

Hotel marketers rethink the affluent market

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The tastes of affluent travelers have changed. Hoteliers are responding with new, personalized offerings (and targeted marketing to sell them).

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GLOBAL REPORT—The hospitality industry is offering new products and approaches to attract affluent travelers, maintain their loyalty and to get them to spend as much as possible.

A decade ago, it was easier to define what affluent travelers wanted, according to Bjorn Hanson, clinical professor, NYU's Tisch Center for Hospitality and Tourism.

But now?

"The very definition of luxury has changed, and rates have not recovered to the extent that the headlines would indicate. As a result, luxury hotels are trying to find new ways to create experiences and maximize revenue," Hanson said.

In the United States, the luxury segment reported an average-daily-rate increase of 5.6% to \$306.83 during 2014, according to data from [STR](#), parent company of Hotel New Now.

Reaching out

Marketing to the wealthy is largely a personalized process. One route to the rich that remains resilient because of personal relationships is travel professionals.

Robert Gaymer-Jones, former CEO of Sofitel and now CEO of newly formed Panorama Hospitality Management Company, said the most effective link to the affluent remains high-end travel agents.

"We are meeting with them individually," he said, "and making them understand what we are developing. Since we have two years until our first opening, we have the time to develop relationships with these travel agents."

Andre Boersma, GM of Sugar Beach, a Viceroy resort on St. Lucia, also sees travel professionals as important.

"Our guests will research us, but when it comes to making bookings and arranging details, time is too valuable for them and they will use a third party," he said.

Similarly, Bashar Wali, president of Provenance Hotels, said, "We might reach out to their assistant, travel planner or secretary in a way where we can quickly show that person that, 'Yes, we are cool but also reliable when it comes to service.' We won't embarrass that person if his or her boss stays with us."

But of course technology has disrupted the distribution playing field.

"In the past," Boersma said, "we marketed geographically. Now because of technology, we market to the various communities based on what they love rather than where they come from."

And the affluent don't always want the most expensive product, sources said.

"We operate two hotels on St. Lucia that are right next to each other: Jade Mountain and Anse Chastanet," said Karolin Troubetzkoy, executive director/owner of the properties. "The Jade Mountain is an AAA 5-diamond resort while Anse Chastanet is AAA 4-diamond. Many guests who could afford the higher rate at Jade Mountain prefer Anse Chastanet because it has a more barefoot, bohemian feel. Even if it's a celebrity, you don't know. You can never assume what a guest will want."

Nor does Troubetzkoy assume the affluent themselves know what they want. She has taken a page from technology giant Apple in creating pricey experiences that consumers have not yet expressed a desire for.

"Sometimes we do things just because we like the idea," she said. "For instance, we have cacao trees on property, so we built a chocolate factory with a full-time chocolate alchemist on staff who makes chocolates all day. And that can turn into a profit center because of classes and selling the product."

One thing that hasn't changed about marketing to the affluent, said Simon Manning, global VP of sales & marketing for Langham Hospitality Group, "is that the focus is always on the destination with the goal of having your hotel perceived as the place to be in the destination."

Partly because of that focus on the destination, Manning said, more than half of all guests at [Langham](#) city properties are high-rate paying leisure travelers—a much different profile than most luxury downtown hotels.

"In New York," he said, "we had two-bed guestrooms that were not selling. We branded them Family Rooms and packaged them with a Cultured Kids by Langham program. Now they are very popular and sell for \$860 a night."

Getting social

In many cases, the affluent are more active on social media than their less wealthy counterparts, sources said.

"We see a lot of penetration among the affluent on Instagram," said Casey Ueberroth, chief marketing officer, Preferred Hotel Group. "We're seeing them post pictures from Barcelona or New York (City) telling their friends to go to a certain sushi spot or making other recommendations."

"In the last few years, the focus has really moved to social media," agreed Susanne Hatje, GM of the Mandarin Oriental New York.

"Everyone has become more tech-savvy and educates themselves before they arrive at the destination," Hatje said. "That's why I check Instagram, Twitter and Facebook before I leave home in the morning. Guests might be trying to connect with me through those mediums. They might have seen a picture on our site and posted that they can't wait to get here. This allows for direct interaction which can create an emotional connection."

At Jade Mountain, guests take it on themselves to generate a strong social media experience, Troubetzkoy said. "When you have a property that is so photogenic, almost everyone is posting immediately on arrival, and we don't have to encourage them. As a result, social media is the No. 1 driver of our business."

And while print magazines might have waned in circulation, new media influencers have emerged.

Hatje said her hotel makes a special effort to work with "young and hip bloggers" and encourages them to stay in the hotel. "They have an increasing amount of influence," she said.

Review sites always reverberate with the rich.

Boersma sees "an amazing amount of business" coming in because of TripAdvisor. "We reply to every comment, good or bad on the site," he said, "and it's amazing how many people come through the door because of those comments."

And the most traditional kind of social media—word of mouth—remains powerful, Gaymer-Jones said.

"Word of mouth is still crucial so you should make guests feel they are part of the future of the hotel," he said. "Let them know if you bring in a new golf pro or a new concierge, or changed amenities. That makes them feel like part of the family. You want to get them engaged in how things are going."

"Most people who stay at an independent hotel want it to be successful, and they will be loyal not because of the loyalty program but because you make them feel like they are part of an exclusive membership," he added.

Stimulating on-site spend

"People who stay at hotels tend to have time to spend money," Hanson said. "Their day ends at 5 or even 8, so there is an opportunity to deliver experiences at a price. That might involve tie-ins with nearby retailers—even a car dealership. People want to return home and say, 'The last time I stayed at Hotel X, I had the most wonderful evening, or I learned something.'"

"It's a question of creating an atmosphere of services that makes cost irrelevant," Wali said. "The more comfortable you make them feel, the more likely they are to spend money. And you can't judge all this by how people look. They might be young and looking for exceedingly authentic experiences. They are looking for Instagrammable moments."

"If I'm in my thirties, I want to brag about going to a unique hotel. We now seem to have this urge and need to share our lives with the world, and this opens opportunities for hoteliers," he said.

Managers at Sugar Beach take advantage of the distinctive surroundings to generate revenue, Boersma said.

"We are in the shadow of the Piton mountains," Boersma said, "which many of our guests like to climb. We put together a climb with a guide then offer spa and stretching treatments afterward, which are very popular."

And at Jade Mountain, where there are no televisions or cellphone service, the property enjoys some of the highest rates in the region, and guests are willing to ante up even more for memorable moments.

"We can do private dining experiences with wine pairings for \$700 or dinner on a 60-foot catamaran with your own chef for \$2,000," Troubetzkoy said.