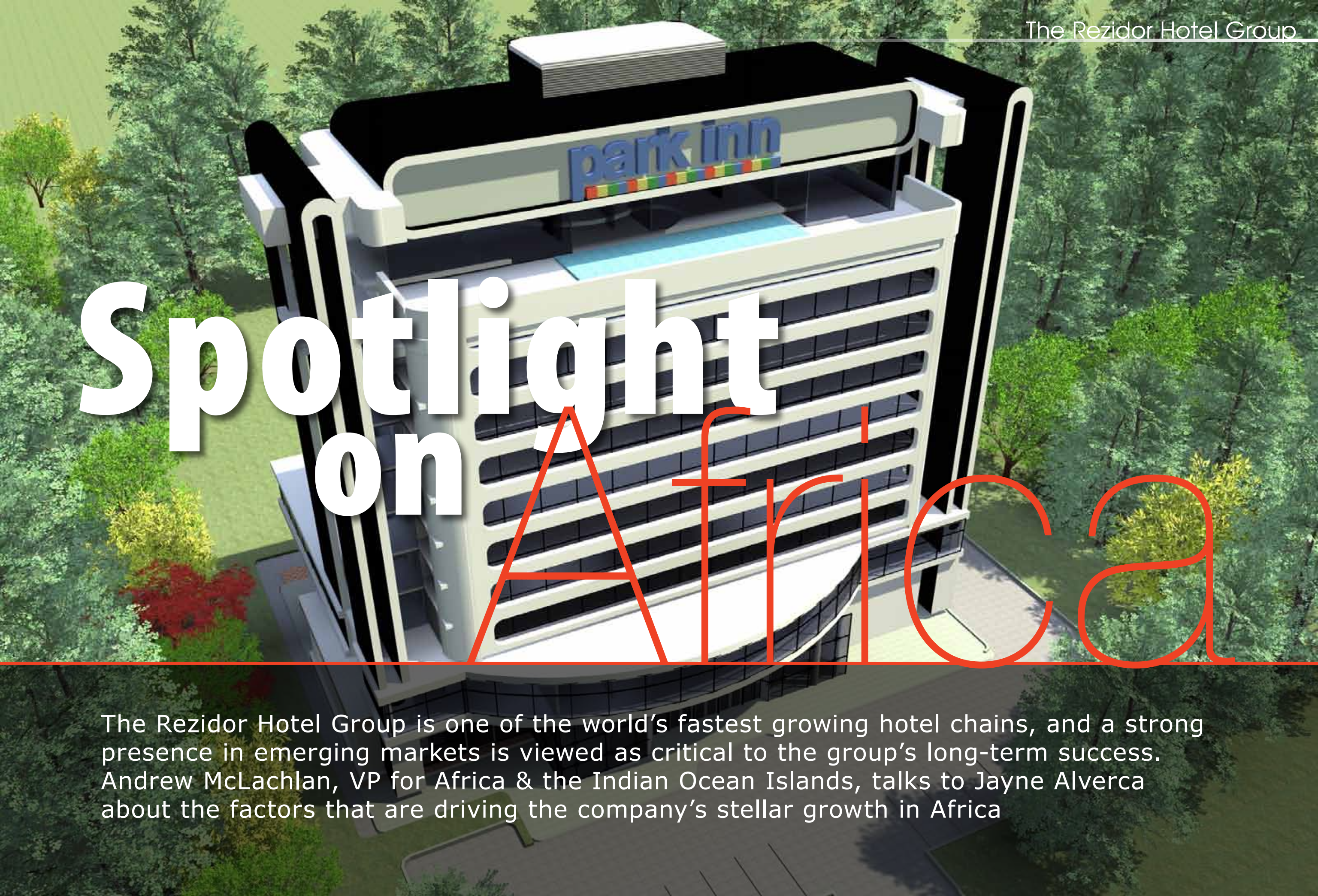


THE REZIDORHOTEL GROUP

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Spotlight on Africa

The Rezidor Hotel Group is one of the world's fastest growing hotel chains, and a strong presence in emerging markets is viewed as critical to the group's long-term success. Andrew McLachlan, VP for Africa & the Indian Ocean Islands, talks to Jayne Alverca about the factors that are driving the company's stellar growth in Africa



Success has come rapidly to The Rezidor Hotel Group. Since 1994, the number of rooms has increased tenfold and Rezidor now ranks as one of the fastest growing hotel groups in the world, with a portfolio of over 420 hotels in 64 countries across Europe, the Middle East and Africa.

