

Boutique and Lifestyle Hotels: Emerging Definitions

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Executive Summary

Growing Importance of Boutique Hotels

The growth of the boutique and lifestyle hotel sector of the hospitality industry has been one of the most watched trends in recent years. After decades of brand standardization, in which brands like Holiday Inn, Marriott, and Hilton provided consumers with products that were consistent across the marketplace, there is growing attention to more differentiated product offerings in the lodging sector. Indeed, this recent growth of interest in boutique and lifestyle hotels is a global phenomenon. From Las Vegas to Dubai, from London to Shanghai, boutique and lifestyle hotels are emerging as a considerable segment of the lodging market.

Emerging Definitions

A boutique is defined by the Webster's dictionary as "a small fashionable specialty shop or business" and the term has been applied to specialty hotels. While it is used liberally in the media, there has been no commonly agreed definition of "boutique hotel". In recent years, several authors have attempted to define what constitutes a boutique hotel. This study was undertaken to provide greater clarity for the current meaning of the terms "boutique hotel" and "lifestyle hotel".

Defining Boutique and Lifestyle Hotels: Tapping the Expertise of Our Industry

The study used a Delphi Technique to tap the expertise of industry thought leaders. Lodging industry experts with expertise in the management and/or development of boutique and lifestyle hotels were identified by the researchers and invited by the Boutique and Lifestyle Lodging Association to participate in the study. A panel of more than 40 industry professionals from around the world agreed to participate in the study that included several rounds of questions.

Defining “Boutique Hotels”

Delphi panel members define boutique hotels in terms of the ways they differentiate themselves from other hotel types. Boutique hotels are described as personalized, customized, unique, and individual.

The most important defining features of boutique hotels are cultural, historical, authenticity; the boutique hotel is not part of a chain and that it provides interesting, unique services. Other important defining descriptors of boutique hotels include, “social spaces such as living rooms, libraries with social rooms” and “many, high quality in - room features”.

What does it mean to be a “lifestyle hotel”?

Similarly, Delphi panel members described “lifestyle hotels” in terms of the way they differentiate themselves from larger hotel chains.

The most important factors in defining a lifestyle hotel were that it is both innovative and that it provides a more personal experience than so -called “branded” hotels.

Is there a difference between Lifestyle and Boutique Hotels?

Despite the similarities between boutique and lifestyle hotels, there are perceived differences. The study findings indicate there is consensus that differences do exist between boutique and lifestyle hotels.

Results indicate that the aesthetics of a lifestyle hotel, as opposed that of a boutique hotel, are more contemporary, with unusual design and architecture, and a high level of technology. A lifestyle hotel offers more ancillary services and focusses on wellness and life - enrichment. More specifically, a lifestyle hotel would not be a small, historic hotel, which would be categorized more appropriately as a boutique hotel.

Boutique Hotels are defined by the following terms:

- Cultural/Historic/ Authentic
- Individual Hotel / Not a Chain
- Interesting, Unique Services
- Many, high quality in-room features
- Social Spaces such as living rooms, libraries with social events

Characteristics that define a Lifestyle Hotel:

- Innovative
- Less about brand; More personal
- Contemporary, Modern

Does Size Matter?

As noted, “boutique” is associated with small hotels. The study posed the question “When is a hotel too big to be a “boutique”?” In response to the question of the maximum number of rooms in a boutique hotel, the most frequent answer was 300; the mean was 175.5, and the median was 120 sleeping rooms. Analysis of the responses suggested that the maximum size was contingent on market factors, for instance – a boutique hotel at a destination like Las Vegas could be larger than one in the historic district of a city or a rural setting. While experts agreed that boutique hotels tended to be smaller, the study found greater disagreement among the experts about the size parameters of lifestyle hotels and no consensus about the range for number of rooms in a lifestyle hotel was determined.

Boutique and Lifestyle Experience

Boutique and lifestyle hotels are not defined only by physical attributes. As one Delphi panelist noted, ‘it’s not the size, it’s the experience’. Delphi panelists identified a range of emotions and experience they perceived to define the boutique and lifestyle hotel concepts. They perceived the most important emotional responses to the boutique and lifestyle hotel experience should be a sense of “discovery, curiosity and intrigue” and “amazement”.

Other emotions considered by the panel to define boutique and lifestyle hotels include “social”, “happy, joyful, amused” and “sensual, sexy, romantic”.

