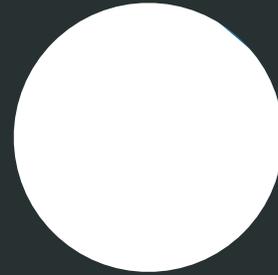
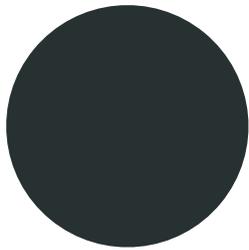


The Future of Guest Experience

By Samantha Shankman



Interviews with CEOs
of the world's top
hotel brands

Skift Books
2015

The Future of Guest Experience

By Samantha Shankman
with Greg Oates and Jason Clampet

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By SAMANTHA SHANKMAN
with GREG OATES, JASON CLAMPET AND SKIFT

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Table of Contents

The Global Chains

Frits van Paasschen
Starwood
8

Christopher Nassetta
Hilton Worldwide
12

Arne Sorenson
Marriott International
16

**Insights: Georgetown
University Rethinks
Executive Training
19**

David Kong
Best Western International
21

Mark Hoplamazian
Hyatt Hotels
24

Sébastien Bazin
Accor Hotels
27

David Berg
Carlson Rezidor Hotel Group
30

Wayne Goldberg
La Quinta Inns & Suites
33

Stephen Holmes
Wyndham Worldwide
36

**Insights: Why Every Hotel
Brand Wants in on the
Boutique Business 38**

Luxury and Lifestyle Brands

J. Allen Smith
Four Seasons
41

Greg Dogan
Shangri-La Hotels & Resorts
45

Nicholas Clayton
Jumeirah
47

Herve Humler
Ritz-Carlton
50

Sonia Cheng
Rosewood Hotel Group
52

**Insights: Luxury Hospitality
Returns to the Human
Element
54**

Alan Fuerstman
Montage Hotels & Resorts
56

Neil Jacobs
Six Senses
58

Rocco Forte
Rocco Forte Hotels
60

Carl Michel
Generator Hostels
63

Rob Katz
Vail Resorts
66

Craig Reid
Auberge Resorts
69

Niki Leondakis
Commune Hotels
72

**Insights: Kimpton and the
Rise of Boutique Hotels
75**

Jason Pomeranc
SIXTY Hotels
76

Brooke Barrett
Denihan Hospitality Group
79

Larry Korman
AKA
81

**Insights: How Alex
Calderwood's Ace Hotel
Changed the Way We Travel
83**

Marketing Organizations

Lindsey Ueberroth
Preferred Hotel Group
87

Paul Kerr
Small Luxury Hotels
90

Jean-François Ferret
Relais & Châteaux
93

Ted Teng
The Leading Hotels of the
World
96

Introduction

The pace at which the global hospitality industry is changing has reached an unprecedented high.

Mobile apps, social media, peer reviews, online booking, and an on-demand mindset have completely shifted travelers' expectations and given hotels the tools and opportunity to engage customers with unprecedented frequency and accuracy.

Simultaneously, a growing number of global travelers is expanding the potential customer base of every brand, causing a life-or-death fight for loyalty and driving the frequent introduction of new brands and collections to all major hotel groups.

"The Internet has entirely changed customers' expectations. They know so much about what exists in the hotel industry that they didn't know ten years ago," says Accor CEO Sebastien Bazin.

No longer satisfied with a clean bed and welcoming smile, customers are searching for brands that embody the destination that they're in, provide a personalized experience or give them the tools to get in and out exactly how they choose.

"Nowadays hotels are not merely hospitality companies; they are lifestyle providers. Guests expect us to inform them about what's happening at a particular location," Shangri-La Hotels and Resorts CEO Greg Dogan.

Hotels are also in a frantic search for new employees and shaking up both who and how they train their front line employees in an effort to empower them to stray from a guidebook and surprise guests as opportunities arise.

This collection of 28 CEO interviews captures the strategies and challenges of leaders as they consider the impact changing global economic and cultural factors have on their business and how they plan to anticipate and adapt accordingly.

By collecting their thoughts on a similar set of topics--from technology and marketing to fees and training--we have tackled the hospitality's most pressing topics from every angle and gained a glimpse at what the future of hospitality will truly look like.

Read InterContinental Hotels Group CEO Richard Solomons discuss brand differentiation and experiences for every kind of customer, or Marriott International CEO Arne Sorenson discuss the importance of marketing in building and expanding hotel brands.

Best Western CEO David Kong talks about technology's role in changing customer expectations and former Starwood Hotels & Resorts CEO Frits van Paasschen discusses its ability to improve the guest experience and free up staff for true engagement.

Hilton Worldwide CEO Christopher Nassetta touches about the global war for talent and Hyatt Hotels CEO Mark Hoplamazian compares the risks and rewards of empowering front line employees.

Read the CEOs of luxury hotel groups including Ritz-Carlton, Four Seasons, and Jumeirah talk about the changing definition of luxury and how they're adapting their products and services to meet travelers' rising demands for personalization over

physical extravagance.

Join the CEOs of lifestyle hospitality groups including Commune, SIXTY, and Generator Hostels in a discussion on the transformation of the boutique concept into a cultural zeitgeist and how they protect truly boutique experiences from the onslaught of lifestyle brands peddled by corporate hotel groups.

Learn from the CEOs of the four top hotel marketing organizations including Leading Hotels of the World, Relais & Châteaux, Small Luxury Hotels, and Preferred Hotel Group as they talk about the rising interest in independent properties and how customer habits have fundamentally changed the services they offer.

Despite the size, location or sector of their specific hotels, all of the CEOs concluded their comments by mentioning technology's inability to replace true hospitality.

As former Starwood Hotels & Resorts CEO Frits van Paasschen sums up, "In the end, you can't download a hotel or outsource a butler. The hospitality business is about going somewhere, having an experience and seeing people face-to-face.

Dig in as hotel CEOs from Connecticut to China discuss guests' rapidly changing expectations, technology's role in improving and personalizing a stay, and how hotels hire and train a nimble workforce. They'll also dispel their strategies for digital content marketing, social engagement and post-stay communication in an effort to create and keep loyal customers.

--Samantha Shankman

The Global Chains

Starwood Hotels and Resorts

Frits van Paaschen



Photo courtesy Starwood Hotels and resorts

With international tourist arrivals reaching a record 1.087 billion in 2013, travelers from emerging and leading nations are crossing more borders more frequently than ever before.

Global hotel brands are tasked with responding to these increasingly sophisticated guests no matter where in the world they are or where they're from. Today that means acting as a portal to a destination's local culture, arming travelers with technology to make smart decisions quickly, and creating a company culture that encourages staff to step outside their defined roles.

Starwood Hotels and Resorts Worldwide, in particular, is leading

the hospitality industry in technical innovation, constantly taking its place as one of, if not the, first hotel brand to introduce a Google Glass app, an Apple Watch app, a robotic staff member, and stellar social customer service.

The brand is also rapidly expanding overseas, meeting the needs of its increasingly global guest, with plans to double its presence in India and China, add up to 20 properties in Africa, and expand throughout South America.

But it wasn't expanding fast enough for board members: One month after Skift spoke with Starwood CEO Frits van Paaschen, he resigned his position.

His insights into the industry are still valuable, of course. An edited version of the interview follows:

Skift: What are the biggest chal-

lenges you face to improve the guest experience today?

Frits van Paaschen: The biggest challenge today is making sure our brands stay relevant and ahead of people's changing expectations. Between new generations of travelers people coming from and going to new destinations around the world and experiencing the benefits of technology in other facets of their life, we need to make sure that we move 1,200 hotels and a couple of hundred thousand people as quickly as possible to meet those changing expectations. This isn't just the biggest challenge facing me; more importantly, it's the biggest challenge facing our organization overall.

Skift: Let's touch on some of those changes in guest expectations and demands. What are some of the broad changes that you're seeing? Are any of

them unexpected?

van Paasschen: The fundamental thing here is that most of the change will happen in the coming years will, in fact, be unexpected. Internally, we talk in terms of agility being the new smart and that it's far less important to have a long-range plan or strategy and far more important to decide what you want to be good at and how you can recognize good ideas and change and respond to those as quickly as possible.

For example, the shift that everybody is seeing from a PC-based search engine transaction view of the world to a mobile-based dialogue, app-based way of relating to brands, fundamentally opens up new possibilities for how we can have direct

conversations with individual guests, how we can anticipate their needs, how we can make sure their room is ready when they get to our hotels.

These are all things that I think are really exciting and represent, yes challenges, but, more importantly, opportunities. The next phase of where this evolution is clearly wearable technology. How do you go from dialogue to real-time functionality? In a mobile environment people interact with their phones every six or seven minutes, but with wearables, they're essentially always online and their devices have the potential always to be doing things in real-time for them.

Skift: What role does technology play in improving the guest experience?

van Paasschen: If we have state awareness in our app like we do, then that means we know when you've arrived in a city and we can make sure that we're ready for you. We can

ask you whether you know how to get to our hotel. If you're on property, increasingly, we should be able to deal with you through our mobile app in case there's something you need or want.

There's so many more touch points now where we can learn from you, and it's not just by the way of "big data." One thing is having a lot of analysis to be able to identify what people want or what they may have wanted in the

"I look at it in this simple way: In the end, you can't download a hotel or outsource a butler. The hospitality business, in the end, is going to be about you going somewhere and having an experience and seeing people face-to-face."

past. If we know you're in touch with us and there's something about your room that you don't like then we want to hear about it.

We'll pick it up on social media through what used to be a call center and is now increasingly a social media nerve center. Or we may hear about it on property and there are certainly ways that our associates know close to immediately if you're having an issue or a problem. It's as much about being able to anticipate as it is the all-important other phase of hospitality, which is responding and recovering to a need or something that may not have gone the way it should have the first time.

Skift: Is consumer-facing or back-end technology more important/effective? Is there a particular aspect or feature in all of this technology that has improved the guest experience in particular?

van Paasschen: Honestly, I think they are kind of one in the same. Here's

why I say that: You're able now as an associate to know who's coming into your property. We used to have a print daily pre-arrival report identifying what people want and all kinds of information about their stays. What we were finding was that it was really hard for our properties to absorb and respond to that. What's happened is that we've gotten better at highlighting the information about who's coming, but also putting it on tablets and putting it in the hands of our associates so that they can see, up to the moment, what's going on.

Likewise in measuring guest satisfaction, we used to look at a 30-day window for what people were telling us and between social media and now looking at feedback in real time, our general managers or heads of house-keeping can talk to our associates each morning about what's

happened in the past 24 hours and things to look at and focus on. In many respects, we're responding to things that people have said but we're also avoiding issues that people might have that day if we hadn't had the information more quickly.

All this nuanced guest feedback is helping us work with the owners of our hotels to identify those things that would be the biggest improvement in guest satisfaction at their own properties. We can begin to show our owners where, if they put capital into their properties, guest satisfaction will improve and the financial performance of that property will get even better.

Skift: How has the hiring experience changed or evolved to match changes in the guest experience?

van Paasschen: It starts all the way from the beginning. We do much more hiring now online and through various forms of social media that didn't exist not that long ago. In addition to that,

we're hiring people around the world for different functions.

One of the great things about the hospitality business is that we generate and create opportunities in the 1,200 locations and the 100 countries where we operate. It's important to find people who have that balance between technology and design and brands and operations. Talent pools are getting more and more challenging to tap into. I think the real opportunity to set ourselves apart is to make sure once people get to our company that they stay and grow.

People love coming here and being able to stay at our hotels. Having more luxury hotels in more destinations is a great opportunity. Joining Starwood in one place and being able to move and work in different properties around the world is another one. We also make investments in tuition reimbursement or online learning, which about 30 percent of our associates take advantage of.

I would layer on top of that the fact that if you create a culture that values people from different backgrounds and different functions coming together then they get really excited about this change that they can make. For example, at StarLab we have 200 developers or people with technical skills, but those people are sitting right next to our brand and design teams.

We make sure that we have folks from our operations around the world come and interact, because the best ideas and the best things that we end up creating are those that come from these disparate groups of people working together and feeling empowered to come up with new ideas, make changes, and propose things that might be a little different from how we did them yesterday.

What has stayed the same but just gotten bigger is working directly with universities. We work with the classic hotel schools and hospitality learning organizations, but what's really changed is that we now also work with 17 different local universities in China, universities in the Middle East, and around the world as another pool for

talent.

Skift: What are your views on the increase in hotel fees levied against guests?

van Paasschen: First of all, the most important job that we have is to make our guests feel like they want to come back and feel connected to our brands and giving them great experiences. The other side of our business is making sure, in doing that, we create great returns for the investors that own our hotels.

From our perspective, we're always trying to find the balance between giving people great experiences and making sure that our hotels get the financial credit for doing that. Having said that, I think the other thing that we've learned is when it comes to our loyalty program: The people who are most loyal to us will get more and more preferential personalized service and treatment. For example, if you're a member of SPG and you stayed with us loyally over time, if you show up at one of our hotels at seven in the morning you can get something that we call Your24. You can get the room that you checked into for a 24-hour period and not have to think of it as two days.

Skift: Starwood has been an early adopter when it comes to new technology including rolling out a Google Glass app, room keys right on guests' mobile phones, or the Apple Watch app. What's the thought process and stance behind this early adopter mindset that you've taken on for SPG?

van Paasschen: I think it goes back to the DNA of our company. We believe that people want a better way to experience the world and that bringing new things to our guests and bringing innovation to hospitality is part of that relentless desire to find a better way to experience the world. The different ways that technology intersects with SPG is creating a whole bunch of new ways for us to think about giving people those better experiences.

Here's a live example of what I mean: In the last few months, we've gone through our 350,000 rooms and given our associates an app to record about 80 different features of those

rooms. We brought those together in such a way so that if you book through our direct channels and SPG.com, we can start to record what kind of rooms you like and which of those rooms are available at the properties you're looking at. We're making our associates' lives easier because if you don't adjoining rooms or if you want to be farther away from the elevator, now our associates aren't picking up the phone to check whether Room 217 meets your preferences. You can do all of this automatically.

Technology is a great way to get rid of pain points in the hospitality process. You stay with us 50 times a year, why should you have to show up, wait in line, identify yourself, pay in advance, get a key, walk to your room. We should be putting that same amount of energy that we're putting into a pain point into meeting you at the door, giving you the drink that you want, helping you with your bags and doing all the things that are actually hospitality.

Skift: How has content and social media changed Starwood's conversations with customers?

van Paasschen: I look at it in this simple way: In the end, you can't download a hotel or outsource a butler. The hospitality business, in the end, is going to be about you going somewhere and having an experience and seeing people face-to-face. All of what we're talking about in respect to technology is trying to make that trip a better experience. In a funny way, the technology matters least. Technology is best in all of this if it kind of disappears.

What social media and the availability of information does from my point of view is, look, the more you know about my hotels and what you can do there, the better chance we have of you coming and seeing us. It's the same reason we put ratings and reviews on SPG.com. We're not 100 percent correct every time, but I'll put us up against the reality anywhere else any time. I think in a lot of respects, the more information that's out there, the better we look.

Hilton Worldwide

Christopher Nassetta



Photo courtesy Hilton Worldwide

Hilton Worldwide is the largest global hospitality company by number of rooms and is quickly innovating to meet customers' changing demands across technology, experience, and mindfulness.

For example, Hilton is tapping into tech innovation to improve guests' experience. In July, it was the first major hotel brand to give guests the ability to select specific rooms a day before their stay.

Hilton also joined the ranks of major hotel corporations putting a foot in the growing independent and lifestyle segments. In June, the company launched Curio, a collection of independent properties that wouldn't fit under its other brands. In October, it launched Canopy, a lifestyle hotel that connects guests to the local culture.

Christopher Nassetta joined Hilton as CEO in December 2007

after holding executive roles at Host Hotels and Resorts and several real estate and investment companies, after being courted by its owner Blackstone. He shepherded the brand up to and through its initial public offering in December 2013.

In addition to learning from travelers inside and outside of Hilton's system to inform new initiatives, Nassetta pulls on his own interests in sustainable growth and education to direct the global hotel brands' projects and priorities.

An edited version of Skift's recent conversation with Nassetta follows:

Skift: What are some of the biggest challenges that you're facing to improve the guest experience today?

Christopher Nassetta: One is the pace of change, both related to technology and, more generally, globalization. The other challenge is the war for talent around the world.

In most aspects of our lives, we

have so much choice and control afforded to us today, in large part because of the technical advances that we've seen. People are driving all aspects of their life on a personal digital device, whether it be checking a boarding pass, paying for Starbucks, making their schedule, talking on the phone. People have so much more choice and control over how they interact with everything in their life today.

The speed at which that's been changing is amazing, even over the last five to ten years. What that means from a customer point of view is that if customers are becoming accustomed to having that level of choice and control in all other aspects of their life then they're going to want that same thing when it comes to their experience with us. They're going to want that when they dream about a trip, think about booking a room, check in, check out, provide feedback, and everything else that's a part of the journey.

If they have a significant amount

of choice and control in how they interact with every other aspect of life, they're going to want it with us too. To continue to please customers, we have to keep up as an industry, and certainly Hilton as a company, by giving customers unprecedented levels of choice and control in how they interact with us. That pace of change has been very rapid over a relatively short period of time.

This is also related to the war for talent. When you think about opportunities around the world, there is a middle class in emerging markets that has doubled in the last 20 years and is expected to double again to nearly five billion people in the next 20 years. Tourist arrivals have doubled. Last year, for the first year ever, we had more than a billion global tourist arrivals. It's doubled over 20

years and is expected to double again to nearly two billion tourist arrivals over the next 20 years.

Yet when you look at emerging markets and the hotel business, room capacity is about 10 percent of what you find in the west. That means there is tremendous opportunity and that there needs to be very rapid growth to keep up with those demographic trends. Ultimately, there needs to be a huge cohort of potential employees available to deliver service levels that meet guests' expectations.

In many developing parts of the world where there is a small hotel base, you don't have a population with the embedded skills necessary to fill hotel roles. We are very involved in working with governments and organizations around the world to get young people

prepared to be employable in our industry.

They need basic life and entry-level skills so when we get them inside the company, we can mold and train them within our programs. We have fantastic programs that have been in place and refined over many years. However, there are certain basic skills that young

“If customers are becoming accustomed to having that level of choice and control in all other aspects of their life then they're going to want that same thing when it comes to their experience with us. They're going to want that when they dream about a trip, think about booking a room, check in, check out, provide feedback, and everything else that's a part of the journey.”

people need in order to start out in the system.

Skift: What role is technology playing in improving the guest experience or in meeting those expectations? Do you focus more on consumer-facing or back-end technology?

Nassetta: When I think of customer-facing technology, I think about every step of the journey from the first time somebody is thinking about a trip, through the process of booking, to feedback on their experience, and how we can interact with them in real-time way while they're on that journey with us.

Thinking about the customer experience at every one of those touch points is what's most critical to changing the relationship that we have with the customer and giving them unprec-

edented levels of choice and control.

This past summer we launched digital initiatives that allow guests to control the entire experience that they have with us, at all of those touch points I just described, in the palm of their hand. What is unprecedented is the global scale on which this is possible. We intend for these digital capabilities to be in every one of our 4,265 properties around the world.

We already have, obviously, the ability for you to dream with us, go on our website to explore different opportunities and book. We have now rolled out global-specific room selection, a first in the industry. In 2015, we will roll out straight-to-room, which is the ability to use a personal digital device to bypass the front desk and go straight to the guest room. It will

probably take us 18 to 24 months to roll out throughout the entire world.

It's critical that the back-end systems, property management systems, reservation systems, and HHonors systems are all interconnected around the globe in order to accomplish our digital initiatives. It is a major foundational element of what makes all of this happen.

From a customer's point of view, it should be seamless to them no matter where they are, how they're interacting with us, or which branded hotel they're staying at with us. They shouldn't worry that all of our property management systems at our 4,200-plus hotels are the same and connected to a reservation system.

While we were private, we spent more than half a billion dollars re-

building our technological infrastructure to create a common platform that allows us to now connect all the dots and have a very comprehensive digital strategy on a global basis. That is very unique in the industry.

Skift: You launched Curio, the brand for independent hotels, and now Canopy which is more a lifestyle brand. Do you see this as the start of something or is this almost the culmination of it?

Nassetta: I view these as core products. Both Canopy and Curio will be large brands, in the sense that when we're done in five or ten years and we've made really good progress, they will both be large scale in terms of number of units and global distribution. They're not going to be 20 or 50 hotels like some of the lifestyle brands from other companies, there will be hundreds of hotels.

These were, as you would expect, born out of what customers are telling us they want. We have 43 million loyal HHonors members and serve hundreds of millions of customers a year who are quite pleased and loyal to our system. We're talking to them all the time. We're also, not surprisingly, talking to potential customers to figure out how we can bring them into our system, so that they stay with us and try other products that we have. These two brands were birthed out of that process.

In the case of Curio, customers said to us that they'd like the option of a four- to five-star, very high quality hotel that is unique and almost a brand unto itself. They wanted a non-traditional hotel that really adapts and is very relevant to its local environment, unlike the other options that we have. They said that they would not use it all the time, but they'd try it. Customers outside our system said they'd be more likely to stay with us there and use our other products if we also had that.

It just so happens that owners love the concept as well. Many of our loyal owners have owned these types of hotels and found that they're unable to drive the same level of performance outside a system with the strength and

revenue engines that we have. It's a very good match of something customers want, something our owners want, and something we can scale to satisfy our customers' needs.

We have a very simple philosophy: We want to be able to serve any customer, anywhere, for any travel need they have. The more that we are able to do that, the more loyal that they become. The more loyal that they become, the higher the market share of our brands. The higher the market share of our brands, the more owners want to build hotels with us. It is a cycle that reinforces itself. It helps us accelerate our growth, and as we accelerate our growth, we better serve customers because we're giving them more options.

Canopy is a different lifestyle concept but it has similar drivers. Ultimately customers have said to us: We want you to have a lifestyle brand with something that we would use if you offered it to us. Customers that we don't have in the system said that they'd be more likely to stay with us and owners have said that they want to build these kinds of products. Again, it's a nice convergence of what customers and owners want from our point of view. It allows us to grow, but it most importantly allows us to better serve our customers by giving them yet another option in a large number of destinations around the world.

What we're doing in lifestyle is different, we think, than what others have done. Many of our competitors have focused on the upper end of the lifestyle segment; many of them are luxury lifestyle concepts. We're trying to build what we call accessible lifestyle. In terms of design ethos, it's light and organic, not the dark and brooding bar scene that lifestyle 1.0 was. We're skipping to lifestyle 3.0. That's what we think customers want, particularly female customers who are looking for something with high energy, that is more locally oriented to whatever environment it's in, and at an upper end, but not luxury, price point.

We think this opens it up to a much broader set of demand. That means

we can serve more customers at more locations, with the philosophy being to serve any customer for any need they have, anywhere in the world. By putting it at the right price point and having the right accessible design ethos, we think it allows us to better accomplish this objective.

Of course, we'll keep talking to our customers and figuring out what they want. We're going to keep talking to people who are not our customers that we want to bring into the system. We'll pursue other opportunities and new brands, driven by what our customers demand or tell us that they want.

Skift: Are there any other concepts that customers are asking for right now?

Nassetta: The one thing that we are spending a lot of time focused on is that younger customers are becoming loyal earlier. Forget whether you call it lifestyle or something else, we think it's important to make sure that we have products that are accessible, from a price point of view, early in guests' lives and careers. These products need to resonate with them, but also be affordable. We are spending time looking at other entry-level brands that serve a younger demographic.

Skift: We're talking about price point, which makes a good transition to fees. What is your view on the increase in hotel fees in the hotel industry?

Nassetta: I think it's a case-by-case issue. For example, parking depends on location and the bulk of where it is charged for is in an urban environment. No matter what the customer is doing there, they're going to pay for parking.

The big thing that we hear from customers and that we're very actively trying to respond to is Wi-Fi charges. I think where that is headed, and we've tested it and rolled it out, is a tiered pricing plan. Customers have said that there is a basic level of Wi-Fi that they want, that's a normal part of their life. It's like turning the water on when you want to take a shower or flipping a light switch and expecting the power to come on. It's about, as we talked about

earlier, choice and control. The digital existence is so much a part of our existence. Ultimately we will get to a point as an industry that if you are doing basic activities on a computer or digital device like checking emails, then there should be no excess charge. If you're streaming or using more bandwidth, that's a big investment and there will still need to be a cost for higher levels of usage.

Skift: The Hotel Association of New York City recently honored two Hilton hotels for their environmentally friendly initiatives. Where does this focus on sustainability come from and does it have any impact on the guest experience?

Nassetta: We are exceptionally focused in this area. When I got here sev-

en years ago, I decided that it was very important for us to focus on this area, both because I believe that we can have a positive impact on the environment given our scale and because I believe that, increasingly, customers care about this. It can impact the performance of the company. I also believe there's an opportunity to be thoughtful and do good things for the environment while, at the same time, create efficiencies in the hotels that have a real return associated with them.

It's the trifecta. It's good for the environment, good for the economics of the hotel, and it pleases a certain segment of customers who are increasingly focused on environmental impact.

Five years ago or so we created a

tool, LightStay, to measure, manage, and share best practices across the whole portfolio. We require every hotel in our system to participate, which means they upload all of their data to measure a myriad of different metrics including energy usage, carbon output, water usage, and waste output.

We were the first company to create a tool like this and make a system-wide standard that hotels have to adhere to. There's a simple belief I have, which is you cannot manage what you're not measuring. Until we started measuring it on a global basis, it was very hard to really be strategic about it. The advent of being able to measure it on a global basis has been monumentally important and was a first step of many to have a real impact in this arena.

Marriott International

Arne Sorenson



Photo courtesy Marriott International

Marriott International is the midst of a rejuvenation and CEO Arne Sorenson is leading more than 4,000 hotels through the process.

He appears often on major news shows, talks up innovation with his staff behind closed doors, and is betting the future of the corporation on meeting millennials', and all travelers', expectations for more personalized, technologically advanced service.

Marriott recently announced the launch of an in-house creative and content marketing studio, is pushing its Travel Brilliantly campaign for the Marriott brand harder than ever, and is investing in the lifestyle market with its newest Moxy property.

With so many brands and properties across the globe, it would seem difficult to keep track on what needs to

be done to meet the needs of so many different guests. Sorenson recently spoke with Skift about his insights on today's guests and what needs to be done to remain a global leader.

An edited version of the interview is below:

Skift: What are the biggest challenges that you face today in improving the guest experience?

Arne Sorenson: That's a big, broad question. We have 4,000 hotels in 80 countries and I think the answer to that question varies dramatically from place to place. I would say that the biggest single issue we've got is to make sure that we move the product along as far as we can so that it is current and compelling. We have some hotels that have been in our system for more than 20 years, some of which have been wonderfully reinvented and some still

have to be wonderfully reinvented. We want to make sure that we get that done.

Skift: Is there a certain element of the guest experience that takes priority in improving over the others?

Sorenson: The biggest watchword for us is authenticity. We have, for generations, had a pronounced focus on our people and service culture. The most important element to that is a genuine welcome and the friendliness and attentiveness of service while they're at the hotel. We want to make sure that we retain that, even as it evolves into a world that is more technologically aided.

We know that we can't force people to take a friendly welcome if they want to bypass the front desk and go directly to their room. We've already rolled out mobile check-in, which is available at 1,400 hotels. We've already

done well over half a million mobile check-ins and we know that technologically-enabled travelers want to use their technology at our hotels to check in quickly. That may have an impact on that authentic genuine welcome, but it still can and should be provided at other touch points during their stay at the hotel. Those are touch points that the customer values and it will continue to be there.

Skift: What's one unexpected shift you've seen in guest expectations or demands in the last decades?

Sorenson: I think that the major trends are ones that have been continual. It's not like we'd wake up and see a trend that hasn't been discussed before. Those are about desires for better food and beverage options as guests' tastes become more sophisticated. That doesn't necessarily mean fancier food, but I think it does mean food that they enjoy. It also includes the way that customers want to communicate with each other and how they want to communicate with us. How do they share their experience through Facebook or Instagram or other sites with their friends? How do they share their experience with other Marriott travelers?

Skift: What role does technology play in improving the guest experience? Is consumer-facing or back-end technology more important/effective?

Sorenson: I think both are critically important. We have 400,000 associates wearing our name badge every day. They are a big group people that need to feel good about their jobs in order to be successful at their jobs and that means being able to use the technology that will help them do their work better. We're doing everything we can on that front. That includes things like mobile hiring, heavy use of technology in the employment

and orientation process, heavy use of technology in the day-to-day work that they do. All of those changes have been underway at exactly the same time as changes around Marriott.com and the Marriott apps and Marriott Rewards.

Skift: How has the hiring experience changed or evolved to match changes in the guest experience?

Sorenson: The jobs have all become more technological and require a fluency, if you will, of our folks in technology. Our front of the desk staff, particularly, have to be both really good with people and really quite adept at using technology.

Skift: Is there a particular aspect

“Millennials are as different from one another as they are from other generations. I think we do them and ourselves a disservice if we said every one of them is identical.”

or feature in all of this technology that has improved the guest experience in particular?

Sorenson: We rolled out mobile check-in to the entire Marriott Hotels and Resorts brand nine months ago and it is quickly rolling across the other brands as well. Our customers absolutely love it. They take out their mobile device as they're approaching the hotel and check in. It allows them to get into their rooms faster and I think there's just some pleasure in being able to use that technology. We've talked to our customers about that experience and what they tell us overwhelmingly is that they find the experience better and one that draws them to us more tightly.

I think a second example would be around personalization. The more that we have this technology available to us, the more we can know our customers in a granular way and, hopefully with

the information that we have, key up information that is valuable to them and eases up their process whether it be around making their reservation or our recognizing them when they show up at the hotel.

Skift: What are your views on the increase in hotel fees levied against guests?

Sorenson: I actually don't think it's much of a story. I understand that a whole bunch of publications have jumped on this and you see TV programs asking whether hotels have gone the way of airlines. I actually think there's much less substance than the stories suggest. We are not adding significant fees or charges for our customers. There has really been very little of that in the past few years. Of course, we charge for parking, but we've charged for parking for decades in markets in which parking is particularly expensive.

The parking that we provide our guests is valuable and I think our guests understand that.

There is no way that we're headed towards the airline model. We're not going to charge people for bringing a bag into their guest room or using the bathroom.

Skift: How has content and social media changed Marriott's conversations with customers?

Sorenson: I think it's made it a much livelier conversation, but also one that is more varied. In the old days, you would have a Marriott-sponsored guest survey, which was our primary vehicle for hearing from guests about their stay, and in the old old day that was distributed by paper. More recently, it's been distributed by email or a similarly technologically advanced way.

I think today we get guest feedback not just through our survey, but through dozens of social media

insights. That feedback is, in some respects, harder to tabulate because the format varies from channel to channel, but at the same time it's much richer in its depth because it is very much alive. It's feedback that often might be given by somebody while they're still in the hotel.

It allows us to get a deeper sense of what they like and don't like and it allows our hotel teams to address customers' issues before they've ever left the hotel. If they can monitor that, which they're doing and we've given them the technological tools to do that, they can say, "We have a guest and there's something about their room service order or their room or their hotel experience that hasn't been perfect. Or there's something in their lives, which has created a special need. Let's find a way to make sure that we meet that." That dialogue is, I think, very deep and very alive.

Skift: We're one year into the Travel Brilliantly campaign. How has it performed and positioned the brand towards these millennial travelers?

Sorenson: The number of impressions and, statistically the program, have been spectacular. It has been broadly connected to and watched and it's something we feel good about. I think the materials have been great, they're full of energy and they've got a younger vibe to them which naturally has an impact on the perception of our brand. I think the thing that I would point out most would be the co-creation element of this and by that I

mean the very deliberate effort we have with Travel Brilliantly to bring customers into our process and define new products and services for our hotels. It gives us real high-quality input and it also gives us a process by which our customers get close to us.

Skift: What do you see Marriott the brand standing for for this new generation of travelers?

Sorenson: I still would go back to authenticity. We tend to talk about how millennials are different from prior generations and there are differences to be sure, but there's a couple of important things to keep in mind. One is that older generations are also influenced by many of the same trends that are driving differences between millennials and others. Technology, a desire for deeper experience and for richness of experience are all examples of that.

Millennials are as different from one another as they are from other generations. I think we do them and ourselves a disservice if we said every one of them is identical. When you listen to them, you hear very different things from them. One commonality; however, is they have no tolerance for inauthentic communication whether it be at the hotel or a lame effort on social media.

