

TheNews**letter**

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Hong Kong Branch

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CHAIRMAN'S MESSAGE

Dear Hong Kong Branch Members:

In line with our declared objective I am pleased to send you this Chairman's message for our 2nd issue of our Branch's newsletter. As you have seen in the Secretariat's report attached to the AGM minutes we have successfully obtained a ISSN # 1998-0787 for our newsletter which is important since it means that our newsletter may now be circulated to other similar professional organizations adding awareness of our Branch, and value to its members. I really must thank Mark Robson, our Communications Director, and all contributors to our newsletter since this an interesting addition to our Branch that we have not had for a very long time.

Since we do not want to get into asking for additional money to run our Chapter other than special events we will continue to only distribute all communications including the newsletter by the Internet. Our Secretariat is working on the creation of our own website which will have the capability for members to communicate through a secure password protected channel. However meanwhile we worry that over a third of our members have not provided their current e-mail addresses to us mainly over privacy concerns. Since we only use the Internet to communicate anything that you can do to get more members to provide the Secretariat with an e-mail address would be much appreciated.

Never easy to get a large number of the busy members of any professional organization to get together. I think that it is fair to say that those members who did join us for the AGM in May did enjoy the evening. The presentation from InvestHK was informative pointing out several ways that they can help us without charge being a government organization. The evening was very relaxed, and the get together particularly friendly.

I feel that we need a trigger to get if possible at least a couple of events a year plus the AGM. May I ask you to consider that if indeed you are involved in something new or particularly innovative then why not offer to host an event ideally on a cost only basis to create awareness. I'm sure that any of the Executive Committee including myself would be delighted to hear from you in order to discuss the possibilities. Another possibility would be to organize an event around a discussion on any controversial topic affecting our business in the region. If somebody comes up with the topic i.e. Everyone stops smoking July 1st 2009!! Then we could invite involved executives and officials in order to set up such an event.

I am very pleased with the progress that we have made as a Branch my feeling being that members do have a much better opportunity to benefit from their membership in the Institute. We have no desire to take up a great deal of your time, but a little assistance will go a long way.



TED Theobald, FIH

NOTICE

Hong Kong Institute members are entitled to receive the Newsletter, so please ensure we have your current e-mail address and personal details, else you may miss out.

If your e-mail address has changed or you think we may not have it, e-mail updated contact information to: Jenny Jieun Kim (Ms.), hmioh@inet.polyu.edu.hk.

CHANGE FOR THE (EVEN) BETTER - A personal view

By Amanda Hyndman, FIH

In May 2007 I joined The Excelsior, Hong Kong as General Manager. It was my first time to work in Hong Kong, my first time to work in Asia and indeed my first time to work overseas. Some 14 months on, I believe that it was the best thing I ever did in career terms and I love my job. The Excelsior is of course almost a veteran of the HK hotel scene, celebrating our 35th anniversary this year and we are delighted that the business is still in good shape despite the warnings and words of doom from other parts of the world.

What truly set The Excelsior apart for me, however, is the absolutely fantastic colleagues. The calibre of the team here is quite simply the highest with whom I have ever had the privilege to work with, and even one year on, they constantly amaze me with their consistent charm, immaculate grooming and their willingness to serve. Their passion and commitment quite frankly makes this business seem almost like a different industry from the one I have known, and whilst we all have our challenges, I am sure that I am not alone in finding the people of the Hong Kong hospitality industry, truly outstanding.

Now where am I going with this? Well it's to wonder why in the Hong Kong hotel industry there is a tradition of a 6 day work week, i.e. only 4 rest days, in the vast majority of hotels. We expect our colleagues to be charming and composed at all times, extending every possible courtesy and care to our guests, yet they work incredibly hard, in one of the world's busiest cities in terms of hotel Occupancy.

Whether cleaning rooms, checking in guests, cooking or serving in restaurants, wouldn't these colleagues be even more motivated if they had more rest time?

HKHA compiles comparative data and there is a small percentage of hotels that offer a 5 or 5.5 or 5.75 day work week i.e. 8 or 6 or 5 rest days per month. We, for our part increased our colleagues rest days from 4 to 5 last year, and are hoping to continue progress this year.

We all know that without happy contented people we haven't got a chance of delivering service and then and only then, making money. Surely now is an opportunity for us to work together as the IoH and a representative industry body to have the debate, share good practice and bring about meaningful change for the (even!) better.

**Amanda Hyndman, FIH, is General Manager of The Excelsior, Hong Kong
(Email: ahyndman@mohg.com).**

MACAU... A GLIMPSE INTO THE FUTURE OF THE COTAI STRIP?

