

HOTELS

From Shinola to West Elm, retailers find hotels make great stores

By [Christina Jelski](#) | Jan 28, 2019

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Goods from Shinola are showcased in guestrooms and available for purchase at the Shinola Hotel in Detroit. Photo Credit: Nicole Franzen

Back in 1999, Westin was among the first hospitality brands to make a major retail move with its Westin Heavenly Bed mattress. Since then, the concept of hotels padding their bottom lines with retail sales has evolved significantly.

For proof, one need look no further than Detroit's [Shinola Hotel](#), which officially opened earlier this month and marked the first hotel for the Detroit-based luxury watchmaker Shinola. The company's Runwell Desk Clock, as well as a Shinola-made alpaca throw blanket and signature candle, are showcased in each of the property's 129 guestrooms.

All three items are also available for purchase, making Shinola the latest consumer brand looking to marry retail and hospitality in an immersive hybrid concept.

Retail expert and consultant Bruce Winder said the trend is a natural market evolution triggered by the growth of e-commerce.

"Companies are trying to get consumers to experience their brand," Winder said. "And gone are the days where consumers must buy everything in store. They can do that online. To thrive as a retail brand, you need to have a store that offers community, trial, education, expertise or inspiration, and hotels can really create all of that. Hotels are the ultimate experiential stores."

Winder added that a hospitality component gets consumers to pay to experience a brand, making the "economics more favorable" than a traditional retail venue. Among the slew of other consumer brands making the hotel crossover are LVMH's Bulgari, which formed a joint venture with Marriott to open Bulgari Hotels & Resorts in Milan, London, Bali, Beijing, Dubai and Shanghai, and Japanese retailer Muji, which has unveiled properties in Shenzhen and Beijing, China.

Home goods and furniture retailers Restoration Hardware and West Elm are slated to open their inaugural hotels soon in New York and Indianapolis, respectively.

Chekitan Dev, professor of marketing at Cornell University's School of Hotel Administration and the author of "Hospitality Branding," said, "This try-before-you-buy strategy can help niche brands like LVMH, Muji, West Elm or Restoration Hardware reach a broader market."

He added that LVMH's recent acquisition of ultraluxury hospitality player Belmond was likely driven in part by a desire to create "a living showcase for LVMH brands."

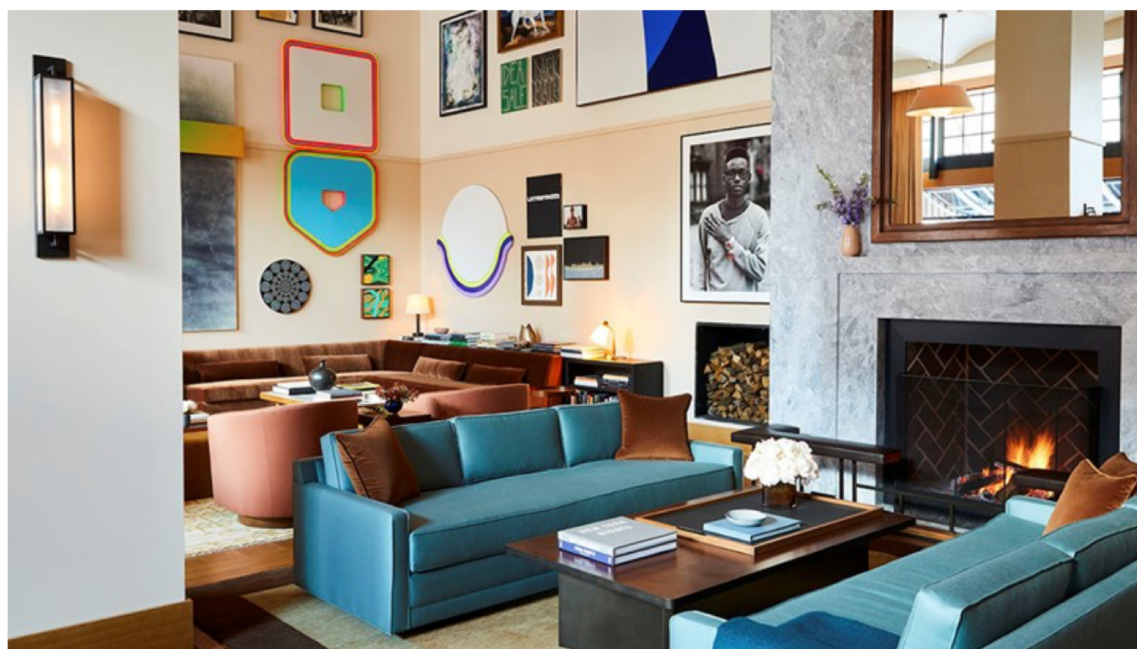
The cachet associated with boutique and high-end hotels can also help put a consumer brand on a fast track to becoming more of a lifestyle brand.

