A little insight is a valuable thing in hospitality, and the value of comparing notes and getting an overview on the industry in general and broader trends is huge. These kinds of insights are also one of the reasons BLLA is such a useful organization to be part of for the Boutique & Lifestyle sector. And nowhere is this truer than in our annual Sentiment Survey, an essential overview of the state of this thriving area of the hospitality industry.

We reached out to you, our ever-expanding network of more than 1,000 of the finest Boutique & Lifestyle hoteliers, to find out the truth about the state of the sector in 2017. Our questions probed to the heart of the industry and uncovered vital information about the state of play in Boutique & Lifestyle, what is working and what isn’t, key trends and information about this most exciting and vital of hospitality sectors.

The picture that emerges from all of this data is that the Boutique & Lifestyle sector is in better health than ever, looking to the future whilst also conscious of preserving its heritage. Our survey will serve as a vital resource in making decisions that affect the future of your business and of the industry-at-large.

The world of Boutique & Lifestyle Luxury hotels changes and develops at a fast pace and so these answers and insights will help us all to navigate this ever-shifting landscape in informed and savvy ways.
Survey Results

SURVEY DEMOGRAPHICS

The majority of those who responded were from North America, which represented 88.89% of responses; and the second largest group was those based in Europe, which made up 11.11% of the survey responses. Of the hotels that took part, 40% were small hotels with 51-100 rooms; 30% had between 1 and 50 rooms; 20% had between 101 and 50 rooms; and 10% had more than 150.

Half of the survey responses were from urban hotels; a fifth of respondents were based in the countryside; 10% were in beach and mountain resorts; and a further fifth categorized their environment as ‘other’.

ANALYZING THE RESULTS

The data from this survey gives us an informed look at the state of the industry and helps us answer questions such as ‘What are Boutique & Lifestyle Luxury hoteliers’ greatest concerns in 2017?’, ‘What are the biggest trends in the sector?’ and ‘What are the industry’s plans for the future?’

We see a picture of a sector in the peak of health, able to change and develop to keep pace with constant developments in technology, but proudly upholding its core strengths of great customer service, a personalized touch, and a focus on providing one-off experiences to guests. We also see a wealth of ambition, with an impressive 90% of those surveyed saying they are harboring plans to expand their business.

“We see a picture of a sector in the peak of health”

BIG CHAINS

Question: What do you think the big chains have learned from studying our independent Boutique and Lifestyle hospitality segment these past 5-6 years?

One story that has been hard to ignore in the past year is the steady infiltration of the big chains into areas previously reserved for Boutique & Lifestyle hotels, looking to cash in on the sector’s ever-growing appeal. We asked our responders what they felt the big chains had learned from studying our independent segment for the past five to six years.

Several emphasized the importance of offering unique, one-off experiences: “Guests are looking to have enhanced experiences that are unique and not cookie-cutter. They want those Instagrammable moments.”

A few said that customer service and staff training were paramount; and authentic local flavors were also said to be important. “They want to experience the ‘place’ and not just the amenities the hotel has to offer.”

And one thoughtful response looked at the influence of boutique hotel design – and how our independence allows for greater creative freedom. “They have realized that the institutional look of hotels is no longer desirable. But they will still suffer from imposed brand standards that will put a damper on genuine creativity.”

MAINTAINING OUR INDEPENDENT SPIRIT

Question: How do acquired boutique hotels maintain their independent spirit...
A new digital marketing platform

Bridging the gap between hoteliers and service providers, manufacturers and supplier vendors, hoteliers connect directly with top, hand-selected suppliers

BLLA ... Delivering a next generation shopping experience with MORE

More upscale luxury hotel supplies
More services
More manufacturers

Features

Increased Convenience & Efficiency
Great Prices
Quality Products & Services
alongside a big “chain” brand?

Related to this is the question of how we can best maintain our independent spirit faced with the might of these big chains. Here there was a fascinating diversity of responses. Personalized experiences again factored large (“customization and personalization of services to meet the needs of each traveler”), as well as the appeal of local culture and authenticity.

Some responders mentioned smart technology and sustainable technology, while others said that the solution lay in finding their niche, referencing the brand agility that independence allows for: “Boutique hotels can be nimble, unlike their chain-branded competitors”; “We can add in trends faster than chains can, as we’re more mobile – and keep reinventing ourselves.”

**DEVELOPMENT**

*Question: For new market development, what makes for the ideal landscape?*

What about the landscape for establishing a new market: is it better to redevelop heritage properties or build new ones? The majority of our survey (63.50%) favored renovation, but a sizeable proportion (36.50%) responded that new construction was a better environment – an answer base reflecting the healthy diversity of the sector in general.

