An investigation into hotel group and luxury fashion designer collaborations

Abstract

This article is a preliminary exploration, aiming to identify the drivers of a plethora of developments led by luxury fashion designers. It was found that both luxury fashion designers and the hotel companies realised a strategic fit between brands and products offer, based on the consumer demand for the luxury experience. One common motive amongst the two industries was to capitalise on each other’s brand reputation, particularly known for its capability to provide quality and luxury products. This article also identified that the Chinese market has the potential to grow and could be a lucrative location into which to expand the luxury fashion designers’ hotel concept.

Key words: luxury fashion designers, luxury hotels, co-branding, brand extension, lifestyle

By Adrienn Sandor and Mary Quek
University of Hertfordshire
Business School
I. Introduction

It is becoming increasingly common for fashion designers to lend their names and talents to the leisure industry, particularly in the hospitality sector. One of the earliest leaders was Krizia, the Italian fashion designer who opened an exclusive K Club in Barbuda in 1990. Subsequently, designer brands such as Diesel opened the Pelican Hotel in 1994 and Todd Oldham launched The Hotel in 1998, both in Miami (Wells, 2006). In 1995, the Salvatore Ferragamo company opened Hotel Lungarno in Florence (McGinley, 2012), and in 2000 Donatella Versace established the Palazzo Versace hotel on the Gold Coast, Australia, together with the Sunland Group (Meitern, 2011).

Fashion designers’ involvement in the leisure industry through the use of their creative talents is not new. For example, in 1964, French Couturier Pierre Balmain was commissioned to design the uniforms for Singapore Airlines’ stewardesses (NYdailynews, 2012). Givenchy designed the soft furnishings of the cabins for Singapore Airlines’ new fleets in 2006 (Wells, 2006). Similarly, Air France engaged several French designers to design their uniforms, including Georgette de Treze in the 1950s, Christian Dior in the 1960s and Christian Lacroix in 2005 (Ee, 2011). Christian Lacroix was also involved with the renovation of the interiors of French Railways’ high-speed trains in 2005 (Wells, 2006). Fashion designers also engaged in creating accessories and toiletries for hotel companies (Devlin, 2009). For example, Bulgari and Hermes diversified their business into toiletries (Devlin, 2009; Wells, 2006). Bulgari became one of the most popular in-hotel brands since it was established in 1997 (Bentley, 2005). The company distributes to the Orient Express Hotels, Mandarin Oriental Hotels, Ritz-Carlton, Intercontinental, Four Seasons, Shangri La, Warwick Hotels and the Danieli Hotel by Starwood (Bentley, 2005). Hermes toiletries are offered in the Royal Suite in the Burj al Arab and in Sofitel Hotels (Jason, 2012; Telegraph, n.d.) and a gift bottle of Hermes fragrance is given to guests staying at any of the ten Hotels Barriere properties in France (Levine, 2012). Other fashion designers are also involved in operating bars and restaurants, evidenced by Dolce & Gabbana’s Gold Restaurant that opened in Milan, and the Gucci Cafe in Florence (Eytan, 2011).
Not all fashion designers, however, are directly engaged with the hospitality sector by endorsing the hotels and restaurants with their brand names. Instead, a number of traditional fashion designers extended their business operations into the hospitality industry by lending their talents in the form of interior designs or interior furnishing. For example, Philip Treacy designed the G hotel in Galway, Ireland and John Rocha was involved in creating the Morrison Hotel in Ireland (Business Traveller, 2010; Devlin, 2009). Christian Lacroix designed the Hotel Le Petit Moulin and Louis Vuitton Moet Hennessy created the Maisons Cheval Blanc in Paris, France (Baker, 2012; Devlin, 2009). Other forms of hotel involvement by fashion designers consist of room-only re-designing, and included Martin Margiela, a Belgian fashion designer who collaborated with the Hotel La Maison Champs-Elysees to redesign some of their rooms (Long, 2011).

The frenzy of hotel developments led by luxury fashion designers is intriguing. What causes the interest in fashion designer houses, a consumer product, to engage with such a service-intensive luxury hotel product? Little has been written about this trend, and this article is a preliminary exploration, aiming to identify the drivers of this phenomenon. The next part provides an overview of the environment in which fashion brands and hotel products operate. Part III evaluates the motives behind such collaboration, and the final part, IV, draws final conclusions and makes recommendations for further research in the field.

