

Differentiating Lifestyle Hotel Brands in an Increasingly Competitive Category

December 5, 2017 / By Court Williams



The millennial's idea that they have everything they need and nothing they don't (lyrics from Homegrown by the Zac Brown Band) has caught on among travelers of this generation, and they have embraced lifestyle-focused options within established hotel brands like Marriott's Moxy wholeheartedly. Is this a just a passing trend, though, or is it a shift in philosophy that's here to stay? To determine the answer, I believe we need to look at who makes up the bulk of the travel market, and why they travel.

Millennials Making Waves

Statistics from Mintel show **83% of millennials took a leisure trip during 2016**, compared with only 75% of all U.S. consumers^[1]. They are also spending more on vacations than in previous years, with almost 25% expressing their interest in using "economy" services such as shared accommodations. This makes millennials a major target audience, who prefer to travel affordably without the extra cost of unnecessary frills.

The primary factors driving this change in demand are:

- Highly educated and more experienced travelers, who avoid generic brand experiences and "sameness."
- The proliferation of digital content, particularly social media, which promotes the value of unique experiences delivered by authentic, hyper-local and destination-specific travel.
- Price is a huge purchasing factor, which leads travelers to seek out cost efficiencies wherever possible.

With the disruption caused by the sharing economy (e.g. AirBnB) and the ongoing popularity of immersive experiences—evident in the excitement surrounding virtual reality and 3D films—hotel brands have no choice but to look for new ways to enthrall the traveler.

A Shift in Philosophy

The opportunity to have hyper-local experiences specific to a destination is a significant factor in the popularity of accommodation options. Guests want to interact with the local community and experience a sense of belonging.

Many lifestyle hotel brands have realized this and incorporate it into their offerings, with restaurants, bars and even lobbies targeting local residents as much as travelers. In the world we live in, however, these attractions need tempering with assurances of relative personal safety.

Experiences backed by the reputation of an established hotel brand therefore offer a higher level of confidence for travelers, which is one reason the rise of shared accommodations has not really affected the hotel industry.

The New Reality

So, what will be next and what is the future for the lifestyle hotel concept? I believe it's a mix of personalization

Summary

Lifestyle hotel brands have realized that local experiences is a key factor in the popularity of Lifestyle Hotels. So, what is the future for the lifestyle hotel concept? I believe it's a mix of personalization, with a healthy dose of technology.

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and simplicity, with a healthy dose of technology.

Travelers no longer want the most popular option, they want the one that's right for them. Oftentimes, this means clearing out the clutter and giving guests a downsized experience that enables them to simply lie on a beach for 10 days. Too many entertainment options can make a trip "touristy" and impersonal, so scaling back on the commercial activities (and their costs) could be a winning formula.

Building relationships with local (vetted) tour operators who are confidently recommended may be a better option than organized excursions or activities. The ability to browse or search for activities on a mobile device using an app over free WIFI is far more effective with this target market than brochures on the front desk.

The Dawn of Data

The collection and mining of data, of course, is going to be the pivot on which the market turns. With most hotels now using electronic systems for almost everything, gathering information on consumer preferences has never been easier. The hotel industry has been slow to embrace big data, however, and that needs to change—fast! Artificial intelligence will enable brands to personalize their offering more fully, often without the need for human intervention.

Lifestyle's Long-Term Prospects

General consensus in the travel industry tells us that whatever the new trend towards authentic experiences may end up being called, it is here to stay. Building connections with the community is as important as having an interactive, social lobby area. Hotels are no longer simply a gateway to a destination, or merely a place for travelers to lay their heads.

Navigating between achieving simplicity and offering a personalized, immersive experience will be challenging for brands, but with lifestyle hotels already comfortable with "being different" from traditional brands, this segment is perfectly poised to become ground zero for future travel.

[1] Source: Lightspeed GMI/Mintel Marketing to Millennials – U.S., May 2016

About Court Williams



Court Williams is Chief Executive Officer of HVS Executive Search with offices in New York, Denver, Orlando, Miami, Atlanta, San Diego, Los Angeles, Vancouver, London, Dubai and Hong Kong. Court is based in New York and has over 29 years of retained Hospitality Executive Search experience within the Hotel, Restaurant, and Travel/Leisure industries. He began his career in the restaurant industry after graduating from Cornell's Hotel School gaining operational experience prior to launching a career track in Human Resources with an international restaurant company. Having gained experience in executive recruitment from the brand side, the desire to work with a broader range of hospitality clients led Court to a career in retained executive search beginning in 1990. Court has expertise in leading senior hospitality executive searches across all functional areas including Board Director, CEO, Operations, Human Resources, Marketing, Finance, Development, Culinary and Supply Chain. His client base includes private equity firms, hotel management companies, restaurant companies, travel technology brands and leisure venues. Court also leads the global growth strategy for HVS Executive Search. He has been a sought-after speaker and panelist for hospitality industry events as he has enjoyed great success working closely with clients going through an organizational and cultural change, which is a leading topic in the hospitality industry today. Court remains an active Cornell alumnus and is a student coach with Cornell University's Hospitality Leadership Development Institute, as well as The Samuel Curtis Johnson School of Management's MBA Marketing program. Court earned his Bachelor of Science degree in Hotel Administration from Cornell University. For more information contact Court at +1 (516) 248-8828 ext. 220 or .

