

## GLOBALISATION IN HOTEL CHAINS. CASE STUDY : PROFILE OF THE BELGIAN BUSINESS TRAVELLER

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### Résumé

Cet article analyse la mondialisation des chaînes d'hôtels et plus particulièrement en Belgique. Depuis que la mondialisation du secteur hôtelier a démarré aux États-Unis, il est intéressant de s'interroger sur son influence sur le secteur hôtelier en Belgique. Les principales localisations des hôtels en Belgique sont la Côte et les villes d'art (ex. : Bruxelles, Bruges, Anvers et Gand). Actuellement, plus de vingt pourcent des hôtels localisés en Belgique ont une connexion avec une ou plusieurs chaînes hôtelières. La clientèle d'affaire est la plus importante catégorie de clients pour les chaînes hôtelières, spécialement durant la semaine. C'est pourquoi, le profil des voyageurs d'affaire est étudié dans la deuxième partie de l'article. Ces renseignements sur les besoins et demandes de la clientèle d'affaire devraient permettre aux chaînes hôtelières d'adapter leur stratégie commerciale. Quelques-unes des caractéristiques analysées sont le comportement de réservation, le mode de paiement, et la fidélité à une chaîne hôtelière.

### Mots-clés

Mondialisation, chaînes hôtelières, voyageur d'affaire, Belgique

### Abstract

*In this paper, not only the globalisation in hotel chains worldwide has been investigated, but as well the degree of globalisation in the hotels located in Belgium. Since the globalisation started in the USA, it is interesting to discover the influence on the hotel business in Belgium. The main locations of hotels in Belgium are the Coast and the Art Cities (i.e. Brussels, Bruges, Antwerp and Ghent). Nowadays more than twenty percent of the hotels located in Belgium has a connection with one or more hotel chains.*

*Business travellers are the most important clients for (incorporated) hotel chains, esp. during the week days. That is the reason why we have investigated the profile of the Belgian business traveller in the second part of the article. So the Belgium hotel chains have a better idea how to react on the needs and demands of their business guests. Some analysed topics are the behaviour of reservation, the method of payment, and the loyalty to a hotel chain.*

### Keywords

*Globalisation, hotel chains, business traveller, Belgium*

## I. INTRODUCTION

The aim of this article is built around two main queries. The first one is to investigate the degree of globalisation in hotel chains in Belgium. To find a response, we first had to understand the globalisation process going on in the world which we then could specify for the hotel chains in Belgium. In the second part we look into the profile of the business travellers as guests in hotel chains.

### A. Definitions

The concepts of *hotel* and *hotel chain* are central to this article and therefore it is important to provide clear definitions.

We define « a *hotel* as a traditional, commercially run form of accommodation in which one, as a tourist (interpreted in the widest sense) can find shelter, even if food and drink are not available on the premises. Hotels are differentiated according to class (from simple to luxury) and to type guest accommodated, the latter being either business people or residents. These service establishments must offer a minimum of comfort, and must be hygienic if they are to be respect the conditions necessary for official recognition » (De Groote, 1987). The World Travel Dictionary (English, 1999) defines « a *Hotel* as an establishment providing accommodation and meals and would be expected to provide a greater and/or superior range of facilities than establishments such as guest houses ». A *Hotel chain* is a group of hotels owned by the same person(s) or organisation(s).

The United Nations Conference on Trade and Development (UNCTAD) defines *globalisation* as the increasing flow of goods and resources across national borders and the emergence of a complementary set of organisational structures to manage these flows (UNCTAD, 2002). « Globalisation is the process by which events, activities, and decisions in one part of the world can have significant consequences for communities in distant parts of the globe. Two parts of the process are usually identified : a spatial part that implies an ever-widening geographic scale or outreach for the process ; and a non-spatial part that implies ever more intense linkages over the same geographic scale » (Hagget, 2001).

### B. Types of hotel chains

There are two types of hotel chains, the first of which is referred to as the *incorporated hotel chain*. All hotels forming part of a chain are required to have the same standards of comfort and service. Most of these chains are financed by holdings or other financial institutions. InterContinental Hotels Group (UK), Cendant (USA), Accor (F) and the Hilton Corporation (USA) are well-known examples of incorporated hotel chains. Business travellers are the most important group of clients in this first type of hotel chains (see case study in § IV).

The second type is the *open hotel chain* in which a chain of independent hotels work together on a limited basis. For instance, the marketing or reservation system is organised by the chain but other aspects are dealt with independently. As a result the hotels maintain their freedom but have the benefit of being part of a group. This second type attracts much more leisure travellers (De Groote, 1987).