II. Overview of luxury fashion designers’ and hotels’ environments

As a result of the 2008 recession one of the sectors badly affected was in the luxury retail sector (KPMG, 2011). In addition, the inclement weather conditions, which discouraged consumers from spending on clothing, in conjunction with real price inflation rise in 2011, had a further adverse impact on the luxury retail market (PwC, 2012a). The ‘fashion enthusiasts’ (consumers who made up the top 5% of annual spend in fashion, apparel and accessories, regardless of age, gender or wealth level) were seen to reduce their expenditure whilst the ‘average fashion consumers’ (all other consumers, regardless of age, gender or wealth level) were seen spending more across all categories of luxury fashion retail globally (American Express, 2011). ‘Fashion enthusiasts' reduced their spending on high-end luxury apparel in key
fashion capitals such as the UK by 14%, France by 10%, Japan by 22%, and in Australia by 14%, while the ‘average fashion consumers’ increased spending by 27%, 13%, 26%, and 1% respectively in the aforementioned countries (American Express, 2011: 2). The consumer magazine Verdict (2011) forecasts demand for branded luxury goods to increase by 65% between 2010 and 2015. Moreover, Bain and Company (2012) claims that global luxury goods sales are challenging concerns about the Eurozone crisis and fears of a decline in emerging markets and will exceed 200 billion Euros (6%- 7% growth from 2011) in 2012. Bain and Company (2012) further expects an annual increase in global luxury goods sales of between 7% and 9% until the middle of the decade.

Despite the sluggish economic recovery in developed countries, Chinese consumers are becoming the key source of revenue generator for luxury retailers. Between 2007 and 2012, global luxury goods sold to the Chinese market grew from 5% to a staggering 25% respectively (Cpp-luxury, 2012b). A recent HSBC report commented that “China remains above all a market where brands are recruiting customers rather than serving repeat ones” (Cpp-luxury, 2012b). This implies that the Chinese market is still in an immature stage and there is potential for growth. New brands have been entering the Chinese market since 2000, and as a result, the amount spent on luxury consumption rose from an estimated US$800 million in 1998 to approximately US$12 billion in 2010 (China Economic Review, 2012). The huge increase in demand change of demand was particularly driven by wealthy consumers in emerging markets who seek to differentiate themselves from the less well-off groups because famous luxury brands emulate a high status (Deloitte, 2008). Despite an on-going global recession, the Chinese nationals continued to account for a large proportion of luxury purchases. The sales of luxury goods in the Chinese market were worth an estimated 40 billion Euros in 2011, nearly as much as the total sales of the US market (Financial Times, 2012). About 10% of those sales were made in mainland China while the rest were sold in destinations such as Hong Kong, Australia and Europe (Cpp-luxury, 2012b). HSBC reported that Chinese visitors spent an average of US$3000 in Australia, compared to US$1000 spent by the American and European tourists per visit (Cpp-luxury, 2012b). The spending power of the Chinese tourists was so attractive that the United Arab Emirates (UAE) relaxed the visa application procedure, making it easier for Chinese tourists to travel
there. There are now Chinese-speaking guest relations agents in most luxury hotels and Chinese-speaking sales assistants at all major luxury stores (Cpp-luxury, 2012a). According to Gerald Lawless, the executive chairman of Jumeirah Group which owns the Burj al Arab, Chinese visitors formed 25% of its clientele at the Burj al Arab between January 2011 and January 2012 (Cpp-luxury, 2012a). With such a considerably substantial number of Chinese staying at the self-claimed Seven-Star hotel, it is no surprise that luxury fashion designers who entered the hotel industry are aiming for this market.

As the luxury goods market grows has grown extremely competitive, the major fashion designers seek new ways to innovate and strengthen their brand name (Deloitte, 2008). Armani Hotel is planning to open a hotel in Shanghai in the near future (Brizzio, 2011; Jaunted, 2010; The National, 2011). Similarly, Harrods Hotels are scheduled to open in China, and other capital cities such as Kuala Lumpur (Malaysia), New York (USA) and Paris (France) (Goldfingle, 2012). According to Deloitte (2008: 9), luxury goods are promoted as part of a broader aspirational lifestyle, encompassing all aspects of work and leisure in the current ‘experience economy’. Therefore, the current strategic alliances between luxury fashion designers and hotel companies have succinctly captured the wants and needs of the growing middle-income Chinese; as this group of Chinese consumers was deserting the traditionally savings-oriented culture, and pursuing a high-end lifestyle, something that previously would have been considered impossible (KPMG, 2011:15). Moreover, ‘An experience occurs when a company intentionally uses services as the stage and goods as props, to engage individual customers in a way that creates a memorable event’ (Pine and Gilmore, 1998: 98). Thus, such ‘staging’ between designers and hoteliers is able to elucidate the shared experience between the luxury fashion designers and established hotel operators.

