

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.

elevation



WATG re-invented the resort to reflect the magic of Kauai by paying homage to the unique island and its culture.

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Are we up to the task ?

Is South Africa's hotel industry ready for next year's World Cup onslaught? **EWAN CAMERON**, Managing Director of the Johannesburg-based **AFRICAN SUN** group shares with us a critical assessment of the pros and cons.

2010 is South Africa's biggest opportunity to prove to the world just how far its hotel industry and wider tourism offer has moved since the dark days of apartheid; economic sanctions were removed as recently as 1989. The year Nelson Mandela was released, 1990, South Africa received less than 1 million visitors, in the subsequent years South Africa's arrivals have grown to over 9.5 million last year, yet still less than Egypt, with almost 12 m, and far behind Italy which boasts 39 million arrivals.

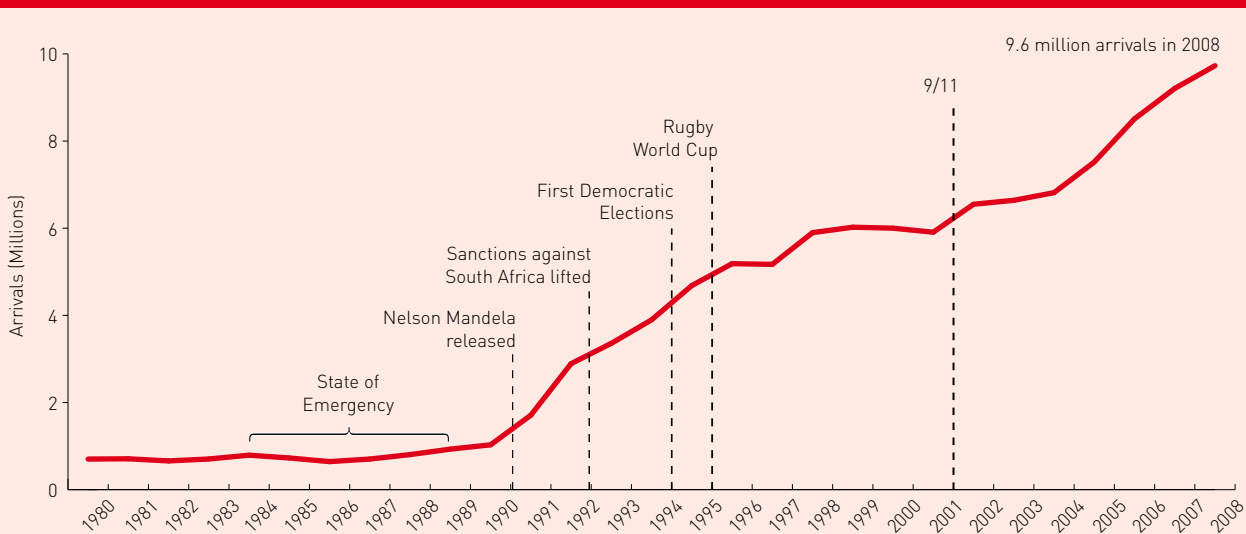
Hosting of international sporting events, as a means to increase South Africa's tourism appeal is not new. South Africa has already hosted several such events:

- 1995 Rugby World Cup
- 1996 Africa Cup of Nations
- 1998 IAAF World Cup Athletics
- 2003 ICC Cricket World Cup
- 2007 ICC 20 20 Cricket Championship
- 2009 FIFA Confederation Cup

We can be confident after these sporting events that the branded South African hotel market knows how to accommodate teams, officials, sponsors and the fans. The risk is that the sheer size of the FIFA World Cup, anticipated to attract over 500,000 people, will overpower South Africa's room stock, exposing some visitors to unprofessional, poor-quality, unsafe and over-priced accommodation.

Sadly, FIFA has been seen to use the genuine risk of World Cup guests enduring sub-standard accommodation as part of its justification for earning big returns. FIFA has taken control and is now selling nearly 80 % of the country's room stock (100,000 rooms). The manner in which FIFA has chosen to take control, through their approved accommodation provider Match Event Services, has caused divisions rather than unity within the South African hotel community. The largest South African hotel companies – Southern Sun, Protea and City Lodge – have publicly supported FIFA's tactics of controlling room supply, while other hoteliers have gulped at the 30 %

Arrivals to South Africa continues its upward climb reaching 9.6 million in 2008



Source: StatsSA, Tourism & Migration release

commission charge and, like African Sun, have chosen to sell their rooms in the open market.

