



A successful hotel group must continually expand its portfolio and invest in new markets - while riding the unpredictable currents of global financial markets. One company doing just that is Rezidor. Jim Banks talks to the group's Senior VP and CDO, **Puneet Chhatwal**.

## Bold moves

**R**ecently appointed Rezidor's senior VP and CDO, Puneet Chhatwal recognises that there are pressures on the hospitality industry from the financial markets, but feels that the group has the right strategy to continue delivering on its aggressive growth programme.

'The biggest challenge so far has been sustaining the current growth

in Europe, despite the challenges of the credit crunch; maintaining the purity of our brands and finding the right levels of communication with stakeholders, as we are now a public company,' he notes. 'Nevertheless, our global approach has fuelled our growth strategy. Rezidor has a unique skill of adapting itself to various cultures and environments.'

Where the company has been bold is in developing business models to suit different regional markets, making early plays and creating innovative partnerships with hotel owners.

'We are able to attract hotel owners with our distinctive brands and our new breed of hotels. We also have the strength to provide innovative and balanced contract solutions for both the hotel owners and Rezidor. Over the years, we have gathered extensive knowledge of hotel development on emerging countries, such as Russia and CIS. We have benefited from being the first mover in these markets, fuelling our rapid growth in these regions,' says Chhatwal.

With ten years at Rezidor behind him, Chhatwal has seen the expansion of the group's portfolio first hand. The group features a portfolio of 309 hotels in operation and under development, with more than 63,000 rooms in 48 countries. Last year, the group's overall rate of growth was almost one new contract per week, having added over 50 hotels to its collection in 2007.

The group's Radisson brand maintains its position as a first class brand of choice within the Nordic region, and, has eaten its way into the market share of the leading hotel groups in the rest of Western Europe, especially in the UK and Germany. It also has a rapidly growing presence in Eastern Europe, Russia and CIS, where it is already a major player. Forays into the Middle East and Africa are also proving successful.

The goals for growth remain aggressive, with the group looking to open a total of 20,000 rooms between 2007 and 2009, of which 90% has already been secured.

### Striking deals

At the heart of Rezidor's business model lies its approach to contracts with hotel owners, joining its brands. Chhatwal believes that the balance achieved in its management agreements is what makes the group attractive.

'The right contract for every location must have all the ingredients in terms of fees, the terms of the agreement,

area of protection and so forth. We are a knowledgeable operator with much experience in emerging markets, and thanks to our flat structure we are able to act decisively and guarantee the interests of both hotel owners and our shareholders,' he comments.

'Rezidor has a portfolio of internationally respected brands. We also have a strong operating system with well-defined standards. We offer a great range of support functions such as distribution, revenue management, sales and marketing, people development and purchasing,' he adds.

Rezidor continues to be one of the fastest growing hotel companies in the world, helped by the fact that it chooses the right contract for each location and maintains good partnerships with hotel owners.

Chhatwal also believes that partnership on broader issues, such as sustainability, is as important as forging good relationships with hotel owners.

'Rezidor is strongly committed to a sustainable business model, reflected in all the actions directed by our business team and implemented by the individual hotels. Rezidor was the first hotel company to initiate such a programme, which perfectly matches guests' expectations, while reducing our environmental impact,' he notes.

An organic growth model, based on choosing the right contract for every location, and maintaining a high-level partnership with its hotel owners, has helped Rezidor remain one of the fastest growing hotel companies in the world. This is down to the company's financial performance.

'Our strategy is changing our business model rapidly. With the growth of management agreements, our development team is helping to create higher EBITDA margins, thanks to a revenue increase from management fees, which is growing faster than our costs,' says Chhatwal.

### Sustainable growth

Obviously, there are no guarantees that new markets will continue to spring

up at the same rate in the future, but Chhatwal believes that, for now, there are plenty of markets to target.

According to Rezidor's chief development officer, 'there is still a lot to do in Eastern Europe, the Middle East and Africa.' The group has signed up its 200th Radisson hotel, located in Dubai, UAE. 'These achievements underline our ability to develop and

### Reaching milestones

The Rezidor Hotel Group has signed the 200th Radisson hotel and has announced the 50th contract its business development team has negotiated in 2007.

The Radisson Hotel Jumeirah Dubai will open its doors at the end of 2009 and add 240 rooms to the hotel group.

'To have 200 properties in operation and under development is a milestone in our history,' comments Kurt Ritter, the president and CEO of Rezidor. 'The first Radisson SAS hotel opened in 1960 in Copenhagen and, regarding its growth and service, today Radisson is one of the leading first class hotel brands in EMEA.'

manage a diverse portfolio all over the EMEA region. Our major brands, Radisson SAS and Park Inn, are not only recognised by hotel owners, but also by our guests,' he adds. Both Radisson and Park Inn brands were ranked highest in their respective market segments in the JD Power and Associates 2007 European guest satisfaction index.

The group is currently searching throughout EMEA for new properties, while consolidating its presence in the Nordic region. Further growth of Radisson SAS and Park Inn brands will

provide the key thrust of its strategy.

'With our mid-market brand Park Inn, we just added our 100th property in Aberdeen, UK, within less than five years and I am confident that the following 100 hotels will follow much faster,' he says. 'In Russia and the CIS we will remain the number one hotel operator and become market leader in the mid-market segment. In this region, there is a growing demand and a low supply of internationally branded hotels ... We also foresee a great opportunity for Park Inn in the Middle East and Africa.'

By 2009, the company will add around 8,500 rooms in 40 hotels within the Radisson brand; Park Inn, will add another 4,800 rooms in 31 hotels. The Regent brand will add an additional 150 rooms, while Hotel Missoni will add another 350 rooms under two designer properties. The first Missoni hotel is scheduled to debut in 2008. The group also plans to take its Country Inn brand off the shelf in the future. Park Inn is growing into a mid-market segment, while Holiday Inn, Novotel and Scandic are all major players. Radisson SAS is succeeding in a market where Hilton, Marriott and Sheraton hold sway.

'Rezidor's competitive advantage will grow further through a balanced portfolio of contract types, generating constant revenue and a diversified brand portfolio from mid-market to luxury segments. Our drive to accelerate the pace of growth, our commitment to providing genuine hospitality and our unique service philosophy are among the many factors that will keep us ahead of our peers,' believes Chhatwal.

His confidence may be well placed, as Rezidor's business model continues to overcome the challenges presented by a changing industry.

### Puneet Chhatwal

#### The senior vice president and chief development office at Rezidor

An Indian born German national, Chhatwal joined the company in 2002 as their director of business development. He was promoted to vice president of business development in 2004 and in 2007 was elevated to his current roles of senior vice president and chief development officer.