

**IN WHICH HOTEL DID YOU LAST EAT ?
THE WINNERS ... AND THE LOSERS**

It was Mr Joseph E. Levine, a producer of films in the US, who gave the world the idiom:

'You can fool all the people all the time if the advertising is right and the budget is big enough'.

But Ms Helen Rowland, in 1922, gave the world the even more fragrant expression in respect of the frailty of man. She penned the following:

'Some women can be fooled all of the time, and all women can be fooled some of the time, but the same woman can't be fooled by the same man in the same way more than half of the time'.

Both of the above idioms, of course, are a modification of the famous expression, credited to the 16th President of the United States, Mr Abraham Lincoln. He was quoted as stating:

'You can fool some of the people all of the time, and all of the people some of the time, but you can not fool all of the people all of the time.'

In the highly competitive commercial world of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), where the tens of thousands of eating establishments fight for the consumer's dollar, fools survive for only a very short space of time, generally speaking.

But, of course, there are those who, backed by big business, are able to stay afloat a little longer than some people would have imagined, or suspected.

But, when it comes to the hotels of the HKSAR, one can determine whose management is good, in terms of the patronage of food outlets – and which are the absolute duds.

In the month of January, this year, the top, 5-star hotels, in terms of combined food and beverage sales, were:

<u>Ranking</u>	<u>Name of Hotel</u>	<u>Food and Beverage Income</u>
Number One:	Grand Hyatt Hongkong	\$HK22.69 million
Number Two:	Island Shangri-La Hotel	\$HK22.47 million
Number Three:	Intercontinental Hongkong	\$HK21.68 million
Number Four:	The Peninsula Hongkong	\$HK20.08 million
Number Five:	J.W. Marriott	\$HK18.92 million

Perhaps, what is as interesting as those hotels, which came in at the top 5 spots, in terms of food and beverage sales, only, were the hotels, which have fallen on hard times ... or whose management has been unable to make the grade.

Those hotels, in the month of January, included:

Mandarin Oriental	Conrad Hongkong
Sheraton Hongkong Hotel and Towers	Kowloon Shangri-La Hotel

Every month, statistics, relating to the volume of business of various HKSAR hotels, are gathered from the hotels, themselves, and are, then, analysed, impartially, allowing the managements of the participating hotels to see how they performed in terms of their competitors.

This, of course, means that one has to trust the integrity of the managements of certain hotels, which divulge their statistics, as to whether or not those statistics are accurate ... or, perhaps, a little coloured, exaggerated, or what-have-you.

However, even though it is known that some of the members of some of the managements of some HKSAR hotels are born liars, still the statistics tell a tale.

Having a look at Grand Hyatt Hongkong.

In January 2003, Grand Hyatt Hongkong recorded combined food and beverage sales of about \$HK20.75 million.

The sales of food and beverages for January 2004 rose about 9.40 percent, Year-on-Year, to about \$HK22.69 million.

The biggest gainer was in the sales of food, which rose from the 2003 figure of about \$HK15.31 million to the 2004 figure of about \$HK18.24 million, an increase of about 19.10 percent.

Beverage sales for the month of January, however, fell, Year-on-Year, from about \$HK5.44 million (January 2003) to \$HK4.45 million in January 2004, a drop of about 18 percent.

Comparing the 2 Januarys' food costs, it rose about 3.90 percent, the statistics indicate.

The Gross Profit for Grand Hyatt Hongkong for the month of January 2004 was about \$HK15.94 million, an increase of about 4.20 percent, Year-on-Year.

Having a Look at Island Shangri-La Hotel

While Island Shangri-La Hotel ranked as the Number 2 hotel in the territory, in terms of combined sales of food and beverages for the month of January, this year, actually the hotel was not doing very well, at all.

Combined food and beverage sales were about \$HK22.47 million for January 2004, compared with about \$HK24.80 million for the like month in 2003.

This is a fall of about 9.40 percent, Year-on-Year.

Food sales for this 5-star hotel dropped 9.70 percent in January 2004, compared with January 2003, from the 2003 figure of about \$HK20.18 million to the 2004 figure of about \$HK18.23 million.

Sales of beverages, also, sank in January 2004, compared with January 2003, from about \$HK4.62 million to about \$HK4.25 million.

The Gross Profit for this hotel for the month of January 2004 was about \$HK15.28 million, down about 12.50 percent, Year-on-Year.

Having a Look at Intercontinental Hongkong.

