyle brands continue to enter the market.

Carlson Rezidor Hotel Group and Radisson Red and Quorvus Collection
Carlson Rezidor Hotel Group (CRHG) announced in early 2014 the launch of two new global hotel brands, Radisson Red and Quorvus Collection.

Radisson red is described as a "lifestyle select" brand, and Quorvus Collection as "a curated collection of contemporary luxury hotels that celebrate the local culture". CRHG aims to have more than 60 Radisson Red hotels and 20 hotels in the Quorvus Collection by 2020.

The company has USD50mn in equity to start developing the first five Radisson Red hotels in the US, with another USD15mn for brand development. The first five could be fully owned and operated, joint ventures or sliver equity with management. The first two are expected to be open by the end of 2015. The first Reds to open globally could be conversions of Radisson Blu properties in EMEA.

The brand will have a focus on technology, with "a contemporary purpose-driven design focus, will convey an eclectic, modernist aesthetic".

The Quorvus Collection hotels will offer "a suite of hallmark services and will comprise six core lifestyle elements – wellness, replenishment, style, inspiration, entertainment and connectivity"[38].

Commune Hotels & Resorts and Tommie
Commune Hotels & Resorts, which owns the Joie de Vivre and Thompson Hotels brands, launched a new budget conscious brand in late 2013. Called Tommie, the brand is a design-centric, value conscious line of hotels which are to be located in gateway cities internationally. Rooms are ergonomically designed but space efficient. It will have casual communal areas, self-check-in system and a gourmet grab and go market place. There are plans to open two hotels in Manhattan in 2015.

Marriott International and Moxy
Moxy was created in partnership with Nordic Hospitality and with Inter Hospitality Holding as the owner and developer of the first six properties. Nordic, which is based in Norway, already operates hotels in Scandinavia under franchise agreements with Marriott International. Inter, based in the Netherlands, and is currently focused on acquiring sites for hotel development in Germany, the UK, Italy, Netherlands, Belgium and Austria.

The brand was developed with the millennial traveller in mind, with each hotel designed with, the company said, and the latest in technology so guests can connect amidst inviting social spaces with self-sufficient service elements.

The company expects to sign a further 13 hotels in Europe by the end of the year as it seeks traction for its newest flag in what, to it, is an unfamiliar segment.

Following the debut of Moxy Hotels this September at the Milan Malpensa Airport in Italy, the company plans to open five additional locations in key cities throughout Europe by 2015 including Munich, Berlin, and Frankfurt, as well as Oslo. The Moxy Hotels website adds new locations coming soon in: London, Edinburgh, Brussels, Amsterdam, Malmo, Hamburg, Essen, Heidelberg, Ludwigshafen, Leipzig, Munich, Liverpool, York, Inverness, Cardiff and Dublin.

The current plan for Moxy Hotels is 150 hotels within the next 10 years, with the company noting that the economy tier in Europe represents nearly half of total room supply, yet only 20% of these hotels are branded. The brand is currently being developed in the European market only. Marriott International has the Fairfield Inn brand in the segment in the US, Canada and Mexico.

38 www.carlsonrezidor.com

Others[51]

Mr & Mrs Smith, boutique hotel experts give their predictions for 2014. These include:

- Sleep Swamis – hotels have been offering guests access to personal chefs, personal trainers and health and wellbeing gurus for some time. Now some hotels are going the extra mile to ensure that guests have a good time even when asleep. For example, Anantara Kihavah Villas in the Maldives has a slumber guru responsible for making sure guests get a good night's sleep.
- Local life – hotels are helping guests to get to know the locals or at least get to grips with the local scene.
- Social media – Like it? Tweet it? Instagram it? Hotels are getting wise to marketing via mobile. Some have even been built specifically with social in mind. The 1888 Hotel in Sydney, its design was mapped out to maximise its Instagramability, and some of the Melia hotels have specialist concierges who respond to guest requests via Twitter.
- Family – travelling with children is a growing trend. Some hotels are picking up on this. For example, a Six Senses hotel in China (set to open in 2014) has village style accommodation which works well for families, kids club and activities for children.
- Beyond the bedroom – rather than simply providing a bed for the night, hotels are offering more for your money. Leading to the introduction of statement bars, lobbies and libraries.

