

HOTEL yearbook 2012

Scenarios for the year ahead

Choice CEO Stephen Joyce :
Ideas, insights – and wishes – for 2012

Is your hotel ready for the Chinese?

The 2012 outlook for key hotel markets :
30 exclusive country reports from Horwath HTL

Next year's IT challenges :
What will they be? How much will they cost?

Legal issues facing us in Europe, China and the USA

This excerpt from the Hotel Yearbook 2012 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.



HORWATH HTL

Horwath Hotel, Tourism and Leisure consulting are the world's number one hospitality consulting organisation, operating since 1915. Horwath HTL are the industry choice; a global network offering complete solutions in markets both local and international. Through involvement in thousands of projects over many years, Horwath HTL have amassed extensive, in-depth knowledge and understanding of the needs of hotel & real estate companies and financial institutions.

Horwath HTL are the world's largest consulting organisation specialised in the hospitality industry, with 50 offices in 39 countries. They are recognised as the pre-eminent specialist in Hotels, Tourism and Leisure, providing solutions through a combination of international experience and expert local knowledge.



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.



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.

Recovery ? What recovery ?

THE ILLUSTRIOUS CAREER OF **SIR DAVID MICHELS** COVERS HALF A CENTURY. FORMER CEO OF **HILTON GROUP PLC**, AND SITTING NOW ON THE BOARD OF BOTH **STRATEGIC HOTELS & RESORTS** AND **JUMEIRAH HOTELS**, SIR DAVID HAS EXPERIENCE AS A HOTELIER AND EXECUTIVE THAT IS BROAD AND DEEP. WITH HIS VALUABLE INDUSTRY AND MANAGERIAL KNOW-HOW – NOT TO MENTION HIS SARDONIC SENSE OF HUMOR – THERE IS HARDLY A BETTER MAN TO ASK FOR A HELICOPTER VIEW OF THE COMING YEAR.

Woody Wade has asked me to do my annual forecast yet again. I have severely questioned his sanity in so doing, when re-reading last year's article, I forecast «a first hesitant year of recovery». While my mother would have said «from your mouth to God's ears», He obviously wasn't listening, because the only thing to recover last year was me, from a very bad cold.

Almost exclusively, 2011 has been a year of fear. Some places – London in particular, but also Paris and parts of Eastern Europe – have actually had a good year. But most of the Continent has been patchy at best and in downright difficulties in a lot of places. I stick by the fact that our industry in particular always recovers and always booms – because our customer base never goes away, and indeed with the emerging economies continues to grow. But I cannot imagine that 2012 will be that year.

A lot of properties are either now in the banks' hands or indirectly controlled by the banks, and although each hotel sale gets lots of publicity, the actual number of sales is dismally small, mostly because the perceived gap between buyer and seller in this climate is so very large.

We now see major hotels pretty well throughout Europe owned by third parties, banks, institutions, funds, wealth funds, rich individuals, property companies, etc. With comparatively few assets owned by the major brands, one forecast I am quite relaxed in making is that, beginning in 2012, the big brands will once again invest in hotel real estate, either partially or totally through lease or directly.

The traveling public followed the retail trend of examining every price point and getting – or thinking they are getting – real value for money before traveling. Unusually, this is happening in both the business and pleasure segments. Even in the few busy destinations, this trend is keeping rate growth lower than usual, while costs for the industry continue to rise steadily.

Despite the difficulty of raising debt and the enormous uncertainty of the next year or two, there will still be new or refurbished hotels, both small and large, which will make a real contribution in their originality and their customer attention.

Aside from these and the budget market, this is an industry which, in comparative terms, is still at a standstill in Europe. There are new openings, but they are few and far between.

One trend that has continued (and indeed, I believe, increased) is the penetration of the multiplicity of brands, flaunted by the major flags. Whoever thought we would see a couple of dozen Hilton Garden Inns and Double Trees appear almost overnight? I still forecast that by 2020, well over 50% of Europe's stock will be flagged. Still not as much at the USA, which is at 70%, but the process will take place at a very accelerated rate to catch up.

Though common in the USA, a relatively new business in Europe is the rise of the professional asset manager, as more hotel real estate moves into the hands of third parties. At least

How do I keep the cost down, service up, and the marketing constant and successful ?

in theory, as these owners know nothing of the industry, there is an increased need for middlemen to watch out for their interest and translate the complexities of the contracts of the big brands and the idiosyncrasies and professionalism of most general managers. This trend will grow steadily in 2012 and onwards.

If you're lucky enough to still be gainfully employed in the industry – and even luckier to own your own hotel – then you are, as always, faced with our three big dilemmas: How do I keep the cost down, service up, and the marketing constant and successful? Those who balance these three properly will remain in the business forever.

Having now completed 50 years in the industry, I can only say that whatever the climate, we are so lucky to have such an entertaining and fulfilling profession. I know very few of my many colleagues who, looking back, would have done anything else... That's worth bearing in mind on an empty Sunday night in Cologne. ■

Swiss

values form the backbone of our approach to Private Banking. Reliability, attention to detail, thoroughness – these are the essential principles that enable us to offer our clients solutions of lasting

quality.

Joëlle Stauber-Dubuis, Private Banking



Private Banking
Investment Banking
Asset Management

Performance creates trust

Bank Vontobel AG
Gotthardstrasse 43
8022 Zurich
+ Switzerland
Telephone +41 (0)58 283 68 65
www.vontobel.com

Zurich Basle Berne Cologne Dubai Frankfurt a.M. Geneva Hamburg Hong Kong
London Lucerne Luxembourg Madrid Milan Munich New York Salzburg Vaduz Vienna