

Managing Status in the Hotel Industry

How Four Seasons

Came to the Fore

by Jeffrey Catrett and
Michael Lynn

Being the best is only part of the battle for status. One also has to be recognized as being the best.

In a 1995 survey, *The Public Pulse*, the Roper Starch Company reported that staying in luxury hotels had risen to the top of the list of American status symbols. Commenting on this development, Roper Starch's analysts wrote:

That's quite a change from the 1980s, when status was associated more with prestige, like being a top executive of a large corporation or belonging to a private club. ...

The [status symbols] Americans aspire to don't involve power or prestige so much as personal

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comfort. Americans are after creature comforts these days.¹

Despite the emergence of staying in luxury hotels as a status symbol—and the current strong performance of upscale hotels—we have found little attention being paid by the hospitality press to the meaning of status.² For its part, the industry has not missed the renewed interest in upscale accommodations.³ We believe, however, that hotel operators should consider the implications of status theory in attracting customers and thus avoid a repeat of the unsuccessful, amenities-laden approach that engaged so many hotel companies in the 1980s.

Status is not merely a matter of bricks and mortar (or of marble and chandeliers). Rather, status is an intangible and changeable element that is “in the eye of the beholder.” Simply replicating a successful competitor’s physical features or service levels, for example, will not necessarily result in status recognition for a hotel chain, as several operators learned in the 1980s (and even earlier). Clarion, Renaissance, and Crowne Plaza, for instance—each of which was developed by a mid-level operator—struggled for cachet. Only in the 1990s have those brands (separated from their original firms) gained upscale status. Even then, they do not approach the status levels of more distinctive

operators. In giving the above examples and others throughout this article, we do not imply that those hotels are not well run, but certain chains or properties have captured a status position, as judged by outside observers, while others have failed to do so.⁴ This article attempts to capture the essence of how status applies to some luxury hotels but not to others.

We argue that status hotels constitute a discrete group that uses status as a point of differentiation. The point of difference between these hotels and their non-status (albeit luxurious) counterparts may be traced specifically to the status hotels’ ability to broadcast their status. This point is important for operators that have acquired upscale chains, as Marriott has done with its partial takeover of Ritz-Carlton and acquisition of Renaissance; Sheraton in its purchase of CIGA and subsequent acquisition by Starwood; and Radisson’s license arrangement to operate Regent properties. Good as they are, Marriott, Sheraton, and Radisson are not generally known as operators of status hotels (although one or another of Sheraton’s “luxury collection” properties, now owned by Starwood, may hold that distinction). Precisely because five-star hotels seek to sell status rather than mere lodging, these companies must consider the meaning of status if they wish to gain the necessary cachet for their chains.

In this article we distill from existing literature a theoretical consen-

sus about what denotes status. We test that consensus against some noteworthy hospitality examples and develop a list of concerns for hospitality managers operating full-service, status-worthy establishments. Finally, we look at some of the forces driving the industry as those forces relate to status.

The Elements of Status

Status is difficult to define, even though its importance as a motivator of behavior has been documented since early times. One aspect of status is conspicuous consumption, particularly if such consumption could be termed flagrant or irrational. Along this line, researchers have noted Cleopatra’s brewing of unpalatable tea composed of ground pearls, the wearing of ostentatious and uncomfortable crown jewels by monarchs, and people’s contemporary preference for light-colored raincoats, silks, and other difficult-to-maintain materials.⁵ Early studies, furthermore, established the connection of tradition and expense in status display.⁶ Wealthy ancient Greeks, for instance, used the large-size door keys of their day as a status symbol, employing a slave to carry decorated keys that advertised the need to lock their possessions.⁷ Indeed, Adam Smith went so far as to suggest that the acquisition of wealth is primarily for the purpose of display.⁸ From

¹ See: Roper Starch Company, Inc., *The Public Pulse: Roper’s Authoritative Report on What Americans are Thinking, Doing, and Buying* (New York: A.W. Miller, January 1995), p. 5.

² For a discussion of the recent strength of upscale and luxury hotels, see: Randell A. Smith and John D. Lesure, “The U.S. Lodging Industry Today,” on pages 18–25 of this issue of *Cornell Quarterly*.

³ See, for example: Stephen Rushmore, *An Investment Overview of the U.S. Lodging Industry* (Mineola, NY: HVS International, 1996). During a February 10, 1997, presentation at the Cornell University School of Hotel Administration’s course in hospitality real-estate finance, Rushmore predicted that investment in full-service properties would increase, and that development of new properties was on the horizon.

⁴ Status-seekers are loath to own up to trying to impress others, making empirical quantitative research difficult. Because an explicit status-rating system for hotels is lacking, the authors have chosen to cite excellence ratings as expressed nonscientifically by opinion polls or panels. While some might argue that the differences in excellence are real and derive from better service systems or superior offerings, the authors have sought to compare hotels with similar product and service qualities to implicitly suggest that the final differentiating factor is perceived status.

⁵ See: John Rae, *The Sociological Theory of Capital, Being a Complete Reprint of the New Principles of Political Economy, 1834* (London: MacMillan and Co., 1905).

⁶ See: John Molloy, *New Dress For Success* (New York: Warner, 1988).

⁷ See: Stephen Rushmore and Carolyn Malone, “Keys and Hotel Security,” *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 39, No. 6 (December 1998), p. 92.

⁸ Smith’s observation: “With the greater part of rich people, the chief enjoyment of riches consists in the parade of riches, which in their eyes is never so complete as when they appear to possess those decisive marks of opulence which nobody else can possess but themselves.” Quoted in: Philip R.P. Coelho and James E. McClure, “Toward an Economic Theory of Fashion,” *Economic Inquiry*, Vol. 31, October 1993, pp. 595–608.

these examples, we begin to assemble the elements of a definition of status.

Theories revolving around the conspicuous consumption that Smith noted are most closely associated with Thorstein Veblen, who discussed this phenomenon in the late 1800s. Veblen's concepts are considered by most academics to form the core of modern status theory.⁹

You shouldn't have. The essence of Veblen's theory is that paying a lot of money for an item feels good and it impresses others, especially when it exceeds rational budget limitations. Expensive things are effective status symbols, and a high price can actually increase demand for some goods. This is the so-called Veblen effect. Simply put, some people are willing to pay a premium for a status-worthy product or service.

Veblen's theory departs from that of Smith on the relationship between price and quantity. Smith posited that buyers would generally choose the most rational balance between price and quality to achieve value, and that lowering price while maintaining quality would increase value and therefore quantity of purchase. Veblen recognized, however, that status alters the classic rendering of the value equation.¹⁰ Lowering the price of a Mercedes-Benz, for instance, will probably not increase sales. To the contrary, Mercedes survives as a status symbol because it is expensive and allows the owner to make a statement: "I have spent a lot of money for this car, more than most other people spend on their cars." The experience of Cadillac in its several failed attempts to make a downsized model (e.g., Catera, Allanté, Cimarron) demonstrates this principle.