Definition for Boutique and Lifestyle Hotels

Based on the current findings, the researchers define each lodging experience as follows: Boutique hotels are typically small hotels that offer high levels of service. Boutique hotels often provide authentic cultural or historic experiences and interesting services to guests. Boutique hotels are unique Lifestyle hotels tend to be small to medium sized hotels that provide innovative features and service. They tend to have contemporary design features. They provide highly personalized service that differentiates them from larger hotel brands.

Emotions and
Experiences
that Define the
Boutique and
Lifestyle Hotel
Experience

Discovery
Curiosity
Intrigue
Amazement
Social
Happy
Joyful
Amused
Sensual
Sexy
Romantic

Introduction

The emergence of boutique and lifestyle hotels is one of the hottest trends in the hospitality and lodging industry. After decades of commoditization and standardization that have brought hotel rooms to the masses, hoteliers are sharpening their focus and providing unique experiences to targeted groups of hotel guests. The success of individual boutique hotels is attracting larger hotel chains that seek to benefit from the more focused marketing strategy. Despite the increasing usage of terms like “boutique hotel” and lifestyle hotel”, there remains a lack of agreement as to the meaning of these terms. As this sector of the lodging industry takes on new levels of importance, common definitions must be adopted for for key descriptors.

Emergence of Boutique and Lifestyle Hotels

It is sometimes argued, over the years most hotels could be characterized as boutique and that the large standardized brands are a relatively new phenomenon. Beginning in the early 1950’s with the Holiday Inn brand, the lodging industry increasingly has become dominated by brands with exacting brand standards.

During the expansion of these brands - Marriott, Hilton, IHG and others - the boutique hotel trend as it is known today began. Most authors believe the current meaning of boutique hotels has its origins in 1978 with London’s Blakes Hotel. Other pioneers in the movement were Morgan’s Hotel in New York, The Phoenix in San Francisco and the Kimpton Hotel collection which began in San Francisco. While some of these early boutique hotels were opulent, others were mid - level hotels “re-invented” to create a unique service and experience. These early boutique hotels were “intimate”, often with specific themes, and each provided a unique experience. As the sector became more established, boutique hotels became known for unique amenities and personalized service.

Attempts to Define Boutique Hotels and Lifestyle Hotels

Industry observers note that the boutique hotel sector “suffers from a lack of clarity and definition” (Intel, 2011). In some ways, this assessment is not surprising as each boutique hotel is unique. Nevertheless, there have been attempts to define boutique hotels. In recent studies, researchers including McIntosh and Siggs (2005) and Aggett (2007) identified similar attributes – location, quality, personalized service, and the uniqueness of the hotel – as important to boutique hotel visitors. Expanding on this basic set of attributes a review of the research shows additional characteristics of boutique hotels include:

- Focus on the Hotel Experience. Pine and Gilmore (2002), authors of the groundbreaking book ‘The Experience Economy: Work is Theater and Every Business is a Stage’, note that boutique and lifestyle hotels have been differentiating their products on the experience for a long time.
- Boutique hotels are small to medium size operations. While it is clear that there are many hotels with less than 200 rooms that are not boutique hotels, it is also clear that boutique hotels are generally considered to be small to medium sized operations.
- Design is a defining feature of boutique hotels. Lim and Endean (2009) noted that while most boutique hotel guests had mixed feelings about the importance of the buildings themselves, the internal design features were important in defining the boutique hotel experience.

Lifestyle hotels, once the domain of specialty hotels catering to specific lifestyle - related market niches, such as the Gay, Lesbian, Bisexual and Transgender (GLBT) market, are now being defined far more broadly. The Boutique and Lifestyle Lodging Association (BLLA, 2011) considers a lifestyle hotel as a subcategory of boutique hotel and defines it as “A property that combines living elements and activities into functional design giving guests the opportunity to explore the experience they desire.” In recent years the pioneers of the boutique hotel trend, including Ian Schrager and Chip Conley, began to work with larger hotel chains to develop brands that incorporate key aspects of the boutique hotel experience. These brands, which include Marriott’s Edition and IHG’s Hotel Indigo (Intel, 2011; Rosen, 2009; Stellin, 2007) use the term “lifestyle hotel brand” to describe the new types of hotels being developed by major chains to capture elements of the boutique hotel experience.