By Mark Robson, MIH

With the deregulation of licenses, the Macau development market has gone into overdrive it seems. Nearly every major player has announced their partnership with the Las Vegas Sands Corporation for their own 'mega-projects', single developments showcasing all the brands. Below is a short summary of what is to come on the Cotai...

Four Seasons: the only "normal" hotel on the strip, 400 rooms, opening mid 2008;

Starwood: consisting of a St. Regis, a Sheraton and Residences, totalling 4,500 rooms. This will be the second major complex to open after the Venetian, scheduled for late spring 2009;

Shangri-La: a 1,800 room complex, including a 1,200 room Traders and a 600 room Shangri-La, opening 2009

Hilton: consisting of 3,400 keys, a 700 room Conrad, a 250 unit Conrad Residence, and a 2,450 room Hilton, the third major complex to open. Construction is scheduled to commence in July 2008, with an opening in Autumn 2010.

Swissotel: 3,000 rooms spread over the Swissotel, Fairmont and Raffles brands, and including a residential component. This complex shares the same lot as the Hilton complex, and will open at the same time.

Intercontinental Hotels Group: a 2,000 room complex with an Intercontinental and a Crowne Plaza property, expected to be the last project to open circa 2011.

Additional openings within the same time frame by other operators, but on a slightly smaller scale, are a Ritz-Carlton / Marriott complex, and a Hyatt complex.

By my suspect mathematics that means a minimum, additional 15000 rooms by 2011, quite incredible! The obvious infrastructure and staffing issues aside, can Macau sustain this 5 star dreamworld?
Watch this space.....

**Mark Robson, MIH, is a Director of Portfolio Asia
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GUANXI MARKETING VS. RELATIONSHIP MARKETING

– application in hospitality industry

By Cynthia Leung, MIH

The term “relationship marketing” appeared since the 1980s with the emphasis on enhancing customer value by creating a long-term relationship with customers. There are a number of definitions regarding relationship marketing.

Grönroos argued that relationship marketing implied a focus on building “value-laden relationships” and “marketing networks” rather than confrontation.

“To identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises” (Grönroos, C., 1994)

“Relationship marketing seeks to build a chain of relationships within the organization and its main stakeholders, including suppliers, distribution channels, intermediaries and shareholders”. (Gordon, I.H., 1998)

Gummerson suggested that relationship marketing involved both parties derived value from the transaction and that the relational marketers seek strategies that can produce “win-win” situations. (Gummerson, E., 1997)

In short, the definition of relationship marketing (RM) can be summarized as the establishment and maintenance of relationship with different stakeholder parties over a long-term relationship in order to achieve mutual benefit; enhance customers’ value; create customer loyalty by deploying win-win strategies in long term.

Customer loyalty is one of the important factors in relationship marketing. According to Fredericks and Salter (1998), customer loyalty can be affected by the customers’ perceived image; quality and price of the supplier, in addition to the switching costs; value relative to competition; and individual/organizational characteristics. Also coupled with the market environment and customers’ own experience, this will influence the relationship marketing between the supplier and the customers.

Dick and Basu (1994) also complemented the relationship marketing by including the customer loyalty as one of the factors of RM. The “softer” or intangible factors of customer loyalty are a result of bond between an individual’s relative attitude and repeat patronage, and customer loyalty is mediated by social norms and situational influences or experiences.

Relationship Marketing and its application

In addition to customer loyalty, two essences are important in relationship marketing – i.e. trust and commitment. Commitment is important in the sense that the buyer-seller

relationship in future is built upon the commitment made by the two parties. For instance, a hotel needs to block the room for its loyal customers at the expense of forgoing higher seasonal rental rate paid by infrequent hotel guests. On the other hand, trust is mutually essential when buyer and seller create reliability and working for the interest of the other party. For example, the loyal customer has confidence in the hotel that it will reserve the room for him despite peak season, whilst the hotel trusts that this loyal customer will show up on the booking date. Apart from trust and commitment, other factors such as switching costs, product use, fair costs, voluntary partnership, natural opportunistic behaviour, uncertainty, word of mouth, past experience, corporate identity, reactive opportunistic behaviour, also affect the implementation of relationship marketing. (Bowen & Shoemaker, 2003)

