

Where Nobody Else Would Dare To Go

An Interview with Reto Wittwer, President and Chief Executive Officer, Kempinski, Geneva



EDITORS' NOTE Educated at Switzerland's Hotel Culinary School and the Swiss Hotel Management School in Lausanne, Reto Wittwer began his career at the Palace Hotel in Madrid. Thereafter, Wittwer worked and lived in Paris, Tebran, Singapore, Hong Kong, Montreal, Acapulco, Indonesia, and Korea for Intercontinental, Mandarin, Peninsula, and Hyatt. Wittwer has been CEO of three hotel companies: Swissôtel, CIGA (from 1992 to 1995), and Kempinski. He assumed his present posts in 1995.



Reto Wittwer

COMPANY BRIEF Munich-headquartered Kempinski AG is the operating company for Geneva-based Kempinski, a collection of 49 deluxe properties in major cities and vacation spots in Europe, the Middle East, Asia, and South America. The group was founded in Berlin in 1897.

Since you took over as CEO, Kempinski has been transformed into a multinational company. What was the rationale behind that strategy?

It's true that we used to be only in Germany, and now we are essentially international, with just a very small number of hotels in Germany, our home market. Since we restructured the company we have gone to places where nobody else would dare to go. For instance, we were the first German hotel company to go into Russia, and we have never regretted it. We have enormous brand recognition in Russia now, because we've been there for 15 years. We were the first company to build a multipurpose complex in China, and that gives us a platform from which to grow throughout the country. We're going to be the number-one player in the luxury hospitality market in China, which is definitely the market of the future. We are also planning to go into Africa. We're going into Chad because it has the second-largest gas reserves in the world and will have a booming economy. We have one property open in Dar es Salaam and will shortly open one in Zanz-

ibar, both in Tanzania. At the same time, we're still trying to establish ourselves in some of the key cities in Europe.

People often ask me why we are not in the United States, and the answer is that it's not the right market for us. We've always had a pioneering spirit, but that's something that has gotten a little bit lost in America. If we were to move into the American market we would need a certain uniformity,

because that's the way the American market works. It's a standardized market, rather than an individualistic market, which is counter to how we try to portray ourselves. Each Kempinski hotel is different and offers its own individual experience.

You mentioned Africa as an emerging market for Kempinski. People used to go to Africa for the safaris. But you're not in that line of business, are you?

Africa is a large continent and it is best considered in terms of several distinct regions. There's Arabic-speaking North Africa, comprising Egypt, Morocco, Algeria, and Tunisia. We can even go into Libya, which is now opening up. Then you have East Africa, which is Anglo-Saxon, and West Africa and Central Africa, which are essentially Francophone. Finally, there's Southern Africa. Not much has happened in Africa in the last 30 years, since the first spate of openings by InterContinental, Sheraton, and Hilton. It's starting to move now.

Economic change is also taking place, and many African countries are extremely rich. For instance, Angola is an unbelievably rich country, with a wealth of minerals, oil, diamonds, and gold. One of the biggest challenges today in high-growth economies like China and India is access to raw materials. Where are the raw materials? Many of them are in Africa, and Africans want to have their fair share of exploiting them. They are becoming more prosperous and are starting to develop industries on their own. Because of this, people have a desire to move about.

Africans have always had a nomadic approach to life. They like to move around. And if you move around, you need beds to sleep in. So, there are more and more affluent Africans but there are very few hotels to accommodate them. The few decent hotels they do have are running at extremely high occupancy levels. In Angola, you pay \$350 a night to stay in a three-star hotel and you have to book one month ahead to get a room.

Another factor fueling growth in Africa's hotel industry is that Africans love to meet, and they often hold conferences. They love going to hotels and having meetings about all kinds of things, but there are very few hotels with meeting rooms. If you opened a hotel with meeting rooms, I guarantee that it would be jam-packed every day of the year.

Finally, more and more people from outside Africa are noticing that it is a place that is well worth visiting, and is full of business opportunities. Consequently, there are people traveling for business within Africa and people from outside who are coming to Africa and saying, "Let's check it out." So we see a great deal of potential in Africa.

In addition to expanding the Kempinski portfolio of properties, you have kept a tight rein on budgets. This must have been difficult, particularly when you were creating new hotels in new cities.

