Lesson 2
The Emergence of International Hotels

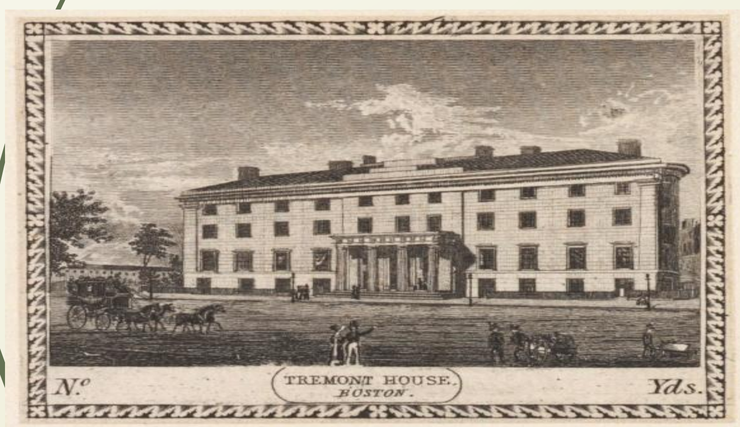
International Hotels: Development and Management

American Hotel Innovations

- Running water;
- Private baths;
- Larger guestrooms;
- Room service;
- In-room radios;
- Hotel-to-hotel reservation services;
- Telephones;
- Light switches by the door;
- Indoor plumbing;
- Sewage disposal systems;
- Central heating;
- Air conditioning;
- Passenger elevators;
- Electric lighting;
- Application of modern communication systems.

Historical Aspects

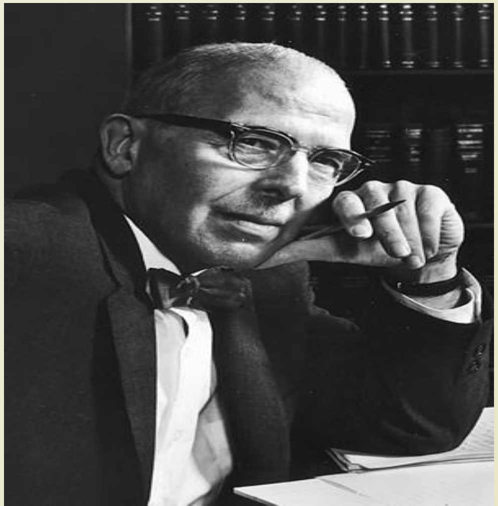
- Innkeeping first flourished under the Roman empire;
- In England, inns gained a reputable standing around the fifteenth century;
- the U.S. lodging industry achieved international recognition with the opening of thee Tremont House in Boston in 1829;
- In the early twentieth century - The Statler hotels were among the first to offer private baths, larger guestrooms, room service, in-room radios, and hotel-to-hotel reservation services.



The Development of Chains

- For centuries, the hotel business could at best described as a cottage industry, each hotel being a privately owned, independent enterprise;
- The Ritz chain peaked near the end of the nineteenth century with luxury hotels established in many major European cities;
- Statler developed one of the first modern chain;
- Conrad Hilton, Ernest Henderson, and Robert Moore were other early hotel pioneers who played significant roles in the development of the chain concept.





Pre-World War II Orientation

- American hotel architecture and other technological and managerial innovations were being copied by hotels overseas;
- The British and Swiss were the only national groups who went abroad to manage hotels ;
- U.S. hotel companies did not venture outside the continental United States until after World War II;
- With the return of peace and prosperity, there was a natural desire for Americans to travel to places made familiar by war and the media.

Post–World War II Developments

- Return to peace, desire to travel;
- Latin American/Caribbean development;
- Assistance to war-torn economies;
- Europeans’ interest in American hotel-keeping;
- Air transportation accessible to middle-class.

Development Abroad

- Expansion in Europe;
- Expansion in North America;
- Expansion in the Middle East;
- Expansion in the Asia-Pacific Region.