⁹ For a discussion of Veblen, see Bagwell and Bernheim, "Veblen Effects in a Theory of Conspicuous Consumption," *American Economic Review*, June, 1996, pp. 349–373.

¹⁰ *Ibid.*

The Veblen effect extends to hotels. Overlooking the relationship of price and status, some observers have criticized upscale hotels for fostering the development of the midscale hotel segment through their insistence on maintaining high rack rates.¹¹ Yet a top-level hotel such as Four Seasons will not greatly increase its popularity or profitability by lowering its rates, and it risks damaging its upscale image if it offers discounts. Indeed, the unwillingness of such firms as Four Seasons and Ritz-Carlton to sacrifice price integrity even in the midst of the recession of the early 1990s elevated them into a distinctive product class among status-seekers.¹²

While Veblen identified the utility of expense in conspicuous consumption, price alone does not completely define status-worthiness. If Ford were suddenly to institute a manifold increase in the price of its Taurus, for instance, the Taurus would not necessarily accede to status worthiness in the eyes of the buying public. Similarly, a Holiday Inn by any other name—Crowne Plaza, for instance—remains a Holiday Inn.¹³ Clearly, other criteria are necessary for a complete understanding of how status works.

Social desirability, scarcity.

Later status theorists added specific facets to the definition of status wor-

¹¹ For example, see Robert Lewis, Richard E. Chambers, and Harsha Chacko, *Marketing Leadership in Hospitality: Foundations and Practices*, Second Edition (New York: Van Nostrand Reinhold, 1995), pp. 468–469.

¹² For instance, rather than sacrifice rate, Four Seasons closed its Montreal property. While we do not contend that price integrity alone has vaulted these two companies into a singular category, we do believe that price integrity has played a major role. A similar situation arose when the Houston hotel market deteriorated badly in the 1980s. Many Houston hotels limited options such as 24-hour room service or closed unproductive restaurant outlets, but Four Seasons determined that the hotel would be closed before its offerings would be restricted.

¹³ The failure in the mid-1980s of Holiday Inn's Crowne Plaza brand has been well documented throughout the hospitality literature.

thiness.¹⁴ Paul Blumberg, for instance, proposed a particularly useful point when he suggested that symbols (i.e., products or services) must be both socially desirable and scarce to be effective in communicating status. Embedded within the ideas of social desirability and scarcity are a number of key considerations for understanding the meaning of status worthiness. We suggest that the most notable among these is quality.

Excellent quality is an essential element in the social desirability of a product or service. A poor product cannot become a status symbol—except perhaps by the backward logic of being so bad that it exceeds all expectations, as in the case of the Edsel.¹⁵ Marriott launched its Marquis brand in part as a top-quality convention property. The flagship Times Square Marquis, excellent though it may be, has still failed to establish itself as a generally recognized status symbol, at least in part because the property's physical size impedes the service finesse associated with a great hotel offering.¹⁶

Although maintaining high quality seems to be essential in establishing a product's or service's social desirability, efforts to upgrade the quality of existing products and services does not necessarily improve their status. We already mentioned Cadillac's ill-fated attempts to launch a small car to compete with European and Japanese imports. In developing its small cars, Cadillac was attempting to meet a revised stan-

¹⁴ For example, see: Irma S. Mann, "Marketing to the Affluent: A Look at Their Expectations and Service Standards," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 34, No. 5 (October 1993), pp. 54–58.

¹⁵ Erving Goffman, "Symbols of Class Status," *British Journal of Sociology*, Vol. 2 (1951), pp. 294–304.

¹⁶ In November 1996 Kevin Kearney, vice president for Latin American development of Marriott International, indicated that the Ritz-Carlton acquisition gave Marriott the five-star brand that the company attempted to establish with its Marquis and J. W. Marriott brands.

dard of quality. Whereas large cars had been connected with status and quality, the advent of the high-quality, compact imports created a new standard. Despite endless favorable surveys from J.D. Power, General Motors has struggled to win back the quality image that became tarnished by its inability to match the quality standards of Japan's or Europe's automakers. Likewise, even though Ritz-Carlton hotels are well run and the chain arguably incorporates the industry's most up-to-date quality-management tools, winning the Malcolm Baldrige Award did not significantly alter the public's perception of the company's status.¹⁷ Similarly, although the Renaissance brand moved upscale with a repackaging when it was spun off by Ramada, the chain remains what most analysts see as an excellent fit with Marriott's other four-star properties, and not a high-status offering.

Association. Other qualities associated with a product or service help define its social desirability. Finely tuned characteristics of a product or service facilitate an individual's or group's association with particular values or lifestyles.¹⁸ Some of those values are tradition, lineage, understated taste, confidence in performance, unwillingness to compromise, and the capability to perform powerfully when needed. All those are features a status-seeker would choose to associate with his

¹⁷ See, for example: "The World's Best 100," *Condé Nast Traveler*, November 1996, pp. 195-203. Although this readers' choice opinion poll was published after Ritz's winning of the Malcolm Baldrige Award, Ritz-Carlton hotels generally continue to lag slightly behind Four Seasons and Rosewood hotels. For a description of how the staff of at least one Ritz-Carlton was uplifted by winning the award, see: Charles G. Partlow, "How Ritz-Carlton Uses 'TQM,'" *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 34, No. 4 (August 1993), pp. 16-24.

¹⁸ For a detailed description of the role of association in consumer behavior, see: John C. Mowen, *Consumer Behavior*, Fourth Edition (Englewood Cliffs, NJ: Prentice-Hall, 1995).

Synopsis of Status Theories: The Lessons Learned

As discussed in the accompanying article, a status-worthy product, service, experience, or position must be both socially desirable and scarce to command that status worthiness. What we have learned about status generally can be summarized as follows.

- Status symbols must be socially desirable and scarce.
- People are happy to pay premiums to secure status recognition (Veblen effect), and discounting may undermine the scarcity and social desirability of a product or service.
- Quality is important in status expression, and quality must be ongoing and uncompromising for status recognition to remain pure. However, quality improvements alone cannot guarantee status affiliation.
- Status symbols must be recognized across significant populations if they are to be effective, although various sub-segments of a population may have different specific status associations. The specific associations of products must be synchronized with their target markets to develop status worthiness.
- Because quality and money are no longer particularly scarce, understated taste and genuineness are modern status ideals. Being the original is key to status positioning.
- The availability of fraudulent symbols (e.g., faux marble) has resulted in an increase in the roles of history and tradition in status display.
- Marketing, advertising, and public-relations efforts can play a vital role in status development and the ongoing wooing of tastemakers, but the temper and style of those efforts must be considered wisely.
- Status symbols are dynamic and change with fashion. Status symbols may be the product of long-term demographic patterns.
- Because status is fashion conscious, a product or service may experience a "status life cycle," particularly if alterations are not made or cannot be made in product and service offerings to ensure adaptation to changing ideals.

