

HOTEL yearbook 2010

What to expect in the year ahead

**Sir David Michels on the shape
of the coming recovery**

**The outlook for 20 key markets,
from China and the USA
to Germany, Brazil and Libya**

**Is it time to change in-room
technology standards?**

**How the crisis
will affect luxury in 2010**

**Editorial input from 25 hotel
industry CEOs**

This excerpt from the Hotel Yearbook 2010 is brought to you by :



Ecole hôtelière de Lausanne

The Ecole hôtelière de Lausanne (EHL) is the co-publisher of The Hotel Yearbook. As the oldest Hotel School in the world, EHL provides university education to students with talent and ambition, who are aiming for careers at the forefront of the international hospitality industry. Dedicated to preparing tomorrow's executives to the highest possible level, EHL regularly adapts the contents of its three academic programs to reflect the latest technologies and trends in the marketplace. Since its founding in 1893, the Ecole hôtelière de Lausanne has developed more than 25'000 executives for the hospitality industry, providing it today with an invaluable network of contacts for all the members of the EHL community. Some 1'800 students from over 90 different countries are currently enjoying the unique and enriching environment of the Ecole hôtelière de Lausanne.



Boutique DESIGN New York

Boutique DESIGN New York, a new hospitality interiors trade fair, will coincide with the 94-year-old International Hotel/Motel & Restaurant Show (IH/M&RS). Designers, architects, purchasers and developers will join the hotel owners/operators already attending IH/M&RS to view the best hospitality design offerings as well as explore a model room, exciting trend pavilion and an uplifting illy® networking café.



Hospitality Financial and Technology Professionals (HFTP)

HFTP provides first-class educational opportunities, research and publications to more than 4'800 members around the world. Over the years, HFTP has grown into the global professional association for financial and technology personnel working in hotels, clubs and other hospitality-related businesses.



Bench Events

Bench Events host premier hotel investment conferences including the International Hotel Investment Forum; the Arabian Hotel Investment Conference and the Russia & CIS Hotel Investment Conference. Bench Event's sister company, JW Bench, is a benchmarking company that has launched the Conference Bench and the Productivity Bench. An industry first, the Conference Bench, measures performance data for conference space in hotels throughout Europe.



Cornell University School of Hotel Administration

Founded in 1922, Cornell University's School of Hotel Administration was the first collegiate program in hospitality management. Today it is regarded as one of the world's leaders in its field. The school's highly talented and motivated students learn from 60 full-time faculty members – all experts in their chosen disciplines, and all dedicated to teaching, research and service. Learning takes place in state-of-the-art classrooms, in the on-campus Statler hotel, and in varied industry settings around the world. The result: a supremely accomplished alumni group-corporate executives and entrepreneurs who advance the industry and share their wisdom and experience with our students and faculty.



Hsyndicate

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



WATG

Over the course of the last six decades, WATG has become the world's leading design consultant for the hospitality industry. Having worked in 160 countries and territories across six continents, WATG has designed more great hotels and resorts than any other firm on the planet. Many of WATG's projects have become international landmarks, renowned not only for their design and sense of place but also for their bottom-line success.

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The new rules of the game

In 2010, we will see a new hotel marketplace taking shape, says **FRANCISCO ZINSER CIESLIK**, Chief Operating Officer of Madrid-based **NH HOTELES**. Trends in consumer behavior are forcing hotels to rewrite the old rules of marketing.

Some of the changes that we are going through in these very challenging times I truly believe will become structural and for the long run. If there ever was the belief that the greater part of the hotel industry was becoming a commodity, it is clearer today. There are several ingredients to this. The Internet of course, giving consumers more and more price transparency and choices. Low-cost airlines have switched the traditional formula from 50% or more on transportation costs to the other way around, so that hotels in some cases represent the lion's share of the total travel expense. And to top it off, this very profound crisis.

Looking at a recent study done by Y Partnership, I was shocked to see that more and more, consumers do not decide on their hotel because of the brand; in 2006, 57% of consumers rated

that their choice for a hotel was «very/extremely» influenced by the brand, but by 2009 this number had dropped to 44%. That is a 23% decline in only 4 years. It would then be fair to say that we either look for differential brand strategies to generate links with the consumer, or we will not have a brand that drives business, in which case we run the risk of having only a price-oriented message to communicate to the consumer – very dangerous.

Meta search engines, although very helpful, are «training» the consumer only on price differentiation. Never before has the power of distribution been so important, and it is hard to keep up with all the new ways that come up every week to look for a hotel or arrange a trip.



I think it is still very soon to see how all this will settle in terms of the marketplace and the « new » consumer habits that shape it, but I truly believe that we will have to be very quick to learn what will make the consumer click – what kind of message will catch his attention more than just a price issue. Marketing will have to be very clever and look for ways to generate, or reinforce, the emotional relationship with the consumer. One way of doing this is through personalization of the message and product (up to a point). According to the study mentioned above, 38 % of Internet users are willing to pay 20 % more for customized products and services. This represents a very big opportunity for differentiation.

Another key issue in 2010 will be to avoid confusing the clients with a vague or unclear brand concept and positioning. I personally think that the industry has abused branding by generating too many brands with unclear concepts that end up atomizing brand equity. Larger companies have eroded their core brands creating all these new sub-brands. I see brands as segment labels and see many more brands than segments.

Another new factor in the market is the social networking impact. According to a Marketer.com study, UK buyers are 75 % more likely to buy if a product is recommended via an online comment review. It is said that today one out of five consumers visits these sites before taking a decision; this number should continue to grow, though I believe only up to a limit. As marketers and competitors use this channel more in 2010, it will lose credibility (which we have seen already).

Mini breaks are now referred to as « nano » breaks, meaning that a one-night trip is an option, whereas before this would have been impossible if only because of the cost of transportation. Consumers are learning to maximize their breaks through the « smart weekend » which basically means early check-in on Saturday and late check-out on Sunday. This kind of travel has generated a new behavior that in some ways penalizes loyalty to a certain destination by making otherwise unreachable destinies available.

Through our promotions we are sometimes sending the message that the shortest time you book before arrival is the best way to get a deal. Some airlines are trying to change this behavior by not yielding to the very last minute. On the contrary, they are increasing price even at the cost of empty seats. I believe it is a brave but good bet.

In conclusion, I think that in 2010 we will need to try adapting to all these new rules of the game, and for sure we will see more new trends as well as habits that we will need to learn quickly and adapt. In my view, 2010 will be a year of changes and not a good year to reach conclusions – still a transition in the crisis. I believe it will require more tactical actions than strategic planning, we still need to see how all this settles out in the market. Having said all this, my take on all this has a positive spin. I am sure you would agree with me that all that has happened has shaken us up and helped us to see the inefficiencies that we built based on a market that was very forgiving, but we need to be on alert not to make the same mistakes when things return to normal. ■

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