Current

Research

Purpose of the Current Study

The purpose of this study was to determine current definitions for the terms “boutique hotel” and “lifestyle hotel”. The study examined the attributes and characteristics of both types of hotels and compared similarities and differences of the two terms.

Methodology – Tapping the Expertise of the Lodging Industry

A panel of 41 hotel industry thought leaders from all over the globe was assembled to help define these concepts. The leaders were senior executives from ownership, corporate level management and property level management with individual hotels, hotel groups, industry consultants and academics that were identified by the researchers in cooperation with BLLA.

The panel members were geographically dispersed with 48% of respondents from the Americas, primarily the United States; 37% from Asia, primarily from China; and 15% of respondents from Europe.

The panel members also represented a variety of business functions including corporate executives, property management, property owners, consultants, and academics. The panel included 9 Chief Executive Officers, 4 property - level General Managers, and 7 hotel owners.

The qualitative method of the Delphi approach was utilized in the study (see Figure 1) to determine the key issues. The Delphi method is a market research technique built upon the knowledge and opinions drawn from a panel of experts from a particular industry, who are selected to respond independently to a subject of interest in a designated time frame. The Delphi approach provides an opportunity for experts to exchange their

opinions and knowledge anonymously about a complex problem. A series of iterative rounds are conducted until consensus or stability about the problem reached (Keeney, Hasson, & McKenna, 2001) The main advantage of the Delphi method is achieving concurrence in a given area where none previously existed. It can be viewed as a constructive process of building knowledge by all experts involved in the study (Kennedy, 2004).

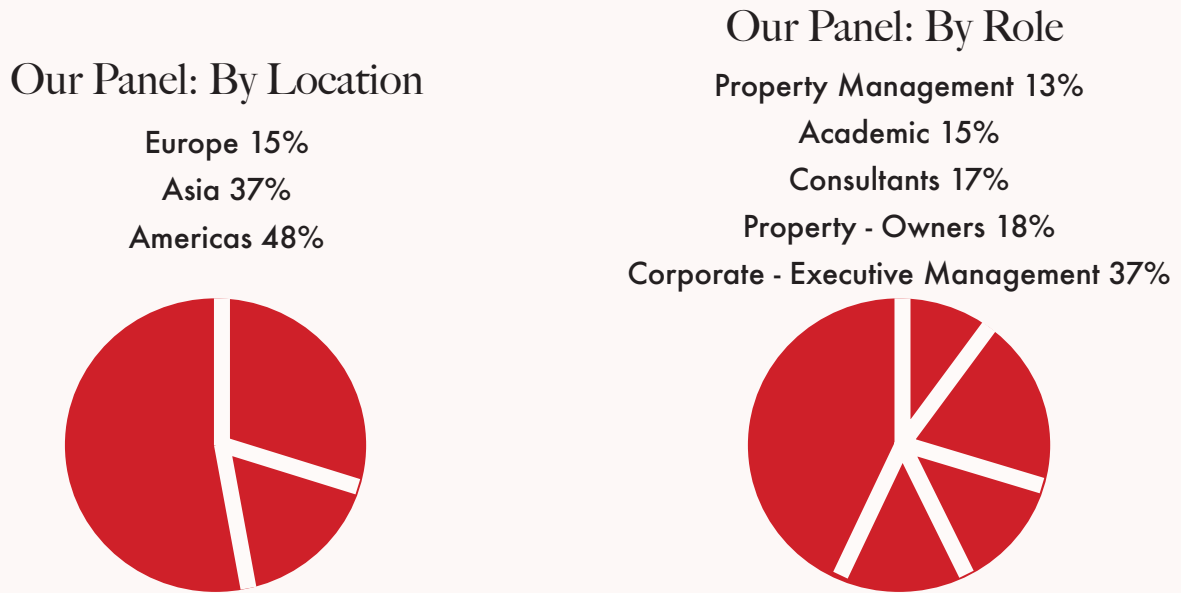


Figure 1: Introducing the Delphi Method

The Delphi technique initially was developed in the 1950's by Norman Dalkey of the RAND Corporation (1972), an independent think-tank, for an American sponsored military project. Its methodology in combining a rigorous quantitative approach with expert opinion has made it a particularly useful tool in market research. It involves a panel of experts who participate in a series of survey rounds. The panel is asked to rate or rank the importance of each related impact for each round, with the provision of the aggregate results from the prior round to facilitate a re-evaluation of their previous responses and to provide justification or additional comments whenever necessary. The ability of the Delphi method to systematically converge expert knowledge and opinion to form a group consensus is likely to excel historic data, conventional opinion survey, and focus groups to predict and determine impacts that will alter the future of a particular business segment or the whole industry.

