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INSIDE



SPECIAL

MARCH 2012 // ITB EDITION FOR EXPERTS IN HOSPITALITY & TOURISM



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**Dear hospitalityInsiders
and guests of ITB Berlin 2012,**

You want to know what the hotel industry is currently talking and thinking about? Browse through this issue, visit „ITB Hospitality Day“ and read our reports on www.hospitalityInside.com.

hospitalityInside will be providing the hotel sector with another special issue at ITB Berlin, both as exclusive media partner of ITB Hospitality Day and, for the first time, as initiator of a joint booth.

Since its launch, the hotel conference has been one of the most frequently attended events of the congress programme. Last year, we recorded more than 1,900 visitors. Experience well-known speakers and panel participants from all over the world who will be discussing exciting topics. You will find the programme of the 7th ITB Hospitality Day on Thursday on the following pages, as well as the programme of the Wellness Experts Forum, which picks up on hotel issues at the same time.

For the duration of the entire trade fair, you'll find us and other hotel experts in hall 9 at booth 109 – the first „hospitality X-PERTS Lounge“. This is a premiere! The joint booth combines expert knowledge from several different disciplines and fields: global points of view, innovative and creative topics from environmental protection, IT, architecture/design, human resources and consulting form their own small world of hospitality. It demonstrates solutions for important core fields of hotel management. Visit the X-PERTS Lounge – or look up our website to learn about the main aspects.

This special issue is also available online as an eMagazine in German and English under www.hospitalityInside.com as well as in ITB Berlin's eLibrary.

In addition, you'll find summaries of individual panel discussions of the hotel conference on our website as well as follow-up reports on the trade fair under the „Network“ button. We shall pick up and elaborate on certain topics of the conference in our online magazine in the next few months.

I wish you all a successful ITB 2012!

Maria Puetz-Willems
Editor-in-chief
hospitalityInside.com

Do you have questions or suggestions? Please contact us:

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Also available as
eMagazine at
www.hospitalityInside.com !





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MEETING POINT ITB 2012: THE CONVENTION AND HOSPITALITY FOCUS

Where ITB meets Hospitality

Berlin (March 7, 2012). „Travel & Tourism accounts for 258 million jobs globally. At US\$6 trillion (9.1% of GDP) the sector is a key driver for investment and economic growth and at a global level. It is larger than the automotive industry at 8% GDP, and just smaller than banking at 11% of GDP.“ David Scowsill, President & CEO, World Travel & Tourism Council lists up these figures pointing at the industry’s challenges at the same time: „...to stimulate jobs and investment, eliminating barriers to travel such as visa restrictions, taxation, and outmoded infrastructure systems.“

ITB Berlin will address to all topics. But the world’s biggest tourism fair offers more than discussions: In 26 halls, travel providers present themselves and a unique competition of travel offers. At ITB convention, visitors will meet global experts and hear their opinions about the current challenges and industry forecasts. Seven different, highly-specialised „Days“ – like the ITB Hospitality Day – will allow a deep insight into special topics beyond any geographical borders. About 170,000 visitors attended ITB Berlin 2011, among these 111.791 were trade visitors- 11,163 exhibitors from 188 countries presented their products and services. A gigantic dimension, hard to be copied by other trade shows in the world (www.itb-berlin.de).

Convention Program 2012 Highlights

ITB Berlin Convention from March 7-9 2012 is the travel industry’s leading think tank – and gives free admission for trade visitors. Since 2004, ITB offers the largest convention worldwide. In the last eight years, more than 75,000 trade visitors learned about the latest industry trends and discussed business strategies; 14,000 of them joined the panels in 2011 (www.itb-convention.com).

ITB Future Day: What are the major trends that concern industry and society? The ITB Future Day has the very latest forecast figures for tourism in 2011, takes a close look at the cruise industry and the Mediterranean, and gives recommendations on how the increasingly hard-fought “war for talents” can be won.

ITB Marketing and Distribution Day: The ITB Marketing and Distribution Day gives advice on how to deal with the latest topics of the day: managing brands and luxury markets, Groupon and Facebook, social media and collaborative consumption.

ITB CSR Day: Leading figures representing business and politics will discuss concepts, examples of best practices and the economic prospects for sustainable tourism.

ITB Mobility Day: The ITB Mobility Day discusses selected key issues concerning aviation but also takes the role of road and waterborne transport into account. High-profile speakers explain the current situation regarding types of transport in the tourism industry, discuss challenges and market prospects and take a look at future forms of transport.

ITB Destination Days: Over the course of three days the ITB Destination Days will discuss the challenges and prospects facing international destination management. The fo-

cus is on types of travel with high growth potential, such as health and cultural tourism, but also on emerging travel markets in Asia, as well as Latin America, Africa, Montenegro and Egypt. Special attention will also be devoted to the Arab Spring and the effects of natural disasters on tourism.

3x Business Travel – a special platform

The ITB Berlin Business Travel Partner Program provides travel managers and business travel organisers with especially identified contacts and expert knowledge.

The **ITB Berlin Business Travel Lounge** by VDR & HSMA in Hall 8.1 gives decision makers an excellent opportunity to network in a relaxing atmosphere.

Within the scope of ITB Convention, the **ITB Berlin Business Travel Forum** presents a high-class event program for travel managers and business travel organisers.

PhoCusWright Inc., the travel industry research authority, will once again hold its **Travel Technology Conference**, PhoCusWright@ITB at the ITB Berlin Convention.

This offers the wider public the opportunity to capitalize on the latest travel technology trends, leverage intelligence, promote leadership and foster innovation. //

POWER SHIFTS IN THE HOTEL INDUSTRY: ITB Hospitality Day 2012 at a glance

Safety at hotels, the shortfall in staff in the hotel industry and the consolidation trend among hotel portals: these are items on the agenda at this year’s ITB Hospitality Day at the ITB Berlin Convention. Experts and CEOs representing the hotel and tourism industry will be discussing the latest topics. Maria Puetz-Willems, editor-in-chief of hospitalityInside.com, is responsible for its content. The 7th ITB Hospitality Day will take place on the Berlin Exhibition Grounds in Hall 7.1b, auditorium „London“, on Thursday, 8 March 2012 from 10.30 a.m. to 5.30 p.m. The international online trade magazine hospitalityInside.com is the exclusive media partner of the event. You will find the detailed programme in this Special, page 10.

ONLINE FOR YOU: SUMMARIES. You will find all sessions of the ITB Hospitality Day covered by www.hospitalityInside.com. Every Friday, the magazine will summarise a session. Go to the hospitalityInside.com website and click on the ITB banner or on the „network“ button!

ITB 2012 REMAINS STABLE – DESPITE CRISES AND COST CUTS

Still in demand

Berlin (March 7, 2012). The world's largest tourism trade fair remains stable despite the riots in tourism countries and cost cuts. And Egypt has kept its promise to be one of the partner countries of ITB 2012 in one of its most difficult moments in history. The demand from Asia even exceeds the available capacities. The ITB Convention has become such a fixed event that is hard to imagine the ITB without it. Dr. Martin Buck, Director CompetenceCenter Travel and Logistics Messe Berlin, and David Ruetz, Senior Manager ITB Berlin, are pleased with the feedback and explain some changes and shifts in an interview with hospitalityinside.com.

How is the occupancy of ITB 2012 compared to the previous year?

Martin Buck: The ITB is stable and we are very content with the booking situation. Many halls have been booked out since December. I would like to point out the segment of travel technology. Here, for the first time, we have placed some exhibitors in hall 25 as the traditional halls 6.1, 8 and 10.1 are fully booked out. As for some time now, the demand from Asia and India has exceeded our capacities.

How many visitors are you expecting this year?

David Ruetz: In the last few years, we have had a constant number of trade visitors of more than 110,000 and we do not expect significant changes. We are happy about the fact that the number of foreign decision makers has constantly been increasing. We are content if we are able to attract 60,000 to 70,000 private visitors to this trade show.

Financial crisis and its results, natural catastrophes, Arab Spring... Which events

made it most difficult to attract trade show customers?

Martin Buck: As leading trade show, we are in the convenient situation of having a stable demand despite economic turmoil or political riots in some countries. Of course, some tourist offices have to economise due to the economic developments in their respective countries and are therefore organising their appearances at the trade show even more efficiently. However, this will not be reflected in the total offers of ITB Berlin. Partner country Egypt is the best example for the fact that ITB Berlin is held in highest esteem and trust as a marketing platform during political changes in the country.

Are the exhibitors (even) more budget conscious than in the past years? And how is this visible under these circumstances?

Martin Buck: On average, fewer exhibitors are building two storeys. We are offering webinars for the optimisation of the trade show presentation and these are being accepted thankfully.

of the international travel industry. It enables exhibitors from all over the world to establish very good business and permanent first-class contacts, and not only offers an overview over the newest products of the destinations but also shows the development of the individual touristic market segments. Moreover, it offers first-class knowledge at its accompanying congress without charging an extra entrance fee. In addition, we are developing the trade fair continuously. This year, we introduced the ITB Buyers' Circle. Top buyers at the operative level of small and medium-sized businesses as well as from major corporations of the world's travel industry are able to apply for a membership from now on. The service of the ITB Buyers' Circle offers significant timesaving and an increase in efficiency for the buyers. The exclusive ITB Buyers' Circle Lounge with separate meeting rooms in a quiet atmosphere offers excellent opportunities for extensive networking.

Which changes took place especially among hotel exhibitors?

Martin Buck: We were able to extend this sector. This year, Worldwide Hotels and CLC Leisure are new. The project of Lindner in cooperation with Telekom in hall 7.1c is very interesting. They are presenting a new hotel brand, which has been developed together with an online community. The new hotel and lounge concept should link business and city travellers as well as local target groups and business people. In the hotel lounge, there will be a multi-user wall where business travellers can work alone or together. Moreover, additional services will be developed like online check-in, opening of doors via smart phone, networking with

Does ITB Berlin need to change its concept in order to remain attractive for exhibitors?

David Ruetz: The concept is the key to success for ITB Berlin and has been since its premier in 1966. ITB Berlin is the world's leading travel trade fair



High demand from IT, Asia and India: ITB managers David Ruetz (left) and Dr. Martin Buck.



» ITB Berlin is held in highest esteem and trust as a marketing platform during political changes. «

other hotel guests. All services will be bundled in one app and will become the USP of the brand.

What is this year's top news for trade visitors and final consumers?

David Ruetz: In 2012, ITB Berlin will be characterised by its partner country of Egypt. The land of the pharaohs wants to use the platform at this year's ITB Berlin to enlighten and to gain trust. This should be interesting for trade visitors and final consumers, too.

In addition, the ITB Berlin Convention offers an overview of the current trends and hot subjects, for example, on cruises and the development of tourism in the Arabian states. We will discuss the subject of luxury travel in all its facets as well as the mega trend subject of travel and health. Hans-Werner Sinn, President of ifo Institute in Munich, will be holding a keynote about the development of the world's eco-

nommy and the situation in Germany and Europe.

How strong and important has the ITB Convention become for the entire trade fair meanwhile?

Martin Buck: The exchange between the teams is significant and we are using new and already existing contacts with exhibitors mutually. We are transferring knowhow from ITB Asia to ITB Berlin and vice versa. This year in March, we will be offering an ITB Asia panel during the convention for the second time. At ITB Asia, we provided information about the European source market in October. Apart from this, both events are naturally completely independent.

How strong is the networking between ITB Berlin and ITB Asia in Singapore in the meantime?

Martin Buck: The exchange between the teams is significant and we are using new

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What are you hoping for in 2013?

David Ruetz: We hope that we will be able to continue growing successfully at a high level of quality.