In a similar vein, the competition within the global hotel industry has intensified, and leading global hotel chains have subsequently had to explore different strategies to counteract such threats. Branding in the hotel industry has been particularly instrumental in the process, and brand equity has been widely developed by companies to maintain and drive business performance (Ehsan and Basharat, 2011). According to Bailey and Ball (2006: 34), ‘Hotel brand equity represents the value that
consumers and hotel property owners associate with a hotel brand, and the impact of these associations on their behaviour and the subsequent financial performance of the brand.’ Prasad and Dev (2000) argued that product differentiation by developing brand equity helps companies to overcome competition and enable them to charge a higher price and promoting customer loyalty. On the other hand, Prasad and Dev (2000) also observed that the rapid proliferation of new brands had made it increasingly difficult to managing brand equity and maintain such competitive advantage. The intensified competition amongst hotel brands resulted in the brand-owning companies looking to improve their brand (Bailey and Ball, 2006). Therefore, recent branding strategy developed by fashion designers and hotel companies joining forces to create a luxury lifestyle hotel became one of the avenues they could follow to overcome competition (see Tables 1 and 2).

According to Tasci and Denizci (2010), to date, there has been limited study of the co-branding of luxury apparel and hotel companies, and no academic research has been conducted in this area. Thus, the authors examined the potentials of hotel and branded luxury apparel co-branding and concluded that customers’ familiarity with participating brands is a critical factor for success. Tasci and Denizci (2010) further recommended that Western companies expend special effort to increase brand awareness and familiarity before entering or penetrating the Chinese market. Such recommendation seems logical. Although this recommendation was premised on the Chinese market, it is also considered a logical suggestion which is relevant to any region globally.
### Table 1: Hotels by Luxury Fashion Designers

<table>
<thead>
<tr>
<th>Fashion Designer</th>
<th>Year of opening</th>
<th>Change to City/Country</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Versace</strong></td>
<td>2000</td>
<td>Gold Coast/Australia</td>
</tr>
<tr>
<td></td>
<td>2012 (planned)</td>
<td>Dubai city /United Arab Emirates</td>
</tr>
<tr>
<td><strong>Bulgari</strong></td>
<td>2004</td>
<td>Milan/Italy</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>Bali/Indonesia</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>London/Great Britain</td>
</tr>
<tr>
<td><strong>Moschino</strong></td>
<td>2008</td>
<td>Milan/Italy</td>
</tr>
<tr>
<td><strong>Missoni</strong></td>
<td>2009</td>
<td>Edinburgh/Great Britain</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>Kuwait City/Kuwait</td>
</tr>
<tr>
<td></td>
<td>2013 (planned)</td>
<td>Bahia/Brazil</td>
</tr>
<tr>
<td></td>
<td>2013 (planned)</td>
<td>Muscat/Oman</td>
</tr>
<tr>
<td></td>
<td>2014 (planned)</td>
<td>Baie du Cap/Mauritius</td>
</tr>
<tr>
<td></td>
<td>2014 (planned)</td>
<td>Belek/Turkey</td>
</tr>
<tr>
<td></td>
<td>2015 (planned)</td>
<td>Doha/Quatar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Plans for 30 more hotels.</td>
</tr>
<tr>
<td><strong>Armani</strong></td>
<td>2010</td>
<td>Dubai city/ United Arab Emirates</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>Milan/Italy</td>
</tr>
<tr>
<td></td>
<td>2012 (planned)</td>
<td>Marassi/Egypt</td>
</tr>
<tr>
<td></td>
<td>2012 (planned)</td>
<td>Marrakech /Morocco</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Plans to open hotels, in London, New York, Shanghai, and Tokyo</td>
</tr>
<tr>
<td><strong>Gucci</strong></td>
<td>2010</td>
<td>Dubai city/ United Arab Emirates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Plans to open 40 hotels by 2025</td>
</tr>
</tbody>
</table>

