LEADERS

Hilton's Global Category Head, Luxury Brands: "Luxury has Always been Well-positioned to Adapt."

by Alexander Wei | August 18, 2021

Dino Michael, Senior Vice President and Global Category Head, Luxury Brands at Hilton
Credit: Courtesy of Hilton Worldwide

> With easing travel restrictions, the hospitality industry – and particularly the luxury hotel sector – is starting to rebound. Dino Michael, Senior Vice President and Global Category Head, Luxury Brands at Hilton, talks about the outlook for the luxury hospitality industry and new trends that have emerged over the past year in an exclusive interview with Luxury Society.

After a year-long struggle, the number of confirmed COVID-19 cases in major countries is finally dropping steadily following widespread vaccination. On this optimistic note, the U.S, U.K and most European countries are gradually easing domestic travel restrictions, and people are finally getting the chance to embark on their next trip.

While a full rebound for international travel is still far from certain due to varying anti-contagion policies by countries, the domestic travel market has started to pick up. In China, for example, a total of 230 million trips were made during the five-day Labour Day holiday in May, exceeding pre-pandemic levels. Data firm STR stated that as of June 2021, hotel demand in the U.S has returned to 92 per cent of what it was during the same period in 2019.

Hospitality behemoth Hilton Worldwide, one of the few hotel groups whose market capitalisation has surpassed pre-pandemic levels, is witnessing a recovery across its hotel categories. Dino Michael, Senior Vice President and Global Category Head, Luxury Brands at Hilton spoke to Luxury Society about the current market landscape in hospitality and the trends emerging in the midst of the pandemic.

Due to worldwide travel restrictions during the pandemic, the hospitality industry was one of the most hard-hit industries. But with the restrictions easing in major markets, are there any signs that the luxury hospitality business is rebounding?

Yes, the travel industry is back, and specifically, the luxury hospitality business is rebounding quickly. Throughout the Waldorf Astoria portfolio, we have seen a significant increase in bookings over the past few months since the Covid-19 vaccine became accessible to individuals. Individuals have the means to travel and are looking to splurge more than they typically would on a vacation due to having the strong desire to travel after over a year of being at a standstill. We are feeling this increase across the board in our markets and are excited to see that demand is back.

Which markets have shown resilience over the last year? Are there any new trends in the luxury hospitality sector emerging in these markets?

The remote, secluded markets have gained in popularity over the last year as more individuals seek less crowded, city destinations.

For example, Waldorf Astoria Los Cabos Pedregal, an exclusive haven, is accessible by Mexico's only privately-owned Dos Mares tunnel and allows for a truly private experience. Remote and secluded experiences have also gained popularity in the Asia Pacific region. For instance, at Waldorf Astoria Beijing, the luxury hotel's Hutong Courtyard Suite comprises a Villa and four Hutong Courtyard Suites and provides the perfect escape for discerning travelers. In the even more remote Maldives, Waldorf Astoria Maldives Ithaafushi is home to stunning Stella Maris over-water villas which provide the perfect romantic hideaway for guests.

With these markets in mind, privacy has been one of the key trends in the luxury hospitality sector that has emerged. The interest in solo experiences for individuals and their guests has grown tremendously this past year. Another new and increasingly popular trend is "The Great Outdoors" as individuals opt to be outside for nearly everything. These markets and properties offer wide, open spaces and plenty of outdoor programming for individuals to partake in while staying.

What type of travel will lead to the recovery of the luxury hotel sector? Why?

Luxury leisure travel is already helping and will continue to help, lead the recovery of this sector. Individuals are looking for luxury hotels to help ease their minds and travel to safe destinations where they can enjoy private experiences and more space with fewer crowds.

Another important factor to the luxury hotel sector is wellness and how it has even been of increasing importance since before COVID, however, this pandemic certainly amplified the importance of wellness especially for travel and hospitality brands. We are constantly thinking about how we can further improve and develop our wellness offerings including everything from health and safety protocols, healthy F&B choices, our spa, and amenity partners, and more.

