

A Luxury **DEAD?**

In some of our recent issues, we have highlighted "The Difference Between Running A Resort and City Centre Hotel", "The Definition of Luxury", "The Interview Process" and in our last edition, "Stress!"

The topic we have chosen for this our 25th anniversary Renard Report is entitled "Is Luxury Dead?"

I have requested some of the most senior and well-known hoteliers in the industry to comment and over 20,000 of your peers in over 100 countries will have a chance to compare your thoughts.

Darryl Hartley-Leonard, President of Hyatt Hotels, once said: "Could it be that the traditional profession of hotelier as we know it, as many of us were trained, is dead?"

"That so often we dwell too much on 'hautely' and 'corksneffing' when what we must do is justify our existence every day in a capital-driven world."

In our widely read **Renard Reports**, luxury in the '80s and '90s (25,000 copies were distributed worldwide), we defined "Luxury" as perception. We outlined 100 points of luxury which is reproduced in this Report. Included in this study was point No. 13 regarding washrooms, which we said must include 'no-fog mirrors and TV sets'. Do these things really matter?

These are the questions which I have asked our distinguished list of hoteliers from around the world to answer:

How would you reply to these questions? Your written replies are invited!

1 *In your opinion, are the travellers and the owners in the '90s concerned about luxury?*

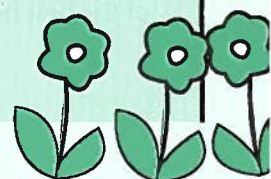
2 *Can we still operate hotels the way we did in the past? If not, what changes must we make?*

3 *If you were faced with managing an international luxury hotel group, what would be the most important thing you would tell your General Managers to do?*

4 *Is luxury ever an "Accident"?*

5 *Since you run one of the most well-respected world-class luxury hotels/company, what changes have you made to your hotel/or hotel company since the recession, to keep it profitable, streamlined and luxurious for the '90s?*

6 *What comments do you have to offer your peers on how the recession has affected our industry and what should we do about it?*



☆☆☆ 100 Points of LUXURY 1995 ☆☆☆

For over twenty years at Renard International, we have received a vast number of resumes from hoteliers who claimed to have worked in DELUXE, LUXURY, FIVE-STAR, WORLD CLASS, BEST HOTEL and so on. Can there really be that many world-class, deluxe hotels? Perhaps the problem in defining a WORLD-CLASS, DELUXE HOTEL is that there has never really been a truly acceptable definition of *luxury*. What really constitutes a world-class, deluxe hotel?

In the early eighties, we set out to define the word *luxury*, the over used definition of quality. Again we have tried to revise the basics of a luxury hotel in the '90s. How does your hotel rate?

Below is a checklist of the basic requirements of a luxury hotel in the 1990s.

Public Areas

Public areas are the only ones that many people get to see in a truly great hotel.

This is where the pictures are taken for the postcards. We always "meet under the clock," "in the lobby" or "by the fountain." The Mandarin Hong Kong has a Picasso in the main dining room, the Bristol Place in Toronto has one in the lobby. This isn't a must but it certainly wouldn't hurt.

1. Bars must be open as long as legally allowed and must serve as broad an assortment of beverages as law permits; soft drinks and juices should be offered with the same finesse as the most glamorous cocktail; both domestic and European wines, where permitted, should always be available.
2. Hot-and-cold food as well as beverage service must be offered 24 hours; local cuisine should be side by side with traditional continental cuisine in a choice of restaurants including cuisine prepared specially for special diets: salt free, cholesterol free, etc.; even your 24-hour room service must be a memorable dining experience. Your dining room and public areas should be equipped with portable telephones for the convenience of guests receiving important messages; no other telephones should be allowed in your best restaurant.
3. The lobby must have areas for quiet discussion and must not be overly commercialized.
4. An adequate number of passenger, freight and service elevators is mandatory.
5. Security guards, smoke detectors, sprinkler system, double door locks, total hotel p.a. system, bedroom peepholes, and regular rotation of door locks or computer-door entrance keys, and similar facilities are common now in all deluxe hotels.
6. A well-versed bilingual concierge who oversees luggage and valet service around the clock; a free shoe shine, newspapers as well as complimentary umbrellas when required.
7. Special needs rooms and facilities such as wheelchair stairways, washrooms, electric pool-entry seat, Braille chiming elevator signals, blinking telephones, must be available for the blind and guests with special needs. This is just a sample of the requirements mandatory for the handicapped in deluxe hotels.

Bedrooms

8. Bedside controls for the television and radio, bedroom curtains and lights, in house current movies, 24-hour international news station, complimentary local and international newspapers recommended; VCR in NTC, Pal, Secam as well as CD player must be easily available.
9. Rooms must be soundproofed, spacious and well appointed, with enclosed wardrobes, pant and skirt pressing units, and at least as much furniture as the guest would have in his own bedroom at home. Smoking and non-smoking rooms must be available.
10. Adjustable lighting must be available for everything from night reading to morning dressing.
11. Self-adjustable heating and air conditioning (something not available in many of the best hotels) is an absolute requirement.

Yes	Score No	Partially
4	0	2
5	0	3
3	0	1
4	0	3
4	0	2
4	0	3
3	0	1
3	0	1
5	0	3
3	0	1
5	0	2

LUXURY IS PERCEPTION! REALITY IS THE BASIC REQUIREMENT FOR A LUXURY HOTEL IN THE '90S AS OUTLINED IN OUR 100 POINTS OF LUXURY.

It is possible for your hotel to be the most luxurious in your area based on the parameters in our 100 Points of Luxury even if you only have 50 points; especially if your competitors have fewer points than you do

(Bedrooms Continued)

12. Direct-dial three-line personal fax machine/telephone with speakerphone connected to domestic and international links, with automatic do-not-disturb option, a message light on or near the phone, an extra telephone in the bathroom is now recommended.
13. The washrooms should be full-size containing hairdryers, no-fog mirrors, a shower, bathtub, heated towel racks and bidet; they must have extra-large towels, dressing robe, clothesline, a bathroom scale, soaps, shampoos and other basic toiletries and perhaps a TV.
14. On request housekeeping should immediately provide an iron as well as daily fresh fruit, flowers, snacks, liqueurs (if law allows) and ice.
15. For the guests who lose their luggage, housekeeping should quickly provide toothbrushes, hairbrushes, razors, aftershave lotion, neutral shoe polish and should meet any other reasonable request.
16. Women's suites, especially designed for the more frequent woman traveller, must be available.