A distinction can be made between consortia and affiliations, both, types of open hotel chains, but with some differences between them. The main difference is that the hotels that are a part of an affiliation have the same name ; an example of this is Best Western. The hotel will be called Best Western (USA), followed by its own name. A consortium, on the other hand, has fewer rules and the related hotels work together only on a partial basis, for instance, they will only have the same reservation system. The Great Hotels of the World (UK) are an example of a consortium. There are also some incorporated chain hotels, which are a part of a consortium. An advantage of joining a consortium is having a well-known brand name. Best Western is the biggest open hotel chain in the world. Other important players in Belgium include Golden Tulip (NL), the Leading Hotels of the World (USA), Logis de Belgique (B) and Relais du Silence (F).

### C. Types of operating systems

There are not only two types of hotel chains but also three different *types of operating systems*. Although ra-

rely encountered, the first and simplest type is one in which the hotel chain is the *owner* of the hotels. The second type which is commonly utilised is the *franchising contract* in which there are two parties : the hotel chain (franchiser) and the owner of the hotel (franchisee). With this type of contract the hotel owner pays a franchise fee and in return receives benefits such as a brand name, access to experienced operators who provide assistance, a specialised service delivering system, etc. The franchisee continues to be responsible for the operational policy which includes the staff recruitment, planning, etc. The earned profits belong to the franchisee (Holthof, 2001).

The third kind of operating system is the *management contract* where there is a difference between the owner and the manager of the hotel. The owners, for instance insurance companies, banks and investment companies, invest in the hotel sector because they believe there is a possibility of receiving a good return on investment, yet lack the knowledge or expertise to manage a hotel. For this reason the management is done by other parties. The first management group to be set up was the César Ritz Group (Powers, 1988).

In a franchising contract the hotel owner operates the hotel while the franchiser provides the expertise. In contrast, the owner does not participate in the day-to-day operations of a management contract, but retains financial responsibility and the profits. In this situation, the management group carries out the day-to-day management of the hotel for which it collects a management fee (Holthof, 2001).

### D. Small history of hotel chains

The Swiss banker César Ritz (1850-1918) built hotels in Rome (1893), Paris (1898), London (1905), New York (1907), Madrid (1910) and Budapest (1918). There is still discussion if he or the American Conrad Hilton (1887-1979) was the pioneer of the concept of hotel chains. The first Hilton hotel opened in 1919 (in Cisco, Texas). The real expansion and globalisation of hotel chains is initialised by Holiday Inn (USA, first hotel opened in 1951) (De Groote, 1987).

## II. GLOBALISATION IN THE WORLD

The process of globalisation is gaining importance in various sectors such as the aviation sector and the banking world in contrast to the hotel industry where the process has been slower. Because it is simple to own a hotel and make it profitable, many hotels in Europe are still privately owned, while this is impossible for the aviation sector.

In spite of this, 75% of the one hundred biggest hotels are controlled by the top ten hotel chains. Moreover, these chains have almost doubled the number of hotels over the last ten years indicating the increase in

importance in globalisation in this industry. In the eighties, the principal hotel chains were American and even today eight out of ten of the main hotel chains are American, with only the InterContinental Hotel Group (UK) and Accor (F) being European companies. The Asian groups, for example, Mandarin Oriental (Hong Kong) which has four hotels in Europe and two new hotels under construction, namely in Paris and Barcelona, are following the example of the western chains and entering the European market. The Shangri-La hotels (Hong Kong) also plan to enter the European market, by opening their first hotel in Paris in 2009.

A comparison of the hotel chains in 1979 and 2007 shows that in 1979, 90% of the top chains were American, a figure which dropped to 80% in 2007. It can be concluded that globalisation is led by the American groups. Some hotel groups are no longer in the top twenty because they have been acquired by other companies.

Between 1995 and 2007 the main players in the hotel market did not change dramatically : thirteen of the top twenty hotels have remained the same and eight of the top ten in 1995 are still in the top in 2007.

Data gathered in this study indicate that the InterContinental Hotel Group (IHG) is the chain with the most hotel rooms in the world. In 2007 they managed 556,246 rooms spread over 3,741 hotels (cf. further progress with 585,094 rooms and 3,949 hotels on 1 January 2008). Holiday Inn is their most famous brand and worldwide is the second best known brand after Best Western (MKG consulting database, 2007). In Europe they take the fifth place. InterContinental has been growing at a rate of 56% (for the number of the rooms) over the last twelve years ; 60% of this growth is as a result of the new hotel brand Express (3\*) by Holiday Inn which has been set up in 1991.

