

Opinions

The problem with chains branding boutique

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Chains that brand boutique and lifestyle will face challenges to truly distinguish themselves, remain relevant and set themselves apart.



By Becca Chester

Ian Schrager, the visionary behind the first boutique and lifestyle brands, spoke this past June at the 2015 BLLA Boutique Hotel Investment Conference in New York and stated, “I am so tired of hearing about another hotel for millennials.”

The hospitality industry has finally started to rebound from the last economic recession and, although the number of projects under construction is not quite up to what it was in mid-2008, there has been a strong, steady resurgence. In the past 24 months, flush with an infusion of fresh dollars, the hotel marketplace has run rampant with an abundance of new brands, the majority of which are vying for the millennial market.

These brands are the products of the larger veterans of hospitality—Marriott, Hilton, Hyatt, Shangri-La, Radisson and Loews—and many have “millennially-appealing” catchy names, such as Canopy, Tribute, Moxy and Jen. Other big hotel corporations have quickly tapped into this market either by buying an existing brand outright (e.g. InterContinental Hotels Group’s purchase of the already-proven Kimpton Brand) or by creating collectives of soft brands, whose leniency with brand standards allows for well-established, independent properties to become part of the big-name hotel chain with minimal change.

Boutique and lifestyle brands have long been the inspirational muses of the hotel industry. Schrager’s concept of “lobby-as-social-space” has had a significant design impact on numerous brands, from the limited-service franchise product up to the full-service 4- and 5-star brands. When Barry Sternlicht, then of Starwood Hotels & Resorts Worldwide, introduced an all-white bed for its newly launched W brand as well as its Westin properties, bedspreads disappeared once consumers and the big hotel companies embraced the minimal concept by creating their own interpretations of the idea. Today around the globe, one would be hard-pressed to find a heavily patterned, quilted bedspread in any property.

The W brand was the first instance of a large hotel company attempting to completely emulate the look, feel and personality of an independent lifestyle hotel. Starwood launched W way back in 1998 and since then has seen it successfully grow to more than 50 properties in 24 countries.

In 2004, IHG introduced the Indigo brand, developed primarily for property conversions on an economical scale; it has been successful with 61 hotels, with another 63 in the pipeline. In 2005, Starwood developed yet another lifestyle brand, Aloft, which targeted the business traveler. Hyatt jumped into the ring in 2007 with its Andaz brand. Until this recent economic upturn, however, (other than Hilton's aborted launch of the Denizen Brand in 2009), no other large hotel chains really ventured into this market.

A lifestyle brand often has as its cornerstone a certain design "edginess," with a specific appeal for a younger contemporary culture. Did the big hotel firms have a hesitation that there was (and is there still) a consumer perception that they were perhaps too mainstream and staid to be successfully affiliated with edginess?

Were they concerned that the words "hotel chain" and "boutique and lifestyle hotels" were an oxymoron? Any reluctance they had with leaping into this segment is now gone. The hotel titans now firmly believe this is truly the next big market and all are scrambling to get a piece of it.

Issues for chains

One of the issues the hotel companies will face as they roll out their new brands will be a tendency to confine and define their target-market too narrowly. Given that boomers and Gen Xers still have the most dollars to spend on hotel stays, it is crucial that the new brands don't alienate them by attempting to be too millennial focused.

The successful independent boutique and lifestyle hotels have always been the brainchildren of independent thinkers, such as Schrager and Sternlicht. With the hotel corporations already managing their existing stables with a multitude of brands, they will need to ensure they have a passionate leader at the helm of their new brand in order for it to get the attention to design differentiation that historically has set lifestyle brands apart.

The biggest challenge will be managing the design process.

The independent hoteliers knew how to tap into the locale and mindset of their market. Each hotel had its own quirkiness, character and offered the guest a special experience.

When a hotel chain creates a brand, developers are handed a manual of design and construction standards. Variances from these standards are not readily granted, as homogeneity is less costly and easier to manage. How will they create an appealing hotel with innovative design while trying to stay within the constraints of the given design and construction standards? How will a corporate hotel culture manage the design process and nurture an entrepreneurial spirit that has always been at the heart of lifestyle? Will they allow enough leniencies and encourage their designers with innovation, or will the big business spirit and mentality quash any new ideas? It will be a fine line to walk.



Looking ahead, the market probably will not be able to sustain all of these new brands. How will developers choose between this ever-growing menu? More importantly, how will the hotel guest choose between them?

It will be a challenge for these brands to truly distinguish themselves, remain relevant and set themselves apart.

[Becka Chester, ISHC](#) is a 30-year veteran in the hospitality design industry and former Vice President of Interior Design with Hilton Hotels Corporation. Her consultancy, [Hospitality Design Specialist, LLC](#) offers a design management service by providing hotel owners with the complete services of an in-house design executive. By offering these skills on a project-to-project basis, she fills a principal position that is usually available only to the largest hotel firms.

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