THE STRATEGIC IMPORTANCE OF AFFILIATION WITH LIFESTYLE CONSORTIA FOR SMALL AND MEDIUM-SIZED INDEPENDENT HOTELS

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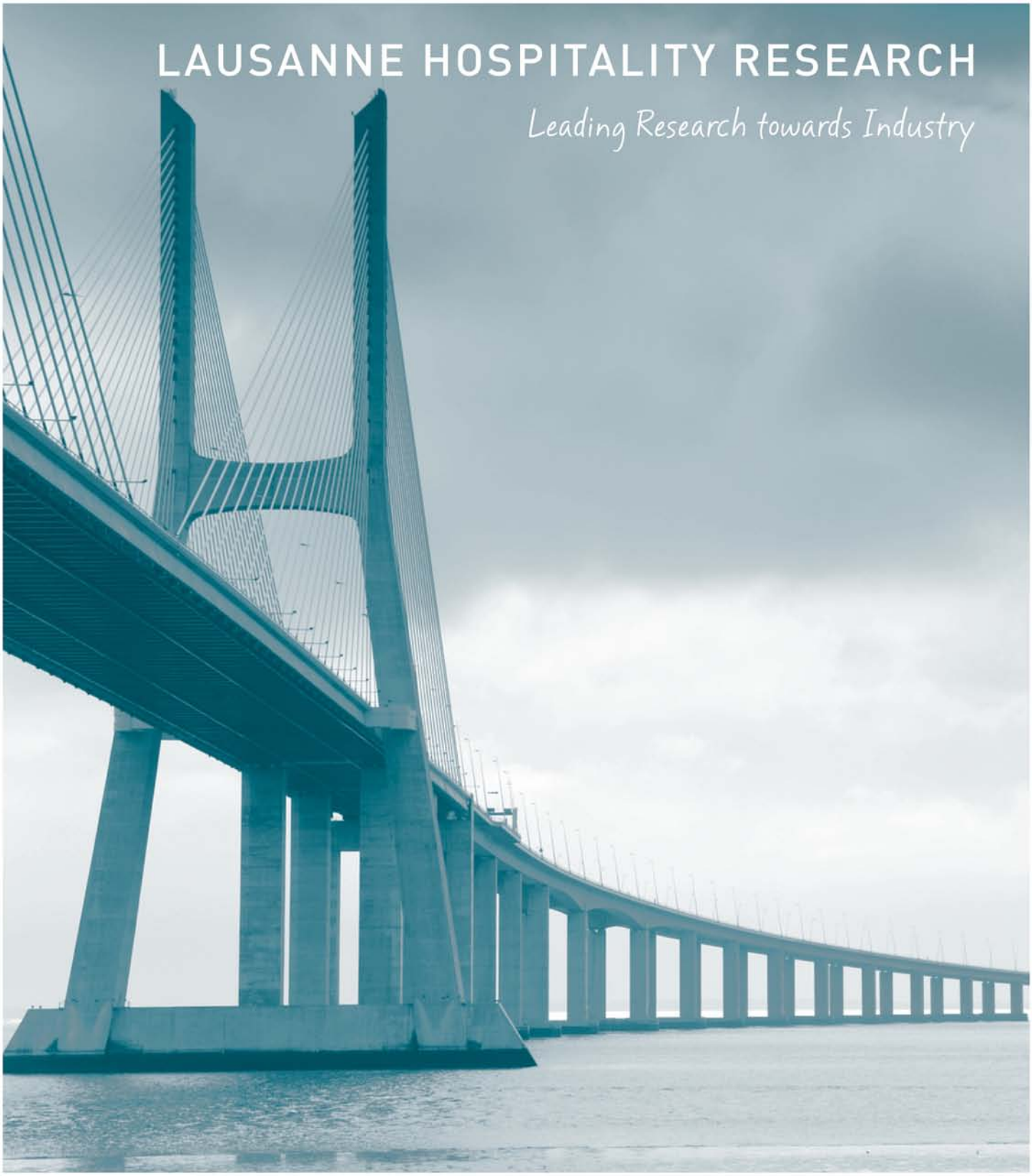

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Haute Ecole Spécialisée de Suisse occidentale
Fachhochschule Westschweiz
University of Applied Sciences Western Switzerland

HAUTE ÉCOLE DE GESTION (HEG) DE FRIBOURG
HOCHSCHULE FÜR WIRTSCHAFT (HSW) FREIBURG
SCHOOL OF BUSINESS ADMINISTRATION

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REQUERANT PRINCIPAL

Sonja Holverson, professeur

Karolin Holverson, professeur

Andrew Mungall, professeur

Adriana Centeno, collaboratrice scientifique

ECOLE HÔTELIERE DE LAUSANNE

Lausanne Hospitality Research (LHR)

Le Chalet-à-Gobet

Case postale 37

1000 Lausanne 25

Tél.: 021-785.13.26

Fax : 021-785.13.25.

www.ehl.ch

PARTENAIRE ACADEMIQUE

Jean-Daniel Rolle, professeur

HAUTE ECOLE DE GESTION

DE FRIBOURG

Chemin du Musée, 4

1700 Fribourg

Tél.: 026-429.63.70.

Fax : 026-429.63.75

www.heig-fr.ch

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THE STRATEGIC IMPORTANCE OF AFFILIATION WITH LIFESTYLE CONSORTIA FOR SMALL AND MEDIUM-SIZED INDEPDENDENT HOTELS

By Sonja Holverson, Karolin Kokaz, Andrew Mungall, ECOLE HOTELIERE DE LAUSANNE

ABSTRACT

Facing rapidly changing customer behaviour that includes demanding unique and stimulating accommodation experiences in an aesthetically interesting environment, small and medium-sized (SME) hotels are taking the "boutique" concept a step further and are offering "lifestyle" experiences to satisfy this growing market. However, as with all SME independent hotels which make up the largest part of the European fragmented hospitality industry especially in Switzerland, brand awareness and distribution are challenges in an increasingly competitive business where even the large hotel chains are creating "lifestyle" brands. One solution for SME "lifestyle" hotels may be affiliation with consortia specialising in this segment. Despite the accelerated growth of "lifestyle" consortia, there is little research to show if their hotel members are receiving the services that they need or if there are other services required. This exploratory study examines the added value or disadvantages of membership of SME "lifestyle" hotels in specialised "lifestyle" hotel consortia and the alignment of the consortia offer with the demand. The offers of 10 "lifestyle" consortia are analysed and 100 "lifestyle" hotels responded to a questionnaire that is analyzed qualitatively by content categorisation and quantitatively using SPSS testing for significant relationships.

It has been concluded that most "lifestyle" hotels have similar needs as regards to specialised consortia membership. The main reasons for selecting their current affiliations include branding, "fit" with the consortia values and positioning, global distribution, and targeted promotions. The most valued services for the hotels are international reach, brand recognition, incremental bookings and specialised marketing. Many are dissatisfied with high annual fees that are perceived as unjustified and with the rapid growth of the consortia, which some believe reduces the level of individualised service. The majority of hotels report improvement in their performance since joining these affiliations, particularly in positioning, which implies that many of the consortia offers are in alignment with the hotel requirements. However, there are improvements to be made as reported by the hotels, which often need to belong to more than one consortium in order to fulfill all of their requirements. The hotels surveyed also give their opinions as to what constitutes the "ideal lifestyle" consortium.

Recommendations provided for the "lifestyle" consortia include a review of their fee structures and their level of personalised service as well as continuing their value added components which have been identified by their current member hotels. For the member hotels or potential member hotels, recommendations include criteria for selecting "lifestyle" consortia such as "fit" with the consortia philosophy, consortia size, cost effectiveness, personalised service, specialised marketing, global distribution, brand awareness and clear positioning and targeting.

Key words: SME hotels, consortia, affiliation, lifestyle, design, boutique

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INTRODUCTION

The worldwide hotel industry is becoming increasingly more competitive for various environmental reasons such as room supply growth, economic downturns, political tensions restricting travel, consolidation of large hotel groups, and more sophisticated, better educated and demanding customers who have access to the latest technology. The penetration of large hotel groups with enormous resources in order to attract customers and to remain financially stable has been increasing in Europe, which is disconcerting to small and medium-sized (SME) hotels.

Switzerland has only 467 hotel establishments out of 4'967 hotels with over 100 beds, which is only 9.4% of the total capacity (Swiss Tourism, 2007). Even though large hotel groups and regional chains are also growing in Switzerland, it is still dominated by SME independent hotels, many of which have been struggling with performance, such as occupancy with an annual average of 50.1% in 2006 (Swiss Tourism, 2007). While the current overall demand is excellent for many hoteliers and the outlook is good for 2008 for Swiss hoteliers, many are being cautious with talk of a possible recession, a situation in which hospitality is the first sector to suffer with reduced demand and a tariff war (Koch, 2008). This would imply a need for long-term strategic decisions for Swiss SME independent hotels since 2009 is already viewed as less certain and hotels with less than 45 rooms are usually much more impacted by the economic situation than certain large hotels (Koch, 2008).

Since Swiss SME hotels already have an international reputation for high quality and exceptional locations, many are in a unique position to consider alternative lifestyle offers to a new rapidly growing market segment as a means to improve performance and achieve their entrepreneurial objectives. In addition to creating clearer differentiation, which is often lacking in SME hotels, strategic partnerships could be formulated in order to compete with the larger hotel groups.

Lifestyle and design-led specialised consortia may be the ideal solution for many of the Swiss SME hotels but no significant research has been done on this particular subject nor academic articles written which would be essential for the hotels in order to make the best possible strategic decisions before engaging in a contractual agreement. As the number and types of consortia grow along with other new business models of Internet reservation companies, the sector becomes more complex and it is more difficult for SME independent hotels to know if they have partnered with the most appropriate company as this could have strong implications on their performance, their image, and their sustainability.

As more and more travellers seek specialised offers, there could be a demand for more lifestyle hotel consortia companies or larger consortia companies in order to partner with SME lifestyle hotels and serve this expanding market. To do this, specialised consortia also need to know more about their hotel members and their business needs as well as a profile of their guests. Investigating and benchmarking this niche market globally through researching the lifestyle hotels' requirements and the current offers of the lifestyle consortia would be beneficial to Swiss SME hotels. This research aims to identify relevant criteria for strategic decision-making by Swiss SME independent hotels in selecting specialised consortia before making financial investments. Furthermore, this research should be valuable for the specialised "lifestyle" consortia enabling them to improve their offer to SME lifestyle independent hotels. Identifying possible areas of improvement could also assist existing or new Swiss hotel consortia to consider effectively targeting this new lifestyle market, making a further contribution to the Swiss tourism industry.

LITERATURE REVIEW

Definitions

Consortia Definition

The term" consortium" is defined as "a group of companies which work together" (Collin, 1998), such as independent hotels cooperating with each other or partnering with third party companies. The idea of independent hotels cooperating to assist each other is not new. It began in the 1920s (Margolies, 1999) with hotels "referring" to each other when travellers passed through. This created the idea of hotel referral groups which became increasingly more sophisticated, specialized and global. Counteracting the power of the large hotel chains, these consortia have grouped in order to obtain economies of scale, benefits of mass purchasing, and marketing strength (Holloway and Taylor, 2006). Many of the groups formed as non profit co-operations such as Best Western but then later developed into profit-making companies such as Leading Hotels of the World. The distinction between consortia and hard branded hotel chains is less clear these days with both organizations offering hotels many of the same services such as Internet and/or GDS distribution, marketing services, brand affiliation, revenue management, and in some cases financial assistance (Holverson and Revaz, 2006). Themed consortia are being developed to market their hotel members more effectively, taking a niche approach. A few examples of such consortia are Small Luxury Hotels which have very high-standards and are highly personalized, Grand Heritage Hotels which are historical prestigious hotels (Halloway and Taylor, 2006) as well as Design Hotels and Epoque Hotels, both specializing in design and contemporary lifestyles.

Lifestyle Hotels Definition

The word "lifestyle", in its general sense, concerns the living patterns of all people: "the particular attitudes, habits, or behaviour associated with an individual or group" (Colin, 1998). The focus of this paper, however, is more on an "alternative" lifestyle, i.e. an unusual (or different) way of life. Hotels with "unique or sophisticated and innovative characteristics" are referred to as boutique, design, or lifestyle hotels (Freund de Klumbis and Munsters, 2006).

PricewaterhouseCoopers use the term "lifestyle" as an umbrella to refer to an "eclectic range of properties from luxury townhouses […] and traditional boutique to contemporary designer hotels with an 'explicit lifestyle orientation '" (Milburn, Stotts, Hall, 2006. p.2). Peter Tyrie, CEO of Eton Town House hotels comments: "Lifestyle normally means modern design and frankly hotels through the ages have been trendsetters in design! So it's not new, but it's portrayed as being something 'new' (Milburn, Stotts, and Hall, 2006, p. 6). According to Robinson (2006), design is an art which is based on colours, patterns, and shapes. He adds that design creates a sense of harmony for the eye as well as the body. However, Milburn and Hall (2005) describe a lifestyle hotel as going beyond simply modern design.

Essential Features of a lifestyle hotel (Milburn, and Hall, 2005)

- Individual and contemporary character
- Smaller properties
- High levels of personal service
- Reflective of the personally/style of their designers and/or operators and owners
- Stylish, carefully designed buildings and interiors, often offering high-quality high-tech in-room facilities.

According to Milburn, Stotts, and Hall (2006: 2), "what really differentiates them is their overriding ability to feel special and exclusive, and to give today's consumers a warm sense of personal belonging."

Lifestyle hotels do not necessarily imply "luxury". Today "luxury" and "prestige" are less part of the criteria and travelers are now seeking products that "speak to us as individuals and enhance our quality of life" (Sendlinger, 2005c) Examples of growing mid-range "lifestyle" hotels include new brands such as Dakota, Abode, Quest, Big Sleep, and Yotel which are opening around the world. This could be most

interesting for the Swiss Market as the majority of Swiss hotels position themselves in the mid-market segment with 3-4 stars (Plaz, 2007). Even the concept of "cheap chic" is becoming well-known (Balmer, 2007). "We are now seeing this exclusivity coming within the reach of 'ordinary' people, not just the rich and famous" (Milburn, and Hall, 2005: 2.). With design available to a broader market, the definition of "design" appears to be distancing itself from the elite. (Fairs, 2004). PricewaterhouseCoopers include luxury, mid-market and the newer budget segment in their definition but clarify that "lifestyle" hotels tend to be "small, contemporary and specialised." This lifestyle hotel model mostly uses smaller public areas, has fewer leisure facilities' and less food service which can make it quite cost effective. (Milburn, Stotts, and Hall, 2006: 8)

The meanings of such terms as boutique, hip, design are changing and evolving in the hotel industry. "Boutique" hotels, for example, were previously perceived as only hotels that did not exceed 150 rooms so that the customer can connect with the staff and surroundings (Anhar, 2001, p.1), but this is no longer the case. Ian Schrager's early "boutique" hotels, the Paramount Hotel, has 594 rooms and the Henry Hudson hotel, has 821 rooms. Schrager defined boutique as an "approach and attitude" and not hotel size (Anhar, 2001, p. 1). Although Ian Schrager has been characterised as having an empire of hip hotels, this is a term that he apparently dislikes: "…you know I hate the word "hip", I like the word "subversive" (Overlook, 2007:1). He continues "The idea is to do something contrary, something that violates the status quo, and as long as it is well-executed it works. If it's not well executed, then it's just trendy" (Overlook, 2007:1).

For the purpose of this study, lifestyle hotels are defined as contemporary, non-traditional, design and experience-led hotels which attempt to enrich the lives of their guests seeking unique accommodation experiences.

Changing Customer Behaviour

In the hospitality industry, there is increasing evidence of rapidly changing traveller behaviour with new accommodation preferences. As late as 1991, the majority of travellers were still categorized in the mass market. Stanley Plog characterized all travellers on his famous bell curve scale ranging from a low number of *psychocentric* travellers (insecure, anxious persons seeking familiar and safe destinations), to a very large number of *midcentric* travellers (persons who want some variety but comfortable destinations that are not too exotic), to the other extreme, a very low number of *allocentric* travellers who are self-confident, individualistic and adventurous (Plog, 1991). What we are seeing today is a clear shift to the *allocentric* traveller. Just as people's everyday lifestyles are rapidly changing so are their vacation styles, (Theobald, 1998) which demonstrate a diversity of motivations, aspirations, attitudes, emotions and personal criteria considered in the selection of vastly different leisure experiences.

Today, the hotel guest is more seasoned, sophisticated, knowledgeable and demanding (Kotler, 2006). Claus Sendlinger, founder of *Design Hotels*, a consortium for unique design-led properties, describes the modern traveller as more individualistic, mobile, self-educated, interested in spirituality, well-being and sustainability who demands personalisation and authenticity (Sendlinger, 2005a). He adds that novelty and aesthetics are critically important for many guests but so are comfort and some form of relationship with the local surroundings.

Reasons for Change

There are many driving forces including demographics (Freund de Klumbis and Munsters, 2005) that contribute to the individualistic and demanding behaviour of today's travellers who are seeking a vaster array of personal experiences and products. Family structures have radically changed with more single people, childless couples, couples with fewer children, single parents, (Irwin, 2000), and gay couples (Dignan and Pomfret, 2005) which have resulted in a variety of new markets and new travel patterns. Today, age is a less important variable. The older generations who have more discretionary income than previous generations are in better health and ready to travel the world independently and in many different ways (Fleischer and Pizam, 2002). Women who have entered the professional arena with or without children are travelling more and also have more personal disposable income. Europe has identified a growth in the "older, more experienced female traveller" (Jeffery, 2005).

Moreover, this growing fragmented market which implies the need for personalisation and unique hospitality experiences is not limited to the Western world travellers. Culture has always been a major factor in choosing either an individualist or collective mode of travel. North Americans and Europeans have been venturing off by themselves for some time while the Japanese, on the other hand, with a more collectivism-oriented society, have traditionally preferred to travel in groups. However, this is no longer always the case as the Japanese individual emerges as more sophisticated and experienced: a segment in which independent travel increased from 20% in 2000 to 45% in 2004, showing more interest in experiencing the lifestyles of local people than visiting monuments en masse (Jeffery, 2005). This implies new types of geographic markets for SME hotels which were not previously considered due to the hotel's limited size.

In addition to being a more widely-travelled world population, superior levels of education (Freund de Klumbis and Munsters, 2005) in developing countries have created travellers who want many different types of learning experiences and cultural activities rather than just remaining passive on a tropical beach. Many individualists who are tired of the more homogenous and traditional accommodations, are looking for city breaks or longer holidays or business trips prefer staying at "urban chic", "lifestyle", "design" and "hip" establishments. These types of hotels are "mushrooming" worldwide as a result of a growing renewed interest in the avant-garde and the unique (Sendlinger, 2005a).

The search for the unusual and personally appropriate is now technologically facilitated through the Internet with unlimited information once accessible only from travel professionals and government tourist offices as well as instant reservation confirmation for a vast variety of customized experiences. With Europe seeing a shift from demand for package tours to independent travel, there is a natural move to use the Internet and to book online (Jeffery, 2005).

The Abundance of Hospitality Offers

The development of what has been termed "the experience economy", i.e., engaging customers in a memorable and in a non-commodity way (Pine II and Gilmore, 1999) has led to the creation of vast and unique choices for the modern traveller. The hospitality industry has been offering a plethora of original and creative products that would appeal to individual interests and tempt the most loyal client to chain hotel to be more personally taken care of. No longer content to sleep in anonymous accommodations, today's hotel guests have unlimited choices such as the Poseidon in the Bahamas, the world's first sea floor resort or an Arctic experience in the Snow Dome of Dubai. The luxurious but temporary ice hotels are now competing with sleeping in igloos under the Northern Lights. Urbanites are seeking escape and personal encounters with farmers and ranchers in agri-tourism lodgings and on dude ranches. Hôtels de charme, historical inns, châteaux, paradores of Spain, pousadas of Portugal, "hip" hotels, "design" hotels and even monasteries, all call out to the modern traveller.

These lodging alternatives offer the self-realization and self-expression that hotel guests are seeking today (Freund de Klumbis and Munsters, 2005). Health spas are starting to cater specifically to stressed children, and adults are demanding their own gender-specific products such as the Lady's First Design Hotel in Zurich or the Chopard Ladies Floor and the H2O Male spa which are both in the Jumeirah Emirates Towers in Dubai.