Given the considerable cost incurred by South Africa (a third world country after all) and that other nations will also endure in the future, I would have thought it reasonable to expect FIFA to re-invest a portion of the accommodation commissions into the industry, for instance to fund improvements to the poorest quality of hotels and guest houses and to assist the country's hoteliers to increase their capacity prior to the tournament. Ten months prior to kick-off and already sport journalists have identified the scandal:

- *Soccer fans will be fleeced by Cape Town hotels* as Britain's *Daily Mirror* puts it;
- *Fans in for a rude shock as FIFA appointed accommodation company set to make a killing* in the words of South Africa's own *Times Newspaper*.

Sadly, it looks likely that this manipulation of supply could tarnish the brand South Africa.

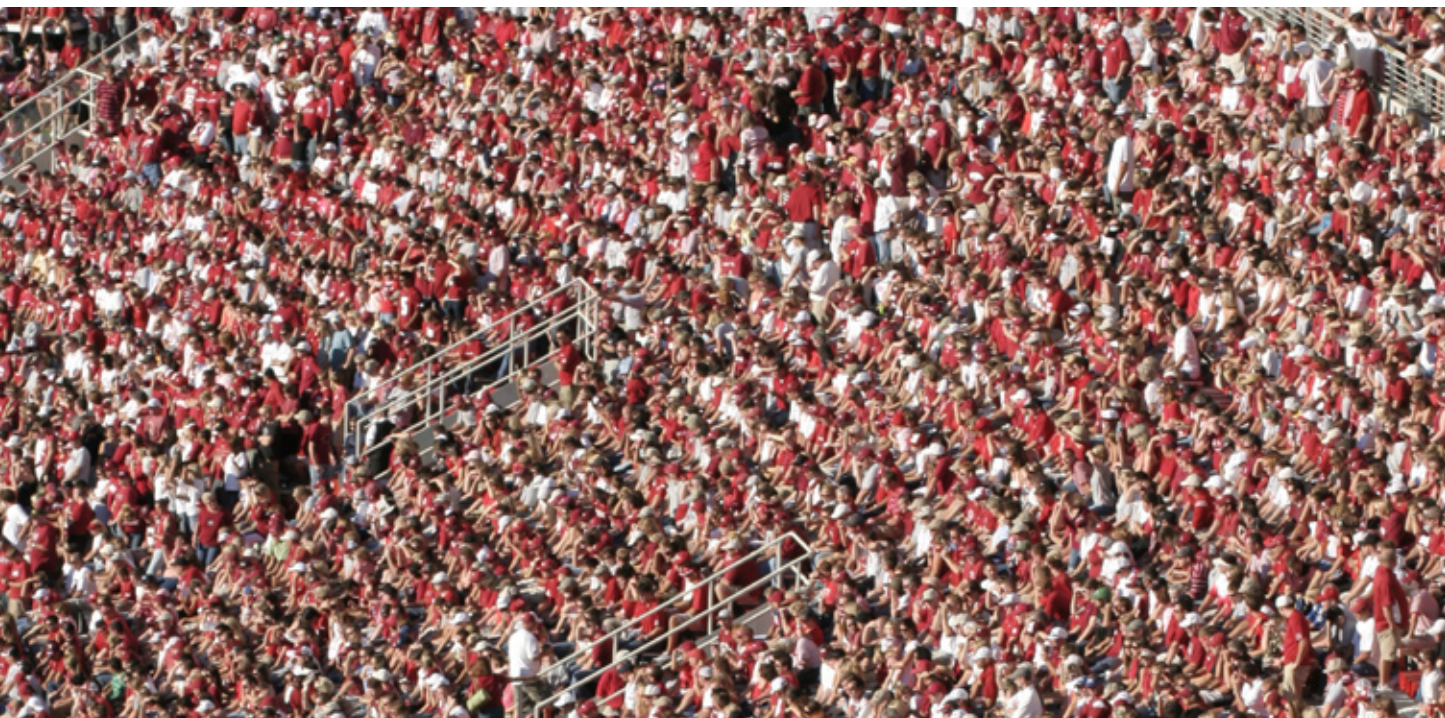
Fans and sponsors attending FIFA World Cup 2010 will depend heavily on their hotel to assist them during their stay. Our hotel employees will be expected to advise upon, and probably will need to assist with, transportation to the stadiums, recommendations for where to eat and drink prior to and after each match, how best to exchange currency, what else to do in South Africa between games, and how to secure last-minute match tickets. In essence we expect our hotels to be judged by the ability to be the *perfect concierge*.

