

Interviews with Leaders - Mr. Neil George, Strategic Advisor, Rosewood Hotel Group

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1. How would you describe Rosewood Hotel Group's development and growth strategy in the Middle East and Africa?

We have a measured and considered approach to our global growth strategy. We have four brands – Rosewood Hotels & Resorts in the ultra-luxury segment, New World in the upper-upscale space, Penta in the upper-midscale lifestyle space, our latest brand KHOS targeting the luxury business-lifestyle space. In this region, we are primarily focused on growing the Rosewood brand, but open to gradual development of New World and Penta, and will soon be launching KHOS too.

For Rosewood, as an ultra-luxury brand with 24 properties in 15 countries, we are extremely selective about where, with whom and for which projects we partner. The Rosewood brand originated in the US with the Hunt family, a legendary oil family that had close ties with Saudi Arabia. So the brand's relationship with the region goes back many years. We intend to add to our existing presence in Jeddah and Abu Dhabi in the near term, with markets like Dubai and Riyadh being a priority. Nevertheless, our goal is to grow the brand globally. We take a long-term perspective on our development, and are not managing to a quarterly announcement schedule. For us, the integrity of the Rosewood brand is paramount; each project needs to fit with the Rosewood DNA and our A Sense of Place® philosophy.

In the case of New World, the brand enjoys high recognition among Chinese consumers, and has just completed a brand refresh with a modernised Asian positioning which focuses on the luxury business segment. There are currently 11 operating New World Hotels and Resorts in China, Hong Kong, Vietnam, The Philippines, and Malaysia; the pipeline is healthy with new hotels coming up in selected Tier 1 and 2 cities in China, as well as in Vietnam and in Rajasthan, India. The brand has historically been positioned as an upper-upscale targeting

Summary

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business travellers, with a management-only model. For the Middle East region, we see it as an exciting, fresh offering in the somewhat crowded upper-upscale space. New World will be the first collection brand born out of Asia. We will look to new-build as well as conversion opportunities for this brand, and we are creating a franchise platform for New World that will be rolled out later in 2019.

While not our focus in the Middle East now, our newest luxury business-lifestyle brand KHOS will be launched in 2019. KHOS is an innovative concept by Rosewood Hotel Group created especially for the new generation of the digital age. These are travellers and locals whose needs are not served by either business or lifestyle hotel offerings; the former because it lacks style and are seen as overly functional, and the latter tends to be focused around fashion or music, and are also unable to serve more functional and professional needs. The KHOS concept – tapping into the new ways of working and living brought forth by the Internet, focuses on community, wellness and interconnectedness, and speaks to the new generation of professionals and travellers. It is the first luxury lifestyle brand to incorporate a coworking component as part of its programming, as well as a very different approach to F&B. The notion of space planning focuses on efficiency, collaboration and creativity to align with a contemporary way of thinking about how we live and share. With a number of exciting projects in the works across global capitals, a city like Dubai would be ideal for KHOS because Dubai is a vibrant, always-on, connected global gateway, which perfectly embodies the KHOS ethos.

2. What sets Rosewood Hotels & Resorts apart from other luxury hotel brands?

Compared to more traditional luxury brands, Rosewood resonates strongly with consumers who have a modern mindset, and are looking for more unique and authentic experiences; the brand is known for showcasing a more progressive, contemporary, layered, less formal and residential approach to luxury hospitality. Everything we do is guided by a simple idea: "A Sense of Place®." We believe in enabling personal journeys and discoveries for our guests that are shaped by nature, local culture and culinary traditions. We provide exquisite experiences of impeccable individual service and comfort in beautiful surroundings.

The creative process through which each Rosewood hotel is created is essentially "handcrafted," and bespoke to each project while at the same time seeking to be at the cutting edge of innovation. No two Rosewood hotels are alike. From the majesty of the Hôtel de Crillon, a Rosewood Hotel, to the magnificent Rosewood Beijing, every Rosewood hotel is a unique expression of its destination's culture. Staying at a Rosewood feels like staying in someone's private, beautiful mansion. It can be a very personal experience.