In a desire not to be left out of new niche markets, fashion designers such as Bulgari, Giorgio Armani, and Versace are going into the hotel business. Some designers like the Ferragamo family, have been pampering individuals in Florence for some time. Furthermore, even the giant standardised hotels are trying to benefit from the growth of the experience economy with their versions of "lifestyle" hotels such as *So* by Sofitel, Global Hyatt's *Indigo* and *Andaz*, Starwood's *W*, *Luxury Collection* and new brand, *aloft*. After failing to come to an agreement with Cerruti, Rezidor SAS Hospitality answers guests' demands by partnering with the Italian fashion house Missoni in order to develop and operate a worldwide lifestyle hotel.

Smaller hotel groups with more resources than independent hotels have also been growing in response to the alternative lodgings trend and compete with the traditional SME hotels. Such companies include

Kimpton, Joie de Vivre, Orient Express, Sorat, Morgans Hotel Group (formerly Ian Schrager) and Philippe Starck, a renowned French designer, who will be creating his own hotel group in partnership with Geneva company F6 (Knable, 2006).

As with the hotel industry in general in the Western parts of the world, the lifestyle hotel market is becoming more competitive (Milburn and Hall, 2005). This implies a recognition of the importance for hotels to focus on their differentiation in unique and contemporary ways and to be clear about their positioning.

Experiences to Lead the Way

Pine II and Gilmore advocate that companies today engage the five senses in product design and stage compelling experiences although this requires a certain mastery of an art form. "But those companies which figure out how to design experiences that are compelling, engaging, memorable – and rich – will be the ones leading the way into the emerging Experience Economy." (Pine II and Gilmore, p. 61)

Seeking something stylistically different and highly personalised does not appear to be just a fad led by a temporary niche market currently aiming at fulfilling its needs. Studies predict that, over the next five years, 85% of newly-built hotels in Europe will be considered "design" or "boutique" hotels (Sendlinger, 2005b). This could be a message for existing properties with a potential for and interest in becoming "lifestyle". For customers, "having experiences is becoming more important than owning objects and in this new environment lifestyle hotels have become winners." (Milburn and Hall, 2005:1).

A traditional lack of differentiation between hospitality products and the resulting standardisation, commoditization and uniformity of the product components has resulted in what has been referred to as the *box hotel* concept (Freund de Klumbis and Munsters, 2005). Ian Schrager, a pioneer in the "boutique" hotel business beginning in 1984 (Freund de Klumbis and Munsters, 2005) was reacting to an opinion trend against the cookie-cutter hotel and created what he termed the "non-hotel" Although smaller, these new types of lifestyle hotel group players in the industry are contributing to an already highly competitive market dominated by large consolidated international hotel chains with enormous resources making it even more challenging for SME independent hotels.

Niche market Demand

Hotel companies, both small and large, are aware that today's hotel guests are sensitive and motivated by good design. Although "products and services are evaluated with our left-brain for attributes such as price and usefulness, we increasingly also look for right-brain qualities such as emotion, meaning, look, and feel." (Robinson, 2006:1). Robinson continues to claim that "good design is good business…but it's been a long, slow process and some hotel owners are still reluctant to invest in anything beyond minimal design." Previously people described a hotel stay by bringing up its convenient location, excellent service, or spectacular views. Today, travellers discuss hotels in terms of their design and "hoteliers are using design to differentiate themselves from the competition, to attract a more affluent, socially-active client, and to create word-of-mouth buzz." (Robinson, 2006:1). According to Rolf Freitag, President and CEO of IPK International "other characteristics of the changing market include a stronger focus on hospitality, authenticity and tradition, as well as increasing demand for uniqueness, individuality, nature-based tourism and sustainability" (15th World Travel Monitor Forum, 2008:1). Milburn and Hall report that "The secret of lifestyle hotels' popularity is simple: they are in tune with the needs of the new, complex consumer." (Milburn and Hall, 2005:1). This popularity of lifestyle hotels reflects "aspects of the desire for the aspirational as well as wanting to "feel special'" (Milburn and Hall, 1005:2). Milburn and Hall further claim that many of the hotels become a"destination" in itself. According to PriceWaterHouseCoopers the lifestyle segment has grown 5.9% between 2005 and 2006 (Milburn, Stotts, and Hall, 2006)

Characteristics of SME independent Hotels

In Europe, there are two independent hotels for every hotel chain (Caterer and Hotelkeeper, 2005) and therefore, constitute an important part of the industry. Characteristically, these hotels have owners who want to be directly involved in the management of their property and to remain independent as well as achieve their personal objectives. SME hotels need to be more strategic in their competitive arena (Beaver and Prince, 2004). They lack economies of scale, instant online reservation technology which is expected by the customer, marketing resources, and usually have weak brand recognition (Holverson and Revaz, 2006).

On the other hand, by nature, SME hotels have many advantages over large hotel groups and provide a more personalised service interaction for customers (Main, 2001) in a secure, intimate environment. Allan Kronberg of Boutique Hotels reports, "With everything going on, people look for safety and privacy in smaller properties. The boutique property fits that bill." (Wolff, 2003: 23). SME hotels are also innately more flexible than large hotels, which makes them conducive to accommodating rapidly-changing customer preferences. Sendlinger proposes hotels to "be nimble and personal". Brands are growing, slowing their respective decision-making process (Wolff, 2003:23). With their passion for hospitality, SME independent hotels could benefit from these advantages, with design-led offers to satisfy the new modern guests' demands. Many SME hotels are too similar and not differentiated enough in their competitive arenas. To appeal to the many niche variety-seeking markets that are emerging, could be an alternative for SME hotels, especially when located in exceptionally beautiful destinations such as Switzerland. However, according to Sendlinger, (2005b:2), "the most important thing now is being able to look at who is behind the property, the owner's philosophy, if the vision matches the design and if the people working in the property can execute it."

Lifestyle as an Option for Swiss Hotels

The current growing demand for luxury and budget hotels in Switzerland (Plaz, 2007), leaves the mid-market properties (3-4 stars - Plaz), the largest segment in the country, struggling. Positioning the mid-market hotel segment is challenging. Some experts advise hoteliers to specialize for one customer segment and others propose catering to many different targeted groups by offering multi-products. Plaz recommends specialisation but for several segments that are compatible (Plaz, 2007). It has been seen from the above that there is a mid-market for lifestyle hotels that could be considered by Swiss hotels which attract a variety of target segments. Recognizing this new demand for design, innovative accommodations, and personalised hospitality experience, Suisse Tourisme has created a brochure "Design and Lifestyle Hotels" that include 31 3-4 star Swiss hotels (Halaba, 2008 b).

Because the lifestyle hotel model mostly uses smaller public areas, has fewer leisure facilities' and less food service which implies fewer staff, it can be more flexible and cost effective (Milburn, Stotts, Hall, 2006).

Search for Strategic Solutions for SME independent hotels through Consortia

No matter how attractive and well delivered the offer is, SME hotels have a need for expert marketing and well-targeted distribution in a global competitive environment. Partnerships and strategic alliances including hotel marketing consortia have been recommended for small hotels by academics and practitioners in order to compete with today's large consolidation hotel groups (Morrison, 1994). Hotel marketing consortia can be an ideal partnership for SME hotels in order to perform optimally if the partners are selected appropriately (Holverson and Revaz, 2006). Belonging to a consortium can be an attractive branding and distribution option with immediate positioning and credibility for many independent hotels in areas such as Europe where properties are small and unique and which dominate the hotel sector (Hubertus, 2000).

In Switzerland with mostly SME hotels, only 8% of the hotels are chain branded, while 27% have elected to be affiliated to a consortium (Marvel, 2003). Nevertheless, chains are growing in Switzerland such as Accor which just branded 10 hotels in Switzerland in the French region alone (Halaba, 2008) creating a

threat to many SME hotels. Several consortia do exist in Switzerland such as Swiss Quality Hotels, Minotel, and Swiss International Hotels. Furthermore, some of the Swiss hotels have identified the growing design-led lifestyle market such as the Widder in Zurich, The Hotel in Lucerne, the Hotel Saratz in Pontresina, the Riders Palace in Laax, La Réserve in Geneva and The Omnia in Zermatt. All are represented by lifestyle hotel consortia.

"The purpose of the consortium is to open a channel of distribution by maximizing combined marketing resources while retaining individual and independent management and products. " (Lewis, 2000, p. 559). Although there is a great deal of discussion about the process of intermediaries' removal in the hotel industry, intermediaries such as hotel consortia provide essential services in "smoothing the path between producers and consumers, almost invariably reducing costs by increasing efficiency" (Blythe, 2006, p. 643). "No man is an island", says Marshall Calder, a marketing executive at Leading hotels of the World, an affiliation of 450 mostly independent luxury hotels worldwide "An independent hotel needs some level of affiliation" (De Lollis and Yu, 2008).

"A greater number of independent hotels are finding that by joining consortia they can compete reasonably well with some of the larger brands," says Michael Hirst, former chairman and CEO of Hilton International (Caterer, 2005:1). He adds "A lot of the customers are looking for individuality, and I think a lot of them are finding this in consortia outside brand envelopes."

Prior to the advent of the World Wide Web, joining a consortium was essential for global reservations. But despite the increasing use of the Internet for marketing by hoteliers themselves, consortia still play a crucial role (Cushing, 2004).

Today consortia have become much more than just distributors in the hospitality industry. Joining them would give an option for independent hotels to also "soft brand" with these consortia as opposed to "hard branding" with huge franchisors (Holverson, 2005). In this way, SME hotels would still be able to maintain their differentiation and independence while becoming recognised globally. Furthermore, there has been a "hotbed of activity" by consortia with full technologically driven marketing services as well as a greater flexibility allowed to the member hotel to select the personalised services that they need (Cushing, 2004).

Growth of Hotel Consortia

There was a time when academics had serious doubts about the future of hotel consortia. Roper's research pointed to the uniqueness of hotel consortia as part of the hotel sector and remarked on the "complex interrelationships that few industry sectors can equal." (Roper, 1995:8). He concluded that hotel consortia as a business model could not gain a significant enough competitive advantage over large chain hotel groups in order to survive (Roper, 1995). However, not only did the consortia survive, they have also prospered and they continue to grow.

Small Luxury hotels, for example, has experienced a ten-fold growth in 14 years and now has a membership of 365 properties in almost 60 countries and has experienced a 10% increase in 2005 with an anticipated 20% for 2007 (hotelexecutive.com, 2006). Leading Hotels of the World which specialises in unique, smaller ultra-luxurious hotels with 75 years of experience, has reported a revenue increase of 14% in 2005 over 2004 (4hoteliers.com, 2006).

This growth in the sector is also a result of constant adaptation by the top consortia to rapidly changing markets by diversifying their offers and upgrading their Internet websites and reservation technology (Miller, 2000). Beyond just making bookings, The Leading Hotels of the World now offers full marketing services including database access, group sales assistance as well as financial services (Wolchuck, 2002). In addition, they are partners with some selected ultra luxury companies with smaller unique properties such as Relais and Châteaux, Silversea (yacht-like cruises) and the Adventure Collection. The Leading Hotels introduced a new specialised brand in 2005, The Leading Spas of the World. Consortium Relais and Chateaux, with over 50 years in business, offering a famous brand to independents, now has a more diverse offer such as their Spa collection, Esprit golf and cooking classes (Bottigliero, 2004).

Some mainstream consortia are reinventing themselves with new brands. For example, Best Western offers the Premier brand in Europe for upscale unique properties and Preferred Hotels has created the Boutique brand along with several other categories. Utell, traditionally a simple reservation service has segmented

their huge portfolio into more easily understood “selections” including categories such as “style”. Similar to large hotel chains, segmentation is a major theme for consortia and they are focusing on brand clarity to satisfy the demand for something truly different (Strauss and Scoviak, 2006).

Lifestyle Consortia For SME Independent hotels

Today there are many major hotel consortia which are specialists for particular target markets as we have seen above. But newer consortia players are now emerging with specifically lifestyle design-led affiliations such as Design Hotels, Tablet Hotels, Boutique Hotels and Resorts International, Chic Retreats, Mr. and Mrs. Smith, Epoque, Luxury Lifestyle, and other established consortia that have lifestyle categories or the inclusion of lifestyle hotels in their portfolio such as Small Luxury Hotels of the World, Preferred Hotel’s “Boutique” division, and Leading Small Hotels of the World.

Lifestyle Consortia Opportunities and Challenges

The growing number of lifestyle hotels and now the development of consortia that specialise in this niche market lead us to ask what opportunities these consortia can provide independent Swiss SME hotels, and what the SME hotels are looking for in lifestyle consortia. Previous research identified a number of benefits for European SME hotels using consortia in general, such as global reservations systems, access to new markets, increasing sales, improving image and overall performance without losing their management control. (Holverson and Revaz, 2006). Would these be the same benefits sought by very unique, even possibly avant-garde properties which attract a very specific clientele? Are there other special requirements for these particular SME hotels that need to be satisfied by niche consortia?

Due to the nature of this growing market, i.e., individualists with a variety of cultural and personal interests seeking personalisation as well as style and fashion, there could be very particular objectives to be met in a partnership between Swiss SME hotels and lifestyle consortia. One could argue, for example, that more emphasis would be put on technology offers such as database marketing to reach the niches, Customer Relationship Management (CRM) software to satisfy their personal needs and dynamic packaging on the Internet in order for them to customise their individual arrangements.

Clearer differentiation of Swiss SME hotels might be needed when affiliating with lifestyle consortia which could give the hotels the competitive advantage and positioning that they need. Therefore, the strength of the brand of the lifestyle consortia, which could embody the hotel with its values and recognition, may be of more importance. According to Plaz in his discussion on mid-market hotels, many SME establishments have no product identity and need clear positioning strategies (Plaz, 2007). One of his suggestions, in addition to being creative without enormous expenditures, was to cooperate with travel companies or known branded hotel companies (Plaz, 2007).

Business partnerships and affiliations, however, do not come without risks and challenges. Strict adherence to standards for membership, perceived risk of high fees, and possible capital investments have been identified as potential risks in previous research on independent hotels and general consortia (Holverson and Revaz, 2006). In the case of lifestyle hotels, there could possibly be a perceived risk of “amenity creep” where all lifestyle hotels begin to homogenise into a traditional luxury hotel (Milburn and Hall, 2005). Furthermore, one could opine that being in a concept related to fashion and trends implies the constant need to be updated on how to add unique value and still make money in this sector for SME Swiss hotels.

RESEARCH QUESTIONS AND OBJECTIVES OF THE STUDY

This study focuses on the following research questions:

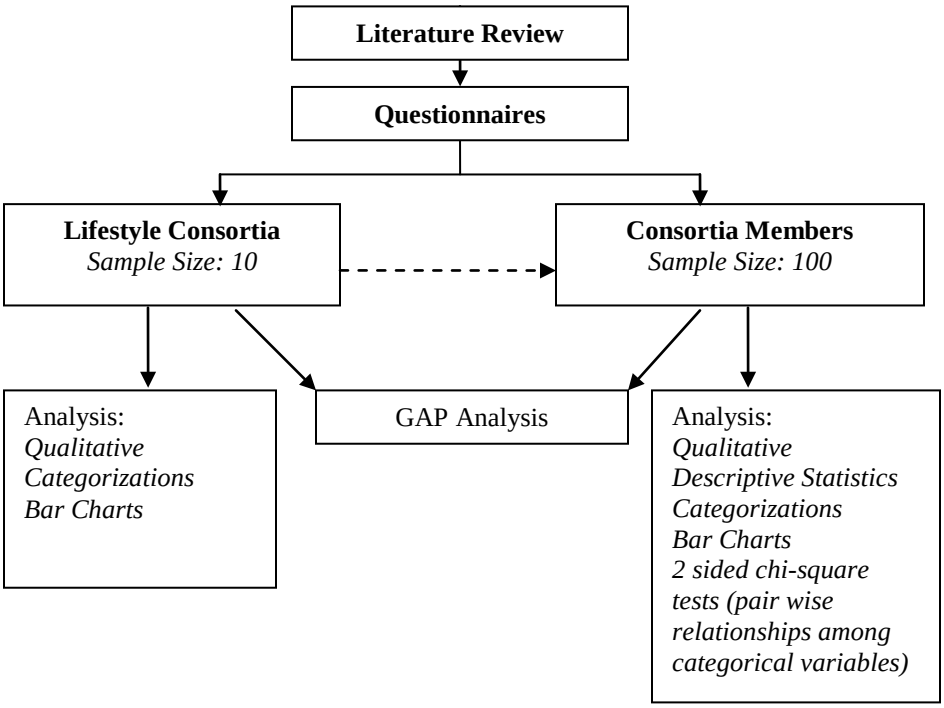
- What do SME independent hoteliers consider to be a “lifestyle” hotel?
- What are the target markets of “lifestyle” hotels
- Are there advantages and disadvantages for an independent hotel to become a member of a specialised “lifestyle” consortium?
- Will the independent hotelier improve his/her performance as a result of the specialized “lifestyle” affiliation?
- What specific needs do independent lifestyle hotels have from these specialised “lifestyle” consortia?
- Do the “lifestyle” consortia offer what the independent lifestyle hotels require or is there a gap to close?
- What is considered to be an ideal “lifestyle” consortium?

This study aims to determine the issues at stake for both parties (SME lifestyle hotels and Lifestyle Hotel Consortia companies). The needs and perceived added value for the hotel members and their relationship and satisfaction with the consortia are examined with the objective of making improvements in the industry for all parties concerned. While this study includes Lifestyle hotels from around the world, it is believed that many of the issues and the conclusions are relevant to the Swiss SME hotel sector.

Specific objectives are as follows:

- Identify principal expectations, needs and requirements from specialised design-led consortia by SME unique lifestyle hotels
- Determine the aspects of satisfaction and overall performance of the SME hotels after having been affiliated with lifestyle consortia.
- Identify the emerging lifestyle consortia, their key success factors in continual growth, and details of the offers that they now have.
- Analyse the gap between the current offers of services at the specialised Lifestyle consortia and the demand from the SME unique lifestyle hotels.
- Determine services that could be included in the specialised consortia offer for improvement in the industry for both partners.
- Provides a strategic decision-making checklist for SME hotels including Swiss SME hotels to use in consortia selection in order to add value.

METHODOLOGY



Considering the deficiency in the literature on this very specific topic and the need for gaining new insight, the research design of this study began with an exploratory approach followed by descriptive research (Churchill and Iacobucci, 2005). Two different questionnaires were administered in the autumn of 2007: one to lifestyle hotel consortia and one to international lifestyle hotel members of those same consortia. The questionnaires were chosen due to flexibility in their structure to collect data from hotels as well as hotel consortia, and due to their facility in gathering information from a large population of hotel members. Both surveys were unstructured-undisguised questionnaires since the objective of the study was made clear to the respondents and the questions were mostly open-ended due to the lack of previous research (Churchill and Iacobucci, 2005). This allowed for the identification of relevant lifestyle variables that could be further studied, categorized, validated and possibly generalized.

Hotel consortia that indicated a lifestyle offer, were sent an email questionnaire requesting information on their background and their offer, with a Word attachment allowing free form responses. Hotel members of those consortia were emailed directly to their properties requesting their participation in a survey that was accessible through an Internet link thanks to mrInterview interfaced with the analytical software *SPSS*, in order to find out the most valued aspects of their affiliation and what suggestions they would have for improvement. The validity and reliability of these pre-tested questionnaires were ensured by basing them on previous research on general hotel affiliation (Holverson and Revaz, 2006) and the literature regarding SMEs, partnerships, hotel affiliations as well as on an exploratory questionnaire. The overall objective was to compare the responses of the lifestyle hotel consortia to the responses of their member hotels regarding their needs in order to determine alignment.