Conclusion

In conclusion, the competition dictated by the dual presence of both independently-run boutique hotels and chain-operated lifestyle hotels has pushed hoteliers towards finding innovative ways to appeal to guests and create the most memorable experiences.

The boutique hotel sector will continue to grow in the future, mainly in the form of both lifestyle owned and/or operated by chain hotels to penetrate markets with high entry barriers, like London and New York, and cheap chic hotels for the experiential travellers on the go.

Ian Schrager when asked where the boutique industry is headed over the next ten years, felt that there may be a backlash against over design[52].

Boutique hotels are a continually evolving segment in the industry. Defying definition, boutiques can be historic or modern, adult or family-oriented, heavily themed, or eclectic. Once clearly identified as independent hotels with less than 100 rooms, well-known brands are adopting their characteristics in an attempt to capitalize on growing demand among travellers for a differentiated travel or lifestyle experience.

Likewise, our sense of luxury is constantly changing. A luxury isn't absolutely necessary to survival – but whose standards apply? In the hospitality industry, in-room Wi-Fi, flat screen televisions, and high thread counts are no longer considered luxurious. As technology evolves, guests become savvier, and hotels step up their services, many hoteliers are struggling to stand out in the crowded luxury market.

These forces present both a challenge and an opportunity for luxury boutique hotels. On one hand, they are faced with innovative competitors and always-increasing standards of service, design, and amenities. But on the other, they encourage experimentation, being bold and setting new standards of excellence.

It's all too easy for hoteliers to fall back on tried-and-true formulas in designing the next crop of boutique hotels. Today's formula is working, as evidenced by the growing popularity of boutiques. However, the segment's hallmarks are innovation, creativity, and risk-taking. As we move into the future, boutique owners need to embrace the same fresh thinking that earned boutiques their reputation 20 years ago[53].

51 Travel Picks 2014: Boutique hotel and trip trends for 2014
52 Ian Schrager interview; www.hg2magazine.com
53 http://hotelexecutive.com/business_review/1326/the-future-of-luxury-boutique-hotels

Boutique bytes

Listed in the following pages are examples of some of the brands operating in the main sub sectors of the boutique/lifestyle sector. Some are obvious choices for their inclusion, others are included as it is felt they highlight an aspect of that sub sector. Obviously, due to the nature of the boutique sector, not all brands/hotels could be included and this is only a sample of what is out there.

The main sub sectors highlighted by this report are:

Boutique brands

These brands make up the main section of the boutique hotel sector, and as many of these brands describe themselves as both boutique and lifestyle, for the purposes of this report, they are listed together. These companies range from publicly listed companies to smaller independent groups. Boutique and lifestyle resort hotels Boutique hotels are either located in city locations or resorts. Boutique hotels in resort destinations are exotic, small and intimate. Location is also important in resort destinations as in city destinations, however the word 'trendy' has a different meaning here; trendy resort boutique are generally well-hidden, tucked away in deserted corners.

Major hotel company's lifestyle brands

International hotel groups have typically been associated with standardised business hotels and scrutinised for providing consistency at the risk of being impersonal at each location and property. In the past, this meant that no matter where a guest was travelling, they would be sure of the standard of the hotel they would be staying in. however, as customer expectations have evolved, some customers are looking for something different. By entering the boutique hotel market, chains have been adapting to the sector offering similar product facilities to those offered by independent boutique operators.

With the launch of Starwood's W brand in 1998, the global chains began to enter a market that was once the preserve of independent players. Most of the major chains have added a lifestyle brand to their portfolios, and are developing them across the global in key cities. The brands include IHG and Indigo, Marriott and Edition; Hyatt and Andaz, Accor with So Sofitel, Meliá International with ME by Meliá and Innside by Meliá.