What they want is to do business with people and companies that are genuine and authentic. I think that plays right into what Marriott is. We are real about our commitment to our people and our guests, we are real about our involvement in communi-

ties, and we partner with other causes that our hotels adopt around the world. We're trying to business in a way that is both, obviously successful, and has a deeper meaning associated with it. That's something that I think millennials value as much as, if not more than, older travelers.

Skift: How does this change based on brand?

Sorenson: We have to be authentic as a company and each of our brands has to be authentic to what they are. The newest brand we've launched, Moxy, is a lifestyle economy product. It would be ludicrous for the Moxy team, we call them "the crew," to pretend to be a luxury Ritz Carlton hotel. That hotel has to deliver a service equation that is true to the product and the positioning of the brand in the market. You could say the same thing for each one of our brands across the system.

I think Ritz Carlton would be deeply ill-served to suddenly wake up one morning and say, "We're not going to provide deeply intensive service and instead we're going to try to simply be cool."

That's not what that customer is necessarily looking for. That doesn't mean that all of brands don't continue to evolve. They do. They'll continue to use technology or see food and beverage evolve. To some extent they will be more current, or more lifestyle, than they were in the past. But they can't pretend to be something that they're not.

Georgetown University Rethinks Executive Training



Unlike in Europe and Asia where an executive career in hospitality enjoys a heightened stature, hotel careers in North America have traditionally been viewed as an occupation, not a profession.

In fact, for many people employed today in U.S. hotels, even at the highest levels, it's often an "accidental occupation" according to Gray Shealy, executive director of the new Master's of Hospitality Management program at Georgetown University in Washington, D.C.

In the past, many hotel executives in North America initially began working in hotels as a way to

make money in school on their way to careers in other sectors. But then they became enamored with the lifestyle and worked their way up the ladder over time, evolving into executive positions in corporate hotel offices almost by accident.

Today, that career trajectory is much less common. In the global hospitality industry in 2015, where hotel companies no longer own the majority of their room inventory, the executive marketplace prioritizes branding and marketing expertise as much as operational knowledge and management skills. The age-old story of the bellboy working himself up to company president over a span of 40 years is now just the stuff of hotel lore.

However, according to Shealy, hospitality education has been slow to evolve with the times, and many

graduate schools are teaching coursework that's not entirely relevant to the industry today.

Previous to his hiring in January 2014 and the launch of the graduate hospitality program last fall, Shealy was the global design director for W Hotels. He says Georgetown was specifically searching for someone with extensive corporate hotel experience outside of academia to develop the course curriculum and run the program, in an effort to avoid duplicating what other hospitality schools are doing.

Shealy, who has a degree in architecture, extensively explored other hospitality schools in North America and abroad to understand the nuances of their programs, and more importantly, their practical relevance in the real world of international

hospitality in the 21st century. He says most other graduate hotel schools with Master's of Science programs focus mainly on theory, whereas Georgetown's core mission and applied approach is developing hotel executives who actually want to work in the hotel industry.

"Hospitality education hasn't always typically been a top priority on CVs when hiring for hospitality positions," explains Shealy. "At many of the big schools in hospitality, their graduate programs are more focused on research, ultimately training students to go into a doctoral program, and preparing them to become professors, and less about educating people to go into the workforce."

The Rise of the Non-Hotel Hotelier

When Frits van Paasschen was hired as CEO of Starwood Hotels in September 1997, with no previous experience in hotels, it marked a turning point in hotel executive development. Van Paasschen came from the C-suite offices of Nike and Coors where globally differentiated lifestyle branding and sophisticated marketing had been raised to an art form, but he didn't know RevPar from rebar.

As hotel companies at the time were shedding their equity stakes in physical hotel assets, they were freed up with flush cash to develop more hotels and more hotel brands. Delin-eating those brands well in a crowded market became paramount, and no company has done that as deftly as Starwood since then. By the end of the 1990s, suddenly running and operating a hotel company wasn't about running and operating hotels. It was about brand building.

"Delivering meaningful, personalized branded experiences for our guests is what we're about," is how van Paasschen explained it in 2013 during the annual Starwood Rendezvous buyer/supplier gathering in New Orleans.

"So now you have Starwood being run by a bunch of Nike execs who came from branding, who came from retail, who came from marketing,

and who really signify that company's focus," says Shealy. "With this type of approach at Starwood, and many other companies, that changes the game for everybody.

Even though the industry has been quite slow to accept that, we're seeing how people interested in executive positions need to differentiate themselves in the industry in different ways, other than the traditional, experience-based CV.

To answer that demand, Georgetown's graduate hospitality program is taught by adjunct professors who are currently employed in the hospitality sector, as opposed to tenured professors who sometimes have never worked in a hotel. The adjuncts are bringing real world experience into the classroom, who can explain the context around any of the class materials as they apply to the industry today.

Another benefit of having working hospitality pros teaching graduate level curriculum revolves around the importance of making connections in the hospitality business. The thinking is that students today have an advantage when they can meet as many influential tourism and hospitality professionals as possible, and in Washington, D.C., there are a lot.

Both Marriott International and Hilton Worldwide are based in and around the nation's capital, as well as the U.S. Travel Association and Destination Marketing Association International, among many others.

"So I see the classroom as not only a way to learn about the foundations of hospitality, and the academic theories of hospitality, but also learn from the people who have done it for many years, and learn how they run the business of hospitality," says Shealy. "At the same time, it's also about meeting significant players in the industry because at the end of the day, hospitality is largely about who you know. So the university is also looking at itself as a business model, and not only an academic model, which I think is quite different."

The Next Generation Classroom

The course curriculum for Georgetown's Master's of Hospitality Management program consists of core classes and four executive tracks focused on Brand Management & Guest Experience Design; Development & Asset Management; Global, Regional & Local Practices; or a customized combination of all three for students aspiring to be innovators in the industry.

Most importantly, the coursework is designed to tackle major industry disruptors trending today, including Airbnb and online travel agencies (OTAs), as well as more subjective skills that hotel executives need to thrive in high-powered corporate settings.

"In general, something really left out in traditional hospitality education is leadership, because the notion of how to navigate through a corporate environment and advance has largely been left out of the classroom," says Shealy.

"So we teach things like how to network, or conduct yourself in a meeting with people from different cultural backgrounds, and understand their decision making process. Or how do you become a great speaker, or deliver an elevator pitch to a CEO in 30 seconds? These sound basic but I think they are very cloudy waters for people entering the industry."

Although, all of that pales to a certain degree in comparison with the business drivers shifting the hospitality landscape. Shealy suggests that it's critical for his graduating students to come out of school with the ability to speak authoritatively about the brand-building machinery underpinning the global hospitality industry of today.

"One of our primary educational thrusts is largely about building brands and selling brands, and the value of marketing and branding in terms of customer loyalty," he says. "Because the Marriotts and Starwoods of today are basically turning into giant loyalty programs."

Best Western International

David Kong



Photo courtesy Best Western

Many Americans think of Best Western as a standard road trip stopover without realizing its position as one of the largest hotel corporations in the world, or its emphasis on localization and innovation.

Best Western International operates about 4,000 hotels, half of which are located in North America. The corporation began differentiating its properties in 2002 with the launch of the more upscale brand Best Western Premier. It then expanded to a three-tiered system in 2011 and most recently entered the lifestyle brand arms race with its new tech-centric concept Vb.

All Best Western properties are individually owned so although each must meet a list of standards, many maintain an independent identity.

Best Western has also been rec-

ognized on several occasions for its digital acumen including extensive planning resources, engaged social accounts, and data tracking system that drives all business decisions.

Best Western's CEO David Kong started out in the hospitality industry as a bus boy and worked his way up through several global hotel companies before joining Best Western as CEO in 2004. Kong is an outspoken advocate for the brand's service, training programs, and digital innovation.

We asked him about how the corporation responds to evolving guests' expectations, especially in light of its business structure. The edited interview is as follows:

Skift: What are the biggest challenges you're facing to improve the guest experience today?

David Kong: I think there's so

many that it's hard to say which is the biggest issue. I'll give you two for consideration: Competitors are constantly upping their game and there's ever-rising customer expectations as a result of that.

For example, the breakfast is always being improved, the room design is always being refreshed, the high-speed Internet access is given with higher bandwidth. Customer expectation has evolved to mobile and people want to use our entertainment as well as have it on their devices. That's driven a change in marketing as well.

We used to have three TV channels and now we have over 600. You have to have a presence not just on TV, but on YouTube and Facebook. You have to worry about searches on Google and on TripAdvisor. The technology and how the competition has reacted has evolved the customer expecta-

tion, which has caused us to really do things differently. I think, in general, the biggest issue would be the ever-rising customer expectations, driven by technology.

Skift: What's one unexpected shift you've seen in guest expectations and demands in the last decades?

Kong: I think we expected most of the changes to take place including the Internet and how it's changed how we do e-commerce, evolving to mobile commerce. The one unexpected thing is the speed of the change. The iPhones were launched only seven years ago and now they've sold half a billion units. The adoption of these smartphones and mobile devices, and what customers want to do on them, is all changing really really fast. The pace of change, to me, is unexpected.

Skift: What role does technology play in improving the guest experience? Is consumer-facing or back-end technology more important or effective?

Kong: In terms of the guest experience, the most changes are happening around how they book reservations with Best Western. The technology has driven the rise of online travel agencies, it's driven the redesign of our website, and it's led us to now launch mobile apps. The second area is the experience at the hotel. The high-speed Internet bandwidth has to be raised very quickly, very regularly, and smartphones, in relation to entertainment, is also a component of that.

The check-in kiosk was rolled out about a decade ago and just hasn't been adopted very well; however, the mobile check-in is something that we are working on. People want to do more with their smartphones. Even our customer surveys are now available on their smartphones. In terms of the back-office operations, I think

it's all about how we drive efficiency through technology, whether it's record keeping or data analysis with the aid of technology.

Skift: How has the hiring process changed to match changes in the guest experience?

Kong: There are a lot of things that haven't changed in that regard including how you assess them to find out whether they're service-minded, helpful, friendly, and professional. Those things haven't changed. What

“Some hotels are going to start charging for things like early check-in, late check-out, because they can get away with it. I don't know for how long they can get away with it.”

has changed is that we're looking for whether that person can multi-task. Everybody is multi-tasking. The guest is multi-tasking so you need to be able to handle multiple things all at the same time. Also, we assess if the person is comfortable with technology, whether they can pick up how to use a new PMS system or revenue management system and if they can relate to a guest in terms of their devices.

Skift: What are your views on the increase in hotel fees and surcharges levied against guests?

Kong: I don't think consumers like it so we frown on it too. For example, we have very strict rules as to what the hotels can and cannot charge. We allow resort fees, but we require them to be fully disclosed and what we include in the resort fees, whether it's drinks, access to the water park, or tips. There are very very few of these surcharges. We, in general, do not allow it.

I think this depends on the segment that you compete in. Our segment, the broad mid-scale segment, is still viewed as a value buy so people are

much more conscious about value. We need to be very careful not to compromise the value proposition.

In a luxury segment, you can get away with it, so why not? I know the chairman of a huge hotel company recently made a comment, “You look at airlines. Why are they so profitable now? Because of all the extra fees they levy whether it's for baggage or certain seat assignment or change fees. All those things that have made their business so profitable. Why can't the hotel industry do the same?”

Some hotels are going to start charging for things like early check-in, late check-out, because they can get away with it. I don't know for how long they can get away with it. If the whole industry goes that route,

then fine. If the whole industry doesn't follow suit, that could be problematic.

Skift: How does Best Western's business model differentiate it in the market place?

Kong: We are still in the hospitality business. We talk about distribution, technology, revenue management, but ultimately, we're still in the hospitality business. Hospitality is what we stand for, it's what we sell for our industry. You think about who can give hospitality to and it's still about people. The way that we want to differentiate ourselves is around people, it's around hospitality.

A lot of training is actually about caring and treating the guest like family. You go to a lot of hotels and it's just part of a corporation, everything is very technology-driven, you check in on a kiosk or mobile phone, you skip the front desk, open the door with a mobile phone.

The next day you take a grab and go breakfast and you leave by mobile check-out. You have absolutely no interaction with anyone in the hotel.

How is that hospitality? You might as well stay at a factory. You lose the hospitality experience.

Skift: How do you train staff to do that?

Kong: We're in our third generation of award-winning training. We talk about what each person can do to make a special experience for a guest, the role of leadership, how they can set the tone, how we can reach the level of hospitality that we want to achieve. We do a lot of training in that regard. We back it up with our system of hiring people. We also focus on some key touch points: check-in, check-out, the breakfast experience, high-speed Internet. We want to use those key touch points to show that we are a brand that cares. We want to do that better than anyone else.

Skift: Best Western puts out a lot of content on its blog and across all social media channels. Can you share your thoughts behind this content marketing strategy?

Kong: We set out three years ago to become a leader in the digital world and have made a concerted effort to do that. Setting the tone and having a focus on what you want to achieve is number one, the same applies to anything that you do. You have to have focus and leadership. We made that a priority and then we beefed it up, had people help us write blogs relevant to that segment or create interesting things that could be tweeted or posted on Facebook.

We also do charitable events like 'Walk Your Dog with Cesar Milan' and that's been a huge success on Twitter

and Facebook. It creates something that people want to Tweet or write about on Facebook.

Skift: How have you seen social media and content marketing change the conversation that you're able to have with guests?

Kong: It makes it far more interesting. If you were just doing marketing through the TV, whether it's product placement or an actual advertisement, it's so overdone. It's got its place, but it's not powerful enough to connect in a meaningful way. If you have content that's relevant and people are interested in reading it then that's far more powerful, especially if it's not Best Western but a third-party like your friends or family or someone that you respect. That's far more powerful and there's an emotion associated with it.

Hyatt Hotels

Mark Hoplamazian



Photo courtesy Hyatt Hotels

Hyatt Hotels came out of the global recession with a jetpack strapped on. The hotel group had its highest expansion year on record in 2013 and entered the all-inclusive sector with new brands Hyatt Ziva and Hyatt Zilara. It has beat earnings estimates for the last eight consecutive quarters in part due to rebounding business travel.

It's also continued to be a leader on social media through its Twitter account, which reaches out to travelers and guests to increase engagement and brand awareness.

Skift recently spoke to Hyatt CEO Mark Hoplamazian about guests'

changing demands, why he changed employees' on-boarding process, and how the hotel is using social media to drive engagement internally and externally.

Skift: What are some of the challenges that you're facing to improve the guest experience today?

Mark Hoplamazian: The biggest issue is really the pace of change in terms of consumer behavior and attitudes. Frankly, it's a great opportunity for us to take advantage of the changes and new opportunities to figure out how to engage with travelers.

For example, attitudes and behaviors have changed significantly in China around what luxury means and how people travel in just the last couple of years. The same is true in India. I could keep going around the world.

The key issue from our perspective

is figuring out how to take full advantage of what we consider our most valuable asset, which is our people on the ground in each market. If you figure out a way to allow them to increasingly bring themselves to what they do and to bring their experiences and the learnings from our guests into what we do then there are huge opportunities to take advantage of to really serve our guests differently as time goes on.

We've been really focused on trying to promote and introduce design thinking into our hotel teams by encouraging them to really take a fresh look at everything that they are seeing every day, seeing it fresh. We have this term that we coined, or that we borrowed, actually, from the folks at Ideo called "vuja de," which is taking a fresh look at something you see every day.

Skift: What are some of the unexpected shifts you've seen in guest

expectations and demands?

Hoplamazian: The biggest shift that we've seen is the explosion of engagement on social media. Over five years ago, we were the first hotel company to utilize Twitter to engage with our guests through @HyattConcierge and we've learned a huge amount. It just keeps morphing and manifesting in different ways.

A couple of weeks ago, a consultant that we do a lot of work with sent me a note about how he wrote about a beer app on Twitter and we ended up engaging with him and sending him another beer within moment. He thought, "This is wild. I rated the beer that I was drinking and here I am interacting with @HyattConcierge."

I personally am engaged with our colleagues in a really different way. I'm part of a WeChat group with our general managers and our development colleagues in

China so I'm keeping track of what they're doing. They're posting things about their everyday lives and what's happening at their hotels so it's really a completely different form of engagement.

One of the great things is people create new ways to engage on social media. We did a culinary competition in India a couple of weeks ago and the staff created a hashtag #cookwithhyatt, which has been amazing in terms of engagement among colleagues and among guests and people who were there for the cook-off.

The thing I love about this whole shift towards how people are engaging with one another is that it's manifesting itself in how our colleagues are able to engage themselves, which I think is super powerful.

Skift: What role is technology playing outside of social media in improving the guest experience. Do you find

yourself focusing more on consumer facing or back-end technology?

Hoplamazian: The answer is both. Technology is a great facilitator of experiences, but we don't really think of it as the experience. It's a really important tool for us as we think about how to bring the brand experience to life, but not as an end unto itself. A really important focus is our colleagues' experience in hotels.

Hotel operating systems are notorious for having challenging user interfaces and not a particularly great user experience so we're developing a new front end, basically, to simplify the in-

“Technology is a great facilitator of experiences, but we don't really think of it as the experience. It's a really important tool for us as we think about how to bring the brand experience to life, but not as an end unto itself.”

terface. That's critical for us because it allows people to spend less time looking at a screen and more time looking at our guests, engaging with them, and creating emotional experiences.

Through a lot of empathetic interviewing and real engagement with our front-line colleagues, we recently recognized that scheduling is a huge issue for people. We're creating a mobile app that links into our hotel operating system and allows people to do scheduling on their own mobile devices.

All of these things that help to enhance our colleagues' experience ends up impacting the experience of our guests. The technology itself is not what we're focused on. It's really using technology to address key consumer needs.

Skift: It sounds like making the lives of your employees easier is a focus, which is great, but I'm curious if the hiring process has changed at all

over the past few years. Not just what you're doing once they're a part of the company, but the type of people you're bringing in and the process that you go about to find them.

Hoplamazian: Hiring great people who can really bring our brands to life and create emotional connections with our guests is the most important thing that we can do. Hiring and on-boarding them the right way. Again, through a lot of engagement with our colleagues, we recognized that the on-boarding process that we had in place was very focused on the rules and regulations of employment at Hyatt. We completely scrapped that and have gone towards a much more values-based and culture-based approach to how we introduce people into the Hyatt family.

They didn't join the company because we have a better set of rules and regulations. They joined because of culture and emotional connections. That's what we lead with and what we need to continue to promote and celebrate, because that's what will allow us to continue to hire great people.

Skift: Switching gears a bit, what are your views on this increase in hotel fees or surcharges levied against guests.

Hoplamazian: The key, from our perspective, is transparency and clarity. It's true that people want simplicity and they also demand transparency. We never want a guest to be surprised at check-out. There are so many different models at different types of hotels for how to charge guests. There's a lot of diversity around it.

The key issue is just making sure that people understand what they're being charged for and how that's going to show up on their bill because, again, you don't want anybody to be sur-

prised at check-out.

Skift: Andaz was one of the first of the first lifestyle brands launched by a major hotel corporation. Do you think that Andaz was ahead of its time?

Has it been a role model for other hotel corporations launching lifestyle brands?

Hoplamazian: Emulation is a great form of flattery so I guess we're being flattered. Andaz is very much a response to what we were already seeing in the marketplace. We were approached by a bunch of developers, but more importantly we went out and did a lot of direct research with travelers.

What we realized is that people absolutely want to have a vibrant and eclectic experience with respect to the design of the hotel, but also the kinds of experiences that they could have. We really built a tether into the cultural communities in the cities in which we operate. That's become the tenant for Andaz.

We have a salon series with which we bring in local artists and expose our guests and the Andaz community at large to amazing artists and people in different artistic locations. I love the kinds of connections that we've been able to make.

I think that that approach to serving a very important guest base has

become something that a lot of other companies have focused on. I think the reason is because it really does reflect, from an experiential perspective, a different type of travel experience.

Skift: Is there anything that we didn't touch on that keeps you up at night about the guest experience?

Hoplamazian: The most important thing is just recognizing that the guest experience is the result of engagement with our colleagues and that the definition of powerful brands is emotional connectivity to the brand. We've been pushing very hard in this direction, to make sure that our colleagues can really bring who they are directly into the guest experience.

It sounds easy and obvious, maybe, but when you really start to peel that back, you recognize that you really have to end up undoing a lot of operating procedures that you may have thought were good ideas in the past. Instead of giving people a map in terms of what they're supposed to do and make, give them a compass and say, "You figure out how you want to bring yourself to bear." A compass instead of a map is really one of the key concepts that we are moving towards.

Bringing that guest experience to life is in the hands of our colleagues, and technology definitely enables that,

but again, we have to make sure that it's about the experience and not about the device. That's really what we stay focused on.

Skift: Is there any risk in that, giving employees this free range, let's say?

Hoplamazian: It's interesting. The theory, historically, has been you really need to script people. If left alone, they make mistakes in what and how they do their job. It's my belief that there's much more risk in having a set of rules that you're asking people to follow and taking the humanity out of that experience than there is in letting people be themselves.

I have an expression, which is "authenticity beats out precision every time," and that's a tenant that we believe in. It does require you to have great leadership at hotels to make sure that when things fall outside the lines, so to speak, that they get addressed, which is part of what being great operators is all about.

When you do that, you really are encouraging a lot of innovation and a lot of insights because our colleagues are able to actually interact with our guests and each other in a much more elemental, human way, and we're learning so much more about what people are really looking for and what they need.

Accor Hotels

Sébastien Bazin



Photo courtesy Accor Hotels

Accor Hotels is one of the largest hospitality organizations on the globe and unlike many of its competitors owns and operates more properties than it franchises.

The group recently announced a five-year, €225-million digital transformation strategy, which includes a mobile-first customer portal, a new platform for personalizing customer follow-up and service, easier payment and check-in services, and online booking tools for businesses and meeting planners.

Accor reported its first-half profits for 2014 rose 15 percent due to cost cuts and strong demand from the Mediterranean region, Africa and the Americas. The group is also actively

expanding with 100 hotels planned for Chinese tourist destinations, 20 hotels under the new Grand Mecure brand planned for the Middle East.

Sébastien Bazin joined Accor as CEO and chairman of the board just over a year ago in August 2013 after building his career real estate investment company Colony Capital. In a recent conversation with Skift, the relative newcomer to hospitality industry talks about where he thinks the hotel brands failed, the four characteristics that define today's guests, and why he thinks transparency is the key to change within his organization.

An edited copy of the interview is below:

Sébastien Bazin: If I may start on what's happened to the industry at large, it will explain the reason why we

launched the digital strategy. It's just a matter of 65 years in this industry since the 1950s, of which the hotel operator had been blessed for the first 50 years to be, basically, the sole participant in the value chain. Ninety percent of profit was derived from the hospitality industry with the other ten percent in the hands of the intermediate actors, the traditional travel agent such as Carlson Wagonlit Travel, American Express, and others.

There was a major shift in the last 15 years, during which you had what I call the first revolution. The OTAs started replacing the traditional travel agent and expanding very quickly. Then six or seven years ago came the aggregators, which we call the meta-searchers or the Kayak and Trivagos of the world. They basically aggregated a lot of information and made

the booking decision-making process much easier.

Then you had the last revolution a couple of years ago, which I really define as the ‘disruptors.’ This a new customer-to-customer business model, which happens to be Airbnb, Uber, and Lending Club. If you really look at the impact of those 15 years, most of it is customer-driven, guest-driven. It was basically meant to be provide an easier route, easier access, and better decision-making processes for the guest.

As a newcomer to the hotel industry, I do not think we collectively, Accor included, react sooner to the innovators of 15 years ago, the aggregators of six years ago, and the disruptors of two years ago. I’m convinced that there’s going to have a fourth and fifth revolution.

Skift: Why didn’t hotel companies react sooner?

Bazin: It’s very simple. We all felt that the hotel industry would not de-materialize,

that the customer would always stay in a hotel if he has to go to the hospitality sector. If you went into the video or book industry, you had that concern because the Amazons and eBays of the world were shipping products directly from your computer to your home. Our industry, thank God, still has the basically receptive end with the customer so we felt that it may impact us, but that it wasn’t going to be that brutal.

That’s still true except you may end up having the customer stay at your shop with very little margin. All those newcomers, when it comes to the Internet players — Trivago, Expedia, Booking.com — none of them want to be in my shoes. None of them want a greater number of associate employees,

to have to manage energy cost, maintenance cost, or capital refurbishment.

They think smart enough to understand the value-added chain; however, what’s interesting is that all of them depend on me existing. Without the guy who actually receives the guest, the value chain is never going to exist.

Skift: I’m interested in exploring whether consumer-facing and the back-end technology is more important or more effective and how they work together to improve the guest experience. What role does each of this type of technology play in improving

“We know for a fact that customers today are going to be multi-brand and multi-segment so the level of loyalty to us or some of our competitors is getting lower and lower. They have multiple loyalty cards with multiple groups. We also know that customers we be connected in terms of global information 24 hours a day, 365 days a year.”

the experience?

Bazin: They work in tandem, one is dependent on the other. You know that the customer is going to have a very efficient device on him. Through that mobile device, you can have online check-in, a confirming text, and send him a room number. You can make the customer feel that he has been identified, waited for, and received a personalized service.

In order to get that feeling through to your customer, you need hotel employees to have the same devices to be able to interact with the client and understand how those devices work in order to perform better, be more efficient, and be proud of having the same access and technology. Whatever my guest has, I need my personnel to

have the same technology and access to information.

Skift: How has the hiring experience and process changed or evolved to match these changes in the guest experience?

Bazin: The technology permits me to be much more global, much more efficient in terms of speed and scale in selecting personnel and getting people to come to Accor Group through accorjobs.com. It has offers being made in 94 countries. Also, I can now actually follow the career of my personnel across departments. I get a record of what they’ve done. It’s more efficient for me and more rewarding for the associates of Accor, because they know that we follow what they do each year.

Skift: Has anything changed in the type of people that you hire? As technology plays a larger role on the back-end of hospitality, does that impact who you hire?

Bazin: I think everybody would

like to say, “Yes,” but I’m not going to say, “Yes.” It’s not because someone does not have any technology skill that that person should not be hired. Thank goodness we’re still living in an industry, which I call a “warm industry.” The level of empathy, friendliness, and capacity to listen to your guest is far greater and far more critical than being a technology geek.

I need some good technology experts to come in, because they’re going to be knowledgeable and creative, but the vast majority of people working in the global hotel industry have to understand technology without needing to be an expert.

Skift: Accor is present in 92 countries. How does the guest experience change depending on which region the

Accor property is located in? Do guests have different demands in different parts of the world?

Bazin: Yes, wherever you have mobile devices in a great number and as a greater percentage of the population, the guest has more expertise on how to use it and is more demanding because they are aware of the different services, concepts, designs and hotels. In the Middle East, for example, it's 95 percent adoption rate. In Africa, I think it's half of that.

If you don't offer a guest what they've experienced someplace else then obviously you deceive them. In places where there is less technology available, guests don't have the same awareness so they're not as pick as they can be elsewhere. This is why the Internet has entirely changed customers' expectations. They know much today about what exists in the hotel industry that they didn't know ten years ago.

Skift: What other changes have you seen in guest behavior?

Bazin: We know for a fact that customers today are going to be multi-brand and multi-segment so the level of loyalty to us or some of our competitors is getting lower and lower. They have multiple loyalty cards with multiple groups. We also know that customers we be connected in terms of global information 24 hours a day, 365 days a year.

Guests are becoming more and

more autonomous in their decision-making processes and they're becoming more and more community-oriented. For example, 75 percent of guests will share good or bad experience. When you accept those four points — multi-brand, connect, autonomous and community-oriented — you better not fail. Don't give them a reason to not follow you.

Skift: Have you seen loyalty decrease at Accor hotels?

Bazin: It's not going down because we're making a very big effort towards being more disciplined and rigorous, offering better soft benefits, and having guests understand that they get the exact same price going through accorhotels.com as they would get otherwise. It's about making them feel more and more identified, recognized, awaited-for.

I've spent the last year preparing for our digital strategy launch. The three phases are very simple. First is make a diagnostic of what happened to the hotel industry over the last 20 years. Second is have a vision for where we want to be in ten years and what it is ywe should be doing differently. Third is make sure you have an action plan, a four or five-year period with human capital and financial resources.

In today's world, you have to be extremely didactic and disciplined in launching those programs and being transparent about it. I don't know

whether we'll do a good job or a bad job, but at least for anybody who wants to watch what Accor is doing, they have it on paper. It's been outlaid and we're going to executive on it.

We have a great benefit as we directly operate and manage 70 percent of Accor's network. Most of my competitors contract 65 percent of their properties. If you are in a contract, you don't have your hand on the operations. Since Accor is the operator for more than two-thirds of its properties, it's my people on the ground and my responsibility.

Skift: Are there any plans to operate even more of the portfolio or move towards more of a contract model?

Bazin: No and I'm not saying that one business model is better than the other. I respect the franchise model, leasing model, matching model, and owned model. They all have a good merit. We, at Accor, started with the DNA of being an owner and operator, which probably has something to do with being away from America where the franchise model has been for a long time.

My model has greater volatility and greater number of personnel being under my scope, but when it comes to making a transformation, I probably have more maneuverability than another model. I say this, again, without any critique on one versus the other.

Carlson Rezidor Hotel Group

David Berg



Photo courtesy Carlson Rezidor Group

Carlson Rezidor Hotel Group is in the midst of a brand revamp, launching new brands and reenergizing old ones like Radisson and Country Inn and Suites. The group recently launched two new hotel brands: Radisson Red targeted towards design-conscious young guests and the Quorvus Collection consisting of independent luxury hotels.

David Berg was appointed the COO of Carlson in 2013, charged with leading and managing the company's global hotel business Carlson Rezidor Hotel Group, which includes more than 1,300 hotels under six brands.

Coming off a number of executive roles at restaurants and retails including Outback Steakhouse, GNC, and

Best Buy, he brings a fresh perspective to the challenge of refining the guest experience in his first hospitality role.

An edited version of our interview with Berg follows:

Skift: What are some of the biggest challenges that you're facing to improve the guest experience today?

David Berg: I should probably start by saying that we look at challenges as opportunities. Our foundational belief is that we really need to listen to our guests and make sure that, what we call, guest-centric decision making is present through the entire organization. From the cleaning crew to the COO, we make sure that the guest is at the center of all of our decision making.

I think some of the challenges are really staying ahead and anticipating guests' expectations, which requires

us to make sure that we're listening. I think that the stakes just continue to get higher for delivering great experiences. A big area of focus for us is looking at how we make the experience more personalized for each of our guests. We like to call this "creating bright spots for our guests."

We recently undertook a global study examining the entire customer experience from pre-stay to post-stay and identified some hundred-plus touch points that a guest would identify when he or she decides to go to hotel, stay at a hotel, and then leaves a hotel. Those are a hundred-plus challenges or opportunities for us, to make sure that we're anticipating what the guests want. It's our responsibility to make sure that we're listening to the customer so we can satisfy them and they have a delightful experience.

Skift: What are some of the biggest

changes you've seen in guest expectations and demand?

Berg: We certainly believe that a hotel has to be clean, safe, and welcoming, but that's barely the price of admission these days. I came out of retail and restaurants and retail so I think there are a lot of comparisons. One of them is the access to information that our guests now have and their expectations for a real-time response. It's no longer the case where you leave a hotel and a week later you talk about either the great or lousy experience that you had. That's right in the moment now. I think that's a significant change that we've seen.

From a retail comparison, the mass Sunday circular, buy-one get-one free newspaper ad is a relic in our business.

It's really about how we make it personal to the guest so that when they come to our hotel we know what their needs are and we can try to address them the best that we can. I fly hundreds of thousands of miles a year and it never ceases to amaze me that Delta still doesn't know Fresca is my favorite drink when I sit down.

Skift: Have there been any unexpected changes in guest expectations or demand?

Berg: Access to information has really accelerated and it's something that we need to continue to anticipate. We know that the average guest looks at fourteen different hotels before she books a room. In retail, as an analogy, big box retailers often become showrooms where folks will come in, learn about a product or a service, and then have multiple distribution points where they'll buy it.

The other thing that's unexpected, in my opinion, is that things that were once differentiators have very quickly become requirements. For example,

there's a rising expectation that hotels not only have great Internet service, but are also on the cutting edge of technology. When guests come into a hotel, they want to see and experience something new from a technology standpoint.

Skift: What role does technology play in improving the guest experience? Is consumer-facing or back-end technology more important or effective at improving the guest experience?

“It's no longer the case where you leave a hotel and a week later you talk about either the great or lousy experience that you had. That's right in the moment now. I think that's a significant change that we've seen.”