Executive's Services

17. Guest-staff ratio must allow for the smooth provision of all these services; you may not be able to meet the 2:1 ratio of some hotels and still be cost-effective, but you should be close to the 1:1 ratio that is fairly standard in a superior hotel.
18. You must have butler service as required, prime ministerial or VIP suites with several bedrooms, as well as adequate special occasion suites, banquets and meeting rooms.
19. Guest lounges and quiet areas for business meetings must be available by reservation.
20. Secretarial, voice messaging, telex, telefax and photocopy service should be available 24 hours; a fully-equipped business showroom must also be available, in-room computers should be available on loan; teleconferencing and mobile phones. Some hotels offer translations of all in-room information, i.e. room service menus in Japanese and other languages for the international travellers.

Guest Services

21. The reception must be open 24-hours daily, have VIP pre-check and have records of all previous guest visits available. The account and credit service must be prompt and accurate. Guests must be able to view their accounts and checkout at all times in their rooms.
22. a) Laundry and valet services must be available at least 16 hours a day every day
b) Dog kennel, children's playground, games room and babysitting services are normal. A licensed nurse/doctor must be on duty 24 hours a day, in case of an emergency.
23. A pharmacy, bookstore, barber, beautician and stores selling gifts, entertainment and travel tickets—as well as other shops—must be in, or very near, the hotel.
24. A guest must have access to recreation facilities such as swimming pool, squash or tennis courts, sauna, gymnasium, massage service, spa, and possible golf or other seasonal sports, with professionally trained instructors available.
25. A hotel car or limousine must be available for all guests.

	Yes	Score No	Partially
	5	0	2
	5	0	2
	4	0	2
	4	0	2
	4	0	2
	5	0	3
	5	0	3
	4	0	1
	5	0	3
	5	0	3
	3	0	2
	3	0	1
	3	0	1
	3	0	2
	100 Points		

Total Possible
Your Total Hotel's

Is the Answer NO, Luxury is NOT Dead??



*Roger D. Smith
Vice-President
Sales &
Marketing
Copthorne Hotels
Surrey, England*

Guests who want luxury do not define it is

luxury. One man's luxury is another man's necessity. All products should be aimed at satisfying needs and some needs will always fall into what is generally categorized as luxury.

All Hotel companies' must be aware of what their guests want. The danger has been that we have concentrated on the peripherals and neglected the fundamentals — particularly in the area of guests services. We need to get back to the fundamentals using technology wherever possible but in such a way as to increase rather than diminish personal service.

To combat recession we've concentrated on two areas: firstly growing market share through increased emphasis on value for money — continuing to offer the same product at an increasingly competitive price; secondly, cutting back costs but in areas that do not impact the service we give to our guests. There is little new in this approach but the conditions of the past few years have concentrated the mind wonderfully in addressing these two issues!



*Reggie Shiu, C.I.A.
Managing Director
Accor, Thailand &
Cambodia
Bangkok,
Thailand*

"Luxury" is a mental perception. A state of

mind dictated by time, culture, location, society and is highly influenced by the media. It is an experience that exceeds the individual's expectations, personal and physical comfort levels. If the concept of "Luxury" exists in the mind of the individual and if it evolves continuously and changes in form and definition as time, culture, location, society and media dictates, it cannot be dead.

The perception of "Luxury" is a living and breathing word, ever changing as long as man exists on this planet.

Man's needs are insatiable. We instinctively aspire for better physical and mental comfort levels. These levels change continuously to commensurate with our economic well being, state of mind, location and exposure to the media and society that surrounds us.

As we tread the path from the late '90s into the 21st century, how do we respond to this dynamic and ever changing need of our guests for this experience call "Luxury"?

Since "Luxury" is a state of mind, a perception, we need to address and tackle this as a psychological marketing challenge. We will have to develop:

- Psycho-graphic segmentation
- Guests perception of Luxury
- Product & Services for the Future
- Our reliance on traditional

techniques and formulas for segmenting our hotels market segments no longer suffice. Hoteliers will need to develop a program to clearly identify the psycho-graphics of their respective client mix.

Unlike previous practice whereby products are designed on a broad scale to cater to the mass market, we need to dissect our markets into micro levels. Individualization is the buzz word that will bring us into the future. Data base use will take on a brand meaning. It will include specific market profiles and create an exchange and communication base between the guests and the hotel.

Hotel managers will learn data management techniques to gauge and anticipate the changing needs and trends of the perception of Luxury of our guests.

Psycho-graphic segmentation will be used as a tool to help hotelier identify their guest's perception of Luxury. Key needs and expectations are identified and future trends recognized and anticipated.

Successful marketing is the ability to be a market leader. It is not simply being the first in catering to the market's needs but also the ability to create market trends and new markets. An excellent example is the Sony with their Walkman product which created a new market and demand for a product that was previously unavailable.

Luxury is certainly not dead. If anything, it is the objective and lifeline in our pursuit for the ultimate success of our hotels and the industry in which we are all a part.



*Jacques Hamburger
Director General
Hotel Alfonso XIII
Sevilla, Spain*

1. In the '90s what is changing is not the public's "concern" or even a

certain perception of Luxury as an element of a new lifestyle but rather what criteria define Luxury — the whole notion of Luxury.

2. One can no more operate a hotel as one did in the past than one can run a business with yesterday's skills and ideas. We must re-assess our means and set ourselves realistic objective for the '90s.

3. If faced with managing an international luxury hotel group, the most important thing I would tell my General Managers is to: "Sell, Sell, Sell."

4. An accident is by definition something one has no control over: It is therefore inconceivable that Luxury, (which results from much effort to create conditions as close as possible to perfection), can just "happen" without outside intervention.

5. Traditional Luxury hotels nowadays are seldom as profitable as they were the past, yet most of these hotels, in my opinion, will survive although some of the "traditional" services provided in the past will gradually fade away.

6. My advice to my peers is get to know your customers, listen to their wishes and always be positive — Your staff will go along.



*Henry Ferstel
Former Managing Director
Marco Polo Hotels
Vienna, Austria*

1. In my opinion travellers and owners are, of course, concerned about Luxury, however, from quite opposite points of view. The traveller wants the Luxury for the lowest possible price and the owner wants the Luxury partly because of ego and partly because he thinks there is more money to be made in a 5-star than in a 2-star.

Is it the perception of Luxury we wish to offer? Perception is reality. If your question means, do we want to cheat the customers by saying we offer Luxury but don't really want to deliver, then we can do that for a time but not very long — or to repeat the old saying: "You can fool some of people some of the time, but not all the time."

2. I don't think we still operate hotels the way we did in the past. The challenge for a Manager today in managing an international Luxury hotel is to recognize personally the individual guest. The personal welcome, even if it is only a telephone call to the room instead of a handshake at the door, is more important than the fruit basket with a welcome card.

4. Luxury is never an accident and physical feature from marble to amenities are only part of it. It is the attitude of the people and the personal service that makes the difference.