Martin Buck: And for our growth in quality, the new exhibition hall is an important requirement; it is to be developed at the site of the old Deutschlandhalle by the beginning of 2014.

Thank you very much for the interview! //

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PARTNERS AND PRODUCTS OF THE FIRST HOSPITALITY X-PERTS LOUNGE AT THE ITB

Top expertise packaged up

Berlin (March 7, 2012). The partners for the first „hospitality X-PERTS Lounge“ at the upcoming ITB Berlin are now fixed: Renowned representatives from the world of IT, software, human resources and consulting. They will be present at ITB for the whole five days. Time and room for making contacts and intensive discussions. The partners, their products and current ITB presentations in alphabetical order. Meet our partners in Hall 9/Stand109!

ATOSS In the Workforce Management business area, ATOSS ranks as one of the genuine pioneers. Fielding a comprehensive portfolio of solutions comprising Consulting, Software and Services the company assists partners in deriving the greatest benefits from their employees. Some 4,000 companies are currently managing the activities of around 2.5 million employees with the help of ATOSS solutions, including ALDI SÜD, apetito catering, Coca Cola, Deutsche Bahn, Douglas, Lufthansa, PUMA und Sixt.

At the X-PERTS LOUNGE: The firm launches the first ATOSS Hospitality Solution – a workforce management software for the hotel and catering sector. With this step, the Munich based specialist is expanding its focus to an especially services intensive sector, where demand and cost optimized staff deployment ranks as a key success factor. The incremental and scalable product concept enables professional workforce management meeting all requirements – whether in system catering, business hotels or international hotel chains.

Contact, among others: Ulli Beckmann, Sales Director Hospitality. www.atoss.com

HR Group: The HR Management & Consulting GmbH – founded by Ruslan Husry in 2009 – operates hotels and focuses in particular on the development and optimization of operations. An equally important pillar is the consulting part where partners profit from the long term knowledge of the company's experts and their ability to adapt concepts individually to the hotel group's needs in purchasing, revenue management, finance etc.. The current business structure focuses on the 3- and 4-star hotel market and a cooperation with global hotel players like HR's preferred partner Accor.

At the X-PERTS LOUNGE: HR will present its business model and is open for networking and new contacts interested in a long term partnership.

Contact, among others: Thomas Borsbach, Head of Operations. www.hrgroup.eu

Kohl & Partner: Clients of the leading tourism consulting company in Austria are famous tourism destinations, leading companies, public authorities, and well-known investors. The firm with more than 30 years of experience in the field of tourism stands for „quality in tourism“. Beside the German speaking markets Kohl & Partner puts a special focus on Central, Eastern and South-eastern Europe. Currently, there are 12 offices in nine countries (Austria, Germany, Italy, Switzerland, Hungary, Romania, Bulgaria, Macedonia and Albania). The core business areas of Kohl & Partner are hotels & restaurants, destinations, touristic infrastructure, seminars & trainings.

At the X-PERTS LOUNGE: Kohl & Partner will talk about hotel master plans as the foundation for successful hotel and destination development; about credible sustainability schemes for hotels and regions; about attractive operator solutions for city and resort hotels and at the development of modern tourism organisations fit for the future.

Contact, among others: Martin Schaffer, Managing Director. www.kohl.at

MACNETIX: Founded in 2000, MACNETIX develops and manufactures intelligent software solutions based on IP – with more than 1,000 installations yet in Europe, Middle East and Africa. Core markets are in addition to hospitality shipping, retail, public & corporate businesses. MACNETIX stands for MArketing Communication NETwork Inter-eXchange.

The Digital Signage solution can be operated as customer/guest-information-system, way-guiding-, and sign-posting-system and covers all soft- and hardware equipment needed. The Multimedia-Inroom-TV-solution IPTV, developed for hotels, conference-facilities, authorities, schools and academies, fair-grounds and more, is fully customizable to fit your requests.

At the X-PERTS LOUNGE: MACNETIX will present „Digital Labelling and Information Systems“ and „Modular IP Solutions“.

Contact, among others: Michael Schwanke-Seer, Chief Operating Officer. www.macnetix.com

Markus-Diedenhofen Interior Design: The aim of the hotel-focused interior designers, consultants and planners centered around Cornelia Markus-Diedenhofen is to create objects with a unique character, based on coherent overall concepts that implement cost-efficiency factors and client requirements in addition to future-proof functionality and a timeless visual appeal. The activities centre around new constructions, conversions and the refurbishment and renovation of hotels, restaurants and golf clubs in Germany as well as worldwide. References are, among others wellknown hotels of groups like acomhotels, Lindner Hotels, Moevenpick, Steigenberger, and Rocco Forte.

At the X-PERTS LOUNGE: With the hotel industry in focus, the experts handle new builds, conversions and refurbishments.

Contact, among others: Cornelia Markus-Diedenhofen, Managing Director. www.markus-diedenhofen.de

Relais & Châteaux: The collection unites 518 of the finest and leading hotels and gourmet restaurants in 60 countries. Established in France in 1954, the Association's

hospitality X-PERTS LOUNGE

provided by hospitalityINSIDE.com



Siemens Enterprise Communications



HR Group



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mission is to spread its unique art de vivre across the globe by selecting outstanding properties with a truly unique character and passionate individual hoteliers and Grand Chefs.

At the X-PERTS LOUNGE: The consortium will present its news „Relais & Châteaux 2012“ guide and other travel partners as well as the new Michelin street maps for planning personal itineraries.

Contact, among others: Melanie Thoene, Director Member Services, Germany, Austria, Northern & Eastern Europe. www.relaischateaux.com

Siemens Building Technologies Division:

Headquartered in Zug, Switzerland the world leader in the market for safe and energy-efficient buildings („green buildings“) and infrastructures. As a service provider, system integrator, and product vendor, Building Technologies has offerings for building automation, heating, ventilation and air conditioning (HVAC), fire protection and security.

At the X-PERTS LOUNGE:

Siemens Building Technologies focuses on the topic of „Green Buildings“ – in mega cities where Siemens is committed to developing sustainable solutions for both cities and the hospitality industry. Much of the cutting-edge technologies required for this vision of the future are already available.

Contact, among others: Michael W. Hartmann, Senior Vice President. www.siemens.com/buildingtechnologies

Siemens Enterprise Communications (SEN):

A premier provider of end-to-end enterprise communications solutions that use open, standards-based architectures to unify communications and business applications for a seamless collaboration experience. This award-winning „Open Communications“ approach enables organizations to improve productivity and reduce costs through easy-to-

deploy solutions that work within existing IT environments, delivering operational efficiencies. It is the foundation for the company's OpenPath commitment that enables customers to mitigate risk and cost-effectively adopt unified communications. This promise is underwritten through our OpenScale service portfolio, which includes international, managed and outsource capability.

At the X-PERTS LOUNGE: SEN will present „Unified Communications“, IT clouds and Hot Spot Internet Access Solutions.

Contact, among others: David Leonhard Steinbauer, Vice President. www.siemens-enterprise.com oder www.enterasys.com

Treugast Solutions Group:

For more than 20 years Treugast acts as a partner for the hotel industry and ranks amongst the leading consulting companies in Europe in the following sections today: Accommodation: Hotel business, hostels, serviced apartments; Resorts: (Medical) wellness, golf and holiday resorts; Gastronomy: Individual and

professional caterer, communal feeding; Leisure Industry: Holiday centers, leisure facilities, theme parks; Tourism Industry: Tourism destinations, airports, train stations; Health Care: Rehab clinics, foster homes, hospitals, retirement homes; Sports: Golf facilities, arenas, stadiums; Fair and conference industry: Exhibition halls, congress centers, meeting facilities; Nightlife: Event locations, bars, clubs. With a key focus on the individual definition of a project, the tailor-made consulting activities promptly purvey target oriented findings in form of expertise, strategies, implementations and services.

At the X-PERTS LOUNGE: Treugast will present the first „war map“: This map allows global hotel chains a glimpse into the quantitative and qualitative potential of possible locations and provides excellent preparation for the global roll-out.

Contact, among others: Prof. Stephan Gerhard, CEO. www.treugast.com

hospitalityInside: The young publishing company is the initiator of the 1st „hospitality X-PERTS Lounge“. In 2005, the publisher founded the online magazine *hospitalityInside* as an information network for the international hotel management and associated industries. *hospitalityInside.com* is a purely editorial independent magazine entirely free of advertisements. Its valuable content is only accessible by subscription. Online distribution ensures rapid delivery to a readership in more than 20 countries today. The magazine is published every Friday. The public microsite „Solutions“ which is publically accessible provides specific information by the industry's service providers and suppliers, and „Network“ – as well a public site – informs about the publishing company's activities around conferences, events, workshops and more. *hospitalityInside* also organizes annual hotel conferences: the „ITB Hospitality Day“ at the world's biggest tourism fair ITB Berlin and the „Hospitality Industry Dialogue“ at Europe's leading real estate fair Expo Real in Munich; for both fairs *hospitalityInside* also initiates *hospitality* joint stands.

An der X-PERTS LOUNGE: The company will announce a new platform for the hospitality industry offering market information and market intelligence tools.

Contact, among others: Michael Willems, Managing Director. www.hospitalityinside.com // red

TOPICS OF THE 7TH ITB HOSPITALITY DAY: BRANDS, DISTRIBUTION, SECURITY, JUNIOR STAFF

About chaos and solutions

Berlin (March 7, 2012). Brand chaos, distribution chaos, holiday chaos. The current development in the world of travels gives rise to many questions in the hotel industry – about the sense of multi brands, after power shifts in distribution, and security on holidays. The 7th „ITB Hospitality Day“, the hotel conference of the world’s largest tourism fair, will address these subjects on Thursday, March 8 in hall 7.1b/London. In addition, the CEOs of Dusit Hotels and Motel One are present with their sons. The next generation talks. The „war of talents“ is tough as another talk shows. For the seventh time, hospitalityInside.com is the exclusive media partner of the conference, and again, Editor-in-Chief Maria Puetz-Willems was able to attract experts and heads of leading international companies who, with their knowledge and experience in the industry, will point out possible approaches to solutions. Last year, 1,900 trade fair visitors joined the Hospitality Day. You will find reports and summaries about the ITB Hospitality Day on the homepage and under the „Network“ button at www.hospitalityInside.com.

10.30 – 11.00 h

**KEY NOTE: Brand Power Unlimited.
Strong brands create more value.**

Speaker: Cassidy Morgan, CEO Central and Eastern Europe, Interbrand

11.15 – 12.15 h

Brands Everywhere: How Many Brands Make Sense?

Hotel chains are inventing more and more brands. Does this guarantee travellers a better service or have they merely become victims of exaggerated marketing strategies?

Moderated by: Gerhard Fuchs, President, marketingfuechse

Panel guests: Osama Hirzalla, Vice President Brand Marketing and eCommerce Europe, Marriott International
Cassidy Morgan, CEO Central and Eastern Europe, Interbrand
Bernold Schroeder, CEO, Jin Jiang International Hotels

12.30 – 13.30 h

CEO Panel: The Next Generation.

Senior executives and their successors. An interview with two CEOs and their sons.

Moderated by: Maria Puetz-Willems, Editor-in-chief, hospitalityInside.com

Panel guests: Chanin Donovanik, Managing Director and CEO, Dusit Hotels & Resorts

Siradej Donovanik, Manager Investment and Development, Dusit Hotels & Resorts
Daniel Mueller, Director Operation, Motel One Hotels & Resorts
Dieter Mueller, Chairman of the Board, Motel One Hotels & Resorts

13:30 – 14:00 h Break

14.00 – 15.00 h

Distribution: Less Providers with More Power?

