

Peninsula's Strategy for Growth

An Interview with Peter C. Borer, Director and Chief Operating Officer, The Hong Kong and Shanghai Hotels, Limited, Hong Kong

EDITORS' NOTE A graduate of the Lausanne Hotel School (Switzerland), Peter Borer joined The Peninsula Group in 1981 as Food and Beverage Manager of The Peninsula Manila. Since that time, he has held various executive and managerial positions within the company in Hong Kong and Bangkok, including General Manager of the flagship Peninsula Hong Kong, Regional General Manager of Asian properties, and Group General Manager for Asia.



Peter C. Borer

COMPANY BRIEF Tracing its history back to 1866, The Hong Kong and Shanghai Hotels, Limited, (www.hsbgroup.com) owns and operates a portfolio of commercial and residential properties and seven luxury hotels under the Peninsula brand in Hong Kong, New York, Chicago, Beverly Hills, Bangkok, Beijing, and Manila. A further two Peninsula hotels – in Tokyo and Shanghai – are currently under construction.

What is your growth outlook in Peninsula's markets?

We have seen very good growth across the board. In the United States, all three hotels are doing very well. In Asia, Hong Kong has now fully recovered from the SARS scare, and our property there is enjoying a very good time. The business climate in Hong Kong right now is extremely positive. The same can be said for Bangkok. Manila is doing fine under the circumstances, but the Philippines is always a challenging country. And Beijing is doing very well, too. So right now things are good. What are we doing to maintain that? We are continuing to focus on our business in hand and on our marketing strategy.

Are you planning to bring additional properties onstream?

Right now, we have two hotels under development: a hotel in Tokyo, which we're opening in August 2007, and The Peninsula in Shanghai, which will open in 2009. Both hotels are what I would call flag-

ship properties. Our Tokyo hotel is in the heart of modern Marunouchi, near the Imperial Palace. This is a site comparable to that of The Plaza in New York. In Shanghai, we were able to acquire the last available piece of land on the Bund, and we'll build a very beautiful hotel there. At the same time, we've started a program of improvement in our existing properties, so we can get more out of them. We're revitalizing them

with new restaurants, spas, and other features, to make them more profitable.

To what extent are you embracing the current trend of incorporating a residential component into hotels?

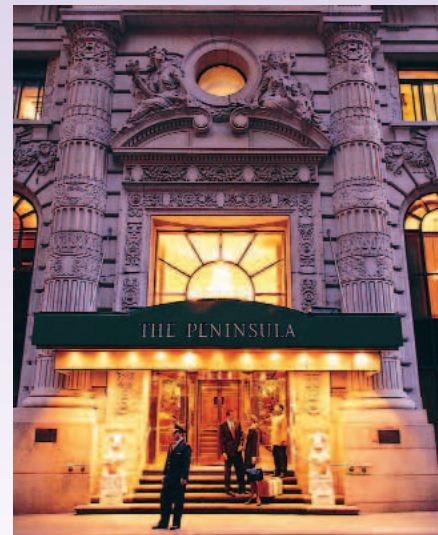
In my view, the success of a residential component depends on the city. The hotel in Shanghai will have a residential component and a retail component, too. Our hotels in Hong Kong and Beijing have retail components and our Hong Kong property also has a small office component. Retail has proven to be very successful for us, because high-end brands enjoy being in our arcades.

How important is it for you to appeal to the local community with your restaurants and other facilities?

I believe it's essential that the local community embraces a hotel, because if the community is proud to have you in their midst, they will come to your hotel and they may bring guests there. So, to me, integrating each hotel into its local community is a very, very important part of my job. For instance, right now we're working very diligently on bringing The Peninsula Tokyo into Tokyo, so that the local people feel happy that this new hotel is there, right from the day it opens. Certainly, attracting the local community can improve profits, so it is an important part of our strategy for growth.

Do successful hotel restaurants need to be run by well-known chefs?

We believe that the name Peninsula is more important than the name of any one person. So rather than promoting a chef's name, we always promote the



hotel's name and the name of the restaurant in question.

What about spas. Is the wellness concept inherent to your brand?

Fifteen years ago, the idea of wellness hardly existed. Today, it has evolved to become something phenomenal. With this in mind, we have launched Peninsula Wellness, an innovative program that focuses on providing a sanctuary for the five senses. The program is built around a new generation of Peninsula spas, which we are establishing in several properties with the help of a company in London called ESPA, which was founded by Susan Harmsworth. She has worked with many other hotel companies, and is considered an authority on high-end spas.

In addition, the Peninsula Wellness program includes light and healthy "Naturally Peninsula" cuisine options at Peninsula dining outlets; "Naturally Peninsula" organic teas, coffees, and chocolates, to appeal to the sense of taste; and "Simply Peninsula" products, to stimulate the sense of smell through a range of scented candles and essential oils, the sense of touch through a line of luxurious bath and body care products, and the sense of hearing with soothing mood music from the exclusive Peninsula Spa CD collection. Peninsula Wellness also includes a Guest Nutrition Adviser, who will be available for personal nutrition and lifestyle consultations.

When you joined The Peninsula 24 years ago, did you imagine you would spend so much of your career with the company?

No. I think it's very hard to look that far into the future. My affection for this brand grew over my first two or three years working here. When you're in a junior position, you have to grow into your commitment for a brand. Today, I remember that, and I make an effort to connect with the junior people in our company, so that they feel there is a way up. I think that's very important, because it creates loyalty and that makes them stay with us. ●

The Peninsula New York