Berg: It's really hard to separate the two. We always start with asking, “What's the guest insight? What are we trying to address? What is the guest asking for?” If technology can help us address that issue via a customer-facing application then we'll build that. Clearly you've got to have the backend that supports it.

Again, going back to my retail days, you could have a very sexy awesome looking product on the shelf, but if you don't have the supply chain and distribution channel to put that product in stores then it's not going to work.

In my opinion, you can't separate the two, but we always start with asking, “What is the guest asking for? Are we anticipating the guest's needs and desires?” Then we use technology to deliver on that.

Skift: Has the Radisson Red app been rolled out? If so, what kind of usage have you seen?

Berg: We haven't rolled out the Radisson Red app yet, but we do have

an app called iConcierge that allows guests to use their smart device to order room service, an extra pillow, or local show tickets. We piloted the app last year and are rolling it out this year. If you want to order room service or you want to order an extra pillow or you want to order tickets to a show in what local community where we're staying. We piloted that program last year and they're rolling it out this year.

What this underscores is the

increasing need to have mobile apps. I was at Hi-Tech in Hong Kong a couple of weeks ago where leaders from Facebook and Travelocity both said that more than sixty percent of their traffic in China comes from mobile smart devices. As we think about international and millennial-minded guests, the

ability to have app for smart devices is critical for us.

Skift: Carlson Rezidor has hotels located around the world. How do guest expectations change based on location?

Berg: There are a lot of commonality in what guests generally expect. We allow our franchised, managed and owned hotels to tailor the product and services for a particular market. If I go back to my restaurant days, it'd be 70 percent core items and 30 percent localized items.

You'll never not know that you're in a Radisson or a Country Inns & Suites whether you're in Seattle or Singapore, but we do allow for some individuality tailored to our guests in those local markets.

Skift: Has hiring changed or evolved at all over the years to match these changes in guest expectations?

Berg: Hiring is one of the things that we're proudest of. We want to make sure that we hire folks who are

reflective of the guests and have a service-oriented, caring spirit. We hire folks that know how to deliver a great guest experience and we train on that. One of things that I think we're quite unique in is unleashing the power of our people and really allowing our individuals to bring their unique skills and capabilities into the work place.

For example, we hand out an "Employee of the Year" award at our annual convention. This year it was given to a woman name Marsha who is the breakfast hostess at the Country Inns & Suites in Hanover, Virginia. It's a self-service model but Marsha hugs the guests.

I can assure that nowhere in our written standard operating policies is there a page that says, "Everyone

should hug a guest." The number of letters and comments that we get about Marsha and her ability to engage guests is phenomenal. As proud as we are of Marsha, I am equally as proud that her general manager allowed her to bring that into the workforce.

I think it's really, really important that we actually have sort of the courage to allow folks to bring their unique skills into the workforce.

Skift: What is your view on the increase in hotel fees across the industry?

Berg: I would ask you, as a guest, how do you like it? How does the guest feel when they checked into a hotel with a \$100 rate and when they checked out it ended up being a \$150. I don't think it's very positive. Looking at the aviation industry, I certainly un-

derstand the profitability that they've driven through fees, baggage fees or change fees, but it does not feel very guest-centric to me.

Skift: What other lessons have you taken from the retail and restaurant world and applied to hospitality?

Berg: I think the one universal lesson is absolutely making sure that we're listening to our customers and guests and delighting them in the moment. Even if there's a problem, our associates need the authority, freedom, and confidence that they can solve problems without having to consult the three-ring notebook or make six calls. They can actually make the guest experience relevant and solve a problem in the moment.

La Quinta Inns & Suites

Wayne Goldberg



Photo courtesy La Quinta Inns & Suites

La Quinta Inns & Suites has had a busy year. After raising \$650 million in its initial U.S. share sale in April, the hotel brand rolled out new products that allow guests to select their arrival time and receive a text when their room is ready, introduced a new prototype that incorporates smart design and smaller spaces, and refocused its marketing efforts to attract business travelers.

La Quinta's few-frills business model is also becoming increasingly attractive to U.S. lodging investors who are drawn to the lower operating costs and high returns at select-service brands.

La Quinta CEO Wayne Goldberg, who has been in his position since 2006, started his hospitality career at Red Roof Inns and has an astute view of the select-service market and hotel industry. An edited version of our interview with Goldberg is below.

Skift: What are the biggest challenges you are facing to improve the guest experience today?

Wayne Goldberg: I think, for anyone, the biggest challenge in meeting the guest expectation and experience is to really understand what your consumer wants from you. For any company or brand to make decisions, I think you really need to make sure that you're getting the right insight directly from the consumer. People ask me all the time, "What does your consumer want from you? What does La Quinta stand for?"

I know exactly what my consumer wants from me. We speak to our consumers all the time. We've done an awful lot of work on the brand and we have been very strategic in making sure that the things we are doing delivers exactly what our consumers told us they want.

There's three words that describe what our consumer wants from us, that we focus on every day. I know that our consumer wants to be assured. They want to know the moment they pull in the parking lot that they made the right decision. These are their words, not mine. They want to be able to get into their room and they want to settle in. They want it to be their space, not mine, and they don't want it cluttered with our propaganda.

We've taken these learnings and these lessons from what the consumer wants from us and we implemented

changes in the way we execute. For example, the way we market to the guest today in the guest room is dramatically different than the way we did many years ago.

We no longer put large amounts of marketing material in the room. Today, all we put in the guest room is a little card called “Ready for You,” which is our branded customer experience, and it’s signed by the housekeeper so you know that your room is ready for you. There’s also one very small marketing piece for guests to enroll in the frequency program if they choose.

The last thing that we learned was that while our consumers make it very clear that travel is hectic, they are generally optimistic about the unknown day approaching.

We took those learnings and launched our marketing campaign “Wake Up on the Bright Side.” We decided that we were going to be the brand that owned optimism. Our goal is to be the bright spot at the end of that traveler’s hectic experience. Wake up on the bright side has become a real powerful way to engage our consumer and drive loyalty and engagement through differentiation.

Skift: Are there any unexpected shifts you’ve seen in guest expectations over the past couple of years?

Goldberg: I think the biggest thing that’s changed is that it used to be about giving technology to the consumer. There was a time where hotels were putting DVD players and fax machines in guest rooms and figuring out how to give all this technology to the guest. What’s really changed is that today it isn’t about giving the guest the technology. Today it’s about giving the guest the capability of leveraging all of the technology that they’re traveling with.

For example, we’ve created a platform by which our guest can use our television as a plug-and-play capability. You can plug in your laptop or iPad and use the television as a monitor. You’ve got to make sure you have enough outlets for your guests to be able to plug everything they need to plug in to and charge.

Wi-Fi is another great example. We changed our minimum bandwidth standards from a minimum of six megs

no longer put phone switches at the hotels and we haven’t put a phone switch in a hotel in over five years. We started experimenting with technology way ahead of our industry and our space and learned that you don’t lose any functionality. We put the service on the voice in the cloud, so to speak. Customers have absolutely no idea that there’s not a phone switch because it doesn’t impact them.

On the front-end, there’s our mobile platform. Guests told us that when they’re on a mobile device that they want it to be easy. They want to be able to engage in a very quick, simple manner. We designed our mobile platform with that in mind so LQ.com on a smartphone or tablet will bring users directly to the platform.

We’ve also done it with ‘Ready for You,’ a platform by which customers on desktop can choose their own arrival time and whether they want to be alerted that the room is ready via email or text. We’ve seen a very, very high success rate of folks opting into this program in a very short period of time. It’s about, again, continuing to listen to the customer.

Skift: How has the hiring experience changed or evolved to match these changes, both in guest demand and how your trying to respond to that?

Goldberg: We’ve embarked on a little bit of a different strategy over the last few years in which we have really leveraged outsourced partners for a lot of our functionality and capabilities from a technology standpoint. We are not the technology experts. We went away from building the technology and having proprietary code to really managing outsourced relationships today.

Rather than building something

“We decided that we were going to be the brand that owned optimism. Our goal is to be the bright spot at the end of that traveler’s hectic experience. Wake up on the bright side has become a real powerful way to engage our consumer and drive loyalty.”

of bandwidth to a minimum of 50 and then up to 100 megs of bandwidth. The guest have told us, and they have made it very clear, that they want to stream video and use multiple devices. In our segment, in our space, bandwidth and high-speed are always free and we have found a way to do this in a way that gives the guest what they expect, what they have mandated, and still being able to afford to deliver it free.

Skift: Technology is clearly playing a role in improving the guest experience. Do you see consumer-facing or back-end technology as more important or effective at improving the guest experience?

Goldberg: They’re both very important. What I will tell you is that, to me, it’s all about differentiation and figuring out how to do things differently from our competitors. A room is a room is a room and our segment has become more of a commoditized type business.

For example, on the back-end, we

that's big and clunky and expensive, we outsource things to the right partners, manage those relationships, and now have a more scalable business than beforehand. We can grow and double and triple the size of the company without having to add large amounts of infrastructure. We have technology on tap.

We have also created a whole new security function here and recently hired a Chief Security Officer to make certain that we're doing all of the right things to combat cyber security and protect our guests and their information from these folks that are out there. We have engaged a number of outsourced partners and created a whole organization to make sure that we're doing everything in our power to be ahead of the cyber thieves. From a cyber security standpoint, we're trying to make sure we're at the forefront and cutting edge of doing everything and more to be ahead of the game.

I think it's even bigger than we

realize, particularly when we start talking about things like accessing a guest room with a credit card. We don't store guest data on a key card for a guest room, but if you're using a credit card then there is guest information on that credit card. As technology evolves and these processes become more commonplace, there's a lot more security ramifications that need to be thought through and what they mean for guests' security and safety.

Skift: What are your views on the increase in fees levied against guests in the hospitality industry?

Goldberg: My views are very simple. I've been in this business for a long time. We are in the select-serve space and I believe that if I have to start looking for ancillary ways to drive revenue and profitability because I can't do it through the room, the price of the room, then I am, in some respects, in the wrong business. Ninety eight percent of all our revenue comes from the sale of a room. It is a very simple

business model. We will continue to keep it a very simple business model. I do not believe that fees are the right ways to drive revenue. I think that they are problematic when it comes to guest experience.

There is a reason that the airline industry gets the kind of guest satisfaction scores they get and I think that it's a shame if we start seeing the hotel industry start embark on the same types of experiences. But I don't see that taking place in our industry. I've actually seen the full-service guys even looking at the select-service models in the mid-scale space and say, "If they can deliver it to the guest then we've got to figure out how to do the same thing."

It's always amazing to me that the select-serve, mid-scale market that we give it away. Whether it's breakfast or high-speed Internet, our full-service competitors are still nickel-and-diming guests for every different service.

Wyndham Worldwide

Stephen Holmes



Photo courtesy Wyndham Worldwide

Wyndham Worldwide could be considered the ultimate hospitality business with formidable vacation rental, timeshare and hotel operations around the world.

Wyndham Hotel Group launched its first multi-brand TV campaign in May 2014, has considered using guest photos as parts of its new multi-million dollar content relaunch, and continues to expand throughout Africa and the Middle East.

How does a corporation with millions of properties from hotels to rental cottages keep track of evolving guest demands? Wyndham Worldwide CEO Stephen Holmes boils it down to listening, which puts the company in a position to adapt and grow with the

help of technology.

An edited version of Skift's conversation Holmes can be read below:

Skift: Can you please explain the shift in guest expectations and demands that you are seeing?

Stephen Holmes: One is the advent of ubiquitous technology and data that's available to all consumers. If a consumer is going to a certain market and knows there's a bunch of different hotels then they want to be told what they'll like and they don't want to hear it from the hotel. They want to hear it from a third-party site so something like TripAdvisor.

We started putting TripAdvisor on all of our websites. When a consumer goes on our website for a Days Inn, they can see the TripAdvisor rating

right there on our website. That's responding to an expectation of the traveling consumer. If you don't give it to them they're going to go find it so you might as well offer it up to them. That's one aspect of the shift in technology — it's available to everyone.

The other shift in technology is the generational shift. Millennials will soon be, soon being 20 years, the main consumer of our travel product. Right now it's still the baby boomers and the following generations, but the millennials are coming along in a big way and they come along with different expectations. To them, a smartphone is something that's always existed.

Access to the Internet is something that is, basically, like oxygen. They are very technologically savvy and very aware of what's available out there.

They want to utilize all the resources that are available to them to make sure that they're having a great experience. Frankly, not to sound contrite about it, it's forcing the hotel industry to do a better job at customer service. It's forcing us to get a better game. We probably should have always had a better game, but it's forcing us to have a better one.

Skift: How is Wyndham responding to these changes in guest expectations?

Holmes: We respond by trying to understand the needs, wants and desires of our customer. Each of our businesses is always listening to our customers and analyzing developments. Listening is a very important part of being in a position to be able to respond. We have to have the right people who are attuned to what's going on in the marketplace, understand the technology that's available out there, and understand how to apply that technology to our business. Frankly, we do better in some businesses than in other businesses within our umbrella of businesses. We need to be on top of what's out there and actually ahead of the curve.

I would also step back here and make a comment on is how we really have two customers. We have the consumer and all of our B2B customers. For us, a hotel franchisee is our customer and then the consumer who puts his head in the bed at night is the customer of our franchisees.

Skift: How important is back-end technology for improving the guest experience? Is it more or as important as consumer-facing technology?

Holmes: Back-end technology is critically important. Frankly, I don't think you can do consumer-facing technology without it. If you don't have a good foundation then going out and trying to interact with the consumer in a different way will be futile. If you can't access your inventory, if you don't have the right pricing availability, if you can't be responsive to what's going

on in the marketplace on a real-time basis then interacting with consumers will be very difficult to do in a way that's meaningful and delivers accurate information. I think the back-of-house infrastructure is very very important.

Skift: What has the hiring experience changed or evolved to match these changes in the guest experience and expectations?

Holmes: Hiring is an important part of it. We have a very people-focused environment and a culture that's really built around people. When you ask how does hiring impact your

“Access to the Internet is something that is, basically, like oxygen.”

thoughts about guest experience and delivering it, I'd say it's all about our people. We have a very interesting, customer-centric, guest experience-focused philosophy that we call “Count on Me.”

That's our customer service buzzword. What “Count on Me” means is that we're going to be focused on being accountable, responsive, and delivering a great experience. It's those three elements. It permeates our workforce so when we're out hiring, we're looking for people that will fit into the culture that we've built. The culture of being responsive, being respectful, and being prepared to deliver a great experience.

Skift: What are your opinions on fees levied against guests?

Holmes: I don't think it's anything new. Fees have been an important part of how hotels made money for decades. It used to be the big fee was for watching movies or telephone usage. The hotel industry has always had the fee structure, but just like the airline industry that started to charge for bags, it is looking for ways to generate profits. Yes, I think there are hotels that have added different fees now. The one that I find, as a traveler, the most offensive is Internet fees. The majority of our hotels, at least domestically, don't charge Internet fees. I think that

Internet is something, like have the electricity or the water running, should be available.

What do I think of an increase in fees? I'm not a big fan of it. I think you should get quoted a price and that's the price that you're going to pay. Obviously, there are taxes but, for the hotel itself, I'd like for them to charge a fair price and include everything other than the major items like meals or laundry. These fee trends have an ebb and flow to them. They come and go just as they have in the airline industry. Most of our hotels are in the economy to mid-scale sector so we probably don't have as many of those fee situations as you find in other hotels.

Skift: The change in customers expectations in regard to technology, how is that affecting the vacation rental business?

Holmes: On the vacation rental side, we have a managed rental business in which we manage the rental of customers' homes and handle everything from advertising to check-in to checking on the facility after a few days into a guests' stay.

We are very much a hands-on managed rental business but technology has played a great role in allowing us to deliver our product, which is the home or the cottage that we're renting out for the consumer. It used to be a business that was basically handled by brochures being displayed in travel agents' offices.

Now everything is available online. Technology has also allowed us to add a new feature that we've been rolling out over the last couple of years, which is a yield management feature. We can determine what the pricing of your home or cottage should be for the consumer based on trends that we see happening as well as historical information like large events or weather patterns. We have a very dynamic pricing system for the rentals.

Technology has been a big boon for us.

Insights

Why Every Hotel Brand Wants in on the Boutique Business



The circle is now complete. InterContinental Hotels Group (IHG), the world's largest hospitality brand, just acquired Kimpton Hotels, the world's first boutique hotel brand.

But what does a boutique hotel even mean anymore?

Starwood Hotels was the first large chain to jump into the boutique/design/lifestyle segment on a large scale with its successful W Hotels flag, and since then many of the global hotel groups have followed suit through either acquisition or new development.

Hyatt launched Andaz, Hilton has Canopy, and Marriott invested

big into the market with Autograph Collection, Moxy, EDITION and AC Hotels. Internationally, Melia's ME brand, Carlson Rezidor's Quorvus and Radisson Red initiatives, and Shangri-La's new Hotel Jen are just a few more examples.

The factors spurring this trend are manifold, beginning with rapidly changing demand from a younger, more well-educated and well-traveled consumer who actively avoids any type of generic travel experience. Only two decades ago, hotel brands marketed themselves based on product consistency, especially attractive to consumers traveling abroad in a rapidly globalizing marketplace with so many new emerging destinations.

Since then, brand consistency has shifted from a positive business driver to a toxic mark of shame, quickly.

Today, digital communications have helped remove much of the fear of the unknown, obviating the need for brand experience sameness. At the same time, the explosion of digital content and social media has viscerally promoted the value of authentic, hyper-local, destination-specific, experiential travel to millions of travelers attempting to build social equity based on having unique experiences.

Social media exposure has been a big reason behind the rise of so many suddenly trendy destinations from Vietnam and Morocco five years ago to Iceland and Bhutan today. The

same is true for the rise of cult-like “tribes” slavishly loyal to lifestyle hospitality brands ranging from Ace to Airbnb. How many people today make travel purchase decisions based on how their experience will play out on social among their personal and professional networks?

There’s no data on that but the big hotel brands sure want to tap into it, which is driving so much of this new development around “authentic, local, experiential” hospitality to the point where those words are beginning to chafe. Because, W Singapore doesn’t really feel like an entirely different experience than W South Beach. You pretty much know what to expect at each property. In fact, the new W Bogota that opened this week is newsworthy because it’s in Bogota, not because it’s a W. The same thing could be said about a Kimpton in D.C. or San Francisco, or a ME in Cancun or Madrid, just as much as an Inter-Continental or Marriott in Prague or New York.

Meaning, these boutique brands that are so popular today are evolving into a reincarnation of the Hiltons and Hyatts from previous generations. Since the parent hotel groups are public companies, consistency is still all-important to their bottom line. All we’re talking about here is just a shift in room count and design. In effect, with so many suppliers evolving in the same way to distance themselves from the mass-market hotel of the past, they’re developing the mass-market hotel of the future.

Is Efficiency the New Experiential?

There are some exceptions. Brands that will choose to remain small in scope, such as Ace, 21c, 25hours, Grupo Habita, Unlisted Collection, and perhaps others like Andaz and

citizenM, will offer a semblance of “unique” experiences based simply on low supply.

Another point of consistency for all of these legacy brand-operated lifestyle hotel brands is price. For many travelers, they are expensive, especially in major markets. Prohibitively so. The travelers of tomorrow who are hungry to immerse themselves in a destination spend less time in a hotel than in the past, unless it’s a resort experience, and their travel budgets are adjusting accordingly.

Some brands have adapted with smaller rooms, stylish but inexpensive furnishings, and expansive lobby/F&B experiences, but price is becoming a huge purchasing factor for people who want to travel more and farther away as efficiently as possible.

Yes, efficiency hospitality is the new black, which brings us to the shared lodging and hybrid hotel/hostel models. They are the two most exciting, unpredictable, spontaneous—and more importantly, affordable—hospitality sectors today, which are still very much in their nascent development stages with infinite potential to change travel over the next two decades. In no means is that to suggest that all of these lifestyle brands will lose marketshare to the point where they’re unprofitable to keep building. The exponential rise of middle class travelers globally will ensure their long-term success and expansion. What it does mean is that boutique hotels are drifting toward the center. They’re becoming mainstream while losing some of their counter-culture mojo due to basic supply and demand economics.

Simply put, high concept design has been democratized. The boutique hotel of today is becoming a commodity, no matter how many fashionable designers, architects, chefs and retailers you throw at it.

Avi Brosh, founder of Paligroup Hotels, broached this topic at the first annual Skift Forum in New York this year.

“It’s 2014, what does boutique even mean today?” he said. “I don’t really know what it is.” Brosh then made the assertion that boutique hotels have become a victim of their own success, because they’ve become an “asset class” not unlike shopping malls and industrial parks.

“It’s no longer a stylistic benchmark or authority in experiential authenticity,” he said. “I would suggest that boutique hotels as they’re known in the asset class capacity have become spiritually bankrupt.” Summing up, Brosh explained that “boutique” to him equates with independent hotels, versus properties developed by large brands, committees and traditional place-making techniques designed to increase returns for stakeholders.

From a business perspective, the beauty of the IHG/Kimpton deal is the synergy between the two brands and their reward programs, especially for business travelers, and the overnight ability for Kimpton to scale globally. For a business traveler, all of that is a really great thing.

Many Kimpton loyalists, however, lamented big brother taking control over their beloved boutique brand, but that was to be expected. When you create a brand that impacts your consumers on such an emotional level, many of them don’t take kindly to an outside overlord scooping up the product. At the same time, it’s a little naive to think IHG is going to mess with the Kimpton formula too much.

And that’s exactly the point—it’s become a formula. That’s fine for the P&L sheet, of course, but there’s a massive generation of travelers out there seeking something different.

Luxury and Lifestyle Brands

Four Seasons

J. Allen Smith

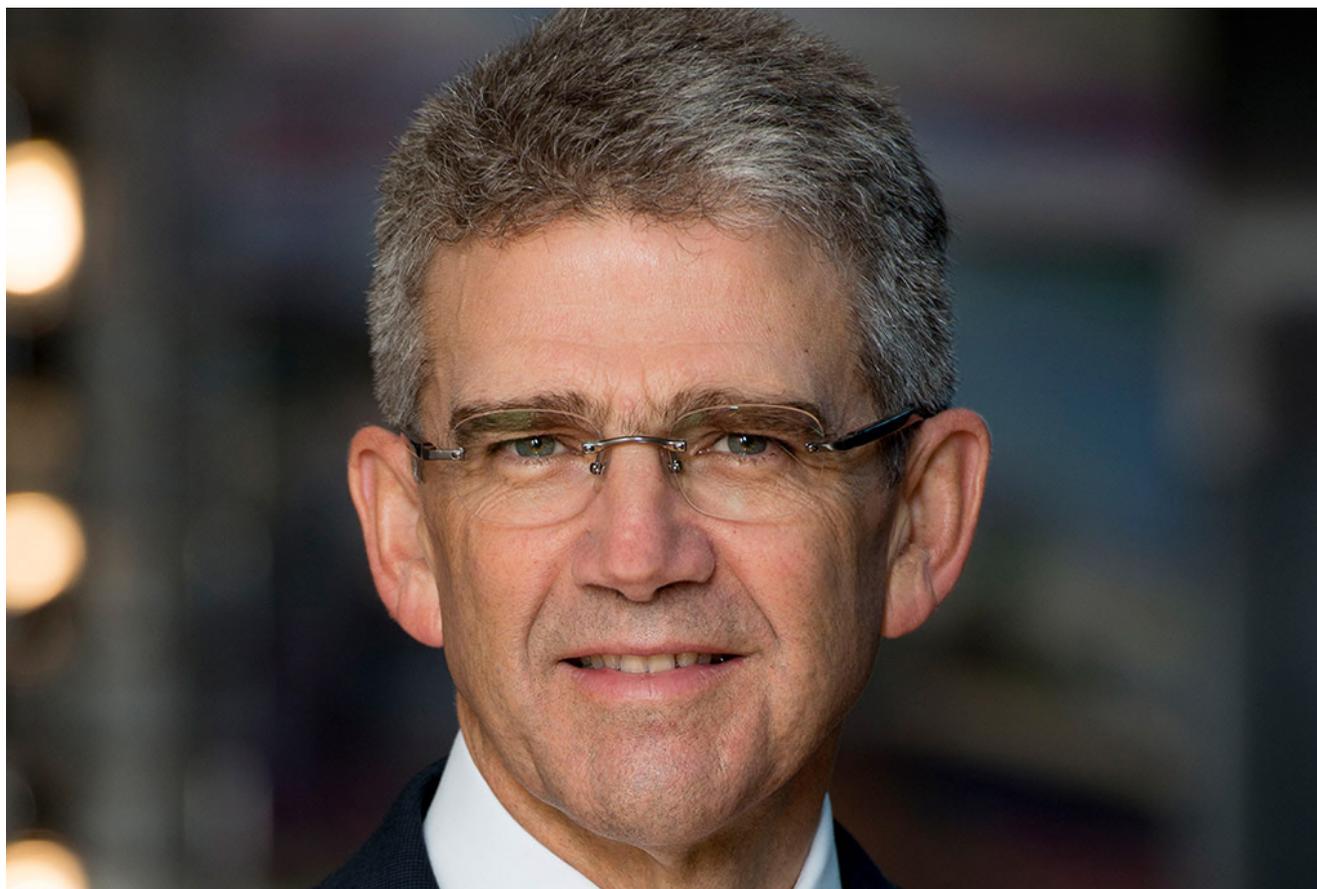


Photo courtesy Four Seasons

With fewer than 100 properties, Four Seasons as a hotel brand regularly punches above its weight in the crowded hospitality field. It is bulking up though, with 70 openings planned over the next six years.

Over the last weekend in October, it opened its largest property, which is the only independent hotel on the Walt Disney World grounds in Orlando, and a new property in Moscow, Russia, which was built on the site of a landmark Soviet property.

CEO J. Allen Smith stepped into his role in September 2013. As hotel CEOs go, he was rather unexpected. Unlike his predecessor, as well as his counter-

parts at many other hotel brands, he did not spend decades in hospitality. Rather, he was plucked from the chief executive role at Prudential Real Estate Investors, where he had developed a deep knowledge of the real estate and development side of the hotel business. That has come in handy as Four Seasons rethinks the model for getting properties financed, developed, and built.

Skift met with Smith at the company's new Orlando property. An edited version of the interview is below:

Skift: After the terrible 2008-2009 years, a lot of companies reassessed, re-evaluated, looked at their priorities. I'm wondering what you feel the current state is now and how hospitality brands are thinking about the guest and in

their experiences.

J. Allen Smith: Well, obviously, I can opine on how Four Seasons is thinking about it most authoritatively. There are probably a couple themes that Four Seasons is focused on.

One is this notion of customization, which frankly is something that I think many people would associate Four Seasons with doing very well heretofore, in terms of understanding our guests, catering to their very specific needs, and that sort of thing.

What is apparent from the way technology continues to develop and penetrate our lives in all realms of consumer activity, is that the consumer is expecting that you know ever more about them and their preferences. That's part of why I say that part of our challenge, and part of the challenge

that much of the industry is dealing with right now in different ways, is how we transition from a high-touch relatively low-tech business to one that is high-touch enabled by high-tech.

In our case, part of what gives us a great deal of confidence in our ability to do that effectively, is that notwithstanding all the focus on technology, at the end of the day, the delivery of those services is still through people. We have a service delivery mechanism, if you will, through these extraordinary people who work in Four Seasons that some would say is unmatched. I think as we continue to progress and we make that transition, our capacity to both anticipate and respond to our guests' very specific and customized needs will be even greater.

Skift: In knowing your customers and delivering what they're expecting in terms of, "You should know me," are there any concerns of balancing privacy and knowing too much?

Smith: I think you raise an excellent point. That's where this can't be rote. It can't be mechanical. There is an element of judgement that goes into the use of this sort of information, just like there is today. There's a fine line, as you point out, between understanding your guests and making them feel like there's a surveillance system watching them at all times. There's a sort of transparency that's important that the guest feels, that they understand what's going on. On some level a form of -- whether it's explicit or implicit -- consent to what we know about them.

There are some guests who are very forthcoming with their preferences, their personal characteristics. They want us to know a lot about them. There are other people who are far more reserved, and they're not comfortable with that. I think our challenge is to be able to discern that difference and respond to each individual as they want to be engaged. I think it speaks to this other theme around that we're seeing, the notion of empowerment.

People want more control over their experience. Some of that does come from the way in which technology is creating an ability for people to be

very specific about what they want and how they engage with things. There's an app for everything now, right? I think that sense of empowerment and choice that the consumer has about how they engage with us is also a really important feature.

It's interesting to me because it's not just how they engage with us. It's also how they use the space that they occupy. The spaces we design -- and I think you're seeing this more broadly through the industry -- they're becoming more flexible. They're becoming more multi-purpose. Giving them more optionality about how they interact with the space and use it. Those are some of the other things that are important.

I think a big part of what feeds the loyalty we have from guests is that sense of personal relationship they have with our people. That's why I go back to one of the real underpinnings of our business that I'm very focused on making sure we continue to nurture and cultivate is this whole idea of the culture and the people of the company, which is unique, distinctive, and critical to our success going forward.

Skift: As you grow, and you're in the middle of a big growth burst right now, having both people who are unique enough who can deliver and build those relationships, those will be harder to deliver as you grow. As you get bigger in scale, how do you make sure you're still able to deliver that personalization, those special experiences, and build those relationships?

Smith: It's a good question. It's one I frankly get asked often, both internally and externally. From a very practical perspective, we don't think about our pipeline of growth in terms of properties without thinking about our pipeline of talent to support that growth.

We're able to look out over the next five years and know with some level of certainty, when we're going to be delivering properties, where we're going to be delivering properties or hotels, and what are the unique characteristics we need of people leading those specific properties. We then match that up

against our pipeline of talent and try to be very honest with ourselves about where we have gaps. More often than not, the gaps are not driven by the technical knowledge of running hotels. That's something that we obviously have tremendous depth in and are exceptional in.

The gaps are often around language skills. If we're going to open a new hotel in Tokyo, for example, we would like to have a Japanese-speaking general manager. We're working on several properties in Brazil. Having a Portuguese-speaking general manager is important to us. Again, that goes to the importance of the localness of the experience we're providing and the guests we serve.

The good news is we have enough advance knowledge of our need for people with these characteristics, we're either able to cultivate them internally or know that within a certain time frame, we need to go to the market, bring such a person in, acculturate them to Four Seasons and then get them prepared for that assignment.

It's those two things, the growth in the hotel assets and the growth of the talent go hand-in-hand, and they can't be thought of independent of one another.

Skift: For a brand that has such a close relationship with their guests and the guest experience is put on such a high level, you don't have a loyalty program, which is different than, I think, everybody?

Smith: It is.

Skift: Why not, and what other hotels get from loyalty programs, how do you get that as well?

Smith: Yeah, it's a really good question. When I talk about our transition from high-touch low-tech to high-touch enabled by high-tech, that's a dimension of that. Our focus, and we are very focused on it in terms of a "program," is on recognition. Loyalty is associated with, if I demonstrate my loyalty by staying with you, I accumulate points and get free things.

Our view of our guests and certainly our feedback from our guests is they're far less concerned about

accumulating points to be redeemed for rewards as they are being in a position where they're recognized and we understand their preferences and can serve them in that highly personalized way they've come to expect.

You will hear, over the course of the near term, our talking about programs related to recognition that we will be undertaking, but again, as I said, it is focused on the distinction between recognition and rewards. One is recognizing you, understanding your distinct preferences and desires and being able to accommodate those, as opposed to a points-based program. I actually think it's very compatible with what our guests are actually looking for.

Skift: Does that mean that you're thinking of rolling something out that is a rethink of loyalty programs, or is that just saying that you are going to focus on that?

Smith: I anticipate our rolling out a program that is focused on recognition. Look, there are clearly brands with very effective loyalty programs. They work for them. I think what we're focused on is developing a program that is clearly compatible and reflective of what Four Seasons represents and how Four Seasons engages with its customers and what Four Seasons customers value the most. Consistently in our engagement with our guests and talking to them, it's those elements of recognition that they're looking for as opposed to points that translate into free nights.

Skift: A lot of hotels, even luxury products have sub-brands so there's multiple entry points to introduce new guests or new customers to the product. Without having that, what's your best pipeline of new guests?

Smith: The modern luxury traveler,

as we think of it, is not this homogeneous body that all have the same characteristics regardless of where they originate from. I think for many people, Four Seasons is an aspirational brand. Given its position in many markets around the world, it's where they seek to stay.

