

LANGHAM Hotels International (LHI) is a wholly owned division of Hong Kong-based Great Eagle Group. LHI's hotel portfolio currently comprises eight properties with over 4760 rooms in six gateway cities across four continents — London, Melbourne, Boston, Hong Kong, Toronto and Auckland.

Brett Butcher, senior vice president — Sales and Marketing and managing director of the Langham Place Hotel, Mongkok, Hong Kong and Eaton Hotel Hong Kong visited Australia last month to inspect the group's latest property, the Langham Melbourne and check out possible options for a new hotel in Sydney.

Butcher, a university graduate with a Bachelor of Business (Hospitality Management) began his career as a restaurant manager on Australia's Gold Coast prior to joining Sheraton Hotels in Boston as a corporate trainee.

During his career with Sheraton, Butcher opened the Sheraton Brisbane before moving to the Sheraton Shanghai as Rooms manager. He returned to Australia in 1989 as resident manager of the Sheraton Noosa Resort. General manager postings at the Sheraton Auckland and Sheraton Four Points in Sydney followed before leaving Sheraton to become general manager of the Regal Airport Hotel in Hong Kong. He joined Langham Hotels in 2002.

Business Travel News caught up with Brett Butcher in Melbourne following the official management opening of the prestigious new Langham Hotel, the sixth property for the group in just four years.



# Langham puts big money into developing the brand — and then some!

Fewer than a four years ago Langham Hotels set out to create a brand of prestigious hotel properties that could charge top prices to corporates in return for quality facilities and services.

The group did not envisage the dramatic events that lay ahead. The momentum, created by the handover of Hong Kong to China, which had achieved record occupancy rates, resulted in sustained growth. China was experiencing a phenomenal economic boom. Then crunch. The tragic events of the terror attack on New York 2001, war in the Middle East in 2003, economic slow-downs in Germany, Japan and the US and the scourge of SARS all took a toll. These events would reshape management focus and lead to belt-tightening in corporate circles in the western world -hardly the right environment for the Langham vision.

But the group was committed. Fortunately, the China boom continued and for those businessmen who appreciate quality accommodation to negotiate and celebrate successful deals, LHI stayed focused.

Last year the group opened the award-winning Langham Place Hotel in Mongkok. In January it opened

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Opening of the Langham property in Melbourne...

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the Langham Melbourne and the Langham in Auckland. LHI is now looking at opportunities in Sydney and other key cities, a move Butcher sees as the logical next step.

“We own eight hotels. Six of those are now Langham hotels. Six hotels does not make a brand. So we are targeting other key cities like New York, San Francisco, Beijing, Shanghai, Singapore and Sydney. These are prime targets. Other important cities like Paris and Bangkok are also in the mix,” he said.

LHI has two key strategies to grow its business. Buying hotels and running them under the Langham brand or joint ventures and management agreements with owners of other hotels and running the property under a management contract.

“I expect us to grow to a dozen hotels within five years and double our size again by 2015. This will give us about 24 hotels within 10 years and by then we will be a force to reckon with in the luxury hotel sector. It would make us around the same size as the Mandarin Oriental Group. That is our objective.”

Butcher sees branding as a key component of a successful accommodation specialist.

“Langham branding is based on our flagship property the Langham Hotel in London. Opened in 1865, it was regarded as Europe’s first Grand Hotels and the largest single building in London at that time. The hotel’s story runs from the late 19th century into the 20th century and right up to the Second World War, the hotel was an icon. It is that mystery, that romance and that traditional elegance that we are going to bring into our brand.”

## Minimalism

Minimalism is definitely out for LHI.

“We are not going to be a minimalist hotel, we are not going to be like a 'W', that’s for sure. We will offer our guests traditional elegance and a European style experience - that comfortable feel one associates with the grand properties.”

Other brand pillars LHI has adopted are innovation and genuine hospitality.

“When the Langham Hotel first opened it was very innovative, said Butcher. “It was the first hotel to



Langham Hotels has firmly targeted the corporate traveller.

operate an elevator and the first hotel to offer hot and cold running water in all bedrooms. When electric lighting was introduced it was one of the first hotels in the world to have electric lights. It was the same with the telephone.

And he went on. “We want to be innovative too. Our property in Mongkok in Hong Kong — The Langham Place Hotel — has been heralded as the world’s most technologically advanced hotel. We have put an IT infrastructure in place that created an omni-present WI-FI bubble right around the hotel. Not only can guests log-in in their room, they can carry their PC into the elevator or down to the lobby staying connected the whole time.

“We were also the first hotel in the world to install web-enabled IP touch-screen, colour phones in every guestroom. That means the phone in every guestroom is actually a web-enabled device that is actually connected to the web, thereby giving the customer a variety of additional tools. Our other pillar is genuine hospitality. Anyone of course can say that, but for us it’s our maxim. When one stays in a beautiful traditionally elegant hotel one doesn’t want old style service. We want our staff to be warm and friendly. Not aloof.

Langham Hotels has firmly targeted the corporate traveller.