*Reto Wittwer
President & C.E.O.
Ciga Hotels
Italy*

The word Luxury is defined as extravagance and opulence. Opulence relates to a product —not people — and I immediately think of hotels such as the Danielli or the Gritti in Venice, any one of Europe's Opera Houses or the Louvre in Paris, the Palais de Versailles or Buckingham Palace. This is authentic luxury and part of world's rich cultural heritage.

Secondly, we can address extravagance. Extravagance implies waste. Therefore is a car with electric windows extravagant when one can manually manipulate the windows? The answer is yes. Therefore luxury becomes a question of what people are prepared to pay and can afford to pay for added value and convenience. Luxury that is managed will always be affordable, but it must be managed.

We cannot operate hotels as we have in the past, just like any other business we must continue to evolve, with changes in society and technology. Hotels have been competing based on incorrect criteria and in their pursuit of business they have become extravagant.

Extravagance in hotels has been caused primarily by hotels who are trying to create substitutes for the real thing and by hotels who are convinced the customers can be fooled. For example, all newly opened hotels irrespective of their financial or market position, want fresh flowers in the lobby. Over time these were replaced with plants, plants over time were replaced with plastic or fake flowers. The question becomes, does the guest base his or her decision to stay at a particular hotel on the freshness of the flowers? The answer is no. The decision is based on the sum of all the elements.

Extravagance has also occurred in hotels that have not embraced new technologies or those who have failed to implement the resulting efficiencies of technology implementation.

The hotels that position themselves in the middle, and who try to be all things to all people, came up with the compromise solution. One chocolate on the bed. Is a guest going to remember a hotel because they placed a chocolate on the bed? A chocolate they couldn't eat anyway because they had already washed their teeth.

Extravagance exists in hotels that have no clear understanding of their market position. They are, stuck in the middle, between hotels that have the strength (human and financial) to position themselves in one of the three key strategic positions. They are, the strategy of product differentiation or the strategy of overall cost leadership or the strategy of focus.

Hotels or hotel companies that lack, market share, capital investment, the resolve to play the low cost game, the industry wide differentiation necessary to obviate the need for a low cost position, or the focus to create differentiation, are almost guaranteed low profitability. These are the one chocolate hotels.

The hotel company or hotel stuck in the middle, either loses the high volume customers who demand low prices or must use its profits to get business always from the low cost firms. These hotels also lose high margin business—the cream—to the luxury hotels who are focused on high margin customers or who have achieved differentiation overall.

The hotels stuck in the middle also probably suffer from a blurred corporate culture and a conflicting set of organizational arrangements and motivation system.

Strategically position the hotel, where it can best defend itself against or where it can influence, the competitive forces that drive the hotel industry. The elements that drive competition are the bargaining power of buyers, the bargaining power of suppliers, the threat of new entrants, the threat of substitute hotel products, and rivalry amongst existing hotels. The key for developing strategy is to look below the surface and analyze the sources of each of the competitive forces.

Luxury is a result of a clear long-term vision and commitment. Hotels that are built without cutting corners and who can overcome fluctuations in economic conditions over the long term business cycle, are those most likely to become Luxury Hotels. For example, Volkswagen will be Volkswagen no matter how you change its exterior or interior, and no matter how much you wish or try to convince others, that it's a Mercedes.

The changes that have occurred during the recession is that we must act like business people and remember the "Golden Rule" for hotel managers is to ensure that the owners' return is higher than the "free market" return approximated by the yield on long-term government securities adjusted upward by the risk of capital loss. Investor will not tolerate returns below this rate in the long run because of their alternative of investing in other industries.



*Kurt Ritter, President
SAS International Hotels
Brussels, Belgium*

An Industry in Need of Change: In the current economic climate with recession prevailing in many markets, the main concern of the travellers is getting "value for money". There is no longer room for any egocentric show-off. The familiar airport picture of the past, with first class travelers flashing their red boarding card in their breast pocket, is certainly gone. The very few remaining passengers who travel up front nowadays usually try to hide their card.

In the hotel industry, particularly in Europe, there is a trend toward "economy" accommodation. Companies have scaled back sharply on their travel expenses. Even management is now traveling economy class, and choosing less expensive hotels for accommodation.

Owners can no longer sit back and just watch as their prestigious property appreciates day by day. The bottom has fallen out of the real estate market. They want to see "healthy" money coming out of lean and efficient operations, and put more priority on the return on investments than prestige. New investors are rather putting their money into 3-4 star projects than luxury properties, and the biggest growth is now taking place in this category.

In this new environment we cannot operate hotels the way we did in the past. We have to adapt to the changing needs and demands of our customers, and to realize that "the good, old days" will never return. We need to pinpoint exactly what services efficiently and professionally. All other services will have to be modified or eliminated.

Overall, the change within Food & Beverage has been Dramatic over the last few years. Fine dining is "out", at least in Europe where customers prefer more relaxed, casual restaurants serving healthier, simpler, more exotic, and foremost, faster food.

Three years ago in SAS International Hotels began to take in external restaurant operators to run the outlets rather than do it ourselves. In two of our properties we are also testing a concept of outsourcing room service to McDonald's. (Obviously this only works when the fast food operator is in the immediate vicinity of the hotel.)

In order to adapt to the new realities, SAS International Hotels has implemented a stern action program in all hotels including the head office, aimed at reducing operating costs by 14 per cent. (290 million Swedish kronor) on an annual basis before the end of 1994. This program called "WIN" is designed to create a positive bottom line before the sale of assets.

Although we all have been hit by the recession, I believe that it has been good in one particular respect: the hotel industry, which holds traditions sacred and is not very open to changes, has suddenly realized that changes are necessary for its very survival.



*Helmut Gaisberger
General Manager
Le Meridien Singapore
Singapore*

Luxury is an evolving perception that is based on the society at any given time and people's expectations.

I think that it is fair to state that Luxury is not dead and travellers and owners, in the 90s are concerned about luxury. I don't think the search for "value for money" was any different 100 years ago, but I believe that hotel developers in many parts of the world in the past 20 years were aiming at developing luxury hotels more than developing 3-4 stars hotels because they believed that this is what the market wanted. This meant that we today have too many 5-star hotels compared to the market, and therefore many 5-star hotels are adapting to the market demand, by offering value for money rather than the luxury they originally aimed at providing. What has shifted is that while companies in the 60-70s agreed to having their executives travelling on business class, and allowed them more or less to decide which hotel they wanted to stay in while on business trips, then today, a worldwide recession had made it necessary to make budgets for corporate travel and for hotel stay. This does not mean that these travellers are no longer interested or looking for luxury but it means that luxury or the best value they can get for the money they or their company are willing to spend.

The traveller today has therefore generally been forced to be cost-conscious whenever he travels on behalf of a company or on his own account. Obviously, there is still a number of hotels around which offer luxury in its true sense and is charging accordingly, but for the broader 4-5 star market, it is today a matter of offering as much luxury which is affordable to the hotel, based on the price the guest is willing to pay.