American Hotel Chains

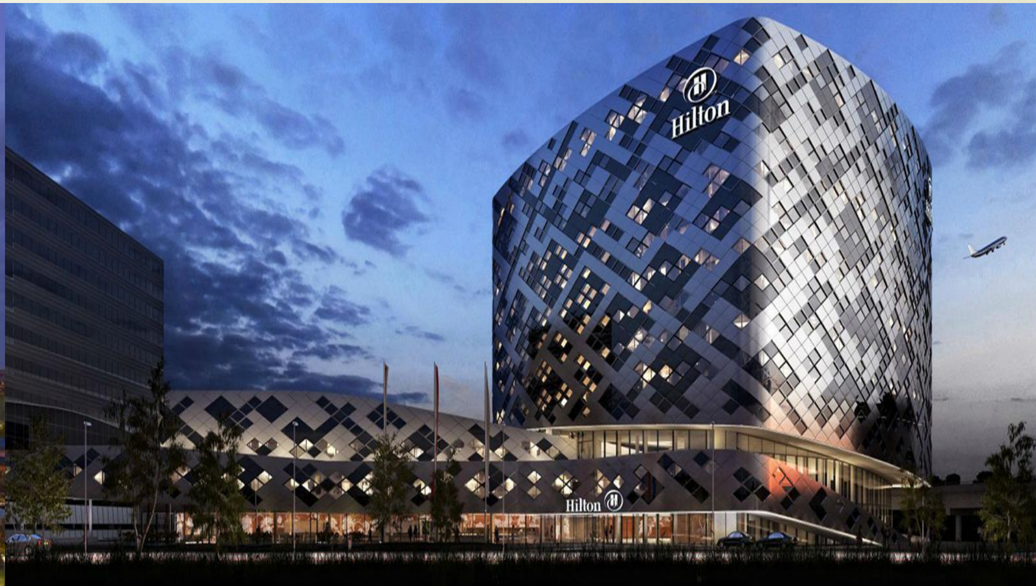
- Separation of Ownership from Management;
- Segmentation and Foreign Expansion.

Hilton

- In 1919, Hilton convinced his partners to buy the Mobley hotel;
- In 1947, Hilton became the first hotel company to be listed on the New York Stock Exchange;
- In 1949, Hilton International was formed as a wholly owned subsidiary of Hilton Hotels to manage properties outside the United States;
- Hilton actually had secured his first management contract in 1948 to operate the first major hotel built by the Commonwealth of Puerto Rico;

Hilton

- By 1964, Hilton International operated 29 hotels in 22 countries;
- In 2006, Hilton hotels corporation acquired the lodging assets of Hilton International, which made Hilton a seamless global company nearly 3.000 hotels in 78 countries;
- By June30, 2020, Hilton Worldwide includes 6,215 propertiesin 118 countries and territories.



InterContinental

- InterContinental was formed in 1946 as a wholly owned subsidiary of PanAm;
- The early 1960s, InterContinental opened hotels to serve the growing number of airline passengers on both business and pleasure trips in Europe, Asia, Africa, and the Pacific;
- InterContinental operated 5900 hotels in 100 countries.

Sheraton

- Reservantron", launched in 1958, became the industry's first automated electronic reservations system;
- In 1985, Sheraton became the first international hotel company to open a hotel in China bearing its own name – the Great Wall Sheraton hotel Beijing;
- in 1998. It is the largest brand in Starwood's portfolio of almost 900 properties and 265.000 hotel rooms in 95 countries.

HolidayInn

- In 1960, Holiday Inn operated its first property outside the United States, in Montreal;
- The chain entered the European market in 1968, the Asian market in 1973, and the South American market in 1974;
- InterContinental operated 1212 hotels in 97 countries.

Hyatt

- Hyatt Hotels Corporation, founded by the Pritzker family of Chicago;
- In 1989, Camp Hyatt, the industry's first chain-wide children's program, was introduced;
- The company affiliates own, operate, manage, and franchise Hyatt-branded hotels and resorts under the Park Hyatt, Grand Hyatt, Hyatt Regency etc.

Choice hotels international

- Choice hotel’s history since 1981 has been one of innovation and first in a number of areas;
- Establishing a three-tiered hotel system consisting of limited-service budget hotels, full-service midpriced hotels; and full-service luxury hotels;
- The company began a remaining campaign in 2001 that included new logos for the Comfort Suites, Quality, and Sleep Inn brands.

Club Méditeranée

- Was founded as a sports association in France in 1950 by Gerard Blitz;
- Club Med also noted the growing interest of corporations in using resorts for meetings and incentive travel trips and moved to take advantages of it;
- Its current customer market base is still Europe, at about 68%. About 58% of the inventory is leased, 35% owned and only about 7% under management contract.

