

Long-Term Thinking

An Interview with Robert H. Rechtermann,
General Manager, The Peninsula New York

EDITORS' NOTE Robert Rechtermann assumed his current post in May 2007. Before this, he was Resident Manager of The Peninsula Chicago, after serving as Director of Operations of the Ritz-Carlton Boston Common. He has also served as Executive Assistant Manager of Food and Beverage for the Ritz-Carlton Boston. Rechtermann holds a B.S. in hotel management from Fairleigh Dickinson University.



Robert H. Rechtermann

PROPERTY BRIEF The Peninsula New York (www.peninsula.com/New_York) occupies an elegantly restored, 23-story, Beaux Arts landmark building on Fifth Avenue in the heart of Manhattan's prestigious shopping, cultural, and business neighborhoods. It features 239 rooms and suites equipped with state-of-the-art technology, a glass-enclosed spa and health club, rooftop bar, and the popular Fives restaurant. The property is the recipient of the AAA Five Diamond award and was recently awarded the Forbes Five-Star rating for both the hotel and The Peninsula Spa by ESPA. The Peninsula New York is managed and owned by The Peninsula Hotels, a division of Hong Kong and Shanghai Hotels, Limited.

How much of an impact have you seen broadly on New York City as a result of the economic downturn, and how has business for The Peninsula been affected?

The economic downturn has definitely affected business in New York City. The Peninsula New York's business has also been impacted. However, the good news is that throughout the downturn, we continue to gain market share within our competitive set.

At this time, many talk about the need to keep occupancy up at rates that might be not be the norm, while others push to maintain rate integrity at all costs. How do you balance the two, and is it challenging to find the right mix?

Everybody has a different school of thought on rate versus occupancy. At the end of the day, you can't take an average rate to the bank – you can only take revenue to the bank. A hotel room is a perishable product, and if you don't sell it, you've lost it. We err on the side of occupancy to keep our team working and keep a certain buzz around the hotel, but we take advantage of rate when we can. It's

very clear across the board that hotels pursued occupancy over rate in 2009, simply because guests are now more price sensitive. We've noted that while guests are still loyal to their favorite hotel brands, they're also making sure that they're taking advantage of the best rates available.

In terms of the room and suite product you offer today, are you happy with it, and will there be any changes in that area?

We're very fortunate to have owners who are very long term in their thinking. Over the past two years, our hotel has undergone several major renovations, which have resulted in nearly a completely renovated product. The launch of Salon de Ning rooftop bar in May 2008 kicked off the renovations, followed by the new Peninsula Spa by ESPA, and the fitness center and pool in January 2009. An extensive guest room renovation is nearly complete, along with new décor for the lobby and restaurant. The most recent and dramatic change was to our private event space.

Unlike other companies that may be delaying major capital expenditures, we're completing all of our capex plans that we established two and a half years ago to reposition this hotel. We're very fortunate to have that financial support from our head office, as it's important that we continue to reinvent ourselves and maintain our position as a market leader. We're confident we're going to come out of this recession stronger than ever, because of all the renovations and service improvements we're making right now. In fact, we are very proud of the fact that our hotel earned the prestigious 2010 Forbes Five-Star Award for the hotel and for The Peninsula Spa by ESPA for the first time.

Yours is a brand known for its spa offering. What made you feel there was a need for a change?

While our previous spa was very popular, it was in need of a renovation as the product was more than 15 years old. The new Peninsula Spa by ESPA offers not only an updated look but also a new wellness philosophy introduced by ESPA. We're thrilled that the new spa has been exceptionally well received by both our guests and the local community. It was a bit of a challenge to open a new product during an economic downturn, but The Spa is a fantastic product with a strong following both for its treatments and membership

component, so we have been able to maintain our competitive edge within the city.

With Salon de Ning rooftop bar, you offer a unique product that is hard to find in the city. Have you been happy with the business it has attracted?

Yes, our rooftop bar, Salon de Ning, is extremely successful. The renovation in 2008 and subsequent repositioning from The Pen-Top Bar to Salon de Ning helped to revitalize the bar and, as a result, our business has grown from 20 to 40 percent depending on the month. There are very few if any comparable bars in midtown Manhattan, so we're very pleased to offer such a unique destination for our guests and to the public. We're also seeing a greater demand for private corporate parties and high-end social events, which is a great way to promote the space.

Is your recently renovated meeting space primarily for high level but small events, and what facilities do you offer?

We offer about 3,000 square feet of banquet space that lends itself perfectly for meetings and social functions. The renovation is in keeping with the new contemporary decor throughout the hotel, offering an elegant yet comfortable place to conduct either business or social functions. We are lucky to offer banquet space, which provides large windows that overlook either Fifth Avenue or 55th Street – a rarity for New York. The group market is a big revenue-generator for New York hotels so the renovation allows us to attract some of that very high-end smaller group business. We also want to increase the number of social functions, which will contribute to the overall success and image of the hotel.

When you look back on the two and half years since you first arrived here, has it been all that you expected?

It was easy returning to work in New York City and working with this type of clientele and, of course, the amazing staff of the hotel. What I didn't expect was for the hotel to accomplish so much from a physical standpoint within just two years. Every time I've asked for a project from my head office, it's been very well received and supported. The entire hotel, from top to bottom, has been touched in some form or fashion with this renovation, and that's very noticeable to our customers and our staff, and helps position us to be in the best place as the economy turns. ●

Salon de Ning (top left); Superior room (bottom left); Lobby (right)