Booking portals are undergoing a consolidation process. What new relationships have the latest market shifts produced?

Moderated by: Carolin Brauer, Managing Director, Quality Reservations

Panel guests: Arne Erichsen, Director of Market Management Germany, Expedia Partner Services Group
Monique Jaspers-Wijn, Vice President Business Development EMEA, Sabre Hospitality Solutions
Tobias Ragge, Managing Director, HRS/Hotel Reservation Service
Ognjen Zeric, Founder & Managing Director, Justbook Mobile

15.15 – 16.15 h

The War for Talent: The Mass Exodus from the Hotel Industry.

The hotel industry offers training but is losing its future workforce to other industries. How can it fascinate young people? And, what can the industry offer young graduates?

Moderated by: Hartwig Bohne, Owner, hpc bohne Consulting

Panel guests: Manuel Konen, Member of the Board, Konen & Lorenzen Recruitment Consultants

Katrin Melle, Director Human Resources, Hyatt International EAME
Robert F. Wetterauer, President, EUROCHRIE/European Council on Hotel, Restaurant & Institutional Education

16.30 – 17.30 h

Safety: When a Vacation Turns into Chaos.

Political unrest, crises, bombings. How do hotels protect their guests?

Moderated by: Peter Hinze, Author & Travel Journalist

Panel guests: Mayar Abdel Aziz, Tourism Expert and Marketing El Gouna
Ed Fuller, President and Managing Director of International Lodging, Marriott International
Michael-W. Hartmann, Senior Vice President Head Market Development Board Hospitality, Siemens AG

ITB EXPERTS FORUM WELLNESS: THE PROGRAMME

The way to spa heaven

Berlin (March 7, 2012). Again, the ITB „Experts Forum Wellness“ will turn into a meeting point of the international spa professionals. For the seventh time, the spa conference is organised by the consortium Wellness-Hotels & Resorts (W-H-D) on March 8, 2012 in Halle 7.3/auditorium Berlin on behalf of Messe Berlin. This year speakers will give market overviews, trend forecasts and talk about health management and new media.

10.30 – 10.35 h

Welcome by Michael Altewischer, Managing Director, Wellness-Hotels & Resorts

10.45 – 11.30 h

Wellness & Spa: Markets and Key Figures at a glance Dagmar Rizzato, CEO, Rizzato Spa Consulting; Samantha Foster, Managing Director, Spa Source Asia Limited

11.35 – 12.10 h

Key Note: Keynote – Is Wellness turning into Health Market!?
Andreas Wieser, CEO, Lanserhof

12.15 – 12.45 h

Corporate health management – Looking at Asian markets
Michael Loh, CEO, Ageless Inc.

12.50 – 13.20 h

Healthy staff for healthy enterprises – Thorsten Grieser, CEO, Vita Liberty & Edgar Itt

14.30 – 15.00 h

Internet: Online only!? – Future booking behaviour of spa guests
Roland Fricke, CEO, Beauty24

15.05 – 15.45 h

The potential of Wellness Tourism to help alleviate chronic disease
Samantha Foster, Managing Director, Spa Source Asia Limited

15.50 – 16.30 h

Wellness-Trends 2012 – What guests expect. The recent survey.
Daniela Briceno-Schiesser, GfK/Gesellschaft für Konsumforschung



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ITB Berlin has inspired over 110,000 experts from the global travel industry. You should be there, too – the World's Leading Travel Trade Show® awaits you!

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10 QUESTIONS & ANSWERS ON HOSPITALITYINSIDE

The information net online and offline

1 | 2 Berlin/Augsburg. The starting point was chosen deliberately: at ITB 2005, the www.hospitalityInside.com expert online magazine went live – „online only“, bilingual and free of advertising. These characteristics distinguished it from existing classic expert media. Skepticism was correspondingly high. Since then, the idea has turned into an international online magazine with readers in 20 countries who create synergies from both online and offline activities and a high-calibre network. Founder and Editor-in-Chief, Maria Puetz-Willems, provides an overview of the online magazine answering the most frequently asked questions.

Since when has *hospitalityInside.com* existed?

The magazine went online at ITB 2005. It is the backbone of the entire network. Construction of this network platform started with the first „ITB Hospitality Day“ hotel congress at ITB 2006. Nine months later, „Solutions“ was launched, the information page for suppliers and service providers in the hospitality sector. Today, our network activities can be checked out on our website via the button of the same name.

Why is it a magazine and not a newsletter?

Newsletters usually provide information on particular companies for their members, clients or employees. Today, however, many eMails to online customers that are labeled newsletters are solely advertisement mails offering next to no information. The world is drowning in these mails. But the media have also taken up the term in the past few

years: they collect press releases and redistribute them. But this is no real news in the traditional sense. In contrast, *hospitalityInside* follows journalist principles, gets to the bottom of issues, evaluates and comments. And since we don't do it on a daily basis, but address certain topics once a week, in order to have enough time to reflect and do thorough research, it is a magazine – a weekly magazine.

Of course, we also send a „newsletter“ each Friday. But it is only sent to registered users and only includes an overview of our headlines on new topics.

Who is *hospitalityInside's* target group?

The management of the international hospitality industry and their related sectors. We report on hotel operations, strategies of competitors, changing markets, marketing, HR, IT, health/spa and more ... But we also write about construction, financing and developing hotels. These main points of

focus are reflected at the two leading trade fairs we have been concentrating our offline activities on: ITB Berlin, the world's biggest tourism trade fair, and Expo Real in Munich, Europe's leading commercial real estate trade fair.

Why do you publish „only online“, and why in two languages and free of advertising?

These three USPs are well thought out – and are still unique in this particular combination up to now. „Online only“ was the first important pillar of the new medium: top managers in the hotel industry are frequently on the road, but they can access all information online via the Internet at all times. In addition, the Internet has enabled *hospitalityInside's* readership to be distributed in 20 countries. Language is the door opener to the international world, which is why all articles and reports are published in German and English. Operating free of

advertising ensures the magazine's editorial independence. For years, advertising interests have been influencing reporting more and more. This is why we don't accept any advertising in our online magazine. But we don't exclude suppliers and service providers. We have even created our „Solutions“ site for them, and ITB offers more and more attractive means of cooperation as well.

On your website, only particular articles can be read by everyone. Why is this?

In order to maintain its independence, our magazine needs to be financed entirely via subscriptions. The content of the hospitalityInside magazine is therefore protected by a password, and the editorial content needs to be subscribed at a price. However, the price-performance ratio is excellent, as a single weekly issue costs only 7.35 euros in the basic annual subscription. hospitalityInside is published every Friday, 48 times a year.

What articles can be read by non-subscribers?

Many of them, e.g. everything connected to the trade fairs, events, workshops and to our Solutions partners. Accordingly, every user will find our reports on the panel discussions held at the „ITB Hospitality Day“ whose exclusive media partner has been hospitalityInside since 2006. Since the first hotel conference, Editor-in-Chief Maria Puetz-Willems has organized its content and participants. So far, the Hospitality Day has gained more friends each year.

hospitalityInside is subtitled „Your information network“. What is behind this slogan?

The idea is to bring together the decision makers of the industry through concise information and top-class networks. This can either be realized on a virtual basis via practical and up-to-date articles or on a real basis via selective events tailored to the target group, where content or participants – not cocktails – determine the event's value.

Where can you experience and visit hospitalityInside at ITB 2012?

First of all, you can visit us during all days of the trade fair in hall 9 at booth 109. hospitalityInside is the initiator of the first „hospitality X-PERTS Lounge“, which combines expertise of various disciplines and fields: global points of view, innovative and creative topics on environmental protection, software, architecture/design, human resources and consulting form their own small world of hospitality. It demonstrates solutions for important core fields of hotel management.

Apart from that, you can meet members of the team during the „ITB Hospitality Day“ hotel conference on Thursday, March 8, in hall 7.1b, room London.

„hospitalityInside SPECIAL“, which was especially produced for ITB, will be available at both the hotel conference and the booth itself, but it is also available online for download – as eMagazine in German and English – under www.hospitalityInside.com and in ITB's eLibrary. //



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Dear Readers,

In this magazine, we focus on the content of the „ITB Hospitality Day“ and other hotel-related events taking place at ITB, such as the Experts Forum Wellness. Furthermore, you will find, among others, an interview with the responsible ITB managers on the development and the forthcoming changes round about the trade fair (see page 6). On the following pages, you will also find excerpts from the hospitalityInside.com online magazine.

„CHIEF INSPECTOR“ TRENT WALSH ON THE TIGHTENED CRITERIA AT LEADING HOTELS

Quality is in the details

London. From 2011, The Leading Hotels of the World have been raising its minimum standards required for quality checks by two percent each year. Hotels failing for the third time will be excluded from the association, which currently has 423 members. From 2013, this could mean quite a drain at Leading Hotels. Trent Walsh and his team of Leading Quality Assurance in London have been responsible for the quality checks for 12 years. The Leading Hotels of the World are the biggest customer of the quality-assurance institute, but not the only one. In a discussion with Maria Puetz-Willems, Trent Walsh explains how a quality boost could be achieved at Leading and in general, what he thinks about quality in the luxury hotel sector all across the world.

How many points does a Leading Hotel of the World have to achieve today in order to pass the quality check? And what is planned?

TRENT WALSH: Currently, 76 percent is the minimum. As of now, this threshold will be raised by two percent every year. Ted Teng, CEO Leading Hotels, wants every single hotel to surpass the 80-percent mark by 2013. Those unable to manage the new requirements will have a second and a third chance at six-month intervals. Those failing the check for the third time, lose their membership at Leading Hotels of the World.

These are rather ambitious goals. How great is the pressure for individual hotels?

The hotels are under pressure, that's true. Many of them follow a proactive approach to meet the quality improvement, while others just wait and see. In my opinion, an annual increase of two percent is realistic, whereas each step gets harder – particularly for hotels that have been struggling to achieve 76 percent. Hoteliers need to act with great discipline to manage these

steps. Normally, those who've achieved 74 percent easily manage 76 percent as well.



„Chief Inspector“
Trent Walsh.

What does the quality check look like?

The 800-point hotel check is 120 pages long and involves 31 areas to be checked. The hotel test itself is anonymous, but the hotel receives the detailed report afterwards including all issues, images, explanations, and even sound recordings of the reservation process. After that, each report is uploaded on the Intranet in an anonymised version, and the hotels can find their collected data. In this way, a hotel in Berlin, for example, that missed 82 percent, can see the level of other 5-star hotels. The hotels can even compare the individual areas among each other. By the way, the check of „Leading Spas“ is conducted separately and doesn't affect the statistics I'm referring to here.

Do these comparisons solely include Leading Hotels or also external ones not belonging to the association?

We include non-Leading Hotels in the 5-star segment. I guess, we cover about 90 percent of this segment in each city. In London, this pool includes 30 hotels, for example, 25 in New York and six in Ber-



Hotel Le Bristol Paris: European hotels deliver the most professional service.

lin. Leading Quality Assurance is represented in 116 countries all over the world.

How many percent do other luxury hotels achieve not belonging to Leading?

Many of them achieve 81 percent, which should be achieved by the majority of Leading Hotels of the World, too. This was surely one of the reasons for the association to start the quality process. We clearly observe one thing: quality improvements lead to increasing RevPar. Those following a serious approach towards quality will become leaders in their city.

What is the ratio between „software“ and „hardware“ when it comes to the check?

20 percent refer to the product, 80 percent refer to service. Service is the biggest challenge! Luxury without service simply doesn't exist.

The result is a greater need for training. How does Leading solve this?

