

ADVERTISING

Ritz-Carlton sets aside \$2B for China, global expansion

November 28, 2011



By KAYLA HUTZLER

The Ritz-Carlton Hotel Co. is tapping into the transitioning Chinese marketplace with a hotel presence in eight major provinces and now has plans to add another branded property in Changdu by 2013 as part of a \$2 billion expansion.

Sign up now

Luxury Daily

The hotelier takes into account numerous factors when deciding when, where and how to open new hotels, including in what areas the affluent population is increasing. Currently encompassing 77 properties worldwide, the Ritz-Carlton has plans to increase its offerings to 100 locations by 2016.

“Given the focus on China right now, there is no small secret that China is an emerging country when it comes to lots of different things,” said Allison Sitch, senior corporate director of public relations at Ritz Carlton, Chevy Chase, MD. “As an economy in its own right, but from our perspective, it is all about travel.

“In China, there is a huge amount of the population that is now on the move and starting to travel,” she said. “There is also an equally large population following purchasing behaviors into a luxury market.”

Eyes on the horizon

Ritz-Carlton opened its seventh Chinese property in Hong Kong March 2011, and its eighth in Shanghai June 2011.

The hotelier also has a property in the city of Pudong near Shanghai, two in Beijing, and one each in Guangzhou, Sanya and Shenzhen.

Indeed, other locations where the Ritz-Carlton is planning to expand in the next three years include Puerto Rico, Panama, Egypt, Thailand, Japan and Morocco.

The expansion represents a more than \$2 billion investment, according to the Ritz-Carlton.

Choosing a Ritz-Carlton location is no easy feat.

The first requirement is that there is a transitioning affluent population that is beginning to reward itself with luxury goods and services and explore travel.

The Ritz-Carlton cannot hope to welcome these new travelers if the emerging markets have never heard of the branded name or reputation.



Therefore, an early presence in an emerging market can help drastically increase brand awareness in these areas and lead local wealthy consumers to stay with the Ritz-Carlton when they travel abroad.

Secondly, there needs to be an interest in consumers travelling to the area, be it for business or recreational activities.

For instance, Ritz-Carlton noticed an increase in its guests who were travelling to China for business and continued to expand in the country.

“One goal is to have distribution in a country for current Ritz-Carlton loyalists,” Ms. Sitch said. “We have a lot of business travelers going to China on business trips, so now we will have distribution to cope with that.

“[Additionally], the only way to really penetrate the area for outgoing business is to have one in the market,” she said. “We want the brand name to be strong within the hotel industry.”

Nature and nurture

Indeed, the company is sparing no expense when it comes to building the new locations in China.

For example, the Ritz-Carlton Hong Kong is the tallest hotel in the world, situated on floors 102-118 in the city's International Commerce Center.

The hotel comprises 312 guest rooms, a spa, six dining venues and an indoor swimming pool.

Additionally, the hotel in Sanya, which is the equivalent of China's Hawaii, boasts one of the best spas in the hotelier's global collection.



The spa combines Chinese and Western traditional practices to create experiences such as an “oriental life dance” or “Yu Zu reflex ritual.”

Each city of China is extremely different and therefore none of the Ritz-Carlton properties in the country are the same.

“When it comes to the offerings, our hotels have to be culturally relevant so we have to give a flavor of the locale in which the hotel is located in our menu delivery and services,” Ms. Sitch said.

“So when you go to Beijing you feel like you are in Beijing – each location in China is a bit different,” she said. “That’s smart operating because there can be a tendency for international companies to try to do everything the same.

“But you have to go into that location and pull local tastes.”

Final Take

Kayla Hutzler, editorial assistant on Luxury Daily, New York

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.