

Independent-Minded



Beijing Parkview Green FangCaoDi, one of a growing number of Small Luxury Hotels of the World in China

An Interview with Paul J. Kerr,
Chief Executive Officer, Small Luxury Hotels of the World

EDITORS' NOTE Paul Kerr is also Joint Managing Director, Hill, Goodridge & Associates Ltd. After beginning his career as an accountant at Price Waterhouse Coopers, Kerr crossed over into the hotel business in the early '80s by taking a position with Forte Hotels in London. He then became Financial Director of Cunard Hotels & Resorts. After leaving Cunard in the early '90s, Kerr teamed up with a former colleague, Brian Mills, to form Hill, Goodridge & Associates Ltd.



Paul J. Kerr

(HGA), which since 1992 has acted as the outsourced global management company of Small Luxury Hotels of the World™ (SLH). In addition to overseeing and marketing the SLH brand, HGA formed a second company in 2002 called Luxury Hotel Partners Ltd. (LHP), which is headed up by Brian Mills and operates and manages several independent, boutique luxury hotels in Europe.

COMPANY BRIEF Small Luxury Hotels of the World (www.slh.com; SLH) is a brand of luxury, independent hotels offering an infinite variety of memorable experiences and offers more than 520 hotels in over 70 countries. The variety of hotels is diverse, from spas, country houses, golf resorts, island retreats, and city sanctuaries to game and wilderness lodges.

How is Small Luxury Hotels of the World positioned in the industry today?

Small Luxury Hotels of the World defines what our hotels are, which is where the strengths lie. Our average size is 50 rooms and all of our hotels are also independently owned.

Our typical customers also have independent minds and enjoy staying in independent hotels. Our properties are on the smaller side, they fit in where they are, they don't impact the environment, and they give their guests great personal service. Because they're independently owned, the owners have a real passion for their hotels.

Where are your best opportunities for growth and do they relate more to the specific property or to geographical targets?

Any brand needs to have a solid geographic penetration because people like traveling all over. So we are growing in different parts of the world.

We have about 300 hotels in Europe, about 120 hotels in Asia, and about 100 hotels in America.

Europe still offers several opportunities for growth and there are quite a few new hotels just joining. But our real growth is in Asia.

If we concentrate our growth on the hotels rather than natural growth, we see South America as a good opportunity.

Both the Indian and Chinese markets have good growth potential but I think we'll see the most growth in the Chinese market – they like the brand.

How large can the portfolio become?

China is a huge area for growth, so I can't see a restriction there. It's the same thing with South America – we will grow as long as the properties are of good quality. If they fit what our customer wants, they should be fine.

What advantages and value does Small Luxury Hotels of the World provide?

Our geographic penetration is huge in many different markets and the Internet has allowed us to promote that.

The benefits for the properties are that they're connecting to a well-known brand and gaining access to our Web site customers, which number from 10,000 to 12,000 a day. Over six months, there have been 1.9 million visits to the Web site – that's up 27 percent from last year. There have been 43,000 room nights sold from that.

We also work to keep up with technology. For instance, we can track the visits to our Web site from iPads, which our customers are now using to book reservations. They are up 171 percent to 229,000 so far this year.

We also track visits from the iPhone and that is up 128 percent up. We've also seen a 236 percent increase in reservations being made from iPhones.

So customers are not only using technology to do research but are booking through these outlets?

We don't collect data on those who go to the hotels' direct sites. We're happy knowing people are using our technology and the channels SLH has developed to actually book at SLH hotels.

Our club survey tells us that customers trust the SLH brand so we are starting to take payments for customer bookings directly from the Internet and paying it directly to our hotels – that is a new development that technology has allowed us to offer.

Has the word luxury lost some of its meaning and what defines a true luxury travel experience today?

A lot of our customers define luxury as freedom of choice. So at SLH, we provide total choice for the customers within our brand but with a consistent message that they're going to have a high standard of experiences.

Customers have a choice of how to book and channels they want to use to research their travel. Then, when customers get to the hotel, we encourage hotels to be very flexible in providing what the customer wants in terms of items such as time of breakfast, which rooms will be available, time of check-in and check-out – that is all negotiable when they book through the club.

Another luxury comes from what the hotel offers as unique experiences for luxury travelers – the things that they may be able to do at that hotel, and in that area, because they are staying at that hotel and working with the hotel's accommodating staff.

You touched on the value of small luxury independent properties. Has that value remained consistent over time?

I always saw that they would survive and grow, because I spoke to the customers myself and came to learn that they are independent-minded – they don't like the big chains and standardization, and they want a different experience.

They also have limited time and don't worry too much about price, although they want more value for their money today. So they want to have a good experience when they arrive at a destination. That is our job – to qualify the hotels to make sure the customer won't be let down.

Many people equate value with price, yet you could be paying a much higher rate but still get much more value with that stay. Is that understood today?

If you're comparing another hotel in the same location to a Small Luxury Hotel of the World, people are prepared to pay a premium for our hotels because they know that our brand is going to deliver what it says it will.

In leading SLH, how do you focus your time?

I'm a great believer in goals. We get together for a few weeks in late September and discuss our short- and long-term strategy and we set all of our goals to ensure everybody is working in unison to get to where we want to go. ●