This means that in many instances that the industry has shifted in a way that it is now competing much more on price or in public terms, value for money whereas in the past hotels were competing on luxury concept like tower concept, butler service, etc. I think however today it has proven that the Luxury market is very limited and even though that the tower concept and butler service still exists, it has proven not very successful in many of the chain hotels who tried it out.

As an operator, this change is reflected in a way that before, one was trying to achieve bottom-line figures by creating more luxury and more perks and additional services but today, one is achieving bottom-line by looking at the highest possible rate you can charge and thereafter, you have to trim your expenses accordingly to achieve your bottom-line.

When managing an international luxury hotel group, I think the most important thing is to establish who your market is, what price is your market willing to pay, and based on that, your objective is to give as much value as possible within bottom-line as per budget and expectations from the managing company.



*Michael Hirst
Former Chairman and Chief Executive
Hilton International
London, England*

Hoteliers who provide luxury must ensure that it is sharply focused.

Luxury lies in the eye of the beholder. For a traveller in the desert, it is a glass of water; for a business traveller, it is a computer terminal in his room. Luxury is not specific or finite it lies in our customers' perception of value. Therein lies the hotelier's problem. What one person recognizes as Luxury may be commonplace to someone else, and vice versa.

We recognize that there are certain aspects of a hotel which have a key bearing on our guests' perception of Luxury — good location; modern, high quality rooms and bathrooms; sophisticated restaurant and conference facilities and a private Club Room, large, spacious public areas; and, perhaps, a leisure club.

None of these features would be seriously disputed, but even here there is some argument. There are many Luxury hotels which are small and intimate rather than large and spacious; and even more which could certainly not be called modern. Luxury in a city centre hotel, where conference, restaurant and banqueting facilities may be all-important, is differently perceived in a resort hotel, where guests' activities may revolve around the swimming pool and leisure area. You can 'shop' without leaving your room in the Brussels Hilton and watch elephants at Hilton's safari lodges in Kenya — one, or the other, or both will represent Luxury to different guest markets.

So it is the focus of the business which becomes critical. First, the hotelier has to be certain who he is trying to satisfy. A clear understanding of the target market, and of its perception of Luxury, is crucial because, most assuredly, this varies according to the location and style of hotel and the price charged. The market certainly exists but the hotelier has to identify it carefully. Those who do not will fall into the trap of either offering too little Luxury, and thus fail to provide perceived value for money, or they will provide too much Luxury, and thus fail to price their product economically.

Second, the hotelier has to hear in mind that any element of Luxury — no matter how loosely it is interpreted — is expensive to provide. As a result, it has to be scrupulously costed so that the guests is readily able to recognize that it is being provided and, equally important, the hotelier is able to earn profit by offering it. The ultimate key to success in any hotel operation is not provide value for money and nowhere is this more important than in higher tariff hotels.

The unique element of Luxury which a hotel can offer lies more in the level and standard of service which it provides. This is generally far beyond the level to which the vast majority of hotel users can ever aspire. The sting in the tail, of course, is that a high level of service is almost as expensive to provide as high quality capital items, such as fittings and furnishings. The secret of successful hotel operation in the future lies in reconciling the high level of service which the hotel user expects and recognizes as real value, with the need to employ the minimum number of staff to provide that service. In tackling this challenge, hoteliers will have to take an increasingly imaginative approach to recruitment, training and job organization.

For the hotel industry, providing luxury is both an opportunity and a trap, and the dividing line is thin. The key to maximizing this opportunity is constantly to seek to provide total guest satisfaction and genuine value for money. Nothing less will do.



*Michael Matthews
Vice President, Asia
The Ritz-Carlton
Hotel Company
Hong Kong*

The answer to the question "Is Luxury dead?" is of course not — nor will it ever be, in our industry or any other. Luxury is not something that is most expensive, luxury is a perception, it is a perceived value.

My son is 17 years old — to him the greatest luxuries in the world are totally different to anyone reading this article, but they are still perceived as luxuries to him. A pair of Doc Martens on his feet, tremendous value but a luxury to a kid. The sides of his hair shaved to Marine Corps specifications is a luxury to him, perhaps not afforded by other parents. A pair of jeans with holes in the knees that places him with his peers and are considered by him as his most luxurious piece of clothing. Enough money to pig out at Taco Bell is as big a high to him as a guest enjoying a fine meal at a signature restaurant, To you or I none of those remotely resemble luxury, but to him they are nirvana.

No, luxury is not dead. In our industry the only thing that we fail to remember is what maybe luxury to a 17 year old is not luxury to a CEO of a Fortune 500 company. What has changed is the relationship to luxury and the dollars paid to benefit from the perception.

The day of the million dollar hotel room will not occur again in my lifetime, and the automatic labeling of a hotel as being luxurious because it costs a lot of money are gone. Now, luxury will be equated directly to the services received — that is what causes this perception to become reality.

Today the guest expects his basic needs of a clean, functional room to be automatic. What he doesn't expect is to receive a warm and genuine welcome, staff at all levels to anticipate and comply with his needs and then a fond goodbye. Each today, sadly, is rare. Deliver it and your guest

will have received his value for his money spent — he will perceive this as a luxury and your product as luxurious. **It doesn't matter if he is a 17-year-old kid in Doc Martens staying at a Motel 6 or a CEO at a Ritz-Carlton — the perception of luxury is directly related to the value received for the money paid.**



*James Carper
Editor in chief,
Hotels
Magazine
Illinois, USA*

The '90s business traveler still is concerned about Luxury in hotels, especially when the traveller is the chief executive officer of a business. After all, the CEO lives in a million-dollar house, works in a well-appointed office, flies first-class to business appointments, and dresses in custom-tailored suits.



*Colgate F. Holmes
Former Chairman & C.E.O.
The Biltmore Hotel Company
Chairman and President,
The Grand Wailea Resort, Hawaii*

Are travellers and owners in the '90s concerned about Luxury ?

Our industry over-used and abused the word "Luxury" in the 1980s, and we're similarly exhausting the world "value" in the 1990s. And yet, in my opinion, this is perfectly appropriate because both travellers and owners alike will continue to focus on value in one form or another throughout the decade.

Regardless of the level of Luxury desired, travellers will seek value in their lodging and transportation experiences. Hotel owners, however, will be interested in Luxury only to the degree that delivery of Luxury will improve the long term value of their assets as well as the current bottom line. Apart from asset appreciation, owners will also expect value to be delivered by management. They will find operators willing to share risk and willing to base fees on profit performance rather than revenues.

There will, of course, continue to be a market for Luxury. That market, however, will be smaller and more selective about the value for money spent. Companies will tend to pay first class airfares only when there is a special need for work or reset. Hotels and class of accommodation will more frequently be chosen based on the mission of the trip. Expect to see the evolution of corporate travellers. And expect an increasing trend in which individuals are willing to pay handsomely for a truly high quality Luxury resort experience, and then pragmatically select more modest quarters for business travel.