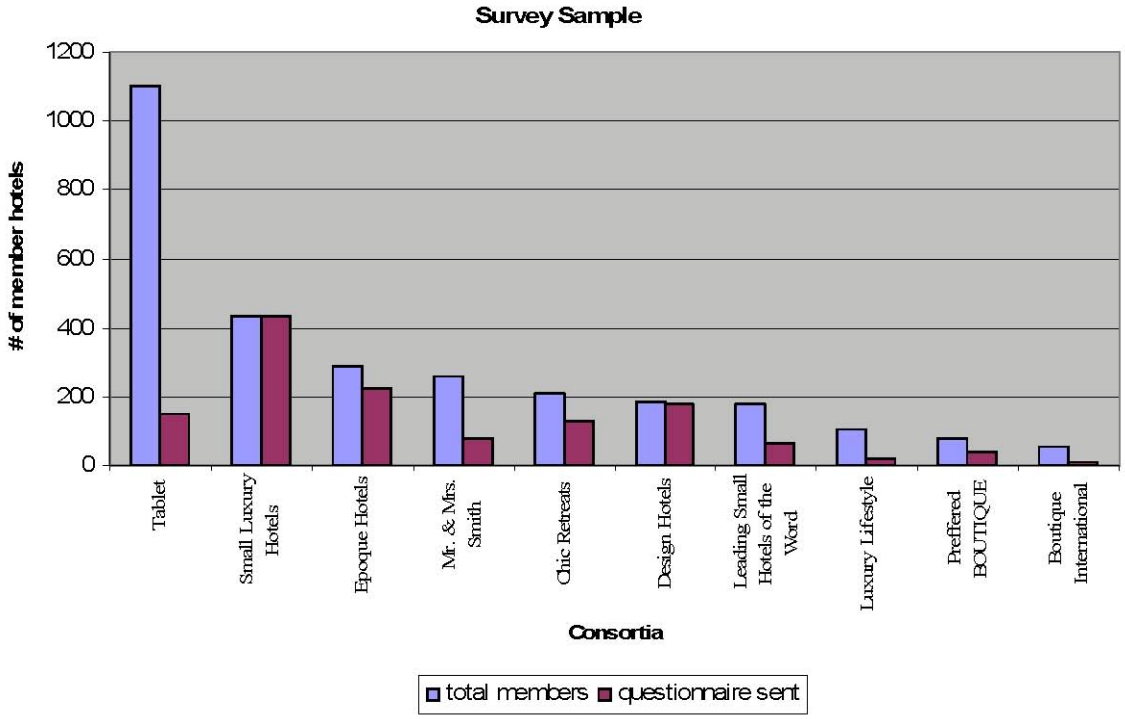
Exploratory research

Seventeen questionnaires were sent out via email (Appendix I and II) to a small sample of seventeen hotels affiliated with a "lifestyle" consortium in order to explore the relevant issues based on previous research on hotel consortia in general (Holverson and Revaz, 2006). Six were returned. Observation was also a method of exploring the issues during informal discussions with "lifestyle" hotel members during a tradeshow and a conference in 2007.

Questionnaire to "Lifestyle" consortia

Ten consortia that were identified through the literature and their websites as representing lifestyle hotels received an email with an explanation of the purpose of the study along with an attached Word document questionnaire during the period of September to mid-December 2007(Appendix IV). Any lack of response was followed by a telephone call and a second email. The questions were primarily open questions requesting information about the company's background, performance, services offered, operating principles, unique value propositions and the reasons they considered their company to be a lifestyle hotel consortium. The questionnaire was based on literature concerning general consortia business structures and services offered, as well as on consumer behavior trends. Prior to the mailing, the questionnaire was reviewed by an academic hospitality marketing colleague and one lifestyle consortium who was a partner in the research. The responses as well as website information of the 10 consortia were analyzed qualitatively (synthesized and categorized where possible) and quantitatively in order to identify specific lifestyle consortia market trends, relationships between identified variables, contract and offer details, possible categorizations due to the similarities found in their answers, and for the purpose of determining any gaps between the perceived valued added of the offer of the consortia and the identified requirements and perceived value added indicated by the hotels.

Figure 1: Total number of hotel members by Consortia versus the number of members the questionnaire was sent for sample



Final Questionnaire to Lifestyle hotels

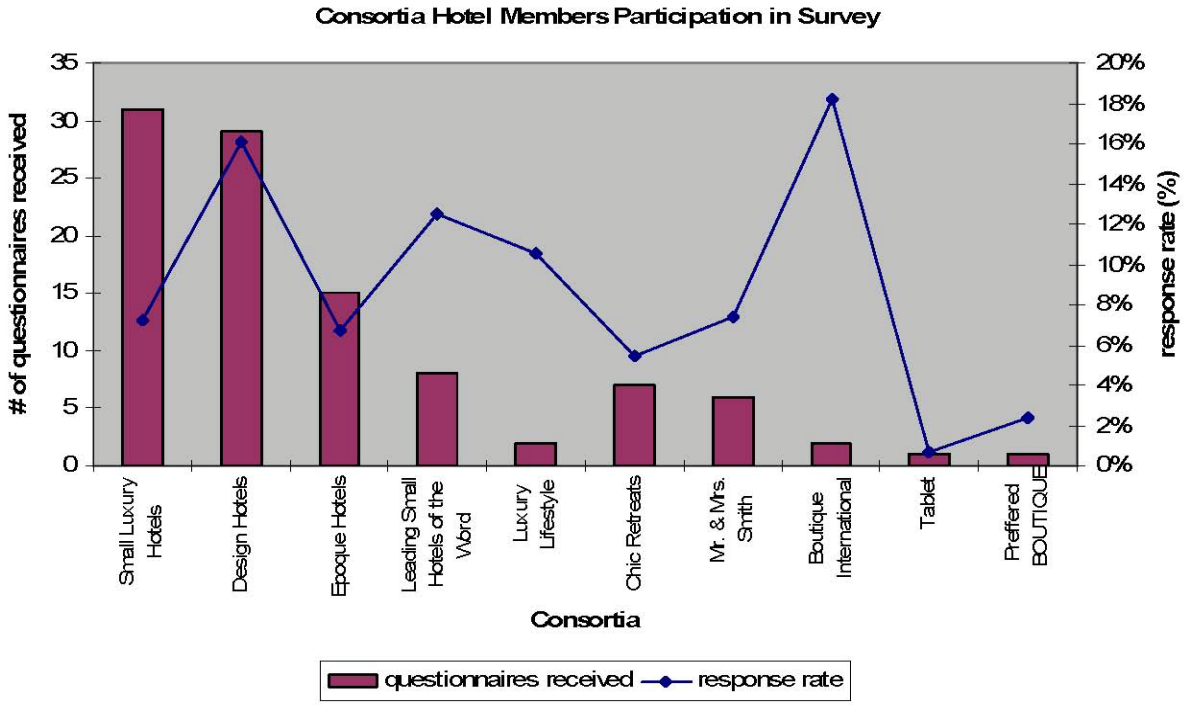
As there is little previous research on this specific topic and no solid basis to identify the important variables was found in the few respondents of the exploratory questionnaire, the final self-administered questionnaire was structured with mostly open questions based on the variables of previous research concerning consortia in general (Holverson and Revaz, 2006). Due to the deficiency in this body of specifically lifestyle knowledge, an exploratory approach was considered most appropriate based on the research questions (Collis and Hussey, 2003). Although this area of research lends itself to a qualitative approach, justified because it "allows valuable insight in the behaviours of an occupational grouping within the service sector", a quantitative analysis was also perform due to the significant size of the sample to determine if there were any patterns and relationships (Di Domenico and Morrison, 2003, p. 268).

A final revised questionnaire (Appendix II), based on the pilot test responses, the information received during the personal discussions, and a final pre-test of an academic marketing colleague, was emailed during the period of November to mid- December 2007 addressing a convenience sample of 1'329 "lifestyle" independent hotels that were listed as members of ten "lifestyle" consortia; hotels which had email addresses on their own websites. The total number of hotel members for these ten consortia is 2'895 therefore the mailing reflects about 46% of the total members of the ten consortia selected. In response, 100 individual hotel properties completed the questionnaire regarding their opinions of their consortia affiliations and their view of an ideal consortium, reflecting a 7.5% response rate. When at all possible, the owner or manager, when known from the website, was addressed personally, otherwise the General Manager title was used when addressing the hotel with a cover message on the email containing the Internet link (Appendix III). The internet questionnaire link is run by *Dimensions mrInterview* interfaced with *SPSS*. There were 19 primarily open questions asking for hotel background, affiliation information, the hotels' perception of a lifestyle hotel's definition, added value benefits received from the consortia, areas of dissatisfaction, and areas of possible performance improvement due to the consortia membership compared to being completely independent. Suggestions for specialized consortia improvement as well as a proposal for an ideal consortium were requested from the hotel members. Open responses were categorized and analyzed qualitatively and quantitatively to identify relationships between variables. Pair wise relationships among categorical variables were investigated through a contingency analysis (2-sided chi-square test). Comparisons were made between the responses of the lifestyle hotel members and the specialized hotel consortia to evaluate the degree of alignment.

Table 1: Number of member hotels contacted and number of responses per consortia

Consortia	**N° hotel members**	**N° emails sent**
Epoque	290	223
Design	185	180
Tablet	1100	150
Mr. and Mrs. Smith	260	81
Luxury Lifestyle	104	19
Preferred BOUTIQUE	78	42
Boutique International	56	11
Chic Retreats	211	128
Leading Small Hotels	180	64
Small Luxury	431	431
TOTAL	2'895	1'329

Figure 2: Questionnaire Response Rate



Limitations

The study is limited to the analysis of 10 consortia and a sample of 100 of their member hotels. Some technical complications were encountered by some hotels which advised that they were afraid of security alert messages. According to some email responses, some hoteliers perceived the link to be unsafe or said that their server advised them not to use it. Some hotels in some countries said that they simply could not open the link. Other limitations to a possible better response rate linked to the software included the fact that if hoteliers did not have an answer for a certain question on the Internet questionnaire, they were not allowed to continue with the survey until everything was filled out even if it did not apply to their particular case.

Although the period chosen for the mailing was generally not so busy for most parts of the world, it was not possible to complete the mailing within a shorter period of time. Therefore, the hotels which received emails closer to Christmas Holidays may have been less likely to respond.

Although almost half of the population was reached, the response rate of 7.5% could be considered low and a generalization of the results cannot be applied to all lifestyle based consortia companies.

ANALYSIS OF THE RESULTS

Lifestyle Hotel Consortia Questionnaire Analysis

This section explores the offer of the consortia. A questionnaire was sent to the following 10 consortia: EPOQUE Hotels, Mr. & Mrs. Smith, Preferred Hotels, Tablet Hotels, Design Hotels, Boutique Hotels and Resorts International, Small Luxury Hotels of the World, Chic Retreats, Luxury Lifestyle Hotels & Resorts, and The Leading Small Hotels of the World. The aim was to get the description of their offer in general in order to compare it, along with their competitors, to the perceived needs of this hotel market (information

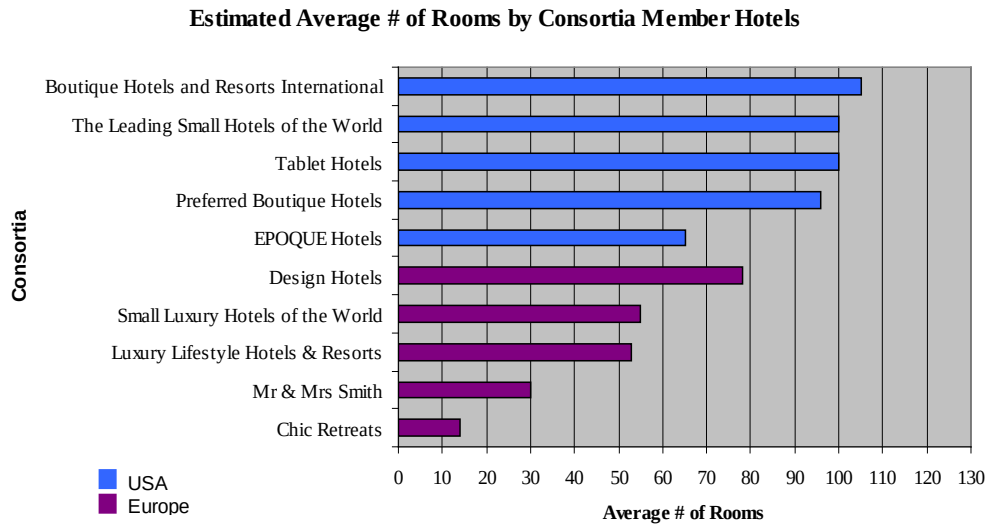
which is collected in a separate survey). The summary of the key findings from this questionnaire along with the information from the consortia websites and its analysis follows.

The 10 lifestyle hotel consortia reviewed have a positioning which covers mostly luxury hotels. Half of them have their headquarters in Europe and the other half in the USA, but they all have a global coverage for member hotels. One of the consortia is different in that it covers mostly Europe and is based in London. This is Mr. & Mrs. Smith, which is the most recently founded consortia among the ones analyzed, and they also have smaller size hotels. The average room size of member hotels are, in general, less than 100 except for Boutique Hotels and Resorts International consortia which reports an average hotel room size of 105.

Table 2: Consortia Studied Serving Lifestyle Hotels

Headquarter	HQ city	Consortia	Founded
Europe	Barcelona, Spain	Luxury Lifestyle Hotels & Resorts	2004
	London, UK	Chic Retreats	2002
	London, UK	Mr. & Mrs. Smith	2003
	Surrey, UK	Small Luxury Hotels of the World	1991
	Berlin, Germany	Design Hotels	1993
USA	Florida	EPOQUE Hotels	2002
	Florida	Boutique Hotels and Resorts International	2001
	New York	Tablet Hotels	2002
	New York	The Leading Small Hotels of the World	1999
	Chicago	Preferred Hotels (Boutique, 2005)	1965

Figure 3: Member Hotel Average Size by Consortia



Most of consortia serving lifestyle hotels have been formed recently, in the last 15 years

(see Table 1). Only one of them is older, Preferred Hotels dating from 1965, but the boutique division was only founded in 2005, which reflects the new demand for this style. These consortia have between 56 and 1100 member hotels and the ones that answered a question related to contract renewal in the questionnaire report a very high rate of renewals: from 95% to 99%. The only reasons mentioned for non-renewal are sale

of the property, change of business or the hotel being full all the time. They offer mostly two-year contracts to their members: some with fixed annual fees and a commission on the reservations, others have only reservation commissions that are also negotiable and no annual fees. In the sample, there is a higher contract renewal rate where there is no initial fee. Furthermore, the number of member hotels is higher for the consortia where there is no initial fee.

Figure 4: Consortia Foundation Date & Members

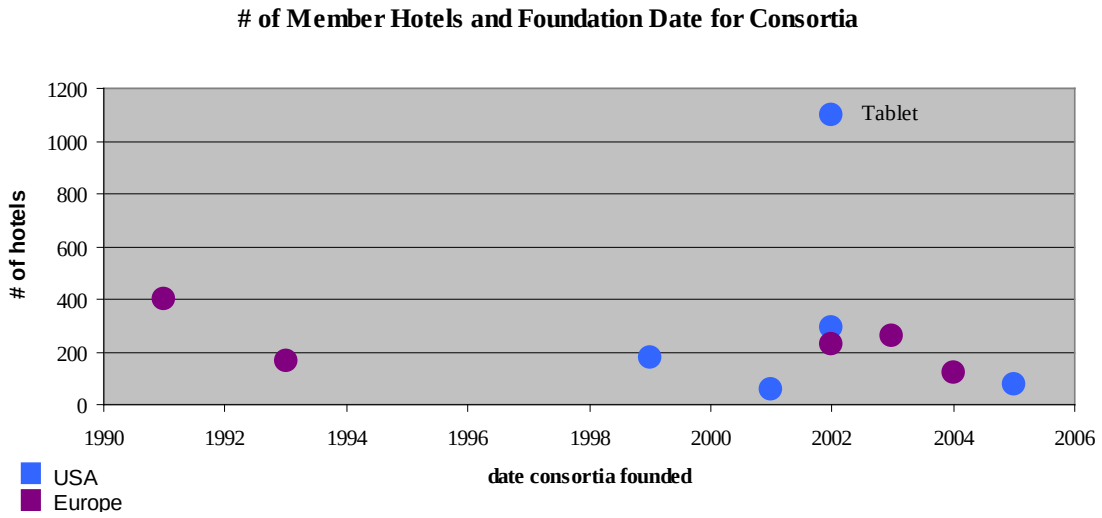


Table 3: Consortia Contract Details

Consortia	# of hotels (approximate)	Initial Fee	Length of Contract	% hotel renewals
Chic Retreats	230	500 pounds	2yrs	0.90
Luxury Lifestyle Hotels & Resorts	121	8000-10000 euros one time, 100-175 euros/room annual (negotiable)	3yrs (renewable at 1yr periods)	0.96
Mr. & Mrs. Smith	260	commission on sales	2yrs guidebook (1yr online)	0.98
Small Luxury Hotels of the World	440	15000 pounds	Minimum 3 yrs	N/A
Design Hotels	185	negotiated	1 year	N/A
EPOQUE Hotels	290	6000 dollars	2 yrs (exceptions 1yr)	0.95
Boutique Hotels and Resorts International	56 (goal 200 by end of 2008)	N/A		N/A
Tablet Hotels	1100	None	2yrs	0.99
The Leading Small Hotels of the World	180	N/A	3yrs	N/A
Preferred Hotels (Boutique Division)	385 (78)	N/A	3yrs	0.96

All the surveyed consortia report an increase in revenues and profitability in the last 2 years. Most report a geographical expansion, except for the European based Mr. & Mrs. Smith. Furthermore, all consortia report

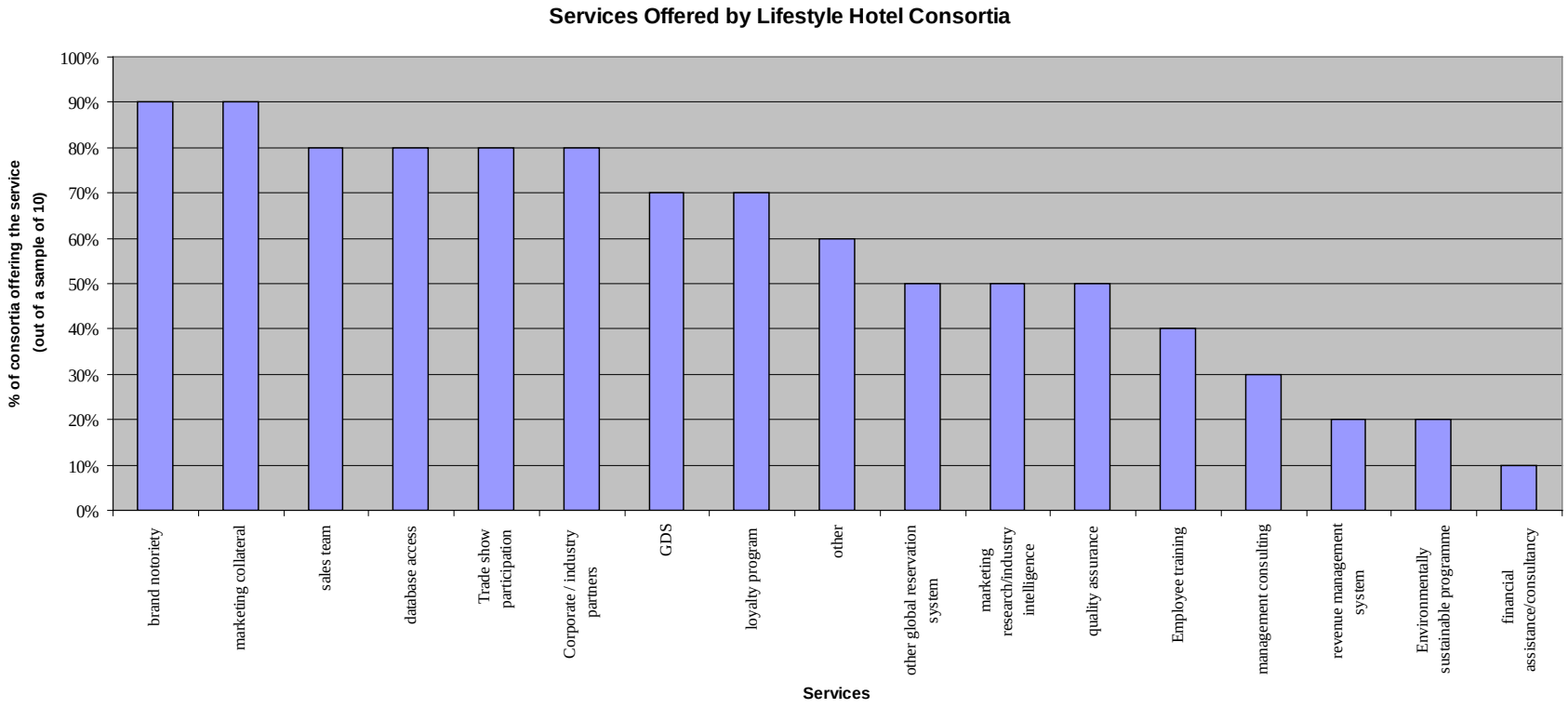
adding more than 100 new member hotels in the last 2 years, with a spectacular performance from Tablet Hotels, which is the consortium without an initial membership fee, and which reports adding 600 new members. American based consortia seemed to have shown a bigger expansion.