We're not obsessed with weekly performance, daily performance, or monthly performance. Operating in the luxury segment, we do our cost analyses and our costs have to be affordable. There is one anecdote from my early career that illustrates this perfectly. I was working in Montreal for a very tough owner. He was Italian – a lovely guy and very rich. We were sitting in the coffee shop of the hotel for our regular monthly meeting and he started asking me about the flowers on the tables. He said, "We're not in a beauty contest here. Everything has to make commercial

Some 700 hotspots throughout the Emirates Palace Abu Dhabi (top) allow guests to access the Internet even while lying by one of the pools.

sense,” and he asked me if I could tell him what difference the flowers made to the number of people who came in and the amount of money we took in the coffee shop. I realized that it was impossible to calculate those factors. He said, “Listen, boy. You’re still young. I just want you to remember that it’s my money that pays for the flowers. I also like flowers. I just don’t want you to go overboard. Remember, we’re going to spend the money wisely.” That conversation has really stayed in my head. So at Kempinski, we try to save where we can, but at the end of the day, we provide a certain lifestyle, and if you do it right, people will pay a price for it.

How does technology fit into that equation?

Providing the latest technology is an important part of our offering. We want to give our guests the advantage and freedom of using WiFi, for example. We take technology and incorporate it into our hotels, always with the aim of enhancing the hotel’s performance and the experience for our guests. Some hotels, such as the Emirates Palace in Abu Dhabi, have very sophisticated multimedia technology for guests and we sometimes pioneer new technology in its application in hotels. We are investing for the future of our central systems, which are being changed, to allow us to individualize our offering according to guests’ expressed preferences.

How do you see technology changing in the future?

It has changed so much in recent years. Think about how the mobile phone has revolutionized our way of living. I remember when people communicated via telexes. Now we have e-mails. Where is it all going? I think we are going to be flooded with an oversupply of information at an ever-greater speed. At some point, people will just collapse and will not be able to make decisions anymore. I switch my phone off about once a week, just to have some peace.

What will the hotel room of the future be like?

The hotel industry is a rather backward industry. If you look at the car 20 years ago and today, there’s a huge difference. The same is true of cameras, and many other things. But not much has changed in the hotel industry in the last 50 years. The TVs in the rooms may now have flat screens and be more interactive, but compared to any other industry, that’s not a big change. Do we need to reinvent the hotel room? I’m not sure that there’s much you can do in that regard. That said, however, I do think rooms would benefit from having two bathrooms, so men and women can both be private. And rooms

would certainly benefit from having two closets too. I haven’t yet seen a hotel room that handles an open suitcase properly. So rooms would benefit from a bit of practical thinking.

Are you doing that in your hotels now?

We have started to, yes. The other day I was asking some of our managers when they last visited an occupied room. They were a little surprised by this ques-



tion. I said, “Go and visit two or three occupied rooms every day – when the guests are out, of course – and see where people put their stuff. Very often, the impression is just of a terrible mess, but why is it a mess? Because hotel rooms are rarely practical. Go into the bathroom and you’ll see that there’s no space for guests to put their stuff. When you see that many guests have the same problem, you can detect a pattern. That might help you find a solution.”

You’ve changed the company tremendously. What is left for you to do?

I’m one of the longest-serving CEOs in the industry, but every day still brings something new. The day I get up and say this job doesn’t give me anything new, I think I will have the honesty to move on. I’m currently in the process of creating a succession plan, because about a third of our managers will retire in the next three to five years. So we need to build up a new generation of managers.

How have lifestyles changed in recent years?

I’ve always been fascinated by observing people, and I have noticed big changes in behavior in recent years. I think we travel differently, we eat differently, we dress differently, and we live differently. And these things will continue to change.

Do you think standards are slipping as a result? For instance, do people have lower standards of dress code?

I don’t think so. The trick is to create an environment where people feel comfortable being dressed nicely. After all, nice clothes make you feel good. I feel good if I’m well dressed, and I dress well for myself, not for others. I think that’s something that both men and women feel.

There’s no question that luxury is reviving again. Increasingly, people want to enjoy luxury, because it’s part of the good life. People love nice things, and are willing to spend money on staying in luxury hotels. Normally, people understand what dress codes are required. However, there are a few people who don’t understand. Everyone who wears shorts and tee-shirts would agree that a tuxedo is out of place at a baseball game. But what some people don’t see is that a baseball or beach outfit is probably out of a place in a hotel lobby.

How do you educate them?

Well, it’s a fine line. I think the only way to educate them is to make them feel ridiculous. If they feel ill at ease, they will think about wearing something else, so that they feel comfortable.



Don’t you lose business that way, though?

You might, but I believe you will always gain more business in the end. I think it was former French President François Mitterrand who said that democracy is not simply about liberties for everyone. If the liberty of one person infringes upon the liberty of another, then it’s no longer democracy. Likewise, if a slob, or a person dressed as a slob, becomes an eyesore, I think you should remove that person, so that everyone else feels comfortable again. ●



Kempinski offers guests a luxurious lifestyle at Kempinski Grand Hotel des Bains in St. Moritz (above, center); the club house of Commune by the Great Wall Kempinski Beijing (above) is one of Kempinski’s most recent additions to the group in China; vista from the Zamani Zanzibar Kempinski Tanzania, which is opening soon