It appears that everything was popping at Intercontinental Hongkong, during the month of January, this year, with combined food and beverage sales, coming in at about \$HK21.68 million.

That was an improvement of about 3.20 percent, Year-on-Year.

Food sales, alone, were about \$HK16.48 million in January, which was a 1.80-percent improvement over the comparable month in 2003 when food sales were logged in at about \$HK16.19 million.

Sales of booze, however, rose about 8.10 percent in January 2004, from the 2003 figure of about \$HK4.81 million to \$HK5.20 million.

The Gross Profit from food and beverage sales for this hotel for the month of January was about \$HK15.84 million, an increase of about 0.90 percent, compared with January 2003.

Having a Look at The Peninsular Hongkong.

If any hotel in the HKSAR could be termed a 'Grand Old Lady', this hotel would take the honours.

But, in the month of January 2004, it was Number 4 on the totem pole in terms of food and beverage sales.

Combined sales of food and beverages were about \$HK20.08 million, which was down about 9.70 percent from the like month in 2003.

Food sales, alone, were off by about 10.70 percent in January 2004, compared with January 2003, from about \$HK17 million to about \$HK15.19 million.

Beverage sales were, also, badly down, comparing the 2 Januarys, from the 2003 figure of about \$HK5.23 million to the 2004 figure of about \$HK4.89 million.

Food costs at this hotel were about 2.40 percent higher in the first month of this year, compared with January 2003, suggesting that the hotel was not skimping on the quality of its fresh produce.

At the end of January, this year, the Gross Profit from food and beverage sales was about \$HK14.20 million, down about 12.20 percent, compared with the like month in 2003.

Having a Look at the J.W. Marriott

Sales of food at J.W. Marriott boosted its Gross Profit for the month of January 2004, in terms of combined food and beverage sales, to be sure.

While the Gross Profit for this hotel came in at about \$HK12.91 million for January, this year, up about 2.40 percent, Year-on-Year, sales of food, alone, rose from the 2003 figure of about \$HK15.83 million to the 2004, January figure of about \$HK16.60 million.

That was an increase of about \$HK774,000, or about 4.90 percent.

The combined food and beverage sales at this hotel for the month of January 2004 were about \$HK18.92 million, up about 2.90 percent, Year-on-Year.

Sales of beverages, however, dropped, January-on-January, to about \$HK2.32 million, down about 9.50 percent.

Interestingly enough, the cost of beverages at J.W. Marriott rose in the month of January by about 27.70 percent, suggesting that the management of this hotel had embarked on a programme to sell higher-priced products.

The upgrade is likely to result in higher profits for the remainder of the year.

Having a Look at the Biggest Losers

Number One: Regal Oriental Hotel

The one, HKSAR hotel, which, in the month of January, this year, was hurting the most, was Regal Oriental Hotel, located alongside the site of the old Kaitak Airport (which no longer exists, by the way).

The Gross Profit of this hotel dropped, January-on-January, by about 44.60 percent, to about \$HK1.33 million.

Sales of combined food and beverages fell about 39.70 percent in the first month of this year, from the 2003 figure of about \$HK3.40 million to about \$HK2.05 million.

Food sales, alone, fell in the month of January 2004, from the January 2003 figure of \$HK2.76 million to about \$HK1.67 million.

Sales of beverages dropped about 39.90 percent in January 2004, compared with January 2003, to about \$HK386,000.

Number Two: Hyatt Regency Hongkong

The second, worst-performing hotel in the HKSAR for the month of January 2004 was Hyatt Regency Hongkong.

This hotel's Gross Profit for the month of January 2004 was off by about 20.90 percent, compared with the like month in 2003.

Combined sales of food and beverages were down, Year-on-Year, by about 20.10 percent to about \$HK5.82 million.

Food sales in the first month of this year, alone, slumped about 18.50 percent to about \$HK4.69 million, compared with January 2003.

Sales of beverages fell about 26.10 percent in January 2004, compared with January 2003, to about \$HK1.13 million.

All in all, as with the Number One loser for January 2004, this hotel could be described as being a disaster area.

Number Three: The Excelsior Hotel

When The Excelsior Hotel first opened, it was touted by the then General Manager of The Hongkong Land Company Ltd, Mr Vernon Roberts, as being among the best of the best the territory had ever had.

British-trained waiters and senior management were imported from London, England, to operate the then luxury hotel.

It has fallen badly from grace over the years, however.