Accor

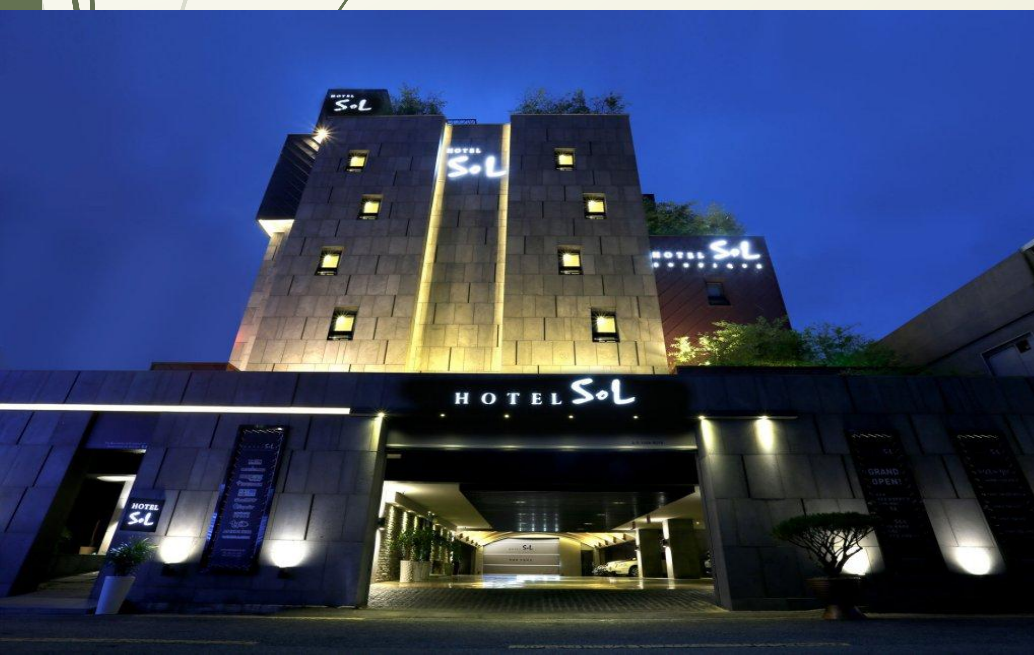
- Paul Dubrale and Gerard Pelisson built their first American-style motel on a French roadside in 1967;
- Accor operates numerous brands and lodging products, ranging from four-star Sofitel, three-star Novotel, and two-star Ibis;
- Accor is the largest hotel company on the European continent and fifth largest in the world.

Le Méridien

- Méridien was created in 1972 by Air France;
- Fashion being quintessentially French, uniforms worn by Méridien's staff are created by French fashion designers. ;
- The brand is mainly concentrated in the Middle East, Africa, and Asia, where 66% of the hotels are located. Only about 6% of its hotels are located in the America..

Sol Mediá

- The Sol hotels brand name was adopted in 1976 to reflect expansion to the Costa del Sol region.;
- An international division of Sol was established in 1985, and the first property outside Spain was built in Bali;
- Sol Mediá is now Spain's largest, Europe's third largest, and the world's twelfth largest hotel firm.



The Taj group

- The Taj Mahal hotel in Bombay, opened in 1903;
- It is now the leading Indian hotel group in terms of number of properties and rooms abroad;
- It is organized into three operating divisions: Taj Luxury hotels, Taj Business hotels, and Taj Leisure hotels.

Oberoi

- Oberoi expanded his group of hotels and in 1965 introduced the first five-star deluxe hotel in India – the Oberoi InterContinental in New Delhi;
- Oberoi concentrates mainly on the deluxe end of the market, serving the domestic and international affluent traveler;
- Its five-star hotels stress personalized service to such an extent that the hotels employ an average of three persons per room.



