

# Personalization and Authenticity: Hospitality Strategies for a New Definition of Luxury

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**Personalization and Authenticity:  
Hospitality Strategies for a New Definition of Luxury**

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### **Abstract**

Since luxury is the fastest growing travel segment, it is important to look into the main drivers of this trend. Luxury is changing its definition with changes in lifestyles of luxury traveler. One of the most important trends is the shift from conspicuous to inconspicuous consumption. In the ten previously recorded interviews with luxury hospitality leaders, which were analyzed with deductive coding, six main themes were identified: personalization, high-tech/high-touch, F&B, sustainability, HR, and health & wellness. The findings suggest that the heart of luxury hospitality operations are personalized experiences and relationships that brands establish with the guest.

**Keywords:** luxury hospitality, personalization, high-tech/high-touch, mindful luxury, sustainable luxury

## **Personalization and Authenticity: Hospitality Strategies for a New Definition of Luxury**

Luxury is a term commonly used in different contexts, even though its meaning is relative and there is no straightforward definition by which luxury is defined. Still, there are some generally accepted features attached to it (Ko et al, 2017). However, with the evolution of technology and accessibility of information, consumers evolved and so did the definition, interpretation and effect of luxury concepts.

Luxury consumer of today is not as obviously recognized as a luxury consumer of the nineteenth century. The new elite class of today does not engage in purchases of luxury goods and services for the purpose of displaying wealth or signaling the status; rather it finds internal motivation to purchase such goods that have high utility and indeed make their lives easier and more productive (Currid-Halkett, 2017). They are less likely to be recognized through visual appearance, as their whole lifestyle has been *casualized*. In addition to products and services, the new luxury consumer looks for authentic experiences of the local culture by making relationships with interesting locals which results in some kind of an intellectual or spiritual transformation. (Warren, 2019).

However, this paper does not only investigate the paradigm of renewed luxury concepts or lifestyles, but also brings the dimension of required business strategies as a response to the customers' needs and wants, which are not always apparent.

### **Defining Luxury**

Even though generally accepted definition of luxury cannot be established, certain codes that signal luxury have been commonly endorsed: high quality, rarity, premium price, aesthetics, heritage & story, power, design, scarcity etc. (Ko et al, 2017). Traditional luxury products

displayed marvelous craftsmanship and carried tangibility and materialism in their essence (Batat, 2017). Today a new redefined definition of luxury goes beyond the tangible, visible and social frames – it becomes more symbolic and emotional with the strong emphasis on experiential components that enable blurred boundaries between dreams and reality.

Obviously, the evolution of the meaning of luxury has followed with the changes in the market; what used to be considered rare and scarce now is economically and physically available to the mass (Currid-Halkett, 2017). On-site experiences which incorporate all six senses simultaneously appeared irreplaceable by any digital high-tech solution (Scholz, 2014). However, as a result of changing needs of buyers, luxury goods are now available online, even though due to the rarity component it was believed that this will never be the case.

Luxury brands have been radically redefined as a response to their customers' changing needs, values, and lifestyles. Apparently, some argue that there is no purpose in discovering a general definition of luxury; it should remain a private emotional state that is awakening in the process of experience co-creation within every touch point in the luxury hospitality industry (Batat, 2017).

### **Evolution of Luxury Consumer**

Veblen's traditional aristocratic elite, whose wealth was primarily inherited, was characterized by purposeless activities, excess or overall leisure and so called **conspicuous consumption** of materialistic goods with little or no utility, embraced just for the purpose of displaying status to others in the society (Batat, 2017; Currid-Hacklett, 2017). The new self-made *elite class* of today lives up the paradigm of **inconspicuous consumption**; they highly value education and hard work to enable upward mobility, implying that their wealth is indeed the result of both. They have a tendency to engage into activist behavior due to their environmental consciousness, and demonstrate **citizen-consumer hybrid** consumptions

where they act in their own self-interest while being responsible citizens (Johnston, 2008). What matters for them are no longer only product attributes, but the experience and thoughtful storytelling visually communicated by the brand. All those behavioral tendencies are applied in their travel decisions as well.

