

## Value for Money

**An Interview with Christoph Schmidinger,  
Regional Vice President, Four Seasons Hotels and Resorts,  
and General Manager, Four Seasons Hotel New York**

**EDITORS' NOTE** Prior to assuming his current post, Austria-native Christoph Schmidinger served as the General Manager of The Ritz-Carlton Chicago, a Four Seasons Hotel. Before this, he served as General Manager of Four Seasons Hotel Atlanta, and for eight years in managerial positions at the parent company and Regent International properties in Asia. He is active in numerous industry organizations. In his current role, he oversees Four Seasons Hotels in Atlanta, New York, and Philadelphia.



Christoph Schmidinger

they can get, even though I might have to ask for less this year than I was able to ask for last year. But the loyalty of a customer is based on delivery of expectations. It was tough, but we succeeded well. We have not cut services to the extent that a customer doubts the value of Four Seasons.

We are ready to face 2010, which we do not expect to be a turnaround year; we have to survive another 12 months. But we have the business model in place to run efficiently, even profitably, for our ownership, while still making it enjoyable for the customer.

**PROPERTY BRIEF** The I. M. Pei-designed Four Seasons Hotel New York ([www.fourseasons.com/newyork](http://www.fourseasons.com/newyork)) rises 52 stories above the city's premier shopping and business districts. A Mobil five-star, AAA five-diamond property, it is known for its 368 oversized guest rooms (among New York's largest) and similarly spacious bathrooms, all completely remodeled in 2004. The hotel's numerous property upgrades in recent years include the newly created Presidential Suites; a re-designed spa and fitness center; the addition of TY and, most recently, The Garden restaurant and wine bar; two new lobby dining outlets; the celebrated L'Atelier de Joël Robuchon (the recipient of the 2007 James Beard Foundation's Best New Restaurant award); and the world's most expensive hotel suite, the \$35,000-a-night Ty Warner Penthouse. The hotel is managed by Toronto-based Four Seasons Hotels and Resorts.

**All businesses have been affected by the global economic crisis, travel and tourism among them. How much of an impact have you seen on New York City broadly and within the luxury segment?**

We have been impacted like everybody else has – we see declines in revenues of approximately 20 percent year-over-year. People travel less and people spend less, even at the bar – they have fewer reasons to celebrate, and that all impacts us. We went through a rough year in 2009 and we had to align our business model to the new revenue situation. But the priority, in realigning our operation, was to not let the customer feel it. So we became more efficient without affecting the service, because we firmly believe that customers still consider good value important – they still appreciate the value



**In terms of the guest experience, a lot of the customer service is based on the contact they have with the employees who, based on what they've been hearing, are understandably nervous about their jobs. From a leadership point of view, how critical has it been to communicate with your people during the crisis so they understand**



**the long-term vision for the property, and to make sure they maintain a high level of service?**

Running an operation like this during good years is much easier than in difficult years, so communication is key throughout the year. We had to go through a very painful exercise of laying off quite a number of people and were left with the challenge of motivating the people who were left so they didn't feel threatened and so they saw a future at our property. I, most likely, learned more in 2009 than in all the years before, because you are challenged in a very different way. But the team I have in place appears very motivated, the guest feedback I receive is very positive, and the value for money is still there – I'm proud of my team.

**During tough times, the manager/owner relationship seems even more critical, in terms of creating a common vision for what the property needs. How critical has it been for you to have an owner who is invested in the property, and how has that helped you through this time?**

Tremendously. There are all kinds of owners, but I'm glad to have an owner who believes in the high quality of his product and who is







very willing to invest and to constantly improve. What was good three years ago is no longer good enough for the customer today or into the future. The expectation level of the customer has changed and increased, and our owner is aligned with Four Seasons to provide the customer with what he expects. When he leaves his luxury home, he doesn't want to miss the same benefits and amenities while staying at a Four Seasons hotel.

**During the good days, the word luxury seemed to be overused – everyone wanted to define themselves as luxury. Today, it seems many people refer to it as excess, even though with luxury can come value. Is it tough to align luxury service with value?**

You hit the nail on the head. Luxury doesn't have to be a negative word. Luxury is negative when it is unreasonably excessive. But luxury of the right amount, delivered at the expectation level of the guest, is value for your money and is actually more cost-efficient. I have these discussions with meeting and incentive organizers who have a huge desire and investment in making sure their meetings run well. You can go to a property where the outcome or the operation of the meeting is in question, although it is much more cost effective, or you can go with the safe bet, which is a little bit more expensive, like Four Seasons, where we make sure that your meeting is very successful. In the end, the cheaper version ends up being more expensive.

**Four Seasons is a brand that has always set the mark on rates. Is it challenging to find the balance with rate and occupancy today, and will they bounce back?**

The yield game is equally challenging, in good times and in bad. We juggle daily between giving in on rate or occupancy. The times are over where business was flowing in the door and we didn't have to worry. So it's tough to establish the right pricing, but we do not believe in deep discounting, because a product also comes with perception. Can you really expect to continually buy a high quality product at a heavily discounted price? Also, my cost of delivering the same value that I delivered last



year is not the same – it's actually higher. I also have to protect my costs, and sometimes I might be better off not taking a piece of business but keeping my integrity with the price.

**Is it reasonable to think that as recovery happens, we will see the type of rates we saw once before, or has there been a complete shift in mentality around rates?**

Eventually, we will get back to what they were before. New York, in particular, has gone through ups and downs, maybe more than any other city, but over the decades, it has always shown a steady incline. It will take awhile, but I'm very confident we'll get back to where we were.

**In the luxury segment, all properties have great products, good restaurants, and a spa, and often times, the difference comes down to service. Is it more or less challenging during tough times to differentiate, and will you really highlight some of those factors that help a property stand out?**

The situation gets tighter, and the air gets thinner. We're all competing with same weapons. I always come back to this, and this is what I tell the staff: just focus on the individual customer and focus on the service; that gets you the furthest instead of creating services which may not be needed, required, or appreciated. In the situation we're in right now, it's very much back to basics. If your basics are right, you have a good opportunity to sail through the rough waters.

**In leading the property in 2010, what are you most focused on to maintain the strength and growth for the property?**

We believe 2010 will most likely not be worse than 2009, but I wonder how much better it's going to be. I need to run a very tight ship from a cost perspective and from a business model point of view. But my top priorities remain the same: training, training, training of my staff, and focusing on service. I have opportunities to do better every single day, and what brings the customer back is fulfilling or exceeding his expectation level from a service point of view. Then the customer is willing to come back, even at the price he will be charged. ●

*57th street entrance (opposite page top); Ty Warner Penthouse living room (center opposite page) and library (bottom opposite page); Studio Suite (top); Lobby (center); Presidential Suite (lower)*