If you think about China, one of the things that clearly will be profound, I think, over the coming decade, is the influence of the outbound traveler from China. Obviously, we're very focused on developing our portfolio of properties in China, but the outbound traveler may be even more profound

“Our view of our guests and certainly our feedback from our guests is they're far less concerned about accumulating points to be redeemed for rewards as they are being in a position where they're recognized and we understand their preferences and can serve them in that highly personalized way”

for companies like ours. That affluent Chinese traveler is one that obviously we're trying to make sure that they have a sense of identity of our brand, based on how they perceive us on the mainland.

Capturing that guest, though, is going to require that we do things very differently than what we do for some of our other customers and part because of the scale of the opportunity. In terms of having Mandarin-based services that we provide or Mandarin-based concierge services or whatever the case may be. Making sure that we have the services and the form of engagement with that customer base that leads them to stay with us is something that we have to be very focused on, and we are.

The Millennial that a lot of people

focus on, there's a tremendous amount of wealth in that group. Part of what we're trying to make sure is that we provide the environment, the physical product that people find appealing, the services that they find appealing, the food and beverage experiences that they find sort of dynamic. Not just a hotel service but these experiences that are appealing both locally and to the hotel guest, so it's sort of a scene. There is this kind of mix of qualities that we have to be able to provide that make it an appealing place to stay.

One of the things that's striking to me is that luxury segment is becoming very crowded. People ask me all the time, “Who do we compete with?” While there are some major brands we compete with, the truth is we compete with anyone in the luxury segment in any market we're located in. As you heard today, we're in over 90 markets in over 35 countries, so that's a lot of people we

compete with.

Many of those qualities we have to continue to deliver on. The service promise that we deliver resonates with all kinds of people and is something that we continue to be very focused on.

Skift: Since Four Seasons is primarily a management company as opposed to owning a ton of real estate, you have the guests on one hand, and you have the owners on one hand. How do you go about convincing the owners, who although they do like investing and things like that, that what you provide to the guests doesn't come cheap? How do you balance the relationship between what's best for the guest and making sure the owners are happy with the returns?

Smith: One of the things that I've talked to our team about extensively is

that for us to generate what I characterize as long-term sustainable growth, and by that I mean growth that we exercise some level of control over, notwithstanding market cycles and that sort of thing, is that we have to deliver exceptional value to our guests, and we have to deliver exceptional value to our hotel owners. It's not either/or. We don't get to choose. We have to serve both simultaneously.

For our hotel owners, one of the things that's critical that we do is put ourselves in their shoes. Understand what their unique issues are. Understand that they are investing immense amounts of capital in these physical assets and that they are taking a tremendous amount of risk in doing so. They count on us to help manage a big part of the risk associated with those investments, namely the risk associated with operating these properties in the best way possible.

Among the attributes our shareholders were looking for when they went to the market to find the new CEO was someone who understood that dynamic. Clearly, that was much of my background prior to coming to Four Seasons - that of an owner. We are very focused on recognizing that each of our owners has different motivations. Understanding those motivations so we can effectively serve those needs of theirs is extremely important.

We've got a very wide range of ownership groups. We have ownership groups that are private equity funds that are invested in these assets and trying to generate a 20% IRR [Internal Rate of Return] on their investment.

We have other groups that are generational owners. They own great assets in gateway cities. If you were to ask them, they would tell you, "I never intend to sell this." It doesn't mean that they don't care about the return on investment, but they have a far different horizon in which to think about it.

Our challenge is to understand that very wide range of motivations and to support them in accomplishing those goals without compromising what our brand stands for. Frankly, it's an area

of great opportunity for us, and I think we're making a lot of progress in that area.

Skift: You talked about moving to high-tech enabled. I think most consumers are demanding this level of personalization and that all the gadgets work, and things like that. How do you balance the high-tech enabled stuff and the personal relationships? Talk me through a bit how the high-tech can actually enable the better interaction with guests.

Smith: It's a good point. Underpinning all of this is a high level of training to make sure that people are using it in the right way, hiring the right people. As [Four Seasons founder] Issy Sharp always said, "We hire for attitude, and we train for the skills we need." The technology is not a substitute for that.

The key is that it will allow us to more efficiently gather information about our guests and more rapidly put it in the hands of people that can use it effectively. It still requires that people use judgement and understand the sensitivity with which you have to treat this information. You can't sit there with your iPhone in front of you and say, "Oh. Hello Mr. Smith. It's such a pleasure to see you."

Skift: "And your wife, Carol."

Smith: "Your wife, Carol."

Skift: "How's your dog?"

Smith: Exactly. "I see you have a dog." Then they say, "Wait a minute. How do you know I have a dog? I never told you." I think the sheer gathering of information is not a panacea for anything. What is absolutely imperative is that there is an evolution in how we continue to train people in serving our guests, where part of that training is the responsible use of this sort of personal information.

I guess the reason why I'm confident in our ability to do it is that frankly, we have a lot of information on our guests today, but it's not necessarily all gathered in the most efficient way possible. It's not seamlessly produced through integrated systems and that sort of thing. It's a relatively labor-in-

tensive process. Really, all we're talking about doing is taking much of what we do today and better automating it.

Again, that responsibility to treat it with care doesn't go away. It's part of what we do today, and it will be part of what we do in the future. I think the training around this becomes absolutely imperative. Our organization excels at that sort of thing, so that's why I say I'm quite confident that continuing to give our team the tools to serve our guests better will be something that we'll be able to do.

Skift: You've worked with Disney closely. Disney knows a lot about the guest experience and how to make them happy. I know it's early on, but what's something you've learned through working with Disney so far, that's improved Four Seasons' relationship with the guest?

Smith: Honestly, I think it's a little early days yet, at least from my knowledge. Disney has made huge investments in technology to better serve their guests. We will want to understand that, basically what their experience has been in that. Again, you can talk to someone from Disney about it. The risk being now that it basically has your whole itinerary. You're recognized.

How that works is going to be something that we're going to be interested in to see how it evolves. They clearly made a huge commitment to it. I understand why. Their experiences with that are things that clearly we can benefit from but early days for us. Clearly, in terms of our association with Disney, though, is something we think is just a huge opportunity.

As I said, there are very few brands in the hospitality business that I would say we would be comfortable affiliating with because many of them we compete with. Disney is one that has such an extraordinary culture both in terms of who they are, how they serve their guests and that sort of thing, their family orientation, it's very compatible with Four Seasons, so I think we'll learn a lot from each other as we move forward.

Shangri-La Hotels & Resorts

Greg Dogan



Photo courtesy Shangri-La Hotels & Resorts

Shangri-La Hotels & Resorts has been rapidly expanding beyond its original Asian borders over the last decade, with some especially notable openings like Shangri-La Hotel at The Shard in London this year.

The hospitality group launched six new hotels altogether in 2014, with another 11 scheduled to open next year. It also rebranded some of its Traders Hotels under the new Hotel Jen flag targeting the Millennial travel segment.

According to Greg Dogan, CEO of Shangri-La Hotels, the successful translation of the Shangri-La experience outside Asia rests on the consistent delivery of “hospitality from the heart,” which he says is at the core of the hotel group’s DNA.

That signature brand pillar is expressed in its the tagline: “There is no greater act of hospitality than to embrace a stranger as one’s own.” It is beautifully portrayed by this award-winning promotional video from 2010, as well as this recent video series in October chronicling Tibetan singer Yangjin Lamu’s journey to the new Shangri-La Hotel Lhasa. The central brand message expressed by Lamu in those videos communicates the power of a grateful heart. With 88 Shangri-La properties presently operating, Dogan says his primary mission is developing new product in global gateway markets that remains true to that message.

Following is a slightly edited version of our conversation with Mr. Dogan:

Skift: What are the biggest challenges you’re facing to improve the

guest experience today?

Greg Dogan: Nowadays hotels are not merely a hospitality company, they’re lifestyle providers. Guests expect us to inform them of the things that are happening at a particular location, which includes food and drink, and obviously shopping. If you look at the type of hotels that we have, we’re not a cookie cutter hotel company. We’re very local-centric and we bring out the best in each local environment that we go into so we try to care of our guests in that way.

Skift: What are the unique selling points of the Shangri-La brand?

Dogan: Unique selling points vary from property to property, but the common thread through each of the hotels is probably our heritage and our hospitality from the heart. That exists throughout the whole organization. Now, that is obviously different in each part of the world, but the DNA is there

throughout the whole group.

Another unique selling point is certain touch points within each hotel that come from our Asian heritage. This includes the Chinese tea and the Chinese restaurants, with traditional Asian dishes from chicken rice to laksa to curry puffs, that we have in 99% of our hotels worldwide.

I also like to think that in most of our gateway cities, we're building iconic buildings with great views that the majority of hotel buildings don't have. For example, The Shard overlooks the whole of London and the Turkish property in Istanbul overlooks the Bosphorus.

Skift: What role does technology play in improving the guest experience?

Dogan: When guests are searching for us, we're obviously up there in terms of making sure that all our data is available on what each location offers.

However, I look at technology in a different way. Technology is moving so fast that it is difficult for the industry and individuals to keep up with unless they're a technology buff. The angle that I've taken with the group is to keep it simple without it becoming gimmicky.

That said, we obviously have to keep up to speed with the basics. We were the first group to offer Wi-Fi free throughout the whole group, which now includes the inside all of our cars. We've taken a bold move not charging for it. When I travel to other hotels, I'm still surprised at the exorbitant prices being charged in some of the cities.

There are other pieces of technology that we're looking at. One which we're rolling out in January is called "Your Voice." The guest will be able to interact with us very quickly and tell us about their experience, and, ideally, we can react on any concerns or look at anything they're happy with before

they leave the property. That will be an app, but we're also looking at an online portal.

Skift: How prevalent is the discussion of millennial travel psychographics internally at Shangri-La?

Dogan: It's been a major discussion point and major policy decisions are being made throughout 2014 with myself and my executive committee. So

"The days of being ostentatious are long gone."

much so that we launched a new hotel brand called Hotel Jen, which is designed to tap into that market. We will have 10 hotels by March next year and have identified that we need a separate management team that reports to myself to work on the millennial market. Our research shows that they want efficiencies, everything at their fingertips, and the basics including security, a good shower, a great bed, and Wi-Fi. These are the four things that every hotel must have.

In terms of our service attitude within Shangri-La, I've intentionally gone out to all my general managers in the field, and told them to make sure that we pull back from the white glove syndrome. The days of being ostentatious are long gone. We need to cater to our guests today. Whether that's a multi-millionaire staying with us or a person who just comes in for a cup of coffee, their priorities are good quality and fair price.

Skift: How has the hiring process changed to match changes in the guest experience?

Dogan: We've changed our hiring policy in a major way. It used to be a one-shoe-fits-all scenario, whereby everybody used to come through our human resources department and everybody came out as a stereotype

When I first came into this role, one of the things I changed was that I

started asking our hiring teams to look for different personalities. The way we recruit had to change completely. We've done this by looking for the right person for the right job. That may sound very simple, but what happens now is that the department manager is the first person to interview a candidate coming into his or her area. A young person coming into a fine-dining restaurant will not be the same as a candidate that we're looking for in a fun pub.

Skift: Shangri-La is investing significantly in content market-

ing and social media. Do you envision that this will continue to grow?

Dogan: Most definitely. It's becoming the greatest force in marketing. There's more money being spent in this area and it's much more targeted in comparison to being blanketed.

Our brand campaign focuses on service from the heart. When we launch a new hotel, we spend a lot of time to share that through these channels. For example, when we launched our hotel Tibet we knew that our guest would not travel to Tibet to visit a Shangri-La Hotel. They were going there for a personal and spiritual journey.

Skift: As Shangri-La continues to expand globally, what keeps you up at night?

Dogan: Next year I'm opening 11 hotels, including Doha, Bangalore, Ulaanbaatar, two in Sri Lanka and more properties in China. My concerns are the global political situations, the hot spots in the world. Whenever there's a major incident, it seems to have a major ripple effect throughout the world, which affects travel and the business of hotels. That is the biggest concern that I have.

The second concern internally is making sure we have a pipeline of good young talent coming up through the system to work in our hotels and have great careers.

Jumeirah

Nicholas Clayton



Photo courtesy Shangri-La Hotels & Resorts

Dubai hotel group Jumeirah is, at times, better recognized for its iconic property inside the Burj al Arab than the brand itself. The group; however, has grown to 22 hotels across 11 countries with plans for more than a dozen more in the works. It also recently announced a second lifestyle brand Venu to offer a more modern guest experience.

Driving this expansion and the brand's evolution is CEO Nicholas Clayton who has been with brand for two and a half years following an international career built at luxury

hotel companies including Viceroy, Mandarin Oriental, Ritz-Carlton, and Four Seasons.

Clayton recognizes his brand's potential to emanate worldwide from the heart of tourism growth in the Middle East and is acutely aware of guests' changing definition of luxury. He pulls inspiration from both his new home in Dubai and his travels including a recent trip to New York City where he described the restaurant's buzzy but casual vibe as an ambiance he'd like to aim for.

Below is an edited interview with Clayton about the blending of luxury and lifestyle guest experiences.

Skift: What are the biggest challenges you face today when it comes to

improving the guest experience?

Nicholas Clayton: We are really asking ourselves what we need to add as it relates to guest experience. In some ways, we're also asking ourselves what we need to subtract. Our tagline has become "Jumeirah: Stay Different" and the intent there is to celebrate the difference in our customers, how they use the hotels, the different architectures, and interior designs. Our hotels don't look the same in any two locations and there is something unique about the experience of staying in each of our hotels.

For example, the Madinat Jumeirah is an Arabian-themed hotel. It has a series of canals and people take a water taxi from spot to spot. We're just lucky because the people responsible

for designing the hotel put a unique feature there, and no one else in Dubai has that. Our “Stay Different” brand means, to us, having being memorable whether it’s in Frankfurt, Rome or Dubai.

We also have to ask ourselves about when it is appropriate to take some of those steps in the process away because they’re actually burdening the guests or the guests’ preferences are changing? This came up when we recently re-launched one of our marquee restaurants. I was there with another hotelier and we were watching the staff and how they went through their steps of service, and I had to follow up with the leadership of our restaurant group afterwards because I felt like we were doing things to do them, but we weren’t being perceptive about the customer.

For example, people will come to wipe down the table, but if there are no crumbs then they don’t need to do that step. If you come to ask me what I would like to drink, you can get my water preference and you can get my wine or spirit preference. Do both at the same time. It saves you steps and I get placated faster as a customer.

Another example is from a recent event that we did. It was at a 100 person event and the ambiance was done in the typical luxury fashion with a piano guy playing. The mood was just not really contemporary. It could have been more hip and groovy, but it was more this kind of old luxury. We should have let people go right up to the chef stations instead of passing things or go up to a cold bar instead of passing warm beverages. We probably could have performed a better event with less people if we had done it in a new way of thinking, which is “Let it be prepared as you like it at that moment. Let people participate in the experience and not have servers coming to ask you a question that the

answer will probably be no to.

Skift: It sound like you’re recognizing and recognizing the evolving guest experience. What are some of the major changes you’ve seen in terms of guest expectations or demands?

Clayton: I’ve had a chance to enjoy some of the restaurants in New York City and we would like to kind of adopt this general philosophy of remembering that we’re in the entertainment business and can still take the formality away. You can pay people great respect. You can create what I

“The average family carries two, if not three, devices with them and they need that bandwidth. They just need to be able to give it juice. Connect. That’s all.”

think is a luxury experience, but you don’t have to have airs, formality, or be snobby. I think it’s so important to have the social IQ to know when to engage or withdraw.

Skift: Jumeirah is in the luxury sector so it’s interesting that you’re saying you want to make that experience not less luxurious, but less formal.

Clayton: Have the right amount of steps for the right customer. In other words, we have to better train our teams of people, our colleagues, in the industry and specifically at Jumeirah, to read people and free them up from what is a documented standard if they can tell that their standards are irritating somebody. We need to tell staff, “Although this is a written standard and sometimes you’re tested against that, we would rather you make intelligent decisions.”

Skift: Let’s talk about hiring for a minute. How has hiring changed over your time at Jumeirah and throughout your time in the hospitality industry?

Clayton: Yeah. It’s the ability to read how people are using the hotel. When we have an arrival in Frankfurt, some people are using the hotel for

leisure, some for business travel, and some for both. You can usually tell the difference.

It’s about the planning process being different and saying, “I have a segmentation of different customers. They’re going to use it different ways. If it’s a honeymoon, then I have to do something different than for the long-staying guest that’s here on a consulting project. We need smarter, better-trained, better product knowledge, to give better service over all. Back to the recruiting, we have put a lot

more incentives in place. Some of our compensation schemes have a stronger variable component in order to drive performance. Our receptionists, our reservationists, people in our food and beverage out-

lets, the manager or general manager of an outlet, the culinary in the back, they make up to 90% of their salary on a variable component basis, for example. I think that has changed the mindset a little bit.

If you want great people you also have to think about how you’re compensating them and how you’re setting them up for success. We also have an online learning initiative. The majority of our colleagues are guest-facing and performing some type of service tasks so we’ve developed this partnership where people, at a self-paced basis, learn what a Cappuccino is, how to make it, the history of it, why it’s important to do the cream a certain way, and then they get certified and tested on this material.

Skift: Let’s talk about technology a little bit. What role is customer-facing and back-end technology playing in improving the guest experience?

Clayton: Everyone is going app crazy, but we think we should just make our mobile site work really well. Our company doesn’t have the road warriors that stay in Hilton for 200 nights per year. If we did, we’d make

them an app to check-in.

For us, an application would be more around telling customers what's happening over the next two weeks while they stay with us in Dubai. It's really telling them about what there is to do and how not to miss out on something.

Skift: How do you communicate that to them right now?

Clayton: We do that in a very rudimentary fashion today. We have looked at certain apps, and perhaps we piloted them at the wrong hotels, but the usage was quite low. I think we can do new stuff through our TVs, which are becoming more friendly and interactive. I think they'll be a powerful tool moving forward.

From a guest service standpoint, technology is all about the in-room occupancy detection, knowing when the room is occupied, and communicating to the staff which rooms are to be serviced. It's really about being proficient at expediting service to guests. It's not very sexy, but it's important.

On the technology front, we have not chosen to be a leader within the industry. I think we want to provide just the right amount and the right quality. The entertainment systems in the rooms is really important when people are there for leisure.

If you don't have reasonable content, big screens and nice equipment then you're out of the game. We choose not to lead, but not be behind. In some of our bigger suites, we recently installed a remote that controls everything in the room from lighting to music to temperature. I think things like that will become powerful tools just to make a room more comfortable.

Jumeirah is also one of the first in the luxury sector to offer free Wi-Fi in all their hotels. That was differentiating for quite a while. Whether customers are there on business or on leisure, they still want it. The average family carries two, if not three, devices with them and they need that bandwidth. Another is to make sure it's easy to stay connected with the devices and we're hyper-sensitive to adding international outlets. If you make it easy for them, people notice it.

They bring their own technology. They just need to be able to give it juice. Connect. That's all.

Skift: After building a career at luxury hotel brands, what insights do you have about the future of the luxury sector given customers' changing expectations? They want to be able to connect only, experience local culture, and integrate business and leisure trips.

Clayton: The luxury sector is changing. Jumeirah will have to, over time, become more aware and become more of a lifestyle brand. It's what people want overall. All of these lifestyle brands, including our announcement of Venu, means less steps of service, less process and orientation, and less to build and construct if you're a developer. This is no accident that you're seeing these lifestyle brand announcements.

Going forward we need to build our hotels with more of that in mind. I saw a perfect example of this this morning at the Palace Hotel. The only place they do breakfast is at this small patisserie coffee shop that's very cute and a grab-and-go kind of thing. On the way over there, I noticed the music was very well done. The sound was

right, the context was right.

I think the conservative, predictable nature of some of the more established luxury hotel groups will become passe. I have a lot of respect for the brands that I used to work for, but some of them keep building hotels that are really good and solid but not interesting. You can't find a pop-up counter where they're going to do slices of pizza and glasses of red wine. They would never think of that. I think luxury will become luxury lifestyle.

Skift: Has Jumeirah's marketing changed to reflect this focus on a lifestyle experience or to communicate that side of the brand better?

Clayton: The biggest marketing single tool that we have would probably be our website like everyone else. When we re-launched it nearly a year and a half ago, we really focused on imagery because that's what sells. That's what people are looking for.

Pictures do one thing but movies do a whole other thing. What Jumeirah has done, which no other hotel has done, is invest considerably into video to the point where Jumeirah is now the most viewed hotel brand on YouTube. We're currently running at more than 16 million views and the next brand is at maybe 3 million views, based on Google research that looks at the influence video has on the decision-making process of high net worth travelers. It's disproportionate compared to other segments. The numbers in terms of views have been quite high and we realize that we've got a bit of a time advantage, because we began earlier than the others. In so many ways videos tell a more real story than pictures do because they're harder to manipulate.

Ritz-Carlton

Herve Humler



Photo courtesy Ritz-Carlton Hotels

The Ritz-Carlton is one of the more iconic luxury hotel brands. Although the name had been used on hotels since the early 1900s, brand we now know wasn't founded until 1983. The brand quickly grew from one property in Boston to 24 properties when, in 1998, the brand was purchased by Marriott International.

Today the brand boasts 87 hotels located in 29 countries. Herve Humler, a founding team member, today acts as president and COO. Despite its long history with the brand, Humler is actively looking ahead by adapting to the desires of today's luxury customer.

Skift recently spoke with Humler about the technology's role in a luxury service environment, strategies for

activating employees, its social media efforts, and the sociopolitical issues that impact the hospitality industry.

An edited version of the interview can be read below:

Skift: What are the biggest challenges that you face today in improving the guest experience?

Herve Humler: Traditional luxury was all about material goods, living a life of comfort, which was characterized by collecting material goods on the wall. I go to China and I buy a vase. I go to the Middle East and I buy a carpet.

Those needs and values haven't disappeared but luxury is changing rapidly. We hear a lot about experiential travel and that's what people are doing. Guests today define themselves by what they have experienced versus what they have bought. The aspiration is about authenticity and originality. They are very connected with the local

culture. That's what Ritz-Carlton has to deliver on.

You have to look at design, technology and meaningful service. You are the key provider of that experience, and it is constantly evolving; yet we have to maintain the standard that Ritz-Carlton is well known for as an iconic brand.

Skift: Is there a certain element of the guest experience that takes priority in improving over the others?

Humler: Technology is one of them. Today the millennial global citizen is shaping luxury travel. Across all countries and cultures, this is a generation that has been shaped by technology. Therefore, we have to adopt an online and offline strategy that allows our brand to participate in the conversation and engage guests on their terms. Through various digital touch points, such as Ritz-Carlton hubs, we provide guests the option to use a mobile device for services such as

checking in and checking out.

I have two teenagers at home and they talk to our neighbor online instead of going to see them. We see a lot of customers act that way. They are sitting by the pool or in their room and they look at the menu and order online.

Skift: A luxury hotel experience has so much to do with the service. How do you balance technology versus human service to still provide that luxury experience?

Humler: Luxury travelers today have different expectations, which are more complex and challenging. We want to make sure that guests have a deeply personalized experience. They value a two-way conversation with the ability to be a part of creating what they want.

They see technology as a key component of great service too, but they expect that service interaction to provide access to unique skills or local knowledge. It is our job to constantly assess evolving technology and find out which one will enhance the guest experience at Ritz-Carlton. You have to keep your pulse on what the customer wants all the time around the world.

Skift: Another aspect of human service is the hiring experience. How has the hiring experience changed or evolved to match the changes in guest expectations?

Humler: We don't call new hires employees or associate, we call them ladies and gentleman. They are ladies and gentleman serving ladies and gentleman. They are our most important resources in our service commitment to guests.

First, you have to tell them why we are in business, which we do quite

well at Ritz-Carlton. I am a founding partner of this brand and I enjoy going around the world, to new hotel openings, and sharing our strategy, our visions. I define service. It's the greeting, being compliant with our guests' wishes, and a warm farewell.

Our ladies and gentleman are our most important resources. When you say that, you give them the tools for success.

We developed a process where all of our employees are reminded of the service value of the day before starting their job. We share one story of one customer so that they understand how to create an emotional connection with

“Luxury travelers today have different expectations, which are more complex and challenging. We want to make sure that guests have a deeply personalized experience. They value a two-way conversation with the ability to be a part of creating what they want.”

customers.

Skift: Employee empowerment is something that we hear about often but that I think it more difficult to do than to say.

Humler: That's right. How do you empower people when we have 42,000 ladies and gentlemen? You have to define steps and remind them every day. The customer who is in New York today will be in Beijing tomorrow. We want to deliver a seamless experience so you have to do it every day.

Skift: How has social media and digital content changed Ritz-Carlton's conversation with customers?

Humler: A very large one. As of today, we have twelve branded social media channels, more than three million fans and followers, and more than

11,000 interactions and conversations every single day. Through social media we are not only able to provide destination information to guests when they are exploring the idea of travel, but we are able to talk to them during their stay and after they have left. We have been able to extend many of our other services across the social platforms such as a leadership advice on LinkedIn and travel tips from our concierge on Foursquare. We can literally be with our guests at all times and communicate at their convenience.

It's not just existing guests that we are speaking to. We spend as much time talking to people who have aspira-

tions to experience The Ritz-Carlton -- the girl who is saving to buy her mother a candle from the website for Mothers Day or the couple who is dreaming of a Ritz-Carlton wedding. Existing, future, or aspirational, we appreciate the opportunity to share dialogue with anyone who wants to be connected with us.

Skift: Is there anything about the guest experience that we haven't touched on but that keeps you up at night?

Humler: The political geographic situation around the world is most concerning; specifically, the economy slowing down in China and embargoed in Russia. We have not seen a lot of changes in China as we now have ten hotels there, however, we are concerned about our Ritz-Carlton Hotel in Moscow, as this is effecting the livelihood of our employees, the ladies and gentlemen, on property. We are keeping everyone employed by multitasking in different areas of the hotel from adding more training and language skills.

Rosewood Hotel Group

Sonia Cheng



Photo courtesy Rosewood Hotels

Hong Kong's luxury hotel collection Rosewood Hotel Group is embarking on an ambitious expansion strategy through 2015 with plans to nearly double its inventory of 54 hotels across 17 countries. There are nearly 40 new hotels currently under development.

In addition to the Rosewood brand, the collection also includes hotels under the business-oriented New World and design-drive Pentahotels brands. The collection also includes some iconic hotels around the world including The Carlyle in New York, Hotel de Crillon in Paris, and Rosewood Mansion on Turtle Creek in Dallas.

Rosewood Hotel Group CEO Sonia Cheng was one of the few female chief

executives in the hospitality industry. Prior to joining the group, Cheng specialized in real estate investments while working with a major international investment bank and American private equity firm.

Skift recently spoke to Cheng about the evolution of the luxury guest experience, how her hotel group is attempting to surpass their loftiest expectations, and the importance in hiring in order to executive on philosophy. An edited version of our interview can be read below:

Skift: What is the biggest challenge that you're facing to improve the guest experience today?

Sonia Cheng: As a luxury brand, we pride ourselves on creating really personal and authentic experiences for guests. At the luxury level, travelers

nowadays are much more sophisticated. They travel around the world and experience a lot of different hotels and experiences.

I think what they want is really intuitive and engaging service rather than the expected kind of hotel experience. That is what Rosewood is going for at the moment and it's not easy. It's about being intuitive and being able to anticipate what guests are looking for once they walk through the hotel or we pick them up from the airport. Our philosophy is that there are small details that will entice the guest and surprise and delight them in different ways. This is a differentiating element, but it is not an easy thing to do because you need to make sure that your team is able to execute on that philosophy.

Skift: What's one unexpected shift that you've seen in guest expectations

or demands in the last five or ten years?

Cheng: It's not unexpected but travelers are more sophisticated and they are no longer looking for physical extravagance at the luxury level. They're looking more for a personal experience and someone attending to every detail of their stay. That is what they're expecting walking into a luxury hotel right now.

Skift: What role does technology play in improving the guest experience? Is consumer-facing or back-technology more important or effective in improving the experience?

Cheng: I know throughout the industry that there's a lot of consumer-facing technology that's put into the room or throughout the hotel, but I think we have to be careful about how much technology we put in front of the guest. Not that they're not technologically savvy, but the key is to make sure that the technology is practical, functional, and easy to use.

The worst scenario would be to have technology in the room that the customer just doesn't know how to use or it's too difficult to comprehend. They end up getting frustrated and having to call guest services to fix it.

In terms of customer-facing technology, we just have to be careful to make sure that it's very simple and easy to use and in places where it is really necessary rather than there just because it's a trend.

For us, back-end technology is more important in terms of enhancing the guest experience. Making sure that we know guest feedback or questions instantly and immediately would really help enhance the experience that particular guest.

For example, if a guest walks into one of our restaurants and for the second time orders a café latte then we should be able to input that into our technology so all of our associates are aware when this guest walks into a

restaurant that they would love a café latte. That is what we are striving to achieve. It definitely isn't expected and it's very intuitive and it goes a long way, in my opinion, in really enhancing out customer relationship management.

Skift: You talked a lot about the role that your associates play in improving the guest experience. How has the hiring experience changed or evolved to match these changes in the guest expectations?

Cheng: It starts with the people you hire. Throughout our interview

“We don't want to have a hotel restaurant anymore; we want it to be a gathering place for locals.”

process, we are looking for people who are, most importantly, passionate about the hotel industry. You can see in their eyes that they really enjoy this industry and servicing our guests.

Practical experience, of course, is important but at the end of the day it's about what they genuinely like to do and what they're passionate about. We have interviews in different settings. For example, we take interviewees to a coffee shop or more relaxed environment than a conference room to try to gauge their real personality.

Like any of the hotel groups, we have a very solid training program but I think that intuition and being intuitive is a core piece that our group really focuses on. We have training programs where we explain our philosophy to them, have role-plays, and get out of the hotel to experience different venues. It's a more creative training process.

Skift: What are your views on the increase in hotel fees that are being levied against guests? How do you handle fees at a luxury brand?

Cheng: It is a global trend that Wi-Fi is going to be complementary and eventually all hotels will have to comp

it. For things like early check-in or late check-out, it's going to be an all-in fee. If, on the luxury level, we are focusing on such small costs then it just annoys guests. If you want to create a holistic experience, increase the rates to reflect the luxury service that you are providing rather than break it down and charge the guest on separate items. That will definitely drive guests away at the luxury level.

Skift: What role has content or social media played in changing Rosewood's conversations with its customers?

Cheng: Social media is definitely very important. We have been continuing to enhance our social media platforms, particularly using them to communicate with our guests,

whether we have a promotion or just something happening in the hotels. It is a very effective and efficient platform in comparison to traditional literature or TV.

We have developed a program called Rosewood Curator, in which we invite certain influential characters and personalities to be our Rosewood Curator for a certain city. They provide advice and hidden secrets about that particular city that are then posted on the website and channeled through social media. It's a different way of advertising and marketing your hotel.

Skift: Is there anything else about the guest experience that keeps you up at night?

Cheng: Our new focus is around creating authentic experiences in our food and beverage. We don't want to have a hotel restaurant anymore; we want it to be a gathering place for locals. That started with our new Rosewood hotel in London where we created an amazing bar that is a very popular destination among local Londoners. It really creates a great atmosphere for the hotel. We're focusing on creating things not just for the guest, but really for the local community.

Insights

Luxury Hospitality Returns to the Human Element



Photo courtesy Standard Hotel Miami

The LE Miami hotel buyer and supplier conference released its latest industry thought leadership report on Monday, entitled: **Exploring The Shift In Luxury**.

LE Miami's niche is what they broadly define as "contemporary luxury," which includes flags like Morgans, Commune, W, 25hours, The Standard, Ace, and others in the upscale lifestyle segment. The white paper is the result of the Leadership Lab event at this year's show, held in Miami this past June, where a wide swath of top executives helming those brands discussed today's hospitality consumer trends.

Sponsored by Departures and Travel + Leisure magazines, the report foretells the future of hotel experiences through the lens of three themes: Think Context, relating to the luxury consumer psychographic; Curate Collectively, examining the rise of next generation "travel intermediaries" (agents); and Sell Different, discussing how hotel brands require a strong point of view to be successful today.

Think Context

With contemporary travel "more and more about a mindset influenced by the context of each journey," travel brands are building product and experi-

ences that embrace specific consumer psychographics rather than demographics. The luxury traveler profile today spans all ages and backgrounds, male and female, and many different source markets, so the common thread for hotel brands today is how people travel, not who is traveling.

Meanwhile, the "Millennial travel trend" dialogue is starting to fade now that so many X'ers and Boomers are adopting travel mindsets similar to the digital-native crowd. It's a messy world for hotel marketers these days.

