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The DNA of luxury

Bruno H. Schöpfer  interviewed by Denis Morisset 

Will luxury change in the years ahead? When does the pairing of a world renowned luxury brand and a famous international hotel brand make sense? Who better to explore this theme than Denis Morisset, former Managing Director of Giorgio Armani France, and Bruno Schöpfer, Managing Director of Katara Hospitality Switzerland AG, the company developing the complex of iconic luxury hotels atop the gorgeous Bürgenstock overlooking the Lake of Lucerne.

The concept of luxury has evolved a lot in the last 30 years, with the democratization of luxury. Today it is consumers who more and more define luxury, posing a challenge to luxury brands: how can they innovate based on tradition? Or in other words, how can they assure relevance by adapting to evolving consumer cultures and expectations while simultaneously remaining loyal to their DNA?

We can also observe a growing shift of luxury consumers' interest from pure ownership of luxury goods to experiential luxury. This seems to legitimize the development of new types of collaboration between luxury hoteliers and luxury brands or fashion designers.

These two initial questions prompted me, a former CEO in the luxury goods industry and currently a luxury marketing professor in both luxury goods and hospitality sectors, to seek out the opinion of a highly experienced hotelier, Bruno Schöpfer, CEO of Switzerland's Bürgenstock Selection.

Mr. Schöpfer acknowledged that the term "luxury" had become stretched and even abused, encompassing anything from a so-called upper-upscale to an ultra-luxury hotel, thanks to the lack of a clear definition of luxury hotel and absence of a consistent international classification system. Various luxury hotel "brands" had set their own standards, he says, while on the other hand there exists a myriad of independently owned and managed (non-chain-branded) luxury hotels, which are members of affiliations such as Leading Hotels of the World, Swiss Deluxe Hotels or Preferred Hotel Group. For them, the affiliations generally define their own minimum standards of luxury service, which members must adhere to.

Both the luxury hotel chain brands and the affiliations will

allow more or less leeway in the implementation of these standards. As a result, the guest may well encounter different qualities of service within the same brand or affiliation, which for Mr. Schöpfer is a big challenge for both business models.

When it came to my second question, I was curious to know how a luxury hotelier valued the current boutique and design hotel trend, and more generally the various co-branding initiatives with luxury brands or designers.

For instance, the designer brands may be involved in the decoration of the entire hotel (Armani, Bulgari, Missoni, Versace to name a few) or only a suite (St. Regis designer suites in New York), or in the decoration of bars and restaurants, management of the spa, the hotel's transportation fleet, etc.

Mr. Schöpfer's view is that it depends on what the consumer is looking for in a luxury hotel. For some, perhaps infrequent users, a co-branded luxury hotel may be an opportunity to earn bragging rights, while for (ultra-)HNWI or famous, publicly exposed personalities, a luxury hotel may be more an opportunity for privacy, discretion, peace-and-quiet and recognition with a very high level of personal and highly discreet service, at which point the importance of the co-brand may become secondary. A young, "new-money" millionaire from an emerging market may have very different aspirations and expectations than, say, a public personality, an established wealthy entrepreneur or "old money" family member.

Does he believe in the sustainability of these collaborations? If the hotel experience is linked too closely to a specific design element or aesthetic, or to the name of a designer or luxury brand, isn't there a risk that after having enjoyed the



experience the first time, they may be less likely to return? I also asked him about the risks of brand dilution for both parties.

According to Mr Schöpfer, it can be a sustainable business model as long as both sides of the equation are able to maintain and continuously deliver their brand promise at all times – i.e. both the hotel and the co-brand. If one or the other falters for any reason, you may well risk brand dilution and loss of brand value with the other partner, both intrinsic and in share value.

“In fashion,” he says, “the brand lifecycle is very short and often not in line with the hotel industry’s cycle of FF+E replacement. Time will tell if the hotelier and the fashion brand will be able to agree on when it’s time to change the curtains.”

In this context, I was curious to know Mr. Schöpfer’s view on the recent initiative by LVMH (Louis Vuitton Moët Hennessy) with Cheval Blanc, a famous St-Emilion wine from the Bordeaux region. After several years spent learning the art of personalized service at the first Cheval Blanc hotel in Courchevel, the group recently announced the creation of Cheval Blanc Hotel Management, a new entity within the LVMH Group. With support from investors, the brand plans to open luxury resorts in different dream destinations, starting with the second Cheval Blanc resort that just opened in the Maldives.

Mr Schöpfer’s view is that highly personalized service per se is nothing new – palace hotels have been offering that in Europe for the last 200 years or more. But coupling the highest levels of personalized hotel service with some of the world’s most famous, aspirational and sought-after luxury

product brands from the house of LVMH is creative indeed and fits very well with their aspiration to “...represent the most refined qualities of Western ‘Art de Vivre’...”

