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## **Speech of Kent Nystrom, President of HOTREC**

### **40th EHMA annual General Meeting**

**Milan, 26 April 2013**

Mr. President,

Distinguished Guests and Colleagues,

Ladies and Gentlemen,

First of all, thank you for having invited me to the 40<sup>th</sup> annual General Meeting of EHMA. I am very delighted to be here among you today to in Milan, one city famous for its design and luxury industry, which is I believe a perfect place to discuss the theme of the day “Reinventing the Luxury Hotel”.

Myself I am an hotelier and entrepreneur, so I know very well the issues you need to look at when considering the hotel of the future. When it comes to investments, we cannot afford to make any mistakes.

If you allow me, I would like to make a personal remark on the theme of the congress. In the global market the gap between budget/low cost hotels and luxury hotels will further widen. As a result, life for 5-star hotels and hoteliers has not become easier. Their target group is at least as inhomogeneous as those of the budget hotels and is still “1000” times more demanding! This becomes even more obvious the stronger the guest mix itself changes – the luxury guests have literally changed their face. This is really a challenge for the future!

Let me say a few words about HOTREC, for those of you who are not yet familiar with our organisation. I will then briefly outline the main items on HOTREC’s agenda, which I believe are relevant for the theme of today’s session.

HOTREC is currently composed by 44 national associations from 27 European countries. Our mission is to promote, protect and defend the interests of hospitality businesses, most particularly, but not exclusively, vis-à-vis the EU institutions. The main objective is to ensure a regulatory framework which enables hotels, restaurants, and cafés to develop, to grow and to provide more jobs. To this end, since years, HOTREC has established a close dialogue with the

European decision-makers. In addition, HOTREC maintains close relations with key European stakeholders and various interest groups representing other economic activities related to the hospitality sector (tour operators, travel agents, transport, retail, etc.). This dialogue enables all participants to coordinate their views and build coalitions and joint lobbying actions to best defend their common interests.

In summary, the role of HOTREC is fourfold:

- a) Keeping the industry informed on EU policy and legislative developments;
- b) Coordinating the views of its member associations and exchange best practices between them;
- c) Communicating and advocating the common positions of its members to the EU decision-makers and other stakeholders;
- d) Develop partnerships and collaborations to make the European hospitality industry grow and become more competitive.

As part of this mission, HOTREC is active in a number of fields. Let me give you some examples of the work that is currently on HOTREC's EU policy agenda:

1.- The expansion of the **Hotelstars Union**, which is a common European hotel classification system that we created with our members in 2009. There are already around 20 000 hotels adhering to this system and increasing. It is based on 270 common criteria which are applied to 99% in the same manner in the so far 13 participating countries. This initiative is also recognised by the European institutions, which is very important as HOTREC would like to avoid top-bottom initiatives, which are not supported by the industry. There are lots of areas where the industry can do much better than politicians, and hotel classification is definitely one of them.

2.- The prevention of setting-up stricter and more rigid European rules on **fire safety**, which work very well under the current regulatory framework, the Management Business & Systems (MBS) Methodology developed by HOTREC according to the policies developed by many hotel chains;

3.- The fight against **unfair practices in the digital sphere**. For this reason, HOTREC has created a task force where all areas of online distribution are being discussed, and in particular some questionable practices by Online Travel Agents (OTAs) that are more and more

coming under the scrutiny of national competition authorities. In this particular field, HOTREC has decided to become very active, to ensure that the progresses made in ICTs and digital distributions are to the full benefit of hoteliers and not to their detriment.

4.- The improvement of the **quality** of hotel services. A new European tourism quality label shall be established soon by the EU. We will work to ensure that such label will be of some importance to all of you who are working on a daily basis to make your luxury hotels a top quality destination.

5.- To preservation of the business possibilities of hotels with regard to dynamic packaging, so that they are not undermined by the foreseen revision of the current **package travel** legislation;

6.- The maintenance of the possibility to have **reduced VAT rates** for the hospitality sector;

7.- The HOTREC's cooperation and participation in a number of EU funded projects, such as the **Tourismlink** initiative, which will facilitate the connection between supply and demand in tourism related services across Europe; or the **Qualifications & Skills**

**Passport** (QSP) initiative, which aims at improving the mobility of professionals in the hospitality sector between European countries.

To give you a very recent piece of information received just last week and I believe very relevant for the topic of our meeting today, the EU Commissioner Antonio Tajani, responsible for tourism, is organising a mission in Russia as part of the so-called “missions for growth”. These missions are organised in countries that present a potential for European hoteliers to either attract more tourists from some specific markets or to make new investments in countries not in the EU but at its doors. A next mission will be organised on **18 June 2013 in St. Petersburg** under the topic “**High-end and luxury tourism**”. Commissioner Tajani asked HOTREC to participate in this event and bring leading entrepreneurs or CEOs to take part in a dialogue with tourism federations in Russia on how to improve the relations between the EU and Russia on this particular topic. I believe that some of you could be interested to participate in that event. In such a case, please do not hesitate to get in contact with HOTREC.

Apart from purely EU policy issues, HOTREC also tries to anticipate to future market trends. For instance, we became an actor in the

ICANN procedure launched last year on the granting of a new top level domain name (TLD) **“.Hotel”**, to ensure a non-discriminatory access for all hotels and that only hotels and their associations can use it.

HOTREC is also busy in providing our businesses with the solutions they need. For instance, we recently signed a cooperation agreement with the **Hotel Technology Next Generation (HTNG)**, an American association which offers global and low-cost technology solutions for hotels. This cooperation shall therefore allow European hotels to have a more direct and easier access to technical developments which are elaborated under the well-recognised framework of this global trade association.

Indeed, I believe that technology will become tomorrow a prominent feature of top quality hotels, and in particular luxury hotels.

We all see every day how technologies are changing tremendously our distribution models and how they allow our products to reach ever more potential clients. Technology can also provide today more intelligent guest rooms or more secure payment frameworks. Swiftly adapting to technology changes and adopting the best

technologies on the long-run has become a vital feature of a modern hotel industry, in aspects such as energy efficiency, range of services offered or adaptation to the demands of guests.

To conclude, HOTREC's contribution to today's session about "Reinventing the Luxury Hotel" is: "Let's make good use of technology and innovation for the design of the hotel of the future".

Ladies and Gentlemen, I thank you very much for your attention.

HOTREC is at your disposal for any information you may need. We are on the same side!

Kent Nyström

President of HOTREC