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NEWS

Are the rules of luxury hotelkeeping changing?

By [Jeff Weinstein](#) on 12/16/2016

The classics like the Ritz Paris, Peninsula Hong Kong, The Plaza in New York City will likely remain just that – classics that stand the test of time and that consumers want to experience as the legends they have always been. But today more than ever, luxury hoteliers are keenly aware of, and responding to, a new breed of luxury competitors.

New luxury is more comfortable in style and more personalized in service. Leaders call it modern luxury, and among the trendsetters are the likes of The Set in London, Auberge Resorts Collection and Proper Hospitality in California, as well as several smaller groups worldwide. They are delivering more casual, a bit buzzier and definitely more contemporary experiences.



The trend, which perhaps reached a tipping point a few years ago, is not lost on the bigger luxury players such as Four Seasons and Ritz-

Auberge Resorts Collection's Chileno Bay Resort & Residences, Los Cabos, is scheduled to open this month.

Carlton.

In fact,

Four Seasons Hotels & Resorts CEO Allen Smith said the Toronto-based company, now with more than 100 hotels open and about 50 more under development, is reviewing its position in the market and is developing a narrative that asserts more clearly what it stands for and represents.

"What is compelling about the service proposition that we offer is that there is this very genuine connectivity with our guests," Smith explained. "One of the things that's unique about our employees and general managers is that they must be a 10 on a scale of 1 to 10 in emotional intelligence. And we have a lot of people in our company who are exceptional in that regard, and they end up being the culture carriers for the company. What's critical is that we continue to assert to the marketplace what that really means and what's important about how we're different and how they should think about us in the marketplace. But it's all grounded in those cultural attributes that I think are really important."

It is not as though Four Seasons will pivot in response to an increased focus on modern luxury, and some former Four Seasons executives said the company was truly the forerunner of modern luxury with its sophisticated and understated approach. But Smith has taken notice of nuanced changes in luxury hotelkeeping.

"I think what we're trying to do is look at those sorts of trends, look at what it is about those sorts of projects and challenge ourselves to say what elements are important and relevant to our guests," Smith said. "We're making sure that we stay highly relevant to a fairly broad segment of the marketplace that we refer to as the modern luxury traveler."



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Another luxury hotelier in London has moved from "old luxury" to a modern luxury role, and it couldn't be happier. Stephen Alden recently left London's Maybourne Hotel Group (Claridge's, Berkeley, Connaught) for Georgi Akirov's The Set, which has Café Royal in London and The Conservatorium in Amsterdam, and is repositioning the

Lutetia in Paris. All are classic hotels, but with a new, contemporary style of design and a bit more informal delivery of service. Trendsetter Barry Sternlicht's new Principal Hotels, based in London, is taking a similar approach.

Alden thinks the "commoditization" of luxury has created an opportunity to focus on the personal — guest services — in a special way. "I think hotels are at a very important point, which is why I've picked modern grand hotels as opposed to the grand hotels that we talk about very fondly, whose best is behind them," he said. "We need a new wave of hotels that occupy the same positioning and respect in the market, and I want to be at the forefront of that."

As for Proper Hospitality, co-founder and CEO Brian De Lowe said the company wants to grow in vibrant, work-play neighborhoods that have strong corporate and leisure demand. "Developers gravitate to us for our 5-star service but in boutique lifestyle environments in hot locations," De Lowe said. "We have great design features and public space that sophisticated lifestyle guests desire. It's more casual, experiential luxury in an eclectic environment."

Embracing the niche

Perhaps ahead of the pack in responding to the modern luxury movement has been Auberge, which ironically has become the home of several former Four Seasons executives. Craig Reid, CEO at Auberge and a Four Seasons alumnus, said core luxury demographics haven't changed, but how that demographic enjoys itself has changed. "Auberge has always sort of considered itself a deliverer of less formal luxury, but I think that tastes today are pushing us even further and so there's a little bit more whimsy, a little bit more risk-taking... As tastes change more agile companies, that really quite frankly probably have not had the time to build up their manuals, can quickly seize the opportunity in terms of where they feel there is a niche — be it Equinox around fitness or Proper around a more deconstructed form of luxury. And we're certainly trying to grab a niche ourselves."



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Reid pointed to Auberge's new Chileno Bay development in Cabo San Lucas, Mexico, opening this month. "Its punctuation mark is T-N-T, which is our taco bar on the beach, and it's going to be no shoes allowed, rough and ready, sincere, a taco bar serving cold beer and the taco of the day... It will feel very authentic, as if it's something delivered by a local, and we feel that's what the customer is looking for. That's what the Propers of this world are trying to do, and Hotel Emma in San Antonio, Texas, which is a fabulous new product. It's whimsical, it's energetic, it's vibrant, and it's a very different delivery of luxury."

Auberge is also preparing to launch Stanley Ranch in the southern part of California's Napa, where the entrance will be a big bike shop, a nod to informality. "It's an emblem to the spirit of the place," Reid said. "So, I think we're adapting it, but we're cautious, too. We don't want to be seen as a 'lifestyle' brand."

But doesn't casual mean a limited ability to drive revenue with lower average checks? Auberge believes that the market for this type of product is huge and that demand will drive pricing, not the style of service. "We actually believe that Cabo will have very high pricing because there is a huge constituency that would be much more comfortable there than at some of the other more formal, more traditional luxury properties," Reid said. "We think we are going to generate a lot of demand and our room's pricing will be higher based on that root demand. I think our average check in F&B may be less. It is no prefix for US\$100; if you want to just come in and have a margarita, we have a huge margarita bar. But I suspect we're going to be extremely busy... There are very few restaurants that do US\$10 million a year that are super pricy."

Indeed, the luxury value equation is rapidly evolving to where basic creature comforts are taking a higher priority to silver and chandeliers.

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Refreshing but...

Luxury is the one space, not just for hospitality but also for retail (as an example), where it increasingly MUST be about building relationships. These relationships have to scale, especially when you go from a handful (or even 100) properties to many more. The challenge and limitation around hiring people with an EI of 10 is that it does not necessarily translate into the broader customer experience. It's not often consistently relevant, nor is it omni-present or even omni-channel. A discerning guest recognizes when it's authentic or not and this includes digital channels where relevance must also be delivered with EI and consistency. This is where things fail almost universally, even in luxury hospitality.

SUNDAY, DECEMBER 18, 2016 | PHIL RUBIN

REPLY

Not Really New!

Interesting examples of contemporary applications of luxury. However, making luxury less formal is what successful hoteliers have been doing for some time now. Think of the way hotel lobbies are designed, the more residential feel of guestrooms, and the disappearance of the fine dining restaurant.

SATURDAY, DECEMBER 17, 2016 | GILLES CHARLET

REPLY

Still Not Enough!

Merely upgrading the culture to increase Emotional Intelligence (EI) is a shame. That's like fitting an extension to a car's exhaust pipe to increase the speed a bit. Upgrade to the Quantum worldview. That's the future of hospitality! Not left brain tweaks to the culture, which is what EI does. The Holy Grail the CEOs here are looking for is closer than their life's vein, but they are looking outwards, which is the wrong direction.

FRIDAY, DECEMBER 16, 2016 | PETER MCALPINE

REPLY