



An Interview with Juergen Bartels

The closest thing to a one-man brand in the hotel industry, Juergen Bartels has spent 40 dynamic years in the business. Here he talks about his marketing philosophy and how it is being applied to his new international venture, Le Meridien Hotels and Resorts.

BY HARVEY CHIPKIN

Through a succession of high-level hotel jobs he has attained a colorful reputation in an industry run by more subdued personalities. His media lunches are legend for his self-deprecating humor, numerous slides of hotels, and distribution of roses to women in the audience.

He has been an innovator, being among the first in the industry to segment. He has been creative, with several breakthrough ad campaigns. And he has been successful — growing several brands from small companies to large, global players.

Several years ago, Bartels, partly with his own money, joined with Nomura International, a Japanese company, to purchase Le Meridien Hotels & Resorts. The company has over 140 luxury and upscale hotels in 55 countries.

In a two-hour interview at his home in Greenwich, Connecticut, Bartels was typically animated — repeatedly jumping up from his seat in excitement or to demonstrate a point. After 40 years in the business, he has not lost his enthusiasm.

MR: When did you start in the hotel business?

BARTELS: My uncle ran a five-star hotel in Germany and thought I would be his successor. He sent me off to hotel school to learn English and French and in the process I saw another facet of what the industry could be like. My first job was with Ramada and I eventually ended up president of Ramada International Worldwide; I started the Renaissance brand then (now owned by Marriott).

MR: When did you realize the importance of marketing?

BARTELS: In my younger years I was an accountant, but I trained in every aspect of the industry for seven years. Through my accounting background, I discovered early that you couldn't save yourself into perpetual success; you have to sell more. > > > > > > > > > > >

Of course, if I didn't have my accounting background, I might not realize that marketing alone doesn't do it either. For instance, right after September 11, my first step was to cut costs and save 27 million pounds.

MR: How has marketing evolved over the course of your career?

BARTELS: The most important invention in our industry came in 1981 when American Airlines was the first to launch the loyalty program. They were first and the whole world copied. Amazingly, they're still number one in loyalty programs because the consumer has stayed with them. It's amazing how they preserved their early advantage.

MR: You have always been a supporter of travel agents — a position many hoteliers are now ready to abandon. Why are you sticking with that sector?

BARTELS: I'm used to being a contrarian. Also, when I see that there are 750,000 travel agents around the world, I realize that for all the ones that go bankrupt their power will accrue to the remaining agents.

MR: But what about the growing number of Internet bookings?

BARTELS: We are only in the beginning of that. My customer is the one who flies in first or business class and who may spend \$10,000 on an airline ticket to Europe; is he going to fish around on the Internet for a hotel room or airline ticket? He goes to an agent who gets him the best deal and then he has someone other than himself, who is responsible for the trip.

MR: Explain Le Guestbook, your agent program.

BARTELS: My offer is this. Instead of only a 10 percent commission to the agency, I also give an additional 2 percent in cash to the individual agent — with the permission of the agency owner of course. I made a deal with Citibank that with the first sale of a Meridien room the agent gets a debit card with a credit. From then on the 2 percent is added to that card and the agent can look up his or her credits on the Internet at any time. I presented this plan at the ASTA Congress

last fall and got interrupted with applause three times. I want to be a friend of all people who want to help me.

MR: But what if Internet bookings eventually dominate and agent sales decline?

BARTELS: (Jumping up from seat and gesturing excitedly) Even if the plan works for ten years, it will be worth it. I'm an accountant and I have my own money involved here too. I went on a crusade and went around the world to speak to the owners of our hotels. I have to prove my thoughts are the proper thoughts at this time. People say travel agents have less power; their business is going elsewhere. No business in the world has 750,000 powerless people.

MR: Aside from the agent program, what are your other marketing plans?

BARTELS: Renovation marketing. Training marketing. Design marketing. As far as renovation, I have authority from our banks to spend \$550 million on renovation and I am working on our owners to spend an additional \$750 million.

Training is also marketing and I have put a half-percent more in our budget for training. Let me show you how this works. Let me play a maitre' d' for a second. (He goes into a maitre' d' pose, pretending to greet a lone diner. He affects a snooty, stereotypically European attitude and shows the diner to a tiny table near the kitchen.)

Treating a guest this way is unacceptable. I want that maitre' d' to see that guest as the only client in the world at that moment. I want him to tell the guest that he will have the chef cook something special for him. I will have a logo on all employee badges that says, "Oui, avec plaisir." I will hire people who smile and will change the culture.

I have designed an acrylic wristband for servers. If it's admired, the server will give it to the guest to start a dialogue. I hired a person from the Savoy Hotels strictly to be a leader for our new service ethics and cool service.

Finally, design is marketing. We are historically a French hotel company and we have had a tiny piece of Hermes soap in our bathrooms. I had Hermes design a

100-gram piece of soap that costs about \$15 in Harrods. We will not throw that soap away every night. But most of our customers are taking the soap home and I want them to.

We ordered our uniforms from Paris to reflect on our quality.

I consider all of these things marketing. We even installed \$3,000 power showerheads in our Art + Tech rooms — and I even consider that marketing.

MR: Did you ever make a marketing mistake?

BARTELS: I was the first to segment a hotel brand when I created Ramada Renaissance as an upscale spinoff of Ramada. However, we found that while it helped the perception of Ramada, a budget hotel, it hindered the upmarket group. Segmenting was a good idea but we learned that you could not apply a brand name up — only down.

