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Abstract
The innovative definition of luxury developed over the past 45 years by Four Seasons Hotels and Resorts is based on service excellence, melded with top-notch facilities and operations. Four Seasons began by focusing on what was then a small segment of the market—the affluent frequent traveler—and in the process, built a global luxury brand. As the experience of Four Seasons demonstrates, personal service can be a source of superior profitability, reputation, and growth. Four Seasons’ success depends on choosing employees who provide service that is genuine and innovative, on developing standards that are both meaningful and flexible, and on maintaining a unique culture that makes delivery of both possible.

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The Power of Personal Service: Why It Matters • What Makes It Possible • How It Creates Competitive Advantage

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The innovative definition of luxury developed over the past 45 years by Four Seasons Hotels and Resorts is based on service excellence, melded with top-notch facilities and operations. Four Seasons began by focusing on what was then a small segment of the market—the affluent frequent traveler—and in the process, built a global luxury brand. As the experience of Four Seasons demonstrates, personal service can be a source of superior profitability, reputation, and growth. Four Seasons’ success depends on choosing employees who provide service that is genuine and innovative, on developing standards that are both meaningful and flexible, and on maintaining a unique culture that makes delivery of both possible.
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What makes a luxury hotel experience “the best”? What do guests want most, and how can hotels respond successfully? The answer to both questions may well lie in the quality of personal service. Given their pressured lifestyles, nothing matters more to affluent consumers. Nothing is more difficult for hotels to deliver or potentially more differentiating. While innovations in hotel design and style, technology, and personal amenities will always be important, nothing comes closer than personal service to providing what strategist Michael Porter has defined as true competitive advantage: the ability to deliver distinctive benefits for which customers will pay more, over time, because those benefits are highly valuable and difficult to imitate.

As Porter has written,

- A company can outperform its rivals only if it can establish a difference that it can preserve;
- Competitors can quickly imitate management techniques, new technologies, and input improvements;
- The most generic solutions—those that can be used in multiple settings—diffuse the fastest; and
- Competitive strategy is about being different...choosing to perform activities differently or to perform different activities than rivals.¹

Porter’s yardstick is a timely one for luxury hotels to consider. Demand is strong and consumers’ choices are increasing. As new offerings appear and existing ones continue to evolve, it becomes more important than ever to establish differences that are meaningful; differences that will allow hotels to avoid commoditization and deliver premium results for the long term.

Four Seasons Hotels and Resorts was founded in 1961 and has sought ever since to make personal service its distinguishing competitive advantage. Experience since then would indicate that personal service can and does fulfill Porter’s dictum. Service which is both highly reliable and emotionally satisfying fills a broad range of important needs for affluent travelers in a way that is difficult to do. Unlike physical assets, service is the product of people, systems and culture, which are dynamic and created over longer periods of time. Service depends on many integrated actions, including how employees are chosen and managed and how standards are created and taught. Competing on service is an investment in the quality of staff and guest experience, which over the history of the company has been the source of superior profitability, reputation, and growth.

What follows is drawn from that experience. It is meant to fuel and further the dialogue about personal service, and why it may be the single most powerful weapon in a company’s competitive arsenal: because it is so important to consumers; because it is so difficult to deliver; and because it can be differentiated in so many ways, ultimately shaping innovation that ensures sustainable advantage.

The Importance of Personal Service: Why It Matters
In recent years a number of trends have converged, making personal service a more powerful value proposition and differentiator than ever before. Periods of rapid change and rising affluence have occurred throughout history. This time, however, the pace of life—its opportunities and challenges—has accelerated in ways that even successful people find difficult to control.

Traditionally, increased wealth has brought a greater sense of power over circumstances, removing barriers to happiness; enhancing opportunities to purchase, to grow, and to give in ways that are meaningful. Because time is the one thing which money cannot buy, it is the great exception to this rule. This has always been true, but is now more felt than ever—and that feeling is reflected in consumer purchase priorities.

The world is now flat, as Thomas Friedman has recently written, and this has removed barriers in a different, often disempowering, way.