The second largest chain is Wyndham Worldwide (formerly Cendant) which controlled 543,237 rooms in 6,473 hotels. This means that the hotels are smaller in comparison with InterContinental. Wyndham Worldwide, which focuses on the American market, do not have any hotels in Belgium. The former number one has experienced a decline in hotels over the last five years because hotels which no longer satisfied the criteria set up by Wyndham Worldwide were removed from the chain. This is the reason why they lost the first place to the InterContinental Hotel Group.

Marriott International is the group that has shown a large growth (171%) over the last ten years. For this reason they are the number three in the world with 502,089 rooms. The most famous brands that this chain has are Marriott Hotels & Resorts and Courtyard.

Thanks to the integration of Hilton International and Hilton Corporation in December 2005, the Hilton Corporation has climbed two places and is in 2007 the number four in the world with 497,738 hotel rooms. The Hilton Corporation has grown with 238% over between 1995 and 2007.

The French hotel chain Accor had 486,512 hotel rooms in 4,121 hotels worldwide in 2007 and is number five in the world. In Europe in 2007 they are the leader with 241,046 rooms (2,205 hotels) while their direct competitor Best Western only has 80,318 rooms (and 1,215 hotels). Each brand of Accor targets a different type of clientele as we can see in the pyramid structure based on classifications (figure 1) : Sofitel 4\* (sometimes 5\*), Novotel 3\* and Mercure 3\* aim for the up market customers. These hotels have 43% of Accor's hotel rooms while the other 57% are divided over brands such as Ibis 2\* (sometimes 3\*), Etap 1\* and Formule1 without stars. In 2008 Accor launched two new brands : Pullman (5\*) and All Seasons (3\* franchised) hotels. (www.accorhotels.com).

**Table 1.** Evolution of the international hotel chains worldwide (1995-2007)

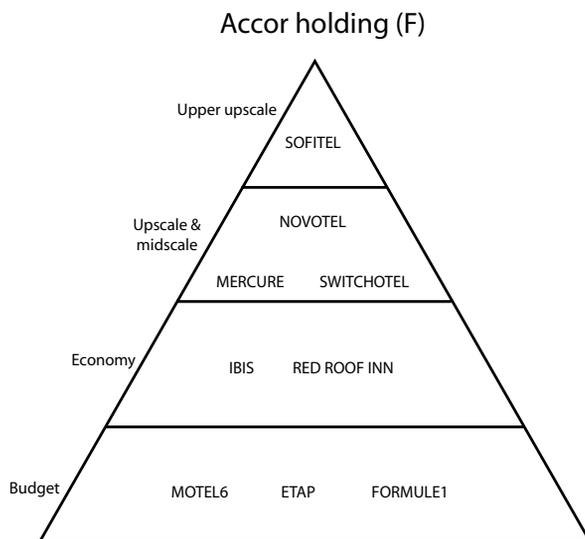
Rank in 2007	Group	Rooms	Hotels	Rooms	Hotels	Evolution of rooms
		1995	1995	2007	2007	1995-2007
1	InterContinental IHG (UK)	356,800	1,925	556,246	3,741	56 %
2	Wyndham Worldwide (USA)	413,891	4,208	543,237	6,473	31 %
3	Marriott(USA)	184,995	874	502,089	2,775	171 %
4	Hilton Corporation (USA)	*147,457	*388	497,738	2,901	238 %
5	Accor (F)	256,607	2,265	486,512	4,121	90 %
6	Choice (USA)	293,706	3,358	429,401	5,316	46 %
7	Best Western (USA)	280,144	3,409	315,401	4,164	13 %
8	Starwood (USA)	132,477	425	265,598	871	100 %
9	Carlson (USA)	79,482	349	145,933	890	84 %
10	Global Hyatt (USA)	77,512	167	141,011	733	82 %

\* Remark : Hilton Corporation is integrated since December 2005 ! The numbers of 1995 are the sum of the Hilton Corporation and Hilton International.

Source : MKG consulting database, October 2007.

In business terms and according the clients Accor make segments into :

- *upscale* (Sofitel : 60% business and 40% leisure clients),
- *midscale* (Novotel : 70 and 30% ; Mercure : 60 and 40% ; Suitehotel : 80 and 20%),
- *economy* (Ibis : 60 and 40%; Red Roof : 55 and 45%),
- *budget* (Etap : 60 and 40% ; Motel 6 : 25 and 75% ; Formule 1 : 60 and 40%).



Source : Accor Holding (2007).