As we progress through the '90s, there's no doubt that the hotel industry will be very different. The only certainty is that, along with the work, it will still be fun.

This captain of industry is concerned about Luxury for himself. What has changed, I think, is that the middle managers (those who have survived) must make do with lesser accommodations. But I think that the CEOs desire for Luxury does not mean he is about to spend frivolously. He still requires high value for high rate.

So hoteliers better be concerned about the small charges — telephone access fees, health club fees, minibar costs. These ought to be included in the room rate. And they are at some hotels, especially on the executive, or club, level. These floors offer great value to the Luxury seeking executive. Here one typically finds free breakfast, free newspaper, free afternoon cocktails, and concierge services.

This is Luxury for the '90s.



*Manuel Quintas
General Manager
Hotel Palácio
Estoril, Portugal*

For an ever increasing number of travellers, traditional luxury has become the opposite to "necessity" in their more strict judgement of value.

Therefore, instinctive desire for luxury traditionally shown by well-educated, affluent travellers is gradually surrendering to a need of utilitarian justification for over-spending.

In fact, individual travellers tend to be more acute in the way of spending time and money, which makes free indulgence in costly pleasures more rare to see in this troubled world of ours.

This however does not mean modern travellers are less demanding only because they do not seem to be as attracted to traditional luxury as in the recent past.

The truth is they have now a different perception of "Luxury", or this is being insensibly replaced in the mind of many traditional luxury ardent seekers by a new concern of adequacy and convenience.

To them, convenient location, adequate facilities, modern comfort and effective service, at a reasonable cost, have become a desirable substitute for rich materials, fine ornaments, aristocratic accommodations and austere service that characterize many of the "grandes dames" of the hotel world.

No doubt, there still are and there always will be those that by birth, education or social status cannot be satisfied with less than genuine luxury, truly outstanding facilities, unsurpassing service in an atmosphere of history, culture or exuberant delight — and the real luxury of the years to come can be no less than this, or there will be no justification for its survival.



*Hermann Jenny
Managing Director
Forte Crest
Berkshire, England*

2. No. We must become more rational in the way we think of hotels, build hotels, manage hotels. We must question and test all previously held assumptions.

less show — more business

less ego — more business

Better value for money

Less kitchen — more good taste

3. The hotel is not an end in itself, but only a means toward making a return for the investor. Whatever you achieve is meaningless unless you do it while making a reasonable profit.

6. a. Unless we get our act together and generate higher returns for investors, this industry will have difficulties competing for funds.

b. Take a much tougher, rational approach when deciding on new hotels. The supply of hotel rooms has to be closer to demand.



*Erwin J. Rieck
President
Renaissance Hotels & Resorts
Frankfurt, Germany*

In order to address the question of how important is luxury to travellers in the 90s, I think we must first emphasize the fact that the concept of luxury has changed dramatically. Like any intangible quality, it means different things to different people. However, with all the changes which have taken place in our society, the concept of luxury also has changed. Luxury in the '90s, for example, will be linked closely with the incredible advances made in the area of technology and also to the services offered by hotels. An elegantly furnished guest room and seven-course meals no longer satisfy the "luxury" factor.

For the first time since the hotel industry's peak in 1989, more than half of all U.S. properties made a profit last year, according to a Coopers & Lybrand study. The interesting news is that while both limited-service and full-service properties showed a similar decline in losses in 1991, the study found that 71.5 percent of limited-service hotels are earning a profit compared to 42.9 percent of full-service properties.

A recent survey taken of well-traveled readers of a consumer travel newsletter when asked what were the top guest room amenities responded as follows in order of importance:

1. Comfortable bed/mattress

2. Solid soundproofing

3. Abundance of quality towels

4. Thorough housekeeping

5. Quiet, non-drafty air-conditioning

5. Quiet, non-drafty air-conditioning

We hoteliers must do a better job of listening to our guests and giving them what they want, not what we think they want. For instance, today's consumers are more health conscious—the food & beverage outlets we offer in our hotels reflect this, and even in our fine dining restaurants—the mood is decidedly more casual.

In the 90s you can replace the word luxury with "service" and "value".

A crucial change that must be made in our industry, and one in which there must be a commitment, is that of ceasing the level of discounting which is taking place. Due to the increased competition and an oversupply of inventory, we as an industry collectively, have discounted to the point of nearly bankrupting ourselves.

We must price our rooms fairly and adhere to that policy. The gimmicks/'smoke and mirrors' practices behind a lot of marketing campaigns should be alleviated.

The most important advice I would give general managers today is to hire excellent employees and manage them well. Employees are our most important resource and they are the difference between an excellent guest experience and merely an adequate one.

Luxury, or a well-run hotel operation is never an accident. It requires commitment on all levels to be the best. A talented management team, talented employees, a great deal of hard work and constant monitoring of the guest experience to ensure satisfaction.

We, as hotelier, need to seriously break out of the "discount" mode. There needs to be a commitment on everyone's part to price our lodging products fairly and adhere to that pricing policy. If we do not, everyone will continue to suffer.

And we need to make sure that our industry learned a valuable lesson regarding the over-building of hotel inventory. We built for all the wrong reasons—supply must keep pace with demand.

To summarize, Luxury is not dead—it's just been reincarnated.



*Roger Tabet
President
Accor Middle East & N. Africa
Paris, France*

1. I will segregate Luxury Hotels into two categories:

— Luxurious Hotels

— Perceived as Luxurious Hotels

*The Luxurious Hotels category covers a very

limited number of hotels in each country.

"The Perceived as Luxurious Hotels" are numerous and of a different standard. These hotels could easily lose their standards due to the reduction of Budget users. This category is mainly used by business customers whereas the Luxurious Hotels are tailored for "own-pocket Spenders".

2. Yes, we still can manage Luxurious Hotels as per the past, but for the present the trend is to find the way to a better perception of the product at a reduced cost hence Perceived as Luxurious Hotels would be more adequate for the today clientele.

3. Tangible changes for the guest rather than an operational procedure.

Objectives to be reached individually by each property according to its means and constraints

A setting and style specific to the brand which the client will recognize.

4. Luxury can never be an accident, on the contrary it is a careful set-up of taste, facilities and means which is combined in harmony which makes a Luxury Hotel, a hard and continuous research to meet the perception that the client has of the product and its expectations.

5. Find out through an extensive marketing survey the real need of our clientele to be able to respond to their demand keeping the best perception at an economical level for a profitable operation.

6. The recession must be taken as a positive factor, because it has obliged the managers to think differently and look for new Management Style other than the classical idea of a Hotel being just restaurant and a bedroom.