"Our game is far more complex than it was," says Brad Wilson, president of Ace Hotels. "It's a very layered, very nuanced structure of under-

standing your customer that includes different levels of customer each with multiple personas.”

To better understand the customer of the future, hoteliers are keeping a close eye on the surging popularity of alternative lodging, such as hybrid hostels like Freehand and Generator, pop-up hotels, Airbnb, and the sharing economy in general. Wilson says those customers might not be luxury consumers, not yet, but they are informing luxury hoteliers about how the overall context of hospitality is evolving. Amar Lalvani, CEO of The Standard, adds, “We can learn from the next generation of travelers who think that it’s normal to use Airbnb or Uber. How can these models translate to the hotel industry?”

Curate Collectively

This is somewhat surprising at first glance. LE Miami’s collection of hoteliers are placing a high value on travel agents and the amount of business they’re driving, based on the importance of humans to explain the contextual experience revolving around a specific luxury lifestyle hotel.

According to the, ahem, LE Miami Take, “Luxury fashion brands do not only sell their key products online; they position them in their shop where their magical aspect can be revealed through human interaction.... People are beginning to understand that travel intermediaries are the only people who can provide advice that is

truly tailored to their needs.”

The white paper suggests that the evolution of contemporary luxury presents a huge opportunity for travel agents who define their niche and position themselves as expert curators of the hotel experience. Today’s luxury consumer doesn’t just want to know what safari supplier to book, for example, they want to know which tent.

Additionally, when the same luxury traveler has multiple personas requiring travel customized in different ways based on those personas, the agent is the best sales channel to communicate those customizations to the individual property.

“The future is the hotel who wants to partner with the travel intermediary, going beyond the hotel door, rather than just seeing it as a sales intermediary,” says Norman Aynbinder, CEO of American Excursionist, a full-service travel package company.

Sell Different

With Google, review sites, and social media making the global travel journey almost completely transparent, traditional hotel sales and marketing tactics are crumbling at an exponential pace. Today, audiences balk at stale sales pitches, so travel brands have to have a strong point of view that’s well delineated in the marketplace and backed up both online and on-property.

“Longevity is about staying true to what you stand for,” says David Bowd,

COO of André Balazs Properties. “You can enhance it, change it, but it still has to keep the same message.”

Sarah Doyle, global brand director for W Hotels, adds that once that singular brand voice is established, brands should get out of the way and let their customers do the rest. She says, “It’s about recognizing that the guests are selling us, recognizing the landscape of dialogue and not getting too overt in trying to market ourselves.”

The challenge according to many of the different hoteliers is producing enough new and engaging content marketing to build a symbiotic relationship between brand and consumer over the long run. Hotel groups such as 25hours in Europe have become master storytellers, aligning product and content differently for each specific property. Others are still exploring how exactly to create those relationships when consumer psychographics are so in flux.

And then there are those brands, including some of the above, who have created an almost iconic status for themselves in the lifestyle hospitality segment. Much of that is based on highly defined product and executed experiences, and robust social sharing.

“It used to be that the product was 50% of the cost and the marketing the other 50%,” says Chris Blackwell, founder of Island Outpost. “Now the product is 95% and the marketing takes care of itself.”

Montage Hotels & Resorts

Alan Fuerstman



Photo courtesy Rosewood Hotels

Montage Hotels & Resorts is a luxury hotel and resorts management company that's built its reputation on ultra-personalized service in warm weather destinations in Hawaii, Mexico, and California.

With just six properties, the brand has become one of the top five highest rated small luxury chains, according to ReviewPro's analysis of more than 830,000 reviews of 84 hotel brands.

It is also working to attract and cater to California's growing Chinese tourist base. Montage Beverly Hills is certified "China-ready" by the Preferred Hotel Group, which advises hotels to follow a 25-item checklist to please Chinese guests.

Montage Hotels & Resorts, founded

by Alan Fuerstman in 2002, launched a second brand in October 2014. Pendry is a mix of Montage's luxury service with a lifestyle and design-driven edge and will be run by Fuerstman's son.

"The way in which we're able to personalize experiences for our guests really adds a dimension that we think will bode well for us," he says in a discussion about the growing market for lifestyle brands.

We spoke with Fuerstman about the challenges of creating a personalized guest experience and his views on technology, hiring, and digital communication.

Skift: What are some of the biggest challenges that you're facing to improve the guest experience?

Alan Fuerstman: We strive to continually personalize the service for

our guests. Our teams are focused on creating experiences that are tailored to each individual who each has a different kind of need. The way we go about this is with a certain depth of the training. We teach employees to look for ways to exceed expectations and surprise our guests with things that appeal specifically to their experience. I'll give you an anecdote that might sum it up.

I recently bumped into a guest that was dining at one of our restaurants and he called me over and said, "Alan, I've got to tell you. I've been coming here for years and the service just keeps getting better." I asked, "What happened?" and he said, "I told my server at dinner that we were in a bit of a hurry because we wanted to get back in time for the American Idol final. He did a great job with dinner," the guest

said. They got back to the room by 8 p.m. to watch the finale and at 8:15 pm there was a knock not he door. A room service attendant was there with a bowl of popcorn and said, “I hope you enjoy the show tonight.”

The thinking culture of our staff, which looks to personalize and address the needs of our guests, is what really differentiates us. From a CEO’s perspective, our challenge is figuring out how we inspire our teams to deliver that kind of service over and over again. Then the challenge is figuring out who I instill that in the culture as we expand the company.

The challenge becomes the mentoring, training and developing of our people to continue to deliver at the extraordinary levels we’ve been delivering.

Also, recognizing the need to attract great new talent into the organization and integrating that new talent so that we can replicate the things we do really well and deliver on a grand promise.

Skift: What is one unexpected shift that you’ve seen in guest expectations or demands?

Fuerstman: One of the things that I’ve been pleased to see is the amount of multigenerational travel and the increased demand for our premium suites because of families traveling together. We adjusted accordingly to be able to accommodate larger families traveling together to resorts. We are always hopeful that we are creating resorts where traditions are created and people return year after year. It exceeded our expectations and really shown us the desire for families to travel and utilize large suites to be together.

Skift: What role is technology playing in improving the guest experience?

Fuerstman: Technology is incredibly important. We see much more tech-savvy guests than we imagined initially. The trick, though, is making

sure that technology is user-friendly, that our guests aren’t stymied by the great advances in technology. I have seen too many examples where there have been things introduced in guest rooms and the like that are too complicated for our guests to properly work. We take a somewhat conscious approach to make sure that we provide the technology, but it is very easy to use and it is not intimidating for the non-techie.

Clearly technology is an important part of our development. Our rooms

“We’ve really supported the online feedback that’s given, whether it’s on TripAdvisor or on other channels. Real-time guest sharing is the best validator.”

in Beverly Hills are fully integrated and you can control the whole room. We’re working on the next generation of what that’s going to look like, where you can control the room temperature, control the drapes, and more.

We’ve seen the introduction of tablets into the guests rooms, but I’ve seen some cases where companies introduce tablets into hotel rooms, they’re too complicated to use, and people opt for good old-fashioned room service menus. There’s great need for both and I think we have to choose responsibly to make sure there’s a user-friendly option for our guests.

Skift: Are you using any technology in the backend to help improve the guest experience?

Fuerstman: There’s technology we can use that will help manage information better and we have invested in that. We’re able to track preferences and guest histories and then act on that. The success of the backend systems tends to revolve around how well our associates are gathering information and using that information. We

have the tools so it comes down to how well our staff is use them. We’ve seen a tremendous amount of change in the form and fashion in which our guests want to be communicated with.

Skift: Are you using social media at all to communicate with guests?

Fuerstman: We use social media extensively. One of the things that I really like is the transparency that now exists. We’ve really supported the on-line feedback that’s given, whether it’s on TripAdvisor or on other channels.

Real-time guest sharing is the best validator for the kind of experience you can expect in a hotel.

We know many guests are making their selection based on what they are reading about our properties from other users so that digital presence is very important.

Skift: Has hiring changed at all in recent years to improve the guest experience?

Fuerstman: The interesting thing about hiring is that when we first opened our Laguna Beach property, probably less than 50 percent had ever worked in a hotel before. We have always focused more on attitude and non-technical skills with the belief that we will train extensively on the technical parts of the job. What really differentiates our staff is the hospitality aptitude that we feel.

We have been highly focused on that, but, of course, it has become much more streamlined. The hiring process is much more digitized than ever, but we rely on a combination of old and new. We put our applicants through panel interviews where they will meet with a group of managers before being hired. The depth with which we work through the selection process is a key component to building the kinds of teams that one needs to have the kind of output that we’re looking for.

Six Senses

Neil Jacobs



Photo courtesy Six Senses Hotels Resorts Spas

It's hard to imagine a traveler having a bad experience at Six Senses Hotels Resorts Spas, a small collection of luxury hotels that integrates local culture and prioritizes experience in gorgeous outdoor landscapes.

However, it takes work to improve technology, train staff, and deliver entertainment options even in paradise. Tasked with leading the brand through a period of growth is CEO Neil Jacobs.

Prior to joining Six Senses as CEO two years ago, Jacobs managed Starwood Capital's hotel portfolio and spent 15 years at Four Seasons Hotels, seven of which he led operations in Asia Pacific.

Jacobs' experience in Asia aligned well with Six Senses' inventory, which

remains largely in Asia including China, the Maldives, Thailand, and Vietnam. The brand is set to double its portfolio in coming years with nine resort and spa properties in development.

Jacobs has unique perspectives on the hiring process, issues with technology, and the critical experiential element that most hoteliers overlook. An edited version of our interview is seen below:

Skift: What are the biggest challenges that you're facing to improve the guest experience today?

Neil Jacobs: It's always about people. We have hotels and spas in pretty far-flung destinations so it's really about finding the right type of people that share the dream. Huge effort goes into the recruitment and

training process. Much of our company is about wellness and sustainability so we need to find people that embrace that, understand it, and want to be part of something based on those pillars. It's a challenge, always a challenge to find great people.

Also, technology. The speed of technology is going up so we have to keep up with it, determine what's too much or too little and find the right balance, especially given that we're a high-end brand. It becomes a very expensive part of what we do every day — staying on top of where things are and implementing what's necessary.

Skift: What role does technology play in improving the guest experience at Six Senses properties?

Jacobs: It has a big role, but it's also about implementing a technology strategy and platform that is simple to

use, that is there but not intrusive. We need to have a tremendous interactive website. Mobile applications are becoming more important, even at the high-end. There are smart rooms, technology that controls certain functionality within rooms including lighting or air conditioning. I think we need all that, but what you don't need is to have to have a PhD to turn the lights on. I think some hotel companies, particularly at the high-end, have gone a bit too far and it's impossible to function in the room.

It's about the right amount of connectivity and the ability to access remotely, whether it be a virtual concierge or just remain connected to the hotel. I think in a couple of years time everybody's cellphone will open the guest room door. There are a couple of companies that are already doing that now and I think that's great because it's the future. The ability to save time by bypassing the reception or not doing a formal check-out is all critical for a business hotel.

The back-end technology is also essential because it allows us to remain connected with our customers, market to them, and mine and analyze data. We weren't able to do all of this to the same extent a few years ago. Without it, hotels and companies are at a distinct disadvantage today.

Technology is hard work because of the speed at which it moves, but it's also really challenging financially to keep up with it.

Skift: How has that hiring experience changed or evolved to improve the guest experience?

Jacobs: I spent 15 years at Four Seasons and I think one of the greatest strengths at Four Seasons was the culture it created within the employee family, so to speak. Everyone would ask us, "How do you do it? How do you create people like that?" Honestly, it was a process and it's a process that we've certainly adopted at Six Senses. It starts with how you recruit. We, and I now, recruit fundamentally based on attitude rather than ability.

Many jobs within a hotel can be taught through good training. Not

everything, but many. Our approach is multiple interviews by many people so each employee -- we actually call them hosts -- has four or five interviews. The general manager will also interview regardless of position.

Each interview is a little bit different. We adopt something called behavioral-based interviewing, which makes sure that everybody participating in the interview process talks about different things rather than repeating themselves.

It starts with recruitment and then once someone is hired moves into how you orientate them. Orientation happens before they ever touch guests or work the floor. It includes buddy shifts, functional training, generic training, and checking with the employee after 30 days and 90 days to see that they're settled down.

A lot of people don't have the time, inclination, or the money to function that way, but we think it's essential if you're going to get people that really embrace the culture and display it. We call it "emotional hospitality" and it's really about how, at the end of the day, the employee or host is able to touch guests at an emotional level. If we hire the right people and go through the process that I've just outlined then we have a better chance of being able to achieve what we set out to do as a brand.

To some of us it seems like common sense, but actually very few people go about it in that way. Four Seasons has done so consistently for the last 25 or 30 years and that's the way we do it too.

Skift: What's one unexpected shift you've seen in guest expectations or demand in the last decade or so?

Jacobs: Some of the larger companies might say it's unexpected, but I think that we are going through a period in which high-end customers are suffering from brand fatigue, truthfully. What's happening in many cases is that a lot of the very successful luxury brands have become a little bit homogeneous. They all have good services, wonderful beds, but the content part, the experience, is often missing.

The high-end customer, at this point in our evolution, is less and less inclined to go to a Four Seasons, Mandarin, Peninsula, or St. Regis. They're a bit fed up with it and looking for something more unique, small. Let's call it the "anti-brand."

The advantage that gives to independent and small chains is greater than it's ever been. The smaller guys have to understand distribution channels, web marketing, and social media, but certainly the world is a lot flatter than it used to be. What you're finding I think is that some of the smaller brands, ourselves included, are equally as focused on what I call content as much as they are on service delivery, good food, and a clean comfortable room.

I think to some of the larger hotels it is unexpected, but we see it as a huge opportunity for companies our size, with distinct personalities.

Skift: What are your views on the increase in hotel fees being levied against guests?

Jacobs: At our end of the market, it's something we try to avoid in most cases. The last thing you ought to do to someone who is already paying \$500, \$800, or more to stay in your property is nickel and dime them. To give somebody another hour or two for a late check-out, particularly if the room is not being occupied, ought to be a no brainer. It leaves a very bad taste and certainly doesn't work with our emotional hospitality piece. People would rather pay a little bit more. Build it in the rate rather than nail them for \$50 or \$100 at the end.

I'm also seeing a lot of resorts, even high-end, now charge resort fees on top of rates, which I never really understood how they had the courage to do that. There seems to be a move to nail people wherever you possibly can, even at a four-star level. It seems a little odd quite honestly.

If you're running a limited-service environment then it becomes more like a low-cost airlines carriers. People understand it a bit more if you're not paying very much to start with. It's certainly not our approach.

Rocco Forte Hotels

Rocco Forte



Photo courtesy Rocco Forte Hotels

Rocco Forte Hotels operates ten hotels in Europe that help define the luxury hotel experience in their markets with properties emblematic of their cities' modern history.

The Balmoral Hotel in Edinburgh and Villa Kennedy in Frankfurt, for example, are two restored heritage buildings dating back to the early 20th century that cap the high-end scale of hotel accommodations in each destination.

At the same time, Sir Rocco Forte and his sister Olga Polizzi, who founded the company together in 1996, have an unerring eye for up-to-date interior design that is both modern and approachable, which differentiates their product from many other legacy hotels on the continent.

Talking with Sir Rocco, you quickly become aware that this is a man who steadfastly believes in traditional notions of luxury hospitality. While everyone else is talking about the evolution of luxury travel, Millennial travel behaviors, and the integration of technology at every touch point, Sir Rocco is not entirely impressed.

That classic philosophy of hospitality works in today's tourism marketplace if your hotels are one-of-a-kind within their local cultural context, they provide a level of deft service requiring a staff count above market norms, and their design is attuned to modern tastes. Since Rocco Hotels' properties fit within that criteria, the brand offers a luxury hotel experience without feeling like an anachronism from another era.

In the lobby of The Balmoral, for example, it's not unusual to see three

generations of men wearing kilts while the ladies of the family tilt over in laughter. At Villa Kennedy, the JFK Bar is one of the hippest local bars in Frankfurt. That energetic, fresh and unstuffy vibe is a primary reason why the hotel group has capitalized on the multi-generational family travel trend so well.

This year, Rocco Forte Hotels announced a new partnership with the Italian State-backed sovereign fund Fondo Strategico Italiano Spa (FSI), 20% controlled by the Bank of Italy. The collaboration will develop new luxury hotels throughout Italy, with a development pipeline scheduled to double the size of Rocco Forte in the next five years. The company is also planning to expand in North and South America, and potentially elsewhere.

Following is our interview with Sir

Rocco, who shared with us his priorities, and concerns, for the luxury hotel guest experience of today.

Skift: What are the biggest challenges you're facing to improve the overall guest experience looking into the future?

Sir Rocco Forte: The biggest change is probably that the world has become more competitive, and there are a lot of people out there doing a reasonably good job. Therefore, to stand out, you've got to be exceptional in what you do. I think that in many hotels you go to, you find an unnatural or programmed interaction with the guest, where the guests are always asked the same questions by different members of the staff within a few minutes of each other.

I think one of my challenges is how can I improve the interaction between my staff and the customer to make the customer experience a more pleasant one. The interaction between people is a skill, where when you're sitting next to someone you can actually strike up a conversation. For lots of members of hotel staff, that is a difficult thing to do, and therefore, we're trying to develop programs which enable our staff to do it better.

There's a psychology to it, and you can't treat every individual guest like the previous one. A lot depends on their state of mind, a lot depends on if someone has had a difficult journey, whether they're happy and relaxed, and so on. Your interaction with a guest has got to change accordingly, and so that's something that we're trying to develop more.

Skift: How is your staff hiring and training procedures evolving to accomplish that?

Forte: We're working with a

number of people outside hospitality to help us develop our own training program, people who don't necessarily work with hotel companies. They're also dealing with people's everyday lives, whether that relates to money, or marriage and relationships, or related to work, and helping people to manage those. A lot of that can be applied to the interaction between the customer and the staff.

People who work in the industry

“Once upon a time, people used to pay by check, and you used to trust them that the check was good. Today, you have to swipe a card as soon as the customer comes into the hotel. So technology in some ways goes against the delivery of luxury service.”

have to enjoy what they're doing, and if they don't, then they're never going to be very successful, and they're never going to deal with the guest in the correct way. So obviously in recruiting staff, particularly, you are looking for people who are personable, who are outgoing and enjoy interacting with guests, versus introverts and people who find it awkward and difficult to communicate.

To some degree, everyone says that. The issue with hotels very often, is if it's a busy hotel, there's a lot of pressure all of the time on the management team. And when someone leaves, there's a tendency to take the first person who comes along. That's something we try to avoid as much as possible.

Skift: Your hotels help define their cities in an era when everyone is talking about local and authentic travel. How do your physical properties define the guest experience?

Forte: One way is that each hotel has its own personality. It's not an amorphous chain hotel, which is saying

wherever you go it's genuinely authentic to the city it's in. Now everyone is talking about a sense of place, but we were the first people to really start doing it when we started out, and even today, a lot of people who talk about it don't actually deliver it.

In dealing with that, and creating it, the staff has to feel that themselves. So in our induction programs that we have, we teach them about the whole history of the hotel, what makes it different, what makes it special, and we teach them about the city that the hotel finds itself in. We actually take them out into the city to show them what the places of interest are, and so on. So when they're communicating with customers, they can talk knowledgeably about the destination. The

idea is to create that sense of belonging to something that has been around for a long time, and perhaps something more than their usual place of activity.

Skift: Does the fact that Rocco Forte Hotels is a family business impact the guest experience significantly?

Forte: Yes, certainly. My sister and I started this business, and now my daughter is working in it, so there's a strong sense of the Forte family running through the business. We're in the hotels on a regular basis. All of the staff knows us, and we know many of the individual members of the staff. Therefore, they hear directly from us and what our philosophy is, and where we're trying to take the company.

Skift: Who is the Rocco Forte guest?

Forte: Well, there's really no stereotype. It is the top end of the market traveler, but it depends on the location. Villa Kennedy in Frankfurt is very much a business destination, so most of the people traveling to the hotel are corporate. If you talk to travel agents,

however, they will say I wouldn't send someone who I would send to a Four Seasons to one of your hotels, and vice versa. I don't think you can really generalize. There's such a variety, ranging from pop stars to university professors to concert pianists. There's a huge variety, and a huge variety of age too, actually. If you try to be specific to one group, then you're cutting out a lot of your potential market. We do have a very strong children's policy in our hotels, which is driven from the center of the company, although it's adapted for each hotel to suit the occasion. Our hotels are known for that.

Skift: Do you have any internal conversations about adapting to Millennial travel trends?

Forte: One trend which has developed significantly is multi-generational family travel, as I mentioned. More families of three generations will travel for a specific celebration and stay in a hotel together, so the experience is a little different than what the average guest is looking for. But luxury hotels is about delivering bespoke service. You're not going into a supermarket, you're not buying clothes off the peg. You're having it tailor-made for you. That's what a luxury hotel is about, and you should be able to adapt for every different client that comes through the door, including different ages and nationalities also, where there are different subtleties to be observed.

Skift: How is technology evolving at Rocco Forte Hotels in terms of the guest experience?

Forte: I think it's always evolving but in terms of the guest experience, if anything, I think it may have actually worsened the guest experience in some ways. In a sense, it actually interferes with the relationship between the staff and guest. In the old days in the restaurant, you had a cashier who did everything by hand. Today, half of the time the waiter is on a computerized till. Same with reception. It always takes two, three or four minutes to check in while they're fiddling around with their computer.

So from that point of view, it's not necessarily improved the guest

experience. Once upon a time, people used to pay by check, and you used to trust them that the check was good when they paid at the end of their stay. Today, you have to swipe a card as soon as the customer comes into the hotel. So technology in some ways goes against the delivery of luxury service.

Skift. What about technology in the back end? Or upgrading in-room amenities to stay on par with other luxury hotel product?

Forte: Obviously technology has helped to address things like staffing levels because of the cost of employment. It's much higher today than it was some time ago. And everyone wants to have the technology they have in their homes, so you have to keep up with that all the time.

But I think the biggest effect that technology has is on the way that people book hotels. With online travel agents, they've cornered the market so they can demand higher commissions, and that's one of the biggest issues in the industry today. We also spend a lot of time on social media, but in the short term, whether it's actually bringing in much business is another matter.

Things like TripAdvisor, that also becomes slightly artificial because you can manage your TripAdvisor, and if you're encouraging your guests to leave positive reviews, then you're actually encroaching on the privacy of your guests.

Skift: Does the fact that your hotels are such individual experiences help drive more direct bookings?

Forte: A large percentage of our guests book directly with the hotels, or if it's a travel agent booking on their behalf, they will book directly with the hotels. Particularly agents from the United States, which has a fantastic travel agent network. They're the top end in the market, and they have a huge knowledge of the destinations that they're sending their customers to, which they can recommend themselves. They've met the general managers and the sales and marketing executives, and therefore can almost guarantee to their customers that they will have special treatment when they

visit a particular hotel.

So travel agents play a very important role in long haul travel, and I really like them, and I love to pay commission to them because they deserve it. They are providing a special service. That is different from the online travel agent who is advertising in muscle to get people through their site, and they're giving the impression that it's cheaper when you book through them, which isn't the case.

Skift: Can you tell us something about your expansion plans with FSI?

Forte: We're now in a position to look forward on a very proactive basis. I'd like to see my company be the first port-of-call for anybody wanting to go to Italy at the luxury level, where we will provide coverage across the whole country. We have hotels in Rome, Florence and Sicily, but I want to be in a lot of the other major cities. Once we've got that, we'll look at some of the smaller cities and look at what type of product we can manage, because a lot of these cultural cities don't have good accommodations.

At the same time I want to start looking further afield. I'd really like to get into New York, I think that's very important for us. We haven't got a hotel in North America, and 28% of our customers across the group come from the United States, and therefore it would be good for us to have an example of what we do on the other side of the Atlantic. We would also look at moving down to Miami, and then look at Sao Paulo and Mexico City. Within Europe, I'm not in Paris, and I think it makes sense to have a hotel in Moscow as well.

We're going to be taking this very seriously and you will be hearing from us over the next 12 months. We have a very strong balance sheet and we're going to be around for a very long time. I'm not talking about a large pipeline, but maybe we get to the point of having 20 or 30 hotels. That's a nice range where the ethos of the company wouldn't have to change, and our family could continue to have a direct impact on the individual hotels and the individual guest experience.

Generator Hostels

Carl Michel



Photo courtesy Generator Hostels

Generator Hotels has become the poster child of a new breed of design-aware and budget-friendly hostels that offer an upgraded experience by pairing locally inspired design and style with large common areas, free Wi-Fi, and a range of shared and private bedrooms.

The group recently announced \$75 million in capital investment, which will be used to further fuel its global growth. Generator currently has properties across six European cities with three new spaces slated to open in 2015 and plans to open in the U.S. in the near future.

Generator executive chairman

Carl Michel recently spoke to Skift about catering the guest experience to a primarily millennial audience, what role content plays in building brand awareness, and surprising shifts in guest behavior. An edited version of the interview is below:

Skift: What are some of the biggest challenges that you're facing to improve the guest experience today?

Carl Michel: Our design-hostel formula is very much targeted toward millennial travelers between 18 years old and 35 years so one of the biggest challenges is simply understanding the mindset of the millennial traveler, which is much more about the overall experience of traveling and hospitality than simply hard product features. It's about how the brand in-

teracts with the person, how the events drive the experience, how the whole atmosphere has to be curated to create an optimal experience. It's learning about a very different sort of consumer in comparison to somebody who wants to know that there's a 28-inch TV and a pair of floppy slippers in the cupboard.

Skift: In catering to that millennial traveler, is there a certain element of the guest experience that takes priority over others or one that you're particularly focused on?

Michel: I would say it's about creating genuinely shareable moments. People want to travel, but because of the way the social blogosphere is working now, they also want to share their experiences widely with their friends. You have to create things that are genuinely shareable. It could be some

amazing design features in the hostel or it could be some really cool events that they can talk about and connect with. It's creating quite distinctive things rather than just a general warm feeling. It's got to be something that is really memorable so that people will come back to it again and again and feel encouraged to share it.

Skift: Are events something that are being integrated into the guest experience? It's no longer about just giving guests a bed and shower, but activities at the hotel?

Michel: Absolutely. A Generator Hostel has about 700 beds so it's a very large space. Each of our hostels have an event coordinator and that person is charged with bringing in music, art, fashion, design, and things from the city into the hostel to create a really vibrant series of activities throughout the week. There is a bit more of a focus on the weekends, but there's stuff to do in the hostel across the week.

Skift: What role does technology play in improving the guest experience? Is either consumer-facing or back-end technology more important to improving the guest experience?

Michel: It's a bit of both. Clearly you need to provide content through your websites about what's going on and what the cool things to do are. You need a consumer-facing side that is very up-to-date, but what is actually pivotal here is having excellent and renewed visual content: Videos and photos. Millennials don't read that much anymore. They like to see and sense things so you have to be really lively in having, whether it's on Instagram or Flickr or Tumblr, a lot of new content almost on a daily basis, to kind create an experience. That's relatively straightforward and doesn't have a lot of technology to it.

On the back end, we're looking at

things like automating the registration and check-in process to speed it up. It will be something that improves the guest experience. Our guests are not clamoring for it, but it does give our staff more time to do the things that we care about and that our guests care about. Rather than spending a long time checking in someone, we want to make it a quick, seamless process so our staff can spend more time talking to guests about cool things to do in the city.

One of the downsides of the automation process is that it takes away the human interaction, which we think is

“[Wi-Fi] has to be fast, because people are streaming more, and it has to be free, obviously. We wouldn't dream of charging for Wi-Fi and I think hotels that do are, frankly, on the way out.

a very key part of our brand and a key part of the experience that millennials want. They want to talk to people and meet people. Unlike an airport where people say, “I want a seat,” or “Get me through the airport quickly,” what we want to do is facilitate more time to talk to people by having less time spent on the boring registration piece. It's not part of our intention to move away from human interaction, far from it. We think that's a mistake.

The other thing I should mention is that we have invested in upgrading our Wi-Fi across all of our hostels. It's has to be fast, because people are streaming more, and it has to be free, obviously. We wouldn't dream of charging for Wi-Fi and I think hotels that do are, frankly, on the way out.

Skift: Talking about the interaction with staff, how has the hiring experience changed or evolved over time to match the changes in the guest experience or guest expectations?

Michel: It's evolved in the sense

that what we're looking for now are more city-ambassador types, people who really understand their city, know the cool places to see, and are sort of connected in the cultural scene. There are obviously still certain functions where you need technical expertise, but for the concierge and check-in staff, we're looking for people who really love their city and want to share it with strangers. When you arrive at a Generator, we would like you to feel like you're going to get to know the city as only the locals do.

Skift: Has it proved difficult or easy to find hospitality-trained employees who can also serve as local insiders? What's the process for vetting someone?

Michel: It's gotten easier as we've gone along. We operate in a lot different countries and it varies from country to country is the simple reality. In

certain markets like Ireland or Denmark it's actually been quite easy. It's a little harder in some of the Mediterranean countries where they're a bit more strict on hospitality training. It takes a little longer to get people to open up and understand that it isn't just a hotel background that matters, that it's about having a graphs on how the city works. The answer is trial and error, and it takes a little bit longer in certain markets, but we're getting there everywhere. I'm confident of that.

Skift: This question will be a bit different for a hostel in comparison to a hotel, but what are your views on the increase in hotel fees that are being levied against guests at major hotels?

Michel: In our hostels, you will pay for the bed and we make it absolutely clear in advance that that doesn't include breakfast, so that's extra. The Wi-Fi is free. There isn't usually parking because our guests arrive by public transit. Most of the hotels are taking a lead out of the airline books, trying

to create more profit, and I think, as long as it's upfront, it's kind of up to the guest to work out the total cost.

If you can't add up numbers or you're comparing apples and oranges as the cost then that's your problem. Generally, I think, guests appreciate the honesty and they like to know exactly what they're getting for what they're paying for. If you don't want something then you shouldn't pay for it. That seems to be fairly straightforward. At Generator, it's very simple. Everything is free except food and beverage.

Skift: What's one unexpected shift that you've seen in guest expectations or demands in the past few years or decade?

Michel: A new thing that's quite interesting to me is that guests are using their mobile and tablet devices way ahead of the purchase decision now. In the past, guests would book on their mobile phone because they were arriving in city and didn't have anywhere to stay.

Now they'll actually do the entire booking experience on their mobile device. That goes back to the essential of having a fully responsive site. Also, millennial's will essentially not bother

with email so you have to focus on social media to communicate. Forget email.

Skift: How has social media and visual content changed the conversation that Generator is having with its customers?

Michel: We're a discovery brand so the conversation is less about talking about hard product attributes, which we used to do, and is more about talking about the environment and the mood and making people see that your brand is an extension of their personality. We use content to say, "We like you. We understand you." The content has shifted away from a very direct sell of hard attributes to a softer mood and feel.

It absolutely has to be visual. Short videos, not too long because people don't have attention spans of more than a few minutes, or great photography. We usually use user-generated content, but sometimes we use our own photographers will capture the mood of a party. Images tell people much more than can be said with words.

Skift: What's the creation process for the content? Does Generator have an in-house team that's creating it or

do you work with local insiders in the different destinations?

Michel: It's an absolute mix. When you're opening a new property, you have to have your in-house team because you have yet to have guests to photograph it. Later on, we like to use local bloggers. Bloggers are actually brands in their own right. They're like a wrapper around our product, because bloggers have followers, and if a blogger endorses your product then that's a great way to get good connections or make you go viral quickly. Once you've got the bloggers moving then you get the guests coming in and, sometimes, they're good at creating great content too.

We like the rawness and the authenticity of user-generated content, we'll augment it with bloggers or our content as we go along. It also costs more to do your own stuff and less to get guests to do so it's about budgets as well. Instagram is becoming much, much more prevalent so it's about creating the right parties and events that people will photograph and talk about. If you create the right atmospheres and moments then those tend to get share on social media.

Vail Resorts

Rob Katz



Photo courtesy Vail Resorts

Ski resorts are swinging into their busiest season of the year with loyal season pass holders and first-time amateur skiers preparing for one or several trips to the mountains. No brand name is as well known as Vail when it comes to discussing lofty winter travel plans, putting the resort and hospitality company in a unique position to lead the industry in innovation and experience.