Guanxi Marketing and its application

Geddie et al. (2005) argued that the importance of Guanxi has been neglected in the relationship marketing. As defined by Geddie et al., Guanxi means the social interaction within a networked group where repeated favour of exchanges and to ensure a measure of trust among these networked group members. The four dimensions of Guanxi are bonding, empathy, reciprocity and trust. In short, it means the moral obligation of the networked members to show concern to their partners in exchange for mutual benefits and to create trust among themselves. Based on their research, Guanxi and relationship marketing is not the same. However, the former can give insight to relationship marketing in the sense that Guanxi can happen on building the bond or relationship before the actual transaction begins. Whilst, relationship marketing starts with the transaction first before relationship is built. The implication of Guanxi in relationship marketing can be expressed that it is essential to understand the mentality and expectations of the business partners/ customers, and through reciprocity and empathy, gain their trust and then build business relationship as a bonding. (Geddie et al, 2005) For example, some hotels send invitation to those prospective customers prior to the hotel's grand opening at special room rate. The hotel is trying to bridge relationship and tempt the prospective customers before the actual transaction of room booking.

Application of relationship marketing in the airline industry

With the widespread of use of Internet in the 1990s, Internet and email are widely adopted by the hospitality industry as a relationship marketing tool. In the airline industry, it is very popular that customers purchase air tickets through the Internet. Since 1995, the number of traditional offline agents in the U.S. has dropped by 20% to about 27,000 agents. Toh and Raven (2003) suggested that airline industry can adopt an Integrated Internet Marketing strategy that focuses on the needs of customers. In the context of relationship marketing, the Internet can speed up information flow from supplier to customer and vice versa. For instance, the customers can view and select the flight availability with their selected budget. On one hand, this can assist the airlines to remove those excess perishable seat capacity inventories at a relatively cheaper price to those price sensitive customers. On the other hand, customers can be informed of the "special offers" provided by the airline company. This results in lower transactional cost and distribution costs for customers. Also, the airline can be benefited from offering those promotions via relatively low-cost communication channels such as email promotion and Internet rather than advertising through traditional channels such as TV advertisements, posters. Apart from the above functions, Internet can provide a platform for the airlines to profile and record customers' preferences so that they can provide customized services to customers. For instance, window-seat preference, vegetarian meal and so on.

Application of relationship marketing in hotel industry

Gilbert (1996) proposed that the long-term retention of customers requires the following five incremental steps. Firstly, identify more about the customers through the database analysis. This can be done through the online questionnaire via the hotel website. Secondly, improve and make the product / service more attractive. The hotel can use the collected data from customers or through their loyalty programmes in order to improve or customize the service or products that can exceed the customers' expectations. Thirdly, inform to build customers' knowledge of the company. The hotel website can serve as a strategic information centre in the sense that the hotel can provide update on new products, services, offers and benefits to those prospective and loyal customers. Fourthly, tempt the customers to purchase more regularly. The hotel website can implement the strategic objective by direct emailing to frequent hotel guests by special electronic promotion leaflets. Fifthly, retain customers by developing different forms of loyalty schemes. This can be done by creating special offer entitled to those frequent hotel guests. For instance, members-only magazines and special offer exclusively to those loyalty program members. (Gilbert et al, 1999)

Conclusions

In the keen competitive business world, it is essential to consider the elements of Guanxi marketing and incorporate this idea to supplement relationship marketing. In Hong Kong and especially in the Chinese cultural society, Guanxi marketing helps to develop a social relationship before a business transaction. It is also easier to build business relationship riding on this rapport.

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Chair Professor's Distinguished Lecture by Mr. Edwin D. Fuller "Travel and Tourism: The Best Is Yet To Come"

By School of Hotel & Tourism Management,
Hong Kong Polytechnic University

After decades of fundamental change in the hospitality industry, the best is yet to come according to Mr. Edwin D. Fuller, who delivered the Chair Professor's Distinguished Lecture to students of the School of Hotel and Tourism Management (SHTM) on the Induction Day on 28 August 2008. Mr. Fuller certainly has the overview to make that prediction, having served as President and Managing Director, International Lodging, of Marriott International since 1997. Delivering his lecture with good humour and a willingness to offer valuable advice, he spoke of the years ahead with unbridled enthusiasm.



<Mr. Edwin D. Fuller>

"Asia is where it's happening" for the hospitality industry, Mr. Fuller remarked, "this is where it's at." Describing the region as the "World Cup of the tourism industry" he said it would provide 60% of his company's international growth in the coming three years. He exhorted SHTM students to understand their potential as industry leaders, remarking that "when I say the best is yet to come, that also includes those of you who have an education before you".

"I want you", Mr. Fuller said, "to be leaders of the future".

