

# TOASTING FOR PROFITS

General managers have treated hotel bars as extensions of the lobby or restaurant. Now a sweeping trend is seeing them turn into profit centres. And it's not just the financials which make this new breed of watering hotels a far cry from their predecessors, says **Christian Sylt**.

The interiors of many of today's Grand Dames are unrecognisable from their appearance decades ago.

Flat-screen televisions adorn the walls of the rooms, showers resemble space-age washing machines with nozzles sprouting from all corners and old-style key racks are few and far between behind today's reception desks. But one area which has been insulated from modern minimalism and technology has been the bar. Until now.

In the past 18 months London alone has seen no less than five new bars open in as many of its grand hotels. Its most historic hotels, from the Dorchester to the Waldorf (pictured below), to the Langham and the Mandarin have all had new bars fitted with furnishings which wouldn't seem out of place in a nightclub. The days of dark bars with deep leather armchairs and mahogany-panelled walls are long gone and London is far from the only hotspot. It seems that none of the world's most iconic hotels are untouchable.

The central feature of the new bar in Paris' 95-year old Plaza Athénée hotel is a bare fireplace and hanging on the wall above it is a plasma screen television with digital flames flickering on its shiny surface. The bar itself is an iceberg-like structure

illuminated in fluorescent blue with rows of polished chrome stools sitting in front.

Across the Atlantic Washington's Park Hyatt brought in designer Tony Chi to turn a dark traditional bar into one which has just eight stools with most customers sitting in overstuffed swivel chairs. Even the palatial principality of Monaco has been bitten by the bug with Fairmont bringing a minimalist makeover of mahogany and stone to the bar of its Monte Carlo hotel.

This new trend may seem like grand hotels making a deliberate effort to deviate from their historic heritage, but there is a clear method behind the madness.

"Clientèle in hotels like this are ageing so you've got to make sure that you are wanting to appeal to their sons and daughters," explains Christopher Cowdrey, general manager of London's Dorchester. "If you don't do that the younger generations will go somewhere else."

Celebrity designer Thierry Despont – best known for designing interiors for Bill Gates – took radical steps to tempt in younger punters to the Dorchester's bar. Red strobe lights set into a dark corridor leading into the bar are the first signs that

'Clientèle are ageing so you've got to appeal to their sons and daughters'





there probably won't be any oil paintings on the walls and the bar lives up to the expectation.

Dramatic red glass spears reminiscent of Superman's home planet adorn the room and a serpentine shaped bar table snakes through it.

Attracting a younger crowd isn't the only driving force behind these makeovers. With increased economic health, rate has become less of a differentiator between hotels so an avant garde bar can bring much-needed publicity. And although renovations are relatively cheap, if they hit the mark, return on investment is almost limitless.

Around 70 per cent of a hotel's revenue typically comes from rooms, with food and beverage providing the balance. Profit is a similar story as room overheads are minimal.

Restaurants however are labour intensive and high overheads give them a profit margin of around 20 per cent. Bars fare better as they require less staff and a typical grand hotel bar turns over around US\$2 million per year with a margin of around 35 per cent. Bar makeovers typically cost around US\$3 million and since a successful one can increase revenues by more than 25 per cent it can be paid back in four to five years. But the biggest gains are made by using the makeover to make a statement.

Cowdray admits that the Dorchester bar makeover "had to be a talking-point from every aspect: design, comfort, atmosphere and the style, services, drinks and the contents". The fruits

of this can filter throughout the entire hotel.

"The bar is an advertising forum for me to get more people into my restaurant because if the food is good in the bar it's a huge opportunity to maximise leverage into the main restaurant," says Robert Mercure, the general manager who presided over the transformation of Monaco's Fairmont from being run-down and retro to becoming the sleekest hotel in the principality. The same logic applies across the entire property.

"Restaurants don't make much money, but restaurants and bars do drive business to our hotel rooms," says Duncan Palmer, managing director of the Langham – the oldest grand hotel in London.

Its new bar opened at the end of last year and couldn't be further from the low ceiling and wood-panelled polo theme of its predecessor.