The Delphi approach incorporates the use of multiple rounds of questions as key terms are explored. In this study, three rounds of questions were chosen. In the first round, a series of five (5) open - ended questions were asked to solicit the panelists' thoughts about the definition related questions.

The wide variety of responses received for each question was then analyzed and coded by the research team to determine the common themes of the responses for each question. This process led to the best descriptions for each definition to be carried over to the second round. The results determined 9 items representing the boutique hotel definition, 5 for a lifestyle hotel definition, and 10 emotions for

defining a boutique or lifestyle hotel. Additionally, the statements on differences between the two types of hotels were edited for grammar and duplication resulting in 6 different statements to seek further opinions on from the panelist in round 2. However, the answers to question 5 were determined not focused on the objectives of the study and further analysis of the travelers' viewpoint was eliminated from future rounds of the study.

Delphi – Round 1 Questions

1. What characteristics define a boutique hotel?
2. What does the classification of lifestyle hotel mean?
3. What differentiates a boutique hotel from a lifestyle hotel?
4. What emotions would you expect to experience staying at a boutique or lifestyle hotel?
5. Why do travelers choose a boutique or lifestyle hotel?

The second round asked panelists to rate the importance or level of agreement with the items from round one.

For the first three questions of the round panelists were asked to rate the importance of each item related to the question using a 10 - point Likert scale to increase scale sensitivity,. This was evident from the increasing number of scale points, with 10 as the most important and 1 as least important in each of the three rounds. For the agreement level on the various statements in question 4, a 5 point Likert scale was used from 1=strongly agree to 5=strongly disagree.

Delphi – Round 2 Questions

1. How important are the following to defining a BOUTIQUE hotel? (9 items)
2. How important are the following to defining a LIFESTYLE hotel? (5 items)
3. How important are the following emotions to defining a boutique or lifestyle hotel experience? (10 items)
4. Please indicate your level of agreement with the following statements that differentiate a boutique hotel from a lifestyle hotel. (6 statements)

The third and final round was sent using the same set of questions in round two. In this round, the panelists again were asked to rate the importance of each item representing the definitions and the level of agreement with the statements about the difference between boutique and lifestyle hotels. However, the only items included were those with ratings higher than the mean of each series of items in round two, as well as those new statements that had been added by panelists on determining

differences between the two types of lodging accommodations in the second round. This process resulted in 5 items for the definition of boutique hotels, 3 for lifestyle hotels, 5 emotions, and 7 statements about the differences.

The final round contained two additional questions related to the size of these types of lodging establishments. The reasons they were added were two - fold. First, there was mention of size in some of the previous responses from the panel; however, none of the statements clearly established how large or small the hotels in these categories should be. Second, the previous definitions proposed by BLLA had specific size limitations included, so we needed to validate those with opinions from the hotel industry experts. The questions were as follows:

What is the Maximum Number
of Rooms for a Boutique Hotel?

What is the Maximum Number
of Rooms for a Lifestyle Hotel?

Results: Characteristics of a Boutique Hotel

In Round 1 of the study, participants were asked, "What characteristics define a boutique hotel?" The question produced 20 responses that were analyzed and refined to 9 statements that were presented in round 2. The 9 statements were: Personalized, Customized Service; Interesting, Unique Services; Intimate; Individual Hotel / Not a Chain ; Cultural/Historic/ Authentic; Stylish, Trendy, Cool; Cutting Edge Design; Social Spaces such as living rooms, libraries, with social events; Many, High Quality In-room Features. The Delphi panel was asked to rate these responses based on their importance to the definition. Then the top 5 rated statements from round 2 were presented in round 3.

