

A study on the trend of luxury hotels

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Abstract

The purpose of this study was to identify current research trends and clarify the changing direction of studies on luxury hotels. Scholarly studies published between 1994 and 2014 were examined through content analysis, using such keywords as “luxury hotels”, “deluxe hotels”, “upscale hotels”, “high-end hotels”, and “four- or five-star hotels”. The contributions were then screened to focus on luxury hotel-centered topics.

The search revealed 70 qualified scholarly research articles. Conceptual studies were limited, with empirical studies representing a majority of the luxury hotel researches. The luxury hotel researches that were identified were categorized into nine groups by research themes: marketing, human resources (HR), finance, strategic management, technology, service quality, food science, tourism and others, with marketing, HR and technology being the most popular research themes.

Analysis of methodological trends in luxury hotel research indicated that the majority of the researchers utilized quantitative methods employing various statistical analysis techniques. Overall, luxury hotel research is still limited in the number of publications and diversity of research topics. This study was the first comprehensive content analysis on luxury hotels conducted to date. The findings of this study may provide future researchers and academicians with new insights based on past study as well as ideas for future research. It is hoped this study will contribute to the development of a reliable knowledge base from which practitioners may inform plans and action regarding future luxury hotels.

Keywords: Study, trend, luxury hotels

1. Introduction

The luxury hotel industry has become a significant segment of the general hospitality industry and is undergoing expeditious expansions. In February, 2013, the Forbes Travel Guide Star Awards announced 76 five-star hotels and 226 four-star hotels worldwide as the award winners, a yearly increase of 33% and 28.4%, respectively. In September, 2013, the Forbes Travel Guide Star Awards updated the information that the numbers of five-star hotels and four-star hotels increased to 83 five-star and 264 four-star hotels, an increase of 9% and 16.8%, respectively, for each in just six months. This means every week one more new luxury hotel was built in the world during this time period.

The luxury hotel segment can be divided as follows: luxury major, luxury exclusive, and upper upscale. The most recently updated statistics by the World Luxury Index (2013) revealed that luxury exclusives embrace the largest market share, accounting for 40.5% of luxury hotels worldwide. Upper upscale stays in second place, with a share of 38.0% and luxury majors, were ranked the last, at 21.4%. Nevertheless, although at the second place, upper upscale captured 75% of total global interest, yet has stagnated at 1.1%, whereas luxury major was the fastest growing category, at 12.1%.

Luxury exclusives have also seen a growth of 5.6% in their total global interest. Meanwhile, the index enumerated the top 50 most sought-after hotel brands that can be cross-referenced with the aforementioned results. Such upper upscale hotel brands as Hilton, Westin, and Embassy Suites accounted for the bulk of hotels in the list.

Based on country of origin, 75.5% of the world's luxury hotels are located in the United States, with the rest of the top

five being the U.K., Canada, Hong Kong, and France. According to a recent industry report by The Global Luxury Hotels Market- Key Trends and Opportunities to 2017, some cities in the U.S. are among the leading, and fastest-growing tourism destinations (Timetric, 2013) ^[7].

For instance, Washington, DC, is one of the fastest-growing global tourism destinations, while New York is among the largest in terms of inbound tourist volumes. Other cities that have continued to report continuous growth in the travel and accommodation industries include Chicago, San Francisco, and Los Angeles (Miller *et al.*, 2013) ^[12]. Major economic records in the Asia-Pacific region indicated economic slowdowns over the past two years. Despite these challenges, the luxury hospitality industry in the Asia-Pacific region revealed a significant growth of 18% in 2010 and 11% in 2011.

2. Purpose of the Study

Knowledge of the most updated luxury hotel market situation helps to lay the foundation for studying the research trends of the same subject matter. There have been numerous research studies of luxury hotels during the past 20 years. While industry reports concentrate on data that imply on the market situation and predict future development of luxury hotels, academic studies focus on more diversified and specific aspects.

Narteh *et al.* (2013) ^[8] looked into the relationship marketing and customer loyalty in the Ghanaian luxury hotel industry.

Okumus *et al.* (2012) ^[9] studied the career paths of women in luxury hotels. However, when compared with the abundance of market reports and statistics from business institutions, academic research appears to be small in number, loose in

content, and random in subject matter. Despite the increasing significance of the luxury hotel sector in the tourism and hospitality industry as well as the general economy, a systematic review of related research has not been conducted. Therefore, ideas have not been formed as to what is the current research trend of luxury hotels, or if there are any gaps between them that could be fulfilled by further study.