Murals of mountain scenery painted in pearly shades adorn walls inset with bevelled mirrors. Sculpted timber chandeliers hang from the ceiling. The bar counter of lilac marble matches window drapes of lilac silk and lilac butterfly motifs imprinted in the glossy resin of the tabletops.

The dark colours usually associated with bars have been rejected in favour of pale creams and lilacs and there's good reason for this.

Smoky bars force designers to pick dark colours to hide stains and cigarette burns, but the Langham is one of the first grand hotels in London to have a smoke-free bar. This prompts punters to linger for

meals and the introduction of food can double average bar tabs in five years.

Compared with baby-boomers, the under-40s now spend less time in rooms and use hotel bars differently than in the 1990s. They eat breakfasts there, hold small business meetings or work alone on laptops. Hoteliers have had to adapt to this.

"By doing the makeover, our first wish was... to establish our customers," says Thierry Hernandez, director of the Plaza Athénée's bar (pictured).

"The hotel wanted to have a place where our clients' children would be happy to come," he adds.

It has worked as Hernandez says that after 9pm, the average age in the bar is around 30. Punters sit next to ancient artwork which has frames so deep that they hold seats. "It was a big challenge to create a perfect harmony between the tradition of a palace's bar and something very modern," says Hernandez and it has not gone unrecognised.

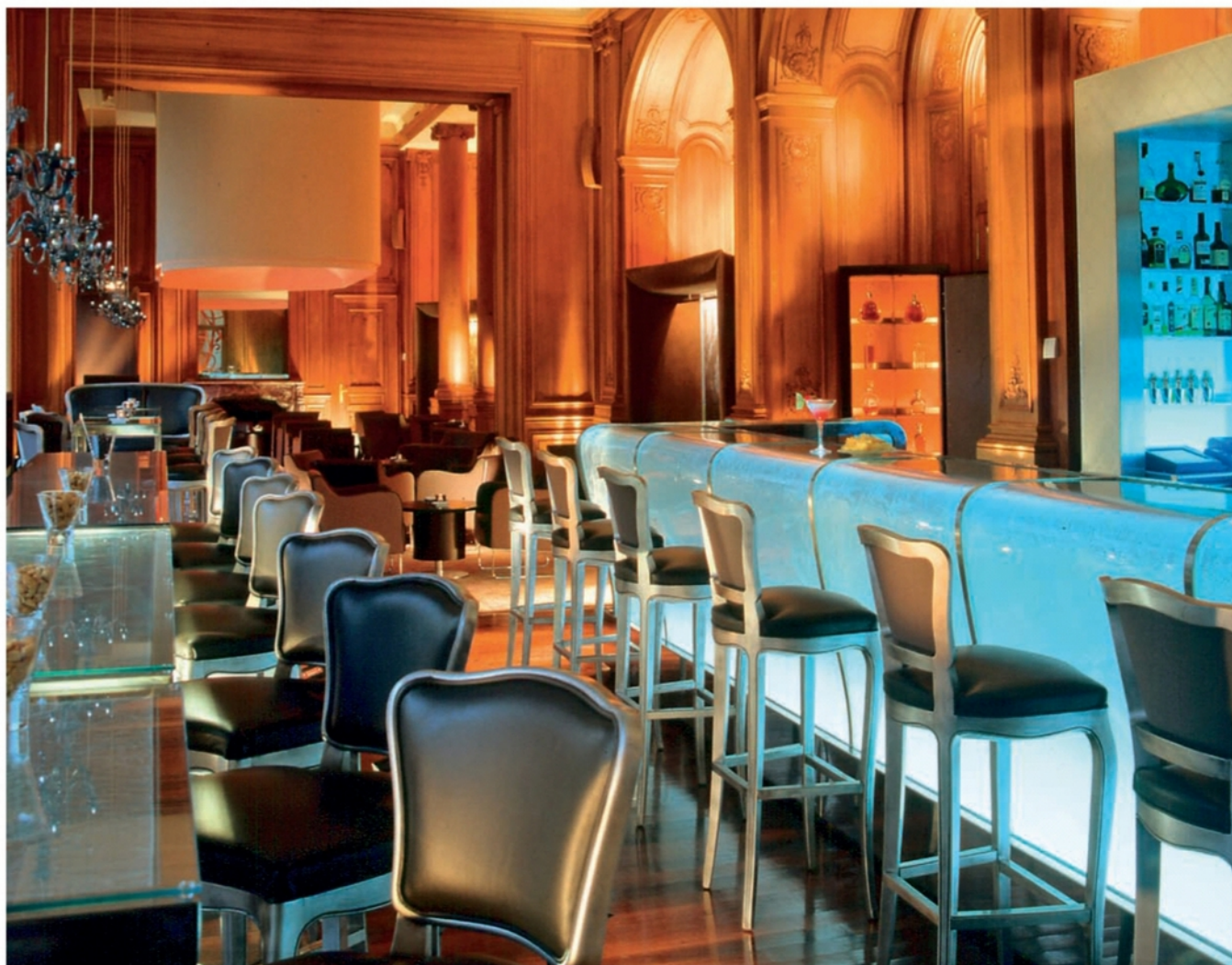
"In Paris, to make it work, they have to do something very different," says Jean-Claude Messant, general manager of Monaco's Métropole Palace hotel. The Métropole's bar renovation ploughs a middle way which harks to the old school, but has modern touches. Wooden chandeliers have candles with faux flames which are actually bulbs swaying from side-to-side. Bar stools come in two sizes – the bigger one being large enough for couples to sit on together.