Table 4: Consortia Growth in the last 2 years

Table 4: Consortia Growth in the last 2 years

Headquarter	HQ city	Consortia	# of new hotels	geographic expansion
Europe	Barcelona, Spain	Luxury Lifestyle Hotels & Resorts	40 new in 2007	yes
	London, UK	Chic Retreats	80	N/A
	London, UK	Mr. & Mrs. Smith	110	No
	Surrey, UK	Small Luxury Hotels of the World	N/A	N/A
	Berlin, Germany	Design Hotels	153	N/A
USA	Florida	EPOQUE Hotels	250	yes
	Florida	Boutique Hotels and Resorts International	+150 (until end of 2008, goal of total 200 hotels)	yes
	New York	Tablet Hotels	600	yes
	New York	The Leading Small Hotels of the World	N/A	N/A
	Chicago	Preferred Hotels	yes	yes

Figure 5: Most Common Services offered to member hotels by the consortia serving lifestyle hotels



Below is a summary of Figure 5 about services offered by lifestyle hotel consortia:

- Most offered services (70% or more of the consortia): brand awareness, marketing collateral, sales team, database access, trade show participation, corporate / industry partners, GDS, and loyalty program.
- Partners mainly include credit card companies, airlines and other transportation companies (car rental, cruises, trains, yacht clubs), as well as other hotel companies.
- Marketing collateral include the following: inclusion in the brochure, websites and inclusion in magazine advertisements; guidebooks, brand directories, magazines, sales videos, direct mail, e-communications, guest benefit programs, book series, annual yearbook.
- 30-60% (or 3 to 6) of the consortia also offer the following services: other global reservation systems, marketing research/industry intelligence, quality assurance, employee training, management consulting, and other services such as booking engine services, website design, annual sales events, clubs, online digital library, public relations, annual meetings, etc.
- No more than a couple of consortia offer revenue management systems (Design Hotels and Preferred Hotels), environmentally sustainable programs (Mr. & Mrs. Smith and Preferred Hotels), and financial assistance/consultancy (Epoque Hotels).

The unique selling propositions (USPs) of the consortia as stated by them in their questionnaires or their websites are given in the table below.

Table 5: Consortia Unique Selling Propositions (USPs)

Design Hotels	Within our competitive set, what makes Design Hotels unique is our network of qualified experts and leaders in both the design and hospitality industries. We work across related fields to bring together the best of both worlds. Additionally, our focused marketing, PR, and financial efforts are specifically designed to enhance the image of our members in ways larger and more generic consortia cannot.
Tablet Hotels	-Technology (reliable and safe online service with guaranteed best prices) - Tamper-proof rating system- Customer service via e-mail offered all day worldwide - No membership fee - Easy to use CRS- Effective marketing programs (specifically the newsletter with 230000 subscribers)
Preferred Hotels (Boutique Division)	Global sales, marketing, and PR. With 24 offices around the world and the largest sales force amongst our competition, Preferred hotels group truly focuses on performance. Large team of expert revenue account managers who maximize revenue through all channels. Boutique is able to tap into an exceptional combination of products and services and tailor them for the needs of small luxury hotels. We also aggressively add new programs and initiatives that our members ask for to remain competitive.
Mr. & Mrs. Smith	Unique membership scheme, anonymous customer reviews, celebrity reviewers, Guidebooks (sold over 200,000 since October 2003), award winning website (over 11,000 room nights sold since September 2005), Smith booking team, unrivalled media coverage, targeted customers.

Epoque Hotels	(1)Flexibility that we offer the hotels in terms of fees and solutions- we offer several packages to improve the efficiency of their ecommerce department including the two most important channels of distribution: GDS and Online Booking Engine. We also provide website and search engine ranking analysis to develop strategies to attract targeted buyers in the web. (2)We try to guarantee clients a personalized and adaptable one-to-one, high standard of service, which large Hotel Representative Companies find very difficult to provide. (3) Our multi-cultural approach-our staff is composed of highly skilled, totally multilingual and multicultural professionals, with deep understanding of the American and European Markets.
Small Luxury Hotels of the World	A global presence but with your own dedicated support Growing success through the SLH reservations system Global exposure through the Club of SLH and marketing support tools Enhance your competitive advantage through our 'luxury' partners Opportunity to participate in major trade and consumer events Achieve a high return on investment
The Leading Small Hotels of the World	Leading Small Hotels include a broad selection of hotels – from small urban jewels to island hideaways to tented desert enclaves – each offers an authentic experience of luxury. Strict global standards.
Boutique Hotels & Resorts International	Distinction in every sense and dedication to hospitality is the foundation of Boutique Hotels & Resorts International. These are the esteemed and preserved values for every genuine boutique member. 200 criteria for evaluation.
Chic Retreats	A small dynamic company representing truly private and personal boutique and hip hotels and villas with no more than 30 rooms carefully chosen to exemplify warmth and personal service. "The hotels in the Chic Retreats collection are small and under 30 rooms. No other consortium limits the room numbers of hotels they represent. Communication is quick, personal and real! The communication for both the hotel and for Chic Retreats has to be consistent and responsive for the relationship to work."
Luxury Lifestyle Hotels & Resorts	Our goal is to be close to our Members, offer the best range of services and be very selective in the choice of new affiliated properties. We have extensive knowledge of our Members' unique profiles and needs. We deliver personalized service by assigning to each Member hotel its own Key Account Manager. "Very personalized service for our affiliated member hotels; one designated key account manager for each hotel member. In order to keep the service that intense and personal, Luxury Lifestyle Hotels will not grow beyond a total number of 200 – 225 member hotels. Our portfolio features predominantly hotels which are to be considered as "secret tips" and are not to be found in a lot of other brochures, i.e. 'not over fished'."

From the questionnaires and consortia websites, it is seen that lifestyle hotel consortia mostly focus on leisure travellers. There seems to be more of a specific effort from Tablet consortium to try to secure the business segment as well by offering corporate accounts.

Another interesting aspect related to lifestyle hotels consortia is about the hotel categorizations used. Conventional hotel categorizations do not match the lifestyle hotels' offer and their guests' expectations. Therefore, some consortia have developed their own classification systems. Some examples of this are seen in the consortia analyzed in this study.

Preferred Hotels Boutique Division properties are categorized as one or more of the four identified segmentation criteria:
Classic: Traditionally elegant travel experiences

Design: Distinctive style that emphasizes modern design and sophisticated service
Adventure: Unique destinations that integrate luxury amenities and refined service with an adventure-oriented environment
Resort: Exceptional properties that deliver an intimate luxury experience with a personal touch

Boutique Hotels & Resorts uses the following categorization:
The Diamond Collection: Luxury boutique hotels. Five-star ultra-deluxe hotels, resorts and villas. Top three places to stay in their destination. Oversized rooms and suites, sophisticated facilities and an extensive range of amenities.
The Emerald Collection: Upscale four-star boutique hotels. Four- to five-star first-class hotels and resorts. Among the very best in their destinations. State-of-the-art entertainment and business conveniences.
The Sapphire Collection: Superior mid-scale three-star boutique properties. Three- to four-star superior mid-scale hotels and resorts. Distinctive architectural style, pure décor, or a theme that is prevalent throughout the property. Smaller in size.

Tablet Hotels offers a search possibility by 4 criteria, each of which is then further segmented into different categories:
By *Destination*:

- USA & Canada
- Oceania & Pacific Islands
- Middle East
- Europe
- Central & South America
- Caribbean Sea
- Asia
- Africa & Indian Ocean Islands

By *Landscape*:

- Beach
- City
- Island
- Countryside
- Jungle
- Mountains
- Coastal
- Desert
- Unusual

By *Agenda*:

- Romance
- Hip
- Spa
- Great Food
- Shopping
- Culture
- Pampering
- Escape
- Golf
- Water Sports
- Ski
- Adventure
- Wine Region
- Gambling
- Business
- Horseback Riding
- Fishing

By *Hotel*:

Style:

- Traditional Elegance
- Contemporary Classic
- Modern Design
- Cutting-Edge

Atmosphere:

- Secluded
- Quiet
- Lively
- Happening

Chic Retreats consortium offers a search possibility by geographical distribution and then within each geographical region by different search criteria as given below:
Geography:

- Europe
- Africa
- Mid/Far East
- Americas
- Indian Ocean
- Pacific

Search Criteria:

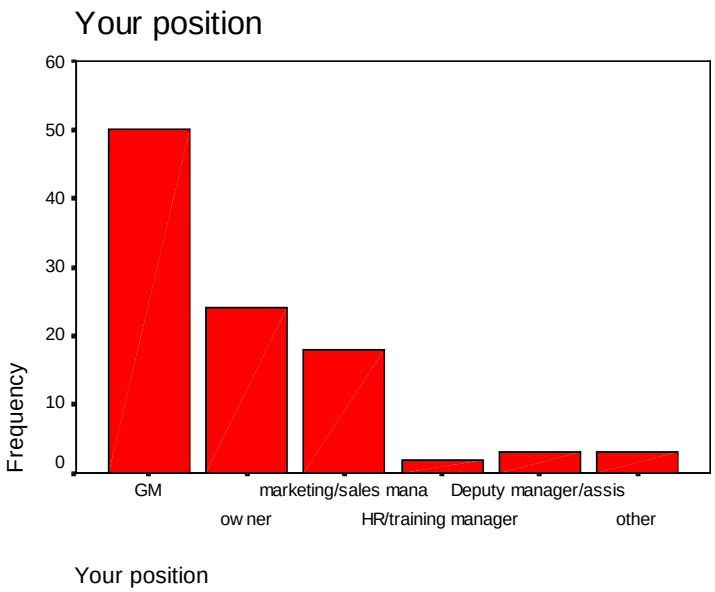
- Child Friendly
- Beach Retreats
- Honeymoon Hotels
- Wedding Retreats
- Golfing Retreats
- Tennis Retreats
- Diving Retreats
- Swimming Pools
- Sauna & Spa
- Chic Shopping
- Special Offers
- Dog Friendly

Luxury Lifestyle Hotels & Resorts offers two labels described as below:
The Lifestyle Collection: "characterized by warmth and charm, commitment to guest satisfaction and personalized service in a relaxed atmosphere"
The Luxury Lifestyle Collection: "innovative interior design, unique architectural features and excellent gourmet restaurants"

Member Hotels Of Lifestyle Hotel Consortia Questionnaire Analysis

Background of the questionnaire respondents

Figure 6: Hotel respondents' position



The majority of respondents are general managers (50), followed by owners (24) and marketing/sales managers (18) which indicates a certain credibility in the quality of the information given in the questionnaire.

Figure 7 Geographical Location

Although the vast majority of hotel members who responded are from Europe (67), there are responses from all over the world. Italy and France are the leaders in the sample with 17 and 9 hotels respectively.

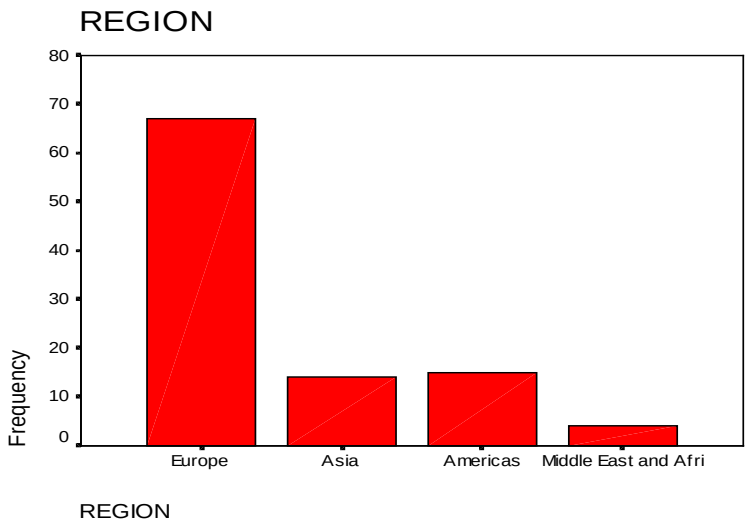
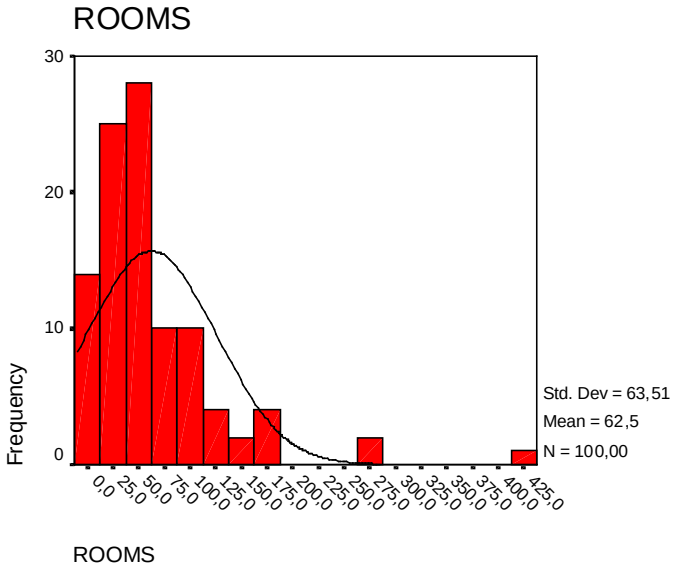


Figure 7 Geographical Location

Figure 8: Number of rooms



Most of the hotel sizes are small with a mean of 62.47 rooms although there are a couple that are quite large. Some hotels are as small as 4 rooms. The average number of rooms in these hotels is 66 rooms ranging from 4 to 422 rooms in individual properties and a median of 46 rooms. The average number of

rooms for member hotels given by the 10 consortia investigated in the previous section lies between 14 to 105 rooms, which include the sample average of 66 rooms.

Table 6 Category

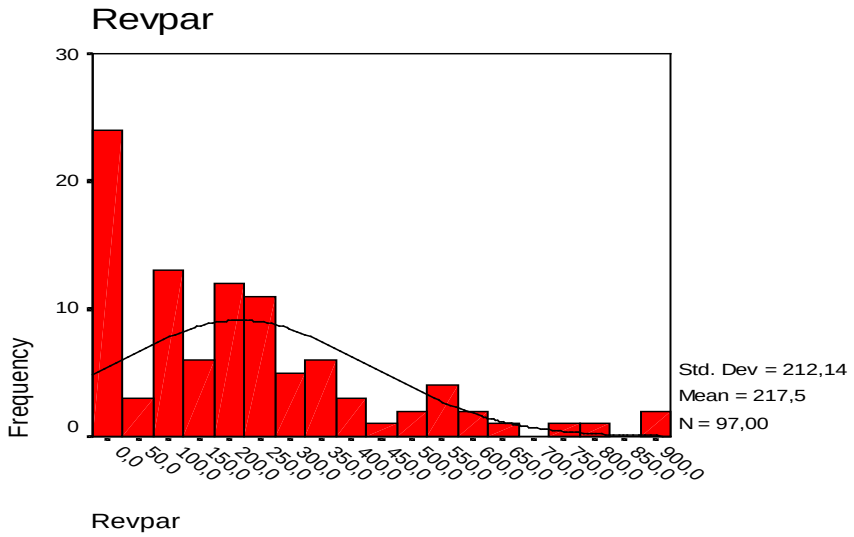
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	mid range	4	4,0	4,0	4,0
	upscale	25	25,0	25,0	29,0
	luxury	71	71,0	71,0	100,0
	Total	100	100,0	100,0	

In terms of category, there were 4 hotels in mid range, 25 in upscale and 71 in luxury.

Table 7 REVPAR in USD

		Revpar
N	Valid	97
	Missing	3
Mean		217,491
Std. Deviation		212,1410
Minimum		,0
Maximum		910,3
Percentiles	25	22,238
	50	177,032
	75	302,452

Figure 9 REVPAR in USD



The mean REVPAR is about 217 USD, however, there is a significant standard deviation and a large number of hotels (nearly 25) answered 0 which indicates that they did not give an answer. One hotel indicated the highest REVPAR as 910 USD.

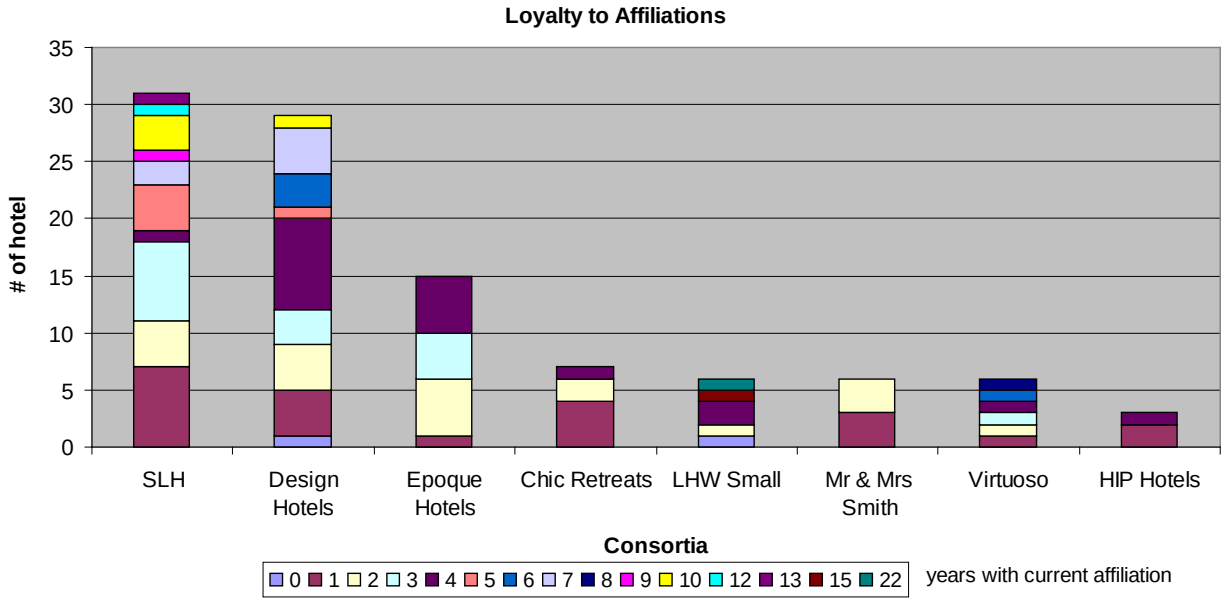
Table 8 Branded affiliations?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	90	90,0	90,0	90,0
	No	10	10,0	10,0	100,0
	Total	100	100,0	100,0	

Ten hotels claim they are not affiliated with branded affiliations yet they are listed as members of famous brand consortia on the consortia websites and directories.

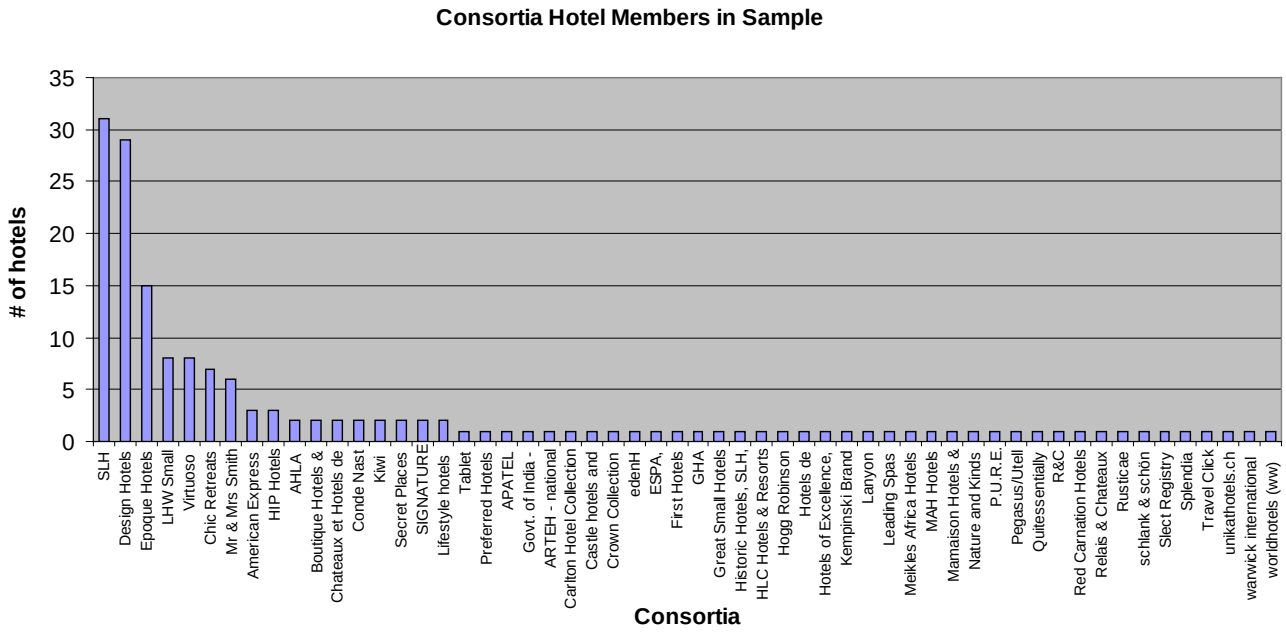
Among these 100 participating hotels, 90 of them mention an affiliation with a consortium, among which Small Luxury Hotels of the World (SLH), Design Hotels and Epoque Hotels are the top three mentioned consortia, currently holding respectively 31, 29 and 15 member hotels in this sample.