The current study identified research trends in luxury hotels by analyzing the content of published studies in related fields from 1994 to 2014. A systematic review was carried out to examine several primary variables, including year of publication, subject, area, methodology and country of origin, to determine if there is any relationship among these variables. The identified areas of study included marketing, finance, food service, strategic management, technology, and others. This study was also conducted to propose ideas for future studies by creating a profile by assessing studies during the past 20 years (1994-2014) to identify areas and topics that have been ignored, and suggest future research directions.

1.1 Significance of the Study

The Luxury hotel sector is truly a breed apart in different ways when considering the lodging industry. These hotels provide guests top-line service and opulent facilities that are among the most complex to operate, and present a high degree of risk for developers and owners. Luxury hotels are generally among the most volatile in the industry, enjoying strong performance in good times and often suffering significantly in times of economic downturn.

In this sense, it would be of great interest to determine the most recent trends in luxury hotel research and seek potential gaps that may lead to further research ideas. Most of the literature the present author identified were articles that assessed the performance of luxury hotels on specific perspectives (e.g., consumer behavior, finance performance, and others), whereas few studies have investigated the notion of luxury hotel and luxury brand per se.

Luxury is not all about hotel décor or amenities because the experience of luxury is active and conscious, which means customers' opinions and feelings are part of it too (Bernstein). Bernstein's study was just a tip of the iceberg that evoked more inspiration for me to explore this unique segment of hotel industry. The literature review is acknowledged as providing a valuable contribution to the advancement of science. When done well, a literature review can aid future scholars to summarize where we have been and where we need to proceed.

Such a review can be used to identify gaps in the present knowledge base and suggest new directions for future research. That such endeavors are considered useful is reflected in the number published each year on this topic (Guzzo *et al.*, 1987) [5].

Reviews of research literature are carried out for several reasons. One reason is to assess the state of current knowledge. Relatively speaking, a literature review assesses what is not known—the gap in knowledge. Second, it is quite common in a literature review to discuss the directions for future research on a topic.

Such discussions are of value to the extent that they define productive lines of research and promote the integration of future findings with current knowledge. A third reason for

conducting a literature review is to advance theory. Good literature reviews can make strong statements about the validity of theories and can stimulate new theoretical development. The fourth reason is to answer the "so what" question. That is, literature reviews can provide statements about the policy implications of research findings, the practices that can be justified on the basis of research.

1.2 Research Questions

This study was conducted to answer the following research questions:

1. What is the current research trend in relation to luxury hotels? Research themes, year of publication, methodology, etc
2. What gaps can be detected from the current study?
3. What suggestions can be advanced for further study?

1.3 Literature Review

It is hard to give a single universal definition for a luxury hotel for the simple reason that it is even harder to first explain what exactly is entailed in the word luxury (Danziger, 2014) [4]. Luxurious experiences are largely interconnected with each person's hopes and dreams, which, as described in utterly fancy terms by some scholars, are tied to individuals striving to reach self-actualization and self-fulfillment through greater knowledge, appreciation of beauty, spiritual sophistication, peace, art, culture and aesthetics (Michman & Mazze, 2013) [11]. This makes "luxury" a highly subjective notion since people are different regarding ethnical belonging, culture of origin, educational background and personal experience (Becker, 2009) [1].

One person's luxury can be another person's necessary, vice versa. Nevertheless, the lexical abstractness did not stop researchers from trying to understand it and many have talked about their study results about luxury ideals in published articles, each having a unique angle (Talbot, 2014) [10].

The same dimension applies to the general luxury industry, where we have spotted various products like clothing, jewelry and cars, and luxury brands like Gucci, BVLGARI, and Rolls Royce. "Luxury as luxe product features" looks on the specific attributes of the product or service, which in our case means such things like the inner and outer décor of the hotel building, or the quality and fanciness of hotel amenities. The third dimension, "luxury as non-necessities", defines luxury as something above the basic need. For hotel industry, accommodation and food are the basic needs, whereas four- or five star hotels that provide services more than just that are considered luxury.

The last dimension, "luxury as the power to pursue your passions," refers to the purchase of luxury products to make life more comfortable, examples like spa treatment. To conclude, all four dimensions of luxury apply to luxury hotels and explain the foundation of people's need for luxury and what customers essentially expect from a luxury hotel experience.

Kapferer (1997) [6] presented the semiotics of the word "luxury" as "Luxury defines beauty; it is art applied to functional items," which emphasize that luxury products as an art form brings more psychological satisfaction, like esteem on the owner, than functional utility.

In the book, *Luxury and the Hotel Brand*, Bernstein (2010) [2] suggested that luxury be defined as a form of waste and

quoted William Tabler, arguably the most influential architect in functional American hotel, that “luxury is simply not necessary at any level.” This takes us back to what has been mentioned before: one person’s luxury might be another’s necessary, vice versa.

