Style and substance from Rezidor

A flurry of developments this year has enhanced the profile of Rezidor in the region, with a new Missoni hotel in Kuwait and the takeover of management of former JAL properties in the UAE. *Kathi Everden* looks at the current and future prospects for the group

L-R: Elie Younes, Yigit Sezgin, Marko Hytönen.

CHAIN OF THE MONTH

Probably not the best known corporate name in the hospitality sector, The Rezidor Hotel Group in fact has a history dating back more than 60 years, since the launch of its first hotel – the SAS Royal Hotel Copenhagen, a property claimed as the world's first designer hotel where founder of modern Danish design, Arne Jacobsen, put his stamp on everything from the architecture and furniture through to ashtrays and airport buses.

It was 30 years later that the group opened its first hotel outside of Scandinavia, choosing Kuwait as a location and putting in a dynamic general manager — Kurt Ritter — who just nine years later became president and CEO of SAS International Hotels, as it was then known.

Established as an integral part of the Scandinavian airline, SAS, the hotel group had become an independent unit within the group and now began to expand to new territory, acquiring a 40% stake in InterContinental and in 1994, entering a partnership with Carlson Hospitality to create Radisson SAS.

Sands Pool Bar at Park Inn Abu Dhabi Yas Island.

In 2000, the group took a stake in Malmaison hotels, and two years later, agreed a master franchise with Carlson to develop and operate Country Inns, Park Inns and Regent Hotels in Europe, the Middle East and Africa — at the same time, terminating the deal with Malmaison and exiting InterContinental.

A master franchise with Cerruti marked the return of the company to designer territory, although this partnership was abandoned in favour of a license agreement with fashion brand Missoni to launch a new lifestyle brand, Hotel Missoni.

And, in 2005, Rezidor was launched as the new corporate name following an Initial Public Offering on the Stockholm Stock

The Rezidor gentlemen discuss business.

Exchange with Carlson eventually accruing a 42% stake as SAS exited the hospitality sector.

Recent milestones include the change of brand from Radisson SAS to Radisson Blu in 2009 (reflecting the move away from the airline antecedents); opening of the first Missoni in Edinburgh, the rebranding of Park Inn as Park Inn by Radisson and the sale of the Regent chain to Formosa.

This leaves Rezidor with four distinctive brands and more than 400 hotels in operation and under development in 62 countries – Radisson Blu Hotels & Resorts, Park Inn by Radisson, Country Inns & Suites and Hotel Missoni.

This limited palate of brands is now becoming an advantage, according to Middle East area vice president, Marko Hytönen, who says the group offers clear identities for each of those in its portfolio, with three major names in the midscale, upscale and the luxury lifestyle arenas.

"For some corporates, it can be confusing with all the various brands – can you really differentiate between them?" he says, while indicating that a gap for a premium name could be on the cards since the disposal of Regent.

"We wouldn't necessarily look at replacing Regent, but there is perhaps potential for a luxury tier in the future — and meanwhile we are actively looking to grow the Missoni brand in key locations across the world, with the Middle East the perfect location for this."

In fact, Rezidor is already tinkering with a new sub-brand by adding a 'Royal' designation to certain Radisson Blu hotels.

The former JAL hotel in Dubai, taken over by Rezidor in July, has been renamed as the Radisson Royal, and will act as a flagship in the region for the group, being one of only two Royal hotels across the network with the other located in Moscow.

"These hotels differ from the average Radisson Blu in terms of luxury, and tend to have a higher positioning, unique design and/or some sort of historical affiliation," says Hytönen.

The takeover of the hotel, along with its sister property in Fujairah, strengthens Rezidor's presence in the UAE where it operates nine hotels and resorts in four emirates — in total, the group manages 29 hotels through the GCC, Egypt, Jordan and Lebanon, including a currently problematical operation in Tripoli.

In the pipeline are 11 hotels in Ethiopia, Egypt, Saudi Arabia, the UAE and Oman, where the group will open its second Missoni in the region at Sifah next year, as well as a hotel in Sohar. A further 1500 rooms are under negotiation and will be announced later in the year.