MR: Explain the rationale behind Art + Tech rooms.

BARTELS: We did a great deal of research when we came to this company. We saw that boutique hotels next door to our traditional hotels were getting rates far higher. We realized we had to change our approach.

We had hotels like the Grosvenor House in London, which is more than 100 years old and has one of the great locations on Earth. It was built for big shots, mostly men who were older. Big shots today are younger; they can become big shots at 30. They have different ideas about the bathroom, the television, the bed and many other things. There are impatient rich roaming the world and they are finicky. They have fewer money constraints than time constraints and they are looking for an experience.

It is important to remember that although we are seeking to please younger people there is no age limit on who enjoys this kind of environment.

MR: Perhaps more than any other hotel executive, you always personalize the company you are working for. Your media events are legendary for your humor, your perennial slide show and for

passing out roses to women at the conclusion. What does this do for your product to make yourself so central to its image?

BARTELS: When I came to America I was a young German accountant and I was told I had two things against me — I was German and an accountant. I made my first speech and went home to my wife and told her I didn't do well. I felt overpowered by the audience and intimidated. I was reading and wasn't myself. I decided after that to do it differently. I learned to speak about what was on my mind and in the direction of where I wanted to go. I made myself vulnerable and it worked.

MR: How has all this applied to Le Meridien?

BARTELS: It was my job to transform an operations-driven company into a marketing-driven company. We put in a frequency program, a program of cross selling and of motivating salespeople with salary plus incentive. We had salespeople from each hotel who would call on a client and say "Do you have business for me?" If not, they would say thank you, good-bye. The salespeople would not ask if there was business in any other city. If a salesperson doesn't ask, the client will not volunteer.

Now I am motivating the salesperson from that single hotel to prompt customers about where else they might have business and then put that information onto the Internet to headquarters where someone can close the deal and the first salesperson gets a commission. Isn't it irresponsible if a salesperson doesn't ask the right questions and you have to send 25 salespeople from Paris the next week to find this same client — not to mention what the client thinks of that kind of operation.

Salespeople from individual hotels have to think of their brothers and sisters around the world and have to ask their owners to agree. One owner said to me, "I'm paying your fees; do your job and you don't need my salespeople." I told him I would exchange his 12 salespeople for my 988 additional people, each of whom would spend an extra 20 seconds on a sales call to get additional business.

MR: You hired your senior marketing executive from outside the hotel industry.

BARTELS: Yes, we hired Susan Clark from American Express. She and I are now a team seeking to implement our ideas. We have seen all of our 1,000 salespeople. We started Le Guestbook together.

MR: You have launched some memorable ad campaigns — most notably the "Who Are You Sleeping With" campaign for Westin. What are your thoughts about advertising?

BARTELS: We came to a company, Westin, that was very conservative and wanted it to be positioned as being modern. When the first ad ran with a male customer we were criticized but when later ads included women it was fine.

MR: You don't talk about technology as much as some of your counterparts.

BARTELS: You can't ignore it, but there are other priorities. That is why we are focusing on agents. I think we are hyping this huge invention called the Internet just because of what it can do for huge numbers of people. But small hotels in Europe have been personalizing service for hundreds of years. When I was young, I would wear striped pants and a white jacket. I would greet guests, tell them their room was ready and accompany them to the room. Each staff member introduced themselves.

We used to know that a guest wanted a quiet courtyard room and roses to be sent to his wife. Now computers do that. That is not new. It's just that now it can be done for thousands of rooms.

MR: You're now with a European-based company for the first time in many years. How does the marketing differ?

BARTELS: It is different. Take resorts. In America you have mega-resorts built for conventions. In Europe they don't take it seriously when they see 3,000 people do five hours of work and play for 19 hours; there are not many facilities like that in Europe.

On the other hand, Europeans are willing to travel on pre-arranged packages — cheap or expensive — by the mil-

lions. There are also different distribution systems in America and you have to be aware of that. And Americans are simply more individualistic.

MR: How would you sum up your tenure at Le Meridien so far?

BARTELS: You can't change a company that fast. The public is too alert. You can't just say words and expect people to respond to words. This is an integrated program, mostly to do with direct selling through salespeople and travel agents and spending money on renovation.

Also, you're only as good as any one of your properties. If you fumble in New York, London, Paris or Tokyo, you're fumbling big numbers of consumers because the most powerful business people in the world live in these cities. They are my customers for business and leisure.

I'm in a business of details. Just words won't do. My duty is to motivate three constituencies. First is my customers who I talk to through public relations, the travel agent or salespeople.

Then there are my employees and I have spoken to thousands of them. I don't go anywhere without speaking to employees. If I go to a city to make a speech I go to the hotel at shift change to speak to both shifts and tell them what I expect.

Does that mean it will be Hallelujah the next day? No, but I believe that over time it adds up and I will have converted people.

A maid at the Russell Hotel in London told me her uniform is ugly and the rooms were ugly, that we were losing 85 percent of customers. She wanted new rooms and new uniforms and she is getting them.

The third constituency is my owners. I will fly anywhere to meet my owners. I have to constantly explain their investment. I tell them that October 2001 REVPAR was down 28 percent, November 23 percent. Until March 2002 we were almost even with the previous year. It took 14 months after the Gulf War to reach that stage; this time it took seven after September 11. I owe them an explanation and a plan and the ability to deliver what I promised. ■