Ivar Yuste, a partner at the consulting group PHG Hotels & Resorts, said, "The hospitality industry is by its very nature global and associated with lifestyle, fashion, fun, exclusivity, etc. All these values generate a lot of PR opportunities for brands."

Yuste also pointed out that guests often share moments from their stays over social media, transforming a hotel into "a unique brand-awareness platform."

Along with well-established players, startups are similarly blurring the line between retail and hospitality.

Short-term rental management company Domio is dipping its toe into the space, outfitting its newly opened New Orleans apartment hotel with custom artwork and wallpaper that's also available for purchase on the e-commerce platform Society6. For 2019, Domio plans to ramp up the "shoppability" of its guestrooms, with tentative plans to build on existing partnerships with home goods brands like Snowe and Casper and to offer guests an easy way to purchase items they've enjoyed during their stay.



The lobby of the Shinola Hotel in Detroit. Photo Credit: Nicole Franzen

Domio head of branding and design Olivia Hnatyshin said, "When you go shopping, your brain automatically goes into a shopping mode, and it's not organic. But when

you actually exist in a space and can see pieces in motion and see how it works together in a residential setting, it's really helpful in creating an organically shoppable experience."

Hotel operator and tech startup Howard is similarly experimenting with brand relationships. For example, the company has linked with a New Jersey-based coffee roaster to create a shoppable moment for guests at its managed properties in Jersey City, N.J.

"We've created an experience where guests can grind coffee beans and make themselves a pour-over coffee," said Howard co-founder and co-CEO Michael Jaindl. "If they love the experience, there's a promo card next to the coffee station where they can learn more about where to purchase them. The way that we look at brand partnerships is that anything in the room can be available for purchase in some way, shape or form."

Howard, which plans to open a flagship hotel in New York next year, is also exploring ways to make its retail touchpoints more effective and unobtrusive. Next month, the company will launch its guest app, which will feature a capability to alert guests about "in-room flash sales" and enable them to purchase an item at a discount during their reservation period.

But while there are certainly clear synergies between hospitality and retail, there are also myriad challenges. According to Winder, the biggest hurdle for brands and retailers could simply be their unfamiliarity with the notoriously complex business of running a hotel.

"If the service at these hotels falls short, then suddenly the whole thing backfires," Winder said. "And some of these brands have little expertise in that business, so they're having to put on a different hat. Whenever you do that, you're never as good as the industry giants and incumbents."

Likewise, brands could also risk alienating guests who might be turned off by any less-than-subtle product placement.

"Millennials are extremely sensitive about being sold to, versus the older generation, which has had more of the attitude of 'bring it on, sell me,'" said Erich Joachimsthaler, CEO and founder of global brand strategy firm Vivaldi. "And that's part of why the industrial complex of advertising and marketing has had to move away from

"Millennials are extremely sensitive about being sold to, versus the older generation, which has had more of the attitude of 'bring it on, sell me,'" said Erich Joachimsthaler, CEO and founder of global brand strategy firm Vivaldi. "And that's part of why the industrial complex of advertising and marketing has had to move away from interruption marketing to this new form of connecting by creating community."

Roger A. Allen, group CEO of Resources for Leisure Assets, a hospitality consultancy, agreed that brands making their foray into the hotel sector will need to strike a delicate balance.

"Clever product placement is essential for its success," Allen said. "If it's too obvious, guests will know that they are being given a hard sell. And if there is a hotel and brand mismatch, it will fail. The greatest challenge is to ensure that the retail or consumer brand is synergistic with the hotel experience."