All of which makes the Middle East of strategic importance to Rezidor's move out of its stronghold in Europe, where it boasts the largest pipeline and is number one in Russia, the CIS and the Baltics, both in operations and future developments.

"Our pipeline in the Middle East and Africa is the second largest and we will continue to grow across the region — to put it simply, in the EMEA we have more than 300 hotels in 60 countries with a further 100 in development," says Hytönen.

Of course, in line with other groups, Rezidor has been impacted by regional turmoil, with group half-year results showing a drop of 27.8% in RevPAR and occupancy down 23.1%. However, key markets such as Saudi Arabia and the UAE,

Park Inn Muscat.

with RevPAR up 15.8% and 10.7% respectively, have offset a fall of 54% in Egypt and 77.9% in Libya.

"The continued disruption in the Middle East will certainly affect the region," says Hytönen. "Increased security concerns worldwide will have an impact on guest choices in 2012, as we have seen in 2011.

"However, the growth of the mid-market will affect business positively in the coming years, and the increase

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Marko Hytönen, area vice president, Middle East, Rezidor.

Rezidor's upcoming properties		
Hotel Name	**Country**	**Rooms**
1 Radisson Blu Hotel & Resort Sohar	Oman	193
2 Missoni Sifah	Oman	250
3 Al Madinah Paradise Radisson Blu Resort	KSA	212
4 Al Diyafa Park Inn Makkah	KSA	204
5 Park Inn Riyadh, Olaya	KSA	259
6 Radisson Blu Al Aqah Beach Resort Fujairah	UAE	287
7 Radisson Blu Al Qurm Ras Al Khaimah	UAE	250
8 Park Inn Bur Dubai	UAE	268
9 Park Inn Dubai Airport Free Zone	UAE	310
10 Radisson Blu Addis Ababa	Ethiopia	204
11 Radisson Blu Sharm el Sheikh Lagoon	Egypt	913
TOTAL Announced Projects		**3,350**

REZIDOR'S MIDDLE EAST PORTFOLIO
(29 EXISTING HOTELS AND 11* UPCOMING PROPERTIES)

THE BRANDS IN THEIR OWN WORDS

Radisson Blu – Hotels that Love to say Yes. First class, full service and contemporary in design, offering a culture of innovative thinking and '100% Guest Satisfaction Guarantee'.

Park Inn by Radisson – Adding Colour to Life.
Family friendly, efficient, uncomplicated and hassle-free. Midscale hotels with colourful lobbies and modern room styles.

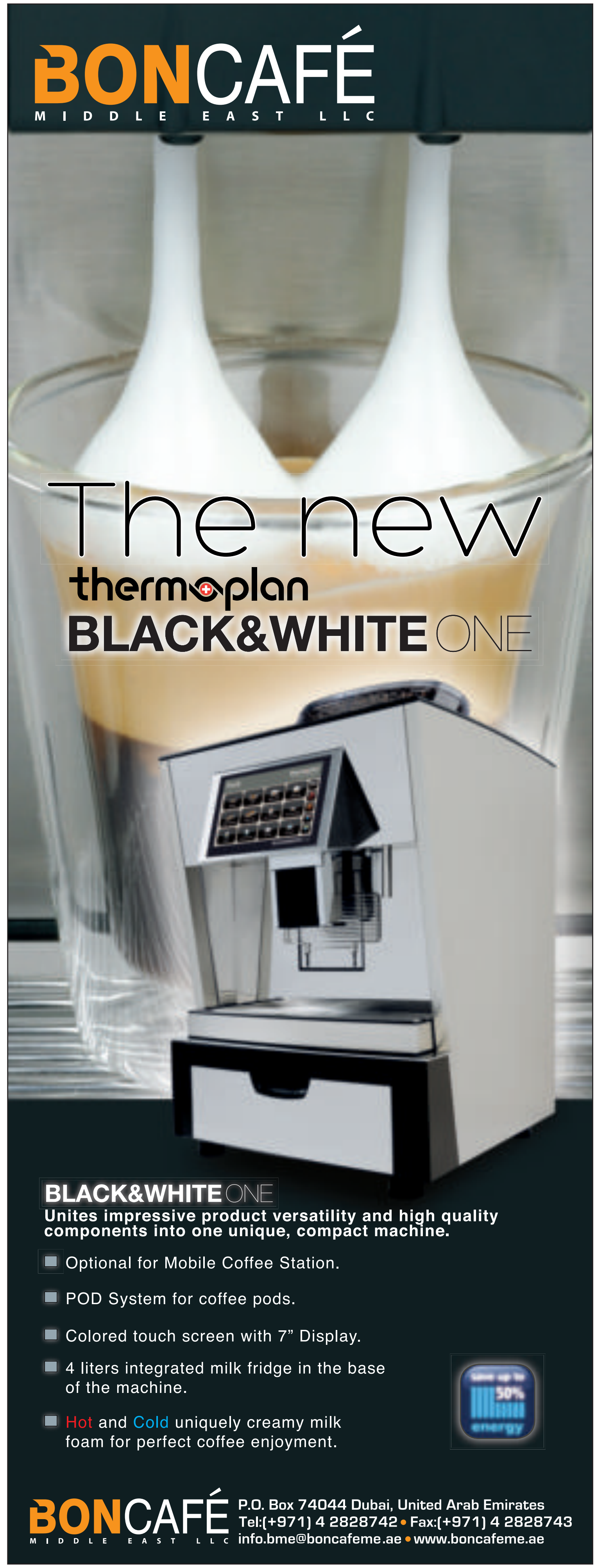
Hotel Missoni –Bold, Passionate, Fashionable.
Luxury for the 21st century, with near obsessive attention to detail and the design style of the Missoni fashion house.

