

# Bringing the Conrad Brand to the States

An Interview with Dieter Huckestein, Executive Vice President and President, Hotel Operations, Owned & Managed, Hilton Hotels Corporation, Beverly Hills, California



**EDITORS' NOTE** A 35-year veteran of the hospitality industry, Dieter Huckestein assumed his present posts in May 1994. He is a graduate of the Heidelberg Hotel School in Germany and received a scholarship to attend Cornell University's School of Hotel Administration.



Dieter Huckestein

**COMPANY BRIEF** Founded in 1919 and based in Beverly Hills, California, Hilton Hotels Corporation develops, owns, manages, or franchises more than 2,000 hotels, resorts, and vacation ownership properties around the globe. Its portfolio includes many of the world's best-known hotel brands – including Hilton®, Conrad®, Doubletree®, Embassy Suites Hotels®, Hampton Inn®, Hilton Grand Vacations Company®, and Homewood Suites by Hilton® – as well as a number of individual luxury properties, among them New York's Waldorf-Astoria, Waikiki's Hilton Hawaiian Village, and Chicago's Palmer House.

## Are you happy with Conrad's current range of properties?

The distribution of the Conrad product is progressively improving, and I am very optimistic about the opportunities we have. The Conrad brand won't grow as quickly as one of Hilton's less exclusive brands, because the nature of a luxury brand is, by definition, more selective. Also, it takes more time to build a luxury hotel: Between the permit, the design, the financing, and the actual construction, it can take five to six years. Besides, the economics of a luxury-hotel development are cyclical, and are highly correlated to the economy in general. Because of the recent economic downturn, luxury development has taken a back seat. As the economy recovers, luxury development will once again come to the forefront.

**Conrad operates in extremely competitive markets around the world. What makes your properties stand out from the pack?**

Every Conrad property is unique in its

design and ambience. We also have very strict service standards that allow us to offer attention to detail to our guests, and a satisfied customer base is what ultimately makes a hotel successful. We ensure that our customers, as well as our team members and our owners, are happy. Sixty percent of the guests at the Conrad Hong Kong are Hilton HHonors members, and there is a similar ratio at our Singapore property. Within the Hilton family

of brands, the Hilton HHonors program, with 13 million members, is a very powerful marketing tool. That helps us fill our hotels.

## Are you satisfied with the current level of awareness for the Conrad brand in the market?

We are doing very well in Europe and Asia, particularly in Singapore, Hong Kong, Bali, and Bangkok. We measure brand awareness by the level of press coverage we receive and with it, the awards we achieve. In the last few years we have accumulated many distinctions for most of our Conrad hotels. Our next challenge is to grow the reputation of the Conrad brand in the United States. With the distinguished Waldorf Towers already in the Conrad portfolio, we are very excited about the opening of the Conrad in Miami, which will be an excellent hotel too.

## Conrad's Miami property will be not only a hotel, but also a condominium complex with retail shops. Will Conrad continue to develop properties with multiple focuses?

Yes. The mixed-use concept makes it easier to justify building a five-star, luxury hotel. These properties are of particular interest to condo owners who want unique apartments in desirable locations, and who also want to be serviced by a very reputable, upscale brand like Conrad. A mixed-use development with a luxury hotel incorporated in it makes for a strong feasibility story.

## Hotels have slashed their rates in an attempt to raise occupancy levels. How difficult will it be to restore rates to their pre-9/11 levels?

It's not just about rates; it's about the business mix. As the demand for transient business and corporate meetings declines, we are filling our hotels with leisure business. In general, a typical leisure rate is about \$30 less a night than what we would charge for transient business. So, from that perspective, to regain pre-9/11 rates, we need to bring corporate and business travel back to hotels. Traditionally, travel demand trails GDP growth by about six months. So, when GDP goes up in the United States, we will know we can demand higher rates and will expect a better business mix.

## What role does technology play in the Conrad properties?

Technology plays a very important role and Conrad is well equipped. Conrad has the latest revenue-management technology, as well as comprehensive distribution technology. In addition, our property-management system gives our staff the authority and the information to be able to respond to guests' needs, wishes, or complaints immediately. We have to give our team members the tools they need to execute high-quality service, and technology enables them to do so.

## As the Hilton brand continues to grow, how has your particular role evolved?

The scope, scale, and size of my job have changed dramatically. I've had to readjust my vision. At first, I was managing 80 hotels and now I manage 360. To help with this task, the company created a scorecard system, which evaluates the performance of all our hotels in a number of areas, such as food-and-beverage operations, stewarding, sales, and even outside vendors. The information is then made available to all Hilton executives live on our Web site, so we can view the performance of any hotel at any time. This tool has enabled me to manage our hotels far more effectively, and also to allocate resources where I deem it necessary. In fact, it may well be the main reason for our increased market share, and the fact that we achieve the highest profit margins in the industry. ●

*Infinity pool at the Hilton Los Cabos Beach & Golf Resort*