The new elite class shows an increasing tendency to engage into luxury travel experiences that could possibly transform them; and that is indeed where they search for the best solutions to make their lives more productive and qualitative (Roth et al, 2018). For the new aspirational class, travel experiences add to their **cultural capital** and enable them to see the world from many different angles, every of whom is unique to its physical location (Currid-Halkett, 2017). With the obvious shift in lifestyle patterns, higher consciousness of social welfare and increased need for overall wellbeing improvement; this new elite' expectations towards travel suppliers have significantly shifted (Roth et al, 2018). They seek for purpose and meaning behind each concept and expect components that will incorporate self-actualization practices to enable them to fulfill their own physical and mental potential while at the same time being interactive and authentic. Roth et al (2018) concluded that this type of travelers lives under the paradigm that „health is the new luxury“ and every activity that makes this paradigm vivid will be emotionally embraced and add to overall perceived value. The fact that time is the scarcest resource for high end travelers eventually influences their luxury experiences; family time is becoming essential for the elite class and they are willing to spend huge amounts of money just to make sure they receive a completely customized travel experience that will be the right fit for them (Sullivan, 2014). For them it is not about perfect, flawlessly designed travel package, but truly about genuine local culture embraced through relationships with people they meet on the ground that bring a completely new dimension to their expensively acquired knowledge. Indeed, their investments in travel have nothing to do with opulence, and absolutely everything with the enrichment of cultural

capital, emotional triggers and the idea of overall personal evolution incorporated under experiences in which boundaries between four zones of experience (education, entertainment, escapist and aesthetics) are completely blurred (Atwal & Williams, 2008).

### **Luxury Hospitality Industry**

Luxury travel industry has gone through incredible rise over the past few years; it has been anticipated that it is growing faster than overall travel what eventually resulted in many existing properties adjusting their offers to be more appealing for luxury consumers and many others being built from scratch to take the pace with extremely challenging but relatively stable market (Roth et al, 2018). Furthermore, it has been estimated that high net worth individuals from 2010 to 2016 grew in number for 52%, followed with their wealth which increased for 49% (Roth et al, 2018). This data shows that travel is high on a priority list for people who possess most financial resources, becoming so the essential and highly integrated part of their lifestyle. Undoubtedly, luxury hospitality industry has become highly complex and competitive, not only due to increase of supply of luxury brands, but also due to the constant change in consumer's values and lifestyles, particularly followed by technological evolution which is the enabler for seamless experience.

### ***Personalization***

Brant (2016), a Global Director of Guest Experience and Innovation for Dorchester Collection hotels, identified the necessity of implementing personalized practices in upper-scale lodging properties. There is some general etiquette when it comes to dealing with luxury consumers; smell, elegance and a firm smile have to be in place but in order to offer them so much desired special feel, there has to be more than just a typical standardized protocol. Standardization offered many businesses precision, ability to monitor and analyze and indeed reduce the subtractions on their balance sheets; however luxury guests expect a special

treatment, something that is specially designed only for them. Companies therefore need to resist the temptation of their operations being standardized according to generally displayed patterns of majority.

Roth et al (2018) defined personalization as a genuine interest in guest's lifestyle and preferences that add value to the brand but at the same time generate trust and eventually strengthen the relationship between a brand and a customer. Giving guests what they truly need and desire has become one of the toughest challenges in the hospitality industry; especially considering the fact that at the luxury level guests do not really tell what exactly they want but still expect something extraordinary to happen. Personalization can ensure that luxury hospitality businesses keep pace with the changing needs and wants of their customers by offering experiences that are the right fit for them. Recognizing that too strict standardization can only damage the business due to the speed of trends that shift in the market; agility to reinvent the business according to these changes becomes essential differentiator factor.

Gould (as cited in Terrero, 2014) introduced a slightly provocative and playful term: radical personalization in his intent to signalize how important personalized service is at The Atlantic Hotel & Spa. Their staff-to-guest ratio is 2 staff representatives on 1 guest room, which eventually signalizes that personal attention and relationship creation is highly emphasized over there. By conducting careful research about the guests even prior their arrival, they ensure that the experience they offer is not purely focused on materialistic amenities and design; rather it brings the local culture to the customer to the extent to which one might want to explore it. Davern (as cited in Terrero, 2014) though exemplified personalization practice; they have identified the increasing need for private suites mostly for family trips so they rebuild 10 rooms into one complex with the private park enriched with personal golf course and many other spa amenities. Truly, it is about recognizing changing needs of the customers



and offering individualized treatment. A great example comes from a hospitality giant, Four Seasons which as a response to risen awareness of importance of quality sleep enables its guests to personalize their sleeping experience by offering three types of signature beds diversified per their firmness; this gives guests completely personalized sleep ensuring that they get the energy they need and indeed feel at home (PR Newswire Association LLC, 2014).

Personalization is inevitable component of luxury hospitality operations; it a must that cannot be neglected. Whether it is about ensuring that guest gets what he needs it and when he needs it or about giving them the opportunity to co-create their experience it has to be implemented, since that is at least what these types of guests expect and they absolutely hate being let down.