Figure 10 How many years hotels stay affiliated with consortia (min 3 member consortia included from sample)?



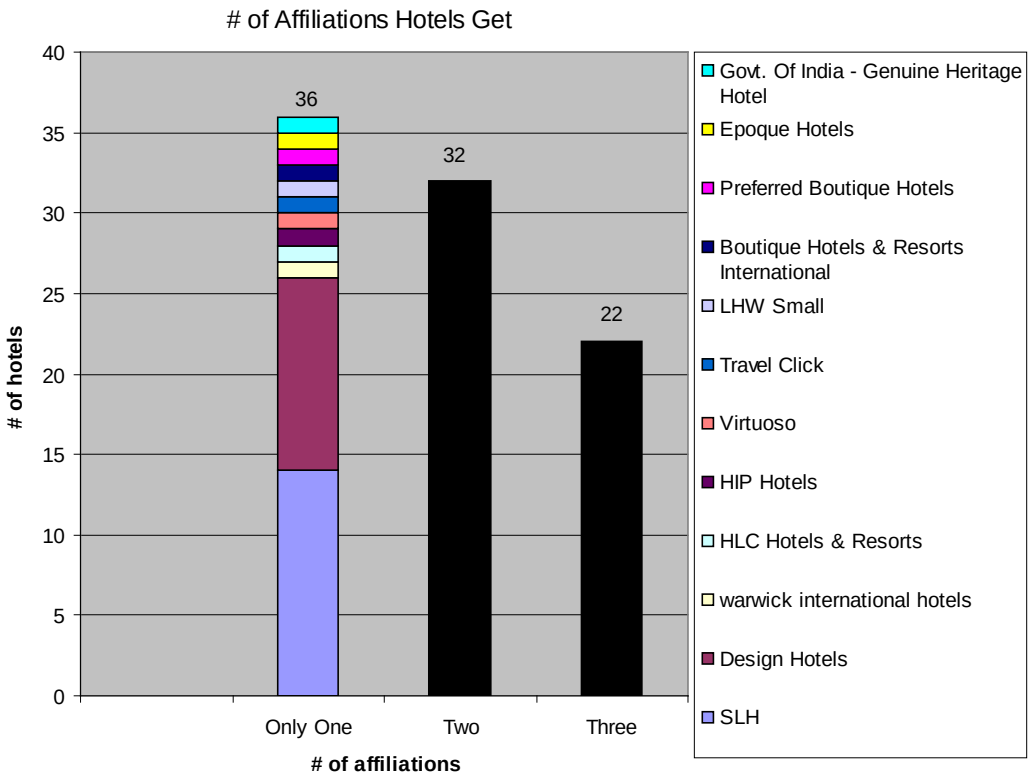
SLH and Design Hotels consortia, established for a relatively long time (founded in 1991 and 1994 respectively), show to have members that have been with them for a long time as well: 9, 10, 12 and 13 years for some members for SLH and 6, 7 and 10 years for Design Hotels (see Figure 10. Epoque Hotels consortium is a younger company (founded in 2002) and consequently also has members that have been with them for shorter time periods so far: 1, 2, 3 and 4 years. The Leading Small Hotels of the World (LHW Small) is the consortium in this survey which has a member hotel that has been with them for 22 years, the largest by far in this sample, and another member for 15 years, showing strong loyalty.

Figure 11 Number of Hotels affiliated to different Consortia



Hotels in the sample were asked if they had one, two or three affiliations. In addition to the 10 consortia, other companies are mentioned as additional affiliations for their properties (see Figure 11). One could argue that if it is necessary for these hotels to have multiple affiliations, it means that not one company satisfies all of their needs.

Figure 12 How many hotels in sample surveyed get one, two or three affiliations?



The results show that a large number of hotels have more than only one association: 54 out of 90 (see Figure 12). 36 hotels mentioned that they were affiliated to only one consortium and 72% of them were affiliated to SLH and Design Hotels. Reviewing the second or third affiliated consortia of member hotels, it can be seen that Epoque Hotels has been successful in gaining members for its consortium.

The hotels surveyed mentioned Tablet only once as a consortium affiliation, but it is mentioned a couple more times as just a GDS service that is used. Whereas, the previous section of investigation of the hotel consortia show that Tablet had the largest number of member hotels. Somehow, the response rate is very low out of the 150 hotels contacted.

Table 9 Independent prior to affiliation(s)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	38	38,0	42,2	42,2
	Yes	52	52,0	57,8	100,0
	Total	90	90,0	100,0	
Missing	No answer	10	10,0		
Total		100	100,0		

As to whether the hotels were completely independent prior to affiliation, the answers are similarly divided (38 no, 52 yes). Many hotels mentioned that the affiliation began with the conception of the hotel and in some cases, prior to the conception of the hotel.

Definitions of lifestyle as perceived by the hotels

Table 10 Lifestyle hotel?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	8	8,0	8,4	8,4
	Yes	87	87,0	91,6	100,0
	Total	95	95,0	100,0	
Missing	no answer	5	5,0		

Eight hotels consider themselves not to be "lifestyle" hotels. They are members of consortia that represent lifestyle hotels, but not exclusively, such as Leading Small Hotels of the World and Boutique International. One of these 8 hotels is a member of Chic Retreats and another notes Relais and Chateau as the affiliation, although this company was not included in the mailing. One of the hotels claims to not be a lifestyle hotel because they were "laid back" and that lifestyle hotels were "snobbish and not relaxed." Therefore, it is a question of perception of what constitutes a lifestyle hotel for that property. Nevertheless, these eight hotels answered the questions regarding lifestyle hotels and are included in the analysis.

Table 11 Reasons to be considered a lifestyle hotel

Reason	*Number*
Unique design and architecture	42
Non traditional atmosphere	25
Trendy amenities and facilities	23
Defined and personalised services	18
Total	**108**

As the key element in their definition of a lifestyle hotel, respondents report having unique design and architecture. Fairly equally represented are the aspects of having non-traditional atmosphere and trendy amenities and facilities. Only slightly less significant are the personalised services that hotels report as being important to niche small hotels that need individualised attention from their consortium but which also need to be provided for their special guests. This definition reflects much of that which is derived from the literature review. Therefore, there must be some consensus among the majority of hospitality industry players as to what constitutes lifestyle hotels, despite their innate aspect of uniqueness.

One hotelier explained that "the real differentiation is in our overriding ability to feel special and exclusive and to give today's discerning clients a warm sense of belonging." Another claimed that they "offer a space for imagination and curiosity… an oasis of relaxation and new sensations." Several hotels mentioned providing "lifelong experiences". The explanation of one hotel is that they are a lifestyle hotel because they "provide what the guests want regardless the reason of their stay….it's actually quite complex and not easy to define."

Another response captured an important aspect of this niche market to consider: "lifestyle" means that you have currency at this moment in time." This is a hint of the ephemeral nature of lifestyles and the need to constantly adapt and keep up to date.

Target markets of lifestyle hotels

When asked to describe their targeted segments, there are some prominent trends and common traits in the segmentation although not all hotels mention every variable of a segmentation profile since it was an open question.

Only 2 hotels mention travel trade partners as being targets (travel agents and tour operators), therefore, the target variables described below concern the hotels' end user target profiles.

GEOGRAPHIC

Table 12 Locations of the hotels

Targeted segments (place)	*Number*
No specification	79
Europe	10
North America	6
Asia	3
Others	2
Total	**100**

The hotels which responded to the questionnaire were from all over the world and their location would have an influence on the geographical origin of their clientele. Very few hotels mention this segmentation variable but those that did (11 hotels) provided the following responses for the origin of their guests:

- USA, UK, Asia
- USA & UK
- Regional, local
- Mostly USA, UK and France
- 28% USA, 20% UK, 20% Russia, 10% France plus miscellaneous
- England, German, Belgium, Switzerland, Italy, Scandinavia
- Brazil, USA, Europe, Argentina
- Predominantly from North America and Europe
- European and Asian
- Europe, Russia, Australia, Hong Kong, Singapore, Thailand

BUYING BEHAVIOUR (purpose)

Table 13 Purpose of Stay?

Targeted segments (aim)	*Number*
Leisure	65
Business	46
No specification	25
Total	**136**

Business. Not all hotels distinguish their targets between business and leisure using terms, such as "guests", "individuals", and "travellers". However, 46 hotels specifically respond with "corporate" or "business". This is always in combination with other terms related to leisure guests.

Other than business "executives", there are also a few references specifically made to fashion professionals, film professionals, musicians, writers, photographers and other creative and media persons as well as celebrities and diplomats.

Fourteen hotels responded that they had small corporate groups and meetings or other groups of some kind. This response are usually in conjunction with the word "incentives".

Leisure. In their descriptions, all of the hotels implied that they had leisure guests (65 hotels specified leisure) and only one hotel mentioned business travellers as their core clients but also that it was located in a business city.

Social groups such as weddings are stated as well as a couple of hotels having small affinity groups such as for golf or for wine interests.

Table 14 Groups or Individual Travellers

Targeted segments (group)	*Number*
No specification	52
Individual	45
Groups	14
Total	**111**

DEMOGRAPHICS

Income: Although the majority of the hotels did not mention income, those that did demonstrate that there is a predominance of upper income to very high income. Twenty-five hotels chose profile descriptors that referred to “high income”, “top”, “luxury”, “upper market”, “medium to high income”, “upscale”, and “high disposable income”, etc.

Age: It is clear from this survey that these lifestyle hotels are for adults such as couples, singles, and professionals. Although the word “individuals” is used prevalently as well as “FITs” which could theoretically include children, only 5 hotels mentioned “families”. Among these responses, one specified a maximum of 2 children and seemed to show a preference for honeymooners and “nature fans”. One hotel replied “no children below 16”. Some others replied “DINKS” (dual-incomes, no kids) and “empty-nesters”.

Many hotels reported couples such as honeymooners, and made many references to romance as well as terms such as “partners”. A few also mentioned “Seniors”, “Baby Boomers” and “Retirees”.

Few hotels specified the ages of their targets but the few that did covered quite a large range. For example one hotel has “25-35 year old honeymooners, 30-35 year old Executives, 45-60 year old Retirees” (minimum percentage of their mix). Only six other hotels gave specific ages which ranged from 25-70 years old although three hotels mention “young” as a descriptor. The rest of the hotels did not mention the age of their targets.

Other aspects of the client profile appear to stand out more than age in the lifestyle customer profile.

PSYCHOGRAPHIC and BENEFITS SOUGHT

Table 15 Psychographics and benefits sought

Targeted segments (profile)	*Number*
No specification	55
Calm/ privacy/ relaxation seeking	22
Seeking unobtrusive service	14
Confident/ sophisticated/ well travelled/ discerning/ "savvy"	13
Design/ art & architecture lovers	8
Individualists seeking unique/ non-traditional experiences/ golf lovers	8
Heritage & cultural passion	7
Eco-tourists seeking sustainable natural environments	5
Gourmets/ food & wine lovers	4
Total	**136**

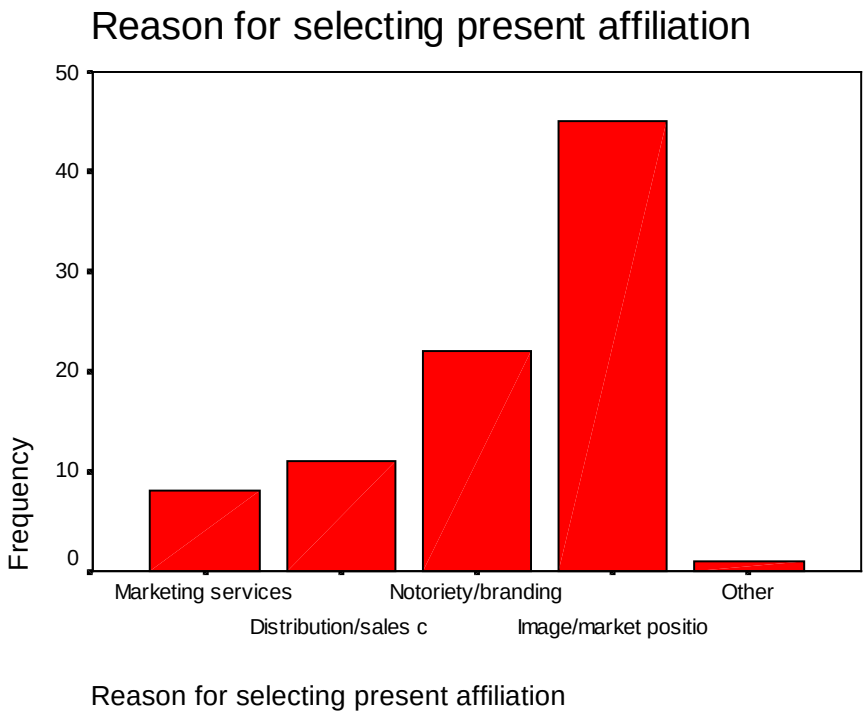
Comments referring to the interests, attitudes, and personal desires of the guests are frequent in the responses although they are varied.

High disposable income and specific psychographic attributes such as a love of unique aesthetic surroundings and gourmet cuisine appear to primarily characterize these sophisticated, well-travelled aspirational lifestyle adult guests. As one hotel put it, “everybody with [an] open mind is welcome.

Table 16 Reasons for selecting present affiliation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Marketing services	8	8,0	9,2	9,2
	Distribution/sales channels	11	11,0	12,6	21,8
	Awareness/branding	22	22,0	25,3	47,1
	Image/market positioning	45	45,0	51,7	98,9
	Other	1	1,0	1,1	100,0
	Total	87	87,0	100,0	
Missing	No answer	13	13,0		
Total		100	100,0		

Figure 13 What way the main reason for selecting your current affiliation?



By far the largest number of hotels (45 hotels) report that their main reason for selecting their consortia is for image and marketing positioning. One hotel sums it up with “They are marketing according to our needs and all the other members. The guest knows exactly what he/she is booking.” Another hotel notes that “they reflect our style and give us prestige.” Another hotel said that their choice was a good “fit” with their positioning.

The second choice is for awareness and branding (22 hotels). Hotels noted “the need for global representation with a partner which reflects our philosophy.” One hotel gave as reasons: “The high standards of hotels affiliated in this brand, the excellent reputation of the brand, the business potential of the brand.”

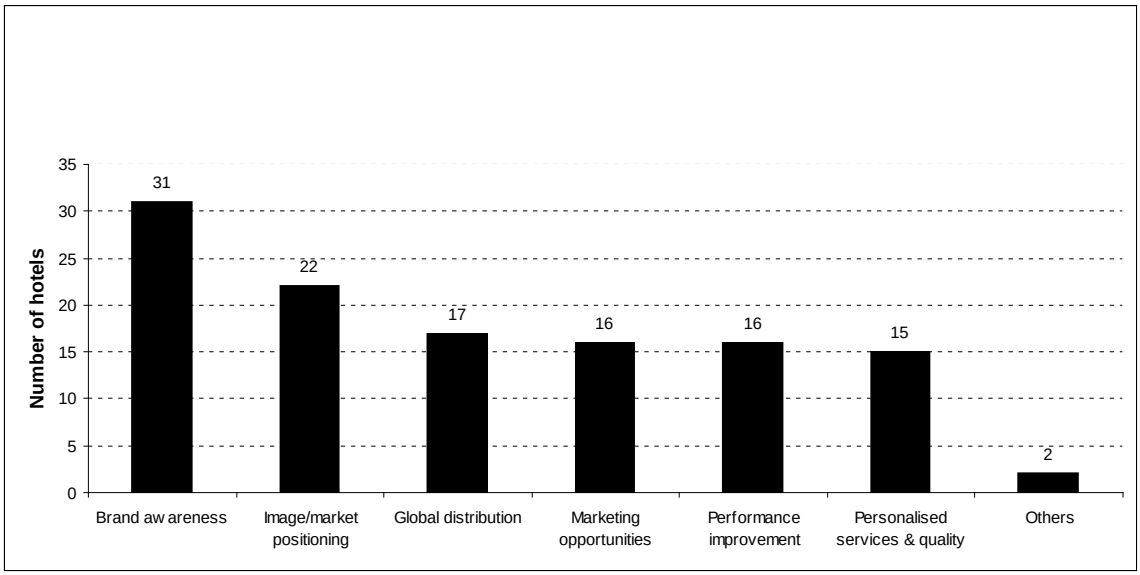
Distribution and sales channels come in third, while marketing services is the main choice for selection for only 8 hotels. Specific reasons given were “because they are very efficient and sell a lot and understand the product, remaining consistent in marketing.” Another comment is: “Worldwide exposure and business opportunities offered by well organized consortia targeted on the clientele we aim to attract and providing know-how.” One hotel remarked that the reason was “purely based on the hotels already part of that group and after contacting those hotels directly, seeing how they have been supported by these specific affiliations.”

Other reasons are “the consortium's activities are designed to provide similar economies of scale achieved by the big international hotel chains, yet maintaining the individuality and independence of each of its member properties.”

Table 17 Most value added aspects of the current affiliations

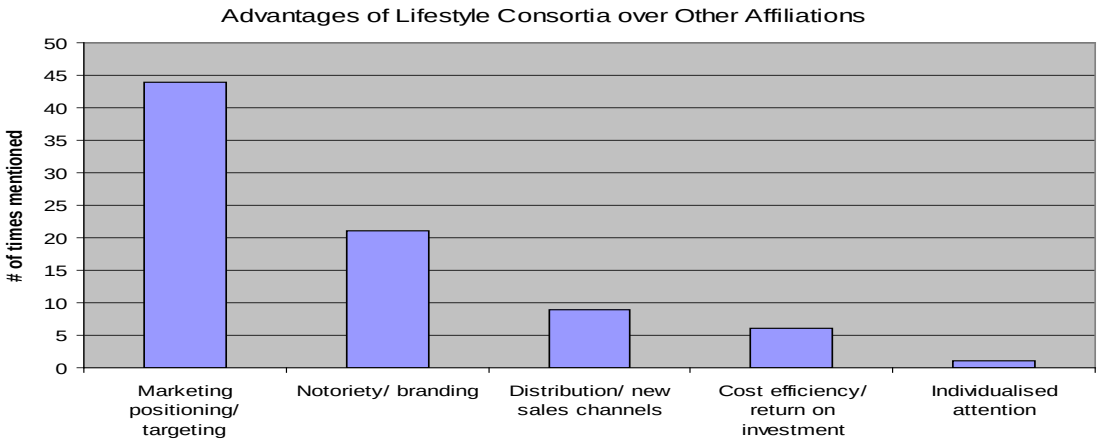
Reason	*Number*
Awareness / branding	31
Image / market positioning	22
Global distribution	17
Marketing opportunities	16
Performance improvement	16
Personalised services & quality	15
Others	2
Total	**119**

Figure 14 Most Value added aspects of the current affiliations (one choice)



The added value perceived by the hotels from their consortia reflects the same qualities as in their selection criteria discussed above. Awareness and branding are the most valued aspect of their consortia (31 hotels). “Brand integrity and recognition around the world” is cited as well as “prestige of the brand” and “well-established” This is followed by image and market positioning (22 hotels) with comments such as “well-connected organization that represents our brand well.” Again as in the consortia selection criteria, global distribution (17 hotels) was third. Marketing opportunities was next with (16 hotels) and some comments that are referring to international opportunities and new markets which are also related to global distribution. The fact that the consortia have improved the hotels performance is reported as the most valuable benefit by 16 hotels and personalised service and quality are indicated as the most important by 15 hotels. Other added value remarks that are found frequently include “open to new ideas” and “innovation” along with “personal relationship” and “dynamic partnership”. Several hotels also brought up the importance of a quality label and “constant monitoring of services” which another hotel said that they were of “high standards that we have to conform to and the business potentiality of the brand.” One hotel states what it values most is: “prestige and the recognition attached to it. And the continuous need for us to upgrade and update the standards.”

