



Q&O: Talking Hospitality with Arlene Spiegel

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ORIT: WHAT ARE THE BIGGEST CHALLENGES LUXURY HOSPITALITY BRANDS ARE CURRENTLY FACING?

Arlene Spiegel: I think, just to set the groundwork here, we need to define “luxury” – that’s probably the big enigma here, because the word “luxury” has changed.

One of the companies that changed the meaning of luxury is a little brand called Starbucks. People now spend \$5 on what used to be a commodity item. Starbucks priced and positioned itself in such a way that, regardless of the economy, the masses felt that they could afford this luxury. In that line of thinking, luxury can be as simple as a cup of coffee, or it can be a \$10K spa retreat.

ORIT: SO HOW CAN BRANDS NAVIGATE WHAT “LUXURY” MEANS?

Arlene: Defining what luxury means in a diverse population is really a challenge for brand managers. If you look at the hotel sector, from a Four Seasons all the way down to a Holiday Inn Express, the expectations are different, especially of “value”. When someone pays for something and they’re loosely thinking of it as a “luxury”, which is common in the hospitality world, having a chocolate on your pillow or a shuttle service at a Holiday Inn Express can be considered a luxury, and can add to that perception.

ORIT: WHAT DO CONSUMERS EXPECT OF LUXURY BRANDS TODAY?

Arlene: I think the customer expects the “reward” factor to differentiate the brand, to call it out as luxury. What makes us feel like this is special? You might not be able to afford the filet mignon, but within that category you’re going to buy the cookie for \$6 because you want to reward yourself – it makes it accessible to differentiate between the every day, the basic needs or commodities that make your life work, and a luxury.

ORIT: THE “VALUE” THAT YOU MENTIONED EARLIER, WHERE DOES THAT COME INTO PLAY IN THE CONSUMER’S HEAD?

Arlene: Value for luxury brands is really like the L’Oreal commercial, “Because you’re worth it”. Something on that shelf that makes her throw all her practicality to the wind and say, you know what, I’ll spend more on this because I’m worth it!

ORIT: HOW ARE BRANDS ABLE TO MAKE PEOPLE PULL THAT TRIGGER?

Arlene: A brand needs to narrow their target market, create a targeted awareness of the brand, and then attach that awareness to some benefit to a particular group’s lifestyle drivers.

ORIT: WHAT DO YOU FEEL IS THE MOST IMPORTANT FACTOR IN THE SUCCESS OF A BRAND?

Arlene: I always think about three things: what do you want to do, why do you want to do it, and then if you can justify it, can you figure out how to do it? So it’s what, why and how, that’s it – answer those three questions.

ORIT: WHAT’S ON THE HORIZON FOR BRANDS IN THE HOSPITALITY CATEGORY?

Arlene: What I see crossing my desk right now are exotic snacks—if you follow the different industries that I do, the snack sector is growing exponentially. People are trading up with snacks, just like they did in the burger category, from mass to gourmet, or the vodka category, from regular to premium. They want something exotic and want to feel like they’ve “graduated” in their choice, especially the Millennial and the Boomer markets that want that reward.

ORIT: LAST QUESTION, WHAT ARE YOUR PERSONAL LUXURIES?

Arlene: For me, on a personal level, luxury is about services and intimacy. “Intimacy” is another stickiness, one of those things a brand needs to work at. It’s what successful hotels have done for years. They make you feel like an insider, “one of the club.” They know how to anticipate and deliver your needs. That’s what luxury is all about.