Finally, it is important to recognize that status is a powerful yet intrinsically irrational motivator of consumer behavior. Because status is based on irrationality, strategic initiatives based on existing rational business models may have little effect in changing status recognition. Status is a matter of perception, not merely of specific tangible traits. Although management can supply the conditions consistent with status credibility, they must realize that, in the final analysis, it is a hotel's five-star guests that make it a five-star hotel.—J.C. and M.L.

or her own persona. Generations have associated status in automobiles with Mercedes-Benz or Porsche. In hotel terms, Canada-based Four Seasons is a reliable, long-standing (relative to many of its competitors), socially desirable offering. Four Seasons may likewise be associated with understated grace, elegance without stuffiness, unwillingness to compromise, confidence in performance, refinement, and knowledge of the traditionally important trappings of the good life such as food, wine, furnishings, and art.

Social desirability need not be universally accepted, and a status product or service may thus occupy a market niche. Indeed, one of the implications of high price is exclusivity. Sometimes status is associated with a product's being known only to a narrow segment of society. The

status comes from being one of the *cognoscenti*. The product must be well enough known to make a statement to associates, but not so well known that throngs congregate to purchase it.

Although Four Seasons is a broadly recognized status symbol within the hotel community, other hotels may hold even higher status for niche segments. Within the context of New York City hotels, for instance, many travelers would accept the prevailing sentiment that the Four Seasons New York is the city's finest hotel.¹⁹ Certain market segments, however, might be more impressed by (and ascribe greater

¹⁹ The Four Seasons New York is currently listed as the highest ranking hotel in the city according to "Top 25 North American Hotels," *Condé Nast Traveler* (Readers' Choice Awards), November 1998, p. 213.

When social desirability reaches a critical mass, the product or experience gains a certain aura that did not formerly exist.

status to) the soaring atrium of John Portman's Times Square Marriott Marquis or the cozy elegance of the Lowell. For some, Ian Schrager's hotels (Morgans, the Paramount, and the Royalton) are without rival. At the extreme end of the spectrum, some would point to the Hotel Chelsea as the height of prestige. This venerable and deteriorating structure has served as home to many of the city's finest writers and composers.²⁰ The Chelsea represents gritty denial of bourgeois finery, hard-won validity, and the holding of unchanging core values without regard for the opinions of the majority.

The importance of association to status is such that changing a product or service can be dangerous, because one risks muddling the message. The fall of Izod's alligator-logo apparel provides one example of how an attempt at mass marketing muddled the message. The arty, fashion crowd attracted by Schrager's hotels would unquestionably be put off if Morgans were made larger or more comfortable, for it would lose its minimalist design conformity and would compromise its reputation for artistic purity. Devotees of the Hotel Chelsea's bohemianism would be horrified at any gentrification effort. Adding polish to the hotel's interior (or to its front-desk clerk) would undermine its current association with unvarnished genuineness.

The role of taste makers. Although a status symbol need not be universal, it does need recognition across a reasonably broad population.²¹ When social desirability

²⁰ A plaque adorning the building exterior lists the many artists who have maintained residence within. The Chelsea was, for instance, the long-time home of composer Virgil Thomson. Additionally, the hotel was featured prominently in the 1986 film *9 1/2 Weeks*.

²¹ See: Erving Goffman, pp. 254–304, among others. The principle that status is fundamentally a societal function and requires societal buy-in appears throughout the status literature.

reaches a critical mass, the product or experience gains a certain aura that previously was undetected (or, more accurately, did not formerly exist). An example of this phenomenon is the growing cachet ascribed to scaling Mount McKinley or even Mount Everest. Arguably a dangerous and unpleasant activity, extreme adventure such as climbing these mountains (on which many have died) carries a perverse attraction and has become remarkably popular—despite, or perhaps because of, the expense involved.

The case of the sport utility vehicle provides another example of serendipitous status.²² So-called SUVs were long associated with ruggedness and adventure—and even simple utility. Recently, however, SUVs have emerged as status symbols for persons who want to be associated with that rugged, adventure-some image. During the last few years ownership of a Jeep or Range Rover came to be considered socially desirable, bringing with it in many cases the admiration and envy of one's neighbors. How did these four-wheel-drive vehicles, with their truck-like ride and poor gas mileage, become socially desirable?

Jeep and Range Rover owe their success as status symbols in part to pervasive marketing efforts.²³ Theorists suggest that familiarity is essential for successful encoding and decoding of status-symbol messages.²⁴

²² See: Gould, Jensen, and Jensen, "The Summer Sport Utility Tour," *Robb Report for the Affluent Lifestyle*, July 1997, pp. 106–117. An unscientific check of a student parking lot at Ivy League Cornell revealed that three out of ten vehicles were a Jeep, Range Rover, or a look-alike.

²³ For a discussion of Land Rover marketing (which is similar to that of Jeep and Range Rover), see: Cyndee Miller, "Baubles Are Back," *Marketing News*, April 14, 1997, pp. 1, 10. The article discusses in considerable detail the importance of the genuineness ideal.

²⁴ See: Russell W. Belk, "Determinants of Consumption Cue Utilization in Impression Formation: An Association Derivation and Experimental Verification," *Advances in Consumer Research*, Vol. 8 (1980), pp. 171–175.

When considering the advertising and promotion that makes these vehicles so familiar, however, note that they are not, in fact, universally accessible or within everyone's means. They are, nevertheless, known by a wide enough audience to be recognized by a substantial group as socially desirable.

Corporate promotional campaigns alone could not make Jeep and Range Rover socially desirable. The opening, according to fashion theorists, comes from societal status leaders and experts, who assist the general population in forming opinions about the social desirability of a product or service.²⁵ As celebrities, the socially elite, recognized designers, critics, and distinguished distributors begin to adopt products or services, those items become desirable through their association with accepted tastemakers. Consumers then seek to adopt the new socially desirable product or service in their own lives.

The classic destination-life-cycle theory is based on that concept of desirability by association.²⁶ A destination is "discovered" by trend setters, who are followed by travelers who want to be in trendy places. Tourism purveyors take note and soon the destination has larger crowds. Eventually the destination (or a product or service) is abandoned by key tastemakers when it is overtaken first by laggard "tourists," and then may find its ultimate

²⁵ For a thorough overview of the various competing and complementary theories of fashion change, see: Christopher M. Miller, Shelby H. McIntyre, and Murali K. Mantrala, "Toward Formalizing Fashion Theory," *Journal of Marketing Research*, Vol. 30, May 1993, pp. 142-157.

²⁶ See, for example: Michael A. Leven, "The Hotel Life Cycle," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 25, No. 4 (February 1985), pp. 10-11; or Philip Kotler, John Bowen, and James Makens, *Marketing for Hospitality and Tourism* (Upper Saddle River, NJ: Prentice-Hall, 1996).

demise through negative association with those laggards.²⁷ This life-cycle concept perhaps foretells the demise of the SUV as a true status symbol, since such vehicles are now commonly available (and used ones are relatively affordable).

Wooing tastemakers becomes an important public-relations function for a would-be provider of a status product or service. Such a purveyor must execute PR efforts that do not break other rules associated with status—in particular not being perceived as *gauche* or overstated.