Figure 15 Specific advantages of Lifestyle Consortia over Other Affiliations



Confirming what has been noted above, the advantages perceived by the hotels of being affiliated with a specialised consortia reflect similar qualities that they value in their consortia. At the very top is positioning and targeting (44 hotels), followed by awareness and branding (21 hotels). Many hotels mentioned the advantage of having the "correct image". Many comments were also made regarding the focus on one target niche group and access to trendy customers "who know what to expect "and a "high profile customer base". Also mentioned are global distribution and new sales channels (9 hotels), cost efficiency, and return on investment (6 hotels). A few hotels report the advantage of receiving individual attention due to the small size of the consortia and the quality of service.

Some hotels cite economies of scale for small hotels such as "share of cost for fairs and road shows" and "strong marketing links". The hotels also report that the specialised consortia "complement the establishment's philosophy and this links them with "other similar properties". Referrals to increased public relations are included, such as "get more exposure to the press" and more "interest by the media" as advantages. A few hotels state networking and receiving future trend information as an advantage of a specialised lifestyle consortia. One hotel comments that "we would never join a heterogeneous brand."

Lifestyle hotel members' perception of negative aspects of their consortia affiliation

Table 18 Specific disadvantages of affiliating with specialised lifestyle consortia

Specific disadvantages	*Number*
Limited positioning & targeting	28
High fees/ commission	10
Lack of hotel independence	8
Inconsistent standards	5
Highly competitive internally between members /external consortia	4
Insufficient resources & network	4
Lack of trend information / going out of fashion	4
Lack of awareness / branding	2
Others	1
Total	**66**

Although clear positioning is rated as "much appreciated" and stated as a selection criterion by many hotels, 28 hotels seem to believe that the specialised consortia should broaden the range of target marketing. Ten hotels stated that high fees and commissions were disadvantages for these specialised consortia. A few hotels mentioned inconsistent standards and comments were made such as "if you are mixed in a group of many different styles of hotels…it is difficult for the customer to clearly understand your hotel product." and "each property may not have the same standards or belong to the same category." Internal competition within the hotel memberships as well as the fact that the hotel consortia market is

becoming “saturated with affiliations” were reported, which indicated a concern that their own consortium or consortia would have more difficulty selling their hotel as a result of increased customer choices.

Insufficient resources and networking opportunities offered by the consortia were also pointed out, usually in relation to consortia size. However, it was previously noted (in advantages) that the smaller sizes of consortia enable more individualised service.

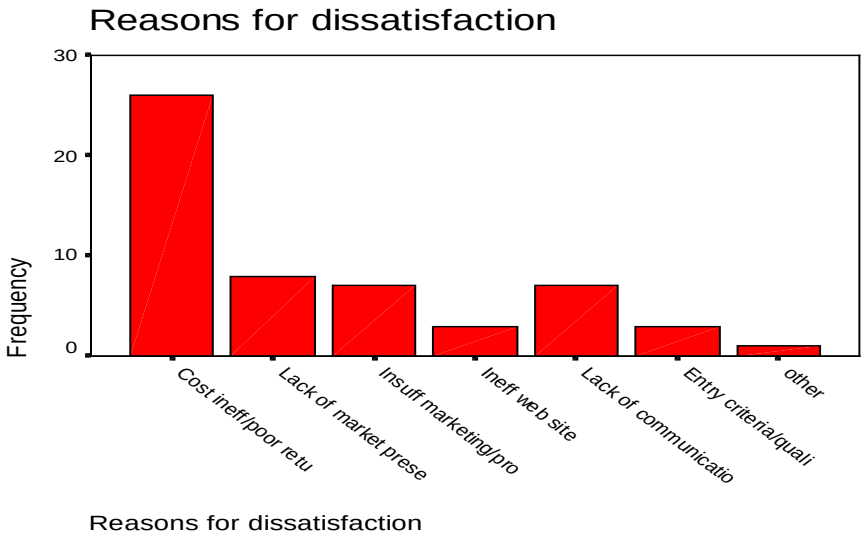
Four hotels were concerned by a lack of trend information or the “going out of fashion” as a disadvantage of belonging to specialised consortia, although some hotels mention receiving information to be updated on trends as a significant advantage.

Also it is previously stated that the hotels highly rated awareness and branding on value added benefits, selection criteria, and advantages. In disadvantages, only 2 hotels stated these elements which indicates that they represent an important area to maintain but that the majority of hotels are sufficiently satisfied with the awareness and branding efforts of their consortia.

Table 19 Reasons for dissatisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cost ineffective/poor return	26	26,0	47,3	47,3
	Lack of market presence	8	8,0	14,5	61,8
	Insufficient marketing/promotion	7	7,0	12,7	74,5
	Ineffective web site	3	3,0	5,5	80,0
	Lack of communication & individualised services	7	7,0	12,7	92,7
	Entry criteria/quality control	3	3,0	5,5	98,2
	other	1	1,0	1,8	100,0
	Total	55	55,0	100,0	
Missing	no answer	45	45,0		
Total		100	100,0		

Figure 16 Reasons for dissatisfaction



Despite numerous hotels expressing concern over the disadvantages of being distributed by a specialised consortia with a limited customer target (which was also perceived as an advantage), the major reasons for actual dissatisfaction of the hotel members (26 hotels) are the lack of cost effectiveness and poor return on investment. Responses included "the total cost of sales for revenue generated is generally very high, when including standard marketing fees, additional value added amenities, commissions, transaction fees on reservations, costs involved with participating at their sales events or road shows". However, it was also stated as a value added benefit on that question by 16 hotels.

A few hotels mentioned lack of market presence, especially international presence, although most of the companies surveyed have worldwide listings. Equally dissatisfying for only 7 hotels is insufficient marketing promotion and lack of communication and individualised services which have shown to be highly prized by these small hotels in previous questions.

Although no specific reasons were given, 3 hotels were not satisfied with the websites. Consistent in the answers regarding disadvantages, were quality control and entry criteria for new members, as noted by three hotels. One comment was "the lack of strict criteria when selecting new entrants… there is not one single affiliation that can pride itself on consistent criteria for selection. The financial reasons always seem to have the upper hand and some hotels that should never be part of the affiliation end up being accepted."

Table 20 Reasons for terminating contract

Reason	Frequency
Poor return on investment	16
Market positioning	7
Communication and relation problems	3
Total	26

Only 26 hotels said that they had terminated a consortium contract in the past. The majority of the hotels (16 hotels) explained it was due to poor return on investment. Seven hotels mentioned market position as a reason and a third said that it was communication and relationship problems that motivated them to terminate the contract. These contracts were not necessarily with lifestyle consortia and some mentioned that it was the large scale of these companies in which they felt "lost."

Lifestyle desired degree of involvement

Table 21 Desired involvement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very limited	10	10,0	10,0	10,0
	Limited	17	17,0	17,0	27,0
	Moderate	46	46,0	46,0	73,0
	Strong	27	27,0	27,0	100,0
	Total	100	100,0	100,0	

Figure 17 Degree of desired involvement

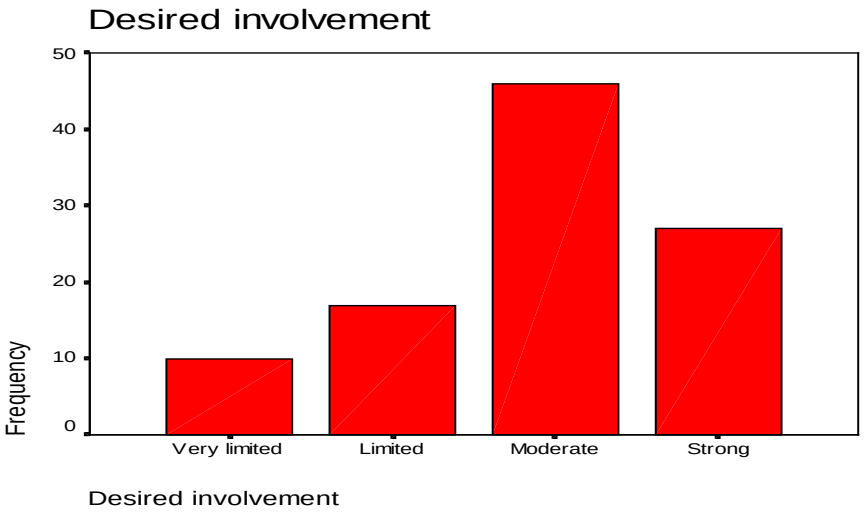


Table 22 Areas in hotels would like closer involvement with consortia

Areas	*Number*
Marketing services/ consulting	55
Branding	34
Loyalty program participation	33
Road show participation	33
Other promotion participation	25
Project/Concept development	24
Other	12
Total	**216**

Twenty-seven hotels stated that they would like a stronger involvement in their consortium/consortia. The largest number of hotels (46 hotels) would like to have a moderate involvement. The rest (27 hotels) preferred a limited to very limited involvement with their consortium/consortia. The hotels were asked to tick from a list in this question, but they were allowed more than one answer. Marketing services and consulting are the areas of involvement that most hotels indicate (55 hotels). Thirty three wanted to be more involved in branding issues and 34 would like to participate in loyalty programmes. Thirty three specifically stated that they would like road show participation and 25 wanted more involvement in promotional participation. At a more strategic level, 24 hotels desire project / concept development involving their consortium/consortia.

Lifestyle hotel members' suggestions and proposal for an ideal consortium company

Figure 18 Suggestions from Member Hotels for the Consortia to improve their services

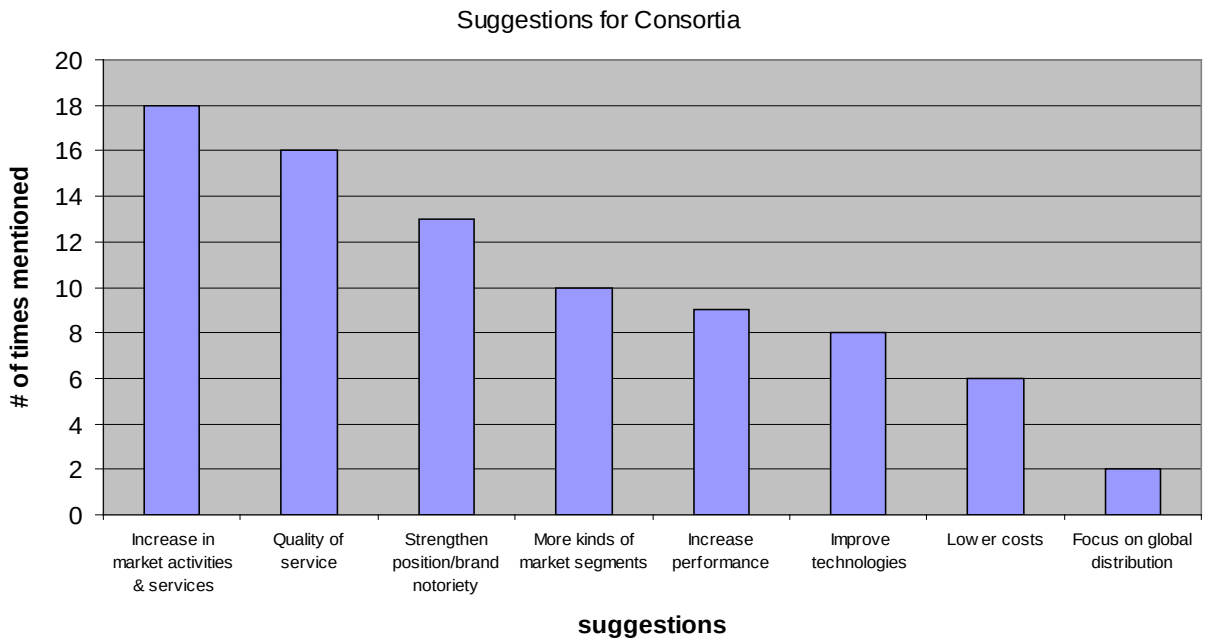


Table 23 Suggestions for improving services of current consortia

Suggestions	*Number*
Increase in market activities & services	18
Quality of service	16
Strengthen position / brand awareness	13
More kinds of market segments	10
Increase performance	9
Improve technologies	8
Lower costs	6
Focus on global distribution	2
Total	**82**

The results shown earlier that the most important value added components of the consortia offer are awareness/branding, image and market positioning, and global distribution. This is also reflected in the reasons for selecting particular consortia and in the advantages stated of being affiliated. Therefore, in the question regarding suggestions for improvement there are other issues coming forward. The largest number of hotels (18 hotels) responded with increase in market activities and services such as tradeshows, tailor-made promotions rather than "generic". Suggestions were made to be "more active in sales; to have more direct sales visits in key markets with a small selection of hotels."
The second largest number of hotels (16 hotels) suggested improvement regarding quality of service and communication including having an individual account manager for the hotel and including new product development. One hotel suggested "not to grow too fast but to focus on quality and relationship among members and trade partners. This is consistent with the earlier comments on dissatisfaction regarding a lack of communication and individualised service. This was followed by suggestions of strengthening position and brand awareness (13 hotels). However, 31 hotels answered in a previous question that this was the most important value added aspect of their consortia and were apparently satisfied.

Ten hotels suggested increasing the number of market segments and as noted previously, limited positioning and target was considered a disadvantage by 28 hotels. One hotel's response was to "improve conference and incentive markets- Specialize more on market segments."

Suggestion to improve performance (9 hotels), such as increasing revenue, was also brought up as responses in previous questions such as 16 hotels that claim performance amelioration as the most value

added aspect of their affiliation. One hotel reported that “any resort company to be affiliated to consortia has to invest quite a lot of cash. Return on these investments is primary. Also constant sharing of what other similar category resorts do will assist us in appraising our standards all the time. This is lacking at this point of time.”

It is the first time that hotels mentioned “improving technology” as a component of the offer, although only 8 hotels suggested it. A few hotels referred specifically to CRM. Several hotels suggested improvement in web presence, internet visibility of brand name, and online booking facilities as well as providing a “better booking engine”.

It is surprising that only 6 hotels suggested lowering costs, since 26 had indicated that as a issue of dissatisfaction. Related comments include providing “more statistical information that can be presented in support of the investment made every year.” One hotel wrote “always consider the hotel's NEEDS and the final cost of sales before making a business proposal to hotels. In the future the winners will be those representatives who can generate NEW business during NEED periods at a decent cost for their affiliated hotels.”

Only 2 hotels mentioned focusing on global distribution which seems logical as it is already highly valued by the hotels. Many hotels simply said that they had no suggestions as their affiliation was going well or they did not answer the questions.

Characteristics of an ideal lifestyle hotel consortium

Figure 19 What should be the characteristics of an ideal lifestyle hotel consortium?

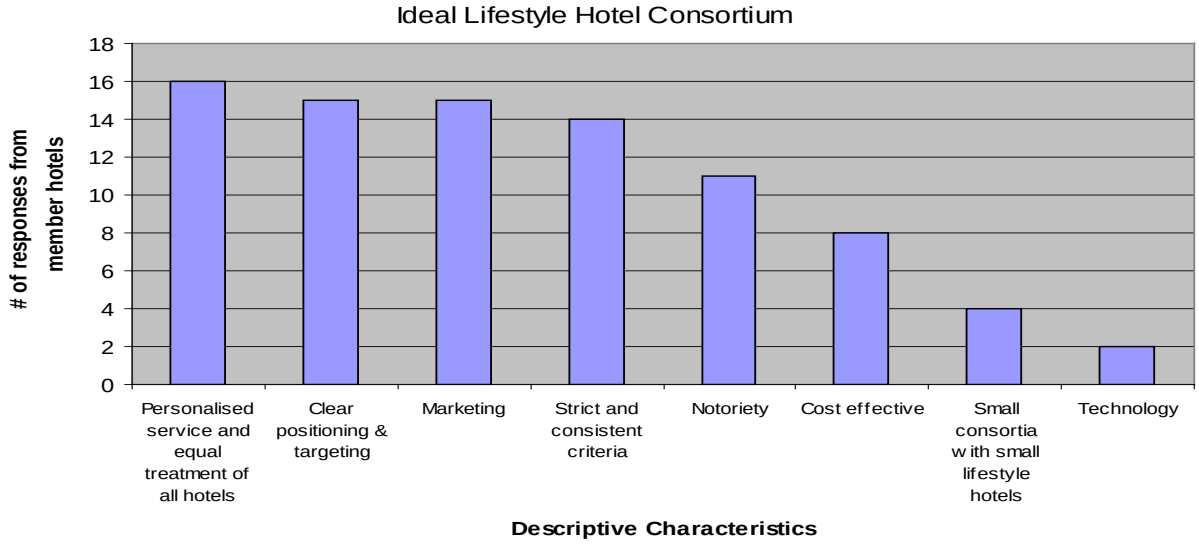


Table 24 Characteristics of an ideal lifestyle hotel consortium

Characteristics	*Number*
Personalised service and equal treatment of all hotels	16
Clear positioning and targeting	15
Appropriate marketing services	15
Strict and consistent criteria	14
Awareness	11
Cost effectiveness	8
Small consortia with small lifestyle hotels	4
Technology	2
Total	**85**

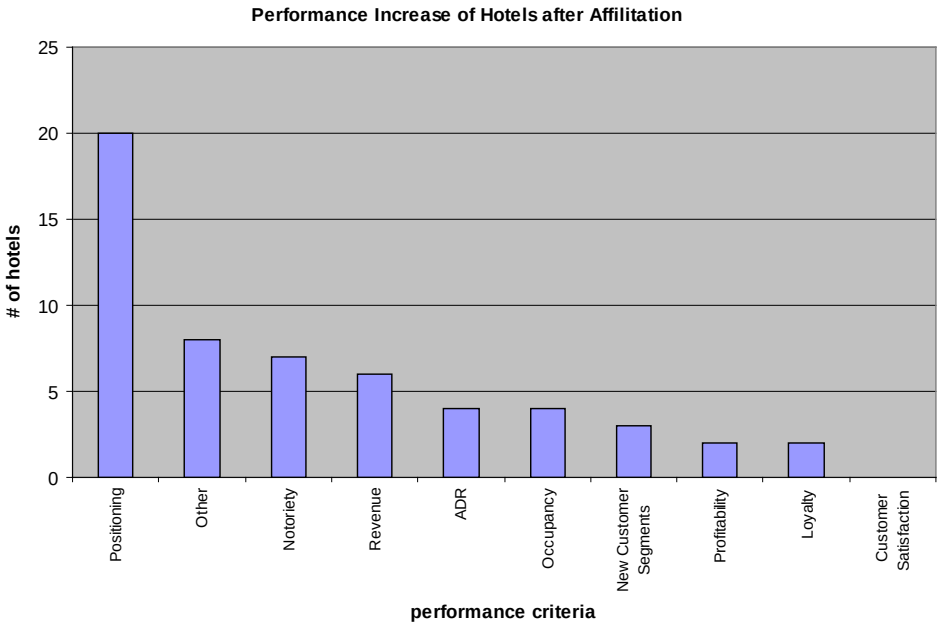
A similar number of hotels described the ideal consortia as having personalised service and equal treatment of members (16 hotels), clear positioning and targeting (15 hotels), appropriate marketing services (15 hotels) and strict and consistent criteria (14 hotels). Other ideal characteristics include cost effectiveness (8 hotels), small consortia having small lifestyle hotels (4 hotels) and effective technology (2 hotels).

Lifestyle Hotel members' perception of their performance due to the consortia affiliation

Table 25 Increased performance?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	61	61,0	83,6	83,6
	No	4	4,0	5,5	89,0
	Too early	8	8,0	11,0	100,0
	Total	73	73,0	100,0	
Missing	no answer	27	27,0		
Total		100	100,0		

Figure 20 Lifestyle Consortia Member Hotels Performance Improvement



Note: The performance criteria in Figure 20 named as "other" include as answers: none, not available, or a combination of some or all of the performance criteria.