Vail Resorts has been quietly confronting major challenges in recent years from determining millennials' interest in ski as a sport to determining the role of technology during their

guests' largely outdoor stays. Vail CEO Rob Katz has led the group since February 2006, introducing its EpicMix ski app, appealing to a growing "Red Bull generation," and turning the season pass into its primary product.

Katz spoke with Skift recently about balancing guests' tech and leisure demands, fostering loyalty, and attracting a younger customer base.

Skift: What are the biggest challenges that you're facing in improving the guest experience?

Rob Katz: One of the unique pieces for us is how we integrate technology into the guest experience. We have a higher-end guest and our approach is to create this incredible guest experience that is on par with the best of the best in travel. We also provide an experience that is very nature-based. People

are coming us to ski and recreate in the outdoors.

The two trends that we see and focus on is asking how we can provide an absolute luxury experience and, at the same time, have it be consistent with this kind of outdoor recreational experience. It needs to be authentic. One of the challenges we face is figuring what we can do, for instance, inside the hotel room to drive loyalty and increase satisfaction while also connecting guests to the outdoors. The other is technology, which has provided numerous new options and opportunities to impact the guest experience.

The question for us is how create the guest experience that's true to our high-end nature and works within an outdoor recreational experience. The other piece for us is that we're seeing a huge influx in international tourism

from a variety of different countries. How do we provide things that are unique and specifically tailored for them and, at the same time, maintain our authenticity?

Skift: What role does technology play in improving the guest experience? Is consumer-facing or back-end technology more important or effective than the other?

Katz: They are both very important. One of the things for us is that we're operating a comprehensive resort experience. In addition to operating a hotel, we operate a ski mountain, ski school, numerous restaurants, rental stores, and a transportation business that takes people from the airport to the mountain. The back-end technology piece is knowing who the guest is, what their background with you is, and what their needs are. We are spending a tremendous amount of money to bring together all of those database.

We've developed our own kind of Google search experience so if you go up to a lift ticket window, we know who you are and can provide the right service based on that. We've seen that can be really successful at improving the guest experience and reducing the amount of a time a guest might stand at a counter. If the guest is renting skis then they walk in and we know they rented skis three years ago at another one of our resorts and they don't have to fill out paperwork.

All of that is the back-end because the guest doesn't see it, but it dramatically improves the experience that we can provide the guest. On the front end, one of the big efforts that we've put forward is with an app called EpicMix. The question that we wrestled with for a long time was how do you introduce technology onto a mountain experience, but, at the same time, not

interfere with somebody's experience in nature.

About five years ago we came up with a concept that put a RFID chip in every single ski pass. As the guest is skiing around the mountain, we can provide them information about their ski day, like how many vertical feet they've skied, that allows them to track and compete with one another. It's a Nike Plus-type experience. One of the bigger innovations that we've done as a company is around photos. Most resorts had professional photographers and guests could go online or in store where the resort typically charged a

“Our view on photos and this kind of customer-facing technology is that, if a guest wants to have a photo of themselves at our resort and they want to put that on Facebook then that's the best advertising we could ever get.”

fair amount of money for each photo. I think that's a somewhat antiquated process.

We decided that we would use our mountain photographers to take pictures of our guests then scan the RFID chip in the ski pass and upload the photos directly to their online account. Instead of charging for the photo, we gave it to the guests for free so they could share it on Twitter or Facebook. Our view on photos and this kind of customer-facing technology is that, if a guest wants to have a photo of themselves at our resort and they want to put that on Facebook then that's the best advertising we could ever get. We really shouldn't be charging the guests for that; we should encourage guests to do that. When we removed the fees, we saw an explosion in the number of photos that were being posted about our resort by our guests on Facebook and Twitter.

Skift: Are you finding that guests gravitate towards experiences in nature without technology or do they want the technology and not mind if it interferes with nature?

Katz: When we launched EpicMix, people asked why guests wouldn't just use the GPS on their phone to track their ski experience. Our experience is that the vast majority of our guests do not to be fiddling with their phone tracking the experience while in the middle of it. We put the RFID chip in the ski pass so guests don't have to pull out their phone or use an app. It's all happening seamlessly in the back-ground.

I think that's also true in our hotels. People are interested in technology but they're not coming to us for technology and that's important for us to remember. They're coming to us for leisure experience.

Skift: What changes are you expecting in the

kinds of guests coming to Vail Resorts and how will you cater to them?

Katz: There have been concerns for many years in our industry around what happens as the baby boomers age and how the kids of baby boomers will pick up the sport. It's something that golf and tennis is struggling with right now. The benefit that we had was that the industry as whole decided to open up parts of the mountain to more creative opportunities. That started somewhat with snowboarding in the 80s, but then you look at freestyle skiing and terrain parks and new equipment and kids have become really excited and enthusiastic about skiing. It is kind of free expression, which is different than golf and tennis. You look at what we call the “Red Bull” generation watching sports like the X Games and all that energy is really directed towards ski resorts in the winter.

The way that affects our business is

that when families are making vacation decisions, Mom and Dad love the mountain as it's always been and kids want to come to be Shaun White and have that kind of experience. That whole genre becomes an additional attraction so we can maintain our connection to the whole family.

Skift: How do resorts like Vail align themselves with the "Red Bull generation"?

Katz: What we do is create areas within the mountain that are tailored to freestyle skiing, snowboarding, and younger demographic. At the same time, most of the mountain is available for traditional skiing. Kids have much more autonomy than they have on most other vacations. The family might separate during the day so it provides a kind of unique vacation experience. We think it's why our guests are so passionate about this kind of vacation.

Skift: Has hiring changed at all in the last few years to meet changes in guest expectations or demands?

Katz: We spend a fair amount of time and resources on improving our recruitment efforts, which includes assessing the best place for us to find employees and the characteristics that make for good guest service employees. There are real challenges with that right now.

You can use technology and more sophisticated tools to attract employees. In almost the same way that we use marketing and analytics and customer relationship management efforts to attract guests, we're now using those same things to attract employees. The market for guests has obviously gotten incredibly competitive, but the market for employees has also become very competitive. We have to be as good at marketing to employees as we are to

our guests.

Skift: What's your perspective on the increase in hotel fees across the industry? How does that impact the resort business?

Katz: As someone who has traveled quite a bit myself, I think the question always comes down to value. Somebody might charge you a fee and you may feel like that's a great value. I'm not talking about being charged left and right; I'm talking about a set fee. The approach we take is asking how many things we can bundle into the fee to make sure that people feel like it's fixed and they're getting a good deal when they do it.

You hear two messages from guests. One is that they want choices and options. The other is that they want us to make things simple for them. They don't want extra charges on top of whatever they've agreed to when they come to visit us. There are certain properties where we do absolutely have hotel fees and resort charges and we are very clear about what's included in this.

We're not getting negative feedback from our guests about that. We have other hotels where we don't charge, which may have a more limited service that's included in the room rate. Because we have a variety of properties at different price points in different locations, we really listen to guests. If we're receiving feedback that this isn't something they want then we just take it out. We can't keep a resort charge or daily fee if your guest tells us that they don't want it.

Skift: Is there anything else unique at Vail that's significantly impacting the guest experience?

Katz: One of the unique things that we do here, it's pretty unique in travel,

is our season pass. Almost 40% of our lift ticket revenue comes from people who are buying a season pass. The travel industry kind of created loyalty programs so every time a guest went to a property, they would build points. Then every time the company, whether it was an airline or hotel company, added new properties or services, the new property would get these loyalty members.

If Marriott bought a new property in Bali then everybody with Marriott Points can use points at the property and it does well. Adding that property in Bali also makes the loyalty program look more robust and attractive. Our company has kind of done the same thing where we have our own loyalty program with a focus on our season pass. We've said, "Look, if you buy all of your skiing from us in advance then we'll give you a ridiculously great rate."

This was the development of the Epic Pass about six years ago, for \$700, with which guests can ski all of our resorts all season long with no restrictions or blackout dates. People thought we were crazy, but the reason we did it, and it's really panned out, is because people feel a level of engagement and loyalty to the company. Also, every time we buy a new ski resort, all of our season pass holders, of which we have about 400,000, can go and ski that resort. It really energizes any resort we buy.

We feel like we have kind of a unique twist on guest loyalty, and advanced booking. Because we sell our passes anywhere from two to nine months ahead of the season, we're locking in that guest's trip in revenue. The product has created the greatest amount of guest enthusiasm and loyalty that we have at the company.

Auberge Resorts

Craig Reid



Photo courtesy Auberge Resorts

Auberge Resorts is a high-end collection of owned and operated hotels located across the U.S. and internationally. Each property is designed to reflect their unique outdoor surroundings, with an emphasis on personalized service and access to unique experience.

Auberge CEO Craig Reid joined the group in January 2014 following a more than 30-year career with Four Seasons Hotels and Resorts. His primary task is to expand the Auberge collection internationally through the Caribbean, Latin America, Europe and Africa.

Reid started his hotel career with a four-year apprenticeship that placed

him in the hotel kitchen, at the front desk, handling reservations and accounting, setting up room service, and finally getting into management.

“You were learning a craft but it was a rich, rich way to learn,” explained Reid in our recent interview.

A hotel collection like Auberge has a different perspective on technology and service than a corporate hotel servicing the same business traveler 200 nights per year. Reid shares his insights and goals in an edited interview below:

Skift: What shifts in guest expectation and demands have you seen in the past couple of years?

Craig Reid: The single biggest thing that we’ve seen post-downturn is people want a greater sense of, what I call, real identity. They want a sincere product and they’re moving away

from routine or traditional products. If you were to look at, for example, the top ten hotels that Travel + Leisure or Conde Nast writers historically comment on, it would be big brands. As of late, it’s hotels that are more intimate and bespoke, have a greater sense of personality, and resonate with the environment.

Skift: Have there been any changes in what customers are seeking out or expecting from this breed of more intimate, bespoke hotels?

Reid: Yes, there are a couple of key changes. There’s this idea of being able to have an experience that’s catered to the group or the individual. People are becoming more accustomed to having things done their way versus them adjusting to the environment. Simple things like being able to ask how you want something prepared. It’s

fascinating to sit or stand at the table of guests and see how everybody tweaks the menu. There's also a great sense of what rooms can offer and how they can be configured.

On the service experience, there's a higher degree of expectation that the service should be tailored to the individual. There's less adherence to time and protocols and guests really require the service entity to organize the experience around them rather than the guest organize himself around the experience. Itineraries are shifting away from what I call the more traditional forms of entertainment to something more unusual. It has a great richness in connection to the community and a strong sense of being immersed in the location that the guest is in.

Skift: What are some of the biggest challenges that you're facing to improve the guest experience and to meet these new demands of guests?

Reid: I spent a 30-year career with Four Seasons, which is a brilliant company that has a sensational job with service. Yet, there we were looking for ways to become more agile, more responsive to the guests. I was curious as to how that would translate with Auberge: We're a smaller portfolio and our hotels are smaller.

By virtue of both, it's easier for us to change the way we do things and/or adjust to the sensibilities of the guests. Due to our scale, we're closer to the guests. The guest as an individual verses a room. The larger the hotel, the only way to truly track your guests is by the room number so they're associated with a spot versus as an individual. In a small hotel it's very easy to develop a intimate relationship, to get to know your guests, and for us to have our employees react.

I think the single biggest thing

that we're trying to push within our organization is to look for ways to become even more attuned to the guest, to make sure we're not scripted in the way we do things, and to encourage creativity, reward agility, and allow properties to really connect with local communities and share that in a caring way with guests.

Skift: You mention your staff and we're curious to hear more about how the hiring experience has changed to match these shifts in guest expectation. Have there been any changes to who you hire to match that?

“I think we're at a tipping point where they will migrate away from their phone and be looking to use tablets as a way to communicate with the hotel as to their needs, and maybe for greater control of the room.”

Reid: In our business, the fundamental to hiring has always been to identifying individuals who are truly caring and enjoy serving, who have a personality that quickly warms up to the guests. Certain people have it innately and certain people don't. Our entire screening process is less about skill and more about culture and service affinities.

On that front, things have not changed. We would prefer to take someone with less experience and a personal gift than someone who is very experienced but at risk of being set in their ways. Having said that, we want people who are going to be able to empathize and respond to what the customers' wants are.

I'd like give you one example. I received culinary training in Europe where people were trained in a very strict manner. Fundamentally your customers came in to eat your food and every restaurant had their repre-

sentation of food. In our restaurant today, we certainly want a chef that has a signature approach, but realistically we need a chef who gets excited about listening to guests' wants and tailoring food to match that.

Skift: What role does technology play in improving the guest experience?

Reid: It has a role on two levels. One, technology is often the medium by which guests are introduced to you or communicate with you either in the first interaction and/or as a way of reconnecting. So mobility and how we

portray ourselves is fundamental. We are in a world now where association and affiliation are key. We look to manage our community, create a relationship, and communicate in a very social way with our customers.

Technology gives us the platform to do that

and keep a very intimate relationship with our guests in a way that's comfortable and in a medium that they can relate to.

The inside of our hotels have an organic quality and intimacy where I would say, in general, we are less gizmo-focused. However, being able to provide a platform for our guests to link to their world with free Internet and hot-spots is key. We use technology to track our guests' preferences in a very soft and understated way. Ultimately, it's how you harvest that information and make sure that it's done in a way that is respectful of their privacy.

I think just simple things in terms of making sure that you're providing the tools for the guests to use their own technology in a seamless way. So, for example, lounges today have to have power outlets adjacent to the table settings. That was never the case as little as five years ago, but you go into

any lounge and more than likely you'll be looking at tables and the guests will have one, or two, or three gadgets available.

I was just recently at a hotel in Mexico, and I walked into the restaurant in the morning and there were three tables seated and they had these newspapers printed at the front door. I looked at the tables and no one was reading the newspapers, they were all on their iPads, or computers, or phones checking up on news or catching up on their world through their individual tools. Just being able to service that and provide the services for that is key.

We're finding that the key touch points that guests use for services are still primarily the phone, the hotel phone. But, I think we're at a tipping point where they will migrate away from their phone and be looking to use tablets as a way to communicate with the hotel as to their needs, and maybe for greater control of the room. In all honesty, because of our scale, we're not a pioneer on that subject, but we'd like to keep abreast of key industry trends.

Skift: What are your views on this increase in fees and does that have any space in a place like Auberge?

Reid: No, not at all. Wi-Fi at our hotels is free. Quite frankly, if rooms are available early, we'd love to have the guests there early and if the guests need to stay late, it's our pleasure to be able to accommodate them. I would say the entry point is higher, our

average rate in North America is close to \$1,000 so these are just some of the simple things that we include in the price point. Our sense is that our profile of guests is very discerning or ultra wealthy and they really want these sort of things bundled. They want a simple, clean experience without any incremental charges.

Skift: Looking forward, or looking ahead, is this kind of guest desire for a more lifestyle experience for to feel more connected to a destination, like so many of the resorts do, how do you see this evolving? The guest experience for somebody who stays at a hotel at a luxury kind of lifestyle hotel; how does that product continue to evolve to meet guests' evolving needs or desires?

Reid: I see us providing and looking for ways to provide much more choice. You typically go to a hotel, which has a line of soaps and a line of linens and one approach to food. I think the guest wants to be provided choice.

If you think about the hotel experience, guests go up to a wall where there's a receptionist who looks at a screen, selects a room and gives you a piece of plastic. It's almost a secretive and surreptitious in how it happens.

Compare that to where the airlines have gone, where customers control the screen, seat and menu in advance. I think that's just become the norm. Customers go into a shoe store and select the material or assemble furniture by matching different bottoms

and tops. I think the hotel industry has to do the same thing and offer guests choices of pillows, sheets, and mattress strength, to allow the guest to be able to select the room type. Some guests want baths, some want big showers. Some guests want more furniture, some want less furniture. This is on the physical side.

On the service side, the guest is saying, "My flight from Europe arrives in early in the morning and I need availability then. I expect you to tailor the experience to me versus me having to conform to you."

I see the whole dynamic of hotels responding to the customer more at the luxury and very high end; however, if it's extremely expensive then it's harder for the middle of the market to deliver that.

Skift: It will be interesting to see the day when you can cater your hotel experience as much as a pair of customized Nike's.

Reid: Right. One of my goals in the short term is for guests to be able to check in to the hotel as they're going from the airport to the hotel. Then certainly they can look up the available rooms and decide whether or not you want the room that I selected for you. Same thing with the menu. How do you want it done? So that the menu really becomes a reference point and maybe some points of expertise, but we would encourage you to, sort of, craft your own experience and tell us how you want it done.

Commune Hotels

Niki Leondakis



Photo courtesy Commune Hotels

Commune Hotels and Resorts is a relatively new hotel company, which formed in 2011 when boutique hotel brand Joie de Vivre merged with luxury lifestyle brand Thompson Hotels. In addition to the two founding brands, Commune recently launched tommie, a value-oriented that combined the luxury and bespoke lifestyle elements of the former brands.

Niki Leondakis, the company's current CEO and one of very few women leading a hotel corporation, joined Commune in 2012 after serving as COO and president of Kimpton Hotels & Restaurant. Her experience puts

her in the center of the lifestyle hotel sector whose growth was evidenced by IHG's \$430 million offer to acquire Kimpton last week.

Leondakis recent spoke to Skift about hiring for spirit, how diversity of staff impact guest experience, and the role of content in engaging new customers. An edited version of our interview can be found below.

Skift: What are the biggest challenges that you're facing today to improve the guest experience?

Niki Leondakis: The biggest challenge is understanding changing guest attitudes and travel habits. They've been changing at a rapid rate in the last few years for a variety of reasons. The challenge is interpreting how those changing attitudes and habits can best be incorporated into the way we pro-

gram our hotels and engage our guests. Those changing attitudes and habits, combined with globalization, the breaking down of barriers, and cultural differences is redefining how we bring the hotel experience to the guest.

Skift: What are some of the major shifts that you're seeing in guest expectations or demands?

Leondakis: A lot of people focus on millennials and what that particular demographic wants from a hotel stay, how they make buying choices, and how they engage, but I think that the millennial attitude is more of a prevailing attitude that crosses generations. It's a cultural shift and millennials are the catalyst. People today want a more familiar level of engagement with hotels; they don't want the servitude of years past. Traditional notions of luxury are fading and being redefined

by the contemporary lifestyle traveler.

Skift: What does luxury mean to today's travelers?

Leondakis: Travelers are looking for functionality over flash. It's not all about a high ratio of staff members to guests or 1,000-thread count sheets. It's more about streamlined amenities and getting what you want when you want it; convenience and efficiency over excess. Guests want to pay for the services and amenities that they specifically want, not pay for broad levels of service amenities that they're not necessarily going to use. Today's traveler wants team members to have a more human level of engagement, to knowledgeable about the neighborhood and the community they're in.

Skift: What role does staff play in improving the guest experience?

Leondakis: We focus a lot on hiring, the recruitment selection, and hiring process. It's really around the kinds

of people that we look for. Our belief is that our people define our brands. The traveler who is choosing to stay in a lifestyle hotel definitely has an attitude of wanting to fully immerse and engage. We interview for attitude, personality, and emotional and social intelligence. It's really the spirit deep down within that human being that we're considering and whether they find happiness in helping make someone's day.

Skift: Have there been any changes to the hiring experience or process recently?

Leondakis: Yes, we've gotten much more specific about the kinds of people we're hiring. We have in-depth interviewing around interpersonal and social skills and we have peer interviews to ensure that new hires' colleagues

will believe in them and understanding what their motivations are. Are they someone who enjoys giving it back to others? Are they someone who creates transformative experiences in their everyday life, not just because it's a job but because they can?

We really look deep into the person's heart and soul to understand who they are and what motivates them. For most jobs, we can teach technical skills. We can't teach human spirit.

Skift: Is it difficult to interview someone for something like human spirit?

“For me, a commitment to the diversity of our executive team and our hotel is very high. I think that's an opportunity for all of us to do a better job serving the individual needs of our guests so that we can really harness the diversity of thought that comes from a diverse leadership team.”

Leondakis: We teach behavioral interviewing, how to ask the types of questions that give us insight into what people are all about and what's beneath the surface. One of the things that I'm definitely clear on is that when we make a great hire, someone who's aligned completely within our cultural values and our higher purpose, that person attracts more like-spirited people. The more great people we hire, the more they attract people like that. It's less difficult than you think. When you have a great culture and live it and breath it every day then every person you're interviewing is really really looked at from an in-depth standpoint of whether they're a cultural fit and understand the importance of that in their day job.

It's showing up more and more

when we open new hotels. We hired more than 400 team members at our most recent opening, the Thompson Miami Beach, and because the general manager embodies that spirit, he attracted team members that embody that spirit. It's incredible the heart and soul that that two-week-old hotel has amongst the team members. It's reflected in the feedback we're getting. Great people attract great people.

Skift: What role does technology play in improving the guest experience at your hotels?

Leondakis: It plays a major role and it definitely leads to greater engagement. It's so prevailing in all service industries when used effectively to exceed guest expectations.

For example, when you go into a retail store to make a return without a receipt, the store has the technology to quickly look you up, find your account, confirm that you actually bought the item,

and deliver store credit in a couple of minutes. It makes life easier. It takes all the friction out of a service experience. If we can harness the information that technology is able to provide us to deliver more personalized experiences then we can deepen engagement and cultivate loyalty. It should also lessen any pain points across the travel journey, beginning with the booking process. That said, I think that sometimes technology gets over emphasized. It really isn't the point of the hotel. We're not trying to build tech hotels, we're just trying to use technology to provide guests with an experience that meets and exceeds their expectations and takes any of the friction out of their stay.

Skift: Interesting, what about back inverse facing technology, or customer

facing technology? You mentioned both examples here, but are you more concerned with one or the other? Does one take up more of your time thinking about either the back end or the front end technology here?

Leondakis: I wouldn't say one is taking precedent over the other for us. We adopted a mobile first strategy in 2014 and pushed heavily to adopt leading SEO practices. It's in an effort to deliver consistent and quality experience to our guests across all devices. It's also designed to deliver enjoyment and better serve current and prospective guests by making it easier to explore the hotels and the neighborhoods.

We did this by providing richer storytelling, larger eye-catching photography, destination-inspired content curated by locals, and social integration. Our sites are now designed to load faster, direct customers in fewer clicks, and are optimized for all devices. There are single-page layouts, navigation that anchors on the page, all of which was done to make it easier for our guests to use our sites. After doing this, we saw a 7-percent lift in our conversion rates and more than 500-percent increase in our mobile traffic since it launched in September.

All of this is being done in an integrated way to enhance the guest experience. We are also heavily focused on quality and relevance in our social

engagement with guests. We published more than 15,000 pieces of unique content, which is a lot for a relatively small portfolio, and pushed them across Facebook, Twitter, Instagram, Google+, and our brand sites.

Skift: What are your views on the increase in fees across the hospitality industry?

Leondakis: I'm not sure there's an increase in fees, although there might be more awareness and fees are shifting into different areas. In an ideal world, our guests would pay a daily rate that would cover all that the hotel has to offer other than minibars or food and beverage outlets. One size just doesn't fit all. I don't think you can really sum up what an urban boutique hotel should be doing versus a beach resort.

What's most important is that we don't nickel and dime our guests. If there are any fees for services or amenities that all guests aren't using then they should be communicated very clearly and upfront so there are no surprises.

Skift: Is there anything else about the guest experience that you spend a lot of time thinking about?

Leondakis: With the globalization of travelers coming to and from places that they've never traveled to before, I think it's really important that we ensure that the leadership in our hotels and in our businesses reflects the

diversity of our travelers.

For me, a commitment to the diversity of our executive team and our hotel is very high. I think that's an opportunity for all of us to do a better job serving the individual needs of our guests so that we can really harness the diversity of thought that comes from a diverse leadership team. Use the diversity of thought to connect with a wider array of people from different backgrounds, lifestyles, and orientations.

Skift: You're one of only two hotel CEOs that we've found for this series. Why do you think there's still such a lack of diversity in this executive role within the hospitality industry?

Leondakis: I think honestly it's a matter of time. There are more and more women getting into the higher levels of leadership in executive ranks and CEO level positions in hotels. It's definitely taking longer than any of us would like. Part of the problem may be that a lot of women choose to take a step away from the career track in order to have families and part of it may be that our industry is still dominated by men on the boards of directors, the real decision-making roles. I think hospitality is close to the Fortune 500 statistics that show the percentage of board seats and CEO-level positions held by women is improving at a snail's pace

Kimpton and the Rise of Boutique Hotels

While hotels have always been gateways to a destination, the boutique/design/lifestyle hotel surge in the late 20th century elevated the urban hotel into a destination in and of itself.

The idea of a neighborhood hotel acting as a community portal with a strong local following became a market differentiator for an exciting batch of new hotel brands.

Within the last decade, the large global hotel brands have jumped on the trend, and there's also a new wave of mid-market brands reimagining the localism trend for middle income brackets and secondary markets. Now, throughout the hospitality industry, there's widespread realization that delivering a more immersive, layered travel experience for today's more educated and connected traveler is, if not a necessity, a competitive advantage.

When Bill Kimpton launched his first Kimpton Hotel in San Francisco in 1981, and Ian Schrager and Steve Rubell unveiled their Morgans Hotel Group three years later in New York, they created the boutique hotel industry in North America. These maverick hoteliers developed properties with a strong sense of place and individual identity.

When Bill Kimpton launched the Clarion Bedford Hotel in San Francisco in 1981, he created the boutique hotel industry in America. Since then, Kimpton Hotels & Restaurants has steadfastly maintained its early adopter status in terms of local design, locally-sourced F&B, corporate responsibility and community integration.

Many hospitality trends in the U.S. can be traced back to Kimpton, which now operates 60 hotels and a growing collection of independent restaurants across the country. Of those trends, the most significant is an unerring sense of place specific to a local neighborhood.

Kimpton, who suffered from depression, developed hotels that were an antidote to his melancholy and adverse reaction to monotony. He designed each

property with a charming artistic flair similar to the small European hotels he had visited during his previous career as a financier. They were in stark contrast to the sterile, homogenous corporate hotels typical of that era in America.

Schrager and Rubell, meanwhile, had been successful nightclub proprietors in the 1980s. Following tax evasion charges and the advent of AIDs, the two men shifted into hospitality and brought their impresario skills with them. Their striking "design hotels" appealed to celebrities and social elites due to their avant garde art/furnishings, hip lobby bars and trendy music that spawned the concept of "lobby socializing."

Most importantly, both Kimpton and Morgans designed and staffed their hotels to be kinetic social hubs in their particular communities. The hotels became part of their community fabric because the creative design and quality of F&B attracted a significant following of local residents. Before Kimpton, hotel restaurants were for the most part utilitarian. In effect, the hotels became travel destinations in their own right, connecting visiting guests and local residents.

"From the start," Kimpton told Hospitality Design magazine in 1999, "I wanted to create something unique, offering a European flavor, good value and a sense of fun. Whether you are traveling for work or pleasure, you often arrive tired or worried, and a hotel should lift your spirits, not put you to sleep as you step through the door."

The local community mindset for which Kimpton is well known is manifested in myriad ways. For example, general managers lead bike tours for guests in Washington, D.C. through local neighborhoods. When employees at any of the hotels work extra hours, administrators send flowers or gift baskets to loved ones. In the 1980s, Kimpton was the first corporate hotel group to publicly support the LGBT community in San Francisco. And Kimpton placed a priority on local food long before local food

became mainstream.

Another brand initiative, the Kimpton Wine Hour takes place at every hotel from 5-6pm daily in the lobbies, when GMs converse with guests while complimentary wine and craft beer is served. To give everyone something to talk about, concierges place iPads filled with fresh local destination information around the room.

Recently, most of the Kimpton properties have begun incorporating employee recommendations about local travel experiences on the hotel websites. Anyone from the GMs to custodial staff are asked to share their favorite hangouts, updated monthly, offering a highly curated array of destination insight at a variety of price points.

"Throughout Kimpton's history, our most important initiative is called 'Like a Local,'" says Mark Jennings, regional vice president, hotel operations mid-Atlantic for Kimpton Hotels. "We are always providing our personal recommendations for our guests on all of the cool things that we think they may not know about. That's what people want, whether they're international, domestic or drive-in. They really want something they feel they're not going to get somewhere else."

Kimpton operates two sub-brands—Monaco Hotels and Palomar Hotels—each with specific business models and design missions. "All of the rest are almost brands of one," says Jennings. "Everytime we go through the initial design process, it is always with an eye towards, how does this tie in locally? What is important to this part of the city?"

Adding further to the destination-specific flavor, all of Kimpton's restaurants are separate entities designed as standalone businesses. "Over 80 percent of the business we get in all of our restaurants is local," explains Jennings. "I can't tell you how important it is to attract a local following. The local business and people driving in have kept us extremely busy."

SIXTY Hotels

Jason Pomeranc



Photo courtesy SIXTY Hotels

Jason Pomeranc was bred to be a hotelier. He attended university in New York City before joining his father's real estate firm, which later opened the 60 Thompson hotel in 2001. Pomeranc led what was then one of first trail-blazing boutique hotel groups for the next decade before merging the 12-property brand with the Joie de Vivre chain to create Commune Hotels & Resorts.

In 2013, Pomeranc announced he was leaving the company to launch SIXTY Hotels. The original 60 Thomp-

son and several other locations have since been transformed into SIXTY properties, which currently include three properties in New York City, one in Beverly Hills, and fifth set to open imminently in South Beach.

Pomeranc continues to iterate on the idea of boutique brand with a focus on personalized service, aspirational locations, and sophisticated food and drink options.

We recently spoke to Pomeranc about the guest experience at SIXTY Hotels, how technology has changed how the hotel interacts with guests and the evolution that led to the mass market appeal of boutique stays today.

Skift: What are the biggest challenges that you face today in improving

the guest experience at the hotel?

Jason Pomeranc: We're always trying to improve the guest experience. I think that the industry and all the factors relating to the industry are changing so fast and guests have a much broader sense of information and expectation. People are marketing hotels and brands around a lot of buzz words and catch phrases today.

Fundamentally, even with all this evolution, it comes down to the same reason that people have always chosen to stay at the hotels that they like. It's the service culture, the aesthetics, and the comfort factor. It's the lifestyle experience of moving slightly away your "outside the hotel" self to your "inside the hotel" self and immersing yourself into that fantasy, a slight variation from

the harshness of your day-to-day life.

It's a combination of physical and technological factors, but it's all very psychological. We're trying to keep up with our guests' emotions, their psyche, and what they're looking for when they're staying in a hotel.

Skift: What elements of the guest experience are you most focused on improving at SIXTY?

Pomeranc: I am focused from a technical point of view. Technology is hard everywhere in our society and hotels are no different; it evolves and changes extremely quickly.

We know that guests are working, thinking, and entertaining themselves in a different way than they were even five years ago. It's important to set up the public spaces in our guest rooms in order to be conducive to that.

It's a much more casual work environment. They're using the lobby as de facto offices, they use multiple devices and connectivity is super important.

The technology keeps growing but the base needs to be strong. As we're evolving the brand, we understand that people are playing, working and sleeping in a different way than they did before.

Skift: What are some other unexpected shifts that you've seen in guest expectations or demands in creating the SIXTY brand?

Pomeranc: The way that guests are finding you is very different because of the same reasons. Brand loyalty is created so much through the virtual world as opposed to the way that it used to be.

There's so much information out

there and guests are very smart about how they're finding the best potential value, how they're finding what accommodates them visually and programmatically.

The idea of "brand" has become much more about specific locations and local options, because guests are zeroing in on specific properties with specific room types. They're getting very granular in how they make their decisions about where they want to stay. That's very different than it was a couple years ago.

"The online travel agencies has increased rate competition to the point where you don't have a lot of margin anymore to throw in these things for free. It ends up becoming an a la carte option, where guests can choose to add or not add them. In reality, fees are by-products of creating rate value for guests. The negative blowback is there are extra charges where guests just never saw them before."

Skift: You mention how customers are discovering brands online and through social media. What are some of the ways that you make SIXTY more discoverable online?

Pomeranc: We're creating content consistently in order to immerse those who are still discovering where they want to go.

Skift: What role does technology play in improving the guest experience? Is consumer-facing or back-end technology more important or effective?

Pomeranc: Technology is affecting how we do everything in our day-to-day lives. On a consumer-facing side,

guests are using technology more to interact with the hotel – they're booking wake-up calls, room service, and concierge-related activities. There's a lot of technology in play that allows them, particularly on a work schedule, to structure their stay in a way that feels organized and efficient to them.

On the back-end side, technology allows our internal departments to communicate better. It allows us to garner more information about our guests to hopefully make their future stays better and to sell a better product as we move forward.