### ***High-Tech and High-Touch***

Brant (2016) concluded that technology shall be deeply integrated within luxury hotel operations; not only to directly interact with guests but to create more interactive and appealing environment. Throughout her extensive research on guest experience, she stumbled upon interpreting guest's needs and wants through general measures such as mystery shoppers who carry certain set of standardized questions, which she apparently did not find sufficient to provide in-depth analysis of their guests' profile. So, she engaged in experiment with Metis, an algorithm that could analyze thousands of words and online content and eventually find out what are the strengths and weaknesses of hotel experience management; what is it that needs to be changed according to guests' needs – and truly that is what only mattered. Brant (2018) however realized that technology has the capacity to store big data and identify what could be improved, but still at the luxury level human capital and skills play inevitable role when discovering why and what to do about it.

High-tech has been primarily desired by luxury consumers in upscale hotels, considering the levels and ranges of software that are available to them in their homes; apparently they expect at least the same or even the higher level of technological advancement in their home away from home (Brochado et al, 2016). Technology is important not only to measure guests' behavior and capture their preferences but also to interact with those who keep-up with technological trends and want to enjoy the same convenience as usually.

Roth et al (2018) however signalized that even though technological connectivity is on rise and hospitality industry must respond to this trend, for luxury consumers who are truly concerned about their health and wellbeing, it is important to offer disconnection at some point; whether it is through offering „rest“ for cell phones while its owner enjoys spa treatments or significantly by designing phone counter where they can safely leave and charge their phone while sunbathing in the pool area it is a concept that should be considered in luxury operations design.

Even though there is a common prediction that artificial intelligence will replace human based jobs even in hospitality sector, considering the need for adding to their cultural capital, as discussed in Currid-Halkett (2017), *the new elite* does not only expect high-end technology but also wants personal attention and relationships, so it is quite unlikely that technology could completely replace humans in luxury hospitality industry. For Botanique Hotel & Spa, that relationship is based on mutual trust and discretion; they realized what their customers dislike about travel and hotels and completely closed this gap with their practices (organizewith chaos, 2017). They identified that their guests absolutely hate packing their luggage for vacation so they offer their staff to do it instead of them, iron their clothes and place it in their room wardrobe even before they arrive. The level of cultivated trust and integrity that allows for such private possessions to be touched and taken care of signalizes that luxury guests are willing to give up some of their privacy to enjoy the convenience and

emotional benefits they get out of such relationship. They are eager to return to their property not only due to its amenities and technological advancements it offers, but due to people they met over there who nurture their connection by being able to continuously update the guests portfolio of preferences and embrace it with their minds and souls. Apparently, luxury guests do not want to stay anonymous to the property, they are willing to be welcomed each time by the same staff member that does not look at them through their money but addresses them as friends or even family.

### ***Luxury Food and Beverage Operations***

Nutrition Journal published that alike in 1960 when between 88-95% of meals have been produced and consumed at home, this number dropped to 65-72% in 2007 (as cited in Tamarkin, 2017). This lifestyle switch resulted in many grocery stores being urged to adapt levels of their inventory as well as upgrade their offers; some of them have even become *grocerants*, offering both restaurant and retail services in the same premises. For the upper class, as a result of shortage of their time, unless if they consume labor intensive inconspicuous consumption in terms of home servants, data from 2015 shows that they spend „50% of their food budget on restaurants“ (Tamarkin, 2017). Therefore, fine dining outlets needed to adapt; from occasion-based stiff and classy to casual, informal and indeed educational institutions.

Experience economy has mainly shifted the way traditional marketing operated; the focus has been shifted from product characteristics to customers and their preferences and this eventually developed environment in which customers co-create value for themselves; meaning that they engage in the production process with service provider which becomes facilitator and educates customer about the process and its components (Sinnya, 2014). This practice has been introduced by many fine dining restaurants; with the emerging trend of open

kitchens and transparency, direct communication and engagement it aims for, the new elite shows increasing level of curiosity and a need for casualization of dining practices (Tuttle, 2012). These people do not come to restaurant just to feed themselves, they want education and involvement with back of the house processes (which apparently became front of the house) in the casual environment which approves spontaneous behavior and outfits.

Le Cordon Bleu identified exactly this experiential component among other four fine dining trends in 2019 (Le Cordon Bleu, n.d.). Apart from that, trend of healthy and organic food is emerging; the new social class aims to stabilize its health and wellbeing while ensuring that food they consume is in alignment with environmentally friendly practices. To satisfy their need for fulfilling citizen-consumer hybrid behavior where self-interest and social welfare are equally important, some restaurants have engaged with local producers where they both ensure organic production of their menu components and support local production offering authenticity to their consumers. Some fine dining outlets even donate food waste to those in need, showing the act of kindness, and empathy within the community.

It is important to note that luxury food & beverage operations are not as classy and stiff as they used to be, apparently they undergo the change like every other aspect of luxury hospitality industry emerging their consumers' social and environmental awareness, health & wellness patterns and increasing need for knowledge upgrade; all of that in completely casual friendly environment.