**DIFFERENTIATION**

*Question: As major hotel brands and the Airbnb and similar sites compete for space in the boutique hotel world, how will you continue to differentiate?*

Next we asked how hoteliers intended to keep their market share in the face of Airbnb and similar sites competing for space in the boutique hotel world. Several responses emphasized service (“We do a few things exceptionally better than competitors – unique service and WOW moments”). Individuality was also considered a factor (“Copying other people’s designs and playbook is what the brands and some boutique wannabes are great at. Real competitiveness comes from originality”).

Other responses cited specifics such as marketing strategy, local sources, bacteria-free guest rooms and sustainable technology, and one hotelier said it was all about a state of mind: “The intent of the hotelier and their story will always be the true factor for what makes a great boutique hotel.”

**DESIGN AND TECHNOLOGY**

*Question: How do you plan to use design or technology to differentiate in the ever-competing landscape?*

In the realm of design several of our survey respondents talked about the importance of reflecting the local environment in the design, “the rich history of our building and neighborhood”, as well as natural elements such as stone and wood.

We were also curious as to what property management system those surveyed were using. The most popular was Opera (33.33%), followed by RoomKeyPMS (11.11%).
DEFINITION OF LUXURY

Question: What do you believe is today’s definition of luxury?

It’s a word that gets thrown around a ton in the industry but what does ‘luxury’ mean to Boutique & Luxury hoteliers in 2017? Once again the importance of personalized service was emphasized in the responses (“Service that goes above and beyond – anticipating the guests’ needs before they do!”)

Others said it was about providing experiences that transcended the norm (“the ability to exceed expectations in unique crafted ways that are not expected”) and giving guests a memory to treasure (“provide something that money cannot pay for, or if it can… searching for the best way for the guest to feel like a local during their stay”).

Some responders felt the question of luxury was more complex. “Luxury is defined by the standards set by your target market,” said one. “Luxury is no longer a blanket/all-encompassing set of characteristics that may have defined luxury 20-30 years ago.” And yet another felt the American concept of luxury was somewhat lacking (“Only Asian brands truly know what luxury is”).

HOTEL OF THE FUTURE

Question: What does the hotel of the future look like to you?

Casting our gaze forward into the mists of time, what does the future hold for our sector of the hospitality industry? This was another question that inspired a variety of responses. One hotelier predicted that the evolution of hotels would reflect that of the retail industry, as “the full-service institutional brands are becoming dinosaurs.”

The idea of experiences came up once again. “The future will hold a focus on experiences and local market/culture influences.” Convenience and choice were seen as important by some (“I think the hotel industry is on the verge of a big change as guests demand more and convenience is expected”).

Yet other respondents said that local factors would become increasingly important (“the hotel of the future will provide guests with an immersion into the destination that they are visiting”).

EXTERNAL FACTORS

Question: What external factors do you think have the most impact on your business?

Next we asked our survey subjects what external factors had the most impact on their businesses. 70% said that customer behavior was the most important factor; and there was a tie for second place, between increasing/changing competition and “other macro-economic factors” such as weather and political stability (both at 20%). Decreased demand and “other factors” each received 10% of the vote.

POLITICAL LANDSCAPE

Question: Do you believe the new U.S. 2017 White House will have an impact on our industry?

Talking of political stability (or otherwise) we wanted to know what kind of impact hoteliers thought this year’s change of staff in the White House would have on the industry. Interestingly, 50% thought that it would have a positive impact on the industry, citing that “the 2017 White House has more business experience than the past” and “may make things easier through deregulation.” 40% believed the impact would be negative (“concerned about travelers not wanting to come to the USA, or who the president will upset”; “closing or restricting borders will not help the industry”);
and 10% thought it would have no impact at all on hospitality.

**COMPETITORS**

*Question: How do you rank these competitors as potential threats to boutique & lifestyle hotels?*

Asked where the greatest threat in terms of competition lay in the industry right now, responders rated the stronger threat on average on the part of their rival boutique hotels; next in line were the big-chain boutique brands (such as Marriott’s Autograph Collection and Hilton’s Curio), and major hotel brands. Shared accommodation platforms such as Airbnb were rated lowest in terms of their threat to Boutique & Luxury hotels’ businesses. Asked about other threats to business, hoteliers mentioned the difficulty of competing with central urban hotels due to the high rates, and the difficulty of finding quality employees.

**INNOVATIONS**

*Question: Where do you see most innovative solutions flourish in the boutique hotel industry?*

We asked where responders felt the most innovations in the boutique hotel industry lay. Here food and beverages rated highest (30%), followed by customer service (20%) and technology (10%).