Yes, hoteliers are required to provide more intense training to their employees. Our company, Leading Quality Assurance, includes a dedicated training division that can be booked by anyone. About 20 percent of Leading Hotels take advantage of it. In 2010, we conducted about 200 training days in 80 hotels. Apart from that, we work out an online action plan in collaboration with the hotels. This plan helps achieve the goals.

Your company is active across the globe. What do your evaluation statistics reveal about the luxury quality in individual countries or about the difference between countries?

All in all, luxury hotels differ only slightly from each other. Geography is of no importance. However, there are different priorities concerning the „scores“, which partly

relates to the history of the market. In China, for example, there are many rich hotel owners, which is why there are many top-class hotels earning top ratings. But the employees achieve fewer points, which can be attributed to the fact that luxury doesn't have any tradition in China. Europe has older grand hotels, but hoteliers achieve less hardware points here. However, this is balanced out by higher service ratings. American luxury hotels receive similar evaluations to the ones in Europe, but their service is much less formal. According to our ratings, service in Europe is the most professional in the world.

What type of hotel or hotelier is most likely to offer first-class luxury service?

Those professing to be „among the best“ are doing a good job. Quality is a leadership issue. If a hotel group, a hotel's GM and the owner push for quality together, top-class quality can be achieved. In the

past few years, investors have learned that they need to invest continuously in their property. This makes things easier today.

Does this mean General Managers take key positions in hotels?

Yes, they are the „key“ indeed. They need to be passionate leaders who both exercise as well as convey service culture. This is why training is essential. However, I'd like to emphasize clearly that this formula includes discipline, but no fear. A successful concept is based on three pillars: the hotel's evaluation, the survey on guest satisfaction, and a survey on employee satisfaction. GMs have a massive influence on all of these. Thanks to bonus regulations, they have been earning more money for a few years now. In the meantime, hotel chains pay more appropriate salaries,



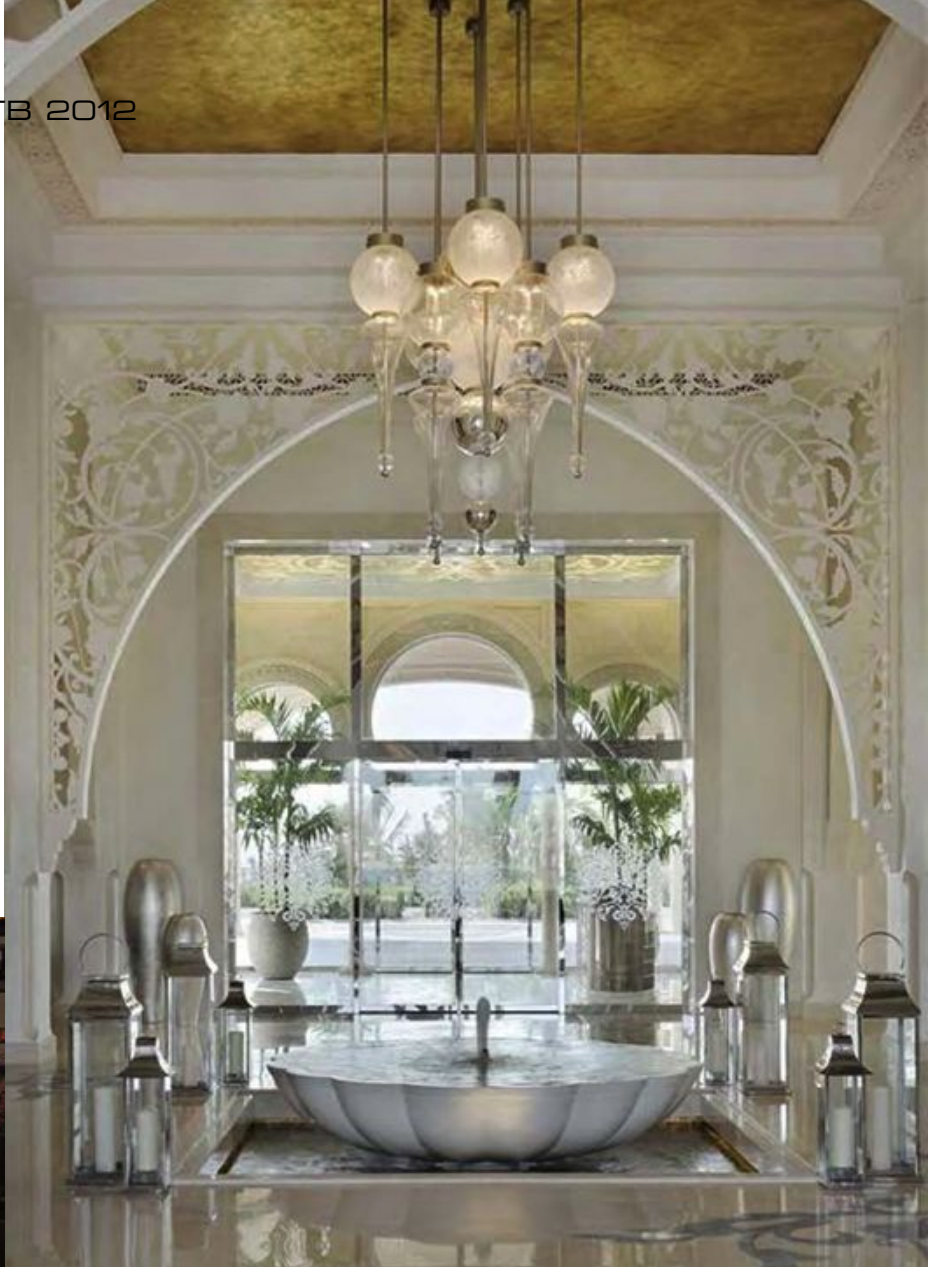
Parklane Hotel in Dongguan, China: Asian hotels still suffer from service deficits.

which naturally boosts the motivation of GMs. But it is just as important to keep these key executives longer than for two years.

What trends do you see in terms of quality?

A lot of personalization! A butler who constantly flutters around a guest is not the perfect solution. Guests like to have a butler when they need something – but then on the spot. The best solution is unobtrusive service, nothing else. Regarding hardware, expectations are incredibly high: guests expect spacious rooms, spacious bathrooms, spacious showers etc. Providing a phenomenal product has become a requirement for entering the world of luxury.

In the past ten years, new luxury markets like Dubai have emerged. In the meantime, this market has become a bit more realistic. Where is Dubai's position on the global luxury market?



One&Only The Palm Dubai: Hotels in town are still very self-consciousness. Their quality is good but not top, rankings indicate.

Dubai has completely changed since the boom ended in 2008. Before that, Dubai bought itself a position in the tourism and luxury market. The market participants have now arrived in reality. Currently, hoteliers are managing their hotels under stricter cost and profitability requirements. Self-confidence in Dubai, however, is still high. I'd consider quality to be good there, but not the best. In our evaluation statistics, Dubai gets pretty close to the worldwide average, as the hotels are not older than ten years, are in excellent shape and innovative.

How does this reflect in your statistics?

Let's start with Europe: on a worldwide scale, the „old continent“ achieves 78.1 percent, North America and Asia both achieve 79.2 percent, the United Arab Emirates achieve 79.7 percent, and Dubai on its own reaches 80.6 percent. Let's take France for comparison: as a country, France achieves 80 percent, while Paris manages 81.6 per-

cent. You can see these total results on the homepage of our website (www.leadingquality.com). We have been conducting this market comparison of „scores“ for eight years now.

Your statements are based on your own evaluations and market observations. Is there any neutral or even scientific proof for the success of luxury hotels?

I don't think so. Like many things in life, combining several different factors is the key to success.

And how many Leading Hotels of the World will not withstand this future quality check?

A few hotels have already dropped out. But the association will keep a proper pool of top-class luxury hotels.

Thank you very much for the interview! //



MID-SCALE BRANDS: THEIR CONCEPTS, THEIR LOCATION FACTORS AND BOUNDARIES

The hybrid product in the middle

Augsburg. The budget wave rolls on, but the next wave can be seen just as clearly: The mid-scale brands are coming. As is so often, the American chains are playing front runner once again. They initially export their US concepts to Great Britain where they can more easily find suitable partners. Then, the brands are further transported to Continental Europe and East Europe. However: Are these truly independent products or only trimmed-down „mother“s luxury brands? Their distinction from hotels in higher or low categories is difficult, which is why Georg Schlegel speaks of „hybrid models“. The Senior Development Director EAME with Starwood Hotels & Resorts analyses the market and the prevailing circumstances of mid-scale brands.

InterContinental hotels strengthened the expansion of Holiday Inn Express, Hilton opened the first Garden Inn and Hampton Inn by Hilton in Germany, Starwood Hotels pushes Four Points and aloft while Hyatt has just announced Hyatt Place. With room prices in the range of 70 to 130 Euro, these brands are potentially filling the segment between budget and Upper Upscale/Luxury. Classic hotel stars can almost never be awarded here anymore – facilities and services overflow into each other, as in the budget segment.

Roughly spoken, the distinction lies in the deeper categories of size and comfort and the difference in the price from the upper categories. The rooms are more spacious than in the budget segment: As a rule, they have a place for a regular desk, often still for an extendable couch beside the bed and also the bathroom is more generous and brings value. In contrast to budget hotels, the mid-scale hotels generally offer more seminar space, a mini-fitness offer, more or less distinctive F&B offerings, free Internet access and breakfast.

The core product of the mid-scale brands is called „Good Sleep“, hence, most of these new brands lay their focus on the quality of the bed with the motto – 5 Star beds in 3 Star“ (e.g., with aloft, citizenM or Hampton by Hilton). Everything is outsourced and can be found by the guest in the immediate surroundings (e.g., restaurants). Just the same as with the budget hotels, it is about „heads on beds“: From 85 to 90% of the revenue is generated by rooms.

Does the traveller need there to be one more hotel in the upperscale or luxury class? Exactly this will become one of the central issues in the future. If these middle class ho-

tels fulfil the basic needs of the business and leisure traveller comfortably – must one then fork out – in Germany – another 200 Euro and more for 5 Star rooms?

Price and facilities are no longer an indicator

„Many worldwide players make a mistake,“ says Georg Schlegel, Senior Development Director EAME with Starwood Hotels & Resorts, „they simply fatten up only the luxurious mother“s brands rather than the entirely new concept of the mid-scale products.“ Starwood Hotels & Resorts is involved in this segment with three brands: Four Points, aloft and elements. „Since Starwood has installed their own department for brand development for these brands at their headquarters, these products and their expansion can be seen as more differentiated.“

Market observation is part of his job, which is why he has precisely analysed the activities of the big chains in the mid-scale segment. One can only do budget and the other can only do luxury. At the moment he sees the highest competence for mid-scale with the InterContinental Hotel Group (IHG). Still: „To define mid-scale is difficult because the differentiation between upward and below is tricky.“

The problem begins once again with the definition. In Germany, „mid-scale“ is translated as „middle class“; internationally, however, the concept as with budget, has a substantially greater range of meaning. Therefore, mid-scale is defined more often as „Select Service“ or „Limited Service“ to emphasize the limited services.

The price is no longer a differentiating sign for Georg Schlegel: The mid-scale brands

that begin at 79 Euro swim in the same pond as Motel One who actually define themselves only as a „Low Budget Chain“. The confusion of ideas is massive, but price and facilities alone are also no longer an indicator. Today and in regard to facilities, design and lifestyle resonates from budget to luxury at every new hotel.

„With this, the mid-scale hotels have developed into hybrid products,“ concludes Georg Schlegel. „One must adapt to the respective (regional) market more strongly than the heavily standardised budget hotels. And in this case, adaptation means playing with lifestyle – indeed, in an absolutely cost-controlled manner.“ A contradiction?