The Hotels have more to offer to the guests nowadays than just a bed, a shower and a dining room. It has become a Meeting Room hosting International Conventions and Conferences, a Ballroom for Weddings, Art and Fashion Shows, etc....provide total guest satisfaction and genuine value for money. Nothing less will do.



*James A. Smith
General Manager & Vice President
Hong Kong Hilton
Hong Kong*

1. I do feel that travellers, owners and general managers in certain first class and deluxe properties try to provide luxury particularly as this is linked to the price of the room. It comes in many different ways of course. The richness of the carpet, the bath tub with half your body immersed in the hot water and the other half in air conditioned air.

Luxury I believe is just an extension of having excellent comfort. There is a difference between rich wallpaper and a canvas-like material, etc. Fabrics and materials have changed considerably in the last 10 years, giving an interior designer much great scope and giving managers of hotels the possibility to provide luxury accommodation. What is common place to some people of course may be considered by others very differently.

2. I really believe that many hotels, particularly in the Far East due to the competition, the clients' demands and the clients' perception, plus the fact that many hoteliers have improved their own standards and continuously search to achieve this. An Asian luxury hotel need not change.

3. The first thing I would tell a General Manager today would be to assure that he himself has a very clear, concise, correct understanding of what he should provide that particular clientele and then he, through his department heads, has this message brought down to the rank and file.

4. I do not believe that luxury can ever be an accident and simply costs a great deal of money to provide. It must therefore be clearly thought out and eventually paid for.



*Herve Humler
Regional Vice President
The Ritz-Carlton Hotel Company
Atlanta, USA*

Today, luxury is still a rare, precious commodity, but it no longer glitters, is perfumed or white-gloved. Luxury is defined differently. At The Ritz-Carlton Hotel Company we believe time, value and consistency are the real luxuries of the '90s.

But translating these luxuries into hotel services and amenities is not easy. It requires input from customers and front-line employees. Our employees' daily experience with the guest is more valuable than the musings of a desk-bound manager. Regularly scheduled focus groups and surveys with target market guests reveal ways to deliver time, value and consistency to capture a traveler's loyalty.

Total Quality Management is The Ritz-Carlton Hotel Company's key to luxury in the '90s and into the next century. TQM allows us to constantly learn about and meet our guests' and employees' expectations. TQM offers the tools to provide the best product available, faster, with less waste and at a lower cost. For us, delivering uninterrupted luxury is a continuous quality process.

Guests demand consistency. They want to trust their hotel to provide for their needs. A clean, secure room is only the beginning. But what about special requests, personal preferences? Must a guest "start over" each time they enter your hotel? Can they count on your employees to care about and for them?

The Ritz-Carlton Hotel Company's "Gold Standards" include our motto, basics and three steps of service. Our second step — to anticipate and comply with guests' needs — is the founding principle behind our guest recognition program.

Quite simply, we keep track of guest preferences and make sure they're met, without being asked, during every visit. The program's payoff is tremendous — guests keep returning. At our San Francisco hotel nearly 40 percent of our daily arrivals are repeat guests.

Value is luxury's simplest component. Customers will pay what you charge if you meet their expressed and unexpressed needs. Not what you perceive their needs to be, but what they've told you they want.

Disappoint them and they'll go to your competitor.

Our industry must stop whining about the recession and crying about budgets. We must take responsibility for our employees' livelihood and our guests' well being. We must shake off our ego-driven definitions of luxury and implement management systems like TQM to build strong profitable businesses.

Don't misunderstand; we're not dismantling the chandeliers or removing the art collection at the 30 Ritz-Carlton Hotels worldwide. No one is turning in their top hats. We know they enhance our guests' senses and instill well-being. We just no longer mistake them for luxury.



*Mark Jones
Azima Limited
Kenya, Africa*

Luxury is certainly not dead as far as the quality traveller is concerned. Value for money as a principal must not be allowed to deter the efforts of hoteliers to maximize profits, but rather encourage us to create those profits through a truly quality-managed luxurious hotel operation.

Along with these expectations of efficiency and excellence is a trend towards a more personal and informal but no less respectful atmosphere in which to enjoy them. The reality is that whilst most of us enjoy putting on a tuxedo for that extra special occasion, the general mode of dress and style of home comforts has measurably change. As such it is dangerous to expect too much conformity to a past set of social customs, but at the same time it is essential to maintain the highest levels of respect and standards of personal behavior, from both employees and guests. It is perhaps this atmosphere of like minds but in often less formal settings that defines the atmosphere of all but a few totally traditional signature properties in today's luxury market. As far as the owners are concerned, unless they are owner operators, when a little self indulgent romance still flourishes, owners in general want return on investment.

Unless you are in a third world environment where you can maintain a 15% labor cost, luxury hotels at low occupancy can lose money fast. Under these conditions the investor/owner is only concerned about the cost of maintaining luxury ratios in a depressed market. The frequent reaction is to cut back to the point of a gradual downgrade. It is perhaps only the long term owner who has enjoyed periods of fat and lean and can see an acceptable long term average return, who will listen to the voice of luxury-orientated managers, amongst the cries of the accountants.

Luxury can never be an accident. It does not exist in some "raw" state, but has always to be created. It can of course be enhanced by superb settings and marvellous scenery, but it comes down to skill, sensitivity and an ability to take the journey detail by detail ahead of the guest. Luxury is so multi-faceted that it demands the skills of a conductor over an orchestra of specialists in order to achieve an experience that is difficult to define but easy to recognize. One of the effects of the recession has been to highlight the areas where outmoded, restrictive and non customer focused activities have led to decline. Union power in Europe in particular has brought once fine properties to the point of collapse, because management has very little power to make change or to be flexible in their approach to running the business. Management must be able to offer and expect efficiency and cooperation as well as flexibility in order to keep both standards and costs at the optimum levels. In many cases we must adapt or die!



*Paolo Biscioni
Executive Director
Hyde Park Hotel
London, England*

1. Owners are certainly still concerned about luxury, particularly in such a competitive market. Our golden rule is to delight the client, a goal which is achieved through a truly luxurious property in terms of both product and service, and I feel that travellers are still prepared to pay a premium for such attention. Of course, perceptions are paramount in this market.

2. It is essential to move with the times, becoming flexible and anticipating market change. Of course the levels of service and staff which, in turn, result in the level of luxury are governed by money coming in and an aggressive sales & marketing strategy to maintain current and develop future business is therefore absolutely necessary.

3. Listen to guests, listen to staff and react accordingly. Surround yourself with enthusiastic and determined employees and encourage communication.

4. Luxury is never "an accident", but is achieved through planning, strategic thinking and investment of time and resources, with commitment from owner, management and staff.

5. During times of recession, whilst it has been necessary to reduce staffing levels, a fine balance must be reached to ensure that standards do not suffer and that profitability is maintained. Additionally, increasing the resources available to the Sales & Marketing Department ensure that our market share is protected, if not increased.