Some hotels have gained recognition by their association with a socially elite backer. In addition to being excellently run boutique properties, Rosewood's hotels carry an association with the Hunt family.²⁸ The BelAir in Los Angeles and the New York Palace are owned by the Sultan of Brunei, while the Costa Smeralda resort in Sardinia and the CIGA chain are interests of the Prince Agha Khan. One could also argue that Leona Helmsley attempted to create such an association for her properties in the 1980s. Simply being associated with a recognized tastemaker or celebrity, however, does not necessarily ensure recognition of social desirability for a hotel if other elements of status recognition are disregarded. Calvin Klein, for instance, could not extend his fashion leadership to the hotel business. His Maxim's Hotel in New York City (formerly the Gotham and now the Peninsula Hotel New York) failed to match its target market's product needs and could not overcome past associations.

The role of scarcity. In addition to being socially desirable,

²⁷ For a discussion of general diffusion of innovation theory, which addresses innovators, the main stream, and laggards, see: Roger M. Everett, *Diffusion of Innovations* (New York: The Free Press, 1962).

²⁸ See: Carlo Wolff, "Rosewood Blends Fantasy, Class," *Lodging Hospitality*, July 1990.

status-worthy symbols must be rare, contends Paul Blumberg, if only because they are out of the reach of the masses.²⁹ We alluded to this point above with the Izod example. The fact that certain products and services cannot be acquired by the masses is key to their success in broadcasting the achievement or rank of the individuals who consume those products and services.

Many fashion designers in the 1980s learned a hard lesson when they undermined their credibility as status leaders by appending their names to lesser product lines. Pierre Cardin, once recognized as a status designer, lost nearly all credibility when his name began to appear on a wide variety of products aimed for mass distribution. We suggest that here is where Hilton and Sheraton fell prey to loss of status. In particular, the two chains' decision to sell franchises (particularly to roadside properties) ceded direct control over operating standards and exacted a cost in the form of loss of reputation.³⁰ This issue bears directly on what may be a misstep by Four Seasons, which has agreed to franchise the Regent name to Carlson Hospitality. Hyatt, on the other hand, may have recognized that its old Hyatt House chain of roadside motels might dilute the status of its upscale, mainline hotels and dropped the concept in the 1970s.

The old and the understated. As mass production has made possible replication of status symbols in quantity at affordable prices, the need for genuineness and understated elegance to reinforce scarcity

²⁹ Paul Blumberg, "The Decline and Fall of the Status Symbol: Some Thoughts on Status in a Post-Industrial Society," *Social Problems*, Vol. 21 (1974), pp. 480-498.

³⁰ This point was outlined in a 1996 presentation at Cornell by Curt Strand, former president of Hilton International. He pointed directly to Hilton's franchising of its name to roadside operators and city operators unwilling to maintain standards as damaging to Hilton's reputation.

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has increased. In recent decades, members of the old-money elite have to a large degree withdrawn from competition in conspicuous consumption. To distinguish themselves from the *nouveaux riches*³¹ (and in part because they no longer have the fabulous wealth of earlier days), members of this group have developed an ideal based on understatedness and reliance on genuineness. This understated ideal is an important feature of today's status-symbol ranking. The stark Mercedes avoids the trappings associated with Cadillac, for instance. Instead of Cadillac's faux wood (plastic) trim, Mercedes uses genuine wood or eschews the use of imitation products. In today's milieu, money and quality are not rare, but genuineness and understated taste are often hard to find.

This desire for the understated has affected post-modern interior design in hotels.³² To reinforce scarcity and genuineness, post-modernists have relied heavily on both tradition and actual use of historically verifiable elements against relatively simple, understated backdrops. While one can employ Dupont's Corian in excellent designs, marble remains the real thing, and Carrara marble—quarried from a single source in Italy and used since ancient times in glamorous structures—carries with it the force of the ages in securing status recognition. By extension, of course, as

³¹ See: Priscilla A. LaBarbera, "The *Nouveaux Riches*: Conspicuous Consumption and the Issue of Self-Fulfillment," *Research in Consumer Behavior*, Vol. 3 (1988), pp. 179-210; or John T. Molloy, *New Dress For Success* (New York: Warner, 1988). Molloy differentiates among the class associations of various clothing styles and choices, consistently demonstrating the success of conservative, down-played styles in impressing persons of upper- and upper-middle-class backgrounds.

³² Carol Berens provides a complete interpretation of the current use of the old and the new in *Hotel Bars and Lobbies* (New York: McGraw-Hill, 1997). Berens traces the evolution of tastes and ideals in hotel public spaces from the 19th Century to the present.

post-modern designs featuring marble and antiques become increasingly common, they lose their scarcity and therefore their status appeal, unless they are used in distinctive and original ways.

The role of originality.

Though tradition is important, respecting tradition does not create a license for stifling change. The seeming contradiction between ideals based in historical frames of reference and the need for originality is not as extreme as it may first appear. Part of the genuineness ideal comprises the unparalleled importance of being first in any enterprise or trend. The original article is, by definition, the genuine article, and that article need not defy historical reference to be original. Even in their modern, reasonably comfortable renditions, Jeep and Range Rover remain the genuine articles.

As any retailer knows, originality commands a price premium. Be it the "designer original" of *haute couture* or simply the first release of a product line, original élan is worth more to buyers than are copies or even the same articles offered some time later. Mercedes still commands higher prices than does Lexus, even though the Lexus may arguably be a better car.

In hotel terms, originality may be measured either as the first of a kind or as the first released. Hyatt's Portman-atrium hotels and Philippe Starck interiors command higher status than do copies. Companies "releasing" hotel products also gain status recognition from this originality ideal. While many copied Portman's designs for Hyatt, no company was ever so closely associated with that status ideal of the 1970s and 1980s. Similarly, Four Seasons's development of the post-modern ideal, although copied exactly by Ritz-Carlton, continues to be perceived as the original article by the buying public. Ritz's acquisi-

tion of the managing contracts of some venerable hotels carrying the Ritz-Carlton name, such as the Ritz-Carlton in Montreal, and its reputed interest in European hotels carrying the Ritz or Carlton names could rearrange the balance of the historical equation in its favor. Although Four Seasons established the current post-modern ideal, Ritz-Carlton may be able to convince the public that it was indeed "first" if it is able to display these long-established status names alongside the names of its post-modern properties.

Status and Fashion

A product's social desirability is not immutable. In particular, once a product or service has been replicated often and has been experienced by a considerable mass of the population, that product or service ceases to fill the status need of differentiation—effectively, a status life cycle analogous to the destination life cycle. In particular, a change in fashion provides those of rank with the opportunity to purchase new originals.

Status theorists have chronicled the changes in status-symbol fashion over the last few decades. The so-called "radical chic" of the 1960s and 1970s, based as it was on apparent rejection of conspicuous consumption, seemed to threaten the concept of the status symbol. That wave passed, however, and status researchers documented consumers' return to classical prestige status symbols during the 1980s.³³ That was followed in the 1990s by recognition of symbols based on physical comfort.³⁴ Neither status theorists nor fashion theorists, however, have been able to establish a predictive model for what the *next* status symbol will look like.

