

A distinctively patterned carpet and unique artwork highlights Radisson's Urban room design.



CARLSON GETS AMBITIOUS

BY ED WATKINS



RADISSON RENEWAL IS FOCUS OF FIVE-YEAR PLAN



Last fall, **Hubert Joly** said in early 2010 he would unveil a new strategic direction for Carlson Hotels. This month at Carlson's annual global business conference in Orlando, the engaging and passionate president & CEO delivered on that promise with the roll out of Ambition 2015, an aggressive, comprehensive and expensive plan to reposition, strengthen and grow the company and all its brands, particularly the flagship Radisson chain in North America.

RADISSON, WHICH HAS A LOYAL FOLLOW- ING AMONG TRAVELERS

but is sometimes overlooked by U.S. developers, will receive a radical overhaul focusing on product improvement, clearer brand positioning, new standards for design, f&b and service and global growth ambitions.

“Ambition 2015 isn’t about Carlson being the biggest hotel company but about it becoming the best,” says Joly, who became president and CEO of the Carlson parent company in March 2008 and assumed direct control of the hotel division last summer. “We want Carlson hotels to be vibrant and innovative, offer the best experiences, create the best guest satisfaction in the industry and have the most engaged workforce. And we intend to produce RevPAR penetrations above 100.”

For Radisson’s U.S. portfolio, Joly and his management team took their cues from Rezidor, Carlson’s European partner company, to develop its new look and branding philosophy. Over time, Radissons in the U.S. will be upgraded and segmented into two sub-brands: Radisson Green, an upscale flag; and the upper upscale Radisson Blu, a name widely used on Radissons in Europe.

According to Joly, Radisson is the premier brand in Europe and other Rezidor markets, topping all major brands in guest satisfaction scores and producing a 105 RevPAR penetration index.

NEW LOOKS

“What we’ve done is crystallize what has made the Radisson brand such a success internationally and adapted it to the U.S.,” says Joly, citing factors such as product, marketing and operations. “The essence of our strategy is to create a Radisson brand that is vibrant, contemporary and engaging.”

The process starts with a set of five new guestroom

The Naturally Cool room is an upper upscale design with a wood floor, light wood casegoods and well-designed task and ambient lighting.

designs that will clearly set the brand apart from its legacy and from most other large-scale chains in the U.S. The new room types—named Naturally Cool, Urban, And Relax, Ocean and New York Mansion—differ in style, color schemes and level of boldness but share several key design and guest-centric attributes. While the looks are equally bold, the emphasis in each is rooted in plushness, comfort and practicality. Lighting—both for illumination and as a design element, both direct and indirect—is a constant theme, as is the dramatic use of color, either as a room’s signature (And Relax) or as an accent (Naturally Cool).

While not a kit-of-parts approach, the room designs provide owners with some flexibility in how they incorporate the new designs in renovation projects. For example, the five prototype rooms showcase a range of bathroom styles and features, allowing owners to create looks that match their overall designs and budgets.

In launching the initiative, Carlson is putting its money where its mouth is. Thanks to sales of its cruise line and marketing company in recent years, the company is flush with capital and is not afraid to deploy funds to jumpstart the new strategy. As Joly says, “I’m not sitting on a chair; I’m sitting on a pile of cash.”

To what the company calls “operationalize the brand promise,” Carlson (along with partners and owners) plans to spend between \$1 billion and \$1.5 billion in the next five years. Up to \$700 million will be used to develop flagship Radissons in at least five or six key North American cities. Joly says the company and a partner are close to announcing the first, a 300-room hotel that could open as early as 2011. Another \$650 million will be spent by Carlson and its franchisees to renovate existing Radissons in a reflection of the new initiatives. A little more than \$100 million will be allocated for marketing and sales support, technology investments and key money to land management contracts.

While these numbers are staggering, Joly realizes franchised owners won’t be able to embrace the changes immediately or across the board. “Pragmatism is our middle name,” he says. “The changes will start slowly as properties need new logo items or new bedding, and when renovations are appropriate, owners now have a great solution.”





Top: New York Mansion has cool, almost retro feel.
Below: The Ocean room carries a South Beach vibe.



And as Thorsten Kirschke, COO of Carlson-Americas, says, “The rooms product is scaleable and can be adopted in degrees. Because the rooms are available as packages, owners will know the costs involved, which gives them planning security and design security.”

BRAND OF EMPATHY

Taken as a whole, Joly and other officials believe the new strategy will position Radisson as the brand of “travel empathy.”

“We look at a guest’s journey with us from the reservation to the departure from the hotel, and we aim to reduce the built-in hassles of travel for him or her,” says Kirschke. “We’ve created a program of service concepts to meet those needs at every point in the stay.”

These concepts range from the simple—grab-and-run breakfast packs for early departing guests and three-hour express laundry service—to the more complex—two new turnkey restaurant concepts will be available to properties that need them.

Another key component of the strategy is to enhance the company’s sales and marketing and distribution power. As part of a larger effort to unite the worldwide Carlson system, the company is establishing global sales offices,



Thorsten Kirschke, Carlson Hotels’ Americas chief

the first is already open in New York followed by ones in Europe and Asia later this year. An 18-month website enhancement project should ease booking procedures and allow for package pricing. Another push will be to double the size of the guest loyalty program and spur existing members to be more active through enhanced reward offerings.

GROWTH IS THE GOAL

The ultimate goals of the new strategy are to increase sales and profits for owners and to grow the Carlson brands. The company’s five brands—the others are Regent, Country Inn & Suites, Park Inn and Park Plaza—now total 1,058 properties with another 249 in the contracted pipeline. Last year, the system opened 92 properties and signed contracts for 68 more.

Like many U.S. hotel companies, Carlson has its eyes on the international market for much of its growth. While 61 percent of operating properties are in North America, 71 percent of hotels in the pipeline are overseas. Of particular interest to the company are the emerging economies of the BRIC countries (Brazil, Russia, India and China). In India, Carlson already has the most properties of any international hotel company and projects to open 50 more hotels—many of them Country Inns & Suites—in the next three years.

Both Joly and Kirschke believe the mid-scale Park Inn brand has potential as a significant growth vehicle in a number of countries, including the U.S., but also India and others. “With the number of distressed assets about to come on the market, Park Inn can be a perfect conversion brand for many of them,” says Joly, “especially since it costs about \$6,000 a room to convert to a Park Inn.”

The most important by-product of the Ambition 2015 initiative may be closer collaboration and coordination of the worldwide Carlson system, including Rezidor. “We previously operated in a theater-centric approach and, in effect, created separate brands for each geographic theater,” says Kirschke. “Now we can go forward with singular product offerings that work in a unified fashion in all parts of the world.” LH