Laurence (2010) ^[13] concluded luxury has different meanings and connotations under different circumstances. While the hospitality and tourism industry arose through the growth of capitalism, freedom and tentative relations to geographic areas, which increased the need for travel accommodations (Sandoval-Strausz, 2012) ^[14], the luxury hotel industry has progressed as an outlet for travelers to dream of and fantasize about other lifestyles (Curtis, 2011) ^[3]. It is for this reason that the luxury hotel industry places a large focus on the guest experience along with their satisfaction. That is, luxury is more of an experience than a product.

1.4 Research Design

As discussed in literature review, a mixed-method research utilizing both qualitative and quantitative was employed to examine the current study trend regarding the luxury hotel industry. The quantitative approach was used to collect research data, which, in this case, were published academic articles on luxury hotels, and accumulating descriptive statistics (e.g., number of articles published; number of studies focusing on the marketing side of the industry in which how many are related to consumer behavior) whereas the qualitative method was intended for analyzing the content of collected articles (methodology, research themes, research results, etc.).

Previous researchers mix quantitative and qualitative methods based on the notion that the combination of both approaches provides a better understanding of the research problem than either approach could alone. As far as the current study is concerned, quantitative data were collected endeavoring to address such research questions as “how many articles have been published as regards various fields of luxury hotel research” and to offer a revealing understanding of the most updated research trend on luxury hotels. Meanwhile, a qualitative approach was intended to explore deeper into the actual content of those articles so that gaps could be discerned and suggestions may be advanced for further study.

Qualitative research is defined as studies that use nonnumeric data in the form of words which adopts an interpretive perspective known as “inter-pretivism” that posits that “there is no objective reality which can be discovered by researchers and replicated by others, in contrast to the assumptions of positivist science”. The reasons are that “objective reality can will never be captured” and “the use of multiple validities, not a single validity, a commitment to dialogue is sought in any interpretive study”.

To put it in a more explicit way, qualitative research should endeavor to reveal multiple realities as opposed to seeking one objective reality. In addition, qualitative research is also characterized by an emerging nature rather than predetermined and researcher shall note that as the data are analyzed for common themes and the emergence of similarities and difference, there is not a limit as to how much will be learnt about the data.

2. Conclusion

This study is presumed to provide the first content analysis conducted to date that presents past research on luxury hotels. Although this study is more descriptive than predictive, the results can provide hospitality and tourism researchers and scholars with valuable insight regarding the direction of future publishing efforts in the field. The review process may also help scholars to increase methodological rigor by identifying contemporary topic areas, methods, and direction. It also provides a resource on influential individuals and institutions in luxury hotel research.

Moreover, accumulating knowledge from a wide range of research in a systematic review can aid in the development of a reliable knowledge base for practitioners and policymakers. The review process gives current researchers with insights into the luxury hotel industry. Managers and policymakers can also use of this study to locate references related to luxury hotel research that may apply to their business operations in an easy-to read format to help in decision-making related to future plans and potential action. This study classified known contributions into nine identified research themes: marketing, Human Resources (HR), finance, strategic management, technology, service quality, food science, tourism and others, in which marketing has the largest number of contributions, followed by HR and technology.

In addition, five articles were categorized into “others” because two examined a new problem that has not been discussed previously, whereas an additional three crossed two of the established categories. The contributions were documented according to their research themes, and the contents were reviewed and briefed. Based on the findings of the current study, marketing, HR, and technology were expected to continue to be the dominating topics in luxury hotel research, with HR and technology also expected to increase.

The reason HR was perceived as increasing is based on the fact that these research topics originated from the fact that globalization and franchising of luxury hotel brands will create a need to discover new and innovative HR management strategies in different cultures. The same reason can be applied to the increase of technology articles, as fierce global competition has largely focused on technological acceptance and innovation. This conclusion was based on the content of the assessed articles.

Although a diversified number of subjects are involved in each research theme, these subjects are independent and no direct connection could be detected between any two studies, which implies that additional studies need to be conducted to fill the gaps, especially pertaining to research themes related to finance, strategic management, and technology.

2.1 Future Research

This study provides researchers with the groundwork needed to identify luxury hotel research. Further research might focus on the future directions of the luxury hotel industry. For example, greater attention might be given to environmentally friendly operations in luxury hotels, and additional databases included in the search for related publications.

In addition, content analysis, itself, has certain limitations; therefore, it is recommended that a combination of content

analysis and other types of analysis, such as meta analysis, be used to obtain more accurate results in the future. It is also advised that a similar analysis study should be conducted at least every three years to keep the trend up to date.

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