When asked if the hotels' performance had improved with the affiliations compared to being completely independent, 61 hotels answered yes and only 4 answered no. Eight hotels said it was too early to know as they were new members and 27 did not answer. As to the ways in which the hotels' performance increased, the majority of hotels (20 hotels) noted positioning. This was followed with an increase in awareness (7 hotels) and then revenue (6 hotels) as the most prevalent. Increase in occupancy (4 hotels) and increase in customer segments (3 hotels) was also noted.

Four hotels stated an increase in ADR, 2 hotels in loyalty, and in profitability. One hotel mentioned an increase in customer satisfaction. The majority of the hotels' performance has improved as a result of the affiliation. In brief one hotel remarked: "you are allowing your property to be promoted in a much wider range with proven brand loyalty."

Increase or Decrease of other booking channels

Table 26 Other important booking channels for lifestyle hotels

Booking channels	Number
Booking engine on the hotel's own website	38
Other internet reservation companies	36
Online booking engine among travel agents and TO	36
Hotel direct booking	12
GDS	10
Total	**132**

Table 27 Use of other channels, increased or decreased?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Decreased	2	2,0	7,7	7,7
	Increased	18	18,0	69,2	76,9
	Stable	6	6,0	23,1	100,0
	Total	26	26,0	100,0	
Missing	No answer	74	74,0		
Total		100	100,0		

Although the majority of hotels report that they have increased the use of other channels (18 hotels), most hotels did not answer the question. Six hotels indicated that the usage was stable and 2 say that usage of other channels had decreased.

The greatest value added by the affiliations perceived by the hotels in most of the questions concerns image, market positioning, and brand awareness. Although global distribution is also highly valued as a benefit and a reason to affiliate, it does carry the same weight as the brand name and the special lifestyle positioning that a consortium can bring to a hotel. Nevertheless, there appears to be a need perceived by some hotels to increase marketing activities and to lower costs. Therefore, a hotel would turn to other channels to fill in or supplement this perceived gap. However, global distribution as provided by the consortia is in third position of value added benefits as well as in the advantages (both answers in third place) in the study. As one hotel put it, they value most “The worldwide exposure, which means more room nights”

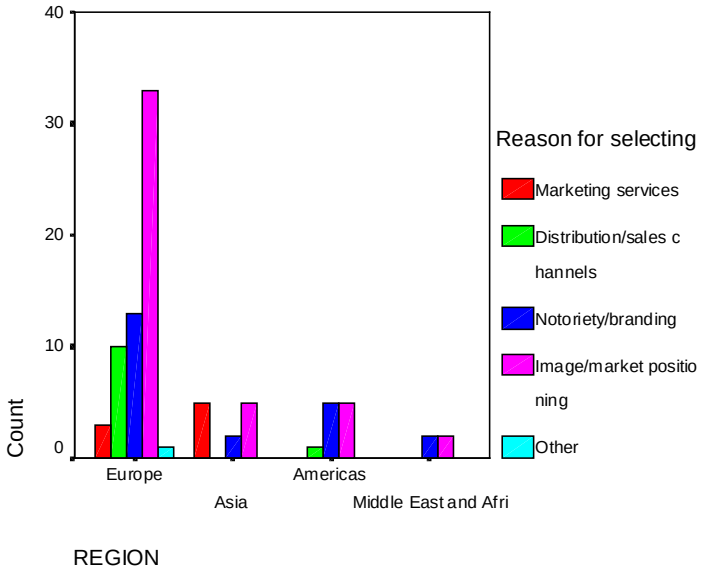
STATISTICAL ANALYSIS: RELATIONSHIPS BETWEEN THE VARIABLES (PAIR WISE)

After having transformed numerical variables into categorical variables, and analyzing pair wise relationships among categorical variables through a contingency analysis (2-sided chi-square test), a small number of these relationships have been found statistically significant, and on the basis of which the two corresponding categorical variables can be said to be dependent.

First of all, the relationship between the hotels’ reasons for selecting lifestyle hotel consortia and the geographical location of the hotel has been identified as statistically significant (p-value = 0.024). In other terms, the hotels’ reasons for selecting the lifestyle hotel consortia significantly differ between hotels according to their location. More specifically, this significant statistical link is due above all to the consortia’s image and market positioning, and to a lesser extent, to the consortia’s distribution and sales channels, as the main reasons for selecting the lifestyle hotel consortia by a much larger share among the hotels located in Europe; these hotels represent the majority of the respondent sample (see below figure

21). This might be due to the high percentage of independent properties in Europe compared to other parts of the world. Regarding the very few respondent hotels located in the Americas, Middle East and Africa, where affiliation proportion is higher than in other parts of the world, awareness/branding has been regarded as an equivalently important reason for selecting lifestyle hotel consortia. Marketing services and image/market positioning are the main reasons among Asian hotels.

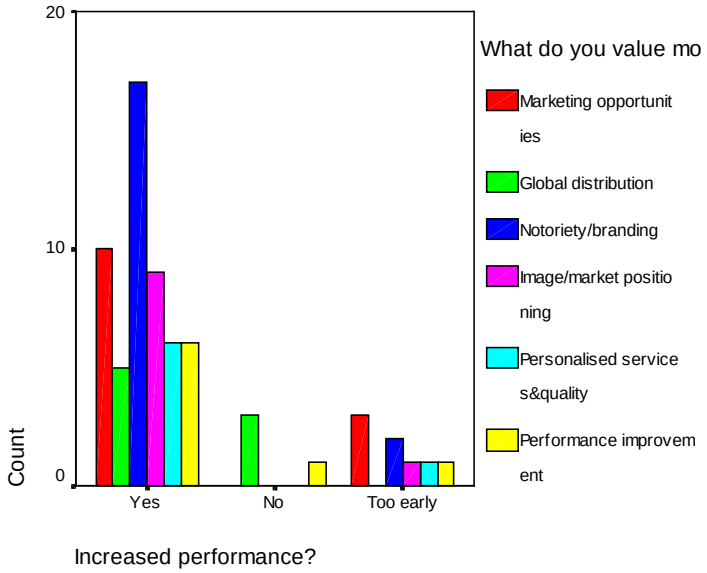
Figure 21 Reasons for selecting lifestyle hotel consortia according to the location region of the hotel



In addition, the hotel's perception of the increase of its performance since joining the lifestyle hotel consortia has been found to have statistically significant relationship with three variables: hotel perception of the aspects mostly valued, as well as of those of dissatisfaction, with lifestyle hotel consortia, and the hotel perception of the use of other booking channels. In other terms, the hotel perception on these three aspects differs significantly between the group of hotels having experienced a performance increase and the group of hotels having suffered from a decreased performance after joining the lifestyle hotel consortia.

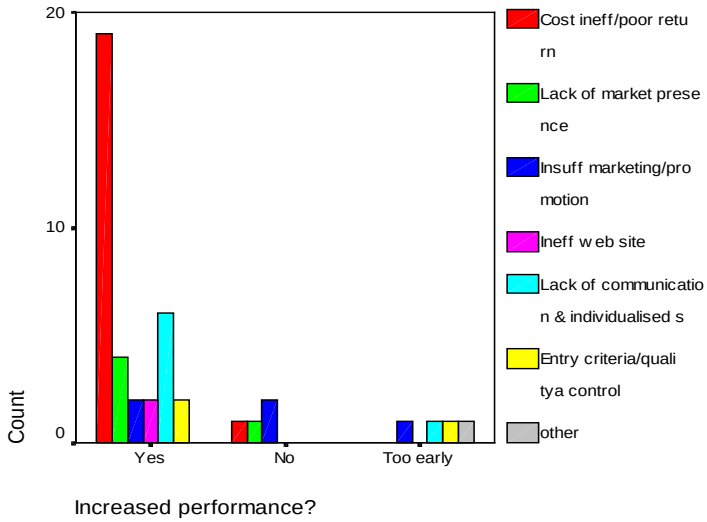
Firstly, the significant link (p-value = 0.036) with the hotel perception of the most valued aspects of lifestyle hotel consortia is mainly due to the awareness/branding, and to a lesser extent of image/market positioning, aspects considered as mostly valued by a much larger share among the hotels having experienced an improvement in their performance after joining the lifestyle hotel consortia, these hotels represent a large majority of the respondent sample (see below Figure 22). It is not a surprising result as these two aspects were the main reasons put forward by the hotels for selecting the lifestyle hotel consortia. Regarding the very few hotels whose performance has decreased, global distribution was the most valued aspect for a large majority of these hotels. This might be explained by the fact that global distribution has a much faster return in terms of number of arrivals. However, these gains have not resulted in improved hotel performance. The cost of accessing this global distribution through lifestyle hotel consortia (affiliation fee for example) might be too high. Concerning the hotels who could not measure the evolution of their performance because it was too early to do so, the aspect of marketing opportunities was the most valued element. The return on investment for marketing opportunities resulting from joining lifestyle hotel consortia was probably considered to be positive only in the long-run.

Figure 22 Aspects mostly valued with lifestyle hotel consortia according to the hotel perception of the increase of its performance since joining the lifestyle hotel consortia



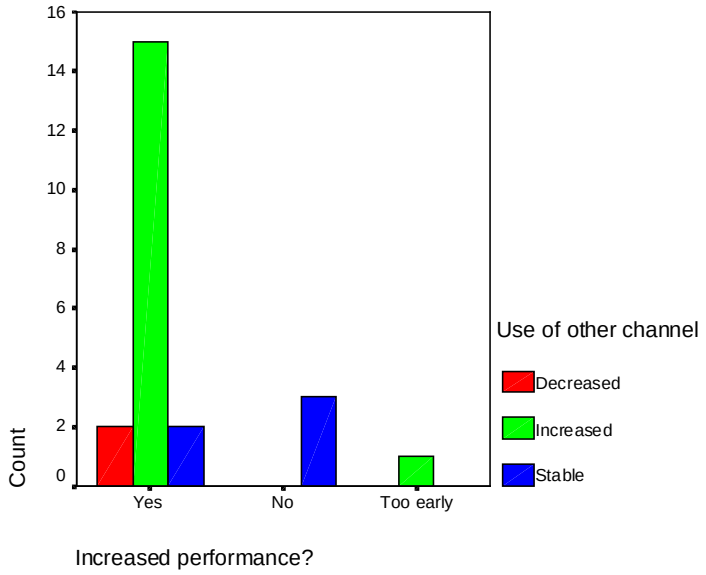
Secondly, the clear statistical link (p-value = 0.022) with the hotel perception of dissatisfaction aspects of the lifestyle hotel consortia mainly comes from the cost inefficiency/poor return considered as the main dissatisfaction aspect by a much higher share among the hotels that have had an improved performance, these hotels represent a large majority of the respondent sample (see below figure 3). This means that even when an improvement in performance is acknowledged, its degree is deemed insufficient. The reason is mainly related to the affiliation fee considered as too high compared to the returns. However, a significant share of these hotels has also made complaints about the lack of communication and individualized service from the lifestyle hotel consortia which means that improvement could also be found in internal daily relationships within the lifestyle hotel consortia. To a lesser extent, the lack of market presence was also mentioned by a proportionally significant share of these hotels, indicating possible improvement to be made by lifestyle hotel consortia in market presence. Among the very few hotels having experienced a decreased performance, insufficient marketing and promotion from the lifestyle hotel consortia were put forward.

Figure 23 Dissatisfaction aspects with lifestyle hotel consortia according to the hotel perception of the increase of its performance since joining the lifestyle hotel consortia



Thirdly, the significant relation (p-value = 0.013) with the hotel perception of the evolution of the use of other booking channels is mainly based on the increased use of other booking channels mentioned by a much larger share among the hotels having experienced an increased performance, these hotels represent a large majority of the respondent sample (see below figure 24). These channels have immediate results in terms of number of client arrivals and revenue. Regarding the very few hotels whose performance has decreased, they all mentioned a stable evolution of the use of other booking channels.

Figure 24 Evolution of the use of other booking channels according to the hotel perception of the increase of its performance since joining the lifestyle hotel consortia



The lack of many correlations in this study is not surprising considering the innately unique nature of the lifestyle hotel product.

ANALYSIS OF THE VALUE ADDED OFFERED BY LIFESTYLE CONSORTIA AND WHAT IS REQUIRED BY LIFESTYLE SME HOTELS

This section analyses the relationship of the member hotels that participated in this survey with their affiliations and their perception of the value added by their consortia; a link is made with the consortia questionnaire results to confirm or invalidate these consortia's affirmations regarding their offer.

According to the hotels in this sample, the *main reasons for selecting* their current affiliation(s) were:

- branding
- worldwide distribution and in some cases specific geographic segments
- sales force
- promotions
- fit with consortia: reflecting the same style and values; and positioning
- other hotel members are similar (high standards and like minded hotels)

The most important suggestion to the consortia by the hotels is to increase marketing activities to improve their services (see Figure 18). Even though high affiliation prices were mentioned as one of the main reasons for dissatisfaction, only a small number of members mention it in their suggestions.

Hotels also state that the *main advantage* in selecting a specialized lifestyle consortium over other generic types is the marketing positioning and targeting (see Figure 15).

When asked to define an *ideal lifestyle hotel consortium*, the hotels mention that the most important characteristics are: personalized service and equal treatment of all hotels, clear positioning and targeting, marketing activities, and strict and consistent criteria (see Figure 19).

Hotels mention that the *main disadvantage* of affiliating with a lifestyle hotel over other types is related to limited positioning (see Table 17). In addition, they mention high fees and commissions.

In general, the member hotels *value most* the following services from their affiliations:, brand recognition, positioning and international reservation reach. They are *mostly dissatisfied* by high annual fees, return not justifying these charges, and lack of communication and individualized service. Finally, the *main reason for termination* of a contract is poor return on investment.

Comparing results from the member hotels questionnaires to the consortia questionnaires, the following points emerge:

- The dissatisfaction with high consortia fees is mentioned most by member hotels that pay higher fees for their affiliations, which shows that consortia should review their pricing policy.
- Even though consortia claim to achieve high return on investment for members, some hotels mention insufficient bookings or return.
- The lifestyle consortia investigated do not emphasize *all* the value added benefits mentioned by the member hotels in their Unique Selling Propositions (USPs). On the other hand, some consortia mention many services in their USPs which member hotels did not list as the most valuable.
- Some points believed to be and highlighted as strengths by consortia are actually mentioned to be reasons for dissatisfaction by member hotels. For example, too much flexibility in services offered could turn out to be too much "doing it yourself" for hotels which some dislike.
- Even though marketing services and positioning are highlighted as the main advantages of affiliating with a lifestyle consortia, member hotels still noted the need of improvement in this same area.
- Similarly, the *most valued* aspect, brand awareness, is shown as less important in the *ideal* consortia proposal than personalised service, indicating that they value the branding but also need more personalisation from the consortia.
- 84% of hotels (61 out of 73 answering the question) claim one or more types of improvements in their performance since the affiliation compared to being independent, with the highest number shown in "positioning".
- Member hotels value most the awareness/branding aspect of their affiliation and in the consortia questionnaire results it is seen that this feature is the most widely offered benefit by 90% of the consortia.
- Out of the 90 hotels that are affiliated in the sample, 36 only had one affiliation, 32 of them 2 affiliations, and 22 of them 3 affiliations (10 of them were not aware of their affiliations). There seems to be an increasing demand for affiliations from these hotels to improve their competitiveness.

Considering *all* of the responses of the hotels surveyed, the *ideal* lifestyle consortia should have the following characteristics: brand awareness and reputation, strong sales support, simple technology and procedures, strict criteria for membership and quality assurance "inspections", flexibility, personalized services, well-targeted marketing campaigns, more similar size hotels, and more realistic membership fees.

To conclude, as to whether the consortia offers correspond to the value added requirements of the hotels, it is found that some of the consortia investigated in this study were mentioned as being very close to "*ideal*" by member hotels and received positive comments throughout the questionnaire results. There seems to be a model that works better than others in the lifestyle consortia organisation, which is identified by the positive responses given in the questionnaire by the member hotels regarding these consortia.

Fifty six hotels report improvement in their performance since joining these affiliations. The biggest improvement is noted in positioning. The rest of them, 34 hotels, give one of the following answers: no, too early to tell, not available. This would indicate that some of the hotel members did not perceive an improvement in their performance due to the consortia membership. Consortia investigated in this study seem to believe to have achieved a much higher percentage of improvement in results for their member

hotels' performance. Furthermore, the fact that many hotels, but not all, have more than one consortium membership, implies that all of the requirements of some hotels may not be satisfied with only one consortium. Recommendations follow for both lifestyle hotels and lifestyle consortia in order to find the ideal partnerships.

DISCUSSION OF THE RESULTS AND MANAGERIAL IMPLICATIONS

Previous research which also indicated improvement due to affiliation has shown the primordial importance of global distribution as a selection criterion and value added benefit for SME independent hotels in general, that have affiliated with generic hotel consortia (Holverson and Revaz, 2006). However, in this lifestyle study, the most valued benefits stated by lifestyle hotels concerned personalised service, market positioning, and brand awareness before global distribution. This would imply that due to the inherent nature of each individual hotel being unique, that it would be difficult to create a worldwide brand identity without the affiliation to a well-known lifestyle hotel consortium brand.

The need for brand recognition is imperative in a competitive hotel market and this is an activity that independent SME could not do alone with the same impact. Although usage of direct bookings via the Internet are on the increase, global distribution is still essential for these consortia members as are economies of scale for such things as technology and access to limited niche market that is difficult for them to acquire worldwide.

The majority of hotels surveyed indicate that their performance has improved in terms of positioning followed by brand awareness and then revenue, occupancy and acquiring new customer segments. The lifestyle hotels did not indicate global distribution as the most essential, which differs from previous general consortia research. This implies that hotel consortia members must follow the latest distribution technologies that are becoming available to SME independent hotels and be adaptable in their own offers.

The disadvantages cited in this study, as was the case in previous research, are high fees compared to the return on investment as well as quality assurance although this is mentioned by only 6 hotels in the question on suggestions for improvement and these hotels, in fact, show an improvement in performance due to the consortia. The most important reason stated by 16 hotels for termination of consortia contract was poor return on investment, however, this is not a reflection of their current affiliations in this study, but merely an indication of its importance to them. Nevertheless, multiple consortia memberships suggest that one lifestyle hotel consortia may not be enough to satisfy all of the value added benefits sought by the hotels and that there is a need for some improvement.

RECOMMENDATIONS FOR THE LIFESTYLE SME HOTEL INDUSTRY IN SWITZERLAND AND ELSEWHERE

Recommendations for SME Lifestyle Hotels:

Considering the results of the questions to the lifestyle hotels concerning services with added value, several areas of improvement or maintenance for the consortia could be proposed. Firstly, the lifestyle hotel consortia should reinforce their commercial strengths by maintaining and continuing to build a strong well-known brand and market presence, as well as by maintaining global distribution and providing the latest, most effective technology not only for distribution, but also for revenue management, internet optimisation, and database marketing.

Secondly, they should develop an appropriate positioning and a clear philosophy with which lifestyle hotels and their customers can identify and which the consortium can emphasise in their unique selling propositions. As a consequence, they have to follow a fine-tuning strategic targeting and to consider stricter and more consistent criteria for membership and quality assurance and maintaining a portfolio of relatively similar size hotels.

Thirdly, they should improve their relations with the hotel members by reviewing their fee structure, offering flexibility where value added services can be purchased "a la carte" by hotels, focusing on

personalised, attentive service to the hotels, and providing trend information on a regular basis to hotels and consortia staff. Fourthly, they have to consider their growth objectives and how they impact service levels and specialisation. With the current development in hotel distribution technologies, lifestyle hotel consortia must maintain a competitive advantage over new entrants as well as current competitors by continuing their valued specialities, which are much appreciated by their hotel members, and by adapting their offers to conform to changing needs.

Recommendations For The Specialised Lifestyle Consortia

With such a variety of lifestyle hotel consortia in the market, the hotels should investigate several choices before making their selection. Talking to current hotel members of the consortium could be most useful. Decision-making criteria for SME hotels in selecting a consortium should reflect the different aspects of performance improvement as follows. Firstly, they should consider the global and the regional brand awareness of the consortium among the lifestyle customers. In addition, they should consider the adequateness of the consortium's target markets by checking if the consortium does, in fact, have target markets that the hotel cannot reach alone. Furthermore, the hotels should determine whether the consortium's customers match the psychographic, demographic and geographic profile of their desired guests. Moreover, it is important for the hotels to know if the consortium has good relations with travel trade intermediaries who have access to these special target markets.