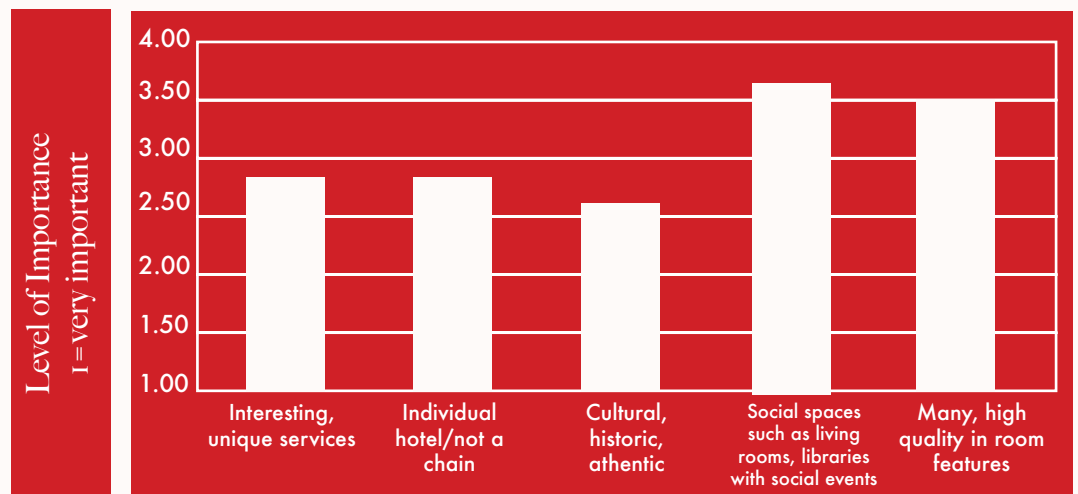
Round 2

- Personalized, Customised Service
- Interesting, Unique Services
- Individual Hotel / Not a Chain
- Cultural/ Historic/ Authentic
- Stylish, Trendy, Cool
- Cutting - edge Design
- Social Space
- Many High Quality In - room Features

Round 3

- Interesting, Unique Services
- Individual hotel/ Not a Chain
- Cultural, Historic, Authentic
- Social Spaces
- Many High Quality In - room Features.

The most important defining features of boutique hotels are cultural, historical, and authenticity; boutique hotels are not part of a chain and provide interesting, unique services. Of the 5 most important defining statements of a BH, "social spaces such as living rooms, libraries with social rooms" and "many, high quality in - room features" were considered less important in defining a boutique hotel.



Results: Characteristics of a Lifestyle Hotel

In round 1 of the study, participants were asked, "What does the classification of lifestyle hotel mean?" The question produced 20 responses that were analyzed and refined to 5 statements that were presented in round 2. The 5 statements were: Personality and a Way of Life ; Innovative; Less about Brand; More Personal; Contemporary, Modern; Health and Fitness. The Delphi panel was asked to rate these responses based on their importance to the definition. The top 3 rated statements from round 2 were presented in round 3.

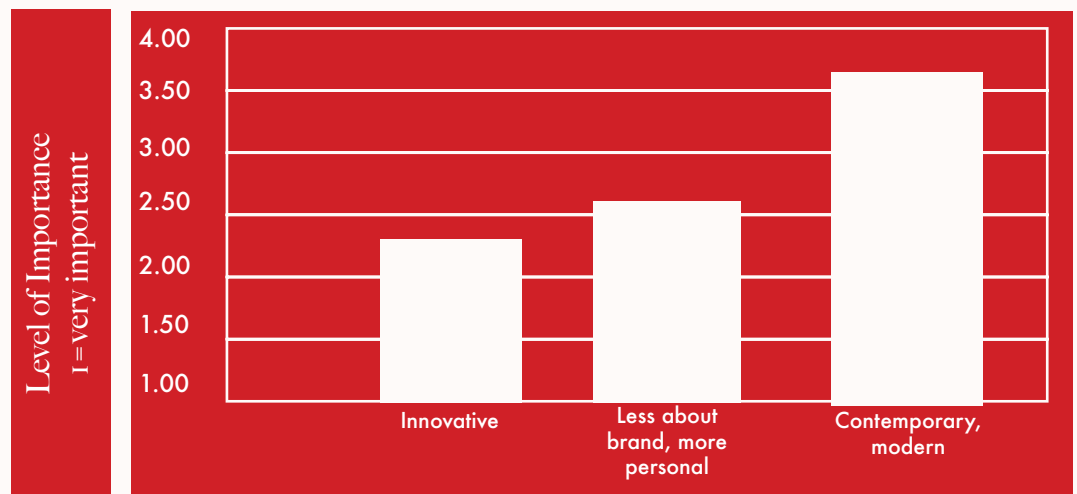
Round 2

- Personality and a Way of Life
- Innovative
- Less about Brand, More Personal
- Contemporary, Modern
- Health and Fitness

Round 3

- Innovative
- Less about Brand, More Personal
- Contemporary, Modern

The most important factors in defining a lifestyle hotel were that it is both innovative and provides a more personal experience than so-called "branded" hotels. This is an interesting conclusion as many of the major chains are currently using the term lifestyle brand hotel to describe their new offerings. Clearly one challenge for these new product lines will be to be "more personal" and "less about brand".