*Thomas L. Friedman, The World is Flat: A Brief History of the Twenty-First Century (New York: Farrar Strauss Giroux, 2005). Friedman examines “the ten forces that flattened the world, including September 11, 2001, the fall of the Berlin wall, and changes in technology (e.g., work-flow software and open-sourcing), which fostered new global competitive models.” In Friedman’s view, these have created new pressures on nations, companies and individuals—including his own young daughters. “My advice to them in this flat world is brief and blunt: Girls, when I was growing up, my parents used to say to me, ‘Tom, finish your dinner—people in China and India are starving.’ My advice to you is: Girls, finish your homework—people in China and India are starving for your jobs.” (p. 237).

*Results are based on 479 completed interviews with affluent frequent travelers, conducted via e-mail in January and February 2004. The study was paid for by Four Seasons and conducted by an independent research firm. No hotel company was identified as a sponsor of the research. On average, participants traveled five or more times per year on business or pleasure, paying at least $250 or more per night for a hotel. Their experience, knowledge, and preferences encompassed a wide range of hotels and brands. Four Seasons has conducted similar independent research periodically for many years. These results are consistent with those findings.
The greatest luxury for our customers is time, and service can help them make the most of that.

Experiences are more coveted and available than ever, even as time has become more scarce.

Wider choices and wider travels, also raise questions that were not experienced in the old familiar places: issues of recognition; suitability to one’s needs; and the ability to deliver comfort at all levels, both physical and emotional. These concerns are not limited to leisure trips, as business travelers face the same concerns for different reasons. Having left both personal and professional support systems behind, their challenge is to accomplish important business goals in increasingly diverse and demanding circumstances.

Choosing a Luxury Hotel

A fine hotel can do much to reduce these inevitable stresses, by offering solutions to ensure comfort, convenience, and control. It can also help travelers to mitigate the absolute scarcity of their time by making the most, and best, of the time they do have. That this happens most of all through personal service is evidenced by the priority guests themselves place upon it.

This fact is reflected in the Four Seasons research. Given a choice of many items, frequent travelers overwhelmingly rated the six service-related factors shown in the accompanying box as the most important in choosing a luxury hotel.

Indeed, service is a driving motivation for affluent consumers in a broader sense as well. As this same research revealed, an overwhelming majority of them agree or strongly agree that:

- Personal service is the reason I choose most of the organizations I do business with. 85%.

Responding to the needs of these travelers in an unequalled way is what defines the best in personal service. As insights from the affluent-guest research would indicate, this means delivering an experience which is both performance-based (e.g., “consistent”; “impeccable”) and emotionally satisfying (e.g., “welcoming, enjoyable; service which makes me feel pampered, rejuvenated”).

- Performance matters, because the time crunch is here to stay. As a result, 24/7 lifestyles demand true 24/7 service: comprehensive, reliable, and uncompromising. By making the most of time, personal service helps to address this ever-present source of stress, whether felt as the need to be time-efficient in the performance of business, or in the equally pressing desire to make the most of precious leisure time.

- Emotion matters, because stress is also here to stay—driven not only by the time crunch, but also by a wealth of choice and by the enforced anonymity of many aspects of modern travel (e.g., the airport experience). Personal service which delivers recognition, reassurance and respect in authentic and appropriate ways has particular power to mitigate these additional sources of stress.

A closer look at service in action helps explain why that is so, and also why it is so difficult to deliver. It has been estimated that in a 200- to 300-room luxury hotel, there will be as many as 5,000 interactions between guests and staff per day; in other words, thousands of opportunities for high performance or for mishap.

As we have seen, luxury hotel guests have high expectations. They need true 24-hour support: an assurance that whatever the hour or the request it will be responded to quickly by someone who takes responsibility to carry through. They also expect exceptional promptness and accuracy: getting things right the first time, most times, and recovering well when mistakes occur. Service anecdotes tend to highlight the exceptional. Delivering consistently on these baseline expectations, however, may well be the most extraordinary service feat of all.