³³ See: Scott Dawson and Jill Cavell, "Status Recognition in the 1980s: Invidious Distinction Revisited," *Advances in Consumer Research*, Vol. 14 (1986), pp. 487-491.

³⁴ See: *The Public Pulse* (op. cit.).

The mutability of status fashion can be particularly devastating for relatively static products such as hotels, with their high fixed investments. Traditional American palace-style hotels, for example, have gone in and out of fashion several times over the last few decades. Moreover, hotel fashion also involves aspects of the service offering.

While one generation may find the prospect of dancing the night away in a hotel ballroom to be the height of glamour, another generation may find the same prospect positively stifling. Thus, grand-dame hotels, famous hotel restaurants, and hotel nightclubs or ballrooms are all susceptible to changes in the prevailing sentiments and associations of the period.

The role of demographic changes. As we just indicated, status theorists have made scant progress in providing a predictive model of the evolution of status symbols. Although we do not pretend to have a definitive approach to predicting trends, we do believe that predictive insights might be found by considering the likely effects of changes in demographic characteristics, such as the age and life-cycle stage of the so-called baby boom generation. Emerging from their radical-chic "hippy" period, for example, the baby boomers in the 1980s embraced traditional prestige symbols as they dressed in power suits, ate power breakfasts, and ignited the real-estate market by purchasing ever-larger homes. Reaching their late 20s and 30s they felt the necessity of impressing others (including would-be spouses) with the importance of their positions and the attractiveness of their possessions. Moreover, they began to have the economic power to engage in conspicuous consumption. Entering middle age, however, the baby boomers see comfort itself as a status symbol.

Similarly, we would argue that comfort symbols such as luxury hotels may have gained in status during the 1990s precisely because yuppies' dreams of early retirement in sumptuous urban quarters complemented by ownership of private vacation homes fell short of the mark. In addition, we suggest that the 1960s' destruction of traditional palace hotels in favor of city motels, the rise of Hyatt and the stunning Portman atriums in the early 1970s, the emergence of Four Seasons and the post-modern ideal in the 1980s, and the success of that company's comfortable properties continuing into the 1990s, are all indications that baby boomers' status needs are influencing today's hotel offerings.

As the baby boomers' children begin to define status, society may experience a shift from comfort ideals toward those associated with youth, or the emergence of a broad division of the market into two camps. Fashion has already rediscovered radical chic, with its torn clothes and nominal rejection of creature comforts, consistent with youthful fancy, denial of tradition, and limited buying power. Likewise, the boutique hotel environment has been divided along lines of comfort (e.g., the Lowell hotel) and trend (e.g., Schragger's properties), giving some credence to this approach to understanding status-symbol evolution.

Case Study I: Four Seasons New York

In the following sections, we review the general principles of status as they apply to hotels by examining the cases of the Four Seasons New York and the Four Seasons Boston.³⁵

³⁵ The Four Seasons hotel is rated as the city's finest property in both New York and Boston by both *Condé Nast Traveler* (1998, p. 213) and *Institutional Investor* ("The Top 75 Hotels," Vol. 32, No. 9 [September 1998], pp. 181-184). Those hotels have been rated as their city's best offerings on both polls for several years.

Four Seasons's success in these venues provides a study in the evolution of status.

Four Seasons has been represented in New York for many years through its management of the Hotel Pierre. To New York hotel aficionados, the Pierre held the perennial second-place position among the city's hotel offerings—just behind the seemingly untouchable Hotel Carlyle. Despite Four Seasons's growing national and international recognition as a status provider, the Four Seasons affiliation did little to alter the public's perception of the Pierre's status. Perhaps because its owners insisted on retaining the name "Hotel Pierre," perhaps because its actual product did not substantially change despite new management, or perhaps because Four Seasons took over the Pierre before the chain's reputation for quality and status had completely emerged, the Pierre was never truly seen as the New York Four Seasons.

For generations, New York's Hotel Carlyle was recognized as the *crème-de-la-crème* of the city's hotelery.³⁶ With that status, the Carlyle's average rate and occupancy for transient rooms was, for many years, unparalleled throughout America.³⁷ The vast majority of the hotel's 800 or so rooms were permanently leased, serving as town accommodations for New York's "town and country" set in a period between the outright ownership of brownstones or mansions and the development of condominiums. The arrangement excluded certain market segments, notably institutional

³⁶ Author Jeffrey Catrett was employed in management positions in the New York hotel industry during 1983–1984 and 1987–1988. During this time he was in close contact with a number of top managers who had been part of the New York hotel scene for long periods.

³⁷ This information was noted by the Carlyle's rooms-division manager and general manager in interviews in 1987.

investors from "working classes." For this reason, the Carlyle did not appear on *Institutional Investor's* annual "Top 50 Hotels" (now "Top 75 Hotels") ranking until 1988, when (as hotel markets changed) the hotel began to alter its mix to include top corporate clients.³⁸ In 1988 the hotel was selected as the best hotel in America and twelfth best in the world. Two years later the Carlyle dropped to 48th place among international hotels in spite of a major renovation, but it maintained its top ranking among New York hotels for the ensuing five years.

While its permanent suites (now condominiums) are palatial, the Carlyle's transient rooms are noticeably smaller than those of other properties, a condition also suffered by the Pierre. Despite the fact that industry surveys were already linking room size and comfort to guest satisfaction, the Carlyle managed to maintain its status in the face of a number of extraordinary entries into the New York market during the late 1980s and early 1990s (e.g., Ritz-Carlton, Peninsula, Trusthouse Forté's Plaza Athenée, Grand Bay/Michelangelo, and Stanhope), all of which offered superior room size and comfort.³⁹

The 1994 arrival of the new Four Seasons New York dramatically and abruptly changed the city's traditional status balance. Originally designed to be the new Regent, the hotel dominated national status surveys for New York hotels within a year of its opening. The Four Seasons New York ranks as the top

³⁸ *Institutional Investor*, "The Top 50 Hotels," September 1988.

³⁹ During a 1990 tour of the Carlyle, the assistant manager explained that the hotel was attracting substantially more corporate guests than previously and that the property was experiencing customer-satisfaction problems because of room size despite the recent renovation. The assistant manager specifically cited many of the hotels named here as dangerous new competitors with larger room offerings.

hotel in New York on both the *Institutional Investor* blue-ribbon panel and *Condé Nast Traveler* readers' choice polls, despite the Carlyle's resurgence in recent polls.⁴⁰ Through the combination of name recognition and new product offering, the Four Seasons New York effectively knocked the Hotel Carlyle from its long-held status-leadership pedestal.

Case Study II: Four Seasons Boston

An analysis of the Boston hotelery during the period of the late 1980s is equally intriguing.⁴¹ Prior to 1980, Boston's luxury offerings were the perennial status leader, the Ritz-Carlton; the *grande dame* palace hotel, the Copley Plaza; and the country's oldest continually operating hotel, the (Omni) Parker House. The unprecedented luxury-hotel building boom of the 1980s witnessed the addition of eight luxury properties to the city's hotel supply within a five-year period, including the offering of products infinitely superior to the Ritz-Carlton's venerable though threadbare accommodation.⁴² Nevertheless, no new entry was able to challenge the Ritz-Carlton for status supremacy until the arrival of the Four Seasons Boston in late 1985.

