

A TARGET HOTEL SURVEY**THIS WAS HOW MAJOR HONGKONG ISLAND HOTELS
FARED IN THE MONTH OF APRIL**

For the month of April, the average room occupancy level of J.W. Marriott, one of the 6, 5-star hotels, located on the Hongkong Island side of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), took top honours, with an average occupancy rate of about 80.30 percent.

At the same time, Island Shangri-La Hotel, which is located within spitting distance of J.W. Marriott, took bottom honours in the race to get guests to put heads on hotel pillows, with an average occupancy level, during the month of April, of about 67.70 percent.

For Island Shangri-La Hotel, April was an especially bad month since its results represented a fall of about 10.07 percent, compared with April 2002.

(The year 2003 is discounted by most hotels in the HKSAR, when trying to compare results of one month to another, due to the outbreak in Asia of Severe Acute Respiratory Syndrome (SARS), the effects of which decimated the hospitality industry, not just in the HKSAR, but in most other parts of Asia, and it took its toll of the HKSAR, very badly, in March 2003 when SARS was first diagnosed in the territory)

In addition to being at the bottom of the ladder with regard to the average occupancy level in the month of April, Island Shangri-La Hotel, also, was the low boy on the totem pole of the 6, 5-star hotels in terms of revenue per average room, at about \$HK1,393.66.

This was in stark contrast to J.W. Marriott, whose revenue per average room was about \$HK1,540.30 in April, a 23-percent increase compared with \$HK1,249.26, achieved in April 2002.

Conrad Hongkong, as it is, now, known, having changed its name from Conrad International Hongkong, was ahead of Island Shangri-La Hotel, in terms of its average occupancy level in the month of April, at about 78.90 percent.

That was a 5.11-percent drop, compared with Conrad Hongkong's average occupancy level in April 2002.

Editor's Note: According to TARGET's sources in the hospitality industry, statistics, relating to the occupancy levels and revenue per average room at Conrad Hongkong, are highly suspect because there is said to be a '*Chinese curtain*', surrounding Management of Conrad Hongkong, which does not appear to like to share its successes and/or failures with other hotels in the HKSAR.

As for the remaining 3, 5-star hotels in the HKSAR, Hongkong side, only, this is how they fared during the month of April:

Name of Hotel	April Occupancy Level	Percentage Change over the 2002 Figure	Revenue Per Average Room	Percentage Change over the 2002 Figure
Mandarin Oriental	76.10 percent	Plus 4.30 percent	\$HK1,417.21	Plus 15 percent
The Ritz Carlton Hongkong	77.40 percent	Plus 1 percent	\$HK1,464.78	Plus 12 percent
Grand Hyatt Hongkong	76.90 percent	Plus 5.80 percent	\$HK1,577.53	Plus 11 percent

In respect of the average room rate, charged by the 6, 5-star hotels on the Hongkong Island side of the HKSAR, during the month of April, Conrad Hongkong was the cheapest of the bunch, as the following TARGET table illustrates:

Name of Hotel	Average Room Rate for the Month of April, 2004	Average Room Rate for the Month of April, 2002	Percentage Change
Conrad Hongkong	\$HK1,835.90	\$HK1,590.40	15.40 percent
Mandarin Oriental	\$HK1,862.30	\$HK1,703.90	9.30 percent
The Ritz Carlton Hongkong	\$HK1,892.00	\$HK1,706.80	10.90 percent
J.W. Marriott	\$HK1,918.60	\$HK1,593.10	20.40 percent
Grand Hyatt Hongkong	\$HK2,051.40	\$HK1,983.50	3.40 percent
Island Shangri-La Hotel	\$HK2,059.80	\$HK1,751.00	17.60 percent

It would be interesting to learn the secret of the success of certain hotel managements in the HKSAR and, conversely, the failures of the managements of others.

For certain, management is the key to success in the hospitality industry, around the world, but, in the HKSAR, it is painfully obvious who are the winners and who are the losers.

One factor that TARGET has discovered, in respect of the managements of the above-mentioned hotels, is that cash rewards, offered to staff for achieving target levels, during a certain period, have been a large incentive.

In an interview with a number of the junior staff of one of the above-mentioned hotels, TARGET learned that, by and large, there is a great deal of loyalty and pride in being part of the hotel team.

At another of the hotels, surveyed by TARGET, it was painfully obvious that many of the employees of the hotel were using it as a stepping stone to their next employer.

Also, where the Chinese owner of the property is known to be lurking around the hotel, on a regular basis, often giving parties to his cronies, etc, in spite of the management of the hotel, being controlled by an international player, the financial results of the hotel tend to fall behind competitors; and, service in the hotel to nonentities, as far as the owner of the hotel property is concerned, tends to suffer, as the Chinese owner and his friends demand to be served ahead of guests.

This is the second in TARGET's series of surveys of the major hotels in the HKSAR. Please see TARGET Intelligence Report, Volume VI, Number 62, published on Wednesday, March 31, 2004,

headlined:

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

-- E N D --

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