

## TRENDS PROMOTING LUXURY



INTERCONTINENTAL LE VENDÔME HOTEL

# Promoting Luxury in the Middle East

Boutique Hotels and Lifestyle Brands *by Karim el Asmar*

Traditionally, hotels have been classified according to a star-rating system that aims to provide information about the "services" available in a property. Often, services meant internet, business center, conference rooms, pool, extensive food and beverage outlets with all-day dining, a night club, eventually a casino, and so forth. Naturally, the hotel listing the largest number of services would get the highest star rating. Today, guests expect to receive such service free of charge. More to the point, they consider the availability of such services to be a must in choosing their hotel. In more academic terms, what made once a competitive edge now constitutes a basis.

### Boutique Hotels

Furthermore, with the recent development of luxury brands, such distinctions no longer suffice, and the guests are looking into other variables to identify the brands that best suit their needs. For example, a Marriott and a Four Seasons hotel will both rate five stars, but guest perception is not the same for both brands. In this regard, the most significant worldwide trend in hospitality for the last ten years has probably been the boutique hotel. While in the early stages the attribute was given to independent properties with a certain charm and undeniable luxury, it was widely spread across the industry, often meaning all things to everyone. The term has become common vocabulary in promoting properties that wish to emphasize a unique and personalized service. With the recent development of upscale hospitality in the Middle East, this word has become widely used by travelers and hoteliers alike. Yet, it is difficult to assess if both have

the same understanding for it. One thing is for sure; there isn't one definition for boutique hotels, and over-usage of the word has pushed owners and managers of authentic boutique hotels to use a different word to describe their property: Hotel de Charme. However, *charme* is often an attribute that can be given to a 3-star property as well as one of luxury; so much for clearing the confusion. The boutique hotel trend picked up around 10 years ago in mature urban destinations such as European and North American cities, whereby the hotel market scenery was dominated by international chains, with hotel rooms being treated as a commodity by travel agents and travelers. Yet there was also a history of independent hoteliers, a search for a new economic model for hotels and mostly a new demand from travelers for authenticity and exclusivity. Early properties to carry the adjective of boutique hotel were urban, offering a limited number of facilities, but able to provide a higher level of care to their customer. The central location of such properties, and their architectural and historic character, allowed the traveler to live a true experience in the city they were visiting.

Hotel labels also identified this need, and we have observed an increasing number of labels and guides for such properties. If you type "small boutique hotels" in your browser, you will obtain a great number of answers, to list but a few: small luxury hotels, chic retreats, great small hotels, preferred hotels, and boutique hotels.

### Double-Edged Sword

While the increasing number of such hotel labels refers to a market need, the drawback is that

such reservation systems need to reach a critical mass to become profitable. The related risk is that the developers of such labels will be tempted to recruit various properties, with a decreasing consideration to their personality, in order to achieve that critical mass. Referring to small, just how small is small? Referring to luxury, what is the minimum required? Rapidly, the reason for which this service was created falls at risk of becoming diluted, which drives away both customers and hoteliers.

### Unique Experience

In all cases, the common denominator among all these sites, but also the center of their communication, is the promise of a unique experience. Experience is the key word. Travelers, especially in mature destinations, are looking for something different, something unique. From the moment they land in an airport, they want to get a feel of the destination and see beyond just another hotel room.

In the Middle East, hotel development has been mainly focused on the five-star properties. The scenery remains dominated by first-class hotel brands such as InterContinental, Crown Plaza, Marriott, and Sheraton. However, recent and ongoing developments have brought a new dimension to the market. Rapid development of upscale brands such as Fairmont, Hyatt JW Marriott, and Shangri-la, as well as deluxe brands such as Four Seasons, GHM's The Chedi, Jumeira, Ritz Carlton, and One & Only, has accelerated the process of luxury market maturity.

### Redefining Luxury

While there remains room for hotel development, the overcrowding of the luxury market, with the sudden introduction of a large number of brands, has made it difficult to differentiate properties and attract the guest. As the physical attributes of new properties are no longer sufficient, differentiation becomes a must at the risk of suffocating in the middle of the crowd. Indeed, Middle Eastern owners, often cash-rich, have invested in providing their properties with the latest technologies: the WiFi and

Broadband are no longer cutting edge or exceptional. It is a preliminary condition to have larger rooms often exceeding 50m<sup>2</sup>, as opposed to Europe's 30m<sup>2</sup> rooms, and more extensive facilities. Some properties are promoted as six-star and seven-star; this only confirms the need to differentiate. Other properties use the attribute boutique hotel to promote either part of or the entire property. This vocabulary has become commonly used to promote executive lounges in large properties as featuring boutique hotel style service, or small-sized properties managed by chains such as InterContinental Le Vendôme in Beirut. Even larger properties that want to emphasize a higher luxury standard, such as the Miral Salam Hotel in Madinat Jumeirah, managed by Jumeirah; it is presented as a grand boutique hotel – in the Middle East most hotels are on a large scale often exceeding 150 rooms.

### Lifestyle Brands

Another developing trend in hotels, which is likely to affect the scenery in the coming decade, is the term lifestyle brands, starting with designer-branded hotels, such as Armani or Versace, and lately Missoni, and reaching newly-developed brands such as W by Starwood hotels, or Hotel Indigo by InterContinental Hotels Group. In a previous article "Haute-Couture hotels: new fashion gimmick or serious market trend?", Hospitality News (Issue



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44, November/December 2005), featured how fashion branding came to be and presented some of the risks inherent to it.

While lifestyle branding has several similarities to fashion branding, it has the advantage of not being tied to a designer's name. For example, the brand W is a pure product of a hotelier that was able to create an aura around services they normally offer their guests. Promoting "Whatever you Want, Whenever you Want it (as long as it's legal)", W brings a new dimension to guest perception of hotel services. In this sentence, the hotelier promises, with a certain humor, to cater to all the guests' needs.

Such a promise has been at the center of hotels' promotion as well as orientation programs, and a common phrase used in the nineties was: "exceeding guest expectations". The novelty in the lifestyle brands does not come in its customer orientation, but rather in the value-based communication.

Unlike traditional hotel brands, lifestyle brands dare to be wired, in, trendy; to have a sense of humor. As with the designer and



TALISMAN BOUTIQUE HOTEL



VERSACE HOTEL

fashion brands, lifestyle brands work on customer identity and value sharing. GHM hotels promote "A style to remember", and do not hesitate to restrict areas to families in order to preserve guest experience. Hotel Indigo states "A hotel that is a source of inspiration, not just tiny shampoo".

### The Key: Differentiation

To the luxury-savvy Middle East hoteliers managing first-class, upscale, and luxury properties, differentiation is key. A mere vocabulary gimmick is unlikely to do the trick as the customers have become more sophisticated and more aware. Using the term boutique will not suffice to promote quality service, let alone distinguish a property. It is likely

that lifestyle brands will make a noticeable progression, beyond designer's brands which are already on the way. But how will hotels differentiate then?



Recently, Loews Hotel started a new campaign entitled: "Living Loews", aimed at giving employees a combination of training courses that cover behavior, communication, presentation, salesmanship, public speaking, and etiquette. They have probably come to realize that no matter what you do to differentiate, what the guest will retain the most is their interaction with the employees. Good old word of mouth remains the key.

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