But he insisted that while LVMH seeks to deliver “utter perfection in their products”, the “closest attention to detail” and “nobility and perfection of traditional craftsmanship” (which are also attributes of the world’s best luxury hotels), there is still a big difference between ensuring the perfect quality of a manufactured product, where you control exactly what ends up on the shelf, and ensuring perfect quality in personal service. The latter will always be subject to the imperfections of the service provider – the human being.

What about the balance between service (soft components) and comfort or design (hard components)? Has this changed significantly since he joined the hotel industry?

“The balance has remained fairly unchanged,” was his response. “Both are important, although today, just like 30 years ago, the software component (i.e. the human service delivery), if done superbly well, can still compensate for drawbacks in the hardware – up to a point. For example, to some degree, luxury guests will tend to accept a slightly out-dated interior design as long as the service delivery is really perfect and truly personal, and by far that is the more challenging thing to get right. Aside from design, the major changes in the hardware component which have an effect on the service delivery are the increasingly complex and rapidly changing technologies (i.e. IT) which employees need to master without having an impact on the guest service delivery.”

Asked whether he felt the shift towards personalized service was a challenge for traditional 5-star hotels, he

acknowledged that it is indeed a challenge as “personalized” service means very individual service, to each and every one of the hotel’s guests. “Given the comparatively short length of stay in city hotels, for example, there is no doubt that employees will struggle to remember names and faces of frequently changing guests in a hotel with over 200 rooms. In a resort, on the other hand, where guest rotation tends to be less frequent because guests generally stay for longer periods, it can be a little easier for the staff to recognize each individual.”

To conclude, I asked Mr. Schöpfer what were the elements a luxury hotelier should never compromise with?

His answer was straightforward: “People, people, people; training and uncompromising quality of product and service. This is a people’s business. A hotel stands and falls with the quality of the General Manager – all over the world. A top hotel General Manager (if different from the hotel owner) makes all the difference; immediately followed by the quality of the department heads and entire staff, which starts with their selection and hiring. Finding the people with the talents, desire and most of all passion for service is a major challenge.

“And then they all require continuous, never-ending training, leadership and development,” he continued. “Mind you, you still need to provide them with the best possible design, equipment and efficient infrastructure, so they can spend their time focusing on the guest and not on how to operate the equipment. You can put all the marble, silk and gold-plated taps you want in a hotel – but without the right, passionate people able and willing to deliver uncompromising service, it’s all just bricks and mortar.”

On a more personal note, what are Mr. Schöpfer’s priorities when he himself is looking for a luxury hotel for a vacation? “Spare time is rare,” he replies, “so for me, the sense of place is key. An alpine holiday, for example, should be driven by a charismatic location, unique hardware and interior, and unobtrusive service. And this should be accompanied by a food and beverage and spa experience that is above the usual.” Big brands or independent hotels? I asked. “I tend to go less to the large, international companies, since the Internet gives me the opportunity to find these hideaways...”

***Denis Morisset** worked 25 years in the luxury industry, occupying CEO/COO positions for Ralph Lauren, Pierre Balmain and Giorgio Armani. In 2004, he became Executive Director of the luxury brand MBA and member of the marketing faculty at ESSEC Business School in France, teaching marketing for the luxury goods industry and the luxury hotel industry. Since 2011, Denis has been partially based in China, delivering luxury marketing executive courses on ESSEC’s Singapore campus.*



***Bruno H. Schöpfer** is the Managing Director of Katara Hospitality Switzerland AG, which is responsible for the Bürgenstock Resort Lake Lucerne, the Hotel Schweizerhof in Bern and the Hotel Royal Savoy in Lausanne. Having spent the last 35 years developing his career in the luxury hospitality sector, his positions included Group Operations Director for Mandarin Oriental and later CEO Mövenpick Holding and chairman of Mövenpick Hotels and Resorts Limited.*



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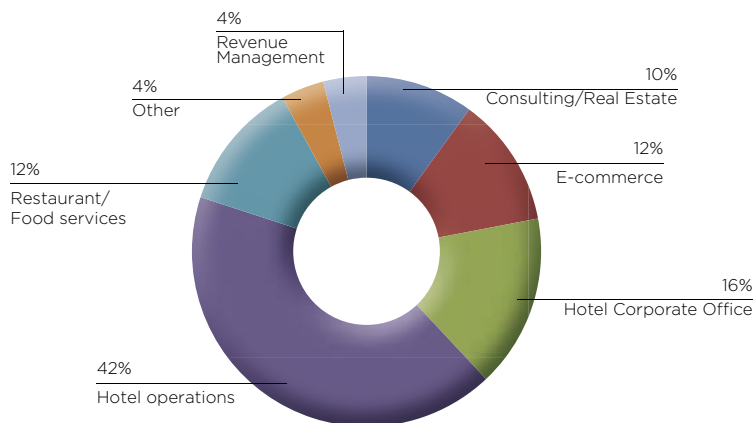
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