Country Inns – A Cosy Stay at a Comfortable Price.
Standards of an international hotel brand with the comforts of home, at a great value for money price.

Radisson Blu

Park Inn by Radisson

Hotel Missoni



> **QATAR AND AMMAN CAN BE ASSUMED TO BE MISSING LINKS FOR US, AND WE HOPE TO BE MAKING SOME EXCITING ANNOUNCEMENTS IN THESE MARKETS IN THE NEAR FUTURE – NOTABLY IN QATAR**

Elie Younes, VP business development MEA, Rezidor.

A view from the Radisson Blu 1835 Resort & Thalasso, Ca

Guests can enjoy a garden view at Radisson Resort El Quesier.

of tourists from India and China will be something the industry must adapt to quickly."

Globally, he said the focus for growth would remain in emerging markets: "Park Inn has huge potential to grow rapidly as many cities can take one or several hotels, while Radisson Blu will continue to expand steadily and for Hotel Missoni, we will look at capital destinations.

"Obviously revenue generation will be on top of our agenda, and we will continue to strengthen our alignment with Carlson, optimising operational synergies, especially across the Americas and Asia Pacific."

OPENING UP OPPORTUNITIES

For Elie Younes, VP business development MEA, among the priorities on his agenda is filling the gaps in his region, those countries without a Rezidor presence, and his pursuit of opportunities is paying dividends.

"Qatar and Amman can be assumed to be missing links for us, and we hope to make some exciting announcements in these markets in the near future — notably in Qatar," says Younes.

"While Radisson Blu will always be our focus, we believe there is tremendous opportunity for Park Inn by Radisson, especially following success in Muscat, Yas Island and Al Khobar — where our hotel recently won the best midscale hotel award in KSA."

The Lounge at Radisson Royal Dubai.

Expansion in Saudi Arabia is on the cards, in both gateway and secondary cities, plus a focus on Egypt when the market recovers and other opportunities in North Africa.

"We are also focused on securing a couple of resort properties in the UAE, notably Dubai, which would perfectly complement our portfolio from a revenue generation perspective, and hence secure a better ROI for our partners/owners and ourselves," says Younes.

While current events have had an impact on investor sentiment in the market, he said many developers were from the region, and as such they were to a certain extent used to political instabilities: "This, combined with the fact that the region, and notably Egypt, has proven to be very resilient to political upheavals in the past, can reasonably suggest that such an impact will be short-lived".

The group has no plans to introduce Country Inns to the region, but one key element of its expansion strategy is paying dividends with an increasing number of management takeovers under its belt.