This was the concept for Four Seasons Hotel London when it opened in 1971, redefining luxury for the first gen-

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4 Ibid.
5 Ibid.
Making The Personal Possible
Delivering Service:

What Four Seasons calls its unique service culture is based on a series of insights and beliefs about the person who provides the act of service, and the one who receives it. The first of these is about the people themselves—namely, that the desire to serve is innate, there to be discovered, and not taught by the hiring organization. As Isadore Sharp has observed:

> We can't pre-check service or sample it—production and consumption are simultaneous. Those few moments of service delivery are a company's make or break point, when reputation is either confirmed or denied. And the outcome in our industry normally depends on front-line employees: doormen, bellmen, waiters, housekeepers—the lowest paid people, and often, in too many companies, the least motivated. Most companies hire for experience and appearance, how the applicants fit the company image. We hire for attitude. We want people who like other people and are, therefore, more motivated to serve them. Competence we can teach. Attitude is ingrained.⁸

This thoughtful recruiting is a core aspect of Four Seasons service culture, including multiple interviews for every position. In a hotel, the last of these is with the General Manager or Hotel Manager. The goal is to find candidates with the personal qualities and values described above. Pride of association with the best, pride in the quality of one's work, and one's ability to contribute to a team are other key characteristics sought in this process.

For many years, Four Seasons has taken care to select employees who have these qualities. They are successful people serving successful people in a way that is genuine and unpretentious—something that is now more important than ever. Today's affluent travelers come in a wide variety of ages and backgrounds. Their definition of great service is personal—what feels appropriate and comfortable to them. They are less impressed by the trappings of traditional elegance; less likely to mistake formality or pretension for being well served. Compare that approach to this from Helen Fielding, author of Bridget Jones's Diary:

> In the world of posh hotels, expensive service doesn't always mean good service. You notice this on a U.S. book tour: failing to get the attention of a sneering waiter in knickerbockers who eventually presents you with cold, horrid food under a silver lid...⁹

Priscilla Alexander, President of ProTravel, who numbers many of these affluent, frequent travelers among her clientele, puts it this way:

> Great service feels less like an old-fashioned butler and more like a personal assistant. It takes the right personality to do this—intelligence is important. Confidence, too. [The service person] has to appear at the right time and know what's required. You receive what you need, but you're not conscious of exactly how that happens. When you feel that you can depend on the service to anticipate but not intrude, it allows you to fully relax.¹⁰

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⁸Ibid.
¹⁰P. Alexander, ProTravel, interview held on June 28, 2006, during a telephone conversation at Toronto, Ontario, Canada. Ms. Alexander founded ProTravel International, Inc. in 1984 and has built it into a company that ranks among the top 20 agencies in the industry. In 2004 she was awarded the Top Travel Professional by Luxury Travel Expo, a leading travel industry forum.

What else makes this possible? Given the right people, it is training and standards that can help ensure each service is personal in the manner guests experience it—never rote or mechanical.

The Role of Standards

In the decades since the London hotel opened, Four Seasons has developed service standards that help make that possible; standards that work because they reflect both the guest's needs and the server's individuality. Each one briefly captures several things: why the service matters; what level of performance is required; how that performance should feel to the guest. Take check-in for example:

Mission: To provide a speedy, discreet, non-mechanical and hassle-free arrival for business travelers; to provide a comforting and luxurious arrival for leisure travelers.

- The receptionist will actively greet guests, smile, make eye contact and speak clearly in a friendly manner.
- The receptionist will create a sense of recognition to each guest by using the guest's name in a natural manner, and by offering a “welcome back” to return guests.
- The registration process will be completed within four minutes, including queuing time.11

In this and in all cases, Four Seasons standards are intended as a road map, not a script. The phrase “speak clearly in a friendly manner,” for example, encourages each receptionist to use words which feel natural to him or her.

It may seem a small difference to manage and measure service performance in this way, but what lies behind it is much larger: a sense of trust. When a company's reputation is made or lost on service, as Isadore Sharp observed, that's an ambitious goal. We're new here, and I know times have been challenging for you. But we really believe this is something we can do together. We'll help. We'll work hard. But it's all of you who will make the difference. You are the ones who will make guests feel that we truly are the best.

