

**THE HONGKONG HOTEL INDUSTRY – PART II:  
HOW THE FOOD OUTLETS ARE, MANAGING ... OR SUFFERING**

In last Wednesday's **TARGET** Intelligence Report, this medium put the spotlight on the occupancy levels of 6, [Hongkong Island hotels](#), those hotels, being representative of the 5-star hotels on Hongkong Island and, to a great extent, being representative of the situation in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of Hongkong (PRC) in light of the fallout in the territory due to the financial turmoil, internationally.

Today, **TARGET** () puts 10, 5-star hotels, on both Hongkong Island and Kowloon, under our microscope in order to ascertain how their respective food outlets are faring, using our surveyed statistics for the month of October as an indicator of the situation.

The hotels, chosen by **TARGET**, are, in alphabetical order:

Conrad Hongkong  
Grand Hyatt Hongkong  
Island Shangri-La Hongkong  
JW Marriott Hongkong  
Kowloon Shangri-La  
Langham Place Hongkong, Mongkok  
Mandarin Oriental Hongkong  
Peninsula Hotel Hongkong  
Sheraton Hongkong Hotel and Towers  
The Excelsior Hongkong

The hotel industry divides, rightly or wrongly, food and beverage sales into 3 categories:

1. Combined Food and Beverage Sales
2. Banquet Food and Beverage Sales
3. Other Outlets Food and Beverage Sales

In the first category, during the month of October, the worst performer with regard to Combined Food and Beverage Sales was The Excelsior Hongkong whose sales were about \$HK14 million, down 15 percent, Year-On-Year.

The Excelsior Hongkong is located in Causeway Bay, which is one of the most-populous parts of the world, but it appears that Management of this hotel has not been able to entice customers to come to eat in this hotel's outlets.

Second to The Excelsior Hongkong in terms of the worst performer in respect of Combined Sales of Food and Beverage for the month of October was Sheraton Hongkong Hotel and Towers.

This hotel is located in Tsimshatsui, Kowloon, Tsimshatsui, being a hub for the tourist traffic in Kowloon,

but this hotel's Combined Food and Beverage Sales for the month of October totalled only about \$HK20.21 million.

Year-On-Year, this was a reduction of about 11.70 percent, according to **TARGET**'s survey.

The Grand Hyatt Hongkong came in third place with the biggest, Year-On-Year reduction in Combined Food and Beverage Sales, at about \$HK34.18 million, down about 7.50 percent, Year-On-Year.

The Grand Hyatt Hongkong stands on the Wanchai waterfront of Hongkong Island and caters a great deal of the time to the convention crowd.

Fourth in line for the worst, food-and-beverage performance in terms of gross revenue for the month of October was Island Shangri-La with Combined Food and Beverage Sales of about \$HK30.28 million.

This sum of money represented a reduction of about 6.40 percent, compared with the like month in 2007.

Kowloon Shangri-La took the honours for the fifth, worst performer in terms of Combined Food and Beverage Sales for the month of October, at about \$HK22.29 million.

That result was a 5.80-percent reduction on the Combined Food and Beverage Sales for this Tsimshatsui East, Kowloon, hotel, compared with the like month in 2007.

Mandarin Oriental Hongkong, which commands a premier position in the heart of the Central Business District of Hongkong Island, came in sixth place with Combined Food and Beverage Sales for October of about \$HK24.79 million.

That figure was a fall of about 4.50 percent, compared with the like month in 2007.

Peninsula Hotel Hongkong, located opposite Sheraton Hongkong Hotel and Towersin Tsimshatsui, Kowloon, is regarded as the '*Grand Old Lady*' of the territory since it has been serving its guests since 1929.

The Combined Sales of its Food and Beverage outlets, during the month of October, were off, Year-On-Year, by about 3.70 percent and, therefore, came in seventh in terms of reduced income from this category of revenue.

The figure for the month of October was about \$HK26 million, compared with about \$HK27 million for October 2007.