Private island travel and villa experiences will also continue to gain traction and grow in popularity in the luxury space. Privacy and safety are synonymous with luxury in this current state and those destinations offer a travel experience with peace of mind for the luxury travel seeker.

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What do travellers expect the most when they stay in a hotel during this time and have you launched any new initiatives to boost consumer confidence on this issue?

With ever-evolving guest expectations and comfort in traveling during the pandemic we, as an industry and company, continue to innovate and find unique solutions for the unprecedented challenges of the pandemic and post-pandemic climate.

We are seeing increasingly blurred lines between business and leisure travel as people have more flexibility in their work environment. As many people are choosing to “work from home” in a variety of locations outside their home, our luxury properties have capitalised on this trend by offering specialised packages catering to the extended stay traveller as well as offering alternative workspaces for those wanting to stay closer to home.

Additionally, throughout the pandemic Waldorf Astoria Hotels & Resorts and our luxury brands along with the rest of the Hilton portfolio implemented industry-defining initiatives and cleanliness protocols to adapt to the needs of our guests and groups. Programs like Hilton CleanStay use elevated cleaning procedures to provide our guests with peace of mind from check-in to check-out.

For UHNW, is investing in a hotel-branded apartment becoming an alternative to luxury residency? If so, why?

Brand association instills buyer confidence through the assurance of a high level of service and usually an exceptional amenity offer. Attractive for the assurance of quality and security that comes with a known brand, particularly for hospitality schemes which are proving the most popular, features such as amenities, the provision of services and hospitality-trained management seem too good to pass up, especially now.

To have access to an unrivaled level of services and amenities, such as what The Towers of the Waldorf Astoria will offer, without the need to physically leave your home is a fundamental trend we are seeing at present. Upon completion in 2023, residents of The Towers will enjoy exclusive access to over 4,645 square meters of private residential amenities as part of the condominium residences, plus access to the amenities at the Waldorf Astoria New York hotel. Residents will enjoy signing privileges at the hotel's restaurants and bars, and a la carte services like housekeeping and 24-hour in-residence dining.

THE WALDORF-ASTORIA

The Waldorf Astoria New York Park Avenue Entrance
Credit: Noë & Associates / The Boundary

How do The Towers serve as an extension of Waldorf Astoria? As Hilton jumps on the luxury real estate bandwagon, how does this segment complement the brand portfolio?

The Towers of the Waldorf Astoria, New York is one of our most iconic properties. This is our flagship: it's the foundation of the entire brand. It's been a real privilege to be involved in that and see it be reborn. It proudly sits in contrast to an ever-changing world where 'old' lives in harmony with 'new'.

There are a lot of people who are very excited by its transformation – everybody has a story about the Waldorf Astoria New York. It was a favourite amongst the rich and famous, many of whom lived there for decades at time. Bringing in a residential component is a natural progression for the property since "The Towers" served as long-term hotel residences since the property opened in 1931.

What is your current outlook on the hospitality and real estate industry as a whole?

The second-home market has been booming since the middle of 2020, especially domestically in the US. There have been several stories and statistics about increases in second home purchases, which is less surprising as the emphasis on outdoor activity and increased desire to "get out" after a year of restrictions increased. I expect there will be an increase in international second or third residential purchases in the coming year as travel opens between countries. Those people who used to visit Europe for weeks at a time may now be tempted to find a more permanent place to own and have the peace of mind that it is "theirs" when traveling.

In New York, we have seen incredible interest in The Towers of the Waldorf Astoria, the first-ever residential offering at the legendary property. When over 7,000 people have inquired about the condominiums, you know the brand is resonating globally. We've heard from the sales team that there have been several contracts executed by buyers who have purchased residential units sight unseen. New York City will always be an iconic and valuable place to own property. Purchasing at The Towers of the Waldorf Astoria is also a truly unique, incomparable opportunity to own in one of the most storied buildings of all time.

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Before joining Luxury Society, Alexander was a business journalist covering M&A, finance, technology and marketing strategy at Women's Wear Daily. He contributed articles to Financial Times, T: The New York Times Style Magazine, WSJ. Magazine and other media regularly as well. Alexander is also Digital Content Manager at DLG China.

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