**VALUE, PERFORMANCE AND PROFITABILITY**

*Question: How would you judge your ability to add value and drive performance at your hotel? What are the biggest cost pressure points you face to maintain profitability?*

So how well do you rate your own performance? 60% of those who responded rated their ability to drive value and performance as ‘good’; 30% rated theirs as ‘excellent’; and 10% considered themselves ‘average’ in this matter.

The biggest cost pressure points mentioned were rising payroll (50%), rate transparency due to online distribution (40%), the cost of distribution (20%), the cost of technology (20%), and 10% said other costs were more important.

**FOCUS OF BUSINESS**

*Question: What areas of your business take most of your attention?*

We asked what areas of the business take up most attention, and those surveyed were invited to select three answers. In joint lead were sales and marketing activities, and food and beverages (both at 60%). After that came refurbishment, control of costs and internal management issues (all at 30%). The rooms came in last, at 10%.

**COMPETITIVE ADVANTAGE**

*Question: What is your main competitive advantage?*

Asked what their main competitive advantage is, 20% said advanced technology; 20% replied that it was their image to the market, 20% said it was their best product or service, 10% said it was their operational management such as cost control, and a further 20% simply replied that they didn’t know what their competitive advantage was.

**SOCIAL MEDIA**

*Question: Which social media sites do you believe have the most potential for your business?*

It’s hard to get away from social media nowadays, but which is the most important in the eyes of the Boutique & Lifestyle hotel sector? Instagram rated the highest at 40%, followed by Facebook (30%), LinkedIn (10%), other social media (also 10%), and a further 10% said none of them were important.
BOOKINGS

Question: From which source do you get most of your bookings?

As to where hotels got the majority of their bookings, 44.44% said most of their bookings were direct, be it through their website, on the phone or via email. 22.22% cited online agents such as Expedia and Booking.com as being their primary source. 11.11% mentioned traditional travel agents as being more important.

COSTS

Question: What percentage of cost does your payroll represent? How much is your sales & marketing spend as a percentage of revenue?

30% of those surveyed said they spent 20-30% of their budget on payroll, and another 30% said it covered 30-40% of theirs. 20% said payroll represented more than 40% of their total outgoings.

In the case of sales and marketing, 40% said this represented 2-5% of their budget; another 40% said they spent more than 5% of their budget in this area; and 20% were unaware of their sales and marketing budget.

FOOD AND BEVERAGES

Question: What is the percentage contribution of F & B to your hotel revenue?

The contribution of food and beverages to hotel’s profits is on the rise, with half of the survey base saying food and beverages make up 20-30% of their total profits, 10% saying it made up 30-40% of their hotel’s income, and 20% saying it was responsible for 0-20%.

EXPANSION PLANS

Question: Are you planning to expand your business? (new openings, new outlets, etc.)
The Boutique & Luxury Lifestyle market is an ambitious one, with 40% of those who responded saying they plan to expand their business in the next six months, 10% harboring expansion plans for the next 12 months, and 20% planning to expand in the next two years. 10% said they wanted to expand but weren’t sure when. Only 10% said they had no plans to expand (and 10% were unsure).

**CONCLUSIONS**

It has been another vintage year in the world of Boutique & Lifestyle Lodging hotels as the popularity of these properties continues to grow, and the survey results reflect the constantly shifting and growing nature of this sector. The results show boutique hoteliers are focused on services, technology and innovations, and 90% of them harbor plans for innovation, with 40% aiming to carry these out within the next six months.

Boutique hotels know how to play their size and independence to their own advantage by being quick to adopt new innovations and by being quick to respond to the demands of their clientele. There is also a clear focus on perennial values like great service and a personal touch, which this sector has always excelled at.

This year’s survey shows an increased focus on sales and marketing as boutique hotels are quickly learning to harness the tools they need to succeed in the competitive marketplace. Our hotels are taking the majority of their bookings direct through their own sites, as well as dealing with online agents like Expedia and Booking.com. In the social media world, Instagram has overtaken Facebook to become the most important network in the eyes of hoteliers, and our members talk of the importance of the “Instagram moment” at their properties.

Financially, the biggest pressure point is payroll. Boutique hoteliers are conscious of the competition from “fake boutique” hotels run by big brands, which BLLA members see as a much bigger threat than sites such as Airbnb. But the biggest perceived threat is from fellow boutique hotels – further proof that the sector is healthier than ever.
Leadership Conference

October 3-5, 2017
UCLA Luskin Conference Center & Hotel
Los Angeles

The Future is WOW for boutique hospitality!

The annual fall Leadership Conference has taken on a new name and a new level of sophistication where the disruptors from the world of boutique hospitality come to celebrate each other and their success in the complex world of hotel ownership & development.

Featuring more than 70 speakers, workshops, speed networking, & awards banquet with new open seating & design

You need to be there!