Perceived Differences between Boutique and Lifestyle Hotels

In round 1 of the study, participants were asked, "What differentiates a boutique hotel from a lifestyle hotel?" The question produced 15 different statements that were analyzed and refined into 5 statements that were presented in round 2 and rated on the Likert scale with 1=strongly agree and 5=strongly disagree. Additionally, participants in round 2 were asked for any further points of differentiation. The top 3 rated items from round 2 (all of which were above the grand mean) along with those statements added by the panelists resulted in a final list of 12 statements that were presented in round 3 to determine agreement levels. The statements represent a spectrum of opinions from those who felt there were definitive differences to those who felt there were no differences between the two terms.

Strongest Agreement Statements Synthesis

Those statements with the highest means, which would represent the highest level of agreement, represent the strongest points of differentiation. Results would indicate that lifestyle hotel aesthetics, as opposed to a boutique hotel, are more contemporary, with unusual design and architecture, and a high level of technology. It offers more ancillary services and focused on wellness and life - enrichment. More specifically, a lifestyle hotel would not be a small, historic hotel, but be more appropriately categorized as a boutique hotel.

Lifestyle Hotels are more likely to have

**Contemporary aesthetics
Unusual design and architecture
High levels of technology
Focus on wellness and life
enrichment**

Strongest Disagreement Statements Synthesis

Analysis of the statements with the strongest disagreement between panelists also sheds light on the differences between the two types of hotels. We can claim there is consensus that differences do exist between boutique and lifestyle hotels. Additionally, we cannot necessarily call any small hotel a boutique hotel.

Boutique Hotels are more likely to have

**Historic hotels
Small hotels**

Observations on Agreement with the Statements with Average Levels of Agreement

We also can draw some other conclusions for further analysis of the means and standard deviations of level of agreement for the statements as follows:

- Widest range of opinion was on whether a boutique hotel is a just a smaller lifestyle hotel. In fact, the result was that the mean score on this item was only at the average for all items. Thus, we could conclude that the wide range of opinion resulted in neutralizing this statement and indicates there may not be a consensus on this point.
- The least amount of difference of opinion was whether a lifestyle hotel is higher - end and caters to a more sophisticated clientele; nevertheless, it was not one of the statements with strong overall agreement.
- The feeling was neutral about whether a boutique hotel would be more likely to be an independent and a lifestyle hotel would be more likely to be part of a chain.

In conclusion, the level of agreement between the panelists on these statements confirms that there is a difference between the two types of hotels. The statements with the highest level of agreement can give the key differentiation points, as noted above. However, we also would have to add that size, the type of clientele, and whether or not it is part of a chain would not factor into the differentiation.

How Big Is Too Big for a Boutique Hotel?

The present study sought to determine the scale of smallness for boutique hotel room inventory. When does a hotel become so big it is no longer able to be boutique?

In response to the question of the maximum number of rooms in a boutique hotel, the most frequent answer was 300; the mean was 175.5, and the median was 120 sleeping rooms. Two verbal responses to the numerical questions provide insight into the difficulty in definitively setting limits for room inventory in boutique hotels:

“depends on the market scale, in Vegas, it can be several hundred rooms, which would be an anomaly; for other markets - less than 200 rooms”

“it’s not about the size – it’s about the experience.”

Another purpose of the study was to investigate any distinctions between the labels of boutique and lifestyle hotel and identify any clear distinctions. Is a lifestyle hotel different in size than a boutique hotel? If the maximum number of rooms for a boutique hotel is between 200 and 300 rooms as indicated by the panelists, is this where lifestyle hotels begin in size? Four panelist identified that the where boutique hotels inventory would end and lifestyle hotels would begin. Four respondents stated that lifestyle minimum inventory would be higher than the maximum room count for boutique hotels. In all 33% agreed that a lifestyle hotel is larger than a boutique hotel in size. The remaining 66% believe that room counts overlap between lifestyle and boutique, suggesting that room inventory is not a distinguishing characteristic between the two categories.