### ***Sustainability***

Marti & Durand (2019) defined sustainability in tourism as a sum of economic, environmental and social aspects eventually being translated through practices such as: promotion and support towards local production, protection of eco-systems (waste reduction, renewable energy sources etc.) and promotion of local culture and tradition. To prove they are actively

involved in some of these procedures, some hotels have come up with their own labels most of which usually come in a form of eco-constructions.

However, Tuppen argues that sustainability is not just an on-going trend; rather it is a must to ensure that every aspect of hospitality scape is on the top of the task (as cited in Brand, n.d.). Luxury hotels therefore as a part of their communal activity need to ensure that natural beauties they celebrate are preserved and not exploited, not only to ensure continuous demand but to support what their guests truly value – authentic experiences embedded into local culture combined with eco-friendly production of organic goods. Additionally, Tuppen implies that luxury travelers show high interest for local products and the story behind them; just knowing where the product comes from makes them trust the product while supporting the local community; and they indeed expect from their accommodation providers to give them the opportunity to do so.

Sustainability advocates preservation of environment, ensuring that the nature is mostly untouched and generally unchanged, but also that every piece of historical infrastructure is nurtured. Accordingly, as luxury consumers nowadays are more conscious about nature and environment (taking both self and social interest in account), 78% of them expects hotels to implement environmentally-friendly solutions in their operations (“The Quest For Sustainable Luxury”, 2019).

Bardessono Hotel & Spa in Napa Valley, California is an inspiring example how sustainability should be seamlessly embedded into hotel design (“Sustainable Luxury”, n.d.). Within their hotel salvaged trees have been used for ceiling and flooring; dining experience is empowered by plants that are grown in on-site organic garden while heating and cooling systems are based on underground geothermal water system. As pioneers of sustainable hotel

design, the hotel has been awarded as by LEED certificate, recognition of their sustainable basis which adds value to luxury guest experience.

### ***HR in Luxury Hospitality***

Human Resources role is inevitable for many jobs in many diverse industries; but it is absolutely crucial for hospitality industry. This is even more emphasized in the luxury hospitality, creating relationships and capturing data about guests' preferences and needs is crucial to personalize service and make the guest return over and over again (organizewith chaos, 2017; Brant, 2016). Relationships based on trust and loyalty are essential differentiators between luxury hospitality brands; reading guests' minds and unspoken needs is a highly desired human skill, therefore selection and recruiting HR processes at this level become even more challenging.

Godfrey (n.d.) argues that for success in luxury hospitality careers passion and creativity that derive from it are crucial. Embracing brand's DNA and values communicated through coded messages, and development of dreamful, right-sided brand capabilities is a must for those who want to master it. If those serving guests do not believe in brand and the story behind it, it is quite unexpected that guest would do so. In other words, luxury hospitality professionals are ambassadors of their brands; they do not only support brand's values within the walls of their premises, but carry their messages and values in their hearths in every other life context. To believe means to give more than required, and this is what differentiates those who are successful and those who just earn a salary.

Chiaruttini identified that the staff is the main differentiator between four and five star hotels (as cited in Tererro, 2014). In L' Hotel du Collectionneur they ensure that employees they hire understand the meaning of luxury in order to keep pace with changing needs of luxury clientele. Gould added that their team is responsible for guest analysis which enables them to

personalize the service. Additionally, they nurture relationships with local suppliers to make sure potentially interesting activities or supplies are available to their guests in case they desire them (as cited in Tererro, 2014). Kendall pointed out that the staff at The Carneros Inn has to be able to connect with their guests; find topics that might be of their guests' interest; apparently as ambassadors of their brand, they need to ensure that relationships they create appear genuine from the perspective of the guests, not synthetic in any way.

All of this implies the complexity that hotel management has to undergo when selecting and training their personnel. Apparently, more focused and detailed analysis of customer behavior is needed, as every one of them is treated individually. Cultivating relationships with their guests does not only ensure loyalty and eventually profits, but makes a hotel more sincere place, strengthens the brand and adds to increased levels of happiness and satisfaction; both for employees and guests. Therefore, careful observation of potential recruits is a must; without people who truly understand the paradigm of luxury and give commitment to the brand, hotels remain pure displays of luxurious amenities that underperform desired value.

### ***Health and Wellness***

Due to high level of stress and various mental disorders that are resulted from busy and stressful daily environment, there is an immerging need for mental wellness and mindful activities as a part of travel experiences (PR Newswire Association LLC, 2019). Virtuoso, a renewed travel agency specialized in luxury travel, revealed that travelers are looking for escapist travel experiences that incorporate wellness activities that help them disconnect, but they also look for long-term solutions on how to reduce level of stress once they leave the retreat. Among various activities the dominant ones are meditation, yoga, spa treatments, fresh and local cuisine and preferably outdoor activities. Among the biggest health and

wellness travel motivations the most frequent one is stress reduction, while others include relaxation, escapism, and mind/body transformation.