The Gross Profit of this Causeway Bay hotel for the month of January 2004 was about \$HK7.27 million, a fall of about 16.70 percent, compared with the Gross Profit, logged in in January 2003.

Combined sales of food and beverages dropped in January this year to about \$HK10.76 million, off about 14.50 percent, Year-on-Year.

Sales of food, only, dropped 15.70 percent in January 2004, compared with January 2003, to about \$HK8.34 million.

Even sales of beverages dropped, in the month of January, to \$HK2.41 million, a fall of about 9.90 percent, Year-on-Year.

And this hotel is located in one of the most-densely populated parts of the HKSAR.

Number Four: The Park Lane

The Park Lane Hotel is not very far from The Excelsior Hotel.

As with its only rival in the area, it saw its Gross Profits shrivel in the month of January 2004 to about \$HK3.59 million, down about 15.90 percent, compared with January 2003.

Sales of beverages, during the month of January, fell to about \$HK1.11 million, off about 26.20 percent, compared with the volume of business in respect of the sales of booze at this hotel, during the comparable month in 2003.

Food sales in the first month of this year was down to about \$HK4.06 million, a fall of about 10.10 percent, Year-on-Year.

Number Five: The Ritz-Carlton

This 'boutique' hotel, which likes to think of itself as being one of a class, saw its Gross Profits fall by about 11.80 percent in January, this year, to about \$HK4.91 million, compared with January 2003.

Combined sales of food and beverages dropped, January-on-January, to about \$HK6.83 million, a fall of about 14.40 percent.

Sales of food, only, were off by about 15.30 percent to about \$HK5.38 million.

Sales of beverages were down about 11.10 percent in January 2004, compared with January 2003, to about \$HK1.45 million.

This hotel appears to be cutting costs because food costs, during the month of January 2004, were down about 2.60 percent, compared with the like month in 2003.

Possible Reasons for Failures and Successes

It is well known in the hospitality industry, in every part of the world, that, all things being equal, if the consumer is happy with the product and feels that the price that he/she has paid is value for money, the consumer will be a repeat customer.

In the HKSAR, where quality hotels abound, the final arbiter of what is considered good value for money is, naturally, the guest who puts his money on the table and asks for a meal or a bottle of this or that.

Food outlets in top hotels, those whose managements become complacent or negligent, may expect to find themselves at the bottom of the pile and, as with the losers, mentioned above, they will be shunned by serious-minded people, looking for value.

There is a good reason that sales of food at The Ritz-Carlton were down in the month of January, this year, in spite of the hotel, spending tens of millions of dollars on sprucing up its ground floor coffee shop.

Whenever food outlets in a hotel, especially a 5-star hotel, start to sell produce of a cheaper grade, while the gross income may well rise in the short term, at the end of the day, that hotel's guests will gravitate to competitors since a guest who can afford the fare of a 5-star hotel outlet will not tolerate cheaper-grade products – at the same price as that of competitors.

Conrad Hongkong, located in Pacific Place, competes with J.W. Marriott and Island Shangri-La Hotel, but it is the only 5-star hotel in this complex, which is, clearly, engaging in purchasing lower-grade produce and beverages.

It is the only hotel in that complex, also, which only has one European chef in the entire hotel – when he is, actually, cooking in his kitchen, that is – whereas, the other 2, 5-star hotels, have star-studded European/Australian chefs, which delight the taste-buds of all discriminating connoisseurs.

When a guest visits an eatery, one which claims to serve the cuisine of Italy, France, Germany, Greece, etc, that guest expects to sample the specialty food of that outlet, not be duped by Chinese cooks, who make claims that are unjustified, stating that they have been trained by foreigners.

Further, aside from the quality of the food and beverages, served at outlets in the top, HKSAR hotels, there is the question of (a) ambiance and (b) service.

If the food is good but the service is sadly lacking, guests will balk; they will not return.

If the ambiance is not conducive to the taste of the guest, he/she will not return.

Case in point: Many people will not return to The Mandarin Grill at Mandarin Oriental Hongkong because there is no clear division between the smoking and non-smoking sections of this smallish restaurant where one may be assured to inhale second-hand smoke.

Case in point: In order to reach Nicholini's, the Italian food outlet in Conrad Hongkong, one has to walk through a wall of smoke because the entire lounge, abutting the outlet, has, for some time, been turned into a serious smoking area for people, who enjoy a drink, along with a cigar: One may cut the smoke with a knife, it is so thick on occasions.

At the end of the day, it is the consumer who will shun those hotels that do not measure up to the standards that are expected of them.

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