Table 2: Hotels that are designed/ refurbished by luxury fashion designers

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Year</th>
<th>Designer</th>
<th>Change to City/Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>G Hotel</td>
<td>2007</td>
<td><em>Philip Treacy</em></td>
<td>Galway/Ireland</td>
</tr>
<tr>
<td>Morrison Hotel</td>
<td>1999</td>
<td><em>John Rocha</em></td>
<td>Dublin Ireland</td>
</tr>
<tr>
<td>Hotel du Petit Moulin</td>
<td>2005</td>
<td><em>Christian Lacroix</em></td>
<td>Paris/France</td>
</tr>
<tr>
<td>Hotel Bellechase</td>
<td>2007</td>
<td></td>
<td>Paris/France</td>
</tr>
<tr>
<td>Lugarno Hotels</td>
<td>1999</td>
<td><em>Salvatore Ferragamo</em></td>
<td>Florence, Rome and Tuscany in Italy</td>
</tr>
<tr>
<td>Pelican Hotel</td>
<td>1994</td>
<td><em>Diesel</em></td>
<td>Miami/USA</td>
</tr>
<tr>
<td>Uxua Casa</td>
<td>2008</td>
<td></td>
<td>Trancoso/Brazil</td>
</tr>
<tr>
<td>Schlosshotel</td>
<td>1994</td>
<td><em>Karl Lagerfeld</em></td>
<td>Berlin/Germany</td>
</tr>
<tr>
<td>Chaval Blanc an Courchevel</td>
<td>2010</td>
<td><em>Louis Vuitton</em></td>
<td>Florence/Italy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Plans to open hotels in Al Sodah/Oman and Aswan/ Egypt in 2012</td>
</tr>
<tr>
<td>Round Hill Resort</td>
<td>2006</td>
<td><em>Ralph Lauren</em></td>
<td>Hopewell/Jamaica</td>
</tr>
<tr>
<td>The Hotel</td>
<td>1999</td>
<td><em>Todd Oldham</em></td>
<td>Miami/USA</td>
</tr>
<tr>
<td>Palazzo Viviani</td>
<td>1994</td>
<td><em>Alberta Ferretti</em></td>
<td>Costello di Montegriolfo, Italy</td>
</tr>
<tr>
<td>Tortuga Bay</td>
<td>2009</td>
<td><em>Oscar de la Renta</em></td>
<td>Punta Cana Resort, Dominican Republic</td>
</tr>
</tbody>
</table>

III. Discussion

According to Preiholt and Hagg (2006) there is a similarity between luxury goods and the real estate industry, and it is thought that this similarity enables the fashion designers and architects to launch new projects at the right time. The fashion industry is characterised by dynamic competition alliances where joint ventures and other forms of collaboration between companies facilitated the success of firms within this industry (Wigley and Povelengiou, 2011). For luxury fashion designers, the fashion hotel concept proves that a strong brand enabled the company to expand beyond its traditional space (Deloitte, 2008). The brand extension of luxury fashion designers’ products to the hotel industry benefits the parent brands, as customers were able to relate to the designers’ visions, not only by wearing their clothes, but by being able to sleep in rooms designed and decorated by them (the designers) (Wilson, 2012). In view of a common feature shared by customers, which is looking for the personal experience in both branded luxury apparel and staying in luxurious hotels, there seems to be a legitimate synergy which supports the teaming up of these industries.

According to Berman (2008b), hotel operators allow fashion designers to reinforce awareness of the hotel brand and open new revenue streams. The designers’ limited experience of the hotel industry means that the business model is one of collaboration between the designer and the hotel. For example, Bulgari created Bulgari Hotels in 2001 (La Perle, 2012) in a joint venture between Bulgari and the Luxury Group that also manages The Ritz-Carlton Hotel Company (La Perle, 2012; Travel Trade Gazette, 2005). Bulgari Hotels were opened in Milan, Bali, London and at least 12 others are planned worldwide (Berman, 2008b). Similarly, Missoni teamed up with Rezidor Hotels to open hotels in Scotland and Kuwait, and a further 28 new properties are expected worldwide (Berman, 2008b; Travel Trade Gazette, 2009). Giorgio Armani engaged with Emaar Properties to open ten luxury Armani Hotels around the world (Wells, 2006). The first property opened in Dubai in 2010, followed by the Milan hotel in 2011, and there are plans to open further hotels in capital cities such as Marrakech, New York, London, Tokyo and Shanghai (Harmer, 2010; Jaunted, 2010; The National, 2011; Travel Trade Gazette, 2010a). According to Klumbis (2002), co-branded hotels have the competitive edge in market
penetration, since the allocation to an already existing brand name enables the quick transfer of the product values to the consumer.