Little more than a year later, Four Seasons Hotel Atlanta become the city's first AAA Five Diamond and Mobil Five Star Hotel—a distinction it holds today.13

The Atlanta example contains in brief many elements which can be observed in 31 countries and 70 Four Seasons locations each day: meaningful acknowledgment of staff through empathy and respect; leading through actions as well as words; setting high but achievable aspirations in which every employee can take pride. At Four Seasons, General Managers are a key resource in this effort. Largely promoted from within, their average tenure today is more than 16 years. Products of the culture, they have been able to recreate its spirit repeatedly, in flexible and intuitive ways:

- In Singapore, the management team used a modest renovation budget to make the new staff cafeteria look and feel like a freestanding restaurant, called Kutulu;

Atlanta is an example of that case, where in March 1997, Four Seasons began to manage a four-year-old hotel in midtown. As the third management entity in the hotel's brief history, the new leadership team expected apprehension and concern from the staff. Would their jobs be secure? What would change, and how would they adapt? The official handover occurred at midnight, with the first shift of employees due at 6:00 AM. In preparation, the new leadership team had arranged to have the staff areas painted and cleaned. Mannequins dressed in new employee uniforms were set up in locker rooms. Hot coffee and donuts were ready and waiting. That is what greeted arriving employees, along with handshakes and a few words from the General Manager:

Welcome to Four Seasons Hotel Atlanta. You'll see that we've made a few improvements. We know that much more needs to be done. As we clean and fix some guest areas, we'll continue to upgrade staff facilities as well. In time, we hope to become the best hotel in Atlanta. That's an ambitious goal. We're new here, and I know times have been challenging for you. But we really believe this is something we can do together. We'll help. We'll work hard. But it's all of you who will make the difference. You are the ones who will make guests feel that we truly are the best.

11Four Seasons Core Standards, April 1, 1999, ©Four Seasons Hotels Limited.
12Marilyn E. Wilhelm, The Golden Rule, “Do unto others as you would have them do unto you.” Wilhelm summarizes this and its equivalents in nine iterations including the words of Zoroaster, Buddha, Confucius, Plato, Mahabharata, Rabbi Hillel, Jesus, Muhammad, and Bahá‘u’lláh, 1978.
What Guests Remember

Earlier we saw how affluent travelers choose a luxury hotel; the importance of both emotion and high performance to satisfy their personal service needs. Paying a premium is one way they express satisfaction with Four Seasons service. Another is the stories they take the time to tell—in letters and e-mails, in articles and books; in web casts and impromptu conversations.

Many of these stories are about memories made on personal trips and vacations.

When a young girl arrived at the Four Seasons Hotel San Francisco with her father recently, a seamstress at the hotel decided to surprise her. The seamstress made a mini crib for her dolls from wicker baskets, complete with Egyptian cotton bed skirts, sheets, pillows, and blankets.

What else do guests remember? Unpretentious kindness, for one. This from Helen Fielding again:

Once, when I was staying at Four Seasons, L.A., a friend used to visit me and pull up next to the Mercedes and BMWs in the worst car you’ve ever seen, with a dog cage in the back, rusting panels, and the bumper falling off. The valets used to beam with delight and make a tremendous fuss of her. They still remember my friend, and fondly ask after her and the car.

In recent years more guests’ stories reflect a feeling of personal safety; a sense of being cared for, as the result of staff members’ intuitive responses. For example,

The receptionist who answered a call from a woman who became lost while driving to

The Four Seasons service standards work because they reflect both the guest’s needs and the server’s individuality.

• Staff in Maui are encouraged to recognize one another’s outstanding service to guests and colleagues, on a “Maui Mahalo” board;
• In Atlanta the human resources team created a “benefits concierge” to help employees choose the best options for them and their families; and
• When a new laundry machine was purchased in Bali, it was blessed in accordance with local custom before being put into service.

After September 11, 2001, Four Seasons did not respond with widespread layoffs. General Managers were asked to find savings, but to do so wherever possible without eliminating jobs. Staff and managers were asked to offer their own ideas. Local solutions varied. In Dallas, for instance:

We had single employees who voluntarily worked four days per week so that people with families could work five. Housekeepers worked on the golf course. Employees really supported one another.14

As all these examples show, receiving personal service powerfully encourages the ability to pass that service on to others. The performance benefits of this approach include lower turnover and a reputation for being an employer of choice. Four Seasons Hotel Singapore has been voted best employer in the country. For the past nine years, ever since the inception of the award, Four Seasons has been voted by its employees as one of Fortune magazine’s “100 Best Companies to Work For.”15 The emotional benefits are akin to being part of a caring community or family, one that includes guests as well as staff.

