

People-in-Travel

Tracking Travel's Leaders



From Travel Business Analyst

Interview: K S Lo

K S Lo (also a heart doctor) heads Langham Hotels International. Part of this interview took place last month at the Hicap conference in Hong Kong.

PinT: What are your views on the importance of China for the hotel business?

Lo: At this stage of our development, China is our major target of growth. We are embarking on a new Silk Road for the hotel industry – China, India, and the Middle East.

China is booming. Outbound travel, now 50mn, is expected to be 100mn by 2020; that's 7% annually. Inbound travel, from 130mn to 150mn; 4% annually. Domestic travel, from 2bn to 3bn; 13%.

China will help satisfy my medium- and long-term growth strategies. We're well on the way with 10 hotels open or under construction in China. The country will account for half of our business.

What are the key opportunities there?

I see mixed-use developments as our major business model. Langham Place in Hong Kong has been used as an urban development model in many cities inside China. It's a mixed-use project comprising luxury hotel, shopping mall, office and residential components. All supporting each other's business and sustainability.

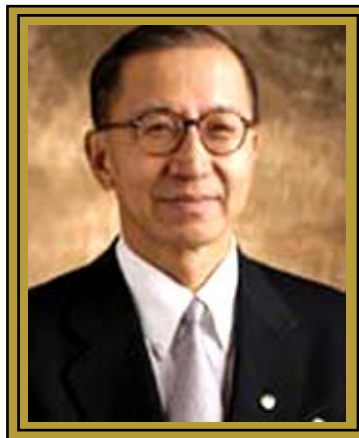
Often, the hotel sector does not make much profit. But as an anchor it enhances the image of the other components – for instance, hotel-related apartments can sell or rent for a 30-50% premium.

There are 170 cities in China that have population over 1mn! This presents huge untapped opportunities for us. Our expertise in management for hotels, shopping malls, and property often helps us to get projects easier.

China's consumers are seeking more differentiated hotel brands.

We have seen consumers in the luxury brands sector become more discerning about what they want from a brand.

However, as an owner-operator, we've taken a prudent view to ensure double-digit returns.



How can your brand compete with the large brands?

We have a multi-brand strategy: Langham, classic elegance and enchanting hospitality; Langham Place, contemporary and stimulating hospitality; Eaton, efficient and value hospitality. In today's digital age, it is faster and easier to build a brand.

As an owner-operator, we understand both sides. My staff are trained to have an ownership mentality – you spend money as if it's your own; you care for the long term future of the hotel; and you care for hotel guests because you want them to be your long term customers.

We have a strong sense of innovation. We do not stay still; we move forward, we change with the times.

How much does the US represent for your business?

The US market is still a large geo-

graphic feeder market; it represents 30% of our global business. But the US and Europe will still be slow for investment.

Innovators

Sheldon Adelson, 77, head of Las Vegas Sands, won the 'innovation award' at last month's Hicap conference in Hong Kong.

LVS is the main shareholder in Sands China, which owns and operates The Venetian and the Sands casino-hotels in Macau – and which is due to have 20,000 hotel rooms. LVS also developed Singapore's Marina Bay Sands casino-hotel, opened this April.

Adelson is credited with this expansion, but few note that it took him a long time to move outside the US – he has been in the business for 60 years. And for us, his 'innovation' happened 15-20 years ago – being a key figure in changing Las Vegas from a gambling capital into an entertainment capital. He may be doing the same for Macau, but the results are not yet in.

We agree with some of earlier IA winners at Hicap, but suspect the awards are more a publicity move for big-name sponsors. Previous winners, *with our comments*:

- Barry Sternlicht. Starwood's original bright light. *Yes.*
- Sol Kerzner. *No; see our earlier comments concerning his Cornell award.*
- Ho Kwon Ping. *No; he copied the Aman Resorts idea with a company started by his father.*
- The Regent Hotels founding-trio of Robert Burns, Adrian Zecha, Georg Rafael. *Yes, but it was a quartet because the real start was the opening of the Regent Hong Kong (now an InterContinental). And the man largely responsible for that was Rudi Greiner.*
- Founders of the WATG design company. *We would name just the late Pete Wimberly, but presumably it would be un-politic to leave out Allison, Tong, and Goo.*

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For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@gmail.com

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