Asia is still a dominant wellness and health destination, together with USA, while emerging destinations are Croatia, Portugal and South Africa (PR Newswire Association LLC, 2019). Wellness resorts are vastly different from traditional resorts that offered spa and gym facilities (Betts et al., 2016).

### **Method**

In order to determine how luxury hospitality service providers have responded to changing needs of affluent travelers with their offer of personalized experiences, content analysis of ten previously recorded interviews with industry professionals was conducted. Interviews were conducted as part of the Luxury Service Excellence course by instructor Prof. Domagoj Nikolić and students. The interviewees are global industry leaders who were chosen based on their experience in luxury hospitality. Interviews were individual and semi-structured, where series of open-ended questions were developed in advance with some follow-up questions that had arose during the interview process (DiCicco-Bloom & Crabtree, 2006). Questions were not identical for every participant, but rather prepared and personalized based on their particular experience and expertise, after a background research was conducted.

**Deductive coding method** was used to interpret the *raw* data, more precisely thoughts and examples from the field that interviewees shared about a particular theme, if they mentioned it. Deductive coding is a qualitative data analysis method based on pre-defined frame which consists of usually five to ten categories that will be looked for in available data source (Linneberg & Korsgaard, 2019). Those categories are mostly theoretical terms significant for the particular research and are implied from the existing literature. Categories can be adjusted



in the coding process if a researcher feels they need to be split in more detailed aspects or empowered with additional category that arise from content analysis.

All 10 interviews were transcribed from video format to text, with the help of the appropriate YouTube features, and were subsequently analyzed based on the key categories, which were identified from the secondary research focused on specific aspects of luxury hospitality business strategies: **personalization, high-tech & high-touch, luxury food & beverage operations, HR in luxury hospitality, sustainability, and health & wellness.**

### **Interviewee sample**

Source sampling was done opportunistically by reaching into the content created for the Luxury Service Excellence class that I listened to in the Fall Semester of the Academic Year 2020/2021. The paper is focused on diversity of experiential knowledge collected from the luxury industry professionals who all have in common insightful career paths, which make them more homogenous sample when in regards to 6 categories observed in the paper. The purpose of the paper is not to bring generalized conclusions based on the big sample, but rather to give attention to quality of experiential data that these 10 industry professionals can provide to the audience.

Participants are the following:

1. Patricia Yeo – Executive Chef for Maslina Resort, Island of Hvar, Croatia
2. Zoran Pejović – Owner and GM for Maslina Resort, Island of Hvar, Croatia
3. Jan Albers – GM for The Chedi Luštica Bay, Montenegro
4. Alan Mandić – Owner and Founder of Secret Dalmatia luxury travel agency, Croatia
5. Miroslav Plišo – Founder and Director of Development for Meneghetti Winehotel & Winery, Bale, Croatia

6. Roko Palmić – GM for Ikador Luxury Boutique Hotel & Spa, Opatija, Croatia
7. Linden Pohland - Staff Accountant for Four Seasons Hualalai, Hawaii, USA
8. Ana Brant – Global Direct for Guest Experience and Innovation for Dorchester Collection, USA
9. Jelena Backović – Housekeeping Manager for the Carlyle, A Rosewood Hotel, New York, USA
10. Tomislav Hrala – Sales & Marketing Director for One & Only, Portonovi, Montenegro

## **Results**

6 categories identified based on the literature review were observed in the deductive coding process of 10 previously recorded interviews with luxury hospitality industry professionals.

### **Personalization**

Personal data, which should be constantly updated, helps prepare guest services in advance and avoid misconceptions, and create relationships with guests who, when feeling welcome and valued, become loyal to the brand. This leads to relationship marketing which is based on trust. The “prescriptive service standards” do not fit luxury the segment where “every guest wants to be treated as a unique human being” by setting individual standards that should be individually taken care of. This means that standardized protocols can make a luxury business successful to a point, but, for excellence, personal touch and approach towards guests is a must. Relationship of trust presents an exclusive opportunity to co-create unique personalized guest value through open communication of guest with highly knowledgeable staff, which can be done by advising guests depending on their preferences to ensure delightful experiences. Luxury travelers rely heavily on travel agents for advice on safety and security of destinations. Luxury was identified as service excellence in the Food & Beverage segment

where personalization happens by remembering guest and their previous orders, and introducing personalized mini bars.

