

# HOTEL yearbook 2010

What to expect in the year ahead

**Sir David Michels on the shape  
of the coming recovery**

**The outlook for 20 key markets,  
from China and the USA  
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**Is it time to change in-room  
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The Ecole hôtelière de Lausanne (EHL) is the co-publisher of The Hotel Yearbook. As the oldest Hotel School in the world, EHL provides university education to students with talent and ambition, who are aiming for careers at the forefront of the international hospitality industry. Dedicated to preparing tomorrow's executives to the highest possible level, EHL regularly adapts the contents of its three academic programs to reflect the latest technologies and trends in the marketplace. Since its founding in 1893, the Ecole hôtelière de Lausanne has developed more than 25'000 executives for the hospitality industry, providing it today with an invaluable network of contacts for all the members of the EHL community. Some 1'800 students from over 90 different countries are currently enjoying the unique and enriching environment of the Ecole hôtelière de Lausanne.



## **Boutique DESIGN New York**

Boutique DESIGN New York, a new hospitality interiors trade fair, will coincide with the 94-year-old International Hotel/Motel & Restaurant Show (IH/M&RS). Designers, architects, purchasers and developers will join the hotel owners/operators already attending IH/M&RS to view the best hospitality design offerings as well as explore a model room, exciting trend pavilion and an uplifting illy® networking café.



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HFTP provides first-class educational opportunities, research and publications to more than 4'800 members around the world. Over the years, HFTP has grown into the global professional association for financial and technology personnel working in hotels, clubs and other hospitality-related businesses.



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Bench Events host premier hotel investment conferences including the International Hotel Investment Forum; the Arabian Hotel Investment Conference and the Russia & CIS Hotel Investment Conference. Bench Event's sister company, JW Bench, is a benchmarking company that has launched the Conference Bench and the Productivity Bench. An industry first, the Conference Bench, measures performance data for conference space in hotels throughout Europe.



## **Cornell University School of Hotel Administration**

Founded in 1922, Cornell University's School of Hotel Administration was the first collegiate program in hospitality management. Today it is regarded as one of the world's leaders in its field. The school's highly talented and motivated students learn from 60 full-time faculty members – all experts in their chosen disciplines, and all dedicated to teaching, research and service. Learning takes place in state-of-the-art classrooms, in the on-campus Statler hotel, and in varied industry settings around the world. The result: a supremely accomplished alumni group-corporate executives and entrepreneurs who advance the industry and share their wisdom and experience with our students and faculty.



## **Hsyndicate**

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



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# A new breed of traveler with a new set of needs

**RENEE-MARIE STEPHANO**, President of the West Palm Beach-based **MEDICAL TOURISM ASSOCIATION**, and **DAN CORMANY**, graduate student at the **UNIVERSITY OF NEVADA-LAS VEGAS**, offer hotels a detailed guide to innovative new revenue opportunities.

About fifty years ago, hoteliers began to sense that the market for hosting meetings and conferences was blossoming, and there were profits to be made from the demands of this relatively new growth segment of the hospitality industry. From only a few big-city hotels, the meetings market expanded until today it now accounts for 35 % of all hotel revenues in the United States. Some hotels are generating more than 70 % of their income from meeting services, and it is difficult to find a full-service hotel that doesn't seek some slice of this profitable business.

We wonder, does medical tourism now hold such similar long-term promise as a new market segment for international hotels and resorts? Even the more modest growth estimates project that in 2010, six million Americans will be traveling abroad for health care, spending billions of dollars each year – up from just 750,000 three years ago. For those looking further out, growth and spending patterns on medical tourism are expected to increase tenfold in the next eight years. And these are just US travelers – travel for medical treatment is growing in nearly every region of the world. Millions of patients from around the world travel each year to other countries for medical and dental care. While business and leisure travel projections continue to suffer due to the fragile economy, medical tourism's promise of savings on quality care has caused the phenomenon to grow at even a more rapid pace as economies have faltered.

For hotels which have thought through how to meet the needs of the medical traveler, we believe this market segment may provide some blessed relief in 2010 if both business and leisure travel numbers continue to flatten or decrease.

But more importantly for the long-term growth of medical tourism in specific destinations, 2010 may prove to be a pivotal year in which hotels need to awaken to this market. Over 40 countries are actively promoting medical tourism. Medical tourism locations are multiplying, and if hospital care is equivalent in a number of cities, the traveler will be selecting a specific destination either on the basis of cost alone, or on the non-medical support factors available.

If the potential medical traveler is given nothing upon which to base a decision except cost, this means a race starts between locations to have the least expensive offerings – a race that will result in everyone in medical tourism, including the patient, losing. Eventually the low-cost leader will need to reduce service quality to maintain that position, and others not able to join the stampede in price reduction may not be competitive.