**Figure 1.** Segmentation of hotel brands in the holding Accor

Also other hotel chains have this division structure in their brands : this is especially the case with Holiday

Inn : Crowne Plaza (4 or 5\*), Holiday Inn (mostly 4\*), Express (3\*), Garden Court (mostly 3\*), or with the Spanish hotel chain RIU, which is very good represented in Mediterranean seaside resorts.

### III. THE SITUATION IN BELGIUM

In 1987 (De Groote, 1987) we concluded that there were only a few (in origin) real Belgian hotel chains (e.g. the Alfa Group, Amigo). It could be explained by the strongly individualistic character of the Belgian hotel industry with mostly small family-run hotels. Nonetheless, international hotel chains had already a foothold in this country with 28 chains and 69 hotels represented in 1986. The majority were American (incl. 4 Holiday Inns), French (5 Novotels) or Dutch (Golden Tulip). To get an idea of the present globalisation of the hotels in Belgium, a list of all the hotels that are located in Belgium had to be compiled. We started by collecting data from the hotel directories of the hotel chains. « *Toerisme Vlaanderen* » and « *Le Commissariat général au Tourisme* » in Wallonia, both gave us access to their data and finally we used some websites to find some extra information of the hotels which led to our list of hotels situated in Belgium. At the end of 2005 there were 1,799 recognised hotels located in Belgium.

#### A. Analysis of hotel by quantity

##### 1. Spatial analysis

An analysis of the development over the last 45 years indicates that the number of hotels stayed the same, although the number of hotel rooms increased. In 2005 most of the hotels were located in the province of West-Vlaanderen (esp. with the Coast), a popular tourist des-

**Table 2.** Number of hotels and rooms per province/region in Belgium (2005)

Province/Région	Rooms	Hotels
<b>Brussels Capital Region</b>	<b>14,536</b>	<b>153</b>
<b>Flanders Region</b>	<b>27,732</b>	<b>1,097</b>
Antwerpen	5,813	124
Limburg	2,459	166
Oost-Vlaanderen	2,895	141
Vlaams-Brabant	4,260	250
West-Vlaanderen	12,305	568
<b>Wallonia Region</b>	<b>10,354</b>	<b>549</b>
Hainaut	1,416	60
Liège	3,591	186
Luxembourg	2,583	182
Namur	1,670	97
Brabant Wallon	1,094	24
<b>Total Belgium</b>	<b>52,622</b>	<b>1,799</b>

Source : Own research 2005.

tinuation. Nonetheless, it is Brussels, with 28%, which has most of the hotel rooms while West-Vlaanderen only has 23%.

Liège and Luxembourg both have more hotels than Brussels, however their hotel capacity is rather small, respectively 7 and 5%. Limburg has experienced an increase of 125% in the number of hotels over the last twenty years.

## 2. Tourist Regions

In Belgium, there are four main tourist regions (NIS & Toerisme Vlaanderen), the most popular region being the « *Kust* » (= Coast, region beside the North Sea).

A closer look at the hotels located in the cities in this area, indicates that Blankenberge is the seaside resort with the most hotels, namely 62, followed by Oostende and Knokke-Heist, with respectively 54 and 46 hotels. Between 1999 and 2005, however, this region experienced a strong decline in overnight stays ; only 2006 shows a small increase and registered in total a number of 5,513,493 overnights.

Belgium has registered a record of 29,372,011 overnight stays in 2006 (and 29,849,000 in 2007), as well as Flanders with 17,705,365 (and 17,966,000 in 2007) (Toerisme Vlaanderen, 2006, 2007). This progress still continues.

The next region is the « *Kunststeden* » (Art Cities) consisting of six cities : Antwerp (Antwerpen), Bruges (Brugge), Brussels (Brussel/Bruxelles), Ghent (Gent), Leuven and Mechelen, with a total of 371 hotels and 17,309 hotel rooms. Over the last five years, the Kunststeden, which not only attracts tourists but also play an important role in the economy of Belgium, have experienced a strong increase of overnight stays with a record number of 8,636,432 overnight stays in 2006.

Brussels is the most important city of the Art Cities with 153 hotels. In addition to being the capital of Belgium and Flanders, it is the capital of Europe. Furthermore, it is very important for MICE (Meeting, Incentive, Conferences and Exhibitions). In 2007 it was the fourth largest convention city in the world (UIA, 2008) - after Singapore, Paris, Vienna - and boasts more than 1,200 international associations. As a result, not only tourists visit this city, but it is also an important destination for business travellers. In 2006 Brussels registered a record number of 4,836,476 overnight stays, mostly by foreigners in hotels. For the first time in history Brussels has more than 5 million of overnight stays in 2007.