Lifestyle reflect all

In the eyes of the developers, when deciding on the hotel brands between the extreme budget and luxury, lifestyle is an absolute – the tiny bit of emotion that is packed into a well-arranged price-performance ratio. More than ever before, no investor or operator engages in a budget or mid-scale hotel without the lifestyle aspect. This has grown into the mainstream.

The points for the expansion and market success place other criteria on this – the costs. Developer, Schlegel places the investment in a middle class hotel today at amounts from around 75,000 to 80,000 Euro per room, including F&B, a small bar and a meeting area (but, without the property). In the end, whether the rooms are then sold at 65, 85 or 110 Euro per night on average depends on other factors like the location or the respective market. However, the success of the mid-scale brands is



Lobby of the aloft Abu Dhabi: The size is bigger than planned for Starwood's mid-scale brand, the style is typical.

quite provable: On certain days, the new aloft Brussels sells rooms at higher rates than hotels in higher categories in the Brussels location – even within their own Starwood brand family. Berlin City, only 500 metres from the Kaiser Wilhelm Memorial Church and with this, is situated in a touristic as well as a business travel centre point, immediately achieved an occupancy of more than 80 percent.

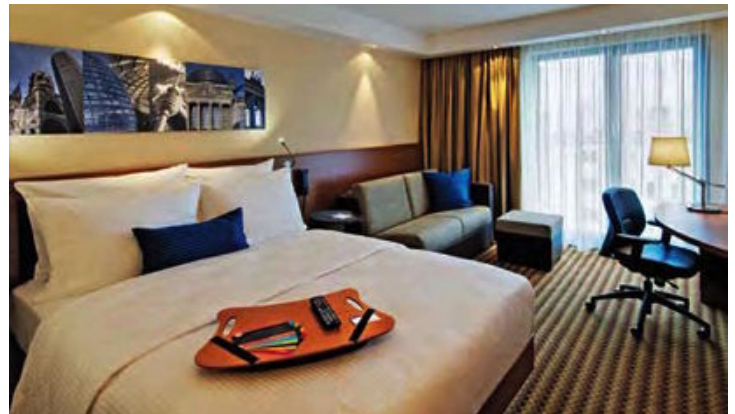
Location search challenge

What are the success factors of the mid-scale brands? „There are several challenges for hotel developments in this segment,” says Schlegel, „The first hurdle is often already positioned along with the first question: In which cities should one generally implement the first projects?” Because guest behaviour is no longer controllable, a new trend has crystallised: The operators themselves search the cities for the clientele.

And with this, large as well as small „Lifestyle” cities gain attention – from the metropolises of London, Paris, Amsterdam, Berlin and Rome to Barcelona, Edinburgh or Glasgow.

The next success factor would be the quick implementation of a greater number of hotels: From the prototype, 30 to 40 proper-

With a solid franchise product, Hilton's mid-scale brand Hampton Inn entered Germany and Berlin.



ties should be built as quickly as possible in a country or in a geographic region, Schlegel reckons. However, this is difficult to achieve, as all insiders know. The location search in a city is often a game of chance and then the operators themselves, in the instances of a lease operation, are lacking in a strong credit standing that is sufficient for the demands of banks and institutional investors.

Therefore, almost all mid-scale brands place emphasis on franchising. Franchise practises in the traditional sense, as in Great Britain or in the USA, are set on the „own & operate” model to reach maximum

profitability. Unfortunately, this type of franchisee is rarely found in Germany. Foreign investor groups who bring along the appropriate capital resources are increasingly jumping into this gap.

Ideal for Conversions and Mixed Use

If a location in a desirable city can be found, the normally high-priced plot of land presents the next hurdle. „It is often really difficult to find a solution for this,” says Schlegel. „Therefore at Starwood, we are inclined to integrate our mid-scale brands into mixed-use developments, directly into

neighbourhoods with flats, shopping malls and offices." For the investor, a hotel as a mixed-use component is an attractive admixture that also lends to an improved cost allocation and risk distribution.

„Alternatively, such hotels can be accommodated in the upper floors of buildings and rent the attractive ground floor space as retail space, which of course, brings a substantially higher yield," Schlegel continues further. Nevertheless, Europeans have a bigger problem with a narrow entrance and the lobby in upper floors than Americans. It depends very much on an attractive overall design and above all, how high the walk-in portion is.

Conversions are possible as another alternative (= conversion of an existing hotel) – in the Starwood jargon, called „adaptive re-use" (= conversion of an existing building into a hotel). Indeed: Schlegel will implement no conversions of an old hotel for aloft, but prefers empty, older office buildings. Of these, there are a few in good city locations. As a general rule after 20 or 25 years, the owner has written off the build-

ing so that the purchase price itself primarily qualifies. Generally speaking, the office partitions inside the building can be removed quickly.

However, there is a basic prerequisite: The building lengths and depths must be comfortably converted to the square measures of the mid-scale rooms. 14 to 16 metre deep buildings, for example, ideally lend themselves to the aloft rooms that measure only 5.70 metres in depth. „Adaptive re-use" has still another advantage not to be underestimated if a high rate of expansion is targeted: The building permit for the reutilisation is easier and quicker to secure because, last but not least, „time to market" plays a role in this segment.

Franchising, yes – financing, difficult

As already suggested, all chains are emphasising mid-scale products as franchise hotels – which gives a rather opportunistic character to the expansion. Individual operations only make sense from a certain size or the hotel companies already have their

focus on this hotel segment (as with Accor, for example). According to Schlegel, management contracts in principle, only turn out to be profitable with no less than approximately 200 rooms in very good locations; the overhead costs are simply too great in proportion to the profit to be expected. Franchisees operating these hotels can be substantially more cost-oriented.

There are exceptions, of course. In regard to financing, the developer remains sceptic: No one will be able to very quickly cut through the „Gordian knots" – the credit rating requirements of the banks and the generally restrictive granting of credit. So, strong investors as well as strong operators are sought out. Or the owner is even the operator whereby the expansion model would then arrive near to the Anglo-Saxon „owner-operator" model.

What future do many mid-scale brands have that are newly rolling toward the European market? Schlegel adds on: „This will have a similar development as with the low-cost airlines: Many will come, but only a few will remain." // Maria Puetz-Willems

Advertisement





Eleven of 27 hotels are currently owned by Mandarin Oriental, e.g. the property in Washington – shown here with its remarkable spa design.



MANDARIN ORIENTAL ON THE EXPANSION IN EUROPE AND BALANCING COSTS

Slowly but surely

Hong Kong/London. With one to two new hotel openings per year, the Asian company Mandarin Oriental Hotels is one of the world's more cautiously expanding hotel groups. The standards are high. However, the average room rates (ARR) seem to indicate that a consistent concept and precise, controlled planning is a recipe for success. The acquisition of the German Rafael Group in 2000 paved the way for the Asian company to expand into Europe. The result was obviously a relaxed relationship with Europe's higher costs so that the company now hopes to see the exceptional figures recorded in other destinations also in Paris, where a new hotel has recently been opened. Christoph Mares, Director of Operations for Europe, Middle East and Africa (EMEA) gave an interview to Maria Puetz-Willems on the status quo and the company's strategy.

Mr Mares, before we begin, could you tell us about the structure of the Mandarin Oriental today?

CHRISTOPH MARES: The Mandarin Oriental Hotel Group, which was founded in 1974 with what have grown into two legendary grand hotels in Hong Kong and Bangkok, is a subsidiary of Jardine Matheson Limited, headquartered in Hong Kong. Mandarin Oriental, quoted on the Singapore stock exchange, is majority owned by the parent company. The remaining shares are in free float. Eleven of the 27 hotels worldwide are owned outright, for exam-

ple, the hotels in Geneva and Washington DC. The remaining hotels are part-owned or are operated under management contracts. The Group is thus owner and operator at the same time. Mandarin Oriental also participates in hotel projects with a minimum of 20 percent equity.

For some of its hotels, the Mandarin Oriental New York for instance, the chain has acted as consultant at the project development stage. Under the aegis of CEO Eduard Ettedgui, Terry Stinson, Global Development Director and President of The Americas, and Richard Baker, Executive

Vice President and Operations Director of The Americas, developed concepts for the design, F&B areas and the spa.

This illustrates the fact that controlled growth is important to the Group and that each of the hotels in all regions must fit with the chain's overall concept.

At a discussion on „Asian Hotel Groups in Europe“ during the Expo Real 2011 in Munich, you said that your region – Europe, Middle East and Africa – is the focus of expansion from Asia. This sounds anti-cyclical. What are the reasons for this?

That's right – because we are opportunists. In principle though, our growth is very controlled. Everything must fit 100%, and so we grow at a rate of only one to two locations per year. We currently operate six hotels in Europe. In my region, EMEA, four more projects (Milan, Moscow, Abu Dhabi and Doha) are in the development phase. Negotiations are underway with regard to a further six projects and we should be in a position to make an announcement on these by the second quarter of 2012. Of the last six hotels, two will be in Europe. Mandarin Oriental wants to operate 40 to 50 hotels worldwide by 2015.

What criteria do you apply in the decision as where a new Mandarin Oriental should be located?

The first crucial point is whether the location has the capacity to generate the average room rates (ARR) that we require. We can't establish ourselves at less than 350 EUR – fortunately we come in above that value in all our hotels. In Munich, for instance, where we have a hotel managed by Lars Wagner, we achieve rates of 550 EUR and above. For this reason, the Mandarin

partners in order to reflect the spirit of the destination. In Barcelona, for instance, we worked with Patricia Urquiola and in Paris we worked with Sybille de Margerie. The new hotel in Milan will be designed by Antonio Citterio. We have also managed to win the best star chefs in the country for our new hotels in Europe: Carme Ruscalleda in Barcelona and Thierry Marx in Paris. In London, we now have two 3-star chefs – Daniel Boulud and Heston Blumenthal. Our Asian roots have a subtle influence on design, F&B and of course, in the spa.

What sort of durations do your contracts run over?

40 years for our management contracts, and so similar in duration to those of Four Seasons.

Which type of investor invests in Mandarin Oriental?

The classic sorts of investors are represented. These include institutional investors, funds and private investors all the way to wealthy families. The circle of investors really is very mixed. Of course we have many Asian investors, primarily families from India. In some

cases these are the second generation to invest in hotels.

And how do you manage, as an Asian Group, to keep the high costs in Europe in check and to improve efficiency?

In each location, as already mentioned, the attainable ARR and the room inventory plays an important role. One important factor is the ratio of suites to rooms. Mandarin Oriental in London has only 12 percent suites, whereas our competitors have 25 percent. We see great potential there and would like to increase this number. The same is true for Munich and Barcelona. Depending on the market, we also have to consider different room sizes. In Dubai, the rooms should be at least 45 to 50 sq.m. In Paris, our smallest room is 40 sq.m. We therefore offer the biggest 5-star rooms in the city and thus have a competitive advantage.

And how do you now balance the costs?

We don't conclude lease contracts which weigh on the balance sheet. We can balance variable costs well in Europe. Each department, that is F&O, F&B, spa etc. must itself run a profit as a standalone unit.