If, however, the potential medical tourist is provided criteria of non-medical support available, then a decision is made on perceived value of a destination. And our goal becomes understanding what non-medical aspects of the travel are valued by medical tourists. Key participants in these non-medical aspects are the hotels; both the hospitals and the hospitality operations of an area must understand the symbiotic relationship they have in the development of a medical tourism destination. So medical tourists not only are a growing revenue source for hotels, the hotels are a critical player in the eventual success of the location for medical tourism. These next few years will serve to distinguish those areas who can offer the «whole package» to potential medical visitors and those banking on low-cost medical care.

To do so, hotels need to do two things – understand the needs of the type of medical tourists they may be serving, and develop plans that create new revenue potential based on those needs.

Starting with needs, these may take several forms, depending upon the type of medical treatment most commonly being sought in a particular region. This past year saw more hotels beginning to recognize the role they can play as hosts to the medical tourist briefly before medical treatment, and longer during the convalescence process prior to returning home. In essence, the hotel is an «aftercare» facility, as the guest moves from medical facilities while his or her strength returns, healing occurs, and family members supplement the medical travel experience with tourism and relaxation. This recovery period may range from a few days for minor and cosmetic surgery to a couple weeks or more in the case of major surgery – in many cases longer than the average leisure or business stay. As this



market becomes more recognized, 2010 may be the year more hotels start to add special services to attract the medical traveler.

How will this be done? Serving such patient/guests is relatively new ground for many properties, but models do exist. They involve both service and facility provisions, and with such a rapidly growing market, the hotels that innovate early will have a distinct advantage in becoming known to both medical facilitators (services aiding in arranging a medical trip), and area hospitals.

Certain regions are becoming known for certain types of treatments – for instance, major surgery, dental treatments, cosmetic surgery, or rejuvenation treatments. As this has developed, we now can get a better idea of what specific needs and desires such guests may have. This allows hotels to tailor their focus. For instance, those areas excelling in cosmetic surgery will find a high premium placed on privacy and seclusion, and a need for shaded outdoor areas as exposure to the sun may cause permanent darkening of the healing tissue. Those serving guests recovering from major surgery may consider adding a nurse to the staff, as an Asian brand has done on its properties in 2009.

Let's explore a bit more closely the types of services and facilities this new clientele may desire, with the notion that not only will this make a facility more « medical traveler friendly ». It will provide a marketing benefit if any of the several notions we have heard informally discussed about a rating or recognition system for medical tourism hotels is ever developed.

Services are a good place to start, as they don't involve a large capital investment and can make a property immediately more appealing to the medical tourist. Some service modifications that have proven helpful at hotels include: scheduling specific housekeeping times to service the room, offering personal shopping services, providing transportation (that perhaps can accommodate wheelchairs) to and from clinics, extending room service availability to 24 hours a day, and employing masseuses trained to complement recovery processes, cosmetologists skilled in « cosmetic camouflage », and medical-technology trained personal butlers able to respond to needs.

The expertise of a dietician has also proven helpful in helping restaurants and room service to support prescribed dietary restrictions for recovering patients, and to develop detailed menus addressing recommended healthy eating through all food outlets. While the Shangri-La brand added nursing support to their staffs, others have made such support available to their medical travelers through contracted third party providers.

Additionally, hotels have demonstrated support through simple considerations. These include reserving for the medical traveler more secluded guest rooms, or ushering guests directly to their rooms at which the check-in process is conducted so they may forego the crowds and physical demands of checking in at the front desk. Often, it is advisable to select rooms that may be reached without the use of stairs. Some properties have created alternative, private entrances that the medical traveler may elect to use for both convenience and privacy. ►

Some of these service changes involve staffing additions, others are simply modifications to usual procedures. But in all cases, a key point is that medical guests may be substantially different from leisure or business guests in their ability to participate, or « co-create » the necessary service. After surgery, the guest is likely to be in a physically weakened condition, so routine processes such as waiting in a short front-desk queue can be daunting. Additionally, both the guest and his or her family members may be emotionally taxed, increasing the importance that the hotel staff has thought through their needs and coordinated such services. Medical travel is likely to be a new experience for the guest, and they may not have realized the type of support they will need. The hotel that anticipates those needs will be greatly appreciated.

This raises the important concept of service coordination, and we suggest that it might be helpful to look to a couple other hotel activities for operational lessons learned. To our knowledge, these ideas have yet to be implemented by any hotel, perhaps because the market of medical tourists is such a new concept to most properties. However, when a hotel is hosting a meeting, it is now standard to have one property contact through whom details with all departments are arranged. Likewise, when a hotel serves a VIP, it is common to have a « host » assure all aspects are synchronized.

Both practices recognize the value of coordination and the likelihood that something in some department may be overlooked if such effort is not made. This likelihood increases if coordination efforts are left to patients or their families who have many other matters on their minds.