14Craig Reid, Regional Vice President and General Manager, Four Seasons Resort and Club, Dallas; “Customer-focused Corporate Cultures: What does this Mean? A Look Inside Four Seasons Hotels & Resorts”, in Nancy Helstab, March 31, 2006, p. 12.
15“100 Best Companies To Work For 2006,” Fortune, February 27, 2006. Four Seasons is cited as one of the 19 organizations in Fortune’s “Hall of Fame.”

16Fielding, op.cit., p. 95.
17Featured in a series of webcasts in 2002 and 2003, “Brand Inside: Brand Outside,” Julie Anixter, TomPeters! Company. Ms. Anixter is the guest who received the assistance from a staff member on her way to Four Seasons Hotel Washington, D.C.
Four Seasons Hotel Washington. It was a rainy evening not long after September 11, 2001, and the guest was late for an important meeting. The receptionist tried giving directions but quickly realized that wouldn’t work; there were too many turns and too much to remember. Instead, he guided her on the phone for the next 30 minutes, becoming her personal GPS system.27

The manager at Four Seasons Hotel George V in Paris, who recently gave her mobile phone number to a mother who was leaving her daughter behind, to begin a year’s study in France. “I know she'll be fine, but I worry,” was the mother’s comment to the manager. “Please call me any time,” was the response. “And you may give her the number too if you like, in case she needs something.”18

In the most extreme case, the employees who rescued and then sheltered guests in the Maldives as a tsunami swept away much of the Four Seasons Resort Kuda Huraa in December 2004. Fortunately, no one was lost or seriously injured. Flown to safety the next day, many guests have since written about the speed and selflessness of the response, crediting their survival to the actions of the staff.19

In turn, many of these guests—along with Four Seasons colleagues around the world—contributed generously, to rebuild the homes of these employees and help sustain their families as the resort was being rebuilt.

Even in much less dramatic circumstances, strong emotional connections are made when personal service is given and received. This is perhaps because, for all the changes that technology has brought, key human needs remain: the need for safety and comfort, a sense of belonging, a feeling of being recognized and esteemed.20 As Four Seasons Executive Vice President Jim Fitzgibbon has observed,

For most people, even an uneventful travel experience—one in which they don’t get stuck in a traffic jam and their flights don’t get can-

How Service Creates Competitive Advantage

Service Pays

We have seen that personal service is important, distinctive, and memorable. But what is its impact on financial performance? In the experience of Four Seasons, the effect is powerful, particularly when compared with other choices available to luxury hotel guests. Competing on service has allowed Four Seasons to achieve and maintain overall RevPAR (revenue per available room) leadership in North America as reflected below. Bottom line results are notable as well.23

There could be many reasons for these results. Four Seasons believes they are driven by the focus and values which

22 W. Hengst, interview on July 10, 2006, in Toronto, Ontario, Canada.
23 Four Seasons gross operating profit (GOP) margin was 30.8 percent in 2005. Unlike RevPAR, GOP is reported differently by different lodging companies and brands.
led to developing its own style of personal service. Luxury hospitality is the company’s only business. That has created a deep understanding of what matters most to guests and staff. The Golden Rule ethic has been in place for many years as well, shaping a system of standards, people, and culture designed to meet well-understood needs.

This has led to insights and actions which drive competitive advantage. Many things which guests value greatly—appropriate name recognition, for example—do not cost more to deliver. Staff who are paid in pride and respect, as well as competitive wages, benefits, and profit-sharing take as much interest in cost management as they do in serving guests well.

Continued Innovation

Along with superior results, a focus on personal service can also point the way to continuing innovation which is meaningful to guests and difficult to duplicate. Family travel is a case in point. A major lifestyle change for luxury hotels in recent years is the tendency for families to travel together. This includes Mom or Dad, or both, and one or more children, traveling for business or pleasure. It also includes grandparents traveling with grandchildren, or with extended family groups. What was essentially rare and seasonal when Four Seasons introduced its first children’s programs in 1990 has now become much more typical.