Reflecting on a recent safari in Africa, he explained the situation with an analogy: "if you're at the back of the herd, you're on the dinner menu tonight". He reminded students that even before they entered the hospitality industry, "when you think about the opportunities you're looking at, you cannot forget the fact that it will be a business".

Yet at the centre of that business, and fundamental to effective leadership, should be recognition that people are vital. Speaking about Marriott's 72,000 service associates, Mr. Fuller said that

"Our story is really about people . . . I do not envisage check-ins being done by robots. I envisage people helping people.

To achieve maximum results in hospitality management, he suggested, "you take care of the associate, and the associate takes care of the customer". This extended to all aspects of the industry, including "how you treat people, what kind of respect you address people with, how you serve them, how you work with them, how you promote them, how you motivate them, how you encourage them".

Closing the lecture, Mr. Fuller drew out the greater significance of his leadership philosophy. “Respect for other people”, he said, “is probably the one thing that can make our world a better place”. The SHTM shares that view, and thanks Mr. Fuller for his inspiring talk.

The “Chair Professor’s Distinguished Lecture” was introduced by the School of Hotel and Tourism Management in which outstanding individuals are invited to speak to students of the School, sharing their personal successes, experience and philosophy. The Lecture provides a unique opportunity for students, who are newly admitted to the School, to exchange views with distinguished speakers, industry partners as well as academic staff members.



<Professor Kay Chon and Mr. Edwin D. Fuller>



Institute of Hospitality
Hong Kong Branch

INVITATION

McDonald's - Asia, Pacific, Middle East and Africa (APMEA) Menu Management Team, based out of the APMEA regional Food Studio & Quality Assurance Centre in Hong Kong, cordially invite you to visit their offices to learn more about how they manage product development and quality assurance across 37 countries / 40 markets the region.

Site-visit to **McDonald's**



Date : 13 November 2008 (Thursday)

Time : 5:00pm – 8:00pm

**Venue : McDonald's Regional Food Studio & Quality Assurance Centre
(Roca Centre, Basement 2, 460 King's Road, North Point)**

Agenda (tentative)

17:00-17:40	Registration & Welcome Drinks	* Ground rules; no cameras (other than in the meeting room); no open toed shoes; no shorts or singlet * On a First-come, First-served basis
17:40-18:40	Overview of QA & MM	
18:40-19:40	Facility tour Q&A	

For Inquiries & R.S.V.P :

please contact **Jenny Jieun Kim** at email: hmioh@inet.polyu.edu.hk

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CALENDAR OF EVENTS

SKAL Luncheons

- October 29, 2008 (Young SKAL Day). Marco Polo Hong Kong Hotel
 - November 19th, 2008. Top Deck
 - December 12th, 2008 (Xmas Party). Island Shangri-La Hong Kong
- Contact: Ms. Ivy Kung, Email: skal@skal-hongkong.com

The Fifth China Tourism Forum: Nature-based Tourism

December 13-14, 2008. Huang Shan, Anhui, China.
Contact: Ms. Nicole Shum; Email: hmnicole@polyu.edu.hk,
<http://www.polyu.edu.hk/htm/conference/5ctf/>

14th Annual Graduate Student Research Conference in Hospitality and Tourism

January 4-6, 2009. Las Vegas, USA.
Contact: Seyhmus Baloglu; Email: papers@hotelgradconference.com,
<http://www.hotelgradconference.com>

CAUTHE 2009 - See Change: Tourism & Hospitality in a Dynamic World

February 10-13, 2009. Fremantle, Western Australia.
Contact: Promaco Conventions Pty Ltd, Email: promaco@promaco.com.au,
<http://www.promaco.com.au/2009/cauthe/>

International Convention & Expo Summit 2009

May 18-20, 2009. Hong Kong SAR, China.
Contact: Prof. Kaye Chon; Email: hmkchon@polyu.edu.hk,
http://www.polyu.edu.hk/htm/main_confinfo.htm

International Conference on Impact of Movies and Television on Tourism

May 21-23, 2009. Hong Kong SAR, China.
Contact: Prof. Kaye Chon, Email: hmkchon@polyu.edu.hk

Asia Pacific CHRIE Conference 2009

May 28-30, 2009. Singapore.

Contact: Andy Nazarechuk, Email: dr.andy@unlv.edu.sg

The 29th International Symposium on Forecasting

June 22-24, 2009. Hong Kong SAR, China.

Contact: Symposium Secretariat; Email: isf2009.hk@polyu.edu.hk,
http://www.polyu.edu.hk/htm/main_confinfo.htm