This coordination may extend to outside the property, as well. Medical travelers, especially during recovery, must rely on the professionalism and skills of a variety of services, such as transportation providers, nurses, therapists, translators, courier services, prescription delivery, as well as traditional concierge support of a person knowledgeable of the area. Locating and validating such quality service providers in a strange city can be an exhausting undertaking to any traveler, much less one under the physical and emotional strains of a recent surgery.

Imagine how such concierge support, whether done by interacting only with the guest, in collaboration with personnel at the hospital, or as the local contact in conjunction with a medical facilitator in the traveler's home country, could aid the traveler and ease stress. At minimum, such a person serves to standardize communication between hotel departments and becomes a powerful marketing tool for the hotel.

Such efforts also may provide an additional revenue stream for the property, much like a business center supports, and profits from, the business traveler. This contact person develops an expertise in the medical traveler needs, cultivates the unique contacts necessary to best serve the guest, and assures that services are coordinated for the benefit of both the guest and the various departments of the hotel.

Such services could be included in an all-inclusive hotel pricing for medical guests, making this a win-win for both the traveler and the facility. Here is how. Almost by definition, medical travelers from the United States venturing outside of their country for surgery are doing so at least in part due to price sensitivity. Additionally, a commonly voiced complaint we hear of United States health care is the uncertainty of the final cost, as physicians, anesthesiologists, hospital facilities, medications, and other services each are billed separately, and may vary wildly from initial estimates. Many overseas hospitals have responded by providing a comprehensive price for their services, including that of their physicians. It strikes us that hotels may want to avoid the perception of shifting the frustration of price uncertainty from the hospital to the hotel aftercare process through also providing all-inclusive pricing.

By following the lead of international hospitals, hotels may not only find such pricing as appealing to prospective medical guests, but also advantageous for the same reasons such pricing is often used in marketing resort destinations. From the property's perspective, this allows the hotel to capture revenue on three meals daily for the medical traveler and all of his or her family members. It also provides an income for a variety of support services the guest may or may not use. For example, these may include medical concierge support,

a designated number of spa visits, ground transportation, possibly a specified number of nursing visits daily for the pre-determined duration of the stay, and even one or two light touring activities.

For the medical traveler, such price bundling removes apprehension over the final bill, and assures that if services are desired, they may be accessed.

There is another potential benefit of all-inclusive pricing. US medical insurance companies are showing ever greater interest in offering medical tourism as an alternative to expensive US care. In order to increase the appeal of this option to its subscribers, some insurance companies «incentivize» the option by waiving deductibles, paying travel costs, even paying the travel costs of a partner accompanying the patient. If these value-added practices continue, we believe it is conceivable that in the future hotels may be receiving direct payments from insurance providers. All-inclusive pricing contracts could clarify such coverage, assuring to both the hotel and the guest that prior approval has been issued for the total cost of the visit, and minimizing issues arising from questions of the guest's prerogative to utilize specific services. By limiting after-the-fact controversies of whether a nurse was essential, for example, or whether a medical traveler did or did not exceed an insurance-imposed meal allowance in à la carte ordering, the hotel is protected from extended post-trip haggling that so frequently drags out current insurance payments, and the insurance company is provided a pre-trip clarity of charges.

Certainly the hotel that only occasionally hosts a medical traveler may find the above suggestions surpass the investment in staff and market development they are willing to make to medical tourism. Conversely, other facilities may wish to extend their efforts into facility modifications, introductions of «medi-spas», transportation/lodging packages, or cooperative arrangements with area medical facilities. Medi-spas are the fastest growing market in the spa industry, growing at 11-14% annually, and every indication is that the popularity of such services will continue unabated in 2010, both as destination facilities of their own and as supplements to other medical

travel. Also, some hospitals and healthcare providers are integrating spa and wellness treatments into major medical procedures for a new «integrative» approach to modern medicine.

Some lodging companies in key medical tourism destinations may see an appeal to the medical traveler as a way to even out the seasonal ebb and flow of hotel occupancy, or as a sort of tourism that has more resistance to stagnation and decline than typical leisure destinations. Others may be cautious about how well medical guests can be commingled with leisure and business travelers. Still others may pursue the strategy of several new resorts and hotels, which accommodate exclusively medical tourists and their families. Finally, as some new hospital facilities include hotel facilities within their complex for families and recovering patients, the potential of managing such facilities may appeal to some hotel corporations. InterContinental Hotel Group (IHG) is one international hotel chain that has moved forward into the medical tourism space.

Whatever the decision, it is likely that those who take seriously the unique needs of the medical traveler will be the leaders in this new and growing segment of the lodging market. ■

Medical travel  
is likely to be a  
new experience  
for the guest,  
and they may not  
have realized the  
type of support  
they will need



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