New Otani

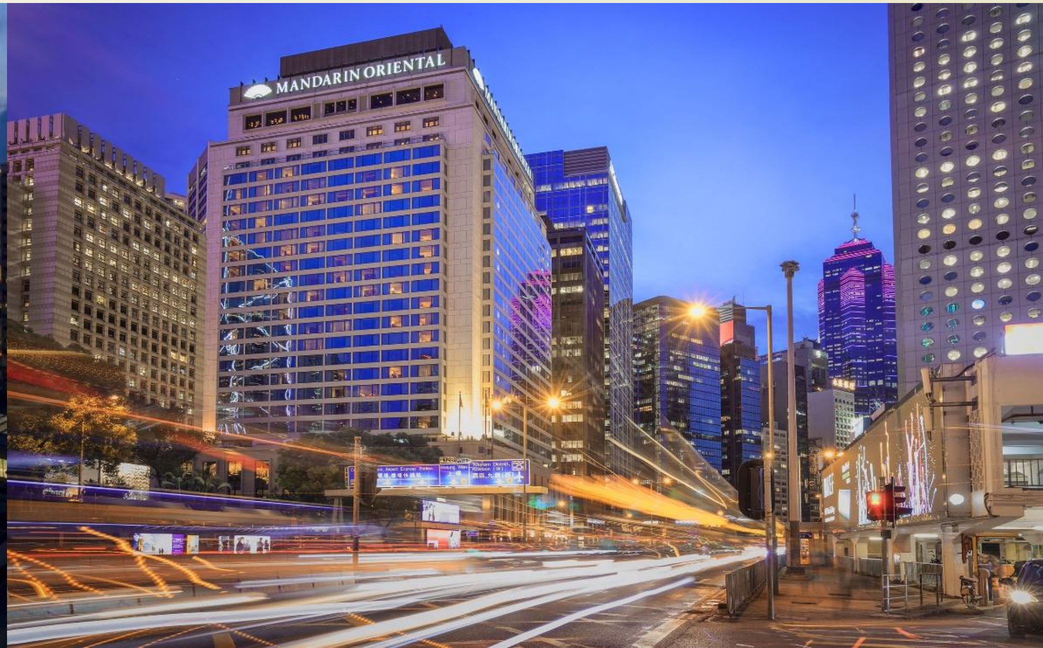
- The original New Otani hotel in Tokyo was completed just before the Olympic games in 1964;
- The New Otani group’s first overseas operation was the New Otani Kaimana Beach in Hawaii in 1976;
- Its success has required striking a balance between Japanese and American hospitality concepts and management styles.

Nikko

- JAL hotels was established as a subsidiary of Japan Air Lines in 1970, the name was changed to Nikko hotels international in 1984;
- Nikko hotels are largely Western in architecture and design, but they incorporate Japanese touches – landscaped Japanese gardens, specially designed tatami rooms, Japanese-style flower arrangements, Japanese tea service, and a discipline and spirit of service emphasizing meticulous attention to guest comfort.

Mandarin Oriental

- Hong Kong-based Mandarin Oriental traces its history from 1926;
- Mandarin Oriental's operational savvy has established a strong reputation for the name, some considering it to be the best hotel operator in the world;
- The aim of the company is to be recognized as the best luxury hotel group in the world and expand into the major business centers and key leisure destinations around the world.



The Airline Connection

In addition to ensuring rooms for passengers, the airlines in time found that alliances with hotels could help:

- Protect existing business and develop future travel business;
- Expand the airlines' revenue base with additional profit centers;
- Stimulate tourism development in destinations served by the carriers;
- Expand national culture.

Advantages/Disadvantages of Hotel-Airline Alliances

- Common "ownership" of customers;
- Potential for joint marketing;
- Promotion efforts;
- Increasing sophistication of computerized reservation systems;
- Possibility for tie-ins and bookings;
- Potential for increasing market share ;
- Less well-connected competitors

- Gains often offset by costs;
- Joint benefits fewer than anticipated;
- Lack of hotel managers;
- Common customers.

Mergers and Acquisitions

Some of the notable acquisitions during this period include the following:

- Colony Capital made a strategic investment in Accor in 2005;
- In 2006, the Canadian luxury hotel operator Fairmont Hotels & Resorts was purchased by a joint venture between Prince Alwaleed bin Talal's Kingdom Hotels International and Colony Capital, which acquired all of Fairmont's outstanding common shares for a total price of $3.9 billion in an all-cash transaction;
- Also in 2006, Four Seasons was taken private through a consortium of three investors: Isadore Sharp (CEO of Four Seasons), Prince Alwaleed bin Talal, and Bill Gates's investment vehicle Cascade Investments.