Secondly, the hotels should check whether they fit into the positioning of the consortium, and whether they share its values and vision as well as those of other members. As a consequence, they should see whether the other hotel members of the consortium are of similar category and quality (mid-market, upscale, luxurious), and if the latter would be regularly controlled. It would be important to see if there are other hotel members in the region which could be competitive.

Thirdly, the hotels should measure the degree of appropriateness of the various business relations with the consortium. To that respect, the length of the contract with the consortium and the conditions of termination are the first aspects to be considered. Nevertheless, the other relationships with the consortium should also be evaluated according to the following areas. On one side, in terms of its costs and performance, hotels should calculate the initial costs, and to see whether there are ongoing fees and marketing fees, and to evaluate the cost effectiveness. On the other side, in terms of services offered by the consortium, hotels should estimate their needs to see if the services are relevant and included in the fees.

All in all, they need to decide which services would be beneficial to them, which they could not provide for themselves, such as Customer Relationship Management, revenue management, directories, large marketing events, loyalty programmes, and updated trend intelligence. The hotels need to evaluate the compatibility of the consortium's technologies with their own and the appropriateness of its communication campaigns. Personalised service, highly valued by SME hotels, should be evaluated to see whether they would have their own account manager and individualized service to fit their needs, and if consulting would be available for specific issues.

CONCLUSIONS

There is an increasing demand for unique hospitality experiences which SME independent hotels are trying to satisfy with a lifestyle concept. Swiss SME hotels currently have little differentiation to increase their performance but already have an international reputation for high quality and exceptional locations, and may be in a unique position to consider alternative lifestyle offers to this new rapidly growing market segment.

There is a growth a lifestyle hotel consortia companies that are also trying to acquire these new niche segments. SME independent lifestyle hotels lack resources and economies of scale to compete with larger hotel chains which are also targeting these segments and are partnering with the lifestyle consortia.

To provide added value to these lifestyle hotels, specialised consortia need to know more about their hotel members' requirements and have a profile of their guests.

This study provides target market profiles of the "lifestyle" segment, the advantages and disadvantages of lifestyle consortia membership as perceived by the hotels. Value added benefits to the hotels by the

consortia are determined, as well as aspects of dissatisfaction. Branding, positioning and shared philosophies and values were valued most by the hotels. Personalised service and “small” attentive companies understanding their needs were desirable. Points of dissatisfaction by the hotels focused on the fee structures and concern for return on investment.

SME independent hotels in Europe were highly represented in this study and there were correlations between their geographical location and their perception of improvement due to the consortia membership.

An analysis was done on the perceptions of the lifestyle hotel consortia’s own value added offers and the perception of the hotel memberships of these benefits. This shows that there is a relatively good alignment of what is perceived as value added although some improvements are proposed. Relevant criteria for strategic decision-making by Swiss SME independent hotels in the selection of lifestyle consortia have been identified and recommendations for improvement for lifestyle consortia have been proposed.

FUTURE RESEARCH

Although there are clear benefits of affiliation with lifestyle consortia who have invested in many technological services that they offer the hotels, such as distribution and revenue management, attention needs to be made by the hotels in regards to the advances of Internet distribution and other new marketing technologies that could be offered in the future to hotels as more cost effective alternatives. In the same way, the lifestyle consortia should be monitoring the needs of the lifestyle hotels, while adapting and/or diversifying their business models in order to fit into a rapidly changing technological environment in the travel industry.

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Consortia Website Addresses:

1. http://www.tablethotels.com/
2. http://www.boutiquehotelsandresorts.com/
3. http://preferred-boutique.com/
4. http://www.epoquehotels.com/
5. http://www.mrandmrssmith.com/
6. http://www.designhotels.com/

7. http://www.slh.com/
8. http://www.leadingsmallhotelsoftheworld.com/
9. http://www.chicretreats.com/
10. http://www.llhotels.com/

APPENDICES

APPENDIX I QUESTIONNAIRE TO THE LIFESTYLE CONSORTIA

ECOLE HOTELIERE
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QUESTIONNAIRE FOR CONSORTIA

This survey is designed by Lausanne Hospitality Research at the Lausanne Hotel Management School to explore and determine relevant issues for hotels affiliated with hotel representative companies (hotel consortia) as well as the consortia in order to improve the Lifestyle ("design", "hip", "unusual") independent hotel market as a whole.

Thank you for your valuable participation.

General Information

1. Consortium name _____

2. Your name / position _____

3. Your email address _____

4. City, Country of the consortium headquarters _____

_____

5. Year founded _____ Number of properties_____

6. Geographical regions of hotel members _____

_____

7. Average number of rooms in member hotels _____

Conceptual

8. Positioning / Category _____

9. What is your main target group of travellers?

_____

_____

10. Do you consider your consortium to represent "lifestyle" hotels? Why or why not?

_____

_____

11. What are your basic selection criteria for member hotels in order to fit into your company's image?

_____

_____

_____

_____

Services / Contracts

12. What are your Unique Selling Propositions to hotels that other lifestyle consortia cannot offer?

_____

_____

_____

_____

13. What services / benefits do you offer your hotels members?
□ GDS □ Other global reservation system □ Sales team □ revenue management system
□ Management consulting □ loyalty programme □ brand awareness □ financial assistance/consultation
□ Database access □ marketing research / industry intelligence□ Quality Assurance
□ Employee training □ Environmentally sustainable programme □ Trade show participation
□ Corporate / industry partners (please specify)

_____

□ Marketing collateral (please specify brochures, directory, videos, etc)

_____

_____

_____

□ Other services (please specify)

_____

_____

14. Which of the above services are included in your annual fee?

_____

_____

_____

_____

15. What are your membership fees?

Initial / entrance fee _____

Reservations _____

Other services _____

_____

16. What is the length of the contract? _____

17. What is the percentage of hotels that renew their contract with you? _____

18. If a hotel did not renew, do you know the reasons why? Specify

_____

_____

_____

19. What is your policy regarding territorial density (number of your hotel members in the same area)?

_____

_____

Performance

20. Has your company performed well in the past 2 years? If so, please specify in which ways.
□ Revenues □ profitability □ n° of new hotels (how many _____?)
□ Geographic expansion □ Other

_____

21. Has the performance of the majority of your hotels improved in the past 2 years? If so, in what ways?

□ ADR □ Occupancy □ Revenue □ Profitability □ Positioning □ Awareness □ New Customer Segments

□ Customer Satisfaction □ Loyalty □
Other_____

If not, what has been disappointing for them?

□ ADR □ Occupancy □ Revenue □ Profitability □ Positioning □ Awareness □ New Customer Segments

□ Customer Satisfaction □ Loyalty □
Other_____

THANK YOU FOR YOUR TIME AND CONTRIBUTION.

Sonja Holverson, LAUSANNE HOSPITALITY RESEARCH
TEL: ++41 21 785 1111 FAX: ++41 21 785 1121
Le Chalet-à-Gobet, 1000 Lausanne 25, Switzerland

APPENDIX II

RESULTS SUMMARY OF THE PRELIMINARY EXPLORATORY RESEARCH OF LIFESTYLE HOTELS (6 Hotels Responded)

Are you a Lifestyle hotel? definitions

- Balance of design and hotel. Modern, pure design appreciated by clients
- Yes
- We do not only sell room nights and services but moments, the feelings that guests have at our hotels and being design-oriented
- We sell hotels that fit into people's lifestyles since they look of the same style of decoration and interior architecture as the hotels offer and they use the hotels for their own inspiration.
- Being renovated to be a haven for the discerning guest looking for understated chic, person, bespoke service and unrivalled peace (right in the very heart of the city's most exciting neighbourhood
- Yes, because of the services offered and style of the hotel are in line with the requirements and desires of the modern cosmopolitan traveller.
- Yes, it is a small boutique hotel in the old part of the city.

Affiliations, number of years:

- 2.5 – 6 years for the hotels memberships

Reasons for affiliation

- International exposure
- Marketing services
- Marketing and positioning in the right market
- Image, positioning and distribution. / US market presence and positioning as a boutique with a different consortium.
- The consortium represents the new style of the hotel, encompassing the exquisite design and combining the important English heritage with a new comfortable feeling
- Global reach that the consortium offers in positioning. Brand affiliation. PR and distribution channels.
- Branding, Sales and marketing Force

Value most:

- « Cosmopolite clients »
- Website shows up on Google
- The image that the consortium gives us as well as the service and assistance provided.
- Sales/Marketing support, reservations and the affiliation that independent hotels struggles to achieve in today's competitive environment.
- Brand voice. Distribution reach and technology.
- Partnership relation

Dislike most:

- High fees
- The annual cost
- Consortium does not give a clear classification hotel level (confusing for clients)
- The consortium could assist more in terms of sales calls, road show, etc.
- The consortium should make a distinction between "lower" scale and upscale hotels (party-design and luxurious-design)
- Too large a number of hotels affiliated in one city

Performance due to consortia:

- Improvement in positioning
- Improvement in loyalty

Suggestions for consortia:

- Continue with the questionnaires and search for feedback from member hotels
- Improve consumer communication and database. A physical significant investment to grow the database. To facilitate the brand voice as well.
- Regional offices could be more pro-active by asking our hotel to participate in pilot projects. We would be willing to act as a guinea pig.
- More Sales Strategy

Ideal consortia:

- Harmonious representation of the hotel's vision and style.
- Support in areas that independent hotels require in the competitive marketplace
- Clear sense of purpose. Real value added. Stuff customers can't get on their own.
- Profit versus cost
-

Advantages of specialized consortia:

- Targeting the right clientele, focused marketing actions, good contact the specific market and good positioning
- True representation and understanding of the hotel's vision
- It is very important to have a specialised consortia. For example some larger companies have their customers confused with such a wide offer.

Disadvantages of specialized consortia:

- Perception that perhaps a modern/minimalist hotel is opposed to a lifestyle/design hotel

Reasons for terminating an affiliation contract in the past:

- Poor representation of the new vision of the hotel

Other booking channels:

- Belong to a small hotel group
- Direct bookings (website) 75%

APPENDIX III FINAL QUESTIONNAIRE
(Format modified on the Internet)

Questionnaire for Independent Hoteliers

This survey is designed by Lausanne Hospitality Research at the Lausanne Hotel Management School to explore and determine relevant issues for hotels affiliated with hotel representative companies (hotel consortia) in order to improve the Lifestyle ("design", "hip", "unusual") independent hotel market.

All individual responses are confidential. Thank you for your valuable participation.

Background

1. Your position (owner, general manager, marketing manager, etc) _____

2. Your email address _____ Country _____

3. Category (mid range, upscale, luxury)_____ Number of rooms_____ REVPAR ___

4. Describe your targeted segments.
_____
_____

5. Do you consider your hotel to be a "lifestyle" hotel? Why or why not?
_____
_____

6. If not, are you considering converting your property into a lifestyle hotel? Why or why not?
_____
_____

Hotel Consortia Relations

7. Name of current important branded affiliations, if any, (consortia or third party hotel representative such as *designhotels, LHW, SLH,* etc.) and number of years with each. If no affiliation, please go to questions 15 and 16.

   Affiliation _____Number of years _____

   Affiliation _____Number of years _____

   Affiliation _____ Number of years _____

8. What was the main reason for selecting your current affiliation(s)?
_____
_____

9. What do you value most about your current important affiliation(s)?

_____

_____

_____

10. What dissatisfies you most about your current important affiliation(s)?

_____

_____

_____

11. If your hotel has terminated a hotel representative company contract in the past, please give your reasons.

_____

_____

_____

Hotel Consortia Performance

12. Was your hotel operating independently prior to affiliation(s)? _____

13. Since your hotel has joined your current important affiliation(s), has your performance improved compared to being completely independent? _____If so, in what ways?

ADR □ Occupancy □ Revenue □ Profitability □ Positioning □ Awareness □ New Customer Segments

Customer Satisfaction □ Loyalty □ Other_____

14. What suggestions do you have for your current hotel consortia to improve their services?

_____

_____

_____

_____

15. To what degree of involvement would you like with your consortia?
☐ very limited ☐ limited ☐ moderately involved ☐ very involved

16. In what areas would you like closer involvement?
☐ Branding ☐ Marketing Services / consulting ☐Loyalty programme participation
☐ Road show participation ☐ Other promotion participation ☐ Project / concept development
☐Other_____

_____

17. What would be the characteristics of an ideal lifestyle hotel consortium?

_____

_____

_____

_____

Other Hotel Issues

18. In your opinion, do you believe that there are specific advantages and/or disadvantages of affiliating with a consortium that *specializes* in "design" and "lifestyle" hotels versus hotel affiliations that also represent other types of hotels? If so, what are these advantages and/or disadvantages?

Advantages

_____

_____

_____

Disadvantages

_____

_____

_____

19. Besides affiliation to hotel consortia, if any, what other important booking channels do you use most as an independent hotel? If you are affiliated, has your use of these other channels increased or decreased since you became a member?

_____

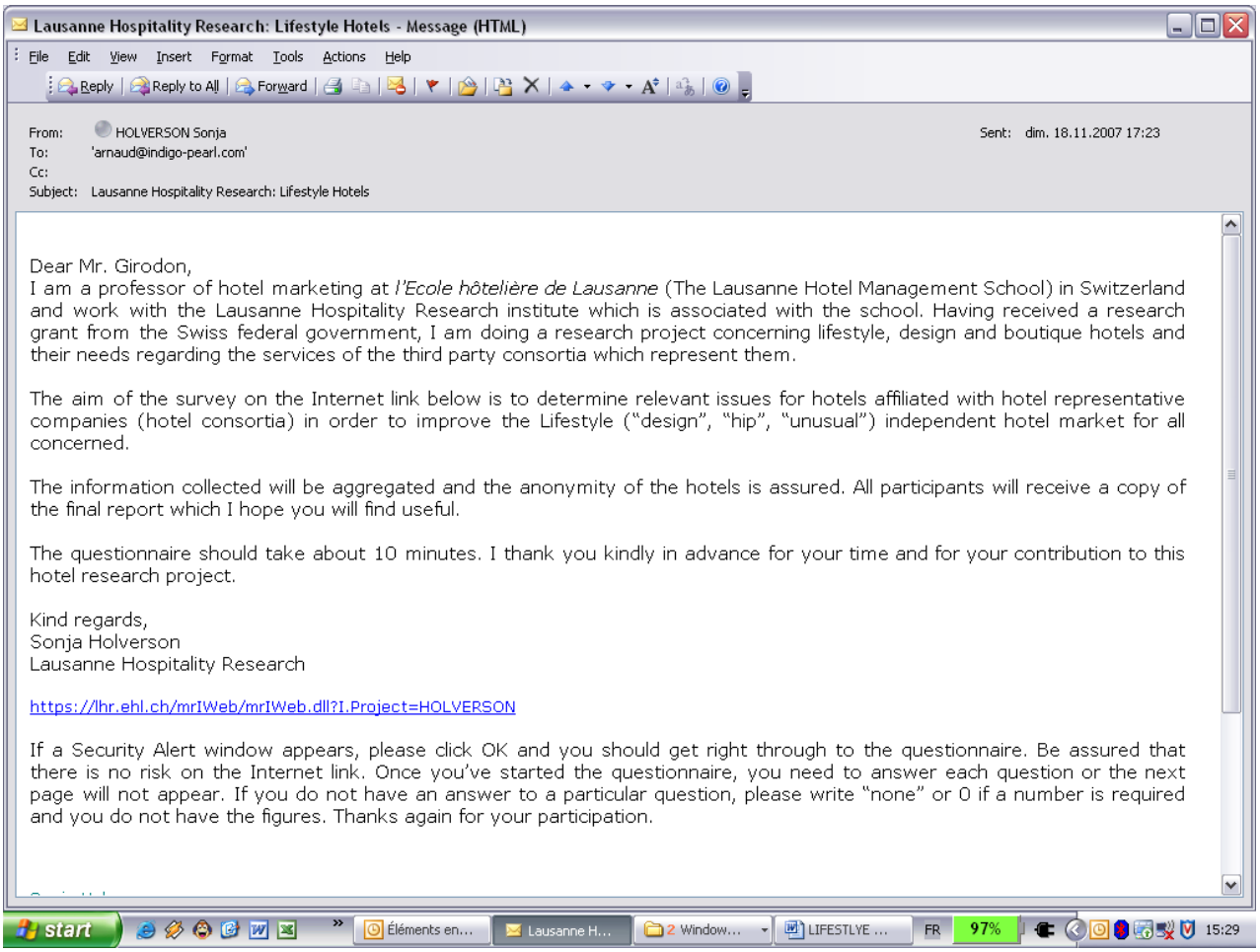
_____

_____

THANK YOU FOR YOUR TIME AND CONTRIBUTION.

Sonja Holverson, LAUSANNE HOSPITALITY RESEARCH
sonja.holverson@ehl.ch

APPENDIX IV SAMPLE EMAIL WITH COVER MESSAGE.



Lausanne Hospitality Research: Lifestyle Hotels - Message (HTML)

File Edit View Insert Format Tools Actions Help

Reply | Reply to All | Forward

From: HOLVERSON Sonja
To: 'arnaud@indigo-pearl.com'
Cc:
Subject: Lausanne Hospitality Research: Lifestyle Hotels

Sent: dim. 18.11.2007 17:23

Dear Mr. Girodon,
I am a professor of hotel marketing at *l'Ecole hôtelière de Lausanne* (The Lausanne Hotel Management School) in Switzerland and work with the Lausanne Hospitality Research institute which is associated with the school. Having received a research grant from the Swiss federal government, I am doing a research project concerning lifestyle, design and boutique hotels and their needs regarding the services of the third party consortia which represent them.

The aim of the survey on the Internet link below is to determine relevant issues for hotels affiliated with hotel representative companies (hotel consortia) in order to improve the Lifestyle ("design", "hip", "unusual") independent hotel market for all concerned.

The information collected will be aggregated and the anonymity of the hotels is assured. All participants will receive a copy of the final report which I hope you will find useful.

The questionnaire should take about 10 minutes. I thank you kindly in advance for your time and for your contribution to this hotel research project.

Kind regards,
Sonja Holverson
Lausanne Hospitality Research

https://lhr.ehl.ch/mrIWeb/mrIWeb.dll?I.Project=HOLVERSON

If a Security Alert window appears, please click OK and you should get right through to the questionnaire. Be assured that there is no risk on the Internet link. Once you've started the questionnaire, you need to answer each question or the next page will not appear. If you do not have an answer to a particular question, please write "none" or 0 if a number is required and you do not have the figures. Thanks again for your participation.

start | Éléments en... | Lausanne H... | 2 Window... | LIFESTLYE ... | FR | 97% | 15:29

APPENDIX V
CRITERIA FOR SELECTION OF LIFESTYLE CONSORTIA

- Positioning
  - Does the SME hotel "fit" into the positioning of the consortium?
  - Does the consortium capture the essence of the hotel's offer?
  - Are the other hotel members of similar category and quality (mid-market, upscale, luxurious)?
- Philosophy
  - Does the hotel share similar values, vision and philosophy with the consortium and the other hotel members?
- Brand Awareness
  - How aware of the consortium are the hotel's lifestyle customers?
  - Is the consortium's brand recognition international or regional?
- Targets reached
  - Do the consortium's customers match the psychographic and demographic profile of the hotel's desired guest?
  - Does the consortium have target markets that the hotel cannot reach alone?
- Length of contract
  - For how long is the hotel committed and what are the conditions of termination?
  - How many hotels are expelled or choose to terminate their contract within a year and for what reasons?
- Territory
  - How many other hotel members are in the area of your property?
- Costs / Performance
  - What are the initial costs, if any, ongoing fees and marketing fees?
    - Will the relationship bring incremental revenue and be cost effective and profitable?
- Services offered
  - What are the consortium's technologies? Are they compatible with the property's?
  - Does the hotel need all of the services offered?
  - Are these services included in the fees or extra and how much would they cost?
  - Are there flexible tailored services offered?
  - Are the communication campaigns appropriate for the hotel's target market?
  - Which services can be beneficial to the hotel which could not do them alone such as revenue management, CRM (Customer Relationship Management), tradeshow presence, directories, marketing events and campaigns, loyalty programmes, updated trend intelligence?
- Level of personalized service
  - Would the hotel have their own account manager and individualized service to fit their needs?
  - Do the consortia have good relations with travel trade intermediaries?
  - Is consulting available for such issues as design / architecture, finance or other hotel management aspects in this market?
- Quality Assurance
  - Are there regular inspections to insure the quality and the consortium's brand promise?
  - Is there consistency of quality within the group of member hotels?