Design-led brands

Design-led or 'fashion' hotels are part of a rapid expansion in the market for luxury branded consumer products. Since Palazzo Versace opened in 2000, the impetus for design led hotels has come from the retailers themselves.

As the luxury goods market grows increasingly competitive, the major fashion labels seek new ways to innovate and reinforce their brand strength. In today's 'experience economy' luxury goods are promoted as part of a broader aspirational lifestyle, encompassing all aspects of work and leisure.

For luxury fashion goods retailers, fashion hotels demonstrate that the luxury brand is strong enough to expand beyond its traditional space and offer a new way of engendering loyalty to the 'mother brand'.

A number of major fashion houses have opted to follow in Versace's footsteps, developing high-end, luxury hotels very much in their own image. For example Bulgari Hotels & Resorts are designed around values of contemporary Italian refinement, with subtle product placement, semi-precious materials and attentive service. Armani Hotels & Resorts will showcase the designer's trademark, minimal clean aesthetic to create a feel of casual elegance.

However, whilst the major fashion companies are renowned for their design skills, they have no experience of running a hotel. The preferred business model appears to involve some form of collaboration between the fashion house and the hospitality or real estate industry.

Another fear is that of the risk of damaging the reputations of their brand should anything go wrong in the hotels. To minimise this danger some fashion houses are working with established hotel companies for example Marriott International with Bulgari[54].

54 Deloitte Executive Report – Hotel Fashionista – Winter/Spring 2008

Eco-friendly

In response to customer demand for more environmentally sensitive products, some boutique operators have gone all the way to encompassing the ethos of eco-friendly.

Health conscious

A new concept that was introduced into the mainstream by IHG was the Even brand, which focuses upon the more health conscious guest.

Budget boutique

The budget boutique sector has started to take off, with several of the mainstream operators, starting with Starwood launching budget lifestyle product such as Aloft. Other operators include the Yotel concept and Citizen M.

Boutique and lifestyle hotels – US

Kimpton Hotels & Restaurants Group

Ownership
Privately held

Background
1981 – opened first hotel the Clarion Bedford Hotel, San Francisco. First hotel to call its lobby 'the Living Room'.

1983 – Kimpton's second property, the Hotel Vintage Court, became the first wine-themed hotel in the US

1990 – First Kimpton new build, Tuscan Inn in San Francisco is opened

2013 – Kimpton Group Holding LLC, parent company of KHRG closed 4th institutional real estate fund. The fund has USD203mn in equity capital with a goal of acquiring more than USD500mn worth of hotels over the next 3 years.

Concept
Every Kimpton hotel reflects the energy, personality and pulse of its location, history and architectural style.

Each property features personalised guest services, comforting in-room amenities, specialty rooms and suites, and provides a range of exciting culinary experiences through affiliated top-rated destination chef-driven restaurants.

Kimpton takes pride in its commitment to social responsibility

Kimpton believes in a culture that includes people, one that celebrates the individuality of its guests and employees alike.

Word it uses to describe itself: Care, comfort, style, flavour, fun

Supply and development plans
Owns and manages 59 hotels (11,000 rooms) and 67 restaurants, bars and lounges

KHRG's multi-pronged strategy for making new investments is as follows:

- Acquire non-hotel buildings that can be converted to Kimpton Hotels
- Acquire existing hotels that can either fit the Kimpton model or properties where the option exists to reposition them as Kimptons
- Build new boutique hotels in targeted urban and resort areas across North America

Planned developments include 2014 – 489 rooms; 2015 – 816 rooms; 2016 – 263 rooms

Social media
BLOG Has a blog – 'Life is Suite' 72,000 likes 31,000 followers

Sustainability
All hotels have Green Seal certification; 100% certified by Green Key's Eco-Rating programme

Boutique and lifestyle hotels – Europe

Red Carnation Hotels

Ownership
The Travel Corporation (TTC)

Background
1984 – Starting with purchase of The Chesterfield Hotel in London, Bea Tollman named the company Red Carnation Hotels.