Initially the Four Seasons was considered a relative failure, and the Ritz-Carlton's status leadership remained unquestioned.⁴³ The Four Seasons's interior design was virtu-

⁴⁰ *Institutional Investor*, September 1996, pp. 180–185, and September 1998 (*op. cit.*); and *Condé Nast Traveler*, November 1996 (*op. cit.*), November 1997, pp. 198–200, and November 1998 (*op. cit.*).

⁴¹ Author Catrett was employed in management positions at the (Omni) Parker House in 1980–1982 and during the opening of the (Lafayette) Swissôtel in 1985–1986.

⁴² Hotels opening were: Le Méridien, Back Bay Hilton, Bostonian, Marriott Long Wharf, Westin Copley Place, Marriott Copley Place, Lafayette Swissôtel, Four Seasons Boston, and Harbor Place Hotel at Rowes Wharf.

⁴³ For several years the Ritz was the only Boston hotel to appear on *Institutional Investor* lists.

ally identical to that of two other Boston properties that opened within the same 18-month period. (The similarity extended to lobby displays of original 19th-Century oils of the same young lady in different poses at the Four Seasons and the [Lafayette] Swissôtel and identical antique pieces in the lobbies of the Four Seasons, the Swissôtel, and the Harbor Place Hotel at Rowes Wharf.) Clearly, the physical product of the Four Seasons was by no means superior to those competitors, and the market was oversaturated with grand offerings by the time Four Seasons made its appearance. Throughout 1985 Boston's hotel insiders scoffed at what appeared to be a naively superior attitude on the part of the Four Seasons as the company allowed the hotel to sit virtually empty. The essentially identical Swissôtel, meanwhile, followed the city's market patterns and accepted whatever low-rated and low-ranked group business was available.⁴⁴

By the end of its second year, however, the Four Seasons boasted the highest average rate and the second highest occupancy in the city, outperforming many of its immediate competitors with nearly double their REVPAR and eclipsing even the Ritz-Carlton. To this day (and, again, despite Ritz's winning the Malcolm Baldrige Award), the Four Seasons Boston ranks higher than the Ritz-Carlton Boston and all other Boston competitors in both the *Institutional Investor* and *Condé Nast* polls. The Swissôtel, Le Méridien, Bostonian, Parker House, and Fairmont (formerly Wyndham) Copley Plaza have all accepted second-tier positions among the city's hotels despite offering prod-

ucts comparable to the Four Seasons and the Ritz.⁴⁵

Interpreting the Cases

Although this article is not intended as a paean to Four Seasons (and has avoided irrelevant comparisons of various chains' management capabilities), we have found that in two major markets the Four Seasons's strategy has earned high marks associated with top status. We must ask what has contributed to Four Seasons's success as a status offering in these markets. To answer this question, we compare the cases to the general principles of status aduced above (and summarized in the box on page 29). We find many confirmations of theory in Four Seasons's practices.

1. *Status symbols must be socially desirable and scarce to be successful.* During the last two decades, Four Seasons has managed to establish itself firmly in the minds of the buying public as a preeminently socially desirable product. Like Mercedes, Four Seasons is an accepted name that carries status connotations. Based at least on traveler polls, the existence of a Four Seasons hotel in a North American market appears to carry more status weight than the existence of a Peninsula, a Swissôtel, a Forté, a Méridien, or even a Ritz-Carlton. While there are enough Four Seasons properties (42, and about 15 new ones planned) for the company name to be recognized as a symbol, Four Seasons is a relatively small company (in comparison to Hilton, Sheraton, or Marriott, for example) with a relatively limited

⁴⁵ During a March 1996 field trip by the 1997 MMH class of the Cornell University School of Hotel Administration, all of the contemporary general managers of those properties freely admitted that the Ritz, Four Seasons, and perhaps Harbor Place Hotel were in a first-tier competitive set by themselves. That represented a significant change from the 1980s, when all of those properties' managers considered themselves to be in the same competitive set with the Ritz, Four Seasons, and Harbor Place.

⁴⁴ Although Swissôtel's occupancy approached the first-year budgeted percentage, average rate plunged to less than one-half the standard rack rate. Author Catrett was a manager in the hotel's front office at the time.

Once a product or service has been replicated often and has been experienced by a considerable mass of the population, that product or service ceases to be status worthy.

Discounting Rears Its Ugly Head

One of the chief propositions of the accompanying article is that a brand seeking luxury status should maintain its price standing, rather than discount prices to increase business (and thus become too attainable). A January 1999 announcement from Four Seasons, however, indicates that its New York property will depart from that stance and offer discounts in certain months. The discounts for the hotel's top accommodations represent a 25-percent reduction of rack rates, but that does not make the hotel inexpensive by most measures. Instead of charging between \$550 and \$650 per night, the hotel offers its superior and deluxe rooms for \$415 to \$495 during NYC's normally slow months of January, February, March, July, and August.

The rate cuts are puzzling, since New York City has been enjoying occupancy levels approaching 90 percent, according to statistics from PricewaterhouseCoopers. Essentially, the city was sold out for the last quarter of 1998. Even with the discounts, however, those rooms at the Four Seasons New York will still cost far more than the average NYC hotel room, which was going for a mere \$245 in the fourth quarter of 1998.—G.W.

clientele. Thus, its offering remains relatively scarce.⁴⁶

2. *People pay premiums to secure status recognition (Veblen effect), and discounting may undermine the scarcity and social desirability of a product or service.* Four Seasons maintains its price integrity long enough for its markets to develop, and will close a hotel before it will compromise its price position. The Four Seasons Boston faced limited occupancy rather than discount to attract mass-market groups. From this period, it emerged as a high-price status leader over competitors with similar products. Although the Peninsula New York in 1993 proudly advertised in *Hotel & Travel Index* that it had the highest rack rates of any hotel in the city, its willingness to discount added to its status woes (along with other factors that we discuss momentarily). Unlike many of its competitors (e.g., Forté, Hilton, Marriott, Méridien, Omni, Sheraton, and Swissôtel), Four Seasons is not associated with any lower-rated or lower-price brands.⁴⁷

3. *Uncompromising quality is important in status expression, although this is not the sole requirement for status.* Four Seasons has from its inception been associated with uncompromising quality. In contrast, despite its general excellence, Ritz-Carlton was

⁴⁶ In an April 1996 address to the MMH class at the Cornell University School of Hotel Administration, Four Seasons president John Sharpe discussed the difficulties associated with trying to offer a Four Seasons product in any secondary city. He pointed to the Four Seasons Austin as essentially a failed attempt to penetrate beyond primary markets and blamed the hotel's poor showing on the absence of status clientele for the hotel's offerings and prices.