A broad new array of Four Seasons services has emerged in response, from dedicated teen lounges and teen concierges to tailored amenities, programs, and facilities for toddlers, tweens, and teens. While these are new and evolving offerings, the central insights behind them hearken back to the Four Seasons service experience in London: time is precious; personal service means that children are guests, too, with their own needs for recognition, reassurance and respect; and adults traveling with them still want to travel as light as possible in the circumstances. They also want to share the things they love about travel, including the discovery of culture, the outdoors, and restaurant dining. Finding ways for them to do this easily and happily, while ensuring an enjoyable experience for guests without children, has al-

**RevPAR Performance**

Four Seasons, Ritz-Carlton, and other luxury hotels

![Graph showing RevPAR performance for Four Seasons, Ritz-Carlton, and other luxury hotels]

Sources: Four Seasons and other luxury properties, Smith Travel Research; Ritz-Carlton, Marriott quarterly financial releases.

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24 Jon Katzenbach has developed this theme at length in: “Why Pride Matters More Than Money” (Crown Business, 2003), the premise of which is that every great company is distinguished by the special attitude and commitment of its employees. While monetary awards have motivational power, Katzenbach’s work would indicate that it is broad-based emotional commitment which truly drives peak performance.


26 Four Seasons focus groups conducted February and March 2004, in Chicago, New York, and Los Angeles with children, teens, and parents.
ollowed Four Seasons to become a leader in serving this growing market. As Child magazine has observed, "Four Seasons proves that ‘upscale’ and ‘family-friendly’ are not mutually exclusive." 25

Four Seasons people are the source of these innovations; they also deliver them in a distinctive and genuine way. In the words of one young guest, “They know me by name. I’m not an extension of my parents. I’m my own person.” 26

Looking Ahead

Ultimately of course, the goal of innovation is continued relevance—attracting new customers over time while retaining those who are already loyal. Four Seasons guest demographics indicate that this is happening. In the study cited earlier, the average age of a Four Seasons traveler was 43 years, with a significant share of those guests in their 20s and 30s. In fact this average age has varied little for several decades. 27 As the Baby Boomers turn 60, some have assumed that radically different hospitality concepts will be demanded, as Generations X, Y, and Z take center stage. It is a given that continued change must and will occur. In Four Seasons experience, however, the appeal of personal service is not age-specific. It is attitudinal. As the research also shows, these attitudes are broadly found in the luxury hotel market’s most desirable guests: highly affluent consumers of all ages who travel frequently and well.

Two other viewpoints also shed light on this issue. The first comes from a recent Cornell study, "Are Your Satisfied Customers Loyal?," by Judy Siguaw and Iselin Skogland, which examines in detail a series of factors influencing hotel guests’ loyalty. These include frequent-guest points, quality of staff, design, and amenities. As the study concludes, ...

...the factor that caused guests to be most involved in the purchase decision (and therefore more interested in the hotel) was its employees. The implication is that hoteliers might consider directing some of their frequent-guest expenditures toward strengthening human resources. 28

25 Of the 479 respondents in the research of January and February 2004, 25 percent of the affluent frequent travelers were 20 to 39, and 34 percent were 40 to 49. In similar studies conducted since 1989, average age of a Four Seasons guest has ranged from 42 to 44.


As the authors went on to say,

Well-trained staff members who exude the appropriate attitude toward service are invaluable in keeping guests involved in the purchase decision. .... Viewed sequentially, members of the hotel staff heighten guest involvement, which then produces greater attitudinal loyalty, including less price sensitivity and an intention to be loyal. 29

The second view comes from Bill Fischer, President of Fischer Travel Enterprises, in a recent interview with Robb Report magazine:

The best thing about Four Seasons is their people and the service they provide. They put the right people in the right places to use their talents. The staff bends over backward to accommodate us. Even if the hotel is older and there are better ones in the area, it’s the Four Seasons service that brings the guests back all the time.... Four Seasons knows what they are: They’re a five-star hotel. They’re not building hotels that are four or four and a half stars. At one time, Four Seasons and Ritz-Carlton were running head to head, but Four Seasons flew by them because of the service.30

As both the Cornell study and Fischer’s quote indicate, facilities do matter, and Four Seasons has been a leader in this regard as well. New hotels need to offer the kinds of amenities which are redefining luxury today, including destination spas. Established properties need to stay abreast with new guest rooms and suites, restaurants, and fresh design details. But will facilities alone define the future? Will it be about newer and hipper, about more stars, or simply about more? The only certainty is that guests themselves will let us know. ■

27 Ibid., p. 231.
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