### **High-tech & High-Touch**

The latest technology is broadly used by luxury travelers and it should also be implemented into luxury hospitality operations if it brings convenient solutions, simulates communication, guest engagement and purchasing decisions. For instance, mobile applications should be avoided since guests do not find them convenient, rather other smart solutions such as QR codes should be considered. Guests generally prefer instant messaging to gather information rather than traditional calling, and these technological solutions should be considered. Even though machine learning can easily capture the data and most of the hotel procedures can be automated, human decision making is still crucial “to connect the dots” and determine what to do with this data. There would be no luxury hotel without personal touch; forming long-lasting relationships and human connections that generate loyalty, since “hospitality is all about people”.

### **Luxury Food and Beverage Operations**

F&B is indicated as an important aspect of luxury hotel operations especially if it provides local culinary experience where techniques of food preparation are getting more sophisticated and internationalized while ingredients base is getting more locally focused. Local ingredients should be discovered, celebrated and integrated to fulfill the curiosities of luxury clientele. To be the best restaurant it takes the best location, the best staff, the best ingredients and the best equipment, all of that incorporated into one outlet, what does not always come naturally. Hotel brands nowadays escape from paradigm of “gloss service” fine dining atmosphere, by enabling guests to enjoy cooking shows where they can actually learn various cooking

techniques with the special set of prepackaged ingredients and professional assistance of knowledgeable chefs.

### **Sustainability**

Mass tourism's extremely destructive impact on environment, local quality of life and overall guest experience, should be replaced by various sustainable practices that preserve the natural beauties, regenerate energy, value local culture and people, and build up a natural settings that involve concepts which naturally fit the environment by carefully taking financial considerations into account. Sustainability is about authenticity, in relation to the local culture, destination or the brand. For most brands, it is about honestly representing cultural landmarks which, through responsible management, involve creating relationships with local people, who are an attractor, offering local food options grown in on-site organic gardens and hiring local people; all of that to match brand's storytelling and philosophy. Abundance characteristic for the traditional rich is replaced by mindfulness on the new affluent lifestyles.

### **HR in Luxury Hospitality**

Human resources, the single greatest asset, are crucial part of luxury hospitality industry which requires continuous training and education, background theoretical knowledge, and, on top of that, relentless perfection. Luxury hospitality is known to have the highest staff to guest ratio among all segments of hospitality, therefore hiring people who possess self-control, patience, emotional intelligence, understanding and empathy; and truthfully like building relationships with customers thereby knowing what to do with generated insights. At this level, creativity and curiosity are strongly encouraged, while general knowledge about other industries and deepened understanding of the philosophy of the luxury hospitality paradigm is a must.

## **Health & Wellness**

Luxury travelers of today are looking for relaxation and connections with nature, but also disconnections and detachments from the rest of the world. Hotel brands therefore offer various sport activities, such as golf courses, that simulate senses, encourage mindfulness and nurture health & wellbeing. Co-branding with spa specialists, medical teams, and special bio lite diets all deliberately improve human physical and mental state.

## **Discussion**

The main goal of the research was to inspect the impact of changing lifestyles and preferences of the new elite class on luxury hospitality business strategies and offer. Discussion section focuses on intriguing findings that are probably worth further research and analysis.

## **Personalization**

A crucial discovery in my research is that personalization is not only a result of collecting guest data prior to their arrival. In reality, it is a complex process that requires engagement from both sides: employees and guests mutually co-create personalized experiences through various service encounters and in different contexts depending on guest's psychological and emotional need for creating relationships.

Personalization is a result of extended relationships that staff creates with the guests. It is an investment of time where both sides need to be emotionally and operationally involved. Guests need to be willing to give up some of their privacy and personal data to experience transformational connections with the brand. Therefore, personalization is never a finished product because the brand provides an experiential platform that a guest co-creates together with the brand, vendors and other guests.

In my research I have come across intriguing practice by Burj Al Arab, one of the most luxurious iconic hotels, where as a part of guest experience a special welcome treatment is offered to every VIP guest, having the purpose to make them feel welcome and valued. The staff forms a line-up where every one of them holds a different symbol of hospitality; rose water and face towels, Arabic coffee and fragrance. This practice is absolutely dually authentic; first of all representing a local culture and destination itself, but then also authentic and special to the brand. However, it contains an intriguing paradox! How can we speak of personalization if every arriving guest is given the same treatment? This type of VIP welcome is designed on the assumption that every VIP guest wants the same and that this type of protocol would make everyone feel unique and special. But what about those guests who find it obnoxious, intrusive, and tiring or simply a waste of time?

We could now interpret this finding in a way that personalization is not necessarily in the focus of all luxury hotel brands or that radical personalization simply does not exist since every guest is provided with the same, standardized experience. However, personalization sometimes does not simply involve only unique individually-tailored practices, but also special signs of appreciation that serve as a base for making valuable relationships. In Burj al Arab, relationships with guests are absolutely the key given the fact that check-in is done through the process of escorting guest to his room. In any case, it is staff's task to recognize, understand and protect guest values and needs, and act accordingly in order to keep guest's privacy. Therefore, personalization cannot be forced upon the guest; it is a paradigm in which the brand does the initial step approaching the guest, but it is then guest's turn to respond and con-create experiential value for himself.