At present, 37 per cent of the group's total hospitality offering is in the emerging markets of Africa, the Middle East, and Russia and the CIS. However, as the mature markets of the West become increasingly saturated, this is where Rezidor sees its future—74 per cent of the 100 new hotels currently under development will be located in the capitals or financial hubs of these emerging economies.

Andrew McLachlan, a South African, is VP for Africa and the Indian Ocean Islands and established the Rezidor Africa development office in Cape Town in 2007. Over the last 48 months the office has added a further 33 hotels to the portfolio, making the company the fastest growing market player in sub-Saharan Africa.

However, unlike established competitors such as Intercontinental, Accor, Sheraton and Hilton—brands which have had a presence in Africa for over 40 years—Rezidor did not open its first hotel in Africa until the year 2000 in Cape Town. Today there are three Rezidor hotels in Sandton, which form part of the city's iconic skyline in South Africa's own 'Manhattan', the glittering Sandton district. The jewel in the crown is the landmark Radisson Blu Hotel Sandton, which has 302 rooms over 20 stories including a world-class 3,000 square metres of fitness facilities with a landmark running track that spirals round the hotel on the eighth floor of the building. Crowning the property is a series of 12 spectacular two- and three-storey penthouses. "It is a truly spectacular building and a tribute to what we have achieved in Africa," states McLachlan.

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However for the first six years, growth in Africa was slow, with only eight new hotels open or under development; but a visionary shift in executive board strategy then decided that success on the continent needed to be driven by a local, de-centralised structure and a strong management presence on the ground in Africa.

“We were the first international hotel group to actually open a development office for Africa in Africa, as opposed to driving growth from Europe or elsewhere, like our competitors,” McLachlan continues. “Having local people on the ground who understand the market makes it much easier for us to gain a clear first mover advantage and has been a key factor contributing to our rapid growth since 2007.”

Rezidor also has a very flat management structure, which means that reaction times and decision-making processes are fast and streamlined. “We are empowered on the ground



to make immediate decisions and can expedite the process as soon as we judge an opportunity warrants it rather than waiting for board meetings which may take months and may not directly involve local knowledge," he says.

"Even if we enter a market late, we will still have a fast mover advantage because of the way the company is structured. Also, Rezidor is a very flexible company that is prepared to adapt to local conditions and to local cultures. Unlike others we do not operate to a strict immovable mandate and pride ourselves on taking a non-conformist approach," he adds.

Another unique advantage held by Rezidor is its ability to access capital. Funding is critical to the success of hotel development, but can be seen as particularly risky in new, untested markets. "Several years ago we founded a company known as AfriNord Hotel Investments, which is an equal partnership between Rezidor and four Nordic government development agencies which we use on a case-by-case basis if there is a funding requirement or a shortfall that is proving difficult to meet by other means," he explains. "It means we can provide mezzanine debt funding, which is a competitor advantage. With four of the five partners being Nordic governments, AfriNord is regarded as highly stable and reliable."

Globally, Rezidor manages a portfolio of five hospitality brands, each designed to capture a distinct segment of the market. In Africa the focus and thrust is on consolidating the position of two of these brands—Radisson Blu and Park Inn by Radisson. Radisson Blu is a first-class, full service offering, while Park Inn by Radisson is orientated more towards the mid-level market. However, the point of reference for both is a contemporary and innovative feel which stresses modernity and connectivity.