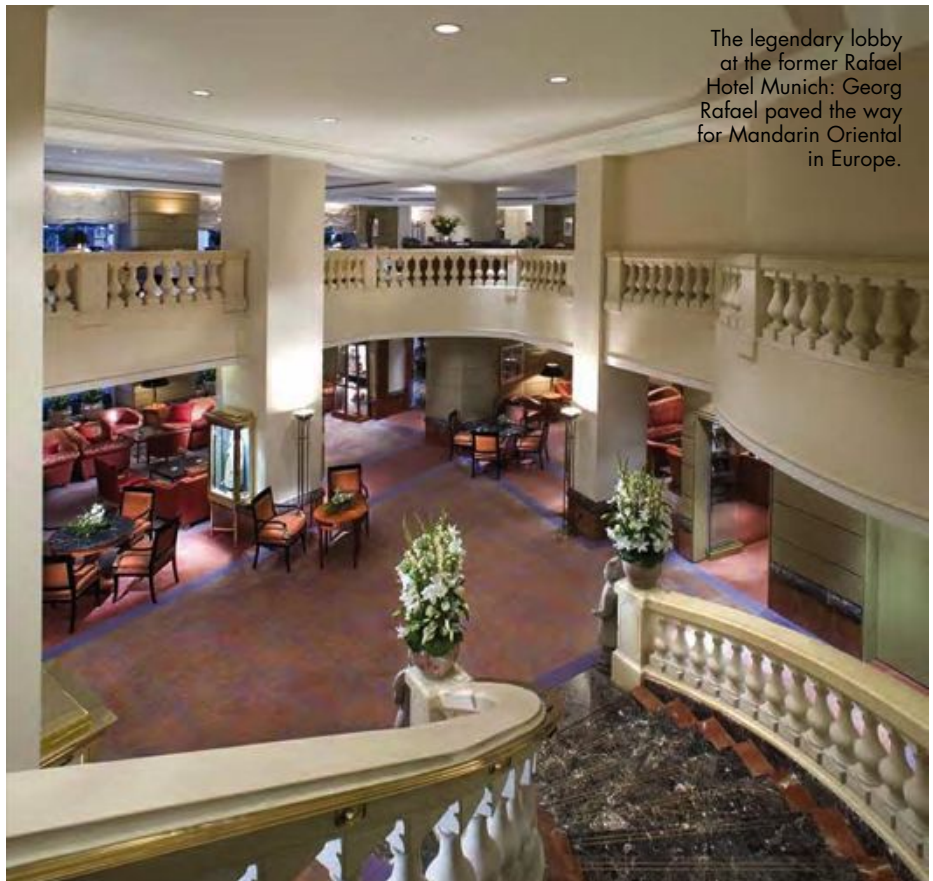
Christoph Mares.



Oriental chooses locations where high average room rates can be achieved. Cities such as Rome, Madrid and Zurich are on our expansion list, and a resort in Italy may also be an interesting prospect. A further criterion is the income structure of the respective destinations as well as their competitive situation.

How is a new Mandarin Oriental conceived?

It's important to create the right „sense of place“, that sets new standards in design, F&B and spa. With respect to architecture and interior design, we work with local



The legendary lobby at the former Rafael Hotel Munich: Georg Rafael paved the way for Mandarin Oriental in Europe.

In light of the high wage costs, it's important to get the number of employees right. For our hotels in Europe, we work on the basis of 2 to 2.5 employees per room. In Asia, this can be up to six – depending on the size of the F&B department or the spa. The Mandarin Oriental Hotel in Kuala Lumpur or Bangkok, for instance, are mega-complexes which require a lot of personnel – on the pier, on guest lifts, in the 10 restaurants, in the banquet area... We don't have such sheer sizes in our European hotels, and so we are able to offer very good service with only 2.5 employees per room. Each department must run a precise calculation and be constantly monitored.

Do you emphasize different services in Europe that you do in Asia?

Essentially no, the services and standards are the same everywhere. Depending on the outlets and circumstances, some of our hotels offer special services: In our San Francisco hotel, there is a „bath tub menu“, in the Mandarin Oriental Munich, the artwork presented in the large suites can be purchased by the guest, and our hotel in Prague offers special beer seminars. In addition, our European employees learn from our Asian ones and vice versa. Spa employees in Paris learnt the holistic spa approach from Asia, for instance, and combined this with their technical knowledge. That's quite simply a great achievement.

How much must you invest in training in Europe?

There is no difference across the countries here. In each of our hotels, we invest lots of time in training. There's an on-going training programme at all levels in each hotel, managed and implemented from specially

qualified Learning & Development Managers, who report directly to the General Manager and Executive Committee. Our career plans are essentially comprised of five building blocks and cover all staff levels. We encourage and help to grow young talent with the Mandarin Oriental's own MBA.

Do you pay your staff better than other luxury chains?

The wages we pay are in line with the top third of hotel operators, we are among the top 4 hotel chains. Anyone choosing to work for Mandarin Oriental joins a leading brand, and this is generally the beginning of a career and not just a job. We assume the costs of all transfers abroad and also provide funding for the MBA.

How high is employee turnover at Mandarin Oriental?

Across the group, it runs at between twelve and 15 percent, in Europe and the US it runs at between 20 and 25 percent. Many General Managers have been with us for over 20 years and they contribute very literally to the „culture exchange“ within the group. I would also like to add that we would also like to have more women at the very top of our hotels. Susanne Hatje, who began in the Mandarin Oriental Munich, then the Rafael Hotel and whose career then took her to Hawaii, Hong Kong and Boston, is one of only three female GMs. At a corporate level, women and men are very balanced, yet at the GM level we would like to see more women.

You are one of the few groups in which the GM is not transferred every two to three years. Why is that?

The Asians love both classical and lifestyle design: the „young“ Mandarin Oriental Landmark Hotel in Hong Kong.



The new Mandarin Oriental Paris: In Europe, the group controls costs in a different way.

That was never an explicit policy, but meanwhile we are indeed some way away from such rules. A GM lives the culture of Mandarin Oriental and the longer he does that, the better he is in his role. Accordingly, guest recognition increases as does guest service.

In 2000, Mandarin Oriental acquired the German Rafael Hotel Group and with it nine hotels. What has Mandarin Oriental learned from this Group?

These hotels were ideal for us – they fit well within our concept, both in terms of F&FE and service. Mandarin Oriental didn't have to make fundamental changes. The company met with very disciplined employee structures in these hotels and a staff that worked together in the hotel like a family. Mandarin Oriental had a very strong departmental way of thinking then and was astounded that – in a small hotel like that in Munich – a barkeeper willingly helped out at reception. Mandarin Oriental increased the number of staff in the individual hotels in order to be able to implement its higher service standards. Georg Rafeal was a great visionary and his products were always of very high quality. Even then, his design was for rooms of at least 35 sq.m. in size – today we are at 40 sq.m.

The renaming of the hotels from Rafael to Mandarin Oriental was a big challenge, but generally the hotels were very quickly integrated into our corporate culture – e.g. in Geneva, Munich and New York. We still have great GMs from this period. For Mandarin Oriental, it was the perfect move into the European market.

Many thanks for your time! //



WHICH IS WHY INTERNATIONAL BRANDS HAVE NO OPPORTUNITY WITH ALPINE RESORTS

The broad majority must adapt themselves

Vienna. International brands in the alpine region are still regarded as an exception. Perhaps it is due to the fact that the operators always only keep the top segment in their sights, supposes Martin Schaffer, Managing Director of the leading Austrian tourism consultants in Vienna, Kohl & Partner. In the following contribution, he analyses reasons and handicaps for international operators. The experienced adviser knows from his everyday life: It is not only in Austria that banks and investors require and desire operator solutions for resort hotels. But, are the operators also capable?



Hotel real estate with international brands is still the exception in the alpine region. Branded beds are particularly strongly represented in German cities and meanwhile, there are few international brands in the hotel resort industry in the Alps. There have been and still are few new entries in this segment in the German, Austrian and Swiss resort regions. As of late, the most prominent entry into this segment was the rebranding of the Kempinski Das Tirol in Jochberg at Kitzbuehel (previously operated by Vienna International). In addition, Inter-

Continental will come to Davos in 2013. National chains are to be found particularly in France and Switzerland.

Not only investors and banks, themselves, expect more branded and operator-driven hotel operations, the destinations also need lighthouse projects in the hotel industry: Brands are suited very well for this. Particularly in Austria, it has appeared that international brands have had difficulty with the operation of resorts over the past years. There is a long list of hotel real estate that has changed operators during this time.

The Steigenberger Hotels in Seefeld and Bad Waltersdorf, the InterContinental in Loipersdorf and even the national hotel operator, Vienna International, in Jochberg/Kitzbuehel are such examples – from truly „special hotel real estate“ like the InterContinental in Berchtesgaden or Schloss Velden there is nothing at all to be said.

The local focus is sought after

Where do the reasons for the non-success of many international operators lie? Why does it work in Miami, but not in Bad Aussee? At

the same time, it is necessary to proceed somewhat more differentiated and to look at the situation from the point of view of the guests, operators and lenders of capital. As before, many guests still wish to be accommodated on their vacation by a host or a host family – a rarity at a branded hotel. Beyond this, there is the „security“ that a brand provides in the distant foreign countries, but not necessarily in South Germany or Austria because approximately 80% of the guests are coming from their own country or the neighbouring countries. These destinations lack the international clientele entirely.

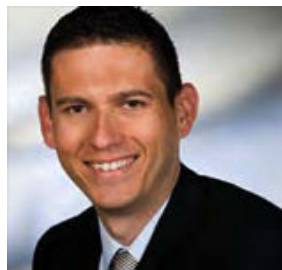
From the investor's point of view, the question is to be put forward as to whether the hotel operator, with their operational know-how, can generate as much revenue as the fees from the management and marketing costs from their own systems. Moreover, it is doubtful as to whether the same standards as those in the best business locations of the Frankfurt city centre can be implemented in the Woerthersee in Austria...

Because in comparison to city hotels, the resorts clearly achieve lower gross operating profits (GOP) and under no circumstances is it a self-evident fact that the resorts are generally able to afford a „branded“ operator. A GOP from 18 to 22% is no rarity in resort hotels – in the broader majority, it is even the rule. Therefore, the cost/use question that the real estate owner must pose to their self remains before they can or wish to afford an operator. Franchise contracts are even more difficult to realise because the franchisor would also like to earn their fees.

False conceptions

Over-optimistic business plans and false desires of operators and from investors, false investment fulfilment wishes are other fundamental reasons why many of the brand and operator-controlled projects are already being led by the second or third operator in a row. Only a few pieces of hotel real estate in the alpine region dispose of the necessary, realistically demonstrable size, two strong seasons (or year-round opening times) and the right location to be able to achieve sufficiently high absolute and proportional GOPs. Strong global sales offices orientated toward the corporate customer only bring in a small amount of the local and/or German-speaking markets.

It is clear that investors, developers and banks likewise demand operator-controlled



A very special real estate in the Alps: Inter-Continental Berchtesgaden, Germany.

Martin Schaffer.

and branded hotel real estate in the alpine region. The arguments enumerated so far should not mean that international brands cannot be successful on the regional level – successful examples demonstrate the contrary. The fact that international brands can dominate the business in the hotel resort industry is proven, for example, by the hotels in Mediterranean summer destinations.

The majority of players must adapt themselves

What do solutions for operator-controlled hotel real estate in the alpine region look like?

- International brands adapt their business model and adapt the hotel operation to the regional requirements. The operators must take care that the hotel property is not a foreign entity in the region.
- Independent of sales in the important new source markets and a sales focus on the corporate segment, the sales activities must concentrate on the strong source markets of Austria, Germany, Switzerland and Benelux and particularly on the leisure segment.
- Operators and investors must agree on fees that enable the service of the assigned (and further rising) company and

external capital utilised and through this, allow the operator to earn money through the hotel operation.