⁴⁷ Swissôtel, Méridien, and Omni have all operated some four-star and lower properties; Forté, Sheraton, Marriott, and Hilton are all companies with multiple brands delivering products in categories ranging from roadside budget to five-star deluxe. For some, the Regent brand may be seen to serve as a secondary, lower-ranked brand for Four Seasons, but as of the time of this writing, Regent continues to be perceived as a status brand in its own right.

for many years operated as two disjointed companies, the Johnson company and the Coleman company, and there were also many Ritz hotels, Carlton hotels, and even franchised Ritz-Carltons that had nothing to do with either Johnson or Coleman. Consequently, the name developed little brand recognition and suffered from differing levels of quality.⁴⁸

While Ritz has invested heavily in quality improvements, its ratings relative to Four Seasons properties in *Institutional Investor* and *Condé Nast* polls have not changed. This is not to say that the hotels are not highly rated, as many Ritz-Carlton properties appear on both lists. The fact remains that Four Seasons still outperforms Ritz in these highly subjective ratings.

4. *Status symbols must be recognized across substantial populations to be effective.* As suggested above, Four Seasons has achieved but not exceeded the critical mass necessary for status recognition in North America. Although other companies may present a product that is scarcer—for example, independents like the Carlyle are scarcest of all—their failure to achieve sufficient recognition across the broad population undermines their status. Although a hotel may be a gem, staying at that hotel may not be impressive to one's

⁴⁸ The Ritz-Carlton New York is a good example of this early lack of coherence. While many Ritz-Carlton Boston employees remained with their hotel virtually for life, the Ritz-Carlton New York (operated by a different company) was infamous among New York hoteliers for its high turnover and temperamental management. Turnover counts in ratings. In a discussion with representatives from *Mobil Travel Guide* in 1985, we established that high-turnover rates will preclude a five-star quality rating because of Mobil's conviction that high turnover affects customer satisfaction. Similarly, the Ritz-Carlton New York generally fails to be represented on the *Condé Nast* or *Institutional Investor* polls. Indeed, the new Ritz-Carlton Companies seeks a new entry into the New York market and is reported to be currently in discussions with the owners of the Essex House.

peers if they have never heard of it. Within different peer groups, of course, one or another hotel may carry status.

For some, the Carlyle may continue to represent New York's premier property, but the hotel must recognize that its market has changed. Other competitors, like the Peninsula in its Maxim's version, as described above, did not promote the associations desired by the markets targeted. The Grand Bay/Michelangelo near Times Square, the Swissôtel in Boston (near the remnants of that city's infamous "combat zone"),⁴⁹ and the Bostonian, across from Faneuil Hall (a tourist attraction "second only to Disney World in its appeal to mass tourists"),⁵⁰ are all examples of hotels whose neighborhoods, as extensions of the hotel experience, cannot be associated with exclusivity and refinement. (On the other hand, the Four Seasons was able to transform Boston's formerly disreputable Park Square into a fashionable district.)⁵¹

5. *Because quality and money are no longer particularly scarce, understated taste and genuineness are modern status ideals. Being the original is key to status positioning.* The profusion of expensively outfitted Four Seasons competitors and lookalikes offering quality accommodations and service is testament to the relative availability of quality and money. Although Four Seasons hotels are certainly sumptuous in a post-modern sense,

they are understated when compared to many palace hotels, such as the Peninsula New York or the Copley Plaza Boston. It was Four Seasons that defined the post-modern ideal in the five-star hotelery.⁵²

6. *The availability of fraudulent symbols has resulted in an increase in the roles of history and tradition in status display.* History and tradition protected New York's Carlyle and Boston's Ritz-Carlton from being undermined by newcomers until they were challenged by a product that itself epitomized the elements of status—perhaps as redefined by a later generation of hotel guests. By the time the Four Seasons New York opened, the company had been in operation long enough to have established its own tradition and historical precedents that swept the new hotel past the Carlyle in a manner that had not occurred when the Four Seasons took over the Pierre over a decade earlier.

7. *Marketing, advertising, and public-relations efforts can play a vital role in status development, but the temper and style of these efforts must be considered wisely.* Four Seasons advertises to keep its name in the forefront, but it has never used sensationalism in its promotional or public-relations efforts. The company has featured its long-time employees in advertising, adding to the firm's connection with history and tradition. The Boston property opened with little flourish or fanfare, in comparison to the Swissôtel, which opened with red-carpeted streets, beacons, and costumed pomp. Similarly, Maxim's *cum* Peninsula New York struggled to recover from a disastrous opening gala that accidentally involved a flood in the lobby. Invited guests and members of the press who were

Unlike many of its competitors, Four Seasons is not associated with any low-rated or low-price brands.

⁴⁹ The "combat zone" at Washington and Essex streets was an "adult-entertainment district" to which all adult-oriented entertainments were confined by city ordinance. Although the district is virtually closed, the city has as yet been unable to rezone the area for alternative uses, and an eerie, desolate, decaying quality has replaced the once-wild scene of earlier years.

⁵⁰ The extraordinary popularity of Faneuil Hall and Quincy Market is highly touted by executives of the nearby Marriott Long Wharf, who made this claim in March 1996.

⁵¹ Park Square was once an oasis of illicit street prostitution.

⁵² From discussions with Stéfan Fraenkel, a lecturer at the Ecole Hôtelière de Lausanne and long-time general manager and corporate executive for Four Seasons.

Four Seasons: Expansion Plans

Four Seasons Hotels and Resorts is expanding its international presence by about one third, with approximately 15 new properties slated to open by 2001. Currently the company manages 42 properties in 18 countries, primarily under the Four Seasons and Regent brand names. (Exceptions include the Ritz-Carlton in Chicago and the Pierre, in New York City.)

The Americas. In the United States, four new developments are planned: hotels in Las Vegas (in early 1999), Miami (in 2000), and San Francisco (in 2000), and a resort in Scottsdale, Arizona (in 1999). In Mexico, a resort is planned for Punta Mita in 1999 (to include a health spa and Jack Nicklaus-designed golf course). Four Seasons's first property in South America will be in Venezuela, where the Four Seasons Hotel Caracas is scheduled to open in late 1999.

Europe. Three "firsts" for Four Seasons are planned in Europe, where the firm will renovate, reopen, and manage the Hotel George V, in Paris, as its first operation in France (in late 1999). Four Seasons also plans first-time entries into Ireland (Dublin, in 2000) and Eastern Europe (Prague, also in 2000).

Africa and the Middle East. Egypt is slated to be home for three new properties: a resort in Sharm El Sheikh (in 1999) and two hotels in Cairo, one as part of Cairo's west-bank First Residence mixed-use residential-and-retail complex (in 1999) and the other as part of Nile Plaza (in 2000). Other Four Seasons hotels are planned for Jordan (Amman, in 1999), Qatar (Doha, in 2000), and Saudi Arabia (Riyadh, in 2001). In the case of the Four Seasons Hotel Riyadh, the property is owned and being developed by Kingdom Investments, Inc., a company controlled by His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud, an investor and strategic partner in Four Seasons.—F.L.C.

moved to other hotels did not give the property the send-off it had originally sought.⁵³

A major element in the ongoing wooing of tastemakers involves access by local society to the hotel through food and beverage outlets. While competitors such as the Swissôtel in Boston have curtailed their fine-dining options in line with current cost-basis thinking (and, in fairness, in line with the hotel's acceptance of its second-tier ranking), Four Seasons has consistently maintained the reputation of its fine-dining restaurants.⁵⁴

The early marketing coup of the Four Seasons chain, which established its credibility among tastemakers, was its extraordinary success at the Inn on the Park, now the Four Seasons London.⁵⁵ By succeeding as an upstart North American hotel company in a location many Americans associate closely with expressions of classical taste, the company gained immense respectability for its home markets. (Dallas-based Rosewood Hotels has achieved a similar coup more recently with its success at London's Lanesborough.)