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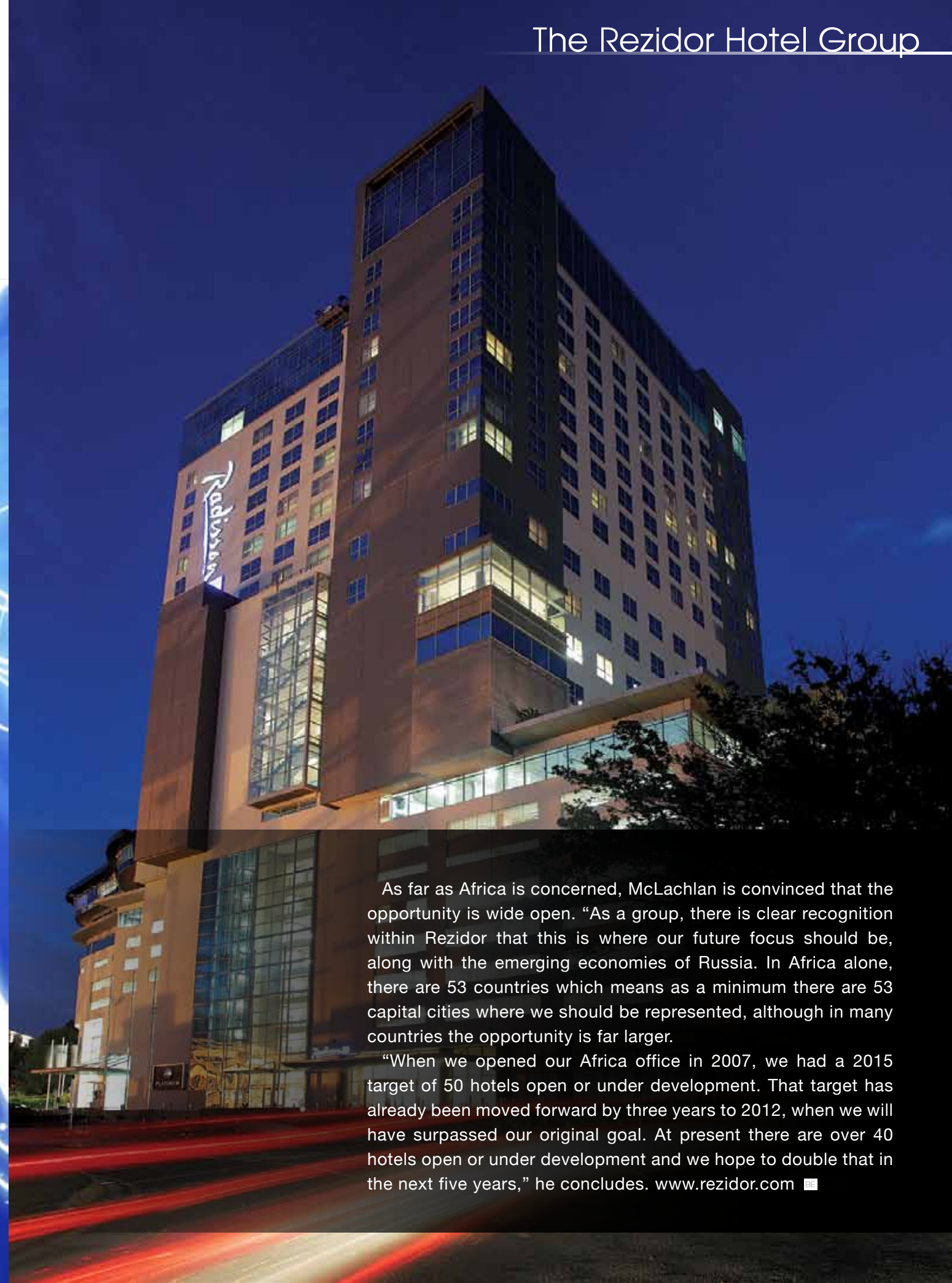
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McLachlan explains how Rezidor plans to leverage its brands. "Radisson Blu is our core brand which you might describe as Rezidor's international heavyweight that we will take to every capital or financial centre on the continent, irrespective of what our competitors may already be doing. Our market entry strategy is always to lead with Radisson Blu and then evaluate the demand for other brands. In the case of Africa this will mainly be Park Inn by Radisson but we also see some potential for the Hotel Missoni brand, which is a luxury lifestyle brand geared to resort-type destinations in Africa."

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As far as Africa is concerned, McLachlan is convinced that the opportunity is wide open. "As a group, there is clear recognition within Rezidor that this is where our future focus should be, along with the emerging economies of Russia. In Africa alone, there are 53 countries which means as a minimum there are 53 capital cities where we should be represented, although in many countries the opportunity is far larger.

"When we opened our Africa office in 2007, we had a 2015 target of 50 hotels open or under development. That target has already been moved forward by three years to 2012, when we will have surpassed our original goal. At present there are over 40 hotels open or under development and we hope to double that in the next five years," he concludes. www.rezidor.com ■

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