- Operators and investors must agree on investments that can also be justified. The ensuing implementation of brand standards and the requirement for oversized spaces can only be justified in a few cases.
- Today, family businesses that are long established and experienced in the distribution are able to establish structures that are also able to lead to a second, third or multiple operations. Moreover, they are also able to meet the required (bank) guarantees due to their high cash flows. However, whether these operator solutions are suitable to the long-term view of banks and investors remains to be seen.

- Synergies originate from an intensive consortium of several hotel operations in a location, the operator solutions come from nearby. Constellations of similar operators result from the bundling of purchasing, management, sales or also entertainment programmes.

In conclusion: The operating companies must adapt their models to offer operator solutions to the „broad majority“. Traditional operator solutions only work in the top segments of the hotel resort industry: Number of rooms, average price and occupancy must be in tune. It is not about the fact that no brand operators are welcome in the alpine region – on the contrary: It is only a matter of offering suitable solutions for the broad majority in operation and not always only for the highest ranks within the segment alone.“ //

and vegetables as well as images from the patisserie. However, only the working places can be seen and the hands of the cook, but not the entire kitchen.

„The cooks feel additionally motivated thanks to the live stream,“ says Stefanie Ahlers-Hestermann, Spokeswoman of Kameha. „Guests can see how their works of art are created this way.“ According to her, the guests themselves display interest in the new service. „Some observe what’s going on in the kitchen, but most of them hand back the iPad after a few minutes.“ Playful use of the iPads still prevails, but the high-tech presentation has no influence on the ordering of meals yet.

The Kameha Grand uses five iPads in its restaurant. On top of that, the hotel has been using the IT for the so-called „iFeedback“ since May: there are three iPad terminals in the brasserie’s lobby as well as at the business desk. Here, guests can enter any commentary on each hotel area or service within 30 seconds. They neither have to log themselves in, nor are they required to provide their identity. „In case of criticism, we can react quickly“, says Ahlers-Hestermann. BHM Media Solutions in Hamburg is the hotel’s partner for iFeedback.

„Rilano Angel“ featuring iPad

IT and interaction will definitely shape the Rilano 24/7 lifestyle brand belonging to still young Rilano Hotels in Germany. In December 2011, the first hotel of this kind was opened at Schillerstrasse in Munich near the central station. Guests are meant

to check-in via iPad in future, as the classic front office is no longer there. Instead, there will be a „Rilano Angel“ with an iPad in its hand. Even the registration form is provided electronically, „we only need to hand over the key card manually,“ explains Holger Behrens, Managing Director of Rilano.

„And there won’t be any check-out in the 24/7“, he continues. The rooms will not feature a mini-bar, instead there will be a „24/6 Corner“ providing snacks in the lobby. Phone calls will no longer be invoiced, and guests will be able to order PayTV via Apple iTunes in the rooms and pay directly with their credit card. This will eliminate having to stand in line for checking out.

IT primarily serves Holger Behrens to reduce unnerving processes or do away with them completely. The test with ten iPads in the restaurant of the Rilano Hotel in Munich’s Westend quarter did not meet with a lot of interest among the guests.

„Some guests use an iPad for reading the newspaper, others play around with them a bit – but the second time the magic is gone,“ he describes the guests’ reactions.

„Some even ignore it completely, as they sit at the computer the whole day, they say. Therefore, I don’t expect any sort of major hype through the use of interactive iPads,“ says the manager soberly summarizing his experience.

Web-based software for personal style

The Moevenpick hotel in Dubai bought its first iPads and pays a licence fee for the software, says GM Walther-Jones. Purchase costs were 400 euros per device, which roughly corresponds to the price in Germany. The hotel has no qualms about the nice toy being stolen by guests. Both Moevenpick and Rilano have equipped their devices with an RFID chip to make them easily identifiable. From their main workstation, for example, Rilano’s employees see the tables at which the iPads are currently being used. If a guest leaves the hotel’s WiFi zone, the device is

automatically locked. Those who steal a mobile device in the Moevenpick Dubai pay twice the purchase price.

Rilano Hotels work together with the young 2W Media multimedia service provider in Munich, just like the Rocco Forte Hotel The Charles in Munich. Both hotels have learned new ways of a more professional and personalized interaction with guests through 2W Media, namely in connection with web-based meeting requests. For more than one year, the conference and banquet department of the Rocco Forte hotel has been answering requests regarding meetings involving more than ten people by providing a link that leads to a PDF file that is personalized by the words „individual offer for Maria Puetz-Willems“, for example.

Each request with other links

Behind this is a special software, even though the PDF is embedded in the „look and feel“ of the existing hotel website – including working links to the website. These links can be changed based on the customer’s request, and the personalized answer can be extended by pictures, calling cards, videos showing the hotel etc. The benefit for the hotel: it is possible to trace the customer’s path minutely through areas and key words.

„The hotel chooses the content that is added to each answer,“ says GM Frank Heller explaining the details of the software. „It is a comfortable building-block system.“ Not only can he observe the click behaviour of each customer, but also check out productivity of his employees and create internal statistics. Holger Behrens is already busy developing the next step together with 2W Media: making conference rooms visible in 3D. And both hoteliers beam with joy: they have fun themselves creating the interaction to the guests.

Markus Wolf, Managing Director of 2W Media, has clearly noticed the trend towards personalization in the hotel industry: „The whole sector demands innovation and methods of easing the work load,“ he realized. However: many hoteliers are still very skeptical. But he can understand that: unwitting hoteliers are partly raked in by brazen IT service providers, and many programmes were simply too complicated to handle. For him, success means the subtly differentiated address of guests and fair dealings with all partners. // map



Guest comments online and sent directly from the lobby: The Kameha Grand is convinced of the „iFeedback“.



HOW HOTELS/HOTEL GROUPS CAN UTILISE THE INTERNET FOR BRAND STRENGTHENING

In dialogue online

Langenhagen/Hannover. The individual hotel brand remains in the mind longer than a discounted rate. Brand education is extremely important in times of rapid technological development within online distribution. When distribution professionals meet today, two catchwords dominate the communication: Online and Mobile. Which path should hotels pursue to assert themselves virtually? Carolin Brauer, Director of Quality Reservations, a specialist in global online distribution, provides tips in this guest contribution.

Online guest engagement, online voucher shops, online hotel testers, online reviews. In short: Everything is easily online for the guest – before, during and after their trip. However, there is yet another escalation in the increase of the online guest: The mobile online guest! They are the VIP guest of the future. Hotel chains are already ensnaring them today with their own apps.

Additionally included within hotel distribution are the social networks like Facebook and the blogger community who also participate as multipliers of the hotel experiences. These online channels ask the hotels to engage in the dialogue. It therefore applies: Utilising Social Media without a strategy or with artificially increased fan figures, e.g., inducing respiration through rate contests, brings no dialogue. And no lasting effect along with it.

What promotes the trust of the online guest? On the one hand, an authentic communication, the desire for travelling being mediated – without seeking to actively sell through this path. Indispensable: All that is advertised online must also function offline. If this is not the case, the good opinion can quickly turn into public reviling.

Social Media is a path to brand education that is no longer to be thought of as non-existent in modern communication. Nevertheless today, direct revenue cannot yet be measured. The same is valid, by the way,



Carolin Brauer.

for voucher portals through which a hotel indeed attains attention, but pays a high monetary price for it: On the one side, with reductions on the room price up to 70% and on the other side, these activities still primarily bring substantial image damage along with themselves.

High investment pressure

When it is about the actual online reservations, it is about a lot of money. This is invested

by all portals in on and offline advertisement and, as a rule, costs are in the two-digit millions per year. Those who do not take part give their place in the market a blow – they are out of the game, even with 40 year-old history. Commercial operations on the internet are faster, non-binding and the competition has become even greater.

For marketing of the portals this specifically means: They must occupy one of the first three places on the Google hit lists. „Out of sight, out of mind“ is the driving motto there – and this means: An end of the investments is not to be seen. Since they not only invest in the marketing, but also still in the technology. The online customer is demanding and expects innovation, quickness and availability of all applications, informative and linked content with comfortable and quick reservation possibilities.

Strong through diversified distribution

The hotels, so the product on the virtual shelves, will bear a portion of these total expenses, but they will rise. But without online distributors, almost no hotel or no hotel group will advance. And more importantly is that every hotel or chain decide on what relevance it has. Whether online or offline: The hotel industry is an industry that lives on contacts: Contacts with staff, guests, suppliers, service providers and colleagues.

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It is a matter of interchanging itself within this sphere, of drawing conclusions and of compiling individual strategies.

The possibilities today to develop a diversified distribution with a strengthening of one's own brand have never been greater. To preserve independence, hotels must split contingents strategically. Since aside from the online distribution there is, for example, the still conventionally transacted conference and group tour business, not to forget the partnerships with consortiums and companies that book online, although primarily through travel agencies and the seemingly traditional, quaint global distribution systems.

Hotels must strengthen the sales departments within their own property. Their own sales staff must also look after the people behind the systems, in the national as well as the local market. Moreover, reservation headquarters belong to the property. At first sight, this seems to be a relic of the past, but directly in the upscale market, these interfaces continue to be heavily visited.

The distribution channels are diverse. The opportunities tremendous. It holds true for the hotelier to maintain an overview and a cool head. One cannot be completely swept up by the online hype and need not be compelled to be present everywhere, but rather find the right approach for their own property with a healthy common sense. Not everything is that offered is right for every property. Distribution is a level that is as individual as the guests whom are sought to be acquired." //



SOCIAL MEDIA KOLUMNE

The next „big deal“ – Mobile Exclusive Rates

Today: The next „big deal“ – Mobile Exclusive Rates.

For hospitalityinside.com, the hotelier and CEO of prizeotel Management Group in Bremen, Marco Nussbaum comments on social media experiences and observations in the industry – always in a punchy way, up to date and close to real life.

First OTAs and then rating portals were the topics of conversation, now it is all about deals... The hotel industry has to adjust itself to new rate structures and distribution channels because of the internet and its vastness. But those who are now starting to think about deals in the internet are already lagging behind.

Because the current development in the USA is going to be the next „big deal“: „mobile exclusive rates“ are coming. Providers like hoteltonight.com and [priceline](http://priceline.com) with its iPhone Negotiator App are celebrating their first success with this software for mobile devices. This means: soon there will be special rates for hotel rooms if guests make bookings via mobile phones.

Actually, it is just a logical development: more and more people have smart phones and they not only use them for calling but more and more frequently for organising their appointments and everyday lives. Bus, train or airplane tickets can be booked and saved via smart phone and some hotel booking portals offer apps for smart phones. It is only a matter of time before the US trend comes over to Europe.

„Mobile exclusive“ rates have a clear advantage compared to „deals“: the users of smart phones are exclusive. These people earn well for the most part; they travel frequently and are not bargain hunters. Travellers who book hotels on short notice do not depend on deals, but might spontaneously get to know new hotels if the offers are exclusive and the rates special.

One of the apps, which was launched in Germany at the beginning of 2012, is JustBook (www.justbook.com). „Last minute was yesterday,“ was the slogan even before the software's launch. Now „very last minute“ is in. This new development forces hotel managers to think about their revenue management, distribution strategies and rate structures.

I think this is a great development and we have already talked to JustBook in the last few weeks, among others. And you?" //





CONSORTIA AND THE NEW COMPETITION: THE CHAIN BRANDS FOR INDIVIDUAL HOTELS



Poker around the private

Wiesbaden. The fight for the private hotels has broken out between the consortia and chains. The least among them belong to global brands and the most stand closely settled throughout Europe – exactly where the big chains are approaching their limits at the moment through their expansion on the basis of management or franchise contracts. With this, a large acquisition pool has arisen for the chains and at the same time, the inventors of the standardised brands are registering the wishes of many guests for more individuality – and to promptly create less standardised offers. These new brands carry names that no longer reveal a relationship to the „mother“. The result: Chains are rising to the competition of consortia. What do the classic consortia offer? The reactions of Accor, The Leading Hotels of the World and Worldhotels.