6. Investment in personnel is imperative for they are the future of our industry. Despite hard times, training must not suffer and we must continue to develop the future stars of hospitality.



*Karl Buhr
Choice Hotels
Bangkok, Thailand*

My company is actually running mid-priced hotels and therefore in this age of recession our properties are doing reasonably better than

most luxury hotels as we are running higher occupancies and have much less overhead expenses because top management levels are less costly since they are not of highest calibre with top references and worldwide experience, as we employ almost totally local management staff.

Also certain services, amenities and others are reduced compared to luxury hotels, as our clients do not expect this for the price they pay. Therefore running our hotels is more cost effective.

If I am running a luxury hotel chain I would tell my managers: a) work as a team, b) learn from each other why one manager has more success filling his hotel, c) keep high standards by running effective training programmes which should include inter-hotel exchange, e) implement an effective maintenance program in order to keep standards to reduce repair-costs, f) boost the moral of staff to enhance better service and keep turnover of staff low.



*Andreas Mattmüller
General Manager
Le Meridien Phuket
Thailand*

1. Some owners invest in luxury hotels for the prestige and therefore may be concerned with providing real luxury. However, in a business environment which is increasingly "result driven" the incremental cost of achieving luxury status may not be offset by a corresponding increase in yield. While the supply of luxury hotels is increasing, the market is static or declining. Considering these trends, it appears that

concern about luxury is fading and some hotels provide the appearance of luxury rather than the substance.

The emphasis is now more results-oriented: return on investment. While in a continually changing business and social environment hotel Owners interests, objectives and expectations must be well understood and responded to by management. Creativity and innovative ideas in marketing and operation will often put one ahead of competitors.

3. If you were faced with managing an international luxury hotel group, what would be the most important thing you would tell your General Managers to do?

I would develop them to become "entrepreneurs" with the spirit of a hotelier and the perception of a business man. The business must be run as if it were their own.

"Entrepreneurs" who are all-rounders with great flexibility and a lot of business acumen will lead our industry into the future in these ways:

- Implement more aggressive, innovative and targeted marketing.
- Developed several new opportunities to increase revenues (e.g. new restaurant concepts, hotel drugstore with unique sales program, upselling training, yield management etc.)
- Maintained strong emphasis on staff recruitment, effective training programs, H.R. development and motivation
- Reviewed and increased staff productivity without compromising service quality
- Strived for creativity in Food and Beverage, guest services, entertainment and innovative theme parties.

6. Hoteliers in the same city or location should communicate more in order to identify projects and realize solutions to problems which are of common interest and undercutting of room rates should be prevented, if standards are to be maintained.



*Max Dahinden
Vice President &
General Manager
Hotel Oro Verde
Quito, Ecuador*

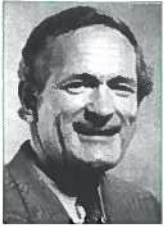
1. For me luxury is a lifestyle. For me the luxury is a global expression, again divided in different categories of luxury. I am sure that for our Guests the hotel Oro Verde is the top luxury hotel in Ecuador, for the Guest of the Ritz in Paris our Hotel would not be considered luxury.

There will be always travellers and owners concerned with luxury and it will represent always an important segment in the Tourist Industry.

2. Hotel can be more operated as in the past and have to be adapted. Very few new hotels will be built today with the luxury features hotels have been built 100 years ago. But travellers of today also have a different perception of luxury. The luxury of today is service and serve our clients and no golden chandeliers and chinese carpets. For many clients today's luxury is, fax, computer, meeting space, cellular phones, security, the most reliable and best communications, the limousine service and not gold marble and silk, even hotels with gold, marble and silk had to adapt to the new world of business.

3. The most important message to my general managers would be to give our clients the best personal attention to make them feel at home in our hotels — home I define with well being, security, reliability, service and feeling welcome and at home.

5. Luxury in Ecuador is different to the luxury in Paris. We have not downgraded or changed in view of the world recession. At the contrary we feel that a better service and attention, a personal touch is now more necessary as ever to compete. The clients are for sure more cost conscious but wish and expect the same attention, service and luxury as before, even paying lower rates. Our changes are directed to saving in energy, amenities and expenses in general.



*Leon Manning, Chairman
Sr Vice President
Atlitic
Hotels & Resorts
Etobicoke, Canada*

From the perspective of the traveller in the 90s, luxury may be desirable, however the concern will be focused on value first, with the most successful hotels being those who manage to create the best value perception in their market.

This ability to create a high level of value perception is what will be critical to owners of hotels as well, as rate compression will continue to squeeze our industry at the high and low end of the pricing spectrum, making it more important than ever to optimize the relationship of occupancy and average room rate to achieve maximum profitability.

As well, in the 90s luxury, and the perception of it, will not likely be as obvious as the trappings of the conspicuous

consumption 80s, during which more, or bigger, or more high-tech were the way to gain jugular benefits over your competition in the "amenity war" era. Now "high-touch", meaning true personalized service, is going to carry much more weight with those seeking a luxury hospitality experience. Fortunately, this return to the basic with emphasis on hospitality in our industry is extremely appropriate to the times from an ownership perspective as well, in that we simply cannot afford to continue the spiral of adding benefits to our product that bear no tangible return.

All of these challenges serve to change the complexion of the industry dramatically from what it once was, however also serve to increase the opportunities for those who choose to embrace the challenge and grow with the changing dynamics to achieve success in the 90s and beyond.



*Arthur Lopez
Director of
Development and
Operations —
Hotel & Leisure
Ekran Berhad
Kuala Lumpur,
Malaysia*

Luxury is not dead. People want and dream about it. Paying for it, however, is another question!

In my last assignment at Sheraton Towers Southgate-Melbourne, our product was brimming with "luxury", from the butler's round-the-clock service to superior amenities to individual service to impeccable finishing to distinctive menus! The challenge that faced us is to sell luxury not only to those who can afford this but to those who have only dreamed about it! Australia's economy was getting a beating and people have become very protective, guarded and frugal with their money. We therefore had to "change" the pre-conceived image of our hotel and develop a concept that could turn the thinking of a broader base of consumers/client around! We wanted the patronage of

not only the CEOs, MDs, Presidents and GMs but also the senior assistants, the junior executives, the administrative and office personnel. I believe we were successful because our room rates and our food & beverage prices were marked just under the leading hotels of Melbourne at that time. We made it easy for our clients to find the "value for money" in our outlets and our services. We marketed the hotel as a warm, stately, Victorian home where luxury was inherent and not an add-on.

What we lost in mark-up profit, we gained back through less overheads. We had fewer well-trained and highly motivated staff and involved supervisors. Perks and incentives were built into the contracts.

It was a delicate task that required careful and cautious strategies but to have been able to get the concept accepted by a big market is proof that one can sell luxury. One only has to educate the community that it is a service that is available to everyone and not to a privileged few.