The eighth place is shared between Conrad Hongkong and JW Marriott Hongkong, both of which enjoyed reduced Combined Food and Beverage Sales of about 2.90 percent, during the month of October, at about \$HK26.41 million and \$HK25.57 million, respectively.

Lastly, Langham Place Hongkong, Mongkok, located in Mongkok, Kowloon, which is the most-densely populated area of the world, was the only HKSAR hotel, in **TARGET**'s survey, to have improved its Combined Food and Beverage Sales, during October 2008, compared with October 2007.

The figure for this hotel was about \$HK18.31 million, an increase, Year-On-Year, of about 5.50 percent.

### **Looking At Banqueting**

The Chinese population of the HKSAR, whenever there is a major event within a family, one that requires, by custom, a large gathering, complete with food and beverage, would turn either to a well-known Chinese restaurant or a major, premier hotel.

In the jargon of the hotel industry, revenue from this source is termed Banqueting Food and Beverage Sales.

According to **TARGET**'s survey of HKSAR hotels, the hotel which suffered the most, during the month of October, was Mandarin Oriental Hongkong, with sales of about \$HK3.30 million.

This was a fall in gross revenue, Year-On-Year, of nearly 25 percent.

The next biggest loser in this category of income was The Excelsior Hongkong whose gross revenue from banqueting was about \$HK3.60 million, that sum of money, being down about 21.30 percent, Year-On-Year.

In the Number 3 slot was Conrad Hongkong as revenue from banqueting dropped, during the month of October, to about \$HK10.84 million, off about 5 percent, Year-On-Year.

On the other side of the coin, so to speak, at Langham Place Hongkong, Mongkok, income, during the month of October from banqueting, was about \$HK9.36 million, representing an increase, compared with the like month in 2007, of about 20 percent.

Peninsula Hotel Hongkong, also, experienced higher sales from banqueting, during the month of October, compared with October 2007.

This hotel's gross revenue from banqueting rose to about \$HK5.79 million in October, an increase, Year-On-Year, of about 12.30 percent.

Even JW Marriott Hongkong was able to increase its gross revenue from banqueting, during the month of October, to about \$HK9.65 million, an increase over the like month in 2007 of about 7 percent.

**Conclusion:** It is obvious that 5-star hotels in the HKSAR are suffering and, by the looks of things, they are quite likely to suffer considerably more between today and this time next year.

The chances of a turnabout in both the occupancy levels and food and beverage income at 5-star hotels appear to be slim.

For some of the hotels, they are enjoying their comeuppances, in **TARGET**'s opinion, because consumers tend to have long memories.

**Case in point:** At the Café Causette at Mandarin Oriental Hongkong – this is the coffee shop of this hotel – a cube of cheese cake, measuring exactly 1.50 inches, which is the standard portion, costs \$HK32.

Two bites and it is gone!

It must be among the most-expensive 2 bites in the history of the world.

It is a rip off, in this medium's opinion.

When hotels tend to treat guests as cows to be milked, then, they should expect an exodus of some, or all, of those guests – especially when times are tough.

Also, **TARGET** notes that a number of 5-star hotels in the HKSAR, today, are trying to save money by purchasing raw produce of inferior grade from suppliers.

**Case in point:** One 5-star hotel is known to be purchasing Australian beef instead of US Grade A beef.

**Case in point:** One 5-star hotel has stopped purchasing premium tea leaves in favour of another supplier, due entirely to the cheaper cost, offered by the new supplier.

**Case in point:** One 5-star hotel is using a potato powder instead of fresh potatoes in the preparation of mashed potatoes, but the silly cooks are using too much water in the powder so that the resultant mush

makes the 'fraudulent' mashed potatoes only too obvious.

**Case in point:** A number of food outlets at some 5-star hotels are using frozen fish instead of fresh fish, but passing off the fish dishes as fresh fish.

Lastly, **TARGET**, during its survey, noted that all of the food outlets at the 5-star hotels have, surreptitiously, reduced the size of the portions of their dishes.

As Abraham Lincoln, the 16th President of the United States of America, said:

*'You can fool some of the people all the time and all the people some of the time; but you can't fool all the people all the time.'*

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