

MULTICHANNEL

Starwood CEO: Yesterday's luxury is tomorrow's necessity

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DANA POINT, CA – The CEO of Starwood Hotels & Resorts said at the American Express Publishing Luxury Summit 2013 that the world is experiencing an age of change, which is altering the definition of luxury.

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During the “Shaking it Up: Inside Starwood's Out-of-the-Box Thinking” session, the chief executive discussed how Starwood’s St. Regis, The Luxury Collection and W Hotels are responding to challenges in targeting the new luxury consumer. Savvy marketers will examine how the industry is changing as a result of this new fast-moving, technology-driven age and respond quickly.

“The wealthy today are more diverse,” said Frits van Paasschen, president/CEO of **Starwood Hotels & Resorts**. “There are more wealthy women and Asia is home to more millionaires and billionaires even though, in the United States, there are more millionaires and billionaires than ever before.”

Whole new world

Starwood’s executives call today’s global setting the days of great change.

Around the world there is greater connectivity. These forces are accelerating and

changing everything from business to society to everyday life.

This global connectivity is driving the age of luxury travel in emerging markets. Starwood now operates more hotels in Dubai than New York.

Thanks to technology, marketers in all categories have access to more consumers, and consumers have access to more information about the world.

Soon there will be more cell phones than people on the planet and many marketers cannot begin to predict the kind of change that this will bring to the industry, per Mr. van Paasschen.

If mega brands such as Amazon and Apple can recommend books and television shows for each customer, luxury hotels are expected to provide the same personalization such as a guest's favorite food, preferred room temperature and desired destinations.

Technology makes it possible to not just talk to a brand's most elite guests, but anyone anywhere in the world. Consumers expect to have their unique preferences met everywhere they go.

"Great design and great service by itself can't set you apart anymore," Mr. van Paasschen said. "The old notion of luxury of serving ladies and gentleman is a credo for the ages, but I'm not sure it's a credo for this age of change.



Mr. van Paasschen

Talkin' 'bout my generation

Technology is not only changing the expectations of luxury consumers, but it is redefining the industry. Today, one consumer's definition of luxury might not be another's.

Brands are no longer the arbiters of what luxury is today, Mr. van Paasschen said. It used to be that scarcity was a defining feature for luxury, but now it depends on who a consumer views as the arbiter – a fashion blogger, a concierge or their favorite magazine editor.

Starwood used this movement to shape its W brand, which started out as a real-estate play. The company turned up the music and turned down the lights.

W could not raise hotel rates high enough to keep up with the demand, so it was pulled up to luxury by popularity.

The brand does not view the experience at each of its properties as one-size-fits-all. Rather, guests can get a one-of-a-kind experience.

Now Starwood has a multi-brand approach to luxury. W was a game-changer for the new generation of luxury travelers, while its iconic Luxury Collection hotels are the counterpoint to W.

Executives at Starwood also talked about the company being global before global was cool, per Mr. van Paasschen. Ninety percent of its luxury pipeline is in cities outside of established markets such as Japan, the U.S. and Europe.

Starwood plans to open 50 new hotels across the Middle East and Africa over the next five years ([see story](#)).

The new generation of travelers is going from novice to experts due to global awareness. There is acceleration of demand in growing markets.

Appealing to the new generation of luxury consumers requires marketers to connect what is happening in the world to their brand.

Starwood has immersed employees in markets such as Shanghai and Dubai.

“You can’t lead global change from a conference room in Connecticut,” Mr. van Paasschen said.

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