"The idea was not to go for a very modern décor

'The bar is an advertising forum for me to get more people into my restaurant'







because we know that within three or four years it's out of fashion," explains Messant, adding that he nevertheless canvassed opinions on his new designs from longstanding clients before going ahead. It has served him well. "I have more than doubled my average rates," he says.

Mercury has a clear strategy to build bar revenues. "You look to improve the number of people that go to the bar and the per-person spend," he says. So, for example, the new Fairmont bar also serves continental breakfast in the morning. "Look at all your dead periods," says Mercury.

And when it comes to maximising margins through the makeover nothing is left to chance.

Specialist bar designers are even called in to advise on the ideal number of seats as well as location of refrigerators, glasses and bottles to maximise bartender productivity. However, it is tougher to estimate how well-received a makeover will be and the risk is great.

"One of the bigger challenges is not losing your regular clientèle and attracting a new one," says Mercury. "We've all seen examples of a successful place that didn't change its décor for 25 years, they change it and it becomes too clean, too formal, too trendy then loses its regular clientèle and doesn't get a new one."

Despite the trend of radical redesigns being a new one, the industry is already reflecting on it.

"You run the danger sometimes of putting people people off," says Chip Stuckmeyer, director of sales and marketing for London's Grosvenor House which re-opened its 'Red Bar' earlier this year.

Wooden walls lined with traditional caricatures have been replaced with mirrors, flowers abound,

and instead of green winged armchairs there are small stools around tables.

It makes for an fine combination – a makeover which is noticeable without risking becoming a fad in future.

"We don't want this to be the statement 'we want what you can accomplish while you're here' to be the statement. We want this to meld into the background," says Stuckmeyer.

However, lack of a design statement may make it tougher to get a sales boost in its first year after re-opening even though it could be more prudent in the long run. There are only a few yardsticks.

One of the first grand hotels in London to give its bar a style-driven makeover was the Waldorf.

Its previous bar dates back to the hotel's opening in 1908, but for several years now it has worn its makeover with plasma screens hanging from metal walls and mirrored pillars giving it an industrial look. Radical it is, but it has proved its worth as part of a package to pull in punters.

"We've tripled the revenue in the last three years," says general manager Amanda Scott. "Our revenue per available room is up considerably."

Others are expecting a similar impact. Palmer predicts that "half the people that will be staying in the Langham in three to four years time will be staying here because they've heard the bars, restaurants and facilities are second to none".

Looking further into the future, Cowdray estimates that the current appearance of the Dorchester's bar could last for 10 to 15 years.

Given the recent wave of changes we can only begin to imagine what the bar makeovers will look like then. César Ritz must be rolling in his grave.

**'You look to improve the number that go to the bar and the per-person spend'**