The motive of strategic alliances struck between luxury fashion designers and hoteliers seems to emerge from a synergy of comparable opulence and anticipated higher (margin) return. For example, Ritz Carlton is widely known as a luxury brand since its inception in 1912. Similarly, Bulgari was established in 1884, and has been a leader in luxury and exclusive jewellery and watches. Rezidor Hotel Group signed a deal with Missoni because the latter is well-known for its glamorous products and has an established loyal customer base (Sherman, 2008). On the other hand, the Rezidor Hotel Group (2012) also caters to sophisticated travellers who pursue a similar interest, in the provision of ultimate high-end luxury accommodation. In the same way, Emaar is a global provider of premier lifestyles (Emaar, 2012), reflecting Armani’s offers of sumptuous lifestyle products including apparel, accessories, eyewear, watches, jewellery, home furnishings, fragrances and cosmetics (Armani, 2012).

One apparent benefit for luxury fashion designers is the product placement strategy. According to Karrh (1998), brand placement which was also often referred to as ‘product placement’ involved the placement of a brand as part of an advertising platform. The product placement strategy has been widely applied in the leisure industry, in particular, the film industry which promoted various products, ranging from transportation (BMW, Aston Martin, British Airways) to drinks (French Perrier, Finlandia Vodka, Dutch Heineken) in James Bond movies (Sancton, 2012), to Reese chocolates as props in the movie which a little boy laid a trail to attract an extra-terrestrial (ET) to his room (Bukszpan, 2011). Karniouchina et al. (2011) proposed that such placement of brands and products in movies involve monetary (or other) return through a range of promotional considerations. Film-induced tourism, which saw more tourists attracted to visit New Zealand because of the sceneries presented in the Lord of the Rings trilogy which was filmed in the country (Bolan and Williams, 2008) is the result of such a strategy; and more recently, films such as ‘The Devil wears Prada’ and ‘Sex and the City’ blatantly placed various fashion brands on the screens (PwC, 2012b). Similarly, as luxury fashion designers designed special products and furnishing for hotels, this affords designers further opportunities to
place their products and promote them to existing and potential customers. Luxury fashion designers may promote their products directly through specially designed hotel staff uniforms and interior furnishings. For example, Armani designed and dressed the Dubai hotel’s staff in Armani outfits (Travel Trade Gazette, 2010b), and the larger bedrooms featured Armani’s signature masculine palette of greys and beiges in their design, as well as sleek furniture (Wilson, 2012). Similarly, Versace’s hotel was decorated with linens, rugs, cutlery and toiletries which show Versace’s typical colour and style (Kingman, 2007). Rosita Missoni’s signature of zingy colours and striking geometric style was also introduced in the furnishings at the company’s Edinburgh hotel (Travel Trade Gazette, 2009).

The motive for luxury fashion designers to build partnerships with hotels is that a well-designed hotel could be a ‘live-in portfolio’, acting as a branding vehicle (Kingman, 2007). Armani explained that his motive behind moving into the hotel business was simply to find a new challenge, focus on his creativity and try something new (The National, 2011) because there are differences between designing a hotel and designing clothes. The former design is more permanent whilst the latter needs needs to be constantly refined and updated (The National, 2011). According to Travel and Leisure (2004), luxury fashion designers entered the hotel industry in order to transfer their designers’ talent, extend existing brand and increase profit.

On the other hand, Berman (2008b) claims that revenue was not the main benefit for the hotel group. Instead, there is a need to create new products in the luxury accommodation sector in order to respond to the intense competition. Similarly, Sherman (2008) argued that hotel groups join forces with luxury fashion designers because the latter’s brand is tied in to an established amount of customer loyalty. Most people buy more clothes compared to hotel room purchases; therefore they are familiar with the retail brand names (Devlin, 2009; Philips, 2011). Moreover, it is easier to find investors if they are familiar with the brand names (Sherman, 2008). Therefore, concurring with Tasci and Denizci’s (2010) conclusion that co-branding required customers’ familiarity with participating brands, this partnership between branded luxury apparel and hotel is able to shorten the time span and financial
investment needed to introduce a new luxury and fashionable hotel product since customers are familiar with the fashion brand, and also trust a hospitality chain.

