

## A Starwood Product Story: New Brands and New Ideas

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HVS has worked on hundreds of consulting and valuation assignments for proposed and existing hotels flying under the various flags of Starwood Hotels & Resorts. This experience gives us the tools to chart, statistically and anecdotally, the effects of Starwood's new spin on their select-service, extended-stay, and full-service hotels.

Starwood's innovative branding practices and creative transformations involve realigning traditional hotel standards and segmentations with new technology and market strategies. In a two-part series we'll take a closer look at what this means, beginning with the launch of the element and aloft hotel brands.

### Breaking the Mold: New Brands

One of two new Starwood brands, **element** represents a re-envisioning of the extended-stay hotel model. The element guest suites incorporate modern furniture and fixtures and an open-flow design into the traditional sleeping-living-dining layout of extended-stay hotels. The brand offers amenities and facilities typical of upscale extended-stay products, including complimentary breakfast and evening receptions, an exercise room, and recreational facilities. So what makes element different?



**element Hotel, Lexington, Massachusetts**

The answer lies with the brand's billing as a "smart, renewing haven." Element was designed as a "smart product" for the traveler with an eye for sophistication. The element's open-flow floor plans, state-of-the-art technology and facilities, and healthy-lifestyle food options are part of what gives the brand its distinction. As a "haven," element hotels, from their services and amenities to their architectural foundations, are designed to create a home away from home by offering business and leisure travelers loft-like spaces, modern recreational facilities, and well-lit, comfortable guestrooms and baths with upscale amenities.

With element, Starwood maintains a brand-wide adherence to strict environmental standards. Every element hotel will be required to pursue the U.S. Green Council's LEED certification—a pinnacle achievement with respect to sustainable development. The element prototype features energy-efficient appliances and lighting fixtures; low-flow water fixtures; paper, plastic, and glass recycling bins; and filtered water in guestrooms. In place of

### Summary

Starwood is using its "DNA" to reinvigorate its stable of hotel brands.

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individual, disposable bottles for guestroom bathroom necessities, amenity dispensers are mounted in the shower and bathroom and are refilled on an as-needed basis, thereby lessening the impact of packaging waste on the environment. Even the pool at the element in Lexington, Massachusetts, the first element to open in the U.S., is lit at night with solar energy captured during the day.

In addition, Starwood has stipulated development standards including use of low-VOC (Volatile Organic Compounds) paints, and carpets with up to 100% recycled content and anti-microbial carpet pads. Additional "green" perks include priority parking for hybrid cars, complimentary bike use, and organic options in the pantry.

Starwood's second recent launch is the **aloft** brand (as with "element," "aloft" is deliberately not capitalized). Although geared toward the select-service market, Starwood promotes aloft as a "global, differentiated lifestyle brand" that features "affordable, quality products and services with a focus on design, accessible technology, and comfort and convenience."



**aloft Hotel, Minneapolis, Minnesota**

An outgrowth of Starwood's standout W brand, aloft's urban-influenced design concept includes such signature amenities as a multi-functional lobby (*re:mix*), a fitness center (*re:charge*), a multi-use outdoor patio (*backyard*), an indoor pool (*splash*), and a food and beverage area (*re:fuel*). Prototypical design plans call for above-average ceiling height (nine feet versus the common eight) that give guestrooms units an enhanced feeling of light and space; oversized windows; a platform bed; an oversized walk-in shower with an amenity dispenser, radio, and rain showerhead; a Plug & Play entertainment center, and flat-panel HD televisions in the guestrooms.<sup>3</sup>

Aloft is a brand meant to synergize with the environment in which each hotel is set. Case in point: The urban style and design of the aloft product is an obvious fit for the 300-acre, waterfront Washington National Harbor mixed-use development, located just outside of Washington, D.C. With aloft's trendy style, creative design features, chic amenity package, and target demographic, the proposed hotel, set to open in April of 2009, is poised to be the "hip" driver and focal point of this redevelopment project. The introduction of an aloft product in a setting such as this is expected to further bridge the gap between traditional users of full-service hotel product and the target demographic of the area – at a price point and product/service level considered "fresh" in the eyes of both travelers and developers. At a more tolerable development cost per key compared to traditional full-service hotels, the aloft prototype lends itself to redevelopment efforts such as that at Washington's National Harbor, where an urban haven is the ultimate goal.

### **Going Forward**

Could the economic tribulations and uncertainty we face today have been foreseen two years ago, some hotel companies may not have been willing to gamble on the introduction of two new brands. But Starwood's innovative take on the form and function of extended-stay and select-service hotels looks to pay off in a big way, especially in the long-term. At the time of this article, there were four elements open with 21 more in the works. Twenty-six alofts are open worldwide, with another 70 in various phases of development.

Starwood has long represented innovation in the hotel industry, and the market's call for "green" hotels grows louder and louder. The birth of element hotels brings Starwood's environmental platform front and center, and also marks its entry into the extended-stay arena. Likewise, the introduction of aloft gives Starwood access to the select-service segment, an area in which the company did not formerly compete. In January of 2009, Starwood senior vice president Brian McGuinness told the *New York Times* that, "with corporate travelers cutting their budgets, aloft hotels have benefitted from an unforeseen influx of commercial patrons who aren't disposed to pay the premium for 4- and 5-star hotels." The launch of two new hotel brands in today's financial climate may have been risky, but it looks like it's already reaping some rewards.

#### About **Desiree M. Flanary**



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