Being the flagship brand of a very focused group with just 4 brands, the way we think about Rosewood is opposite to how large brand families approach their luxury brands. We are guided by a principle of relationship hospitality. Because we are a small, family controlled business, our values reflect this principle. Our size also allows us to make decisions quickly.

We too are the largest investors in the brand – approximately 50% of our existing 65+ hotel portfolio across all the brands is owned by our parent company.

3. How will the recent launch of KHOS impact Rosewood's global growth and its ability to compete with the other large international hotel operators? Which new brands would you like to see depute in the region and why?

Rosewood's rapid ascent as one of the leading luxury hotel brands made us realize that we needed to expand our brand offering to respond to market demand. KHOS is a brand we are proud to have incubated in-house. The idea was to leverage Rosewood's demonstrated expertise in luxury hotel design, development, marketing and

operations to create a dynamic new luxury lifestyle brand for next-generation travellers who thrive in the fast-moving pace of the digital era. KHOS intends to redefine the hotel experience to address the always-on and connected nature of today's collaborative economy. The brand also builds upon the growing influence of modern day Asia in terms of design, innovation and creativity.

KHOS moves away from the usual music and fashion pillars of other lifestyle brands into a more evolved and relevant idea. For example, it approaches spatial design differently, with a focus on efficiency without sacrificing comfort. It is the first brand in its category to feature a purpose-built, coworking component, as well as a membership-based social/wellness/retreat facility. The cuisines the world is craving influence the brand's food and beverage programming. Aspects of the KHOS brand are being incubated in several pilot projects, and we plan to announce the brand's global flagships in important global destinations in 2019. We are focused on getting through this first phase of the brand's launch, and expect to bring the brand to the region in 2020.

For Rosewood, New World and Penta, we are fully open for business in the region and welcome any opportunities that may arise.

4. How critical to success are the relationships with your hotel owners and how do you make sure that these relationships work effectively?

Rosewood Hotel Group's guiding principle is the commitment to relationship hospitality. The belief that true hospitality springs from the nurturing and building of strong, lasting relationships with our associates, guests, partners and communities. We are a family-controlled business and this guides us in the way we treat all of our partners. We are a first class business doing things in a first class manner. Because we are a small company, one of our key advantages is that our size allows for owners to have full access to our senior-most leadership team, directly and easily. We are not a process-driven partner. Being a significant asset-owner ourselves allows us to relate to ownership issues very well, and very often our owners find that we share common perspectives with them.

5. In your experience, what are the key commercial and legal areas of concern that hotel owners are becoming increasingly aware about during hotel management agreement negotiation?

I think the type of owners we deal with are extremely savvy and I think they have always been well versed on commercial and legal aspects of our management relationship. There has however been an increasing focus on certain areas more than others which tend to relate to transparency around centralized charges, brand standards and issues of control. What has changed is that owners now have many more options available to them apart from management agreements. So we keep focusing on quality over quantity, and on building lasting relationships. And we are also opening our New World and Penta brands to franchising from 2019 onwards.

6. In your opinion, how does Airbnb impact the hotel industry? How is Rosewood Hotel Group planning to combat or embrace the disruptions in global travel?

We see Airbnb as being complimentary to hotel offerings and being good for the industry overall by encouraging travel. Instead of a disruptor, our view is that Airbnb is a sustainable innovation that has a positive impact in various ways. We welcome Airbnb's impact on motivating more people to travel and discover the world. We are on a similar mission. Their business model also pushes us to challenge our own way of thinking.

7. What is your experience with HVS and how would you describe its value proposition and the contribution of its consultancy services to your development initiatives?

Being one of the well-established and recognized providers of hospitality advisory services, HVS has always been a reliable and knowledgeable partner to the industry. Certainly, having a well-advised owner or developer to deal with is an advantage, as it can level the playing field in terms of industry knowledge and expertise.