8. *Status symbols are dynamic and change with fashion.* Perhaps the single most important element in

⁵³ Author Catrett was employed by the (Lafayette) Swissôtel Boston at the time of that property's opening and by the Drake Swissôtel New York at the time of the Maxim's opening. Maxim's made arrangements with the Drake to accept visiting dignitaries displaced by the lobby flood. Suffice to say, they were not happy upon arrival at the Drake.

⁵⁴ When the Swissôtel opened in 1985, Restaurant Le Marquis de Lafayette was voted "the most exciting new restaurant in America" by *Esquire*. The Marquis has since been closed and converted to banquet space. For an example of one Four Seasons property's approach to food service, see: Alfons Konrad, "Four Seasons's Wailea Resort: Not Your Average Dining Experience," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 33, No. 2 (April 1992), pp. 43-48.

⁵⁵ During the late 1980s and early 1990s, the Inn on the Park was widely noted in the hospitality press as being London's most financially successful hotel.

the success of the Four Seasons Boston *vis-à-vis* the Ritz-Carlton is its early recognition of fashion changes in what constituted luxury and status worthiness. Relying too heavily on its status, the Ritz-Carlton was slow to renovate its aging rooms and public areas. The Four Seasons Boston, meanwhile, represented the combination of modern comfort and antique trappings desired by the public when it opened. While the Ritz-Carlton denied lobby access to persons wearing jeans or sports clothing (a policy also maintained by New York's Stanhope, with disastrous consequences), the Four Seasons recognized that its post-radical-chic public sought casual luxury rather than antiquated formality.⁵⁶

9. *Because status involves fashion, a product or service may experience a "status life cycle," particularly if alterations are not made or cannot be made in product and service offerings to ensure adaptation to changing ideals.* Perhaps the single most important element in the success of the Four Seasons New York *vis-à-vis* the Carlyle is its offering of comfortable, modern rooms. In Boston, a newly renovated Copley Plaza was unable to make headway against the Four Seasons or the Ritz at least in part because its palace-hotel splendor was identified with gaudy overstatement by the current generation of tastemakers.⁵⁷

⁵⁶ Author Catrett was asked to leave the Ritz-Carlton Boston in 1986 because he was wearing jeans (albeit with a jacket and tie). The author and his companions repaired to the adjacent Four Seasons Boston, where they were welcomed. During an April 1987 interview, the Stanhope's GM informed author Catrett that the hotel intended to "teach New Yorkers to have taste." Meanwhile, guests were changing into and out of jogging attire on Fifth Avenue in front of the hotel. Within six months, the hotel was virtually bankrupt.

⁵⁷ From conversations with the hotel's then-GM, Jan Chovenac, who later became GM of the Ritz-Carlton Boston. Several of the authors' colleagues have visited the Copley Plaza and remarked on its overwrought design.

Lessons for an Industry

Many of the lessons suggested by status considerations run counter to traditional economic and marketing approaches. Yet preserving the status worthiness of a prestige property is essential to the property's ability to produce significant profit over a long period.

- Beware of growing the company beyond a critical mass necessary for recognition unless you believe that your product is reaching the mature stage of the "status life cycle." When status considerations are key to survival, bigger is not necessarily better, as status requires scarcity for its mystique.
- Beware of discounting, which undermines Veblen effects enjoyed by the high-paying guest. Currently popular marketing theory suggests that other companies will copy your offering and charge less and that you should discount accordingly.⁵⁸ Do not believe this assertion, if your goal is to be a difficult-to-attain status symbol.
- Beware of association with non-status brands. A status product can be tarnished by affiliation with a non-status offering.
- Establish and maintain quality from the outset, but do not equate status with quality. The buying public will not necessarily be impressed merely by the fact that you have a TQM program; you still need to maintain quality.
- Think twice about discontinuing your "unprofitable" food and beverage operations.

⁵⁸ Many of today's marketers have been influenced by the theories in: Richard A. d'Aveni and Robert Gunther, *Hypercompetitive Rivalries: Competing in Highly Dynamic Environments* (New York: The Free Press, 1995). D'Aveni and Gunther suggest that competitive advantage is transient, that it can be copied easily, and that "changing the rules of the game" becomes critical to survival. Their theory, however, does not take into account the effects of status on pricing and desirability.

- Be sure your property's target market is, in fact, seeking the status associations provided by your property. In this regard, location is important.
- Beware of acquiring well-known dowagers with the intention of updating them. If a hotel's physical limitations interfere with matching market needs, the property may be on the waning side of the status life cycle. Alternatively, be sure your new property draws on tradition in meaningful ways.
- Be careful with public relations and advertising. Though essential, PR that is overstated or mismanaged may be deadly.
- Be original. Five-star investments in candelabras and marble or even service quality do not a five-star hotel make. Panache comes from the guests who frequent a property, and if you do not have access to these guests for any reason, do not invest.

Final thoughts. In light of the status principles adduced here, the recent activities of some major companies raise questions. Does management of New York's Hotel Algonquin, with its bohemian literary tradition, or the ultra-deluxe Vier Jahreszeiten Hamburg in any way embellish either the Westin product line or the status worthiness of those properties? How does the Luxury Collection, carved out of Sheraton and CIGA, fit with Starwood? It's true that a number of Sheraton and Starwood properties are status worthy (e.g., the St. Regis, the Phoenician, the San Francisco Palace) and that CIGA comprised mostly prestige properties, but can such a large conglomerate ever successfully market or manage true five-star status? That is, can five-star "divisions" successfully coexist alongside lower-rated flags? That seems not to have worked thus far.

Status symbols are dynamic and change with fashion; status-worthy hotels recognize those changes and are responsive to them.

Do Traders Hotels, for example, hurt the long-term image of Shangri-La? How does Ritz-Carlton fit with Marriott? Has Four Seasons taken a misstep, as we suspect, by franchising properties to Carlson Hospitality? Finally, is the current growth of Four Seasons and Ritz-Carlton consistent with maintaining the status mystique and, for that matter, is the post-modern ideal that informs these two chains reaching the end of its run?

The activities of these companies may show that status recognition is more resilient than what is suggested by the literature, or that global expansion provides new outlets for status properties. If so, those results would call for further inquiry. On the other hand, if the associations that we just questioned cause deterioration in the chains' status, the market may be open for a new status leader, possibly the small but highly regarded Rosewood Hotels, or an as-yet-unrecognized company. **CQ**