

The Value of an Alliance

An Interview with Christopher Hartley,
Chief Executive Officer, Global Hotel Alliance

EDITORS' NOTE Chris Hartley was one of the pioneers behind the launch of Global Hotel Alliance (GHA) and became its CEO in 2006. Since then, he has overseen the company's expansion from his base in Geneva. Prior to GHA, he was the start-up CEO of Shaza Hotels, a joint venture between Kempinski Hotels and a private equity group, and now a member of GHA. Hartley had previously spent 10 years with Kempinski, the last five of which he was Senior Vice President of Sales and Marketing. Hartley started his



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career in 1991 with Forte Hotels where he trained at various of their luxury hotels. He quickly migrated into corporate marketing, moving to Forte's headquarters in London, where he worked for their "Exclusive Hotels" division. Hartley is a graduate of London University, where he obtained his Bachelors' degree in French and German, before completing his postgraduate studies in hotel business administration at Manchester University. He also holds an M.B.A. from Reims Management School.

ORGANIZATION BRIEF Founded in 2004 and based on the airline alliance model, Global Hotel Alliance (www.gba.com) is the world's largest alliance of independent hotel brands. It uses a common technology platform to drive incremental revenues and create cost savings for its members while offering enhanced recognition and service to customers across all brands through GHA Discovery, a unique multi-brand loyalty program. GHA is currently comprised of Anantara, First, Kempinski, Leela, Mirvac, Marco Polo, Omni, Pan Pacific, PARKROYAL, Shaza, The Doyle Collection, and Tivoli, encompassing nearly 300 upscale and luxury hotels with over 65,000 rooms across 48 countries.

What are the origins of GHA?

Five years or so ago, there was an acceleration of growth in the upscale and luxury hotel market. The big chains were expanding rapidly and consolidating so quickly that small chains were being left behind, both in terms of size and distribution. Moreover, the Marriotts, the Hiltons, and the Starwoods were investing in expensive new technology, products, services, and resources to support this growth, making it increasingly difficult for smaller hotel groups to reach and compete for customers.

Looking at what the airlines had done so successfully with their alliances, we decided to do the same and bring together a collection of brands with fewer properties and create a hotel alliance that would have the leverage and reach of the big guys; that would appeal to the corporate buyers; that would create global partnerships; that would share a loyalty program; that would develop common distribution and web platforms and, in so doing, would help its members compete more effectively with the big chains,

both in terms of driving revenue and managing costs.

What started as a vision for the future of smaller hotel chains quickly became reality, as there were many brands out there that found the idea appealing. But it was, ironically, the start of the global recession at the end of 2008 that accelerated GHA's growth, because suddenly brands really needed those cost savings and revenue opportunities that we were offering.

How do you define who fits within the alliance?

We're ideally looking for strong, regional brands, well known in their local markets, that operate upscale and luxury hotels.

Kempinski is a great example. It is very much the home-grown brand of Germany and has expanded successfully with a strong German customer base, but has less recognition outside its home market.

Our member brands typically have good customer awareness at home, but when they start looking for business from the key feeder markets – like the U.S. – it's expensive to reach these customers and promote a brand that is probably relatively unknown in that market.

Will you take us through the range of services that the alliance offers?

We started out with a goal of reducing costs for members by leveraged buying. We focused on the easy wins, so we brought in a technology partner, Micros, which is the market-leader in technology for the hospitality industry. Through this relationship with Micros, we were able to reduce distribution and other technology costs, which is so hard for small chains to achieve on their own.

Then as part of the first phase of our revenue-generation goal, we looked at business-to-business relationships with buyers and suppliers,

such as the big travel agent consortia, and developed global relationships to put our hotels in front of their agents and corporate customers.

But our long-term objective remained to create, over time, a direct relationship between our member brands and the end consumer through the alliance, as that relationship is so critical today in a world where consumers like to make their own choices based on their own information.

So today, we're the first organization to have created a multi-brand loyalty program. Our members can offer individually branded cards, for example, but ultimately, the whole program is operated by us under one umbrella. Known as GHA Discovery, the program was launched in July 2010, and we've now consolidated all the smaller, individual brand programs into the master program. By bringing those programs together, we've already created a membership of one million members, with the goal of growing to over three million in the next couple of years.

To supplement our marketing communications with GHA Discovery, we have partnership relationships as well with airlines, car rental, and credit card companies.

Behind the scenes, we're also combining sales offices. For example, in both New York and London, we've enabled brands to share a single office infrastructure where they can share knowledge, best practices, and, of course, their customers. We're looking to copy this structure in other markets across the world. Again, this provides a cost-efficient way for members to reach these overseas markets, which they couldn't necessarily afford to do on their own.

Has the alliance evolved the way you expected or have there been surprises along the way?

I was surprised by the speed at which the concept of the alliance was accepted, and I've been pleasantly surprised at the way the travel industry has taken to it and likes the idea of doing business with our alliance.

I've been intrigued by the way an alliance is a completely different approach to doing business. I've enjoyed watching new members join after much analysis, then quickly feel the value and really get behind it. I would never have imagined that some of the initiatives we've undertaken, such as loyalty, would get unanimous approval so quickly. There is definitely a spirit of all being in this together and working towards the common good. ●