Peter Bletschacher, Senior Adviser from Füssen and former founder of the Hotel Consulting Company in Frankfurt, has his own outlook on the meaning of hotel brands: „I believe that in 20 years, there will be no more chains“, he says provocatively and explains: „The better hotels are often the private ones, the former strength of the chains resulted from its distribution systems before the Internet age. Today, many hotels can also keep up here without a chain connection. Moreover, the people have enough of the chains because they hardly differ among themselves.“

The statement sounds risqué, but a spark of truth might be in it. To achieve their ambitious expansion goals, chains are increasingly attempting to win over individual hoteliers with less standardised concepts. Along with this, the consortia have received a serious competitor.

Like consortia, the chains seek out the delectable little properties in the city centre locations of metropolises. Private hotels have often still remained there thanks to their location advantage. If one believes the expertise of the global player, Marriott, who was the first to come onto the market two

years ago with the Autograph Collection brand, these hoteliers are increasingly looking for distribution optimisation. „Many large, independent hoteliers with whom we have spoken to during the past years quite happily wanted to join with the strong reservation system of Marriott. But at the same time, they want to preserve their independence and uniqueness“, says Carlton Ervin, Chief Development Officer (CDO) for Marriott International in Europe. Marriott's Autograph Collection has attained the first five hotels through their joint venture with the Spanish AC Hotels.

Now in Italy, four Boscolo Hotels have been added in. In Rome last week, the Marriott Managers officially gave the European starting shot for the new concepts on which they have placed great hopes.

Mercure – „soft brand“ from Accor

Marriott's idea of the Autograph Collection as a franchise for private hoteliers is not new. For example, Accor has already worked in the middle range for many years through the Mercure brand with „softer“ franchise concepts than their Anglo-Saxon competitors. Also behind Mercure, there stands the familiar, individual hoteliers' destiny – the hoteliers who groan under the increasing distribution pressure.

From the total of 79 franchise hotels of Accor in Germany, 46 belong to the Mercure brand and with this, more than half. The other 34 are currently spread throughout the Ibis (17), allSeasons (6), Etap (2) and Formule 1 (8) brands. New to Mercure and added in recent times are the Hotel Château Berlin or the Kaiserhof Frankfurt, among others. „Our franchise partners are private hoteliers who have decided for the first time to direct their hotel under a brand, as well as hoteliers who were already a member with another brand or in another consortium“ explains Accor Germany Managing Director, Michael Muecke. In addition, the advantages that he presents for the franchisees of Mercure are widely identical to Marriott's. But as another advantage, he performs the regular control of the product quality and the operative accompaniment of the hotel.

In 2008, Accor introduced the MGallery brand as individual boutique hotels in the upper-scale segment and most likely soon, the new Autograph Collection plans will be close at hand. Nevertheless, the MGallery development is progressing only slowly. During the course of the Sofitel reorganisation in Germany, MGallery was given two

former hotels of this brand. „We will develop the brand“, explained Christian Giraud, General Manager Deve-



Rob Hornman, Worldhotels:
We take care of the rooms business.



Accor's MGallery brand targets at upscale boutique hotels. The brand expands slowly.

lopment with Accor Germany very confidently four weeks ago, but nevertheless started nothing concrete about the expansion tempo.

Leading Hotels – the biggest pool of independents

The Best Western brand, which has moulted during the last years from the consortium to the franchisor, has been successful in the area of protecting individuality and offering a strong distribution performance at the same time. However, in spite of the new – and old – competition from the large groups, classic consortia can also still announce growing memberships with The Leading Hotels of the World and Worldhotels. Design Hotels or the Romantik Hotels at the international level just as with Ringhotels at the national, German level. Contrary to the classic consortia, the distribution strength of the chains offers a great deal of support in the areas in which private hoteliers often have weak points, e.g., with quality control or staff qualification. Since 2009, 86 new members have been affiliated with The Leading Hotels of the World (LHW), but around 45 hotels have also separated for quality reasons. Today, about 430 hotels belong to the group and the expansion attempts concentrate on the new markets as well as upon the historically important Western Europe. And so, on the one side, modern concepts are among the new members like The Fasano in Sao Paulo, Le Gray in Beirut, Swatch Art Peace Ho-

tel in Shanghai, The Setai on 5th Avenue in New York or Robert de Niro's The Greenwich Hotel in TriBeCa, New York. But on the other side, there are also historical buildings such as the Hullet House in Hong Kong, the Rocco Forte Balmoral Hotel in Edinburgh or the RacZ Thermal Spa in Budapest.

Independent companies, small chains, returned former members as well as consortium changers romp about in the pool of new members. Some chains have brought back well-chosen landmark companies to LHW, e.g., Orient Express or One & Only Hotels. They are happy about it at the LHW headquarters in New York. They resolutely emphasise that the core target group for LHW still remains with the unique and independent hotels.

80 percent of all LHW hotels still fall under this heading. With Leading, one can be convinced of the fact that the customers can still make the distinction between chain and consortium very well. „The Leading Hotels of the World is a very well established brand with over 83 years of history dedicated to the promotion of independent luxury hotels. This is our field of expertise. Just as the chain brands are associated with the delivery of consistent and predictable experiences on a mass scale, the LHW brand is synonymous with unique individual luxury hotels, that are often family-owned for many generations, and offer highly personalized and authentic experiences in each of their destinations. We believe that current and

potential member hoteliers, as well as discerning luxury customers, are extremely savvy in today's day in age and understand that difference," says Claudia Roth, Vice President EMEA with LHW. Similarly, Marriott had also verbalised its goals for the Autograph Collection last week in Rome. Marriott also wants the family businesses with authenticity in the luxury segment. With this, the competition has begun, at least in regard to the philosophy.

„Leader's Club“ drives the rates

Geographically and numerically, the classic consortia are understandably better equipped than all of the chains that are now coming onto the market or are already in the market with their brands for individual hotels.



Michael Muecke, Accor: Positive experiences with Mercure.

In 2011, 54 percent of all Leading Hotels are still located in Europe. The member portion in North America gave way by about five percent, but in the countries of the Asia Pacific and the Caribbean and in each case, it rose by 1 percent. Now,

seven percent of the members are to be found in Central America and South America (in 2009: 5%).

A LHW main focus moulds the revenue increase through the treatment of market segments that independent hoteliers cannot reach alone, e.g., the MICE segment. The

customer programme „Leader's Club“ is very strong with Leading Hotels. This becomes apparent in the room prices: While the average rate for a room reservation with LHW currently lies at about 485 USD, the reservations by the „Leader's Club“ members in this June reached average rates from 612 USD, which corresponds to an increase of 114 USD compared with the year before. With this, Leading Hotels has already implemented what Marriott is promising to its new Autograph members: More revenue through the bonus programme, „Marriott Rewards“.

Also, the reservations with Leading are generally developing positively: In 2011, the global revenue lay at around 17.8 percent above that of the year before and from January to August, 2011; the EMEA registered a revenue increase of 21.8 percent compared with the comparison period of the year before.

Worldhotels: Support in profit planning

Likewise, Worldhotels has happily announced further growth. In 2010, the group took up 73 new hotels worldwide and in 2011, promises to become even more successful. Already after the first half of the year, 50 new hotels worldwide were added. Under it are properties in the new Eastern European destinations like Moscow. 12 properties of the Spanish Husa Group arrived in the Mediterranean area. But all together, the new entries are globally distributed. Robert Hornman, CEO of Worldhotels, sees the new competition by the chains calmly: „The fact that big groups like Marriott are developing softer brands can be taken as a complement to our business model, which has always stood for less standardization. We obviously have come

across brands like the Autograph Collection when we are selling our brands to potential hotels. Generally, what we see is that even though these are soft brands, there are still quite a few restrictions and standards the hotels need to follow. Also, their pricing



Claudia Roth, The Leading Hotels of the World: The consortium continues to grow and makes former members coming back.

models are not always offering the ROI the hotels are looking for. The upside of Worldhotels' branded solution is our impact on the total room revenue, as opposed to traditional Franchise brands, which only get involved in the distributed business. We get involved in the entire room revenue and are able

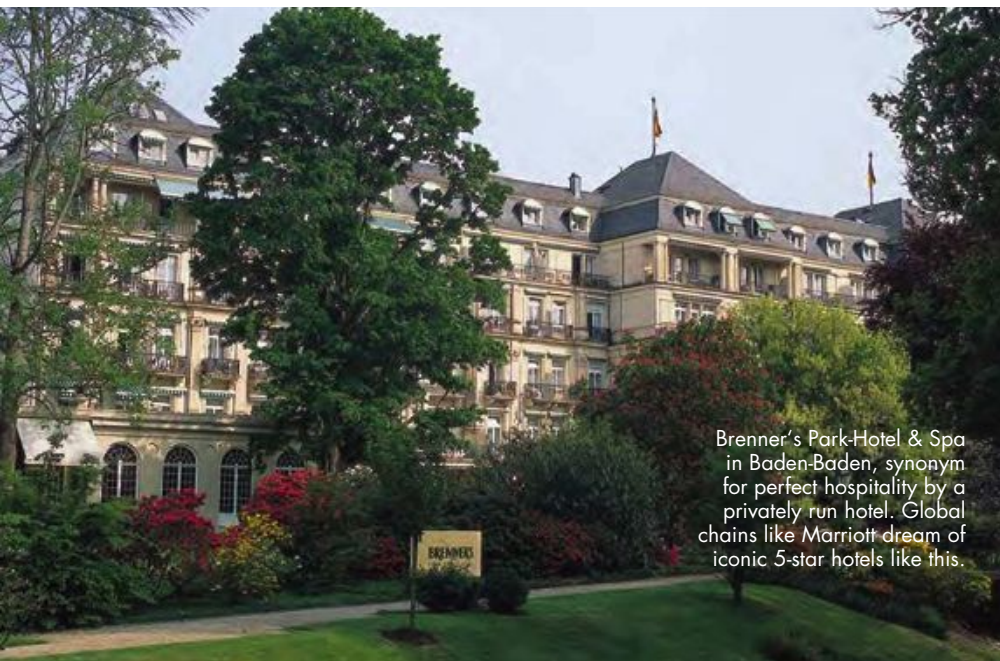
to support hotels in areas such as revenue management as well.“

Worldhotels also leads their current success back to the introduction of the new „Full Licence“ – of the brand model in September, 2010 that offers an alternative to the 4 and 5 Star hotels from the current franchise concepts. With this, they can carry the „Worldhotel“ name but still preserve their uniqueness. The newest „Full Licence“ property is the Worldhotel Grand Juna Wuxi in China which opened in October, 2011 and carries the Worldhotels brand in their hotel name such as in the facade and in different points of the hotel.

In 2010, the Worldhotels booking engine, Resmaster, generated 25 percent more overnight stays. However, reservations through the global reservation systems (GDS) and the website of the hotel group could also show (www.worldhotels.com) a clear increase with 20 and 11 percent, respectively. In the first quarter of this year, Worldhotels generated 20 percent more overnight stays in comparison to the year before.

The air has become thin in many markets; individual hoteliers are increasingly made to think more strongly about distribution channels. Whether „independent“ chain brand or members of a brand consortium: In the end, it is only their service and the price-performance ratio that counts.

// Susanne Stauss



Brenner's Park-Hotel & Spa in Baden-Baden, synonym for perfect hospitality by a privately run hotel. Global chains like Marriott dream of iconic 5-star hotels like this.



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