Concept
RCH has become a 'home away from home' for the business and holiday travellers who know, feel and appreciate, the RCH difference. RCH has established a reputation for timeless décor, exceptional locations, highly personal and genuine guest care, and celebrated cuisine. We take great pride in our many long-serving staff and invest continually in training our people to make your every visit special, memorable, and pleasurable, leaving you with the feeling that 'it's so good to be home'.

Words used to describe itself: A family run collection of Boutique Hotels. No request is too large, no detail is too small.

Supply and development plans
16 hotels in the UK and Ireland, South Africa, Switzerland (Geneva) and the USA (Palm Beach).

Social media

Firmdale Hotels

Ownership
Tim & Kit Kemp

Background
1985 – Established the company with the opening of the 37-room Dorset Square, London.

2009 – Opened first hotel outside of London, Crosby Street Hotel in New York.

Concept
Their company was an early innovator of the concept of boutique hotels. Kit Kemp has designed the interiors of each hotel in her unique personal way which reflects a fresh, modern English style.

"Hotels should be living things not stuffy institutions".

Supply and development plans
There are seven hotels in London and one in New York.

Further hotels are currently planned for London and New York.

Social media

Boutique and lifestyle hotels – Asia Pacific

East Hotels

Ownership
Swire Hotels

Background
2010 – Opened in Hong Kong.

2012 – Second property opened in Beijing.

Concept
East creates lifestyle business hotels with a wonderfully balanced approach to life. When it's time for work, East is plugged into business. When it's time to unwind, you'll find everything (and everyone) at East to be calm and very relaxed. Your stay at East is what you want, where you need it most.

F&B concept Feast (Food by East).

Supply and development plans
2 hotels (714 rooms) Plans to open East Miami, USA in 2015.

Social media
For individual hotels 3,100 followers also has Blog

The House Collection

Ownership
Swire Hotels

Concept
The House Collection, including The Opposite House, The Upper House and The Temple House, is a group of small, individual hotels in Asia providing highly personalised experiences for our guests. We are creating highly distinctive hotels, individually named, that are each uniquely designed by talented architects and designers.

Supply and development plans
2 hotels – Beijing and Hong Kong. Plans to open third in Chendu.

Social media

Sustainability
Swire Hotels commits to develop sustainable and environmentally friendly hotels in an economically and socially responsible way. The Upper House for example is not an eco-hotel; however, it is an award-winning showcase of sustainable hotel development in a densely urban environment.

Boutique and lifestyle hotels – luxury hotels with lifestyle elements

Dorchester Collection

Dorchester *Collection*

Ownership
Brunei Investment Agency (BIA)

Background
The launch of Dorchester Collection in 2006 signalled a change to the strategic goals of the company.

Dorchester Collection is the successor to the Dorchester Group, originally established in 1996 to manage a portfolio of some of the world's foremost luxury hotels in Europe and the USA.

Concept
Contemporary style and state-of-the-art facilities enrich the original charm and heritage of each hotel, ensuring a consistently exceptional and memorable experience.

People know the hotels of Dorchester Collection. They are icons in their own right with worldwide reputations as places offering the best and most sought-after experiences of good living, charm, elegance and service. Each hotel celebrates its own original character enriched by contemporary styling and state-of-the-art facilities. With historic buildings in outstanding locations each hotel also embodies the culture of its city.

The hotels have affiliations with celebrity chefs, such as Wolfgang Puck at the Bel-Air.

Supply and development plans
9 properties. The existing portfolio is confined to Europe and the US. The group is actively pursuing expansion in Asia, as well as in Europe and North America. Its priority target markets include: North America: New York, Chicago, Washington DC, Boston; South America: Sao Paulo, Rio de Janeiro, Buenos Aires; Asia Pacific: Shanghai, Beijing, Hong Kong, Tokyo, Singapore, Sydney; Europe: Madrid, Barcelona, Amsterdam, Moscow and Middle East: Dubai, Abu Dhabi, and Doha.

Social media
5,400 likes 16,800 followers