Another interesting perspective comes from redesigning hotel lobby area into a more lively and interactive type of space resembling a living room where guests would spend time, rather than that space serving only as a point of transaction. On this account, hotel staff can be

friendly co-creators of personalized guest experiences rather than technical transactional facilitators. Such staff needs to know how to spot a need and capture insights they get out of relationships with guests. Hotel companies must understand that these relationships are human and that staff is personally involved and when they leave, they not only take the guest knowledge with them, but they also take guest relationships. In this way, luxury brands must be cognizant that relationships cannot be institutionalized and they must invest financial and psychological resources into keeping and nurturing their staff long term.

This suggests that mindfulness needs to be an integral practice of hotel brands which should observe guest behavior and psychology constantly and accordingly come up with solutions for the purpose of creating more “personalizable” public areas. The quality of observational approach is in discovering non-verbal clues which sometimes may be completely unconscious. Additionally, a lot of hotel areas are built according to some prescribed standards from over a hundred years ago and are geared toward standardized services. This is not only related to public areas, but also to more private parts of the hotel. All of these spaces should be flexible enough to respond to the changing trends which shift rapidly and influence customer behavior and psychology. The key word is personalization. For example, brands may offer ability to guests to co-create their room design by choosing decorations, amenities and other equipment they might need during their stay. It is inevitable for brands to realize that behavior is a function of guests interacting with the environment; so public spaces should be designed to simulate open communication and interaction while private spaces should be private sanctuaries designed according to guest’s input.

### **High-tech/High-touch**

As technology advanced, many hotel brands became able to offer personalized treatments by capturing guest data and offering in-depth analysis of guest behavior. This does not

necessarily mean that hotel brand needs to come up with new technologies to enable personalization, since there are many technologies already available that can be implemented in hotel operations. Example in my research comes from car industry where some brands enable heating/cooling systems to be set up on desired temperatures remotely what enables customers to experience comfort temperatures once they reach their vehicles. This or similar practices have still not been implemented in hotel operations due to complexity of various systems in the back office operations. This implies that even in the upscale luxury hotels there is a room for improvement when it comes to remote control and construction processes for the direct benefit of guest experience. Guests see no value in solutions which do not necessarily bring improvement to their experience. Therefore, the only technological solutions that should be implemented are those that directly contribute to guest experience.

Additionally, technology is developing rapidly, but the base of hospitality industry remains a human being. My study suggests that virtual assistants frustrates luxury guests which underlines the notion that travelers want to be in the center and they do not want to give up that central spot to technology. Technology is absolutely crucial, but it is the high touch experiences of relationships with unique and knowledgeable human beings that add a special spirit to the brand. Another finding is that guests in most cases do not feel emotionally fulfilled when interacting with the technology. All of this implies that, even though Hilton and Marriot brands are radically introducing technology at all service levels from housekeeping to concierge, in the luxury segment such implementations would not result in positive outcomes.

Technology may simplify processes, exclude long waiting lines or be more efficient, but it cannot show understanding and empathy what is absolutely crucial in the luxury segment. The goal of the luxury hospitality is not for the service to remain simply on transactional level, but to transform into unique experiences that happen through communication. Therefore, it is not



likely that technology will become a major threat to human touch in the luxury hospitality in the years to come.

### **Health & Wellness**

Time is nowadays a luxury and many people lead stressed out, unhealthy and sedentary lifestyles, and looking for ways to disconnect from usual routines and reconnect with nature.

Luxury hotels are hence focusing on health, relaxation and mindfulness by bringing medical content to their properties. This finding shows that a role of a hotel has been radically redefined, from servicing a lodging facility with only few amenities to upscale concepts offering special treatments, such as healing, medicine, dietary prescriptions, yoga classes, meditation workshops, etc.

The industry will probably fully embrace these practices in the following period by helping travelers create better versions of themselves. This completely shifts the notion of travel as a purposeless pastime. Travel is becoming a necessity, basic human need satisfying health and cultural aspirations. This implies that health and wellness continue to be in the focus of high-end travel.

To enhance health & wellness experiences brands sometimes seek external partners with strong market presence and knowledge. Co-branding is a marketing and operational practice of brands which share same values and have similar customer base, by which they support each other and mutually exchange clients. Co-branding is a form of outsourcing of services for which the initial brand lacks mastery that can be compensated by partnering with another brand that has the knowledge and know-how. For example, One & Only Portonovi is co-branding with a high-end spa brand Chenot which combines traditional Chinese medicine and modern technology to offer Chinese medicine including personalized consultations.