In Germany in 2006, the government worked with the tourism industry to implement customer care training initiatives which taught empathy with guests – how to deliver « hospitable, humorous and service oriented guest experiences. » In contrast, for South Africa 2010 it's being left to each hotelier to ensure the visiting thousands have unforgettable experiences to return home with, a task made more challenging when one considers that the South African government has been criticized internationally for its inability to deliver customer orientated

service. This could have a considerable impact on World Cup guests when you consider that the Government is responsible for operating South African Airports Authority, South African Airways and managing the stadiums in addition to the more traditional public services.

South African tourism statistics, accumulated during the last three years, indicate that guests to the country have consistently rated the country's attractions highly – Victoria & Alfred Waterfront, Table Mountain, Cape Point, Wine Routes, the Garden Route, and of course Kruger National Park for big game – in addition to applauding the hospitable friendly South African people and generally high standard of accommodation. However, the statistics also confirm that lack of public transport and security are real concerns for tourists. Undoubtedly, as hoteliers we're going to be relied on by our guests during the tournament to provide advice on travel to and from the local stadiums, to nearby attractions and to advise on how to stay safe in South Africa. The challenge of diplomatically advising guests to be conscious of their behavior, how not to become a target, and how to obtain help if required needs to be conveyed without causing unnecessary alarm; skill we as hoteliers are required to provide to our front-of-house teams.

The two biggest challenges I foresee for South African hotels during the World Cup are (1) securing sufficient supply of consumables, skilled temporary staff, transport and telecoms and (2) ensuring each hotel maximizes its profitability during the seven-week tournament. Hotel supply lines are short, particularly in the country's big cities. The risk therefore is that suppliers of consumables (i.e. food, drink, toiletries, etc.) quickly run out. This risk is heightened by the fact that it is likely that hotels will have high concentrations of one nationality which have specific tastes or needs. Laundry service providers in the main cities seem to be well prepared; Boston Laundry for instance has invested in sufficient capacity in Johannesburg to sustain continuous peak occupancies over the seven weeks. The greater concern will be whether Eskom (South Africa's power supplier) is able to sustain peak supply for such a sustained period – a real concern given the country endured power rationing through much of 2007 – ►



and appreciating that hotels are not likely to be the power supplier's priority during the tournament.

As ever, our business is reliant on having the right team. Southern Sun has committed to train all its employees on general FIFA World Cup information; past winners, rules of the game and cultural information about the different teams. African Sun is doing similar training as a means to engender excitement and a genuine passion for the tournament. Additionally, African Sun will support its South African team with reinforcements, drawing from its wider African hotel estate. Experience from the recent FIFA Under 17s tournament in Nigeria will be of a specific benefit. I anticipate hotel's will be under most pressure in the housekeeping, kitchen and reception departments, as guests not familiar with South Africa make the hotel their base for the whole tournament. Local casual contracts will be utilized by some hoteliers, and the fact that a number of hospitality training organizations heavily

promoted their services prior to kick-off should ensure that FIFA 2010 is not only a wonderful celebration of sport, but a catalyst of change. I believe we should evaluate the success of FIFA 2010 on whether South Africa, within a few years, is able to sustain arrival volumes in excess of 14 million, equivalent to the volumes enjoyed by another long-haul destination, Thailand. We should also judge success based on another outcome: whether, as an industry, we're able to retrospectively identify a mass of Year 2010 trainees who arrived, learned, and now love our industry. ■

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