As well as the JAL properties, Rezidor manages the former InterContinental in Deira, Dubai, the Crowne Plaza Sharjah and two Hyatt Regency hotels in KSA, enabling quick entry to key destinations.

"Part of our strategy is the taking over of existing properties, creating a healthy mix with new-built projects," says Younes.

One key advantage in this route is the bouquet of design concepts offered by Rezidor, with recently launched And Relax, Naturally Cool, NY Mansion House, Ocean and Urban room types.

"Our room designs are efficient, contemporary and cost-effective ready-to-go packages for conversions and owners looking for a quick fix," explains Younes.

"Some owners see the benefit in time and in cost in choosing one or two concepts for their properties — Naturally Cool and NY Mansion House are perhaps the most suitable for this region and they will be used in the renovation of the Radisson Blu Kuwait, but the Radisson Blu Muscat recently used the And Relax and Ocean concepts for their rooms and Urban might be suitable for hotels located in business areas of a city."

Key for all developments is the brand promise, which delivers clearly

GREEN IDEALS

With an environmental programme in place for some 15 years, Rezidor is at the forefront of green ideals in the hospitality sector and was the first hotel group to offer guests carbon off-setting, aiming to lessen the impact of its annual guest turnover of more than 11 million

Water, waste and energy consumption per guest have been cut by Rezidor for the past four years, and the group has also been named as one of the World's Most Ethical Companies in 2010 and 2011 by the Ethisphere Institute.

In the region, all its hotels are Green Key certified to underline environmental best practices, the first international hotel management company in the region to commit wholesale to these guidelines.

"We are leading from the front, and hopefully others will follow," says Marko Hytönen. "The start-up costs may be higher but the impact on the environment and on the bottom line are astonishing.

"As well as saving money by saving energy, we are already in a situation when we negotiate corporate contracts with local companies where their overseas HQs are pressuring them to seek those (hotels) with responsible business practices."

And while the green movement is less than overwhelming in the Middle East, Hytönen is optimistic that Rezidor can make a difference: "More than half of our hotels are currently eco-labelled, with this number growing rapidly, and we are helping eco-labelling bodies expand their operations to new countries by piloting their criteria at Rezidor hotels – we hope we can do the same in the Middle East".

Among other CSR initiatives, Rezidor has relaunched its shoebox charity campaign – The Box Appeal – that is currently running for a month at 10 hotels in the region, aiming to encourage donors to fill 10,000 boxes to distribute to labourers, providing every day necessities.

identifiable experiences/ventures to guests and owners alike: “All of our brands are design conscious and they are cost and investment efficient,” stresses Younes.

Certainly, owners are now looking beyond glitz to ROI, according to Hytönen, who says: “There is a lot more preparation done prior to projects now than there was in the past. Owners are more cautious but also more flexible,” he said.

“They are open to considering more options, for example, economy or mid-market brands.”

For global director of sales and marketing, Yigit Sezgin, maintaining business levels has been a challenge in 2011, with regional events mitigating the recovery from the global financial crisis, but he is upbeat about overall prospects for the MEA region.

> **“STABILISATION ON OCCUPANCIES IN MATURE MARKETS SUCH AS DUBAI GIVE RISE TO OPTIMISM THAT ROOM RATES CAN BE LIFTED”**
>
> **Yigit Sezgin, global director of sales & marketing, Rezidor.**

Hotel Missoni Kuwait.

“While business has been impacted in Egypt, Libya, Bahrain, Tunisia and Lebanon, we have seen a large portion of this business shift to other cities, having a positive effect on destinations such as Dubai, Sharjah, Fujairah and Istanbul,” he says.

“The figures are showing slowly but surely that the areas that were affected earlier in 2011 are improving — in other developments, I believe a second wind of supply growth in Abu Dhabi can challenge current performance, but Dubai will continue to grow and strong oil prices will drive economic activities in countries such as KSA.”

A growth in religious tourism will boost Makkah hotels, and stabilisation on occupancies in mature markets give rise to optimism that room rates can rise, but only in those cities unaffected by turmoil, he adds. HME