Boutique and Lifestyle Hotels are Defined by Feelings.

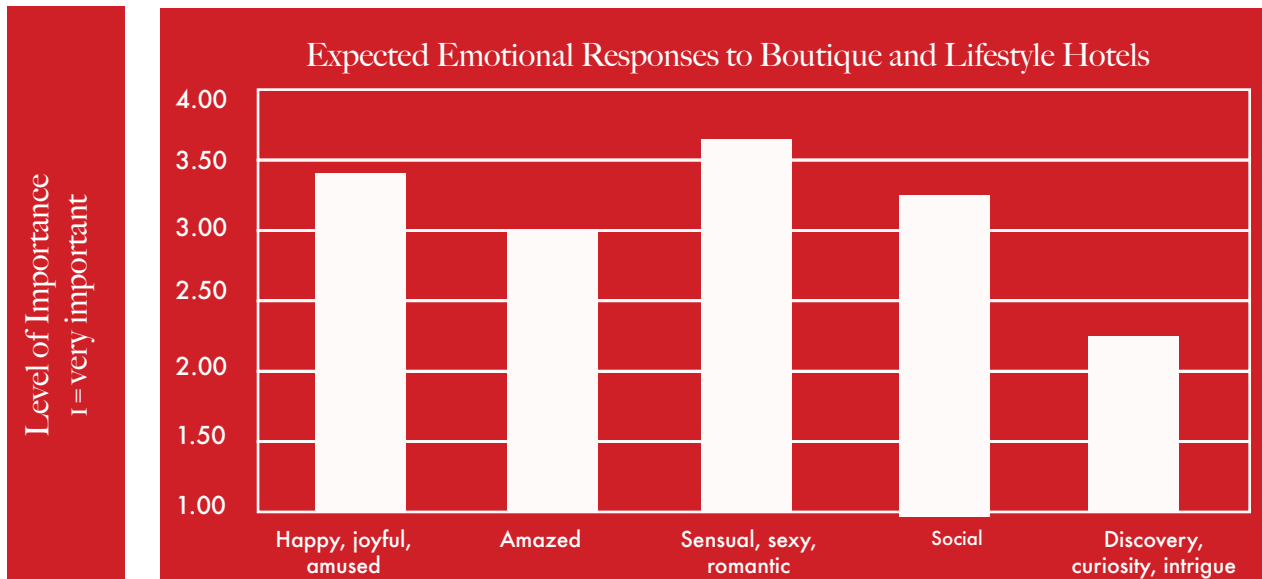
The emotional response elicited from the boutique and lifestyle hotel experience is of particular importance to understanding the appeal of boutique and lifestyle hotels. In round 1 of the study, participants were asked, “What emotions would you expect to experience staying at a BHL?” The question produced 20 responses that were analyzed and refined to 10 statements that were presented in round two. The 10 statements were: Upbeat, Energized; Special; Happy, joyful, Amused; Amazed; Sensual, Sexy, Romantic; Calm, Peaceful, at Ease; Recognized as an individual; Creatively stimulated, inspired; Social; Discovery, Curiosity, Intrigue. The Delphi panel was asked to rate these responses based on their importance to the definition. The top 5 rated statements from round 2 were presented in round 3. Respondents perceived the most important emotional responses to the BLH experience should be a sense of “discovery, curiosity and intrigue” and “amazement”. Other emotions that are considered by the panel to define BLH include “social”, “happy, joyful, amused’ and “sensual, sexy, romantic”.

Round 2

- Upbeat, Energized
- Special
- Happy, Joyful, Amused
- Amazed
- Sensual, Sexy, Romantic
- Calm, Peaceful, At Ease
- Recognized as an individual
- Creatively stimulated, Inspired
- Social
- Discovery, Curiosity, Intrigue

Round 3

- Happy, Joyful, Amused
- Amazed
- Sensual, Sexy, Romantic
- Social
- Discovery, Curiosity, Intrigue



What are Boutique and Lifestyle Hotels

Based on the current findings the researchers define the following:

Boutique Hotel, are typically small hotels that offer high levels of service. Boutique hotels often provide authentic cultural or historic experiences and interesting services to guests.

Boutique hotels are unique.

Lifestyle hotels tend to be small to medium - sized hotels that provide innovative features and service. They tend to have contemporary design features. They provide highly personalized service that differentiates them from larger hotel brands.

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