## Marketing & Social media

The major trend powered by the internet is that many destinations have become bucket list travel places that customers need to tick off. The positive side of this trend is that it increases popularity of the destination, but the downside is that it sinks it into the grayness of mass tourism, which has negative repercussions on quality. Simultaneously, luxury travel agents have observed a decrease of curiosity and increase in superficiality in the luxury segments, which is particularly acute in part younger generations that is vulnerable to the exposure to often superficial influencers. Travelers nowadays come to the destination with expectations formed in the virtual context and they want to live up those expectations, without truly questioning their own interests and putting them in the center. The issue that arises from this is that every corner of destination loses its value, and there are almost no secret locations anymore. This impact of social media on designing travel experiences opens a set of futuristic questions. If *Instagrammable* locations are the primary focus of travelers and their only goal is to reach them without being immersed into feeling of the destination, the question is whether personalization of travel experience will become off-trend in the close future. If travelers seek only discovered mainstream locations, there is no purpose in finding those that would exactly fit their own needs and wants, since this is not what they are personally trying to get out of travel. It is questionable whether the whole paradigm of personalization is sustainable or digital world will bring us all back to standardization and *mainstreamism*. How to expect that the industry will be customer centric, if that is not its customers want the mainstream? Social media threatens the authenticity of destinations that are at threat of becoming less authentic than they used to be.

On the other hand, digital world brings enormous advancement to the world of marketing; it enables a global reach, provides opportunities to education of the customer who in such process attracted. My research suggests that in the process of building a new luxury

destination, it is crucial to attract international brands which already have strong market presence so they can help the destination's branding and with attracting their loyal customers through their marketing.

### **Sustainability**

Many would wonder how sustainability, which is associated with saving, recycling, and natural and cultural preservation fits into luxury context, primarily associated with opulence, abundance and excess of everything. The answer brings us back to the self-made affluent consumers who are more knowledgeable and aware of environmental issues and spend their money on goods and service which could possibly help fix them. When it comes to travel, new luxury travelers not only expect eco-friendly solutions in hotels, they also look whether a particular brand provides a local experience that will enable them to experience the culture of the destination.

Sustainability is nowadays viewed as a trend in many industries, even though it should be perceived as a long-term strategy. In reality, it is only a fancy word for responsible management where the context of each brand or destination should be taken into the account. Having said this, generalized global sustainability standards may not be applicable in every context and destination. Authentic brands will exemplify responsible behavior in supporting local cultures and communities by providing the locals the opportunity to work, supporting local supply chain and growing local produce to enhance culinary experience. On the other hand, financial aspect cannot be neglected. Solutions brought to support environment should also support the financial performance of the brand. If developing 100% organic solution that has shelf life of 7 days reflects negatively on the bottom line, the brand seeks the second-best option; it becomes slightly less eco-friendly and slightly more business-friendly and this is how balance between the two should be considered.

Additionally, The Chedi Luštica Bay, aside from offering hotel experience, is building a whole destination from scratch while preserving the natural ecosystem. Everything they create naturally and contextually fits the environment, from the color of shutters to the plants. Although a new community is being built, it is done responsibly with the local environment, culture and nature in mind, which in turn creates more authentic guest experience, and more value both for the customer and the brand.

## **F&B**

The tendency towards localism is also observed within F&B offer. Luxury travelers love tasting local food and hearing stories about its history of production. Local food implies fresh and locally grown ingredients to be found in the menu with the emphasis on quality. Technology empowers the advancing cooking techniques, while the ingredients base is shifting inwards to locally produced and grown produces.

Transparency is exemplified in the concept of open kitchen restaurants engaging customers in the process of food preparation. Chefs are no longer hidden personas working behind the scenes, but becoming performers on the stage that entertain and educate the guests. Chefs can also lead interesting cooking classes and show that also be conducted remotely, by connecting online and teaching customers how to cook with pre-shipped ingredients. In this context, cooked meal is not the intended product of the experience, but only an auxiliary byproduct. In fact, the product is the customer that undergoes a process of transformation.

## **Limitations**

The limitation of this study is that only ten interviews were analyzed which may be insufficient to make all rounded conclusions on something as complex as luxury travel. Furthermore, qualitative research inevitably involves a degree of subjectivity and personal judgment in organizing content and analysis. These judgment calls depend on researcher's

capabilities, understanding of the topics, but also on level of concentration and involvement in the process.

Another limitation was that the interviews were unstructured. However, in this type of research, it would not make sense to ask the interviewees the same set of questions, because of their different expertise, backgrounds and operating contexts. We believe that every qualitative research has a specific context and a degree of subjectivity which is an inherent part of the experience of being human.

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