*T.I.G. Barrasford, F.H.C.I.M.A., M.I.
Managing Director
Serena Tourism Promotion Services, S.A.
Geneva, Switzerland*

In my opinion there will continue to be a hard core of international travellers who will pursue a luxury, up-scale, product which offers appropriate levels of value for money allied to environmental sensitivity, security and prestige. In this regard, owners and operators who are sensitive to the demands of this market and who are able to fulfill, or better still, go beyond the expectations of this segment, will continue to operate successfully. It is now high time that the Industry needs to change its traditional approach whereby, historically, all too often "product" has first been created which requires thereafter a market to be found to whom we should sell to. We have to first become more aware of what are the requirements of particular market segments in order to determine operating standards and physical entities that need to be created.

There are a number of issues which General Managers of luxury hotels must face as we move towards the end of the millennium and which represent significant changes in an industry saddled with tradition, some of these are:

- The key to success of any luxury establishment is an employee-base which is able to anticipate client requirements. The facilitation of such anticipatory skills by employees requires an enabling environment to be created within the hotel, which environment/structure is the responsibility of the General Manager to create.
- General Managers, in the luxury market, must honestly appraise whether their destination and/or their hotel is still capable of providing the top end of the market with all of the critical features that such a market demands. All too often,

hotels/destinations which have in the past enjoyed a luxury clientele wake up far too late to the fact that this clientele has moved on, very often as a result of the dilapidation of the destination and its environment.

- Finally, General Managers must also be business managers and should guide owners and investors that rehabilitation programmes, or new acquisitions are properly founded on sound feasibility studies which studies should, in turn, be market led and not product led.

Whilst one is tempted to answer that luxury can never be an "accident" I can think of one or two specific examples, around the world, where quirky establishments (which in strict terms could be regarded as being somewhat dilapidated or seedy) have managed to attract a particular niche in the luxury market. My personal feeling is that objective appraisal of the destination, its infrastructure and well timed market research can avoid both the positive and negative "accidents".

The industry must look to the future and be aware of innovations. For example, how long can hoteliers continue to ignore the revolution that is taking place in the tele-communications' industry? We must identify what is it the client wants and what is the client prepared to pay. This also applies to other areas such as guest laundry, charges for business centres, provision of in-room entertainment etc.

The industry must also recognize the ever accelerating pace of change with regard to the health-consciousness of our customers and how this impacts cooking styles, menus, and pollution-free environments.

Finally, and perhaps most importantly, the industry must begin to take a lead role in being at the fore front of environmental sensitivity in order to protect its existing market segments and promote growth in new segments.



*Atef Mankarios
President
Rosewood Hotels & Resorts, Inc.
Texas, USA*

1. I believe that travellers are most assuredly concerned about luxury, Our guests are people whose time is at a premium. Luxury, for them, is a hotel that helps them make the most of their time by providing efficient, high quality, personalized services and amenities with a minimum of fuss. Savvy travellers know that this kind of personalized service is what they find at the best luxury hotels — and that this kind of “luxury” can ensure a successful trip. That’s worth a whole lot more to them than gourmet chocolates on a pillow.

In regard to the “perception of luxury”, let’s give our clientele the credit they deserve for being discerning and sophisticated. In the 90s, we all have to be smarter about how we spend our money; in these recessionary times, no one will buy “perception”.

3. I am faced with this challenge daily and I tell my managers to be visible, be available, be responsive, be discerning. I always say that you can’t play the piano unless your fingers are on the keys. When I am hiring a general manager, I want someone who can barely sit still through the interview. I want someone who is uncomfortable sitting behind a desk and who feels the need to

be in constant touch with all aspects of the operation. At the same time, the general manager must be, above all, the consummate host. If we are to deliver a true luxury experience, then each guest must feel like an honored guest in a private home.

4. Is inconsistency an accident? Is precision an accident? Is commitment an accident? None of these elements critical to luxury exists without vigilant dedication by the staff and management of a hotel.

5. We have also found that by providing even higher levels of service than ever before, we can charge accordingly. It all comes down to price versus value and if the customer experiences good value, they’ll gladly pay for that level of service. For example, at the Lanesborough we offer personal butler service for all of our guests. We’ve experienced great success with this concept because guests find they can access all of the services of the hotel through one individual who is committed to fulfilling all their requirements. Guests find they can accomplish more with less effort and that is extremely valuable to them.

6. Obviously, we all hope for better times to come. But even when we pull out of the recession, the key to success in our industry will continue to be our ability to listen and respond to what our guests really need. Only by tailoring our product to the needs and wants of our customers will we survive the recession and experience continued success beyond.



*John Roozmond
Vice President & General Manager
The Pan Pacific Hotel
Kuala Lumpur, Malaysia*

While my colleagues may revert to opining their contributions on whether luxury is dead or not, we instead went back to the customer and addressed his/her new wants and perceptions to live by. Unfairly, there is no sound conclusion but more an indicative type of analysis that is set to challenge our industry’s luxury end of the market. As a result I think that segment will be thinning itself or at least becoming more focussed. It would not die on us suddenly.

The new consumer is definitely more price sensitive and willing to make a value for money judgement on foregoing the luxury end of the market in favour of more reasonably priced and sometimes more practical accommodation.

The new consumer is also better educated, more widely travelled and very used to staying in hotels. He therefore, constantly compares service, facilities and value for money of hotels all over the world. His expectations are therefore being raised and better, more consistent performance from hotels is demanded.

Due to these increased expectations he expects highly trained, motivated, friendly and efficient staff wherever he goes. More hurried and looking for shorter holidays (average 4.8 days) but more frequently throughout the year inclusive of travelling time.

He expects the best price to be delivered on the first quotation. He will not spend time and effort giving hotels an opportunity to reevaluate their pricing. He remains to be disdainful of price manipulation.

He comes from every level of society.

The new consumer is less prepared to pay for extras such as continental breakfast, local calls, daily newspaper, CNN/Star TV, external views, incoming fax charges, visibly excessive IDD charges, airport transfer, extended check out time and double occupancy. He would prefer to see some or all of the above inclusive with the room tariff.

A safe and secure environment both inside and outside the hotel with modern detection systems is also expected.

Complimentary tea/coffee making facilities in the room is taken for granted.

At the same time, he is more conscious of all aspects of health and environment in choosing destination, hotel and especially the way it is presented and cared for.

He chooses properties where maximum benefits from frequent flyer programs are earned.

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The Renard Report is published by Renard International Hospitality Consultants Ltd.,
85 Richmond St. W., Suite 701, Toronto, Ontario, Canada M5H 2C9
Telephone (416) 364-8325
Fax 416-364-4924. Copyright 1995
Publisher & Editor: Stephen J. Renard
Managing Editor: Sarah Rashid