The hotel industry is a little bit behind other consumer product industries. Industries selling particular items and e-commerce are much more focused. It's much easier to attribute analytics to what's helping them sell and whether their customer is satisfied. If you're selling a TV online then you know what your price and return rate is. If booking or guest satisfaction is up at a hotel,

there's a variety of factors contributing to that, not just technology. Technology is helping but it's not as clean cut as other industries

Skift: What are your thoughts on the increase in hotel fees levied against guests?

Pomeranc: In a more competitive field, which major cities' hotels are in, there are more hotels and more inventory. Because there's a lot of great competition, hotels have to be a little more focused on these additional fees.

Often these additional fees are farmed out to third-party vendors. For instance, we don't own parking lots in New York City so parking fees go to

a third-party vendor. This goes for a variety of other services.

The online travel agencies has increased rate competition to the point where you don't have a lot of margin anymore to throw in these things for free. It ends up becoming an a la carte option, where guests can choose to add or not add them. In reality, fees are by-products of creating rate value for guests. The negative blowback is there are extra charges where guests just never saw them before.

Skift: Thompson Hotel Group was one of the early boutique brands, but it has since become a major part of the hospitality industry. Global hotel corporations are creating their own boutique or lifestyle-like hotels or investing in independent properties. What do you think led to this increased interest in the boutique hotel stay and where do you think it's

headed?

Pomeranc: If you look back 15 years, the market was so much smaller. We were one of the first brands out there, the W was in conception phase, and there was Ian Schragger and a couple others. Media and guests were so interested in what was going on. We were changing all the preconceptions of how a hotel is supposed to work and the big brands noticed. At a certain point, they were losing market share and we were gaining it. They had to react to that.

Having said that, I think it's good for the industry as a whole to have so much comfort for the consumer and certainly to have so much competition. But it puts the onus on an independent operator like us to again change the parameters of what the industry is about and shift where the focus is aesthetically and program-

matically -- to be more creative and reset the standard. I think that's just the nature of how the industry works.

Skift: Thank you so much for your insights. Is there anything else about the guest experience that we haven't touched on that you are very focused on or that keeps you up at night?

Pomeranc: The industry is changing quickly, but in the end we must all remember that, for the most part, we're innkeepers. It's about the basic human interaction, how things feel, how the front desk deals with something when it goes wrong, or how the concierge can cater to guests' stay. It's the basic feeling of what you aspire to and how a guest can elevate their mood when walking into a hotel. That's still the core issue. That's still what we do. Everything else is just a tool to help us get there.

Denihan Hospitality Group

Brooke Barrett



Photo courtesy Denihan Hospitality Group

Denihan Hospitality Group is a 50-year-old family-run company behind luxury and lifestyle properties branded under The James and Affinia Hotel Collection as well as luxury independents The Surrey and The Benjamin and affiliates including The Franklin, The Mansfield and Shoreham in New York City.

The venerable brands names are as well known by locals and travelers for their rooftop bars, spas and restaurant options. Brooke Barrett grew up in hospitality brand built by her family and today leads the organization as co-CEO with her brother Patrick Denihan.

We recently spoke with Bar-

rett about hotels' role as entry points to the local neighborhood, giving guests a story to tell after their stay, and striking a balance between technology and guest interaction.

Skift: What are the biggest challenges that you're facing to improve the guest experience today?

Brooke Barrett: There are certainly a lot of challenges. One of the biggest is just coping with how quickly business is changing and really how quickly customers' needs and wants are changing. The biggest shift that we've seen among people who stay with us is that everybody wants a unique travel experience that they can call their own. The challenge is staying up with that and being able to anticipate or be one step ahead of what the guest is looking for before they are looking for it.

A lot of it is related to local, being more familiar with the community or neighborhood around the hotel. Art is a big factor in our hotels and people have taken a bigger interest in that. In our James hotels, we have cards that guests can scan with their iPhone to get a sense of the artist and the reason that the painting is the hotel. It's a way that guests can go back and tell their friends about a very different experience they had while in town doing business or going to the theater.

Skift: What are some of the changes or the shifts that you've seen in guest expectations?

Barrett: Guests want what they want when they want it now. I don't know how else to say it, and so much of that is tied into technology. People want a great experience on the website.

They want to easy bookings and an easy way to find out about the neighborhood while they're in the hotel. They don't want to wait on a line to check in or to ask the concierge a question. People want what they want in a very easy, simple and connected way.

Skift: What role does technology play in improving the guest experience in Denihan's hotels? Do guests at luxury properties want more or less technology?

Barrett: We have new mobile apps that we have at the James Hotel and our Affinia Collection, which guests can download on their iPhone, iPad or any kind of Android device. They can not just check in or out of the hotel, while in the hotel, they can order room service right on the iPad instead of picking up the phone.

We also have push notifications so if a guest is at The James Royal Palm and walking by the restaurant, they can receive a push notification inviting them to come in and have a cocktail at a special discount. I think technology is actually helping hotels to do business and make money at the same time.

Skift: Do you prioritize back-end or consumer-facing technology? How do the two work together to improve the guest experience?

Barrett: It's not one or the other; they need to work together. The consumer-facing website enables the guest to book online. The back-end is all about making sure you have the technology that makes it easy for guests to navigate within the hotel.

Skift: How has hiring changed or evolved to match the guest experience?

Barrett: The most important thing we look for is people who want to serve people. I think you can train to the technology. All young people seem to have a good aptitude for technology and what they don't know, as far as how to learn a system to check in a guest, comes pretty naturally. Hotels

have always looked for people who like serving others so if there's any evolution it's that young people are more technologically driven.

Skift: In seeing how customers' demands are changing, has the hotel supported more interaction between staff and guests? How does technology get in the way of guest experience?

Barrett: You've touched on one of my pet peeves. When I walk into a hotel and see someone looking at their computer versus the person checking

gouging the guest, but you have to look at your business model and make sure it is profitable.

Skift: A little bit shifting gears again is locals: Bringing locals into the hotels. You know, The James is a good example of a hotel that's very well known and popular with locals maybe in New York or a certain set of locals, as it is with guests. How important is bringing locals into the hotel for either food or beverage or pool, rooftop to how you're designing these hotels.

Barrett: It all speaks to guests wanting an experience. They want something that they can go home and remember the nice touch of local Brooklyn-made chocolate or a mini-bar with

beer from the Hudson Valley at The James SoHo. People like those local things because it speaks to more the educated traveler who is in the know, finding these little things that maybe other people haven't experienced.

Skift: Will catering to locals play a bigger part in the hotel's business moving forward?

Barrett: I think so. People are drawn towards boutique independent hotels because they're so individualized. The travelers today, in my opinion, are a lot more adventurous than they used to be. People love to explore and they want to explore what's in that neighborhood of the hotel that they're staying in.

Skift: What role has social media and content played in changing Denihan's conversations with guests?

Barrett: You need people in the hotels constantly responding to comments. TripAdvisor is a very, very helpful tool, not only to people traveling, but to the hotels as well because it gives general managers the opportunity to actually talk with the guests.

If you're not proactive in managing your social media channels as a hotel then that can definitely affect your image and brand.

“People like those local things because it speaks to more the educated traveler who is in the know.”

in, it drives me nuts. That's one of the downfalls of technology: You're so focused on that screen that you're not really focused on providing just a smile to say welcome to the hotel. We do a lot of training around the guest service and hospitality aspect, we reinforce that it's really about the customer interaction and using technology to help you.

Skift: What are your views on this increase in hotel fees being levied against guests?

Barrett: It seems that fees, in instances like a resort fee, are a way of doing business. As far as fees for late check-outs or early check-ins, I think some hotels are testing the water about which would or would not stick. I think hotels are looking at airline change fees and seeing what models work for the hotel business.

For example, we just recently experienced a big slew of cancellations at one of our hotels for a certain week. We have been asking ourselves whether it would have helped or hindered us to have a fee for that. It's something that we're trying to figure out. I don't think we know the answer. There's so many other taxes being levied on the guests that you don't want to come across as

AKA

Larry Korman



Photo courtesy AKA

In 1966 Larry Korman's father realized that there was demand for furnished apartments with short-term leases as an alternative to traditional hotels. It started with just one apartment, which Korman started working at when he was ten years old. He later went through a training management program to learn the more "traditional formal art of hotel hospitality."

By the time Korman graduated from Duke University, the one apartment had turned into 23 independent units around Philadelphia. Korman went around integrating the individual management and maintenance teams of each apartment under a single um-

brella, Korman Suites, as a way to save on the costs.

In 2005, Korman launched AKA, a collection of luxury extended-stay properties in urban centers that's grown to include New York, Philadelphia, Washington, Los Angeles, and London. Unlike his more suburban properties, which appeal almost exclusively to business travelers, AKA properties also compete for the leisure travel market, especially among families looking for more room.

We spoke with Korman about the personalized guest experience that the extended-stay accommodations offer, how technology's role changes based on length of stay, and the growing group of "elastic" guests.

Skift: How does the guest experience at an extended-stay brand differ from a traditional hotel?

Larry Korman: We have something for somebody staying two weeks to three months, which is our sweet spot for length of stay at an AKA.

Rather than room service, you have a full kitchen so if you want popcorn at 1am or make tea, you do it in your own kitchen. If you want to go to the grocery store and get blueberries and cereal, you can do that. If you want to go downstairs and have breakfast, we have that.

We have something called the "Live It!" experience for somebody who travels for a longer length of time. Rather than just sit at a bar or watch cable TV, we're creating experiences. A guest might say, "I've always wanted to take swimming lessons or photography lessons or learn how to sleep better." We set everything up. You tell us what you want.

We have a partnership with NYU

School of Medicine Sleep Disorders Center and New York Sleep Institute where guests can create their suite to be more sleep inducing. If you want to learn how to play guitar, speak a language, or take cooking or nutrition classes, we set anything up. It can be Tuesday afternoons or three times a week.

If you want to play guitar with Jon Bon Jovi then we can make that come true also. It's really like fantasy island. Rather than guests taking a step backwards in their lives, there's a way to take two steps forward. They might be gone for six weeks, but they're going to come back healthier or with a new language.

Skift: What are some of the changes in expectations or demands that you're seeing from the luxury extended-stay customer today?

Korman: We're finding that a lot of the guests are coming in with their own content so we've invested in monitors and bandwidth in each suite. It's a chance to stay competitive.

Technology is important, because at the end of the day people want a strong complementary Internet connection to watch their own content from the comfort of their living room or bed. When people leave home, they want technology, wellness, and cleanliness.

Some of the tried and true basics still exist, but you have to do it better than you did before and better than others. The long-term traveler is more sophisticated and their level of scrutiny is higher than ever. You have to constantly get a day better, not a day older. We've created something called the "AKA Way" so all nine AKA properties can communicate with each other. If one of our head housekeepers develops a tool to better tuck in the sheets, we share that with all the other housekeeping leaders.

The strong demand for good cell phone service really shifted a couple of years ago. Guests don't want to be charged for using a hotel phone. They want to use their mobile phone and that's all they want.

If somebody is coming in for delivery they don't want a phone in the kitchen to ring, they want their mobile phone to ring. They don't want to use a key to open the door, they want an app. We're creating an app that opens the guest door and controls the shades, lights, and music. When guests open the door, they can have the lights and temperature already preset to a certain level. We'll be rolling it out in New York City, Beverly Hills, and Philadelphia.

Skift: It sounds like technology plays a really important part. How do you balance front-end and back-end systems?

Korman: The difference depends on the length of stay. If someone is gone in two days then they might be wowed by sleek technology or Ian Schrager doing crazy stuff. If they're gone for two weeks or two months then they expect to have a printer at the desk, good lighting for work, and 50-100 MHz for bandwidth. They expect certain things that they have at their home. They expect a good place to work out. I can miss two days of working out, but I can't miss two months of working out. They expect to live as good as they do at home, if not better, and technology is an important ingredient. They want to be able to advantage of what the city has to offer.

All these expectations are at a higher level based on the length of stay. They want the value and spaciousness, but beyond that is an expectation to be able to live in a way that they live at home. They need it, rely on it.

Skift: Does the staff interact less or more with guests during an extended stay?

Korman: It depends. At one of our properties, guests check in with a general manager instead of a front desk. That general manager might only have two or three check-ins per day since the average length of stay is two weeks. It can be five minute check-in process where the guest is sitting down, not standing. We find out what doctors they need, which newspaper they want delivered, or which activities they'd like

to do.

From day two to day 89, guests will go to the front desk, which is the resident service desk. They can schedule dinner reservations or show tickets. We don't have a concierge because that becomes very jaded. Guests associate with that individual profiting. We have three dimensions to resident services: The front desk which is third-party brokers and agents that we've selected and the apps that we suggest guests' put on their phone to help them with their stay.

Skift: What is your customer base and has it changed over time?

Korman: It's more global than traditional extended-stay or five star hotels. When Americans travel, they say, "I have five days to go here and I want to stay at the Four Seasons." They know where they want to stay and there's a comfort level in the name brand. When someone is traveling from Europe or South America, they don't want to stay in a Four Seasons or a Marriott. They want to live like the locals, to holiday for a month.

They want to really get to know the culture and the people so they're looking for something in a tree lined residential neighborhood where they can stay for a month, feel like it's their own residence, shop in the local stores, get to meet people, and really interact and get to know the culture of New York City.

We say we're the world's most elastic hotel. Part of that is in a focus on the length of stay and size, but it's also about the individual. Elastic as an adjective because they appreciate design and value getting to know the culture of a community. They don't want to just come in and out and stay at a brand name hotel.

They want to go to cool restaurants, go to the shopping districts outside Fifth Avenue, and experience the vibe of the city that they're in. Our guests are traveling equally for business and leisure. We've found that people who are in for business want to enjoy the travel aspect and the people in for travel want to enjoy the business benefits.

Insights

How Alex Calderwood's Ace Hotel Changed the Way We Travel



Photo courtesy Ace Hotel New York

With so much discussion in the travel industry focused on Boomers versus Millennials, the Gen X crowd in the middle always gets overlooked.

For those of us born roughly between 1965-80, our biggest contribution to society was being the pivot between the age of reason and age of irony. We didn't know what the big answers were back in the 1980s-'90s, but we knew it wasn't misplaced loyalty to a rapidly globalizing corporate America.

People called us "slackers." We invented the reply "Whatever." Looking back, we were trying to deconstruct life in the 20th century by refusing traditional notions of status and success. Kurt Cobain and the Seattle grunge scene became our new ideological

compass, and the temporal nature of the times—a feeling that nothing could be relied upon or fully trusted—compelled a new generation to question everything.

Ace Hotel is an entirely Gen X phenomenon because it deconstructed the traditional urban hotel model with the launch of Ace Hotel Seattle in 1999. Most of what we consider Millennial trends in hospitality today, placing a priority on personalized, local and authentic travel experiences, began with Gen X and a handful of innovative hotel groups like Ace.

During the early '90s, Ace Hotel founder Alex Calderwood was living in the thick of Seattle's booming grunge scene, working as a music promoter and vintage clothing seller. He passed away last month at the age of 47. Since then, the amount of social media

attention is unprecedented for a hotel owner, especially one with only five hotels. Why is that?

Calderwood didn't regard himself as a hotelier. He viewed himself more as an entrepreneur and "cultural engineer," dating back to his club gigs in gritty Seattle bars, which eventually evolved into hosting upscale parties for Nike and Microsoft. The admiration for Calderwood stems from his ability to engage with and inspire people from all different social backgrounds and economic classes. The world also always loves an underdog with big ideas, a wild streak and rebellious hair.

"He imbued in us a mutual faith in our shared ability to realize and manifest meaning in the world," reads the In Memoriam post on the Ace Hotel blog. "This faith is the under-



Photo courtesy Ace Hotel Shoreditch

pinning of all experimentation, and Alex instilled it in people effortlessly. He was a punk anti-capitalist in the truest sense, in that he encouraged the unwise allocation of human resources to risky ventures that took no heed to consumer research. His gestures were about instinct, and he made us all believe in ourselves, and make better work, by quietly requiring us to believe in our creative wolf-senses.”

Probably the best story about Alex Calderwood to date is *He Was Never Afraid*, written by a long time friend.

The story recounts a time when Calderwood’s manager Caterina deCarlo asked him why he was meeting with this weird guy he met on the corner who thinks he has an idea. DeCarlo explained, “He just made time for everyone. He saw interesting ideas in the most uncommon or unpredictable places. He was just super generous with his time; he wasn’t hierarchical about it.”

Another reason for so much attention heaped on Calderwood is Ace

Hotel’s utterly unique design, which has come to define the Ace Hotel experience more than anything. Who puts a camper trailer by their pool like Ace Hotel & Swim Club in Palm Springs?

A great in-depth story characterizing the Ace design vision is this *Monocle* piece discussing the importance of thorough research into a building’s history. Calderwood delved into the most minute details of hotel construction, spurred in part by his father who was a contractor. He couldn’t tell you his bank balance but he could tell you the complete history of the windows he chose for a particular hotel.

Calderwood was also militant about partnering with local designers and suppliers, long before it came into vogue.

“Where you stay says much about who you are,” he said. “Who wants to stay in a city hotel that isn’t connected or engaged with the local areas and communities?”

The Ace design story begins in 1992 when Calderwood and his friend

Wade Weigel opened the first of 17 retro Rudy’s Barbershops. The vintage design of Rudy’s honed in on the post-war, all-American barbershop experience where men from different backgrounds could gather and get a haircut/shave at a reasonable price. Rudy’s, though, provided modern haircuts in an era when professional men were beginning to spend more effort on personal grooming.

At Rudy’s Barbershop next to Ace Hotel New York, bare light bulbs overhead illuminate unpainted industrial tables with bare metal legs running the length of the wall-to-wall mirror. There is nothing extraneous or contrived, the vibe is old school, the stencil fonts are new, the music is folksy, and the staff is chill, hip and completely professional.

The template for Ace Hotel had been drawn, both in terms of design and appealing to a surprisingly broad clientele. The lessons Calderwood learned between Rudy’s Barbershop and Seattle’s club scene, working with

everyone from GAP employees and struggling artists to white collar professionals and tech nerds, informed his transition into hotels.

Don't Call Me a Hipster

When Calderwood, Weigel and their friend Doug Herrick opened Ace Hotel Seattle, they did so on a hunch. They believed that enough people would spend \$65 for a room with a shared bathroom inside a restored flophouse in a dodgy part of downtown Seattle because they wanted to be close to the city's arts and music scene.

"We put a deal together, jumped into the project with both feet, had absolutely no idea what we were doing, and through instinct came up with something fresh," Calderwood told BlackBook in 2009.

By that time, both independents and large corporate chains were experimenting with boutique hotels but they were primarily targeting the luxury and corporate markets. Calderwood & Co threw their hotel together with a string and a prayer, relying on Calderwood's innate ability for bringing people together from all walks of life.

That's why he never gravitated toward the "hipster" label, and wasn't in love with people referring to his hotels that way. He found the term contrived, limiting.

"We don't view ourselves as just catering to a sort of bleeding-edge audience, or a bleeding-edge hip audience," he told the New York Times in 2011. "It's the whole combination, or mix I think, that makes it all human."

Calderwood also relied on his background in vintage clothes sales to work with distressed, overlooked materials that could be purchased to furnish the hotel for next to nothing.

"He saw what you could do with

material that nobody else wanted," Amit Shah told The Seattle Times in November, who hired Calderwood out of high school to help run his clothing shop.

Referring to a time when Calderwood used materials from a Boeing surplus store to create fixtures for the shop, Shah said, "He always had a desire to come up with something new.... He was an entrepreneur and knew how to entertain, but more than that, he was always willing to talk about what the new thing was. He knew how to get to folks in their 20s and 30s."

Much has been written about the turntables in Ace Hotel guest rooms and old typewriters in the lobbies, and how local artists were hired to decorate the walls with paint, chalk and vintage street signs, among other things. Calderwood created a Gen X aesthetic that earned such cult-like applause that it was satirized in Portlandia's "Deuce Hotel" video.

Those were more Calderwood innovations. Few hotels used local artists to create wheat paste art above guest room beds. And the phrase "residential-style accommodations" wasn't common either in the hotel industry in 1999. Calderwood designed his guest rooms as if you were sleeping over at a friend's house, albeit a friend with much more eclectic design tastes than most people.

Calderwood also revered the stripped-away essential in everything, like his spare metal tabletops and bare bulbs in Rudy's Barbershops.

For example, from the previously mentioned New York Times story:

"This is an industrial lamp that you would buy for, like, your garage," Mr. Calderwood said. "This is off-the-shelf from a company called McMaster-Carr, and I just love it. It works. It's solid and it's not fussy."

And there, in a lamp, you have the essence of Ace aesthetics. It's not just

that it represents retro cool. It's also highly functional—indeed, purely functional. McMaster-Carr is an industrial supply Chicago firm that makes U-bolts, sprockets and 480,000 other products.

Today, this non-fussy, industrial-chic, vintage/retro, hipster-y, culturally-hip, well-educated, artistic soulfulness in hotel design isn't all that unique. Alex Calderwood made it a thing over a dozen years ago, delivering a hotel experience that Gen X travelers could call their own. A hotel that made you, for a short period of time, a better you. A you you wanted to be. A more educated, cool and creative you.

That was the allure for Gen X. They were rebelling against the corporate machine alongside a Seattle club kid with a Sideshow Bob haircut, a beat up hotel and an unwavering struggle to create something wholly personal and original.

Ace Goes Global

Following Seattle, Ace Hotel opened in Portland, Palm Springs and New York. What makes Calderwood's passing even more shocking, Ace is presently undergoing its most ambitious expansion in its history. Ace Hotel London Shoreditch opened in September inside a restored ex-Crowne Plaza hotel. New Ace Hotels in Los Angeles and Panama are presently taking reservations beginning in January.

The Ace PR team has been on a bit of a self embargo over the last few weeks regarding interview requests, waiting for all of the media attention surrounding Calderwood to settle down. Skift is planning a follow up story for early 2014 focusing on the new properties and how Ace Hotel is adapting its business/design models for the global stage.

Marketing Organizations

Preferred Hotel Group

Lindsey Ueberroth



Photo courtesy Preferred Hotel Group

Preferred Hotel Group was formed in 1968 by twelve North American hoteliers as a referral organization for hotels. It went through a global expansion phase as well as several changes, including a shift from a non-profit to for-profit corporation, before coming under ownership of the Ueberroth family.

The group today comprises of more than 650 independent hotels in more than 85 countries and offers its members services including sales, marketing, revenue management, and reservations.

Within the collection, there are several different collections created

for specific customer bases including Preferred Family, Preferred Golf and Preferred Pride. The group also launched a loyalty program, a first for independent hotels, in 2013.

Preferred Hotel Group and similar organizations Leading Hotels of the World and Small Luxury Hotels of the World are unique from hotel chains like Marriott International or Hilton Worldwide for a number of factors including ownership models, pay structures, and branding.

These international chains; however, are now investing in independent hotel collections of their own, driven by consumer demand for more boutique, local hospitality experiences. Starwood launched the Luxury Collection in 1998 through its acquisition of Sheraton, Marriott launched the

Autograph Collection in 2010 Hilton Worldwide launched the Curio Collection in June 2014.

Skift recently spoke to Preferred Hotel Group Lindsey Ueberroth about the allure of independent hotels, changing consumer habits, global expansion, and increased competition from chain brands. An edited version of the interview can be found below.

Skift: Can briefly tell us about Preferred Hotel Group's business model?

Lindsey Ueberroth: I will try to put it in the most simplified terms. What Preferred Hotel Group and the brands underneath are set up to do is a full-service turnkey provider of global sales, marketing, technology and distribution. Other consultative services include having frequent flyer or loyalty

programs. The most important part for us is having this overarching quality assurance program that allows consumers to understand that even though these hotels are independently owned and operated, they have an expectation of quality in terms of services, product, and facilities. We don't own or manage hotels but we provide all the services a chain would without making them put a brand name on the side of the building.

Skift: What are the guidelines for the hotels that join Preferred Hotel Group?

Ueberroth: That really runs the gamut. What's so unique about the space we're in is, by nature of being independent, hotels are not bound by the traditional guidelines that a hard flag chain would mandate. We don't have a maximum or minimum number of rooms; it's really based on brand standards that we've put in place. We have a quality assurance program and determine which brand the hotel goes into based on three or four factors including, destination, location within the destination, and the facilities and services that the physical property provide. These criteria help us determine of the portfolio brands that the hotel would be best suited and ultimately allows the consumer to find the perfect hotel for their travel needs.

Skift: What are the fees do hotels pay to be a part of Preferred Hotel Group?

Ueberroth: There are really two types of fees. There are annual fixed fees, which are really brand fees for all the sales, marketing, and distribution support that we provide hotels. Each brand has its own set of fees and it's in part based on the number of rooms. There are also transaction fees for reservations.

This is a good point of clarification of how we operate versus the chains and is probably true of other brands like ourselves. We have what we refer to as a pay for performance model. Hotels only pay us for reservations that come through our channels and they only pay on room revenue, which is unlike chains where they pay a per-

centage of total revenue.

Skift: Has this changed at all? Has the business model always been this way or has it shifted in recent years?

Ueberroth: This is really how the model's been set up in terms of fee structures. What has changed very dramatically, especially on the reservation side of it, is the channels that reservations are coming through. When my family bought this company 11 years ago, the majority of business came through global distribution systems, which is how travel agents book, and call centers. The GDS is still strong but you're seeing so much more come through the mobile and all of the electronic distribution channels. That's where you're seeing a pretty major shift in addition to big metasearch sites like Kayak and Trivago, those meta that are then pushing through to our brand website. It's really more just a shift in where the business is originating for us.

Skift: Has the inventory of hotels that you work with changed at all in recent years?

Ueberroth: It's changed dramatically. The number of hotels has more than doubled, from under 300 to more than 650, in the last 10 years.

I will put it into the context that the company has more than doubled in the last 10 years in terms of number of hotels. From under 300 to over 650. We add 80 to 100 hotels on average, but certain areas of the world have had pretty significant growth. Asia, India and China are obviously big growth areas, but we're also starting to see a lot of growth in the Middle East and Northeastern Africa.

Geographically it's definitely shifted as well in terms of growth.

Skift: Is this driven by the changing demand of your customers?

Ueberroth: I think about this two ways. First, I think that consumers are traveling further away than they used to, which is being driven by trends like multi-gen travel and boomers who now have time and money to spend. But what's really happening is that there are certain markets that in the past had been predominately chain ori-

ented and are now seeing that running and owning an independent hotel has a lot of viability. By partnering with companies like Preferred, they can successfully do that in a global landscape. This wasn't always the case. Certain markets like China, which were very chain focused, now really like the independent hotel market. All of a sudden there's demand for independent hotels.

Skift: Very interesting. Let's talk a little bit about your customers. What's the demographic of your customers and has that been changing at all in recent years?

Ueberroth: We're lucky because we have a very broad demographic and that's partially because we have five brands that cater to very different, what we like to call, lifestyle opportunities. Our brands fall in the upper upscale to the high-end luxury. Demographically you're probably going to go from low 30's all the way up until the matures. These travelers are very well educated, seek an independent authentic hotel experience, and spend more time looking for that experience. They're not as focused on wanting or needing the consistency that chains push upon you. They're more adventurous.

People like to make fun of them, but the millennials are definitely a driving force behind this because they love to be online and do a lot of research and this segment really appeals to them. We're seeing a lot of growth in that area and then they're influencing the boomer and the older generations

Skift: What are your largest source markets?

Ueberroth: The United States is the largest followed by the UK, Canada, Germany and Australia all in the top five.

Skift: What about marketing? How have your marketing channels changed and which is the most important today?

Ueberroth: Obviously we're spending a lot more energy on marketing through electronic and social media channels because that's where a lot of people are doing their research. There's been a shift; there used to be a much larger spend on traditional print

media.

We're also spending a lot more time talking about experiences versus destinations or physical hotels. Some people still say, "I want to go to London," but we're finding a lot more travelers looking for a family trip, golf vacation or romantic getaway. We're spending a lot more time serving up experiential marketing that helps them get to the hotels that meet those criteria. It's been a shift in that perspective.

Skift: As travelers gain awareness of these independent hotels and experiential travel, do you see competition increase between yourself and similar hotel marketing organizations?

Ueberroth: Great question. I find that we're not necessarily competing with similar organizations as much as we're competing with the chains that now want to get into the independent hotel space, brands like Marriott's Autograph Collection, Hilton's Curio Collection or Starwood's Luxury Collection. That's where we're seeing an increase in new competition. I think the organizations have always complimented each other, but now you have much larger international chains that have launched their own versions. That's new competition that didn't exist.

Skift: What are the challenges and opportunities for a company like yours moving forward?

Ueberroth: The largest challenge is probably just an increase in the competition from the chains. That's the newest one. I don't see many challenges. Really there are a lot more opportunities because I really look at this as the age of independence. The traveler now has access to so much information. In the past, the chains provided this comfort and consistency, you knew wherever you went around the globe that it'd look almost exactly the same and there was a comfort in that. Now, with the advent of all these different ways to search for hotels and look at reviews, the consumer not only has a great confidence in staying at independent hotels but that's actually what they're looking for, what they

really want.

Independent hotels are by nature authentic to a destination and provide an experience that is so different from what you can get at a lot of chain properties. We think that there's going to be a huge growth in desire and demand for this type of hotel and travel experience. That's the beauty of being independent — you can be nimble and change to meet consumer demands and needs much more quickly than chains that have to make a chain-wide change. We're able to react to what's happening in the marketplace much more quickly.

Skift: You talked a little bit about the millennials and how they're playing a bigger role in Preferred's business. In addition to marketing changes, what else needs to be done to meet changes in guest expectations?

Ueberroth: The one thing that we've been pretty consistent on is that we don't want to ignore the millennials. I'll take our loyalty program as an example. We launched a points based loyalty program a year ago and were the first global independent hotel company to do this. We found that the difference between a millennial and a boomer is that boomers are much more focused on recognition and value whereas millennials are more focused on what's in it for them right that second. They want instant benefits. When we launched our loyalty program, we wanted to cater to both: have instantaneous benefits to make millennials happy but also provide ways for other demographics to get tiered status and recognition. We're having to look at all the different ways we communicate and market and make sure that we talk to all audiences, not just ignore one. If you look at what we're doing in social media, we're obviously catering to a different audience than maybe what we're doing on other channels to cater to an older demographic.

Skift: What about independent hotels? Do you see that independent hotels are doing everything they need to in order to stay relevant today? Ei-

ther that or just any changes that you're noting in the guest experience at these independent hotels that's driving this demand.

Ueberroth: As I said before, they have the ability to be much more nimble because they are an independent. At the same time that's why they partner with organizations like Preferred. When you are one stand alone hotel, you really need the support. How do you leverage the knowledge that you need to stay ahead of the curve? That's what we provide; a lot of consulting and best practices and services that allow them to stay at the leading edge of these things.

For example, we have these inspections that take place where an inspector comes in, stays two nights, and does an inspection on the hotel. This serves a purpose, but we found what was happening online with review sites was more important.

We provided a tool that basically aggravates the top 20 review sites in their market to give them real time, instantaneous feedback about what customers are saying about not only their property but their competitive set. This is what's allowing hotels to do a better job of responding to guest needs and demands. Really what you want to be able to do is manage that experience not only before they go there, but definitely while they're on property. They're posting and reviewing while they're there. To be able to give the hotel a tool where they can actually respond, whether it's a positive or negative response, is incredibly powerful.

If a hotel sees somebody posting pictures of celebrating a birthday on their property then they can deliver a birthday cake or amenity to the room. If a guest is having a bad experience or the bathroom is backed up then the hotel can find maintenance. Those are all things that we believe make the customer experience much more powerful and memorable. We want to make sure that we can give them those tools that allow them to stay ahead of the curve.

Small Luxury Hotels

Paul Kerr



Photo courtesy Small Luxury Hotels of the World

Small Luxury Hotels of the World is certainly global, as its name would imply, but it's not really so small.

The hotel marketing consortium represents 520 small independent hotels across more than 80 countries. The organization differentiates its inventory by keeping properties to less than 50 rooms, maintaining a strong hold in the Asia market, and consistently tightening its inspection process and qualifications.

Sift recently spoke to Small Luxury Hotels of the World CEO Paul Kerr about changes in the independent hotel market and big brands' entrance into the sector.

Kerr is an optimistic executive. While he openly admits that major hotel groups have potential in this highly lucrative market, he says that he isn't worried about the impact of their

possible success, citing confidence in his own brand and a growing number of independent hotels looking to align themselves with larger marketing organizations.

He also talks about the ever-growing importance of technology in determining the winners and losers, even in a field as human as hospitality.

An edited version of the interview can be found below.