It is, however, too early to confirm the success of these partnerships, as most collaboration has been established in the last two decades. One major challenge has been identified which warrants further attention from both luxury fashion designers and hotel brand owners. According to customer reviews of Armani hotels, two major issues emerged. One was the ‘tiredness’ of the furnishings, and the second was the occasional bad experience with customer service (Trip Advisor, 2012a). In the same way, customers who stayed at the Palazzo Versace hotel commented on the slow and impersonal services, and ‘tired’ decoration (Trip Advisor, 2012b). The Bulgari Milan also received negative reviews regarding the functionality of the rooms (Trip Advisor, 2012c). Despite awareness of the need to address the tired appearance of these hotels, the nature of luxury apparel design which consists of constant changes to keep up with fashion poses a huge challenge to a fashion designer hotel concept. The references to the ‘tired’ appearance of the hotels by customers could be attributed to expectations based on advertisements for the latest fashion designs from the collaborating designer. Thus, they would expect to experience/see similar signature designs in the hotel décor, in line with the seasonal fashion designs. Such expectation would once have been determined as a ridiculous demand for the lodging industry, since hotels operate in an asset-heavy industry, and furniture and furnishing are not expected to be changed four times per year. Unfortunately, such expectation is a norm within the branded luxury apparel industry. Therefore, it is imperative for the luxury fashion designers and the hotel operators to ensure a consistently high-standard of intangible customer services delivery in order to address and sustain customers’ high expectations.

IV. Conclusions and Recommendations

This article is a preliminary exploration, aiming to identify the drivers of a frenzy of hotel developments led by luxury fashion designers. Although it was suggested that revenue generation was not of the main concern of hotel companies engaging in such collaboration, the fact that increased competition within the hotel industry, particularly operating under current sluggish economies in most parts of the world,
suggests otherwise. It is found that both luxury fashion designers and the hotel companies found a strategic fit between brands and products offered, based on the demand for the luxury experience.

One obvious common motive found between the two industries was to capitalise on each other's brand reputation, where each was particularly known for its capacity to provide quality and luxury products. According to Deloitte (2008: 9), luxury fashion designers are engaging with 'established hotel chains with a proven track record of expertise in the luxury sector' in order to increase the chance of success. The strategic alliance of the two industries was meant to enable them to complement each other in terms of soft service delivered by a reputable hospitality management company whilst the fashion houses supply the lifestyle experience via the opulent furnishings and uniform designs. In view of customers’ dissatisfaction with the services and products provided by some of these fashion designers hotels (Trip Advisor, 2012a; 2012b; 2012c), however, it is crucial for both industries to scrutinise their current offers and improve the provision of their products and services.

Despite the current depressed economic climate, branded luxury goods sales are predicted to increase until 2015 (Bain and Company, 2012). Furthermore, there is potential for significant growth for luxury fashion designers in China as the market is still immature (Cpp-luxury, 2012b). At the present time, no other luxury fashion designer has disclosed plans to open hotels in China, with the exception of except for Armani, and the luxury retailer Harrods. In order to take advantage of the spending power of the Chinese and their familiarity with the international fashion designers and luxury hotel brands, the Chinese market poses a lucrative one for entry. At the same time, considering the fact that 90% of the luxury fashion goods were bought outside of mainland China because it was deemed cheaper, luxury designer hotels could be ideally located in China, where wealthier domestic tourists may stay to experience the opulence of a fashion designer's hotel, and boost their social status locally at the same time. Furthermore, fashion designer hotels should consider whether they want to focus on targeting the 'fashion enthusiasts' to stay with them to encourage them to stay with them, or to expand their market base by attracting the 'average fashion consumers'.
This paper focusses on luxury fashion designers’ collaboration with the luxury hotel companies, premised on secondary data research. This limited scope of examination suggests the need for further, more extensive study. Future research may conduct more in-depth studies with the fashion designer houses and hotel companies regarding the motives for, and outcomes of, collaboration. The growth of consumer numbers in the emerging markets’, particularly the Chinese markets, makes an interesting case for investigation, since it is widely known that the Chinese consumer market is expected to grow, despite a stagnant economic growth in most parts of the developed countries. The collaboration also deserves further examination to extend the analysis of the fashion designer hotel concepts in the context of branding and product placement.
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