Sixty-five per cent of its guests are corporate 35 per cent leisure. It is a business hotel brand for the business traveller first and foremost. Butcher does not see cutbacks in corporate travel spending, nor the move by business

travellers to lower cost alternatives like low-cost airlines and apartment properties impacting significantly on its business. “If a company or business decides to downgrade its staff accommodation, say from five-star to four-star then that is its prerogative. We are a niche player. We have created a hotel product designed to provide the business traveller with the right environment. We believe there are people that are prepared to pay for that standard. We make it very easy to do business. If a company wants to try a cheaper product to cut costs then they must. They go and try that hotel, but perhaps they don’t find the same level of service. Or the hotel is not WIFI. The room is not so clean. They may well save money but they are not a happy traveller and often not as efficient as they should be.”

## Competition

Competition among the top hotels for the corporate travel dollar will remain tough, according to Butcher. He believes the next phase will involve making it as easy as possible to do business when they are on the road.

“It means connecting with the office or business online at low cost. People are going to be able to walk into a hotel in the next few years and things like broadband access are going to be free, the WI-FI bubble is going to be standard, people are going to be able to stay connected 24 hours a day with any telecommunication charges built into the room rate free of charge completely. The cost of communications is going to be reduced so much through technology

like VoIP (voice-over Internet protocol).

Rewarding good customers is also a high priority. Although Langham Hotels does not operate a reward scheme as such, Butcher believes they are important. He says that the role of Langham Hotels is to understand its customer and their individual needs to make their stay as pleasant and efficient as possible.

“We offer a Langham Privilege Club. It’s an invitation only club available to guests who have stayed three times at one of our properties. Once qualified, the guest is given a preferred guest status. There is no mileage or points reward but our preferred guests become VIPs within the group. This entitles the guest to seamless check-in, the best possible rooms.

However, we know some guests want the mileage or points reward and we have struck a deal with specific carriers such as

Qantas and Lufthansa to facilitate such requests. So far, we have six airlines in the project and will add another six airlines in the next 12 months. Our customers will be able to present their airline cards and receive the appropriate award. Other hotels

are pushing the guest miles programs, but we will be different in-as-much that we will offer the airline reward programs, but they will be airline-run. Our loyalty program will be very much focused on the individual need. We take guest history in a different way. Previously we would know that, for example, the guest liked apples. On a previous stay, they would have eaten all the apples and this would be placed on the guests data so that a fruit bowl with plenty of apples is in their room on arrival. Alternatively they may prefer a corner room or a smoke free environment. With the web-enabled phone we can now take that service to a new level. Obviously we require the guest's consent and approval for their history records to up-lifted to their room phone. We customise the phone to the guest's needs. The phone will no longer be ‘that voodoo thing that is to be avoided’ it will be integral to the guest service.”

### Business climate

Business is coming back helped by the continuing boom in China. Using Hong Kong as a benchmark, 1996 was the best-ever year for hotel occupancies and yields. The year prior to the handover was the best ever for hoteliers in Hong Kong. Last year was good and 2005 will be better, but it won't be as good as 1996 despite continuing strong growth in Hong Kong.

“Since the handover year 1997 our hotels have not regained the same levels but we are getting back slowly,” said Butcher. Many of the big corporate firms are choosing to set up headquarters in Shanghai and Beijing rather than Hong Kong and those cities are winning business away from Hong Kong. But Hong Kong has remained the services capital of China. All of the insurance, the service industries, design, architecture, financial banking all of those businesses have their headquarters in Hong Kong. What we are seeing is China's strong growth rate of 10 per cent a year is also flowing into Hong Kong which will remain for some time to come the capital market for China. This together with investments such as Disneyland will bring Hong Kong to the fore and I expect 2006 will see performance levels equal to 1996. Room rates will reflect this.”



## Cheers! New drink promises to prevent jet lag

A VICTORIAN company has launched an all natural recovery drink claimed to prevent the onset of jet lag during and after long haul air travel. Flight Recovery says the formula consists of a natural blend of carbohydrates, electrolytes and amino acids and is provided in convenient sachets that dissolve in water. The product will soon be available in duty free outlets and selected chemists throughout Australia.



## Jin Jiang Hotels spreads its wings

China-based Jin Jiang Hotels, the largest Asian-owned hotel group, is opening up more channels of distribution including the appointment of general sales agents in Japan and Europe in 2005 with and Australia in 2006.

Michael Meade, the group's recently appointed Shanghai-based senior vice president sales and marketing, said the business was planning a major re-branding of its hotel portfolio ahead of a planned Hong Kong Stock Exchange listing in 2006.

“Currently the operation is primarily a State Owned Enterprise and the intention is to make Jin Jiang Hotels progressively more international” he said.

Meade, who has relocated to Shanghai from Sydney, will spearhead international promotion of the chain, including the appointment next year of a general sales agent in Australia.

Jin Jiang Hotels, the 35th largest hotel company in the world, boasts 130 Hotels and Inns, with 30,000 rooms from economy accommodation inn-style through to five-star modern and historic properties in Shanghai, Beijing and throughout China.

Customer mix comprises 40 per cent business and 60 per cent leisure, with domestic business generating 60 per cent and international around 40 per cent - but growing. The company will launch a new-look English version website in July 2005 with full on-line booking capability. The company will launch a rewards programme in 2006.



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