Sift: What are the benefits for an independent hotel that joins SLH? Why would they pay a fee to be a part of it?

Paul Kerr: They're basically joining a brand. An individual hotel would find it very difficult to market itself or get noticed in the international market.

SLH has a loyalty program of about 350,000 consumers, of which at least 10 percent or more are active depending on the month. Straight away, hotels

are marketed to all of those consumers. The first part of that is through the website.

Secondly, SLH markets to all travel agents under the code LX for luxury. The travel agents then know about that particular hotel in a particular destination. That's two of the main benefits as far as booking is concerned. Hotels can also participate in marketing themselves and they can attend what we call road shows where we introduce them to all the travel agents.

We also produce the Inspired Magazine, which is printed twice a year and stays in all hotels. We'll have a big annual meeting in March where all of the hotels meet rather than attend regional or local meetings. They get to belong to a organization of like-minded hoteliers where they can meet and network. That's a benefit.

We also have a standard to keep up; therefore, anybody who books a Small

Luxury Hotel of the World knows that the hotel is going to have been inspected every 18 months, soon to be every year. Then the hotel receives a 70-page report telling them what's right, what's wrong, or what the consumer feels. The inspectors that we have are made up of real SLH consumers; people like bankers and lawyers who are already paying for their own SLH experience.

Skift: What are the brand standards or guidelines for hotels to join the group?

Kerr: We're small, luxury and independent hotels. The average size is about 50 rooms and actually going down now to about 46 rooms. They're all independent; they can have two or three hotels in SLH but we don't have large groups. They're also independently owned.

Skift: What are the most important marketing channels that you use and have those changed at all over the past few years?

Kerr: Twenty years ago, probably 95 percent of bookings came through global distribution systems. Now we have a lot of hotels using SLH's internal booking engine and, of course, the website and Internet.

We're now taking about 50 percent of bookings direct, 30 percent of that business through our website slh.com and about 20 percent via phone calls. The other 50 percent comes through global distribution systems and travel agencies. That's a big shift in the marketplace.

Skift: What do you expect moving forward? Will booking move away from global distribution systems even more?

Kerr: I do because hotels overall don't want GDS bookings since they're expensive as far as they're concerned. Commission rates are far more. A normal travel agent booking will be about 6 percent from SLH plus 8 to 10 percent to the travel agent. An Internet booking is just 10 percent.

Skift: How are you marketing online? What about on the Internet? Are you using social media at all, or newsletters, or direct advertising?

Kerr: We do a large amount

of email marketing using the club database. That's probably our biggest marketing effort. We also obviously do some pay-per-click advertising, but that's very expensive, so the majority of our efforts are making sure that our website appears on the first page of Google. That's just pure search engine optimization marketing. We'll also do the odd campaign.

Skift: What are the largest source markets for Small Luxury Hotels? Has it evolved at all in recent years?

Kerr: The largest source markets for SLH are English-speaking countries. I think you'll find that's the same with every single group. The largest market is the UK and United States followed by Australia. Germany has crept in the last five years, but other than that it hasn't really changed. We've seen tourism growth in Asia, but consumers are mainly traveling within Asia. We have nearly 20 hotels in China.

We started in Asia a very long time ago. My company Hill, Goodridge & Associates purchased the rights to manage SLH in 1992, because it was virtually bust. Three years after we saved SLH from financial disaster, we merged with a company in Asia Pacific. We had a base of about 70 hotels straight away in the Asian market, but quite a few of those weren't good enough for SLH so they parted from the company. There were probably only about 20 of the original 70 hotels, but we were able to grow remarkably in the Asia market.

We have approximately 125 hotels in Asia today. If you add up the inventory of our competitors, which are Relais & Châteaux and Leading Hotels of the World, they still don't have as many hotels as we do in the Asia market. We started much earlier than them.

Skift: Let's talk about competition. Are you competing with Preferred Hotel Group or Leading Hotels of the World or Relais & Châteaux for both hotel guests and independent hotel partners?

Kerr: Yes, I think we are. I never really look too much to the competition. I feel as though we're doing pretty well in going in a different direction to

a certain extent, but there are definitely competitors. Leading Hotels are virtually exactly the same; they are looking after the independent hotel but it's larger. Their average room size is about 180 rooms.

Relais & Châteaux's main base is in Europe and the average size of their hotels is about 30 rooms. They are also very food oriented. We don't care too much about whether there is a Michelin Star. We feel like the hotel should be more of a local experience because that's why I think people go to different countries, to experience local situations. Not everybody can have a Michelin Star restaurant.

Preferred is very much American-based. They have Preferred Boutique and concentrate on larger hotels for their group business. That's really our competition. I can't call Preferred competition as far as quality is concerned so I mainly focus, if I was to focus on competition, on Leading Hotels and Relais & Châteaux.

Even Relais & Châteaux has a hard time keeping up with the standards because their hotels, by definition, are much more food orientated. It's very hard to make money on the food and beverage in the restaurant business. If you have a restaurant in the hotel, you don't make much. It's only when you can take the larger groups like weddings when you start making some money. Of course, Relais & Châteaux Hotels can't really cater to large groups because they're very small hotels.

Consequently, I don't think Relais & Châteaux properties are very profitable. If that's the case then that explains why their rooms aren't so good.

Skift: Has the competitive landscape changed at all in the recent years between these different brands?

Kerr: It hasn't changed in 20 years.

Skift: Why has it stayed so similar? Why have there been no new players in the market?

Kerr: Once a lot of the hotels are getting benefits from an organization like Small Luxury Hotels of the World or Leading Hotels, it is a major effort is to actually switch organizations. It's made it difficult for a new player to

start in the business.

When I entered the market in 1991, all SLH had was about 60 hotels; 30 from the UK and 30 from Western America, basically California. It was very difficult for us in the first stages of our existence. My staff now would never appreciate how difficult it was. I hear them say, “Oh, it’s difficult to get hotels in, blah, blah, blah.” They don’t even know half of it. It’s much, much easier now because we have something to show, a track record of reservations. We’re getting \$150 million worth of reservations now. When I started, we were lucky to do \$3 million spread around all those hotels.

It’s grown enormously as far as revenue is concerned. We’d like to do much better, but it’s still a significant amount of revenue to a lot of the hotels.

Skift: Do hotels every switch between brands?

Kerr: They do switch between brands. We have a lot of Relais & Châteaux hotels and see Leading Hotels dropping towards SLH. Hotels do go to Relais & Châteaux and quite often they come back. I’d say 90 percent of hotels stay with a brand.

Skift: What about competition from major hotel groups? Do Hilton’s Curio Collection, Marriott’s Autograph Collection or Starwood’s Luxury Collection create competition as they enter the space?

Kerr: It’s interesting, isn’t it? Isn’t it flattering that they’re doing the same thing that I’ve done for the last 20 years?

They’re not really creating a lot of competition. Their model is based on managing hotels; therefore, they try to not only give them a brand but also look at their management. We don’t touch the management of a hotel. We assume that they’re doing a good job because we have inspections.

Also, anybody can write a review on our hotels if they’re a club member. It’s not just TripAdvisor. We don’t necessarily believe in TripAdvisor, because you can’t really trust the review.

Chains are going to find it difficult to get into the market place unless they

drop their prices significantly. You have to remember that SLH is a hotel organization so the hotels are happy with the prices that we charge. I don’t think the Autograph Collection and Curio are anywhere able to do what we do.

The reason that chains are getting into it is because of the top-level customer, the one who is prepared to pay a high average rate. That’s what we all want in the hotel business. That, and loyal guests so we don’t have great marketing fees like paying huge commission rates to Expedia. The customer that pays a high average rate doesn’t stay in large hotels.

He does business in large hotels, there’s not doubt about it, but he doesn’t stay there for leisure. They need to have smaller, independent properties under their brand.

Skift: What do you think is driving consumers’ interest in independent hotels?

Kerr: Consumers today aren’t going to be conned by anybody anymore. Twenty or 30 years ago, they didn’t have a lot of information to make their choice of where to stay. They relied on their travel agent to give them choices and the travel agent didn’t have a lot of information either. Now, of course, there’s information all over the place that customers can easily and quickly get. They can get live video from a property before they make a choice to stay there.

Many of these smaller hotels offer the same facilities as the larger groups, but because of the size of the hotel, they can offer real, personal, authentic service. I think that’s the most important thing — they can give real service. It’s not saying, “Hi. Have a nice day,” to everybody without knowing their name. When you’re in a small hotel, you get to know the managers and owners. There’s a very short line between the owner who makes things happen and the customer.

Skift: How do you see the landscape changing in the next five to ten years? How will competition increase?

Kerr: As long as the chains can actually deliver the brand promise of

the small independent hotel, they will be able to survive and they will survive very well. The costs will be low because the brand is massive and they have the key — they have really good technology, which costs a lot of money.

We have 500 hotels, of which I think only 30 have two-way interfaces. It is vitally important to have the minimum of two interfaces to survive in this market place. The whole idea is that your property management system is linked to your central reservation system, which is also linked to your internet booking engine and your channel manager. The big groups already have this technology, which can be given to the small hotel. The owner is then going to get much more revenue from that brand than a hotel group like ours that only have 30 hotels on two interfaces. Our mission is to increase the number of hotels that have two-way interfaces.

Skift: What does their success mean for you? If chains are successful at offering small independent hotels, will your organization no longer have a role?

Kerr: It will be far more difficult to enter the arena and the hotels will then have another option to look at. At the moment, an independent hotelier’s options are really Relais & Châteaux, Preferred Hotels Group, and Small Luxury Hotels of the World.

Skift: Are you concerned about the future of your organization?

Kerr: No, I’m not concerned at all because hotels themselves really respect our brand as an independent organization itself. The same goes for Leading Hotels and Relais & Châteaux. All I am saying is that the hotels now have a choice. There are also more and more small, independent hotels being built.

Every year for at least the last ten years, we’ve had 60 or 70 new hotels join the organization. Obviously, others have dropped out, but you have to remember there are 80,000 or so independent hotels in Europe alone.

Am I really worried about it? No, I’m not worried about it. There’s enough for everybody.

Relais & Châteaux

Jean-François Ferret



Photo courtesy Relais & Châteaux

In the vast space between independent hotels and global hotel brands sit several hospitality consortia and organizations that provide some of the same marketing and promotional functions as large operators while remaining dedicated to the unique characteristics of their portfolio properties.

One such organization is Relais & Châteaux, a collection of 450 independent hotels and approximately 80 restaurants across 64 countries. The organization was created in 1954 with just eight properties in France.

The network is distinguished by its strict culinary admission standards. Unlike similar networks like Leading Hotels of the World or Preferred

Hotels Group, all hotels in the Relais & Châteaux's collection must have a restaurant component. However, not all restaurants must be connected to a hotel.

"Cuisine is really our specialty and there is no competition around this. We have 328 Michelin Stars in our family, which is really unmatched," CEO Jean-François Ferret explained in a recent interview with Skift.

Relais & Châteaux and similar organizations are unique from hotel chains like Marriott International or Hilton Worldwide for a number of factors including ownership models, pay structures, and branding. These international chains; however, are now investing in independent hotel collections of their own, driven by consumer demand for more boutique, local hospitality experiences.

Starwood launched the Luxury

Collection in 1998 through its acquisition of Sheraton, Marriott launched the Autograph Collection in 2010 Hilton Worldwide launched the Curio Collection in June 2014.

Skift recently spoke to Ferret about brand standards, curating a truly unique hospitality experience, changing consumer habits, and increased competition from chain brands. An edited version of the interview can be found below.

Skift: Can you briefly describe the business model behind Relais & Châteaux?

Jean-François Ferret: Relais & Châteaux is based on two different resources: One comes from fees paid by independent hoteliers and restaurateurs and the other comes from commercial localities, channels that we provide to our properties.

The fees are different depending on whether it is a hotel or restaurant. For the hotel, the fee depends on the number of rooms. A Relais & Châteaux property of 30 rooms, which is the average, will have an entrance fee of around €10,000 and annual fee of about €20,000. For restaurants, it depends on turnover. If there is a large restaurant of more than two million guests, then there's an entrance fee of €3,500 plus an annual fee of €800. For smaller restaurants with under two million turnover, there's an entrance fee of €2,000 and an annual fee of €6,000.

Those fees have been frozen for roughly eight years, taking into consideration the economic situation. For smaller properties, we put caps on fees based on turnover. We want to keep our properties, especially small properties, in the family. We feel it's very important for us to keep beautiful exclusive properties in Relais & Châteaux.

We want to attract young talent, young chefs, and try to discover the talents of the future. This year we did something new and decreased fees for small restaurants by 25 percent to lure young chefs to join the family. For them, it is a dream to be a part of the family and be close to Thomas Keller, Daniel Boulud, all the big names.

Skift: Can you tell us about the brand standards or guidelines for hotels that can join the group? How do you decide if a hotel can join Relais & Châteaux?

Ferret: The standards are very very high and very demanding, We have ten inspectors that go around the world checking on new applicants. We have a list of more than 300 criteria that we go through and each inspector does a report of at least ten pages. Afterwards members also check applicants. Then

we validate the reports by the quality department in Paris and, if it is a positive application, the board of directors votes on it.

The process is quite long because we really want to target the best in terms of quality. This quality check is just the beginning, a prerequisite. What we would love to find is a certain spirit, certain values and experiences. This is what our inspectors try to find when they visit new applicants.

A property cannot join Relais & Châteaux if they don't provide five experience, which we call the taste of the land, the soul of the innkeeper, the family spirit, the celebration of the

“Travelers, are a little bit fed up of wakening in the morning and not knowing where they are. I'm a big business traveler and I can tell you when I wake up in a big chain hotel, everything is the same. “

senses, and the awakening to the artist within. We need to feel this when we visit a Relais & Châteaux property.

Each property is deeply rooted in the region with a specific culture; we should feel the spirit of the property when we visit a Relais & Châteaux property. This is what we call the “taste of the land,” which is the first experience we need to find in a Relais & Châteaux. The “soul of the innkeeper” is also so important. We want to keep properties small because we need to feel that soul.

The third, our family spirit, is also key. There is a strong sense of fellowship, we try to build memories between different properties. We call them our road to happiness, la route du bonheur in French. The family spirit is not only between members themselves but also between members and their guests. Our guests are so close to our mem-

ber that in most cases they become friendly and are really treated as part of the family.

The celebration of the senses means a lot of focus on details, a kind of choreography. With the art of feeling, we provide emotions and a journey for guests to discover certain pleasures. This DNA with the five experienced is key to our recruitment process. You can be very good at quality, but if you don't have those experiences then you cannot be part of the Relais & Châteaux family.

Skift: What are the most important marketing channels that you use today? Have they changed over the past couple of years?

Ferret: We have three channels including digital, travel agents and growth centers. The most important channel is digital, which represents 60 percent of our marketing, and we try to be very experiential with our approach. We are working on

content and building a new website to not only provide a booking channel but also provide emotion and experience.

Skift: What about the demographic of your primary customer? Who is your primary customer today and has that changed over the past couple of years?

Ferret: We have around two million customers. The average age is around 48 years old, which is a decrease from five years ago when it more than 50 years old. We're seeing the impact of markets like South America and Asia where clientele is much younger than European or North American clientele. Eighty-five percent of all business is leisure. Our guests are very loyal; our repetition rate is between 50 percent and 85 percent. Once a guest has tried Relais & Châteaux, they really come back year after year.

In terms of source market, 20 percent comes from North America and 20 percent from France. North America is leading the league as recent as last year, but I'm convinced that next year it will be the first. UK is in third followed by Asia-Pacific with 10 percent. Then you have all other source markets.

Skift: You're not just trying to attract customers to stay in these hotels; you're also competing for the actual independent hotel partners.

Ferret: Yes and no. Yes, of course we are competing because labels like Preferred or Small Luxury for independent hotel partners, but in reality they are not fully competitors because they are not like us. They are different. Our properties have an average of 28 to 30 rooms, which is very small. Our guests are 85 percent leisure. We, of course, are developing in cities but we are much more located in the region and very much focused on cuisine.

Cuisine is really our specialty and there is no competition around this. We have 328 Michelin Stars in our family, which is really unmatched. If you take all these criteria then you see that we don't have real competitors that provide the same kind of experience.

Skift: Would you say that you're not competing with Preferred Hotel Group, Leading Hotels of the World, or Small Luxury Hotels of the World?

Ferret: In front of some clients, yes, but for clients who know the DNA of Relais & Châteaux we are in a different league because we are providing an experience that none of the other labels can provide. I've explained to you the average room of 28. The other ones are much, much bigger. They are focused on creating image. There is no equivalent, and the experiences I have explained to you - taste of the lands, soul of the innkeeper, family spirit - you

find them only at Relais & Châteaux. So of course we are competing with Preferred and Small Luxury -- Leading is for too large of a hotel -- but we are truly different.

Skift: Major hotel groups are entering the independent hotel space. For example, Hilton launched the Curio Collection and Marriott has the Autograph Collection. Do you see major hotel groups as competitors as they enter this space?

Ferret: We see that they are trying to enter the space with a much more experiential approach and use smaller hotels. Of course, it comes close to our DNA, but it is not like Relais & Châteaux. Hilton's or Marriott's collection does not provide our taste of the land or the soul of the innkeeper. When guests come to our hotels, they are usually welcomed by family. For example, one of our ryokans has been in the family for 500 years. Do you think that the art of welcoming that they provide guests is the same that you could find in the Autograph Collection? That has nothing to do with it.

We see that the major brands are trying to speak to smaller entities to provide more experience, which is good. This is a market trend, some with high quality and places like palaces but this is not the spirit of Relais & Châteaux. We keep the difference.

Skift: What do you think is driving traveler's demand for these more independent, personalized experiences at these independent hotels?

Ferret: Travelers, both on leisure and business, are a little bit fed up of wakening in the morning and not knowing where they are. I'm a big business traveler and I can tell you when I wake up in a big chain hotel, everything is the same. Tokyo is the same as New York, which is the same as Rio, and it's boring. The trend is really to

become more experiential. That's what the traveler wants for both leisure and business.

Skift: Do you think that it will continue? What do you think is going to happen in the future? Will all of hospitality go towards this independent property?

Ferret: Yes, the shift towards more experiential hospitality will continue. We like to maintain our differentiation by going even deeper than what I have explained.

We have introduced a brand new vision for Relais & Châteaux, which is more profound and intense. Presented in November, the new vision wants to provide something special with the ambitious goal of making a better world through cuisine and hospitality.

We feel that our guests will be more and more interested once they feel that our hotels are committed to something very important, to really making a better world. There is everything around durability and sustainability, but that's clearly not enough.

That's why we want to go deeper to preserve diversity, the worldwide heritage of produce and cuisine, which is key in a more human world, a world that provides richness in terms of experiences, especially for this younger generation. We also focus a lot on education. We feel that our chefs have so many things to share with students and trainees. We like the spirit of craftsmanship; the spirit of helping young people to learn, increase their skills, and promote it throughout the world by focusing on the kind of journeys between our different properties.

Our guests are waiting for us to commit to something that goes much further than the standard experience, further than sustainability. It's really to make a better world through everything that we do in Relais & Châteaux.

The Leading Hotels of the World

Ted Teng

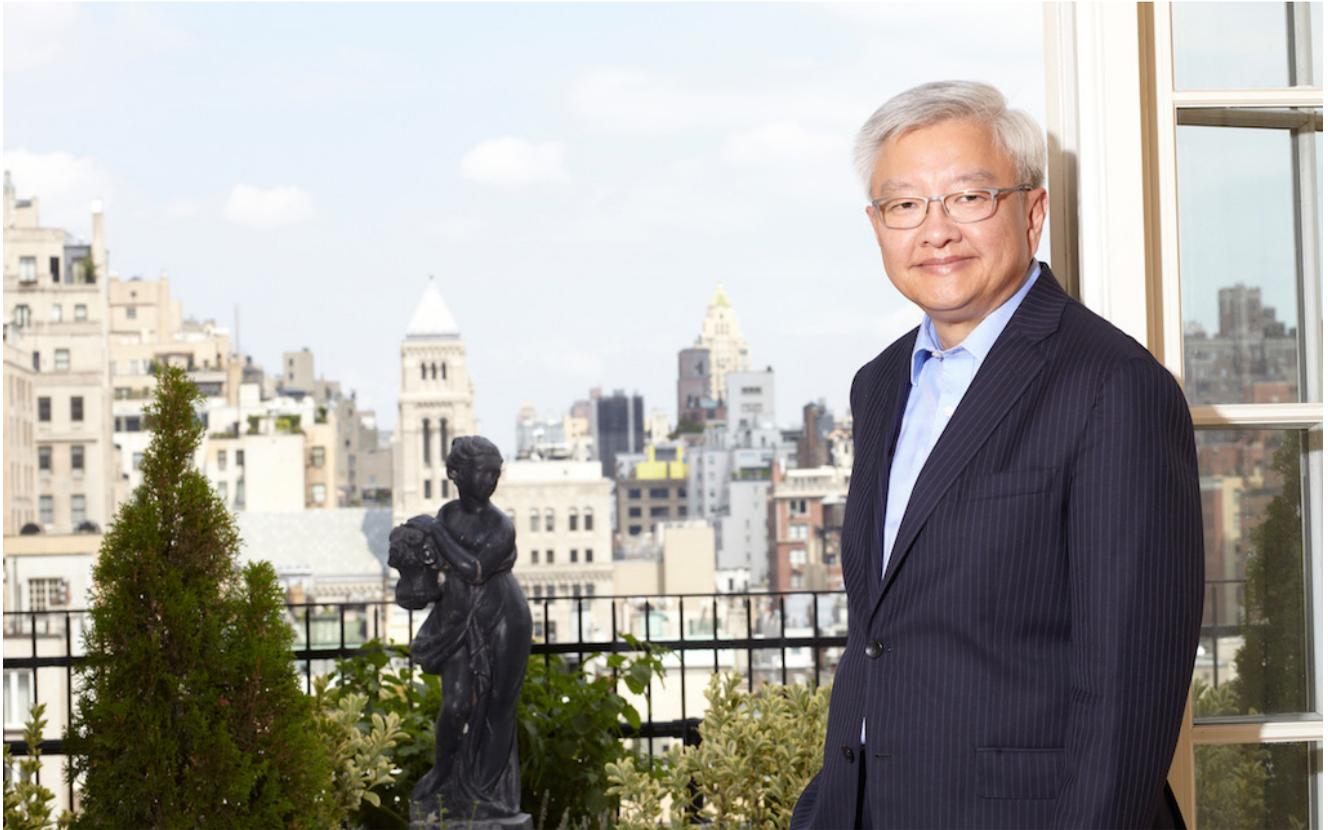


Photo courtesy The Leading Hotels of the World

The Leading Hotels of the World is one of the largest luxury hospitality collections worldwide with more than 430 hotels and resorts in more than 80 countries. The company was founded in 1928 with 38 member hotels across Europe, Egypt and Israel.

What started as a reservations service for independent hotels has evolved into a full-service organization that includes sales, marketing, financial services, and inspections. The company remains 100 percent owned by its members, putting it somewhere between a cooperative and company with services for hire.

Skift recently spoke to Leading Hotels president and CEO Ted Teng about the business model behind the

independent hotel collection, changing consumer habits and behavior, marketing trends, and increased competition from chain brands. An edited version of the interview can be found below.

Skift: What are the brand standards for independent hotels interested in joining the Leading Hotels?

Ted Teng: We certainly have our standards, but we don't use an approach where they all have to be the same. We have 850 standards that we provide to our hotels and what we try to do is get them to achieve at least 85 percent of those standards.

They're standards not of sameness, but of the right quality. We look for a lot of other things beyond just the quality part of it: architecture, history, who's the owner, who operates it, what's the market, whether we can support the hotel, and whether we

have other members in the hotel. We look for a whole host of things before a member is admitted.

Skift: What fees do the hotels pay? Do you take a percentage out of the transactions?

Teng: We used to have a fixed membership fee and then a reservation fee, roughly generating 60 percent of our fees from membership and 40 percent from transactions. We are now in the process of completely eliminating all transaction fees and creating a new model that really gets back to the spirit of collaboration.

Skift: What sparked this change?

Teng: Two things, really internal and the external. Transaction fees have sometimes unintended consequences of unproductive behavior. Also, the marketplace, when it comes to distribution, has changed. We want to really differentiate ourselves from other

transactional models.

My expectation is that Leading truly becomes an extension of the hotel sales and marketing infrastructure. We're really looking to collaborate and help hotels generate business. We're shifting away from a culture in which we have to be the watchdog over hotels. We want to have members who are truly committed to a high level of quality and service. Rather than be an after-the-fact inspection, we have put ourselves in the position of helping our hotels appropriate happy guests. That's a major shift in the way the company has operated.

Skift: Let's talk about booking and marketing channels for a moment. What have been some of the changes that you've seen around booking channels and where customers are booking your independent hotels?

Teng: For our hotels, there are obviously several sources of booking. There's certainly direct with customers calling the hotel or booking on its website. There are also the bookings through Leading, whether it is via a phone call or global distribution system or the Internet. Then there are a lot of intermediaries including brick-and-mortar type companies. There are various channels and it seems to be very different from destination to destination as well as source market to source market.

Skift: Could you elaborate on some of those differences, please?

Teng: In some of the European countries, wholesalers are still a big component. Wholesalers are the ones that go and negotiate with suppliers and their carriers; they produce packages to sell to retail travel agents. That's a segment that is not nearly as big in the U.S. as it is in Europe. In the United States, online travel agencies are the biggest share of the market. In various countries in Europe, there is an adoption of online travel agencies as well. For our business, which is probably somewhat different than a lot of other companies, voice reservations do constitute about 20 percent to 25 percent of our business.

Skift: What do you think is driving

that difference?

Teng: We don't have a lot of what I would call tourists; we have a lot of travelers. Customers who travel to discover, learn, expand and grow. It's a much deeper engagement. Their travel itinerary tends to be more complex and they tend to be more self-driven than buying a package tour; therefore, they want to talk to somebody to make sure all the details are correct.

We see some family travel where different family members are coming from different parts of the world. The itinerary is more complex and usually includes multiple destinations. They tend to travel far, which means time-zone and language differences are also more complicated for these travelers.

Skift: What are your largest source markets? Have you seen any changes in demographics over the past couple of years?

Teng: The number one market, globally, is the United States. About 40 percent of our global revenue is generated there. The UK is number two, but number three is always the most interesting spot to watch. For the last two years, it has been France. That's surprising to most people, but France has always been a big destination for us. Before that, Brazil was number three for three years. Before that, it was Germany. The number three spot is the one that seems to change, and it's an indication of some of the economic changes.

Skift: Have you seen any other changes whether it's the age of guests, how long they're traveling, or the kinds of travelers that book through Leading?

Teng: That's more of an evolution. Right now our core business is filled very much by baby boomers, but we are seeing younger and younger travelers becoming our customers. We really try not to categorize our customers. I see a lot of conversations about personalization, but I think a lot of the personalization conversations are really more about categorizing -- basically grouping people together and then treating them in a certain way.

I think personalization is really

about creating something just for one particular person in a particular instance. I see the mass categorization based on nationality, gender, purpose of travel, age and all that, but there's a lot more diversity within each categorization.

I know China, as an outbound market, is getting bigger for everyone and we're seeing that. Some companies have a term called "China ready." I think that is absolutely 180 degrees away from personalization. That's treating Chinese travelers as if they're all the same; therefore, if we give them these things then they will be happy.

You'll never see "China ready" at Leading Hotels, because a big part of why people come to us is to discover the local authentic culture that our hotels are known for. We don't want to change the product. What we want to see is "global ready" so that we are able to present ourselves in an authentic way to travelers regardless of where they're coming from. At the end of the day, I'm not thinking about the mass chain brand market. I think that that makes sense for them, but for us it's always going to be individually taken care of. We always present the product in a very authentic way so that people can learn about the culture.

Skift: What about competition? How has the competition changed, or has it increased at all with the other types of groups that do what you do, whether it's preferred hotel group or small luxury hotels of the world? Is there competition increasing in this space?

Teng: There's certain competition and I used to think of answering that question by saying there's three or four levels of competition. One is the competition for affiliation, in which case Preferred, Small Luxury, and even Four Seasons are the competitors.

After that, there are three levels of consumer-facing competition. One is when a consumer hasn't decided as to where to travel and we help our hotels compete at the destination. Once a consumer has decided where they want to go, then we help our hotels compete against other local hotels. When a con-

sumer has chosen a hotel, we compete as to how they book the reservation.

However, we have recently really shifted that thinking. Rather than looking at who do we compete against, we are really focused on who we compete for so it is completely focused on the target customer rather than what our competitors are doing. We want to gain tremendous insight into our consumers as to what they want, what makes them happy, and how do we deliver on that.

Skift: What about these big brands? Companies like Hilton, and Hyatt, and Marriott are also getting interested in the independent hotel space, launching collections like Autograph or Curio, during which they are creating these collections of independent hotels and people can book through them to kind of gain access. Is that a concern for you?

Teng: Not really. Curio was just recently launched and I don't think they're going to be in the luxury space. Autograph Collection was launched a couple of years ago, and they are clearly not in the luxury space. I was with Starwood's Luxury Collection back in the 1990s when it was created and we do compete with that.

Mass chain brands want to be many things to many people and it really works for them. If you look at brands, there are mass-market brands and there are intimate brands. There are brands which excite and there are brands that reduce risk. Both are important. I see the mass brands as the ones that really reduce risk. There's nothing exciting about staying at a Marriott, but there's certainly something safe and consistent about it.

That's not who we are. Our story is about discovery and about being different, local and authentic. We work very hard to be an intimate brand rather than a mass-market brand. It's not a statement of which is better, it's just they're very different. What's interesting though is seeing the mass-market brands migrating towards the individuality of hotels. For a long time they have been very successful, and I think a bit of what has made them success-

ful has now become the Achilles heel. Consumers are getting mass brand fatigue.

People used to carry logo accessories as a statement of who they are. There are still lots of people doing that, but many others are now more interested in the consumption for themselves rather than making a statement to others.

The chains are now saying that they're not cookie cutters, that their hotels are all very different, but there's very little credibility with consumers because for the longest time chain brands had been saying, "Come stay with us because we're consistent." Now a portion of their company is focusing into the independent.

I think that's just a lot of public company pressure. Arne Sorenson has been quoted saying that he wants to acquire or grow a brand every year. That's how Marriott is going to grow, because most of the market is already saturated with Courtyards and the different brands that they have. The way to grow the company is to keep adding brands, and an independently branded hotel is a market that they see has potential for them.

We're very different. We're a single segment, a single brand, a single purpose company. We don't do anything else. That's all that we do, and we want to be the best at it.

Skift: How have your marketing channels changed over the past few years? Which are the most important today?

Teng: Marketing, as far as communication in travel, has changed significantly in the last five to ten years. I've seen a significant decline in the print advertising, even though I think it's still important, and most people have gone to a digital approach.

Marketing is all about storytelling. I think that customers, with social media, are telling the stories today. Our brands can no longer think that they have control over how they tell the story. I see a lot of companies in the social media space with their brand Facebook page and tweets and all that. That's fine. That's a component of it. I think the

most important part of social media is what your customers are saying about you, not what you're saying about yourself. All of us have a lot to learn in terms of how to accomplish that. It's the old word-of-mouth. How do you get customers to talk about you?

Historically luxury hoteliers would produce great service and product and the consumer would come in and be impressed and all that. That's changed a lot. Today there's a lot more collaboration and co-creation with the customer. To me, there are two challenges in guest service as a result. One is that hoteliers have to learn how to service guests from the guests rather than saying, "Here's my standard and if I have standard then I have quality. Therefore, you should be happy." We have to look at each guest and say, "What is going to make them happy at that instant?"

The second part, I think, is not being practiced today. It's helping our guests learn how to get the most out of their stay. That's a very, very subtle approach. I think we have a lot of opportunities to educate the guests to really enjoy our hospitality to the most.

Skift: What do you think is driving this demand for independent hotels? Travelers are looking for more of these experiences. They want to access this type of stay. Do you have any insights into kind of what's driving that?

Teng: When quality is a concern, chain brands and their consistency provide assurance. When quality is no longer a concern, people want to discover and learn new things.

I always look at it this way. When we don't have much, we want what other people have. When we have pretty much everything we need, we want things that no one else has. Part of it is also the social media phenomena. Someone posts, "I stayed at the Four Seasons last night," and someone things, "Great, I was there for months ago." What's special about that? With bragging rights on social media, someone wants to feel like they discovered a place that no one in their social circle even knows about. They want to be in the know. It's about discovery and being on the leading edge of knowing.