One of the main advantages of Brussels is its good accessibility by air, road and rail. The nearby airport of Zaventem (since 2006 Brussels Airport) was recognised as being one of the best airports (with Copenhagen) in Europe, and followed closely by Zürich and Helsinki (Brussels Airport news).

Bruges is the second Art City in Belgium with 115 hotels and in 2002, was declared the cultural capital of Europe (cf. Antwerp in 1993 and Brussels in 2000).

This city is more a tourist attraction because it is one of the most beautiful cities in Belgium (and even of Europe and the world) and the centre of the inner medieval city is on the UNESCO's world heritage list.

Although Brussels is the capital of Belgium, Antwerp is considered to be the economical centre since the harbour is located there. The city has fifty hotels which were mainly targeted to business clients in 1996, although 2005 figures indicate that the number of tourists exceeded the number of business people. A cruise terminal, strategically located only five minutes walk from the historical centre, which accommodated a record of 41 cruise ships in 2001, was designed to attract even more tourists to Antwerp. However, in 2006 only 7 ships docked here. This has been attributed to a number of factors such as 9/11 which resulted in a decline of Americans travelling to Europe and competition from other harbour cities such as Zeebrugge and Rotterdam (The Netherlands), with respectively 55 and 20 cruise ships in 2006. The industrial harbour of Antwerp is a success story and considered to be number four in the world, and number two in Europe, after Rotterdam. The volume of goods passing through the harbour has increased dramatically, from only 60,395,241 tons in 1975 to 167,372,296 tons in 2006. With the recently built Deurganckdock, which opened in July 2005, the harbour of Antwerp is able to process even more goods.

The third region in Belgium, « *Vlaamse Regio* » (Flemish region) existing of sixteen smaller districts, each with its typical landscape (like the Kempen and Haspengouw), culture and gastronomy, tends to be more popular with tourists rather than business people. The last region is « *Wallonie* » (Wallonia), where 30% of Belgian hotels and 19% of the room capacity are located. Similar to the Vlaamse Regio, this area and especially the Ardennes, is frequently visited by tourists who seek relaxation. Famous is the spa resort Spa nearby Liège. It also offers business people a wide range of facilities for MICE or team-building activities.

## B. Analysis of hotel by quality

### 1. Classification

In Belgium, the Benelux star-system is used to divide the hotels into six different categories. O is the lowest rating a hotel can receive, while a five-star rating indicates luxury and extraordinary service. Notice that since 2007 a new classification system is in preparation in Flanders, adapted to international standards. The Netherlands have already a new system, as well as Wallonia (since December 2003) while Luxembourg will keep the old one. This means that there is in practice no Benelux classification system (originally set up in 1978) anymore.

22 or 1% of the 1,799 hotels or 9% of the rooms in Belgium are rated as five-star (cf. table 3). Together

they have almost 4,864 rooms with an average of 221 rooms per hotel. Eighteen of these are situated in Brussels because this appears to be the location where most business people stay.

In Belgium there are 229 or 13% four-star hotels or 27% of the rooms. The province with the most four-star hotels is West-Vlaanderen (65). The average hotel size differs between these regions, as West-Vlaanderen has an average of 44 rooms, while the hotels in Brussels have an average of 125 rooms. The average of the four-star hotels in Belgium is 63 rooms.

Most of the hotels (704) or 20,438 rooms, which are 40% of the rooms, in Belgium are classified as having a three star rating. The 407 two-star hotels have only 13 % of the room capacity in Belgium. There are 228 hotels with one star and the last group, 12% has no star, but they only have 5% of all the hotel rooms.

## 2. Hotel chains

In 2005, 389 or more than one fifth (= 21.6%) of Belgian hotels (total of 1,799) were member of a hotel chain. In 1986 there were only 28 hotel chains located in Belgium with a total of 69 chain hotels (= 4.8% of the total number of 1,424 hotels in Belgium) (De Groote, 1987). So, the globalisation process is clear and is still continuing.

As indicated previously, most of the hotels are located in West-Vlaanderen, although the largest number of chain hotels is in Brussels, 83 of the 153, or 54%, are chain hotels. If we compare this with West-Vlaanderen, where there are 568 hotels and only 67 are connected to a chain (12%). 58% of the hotels situated in Brabant Wallon are chain hotels strategically located close to Brussels (cf. international role, i.e. Capital of Europe). All 22 five-star hotels located in Belgium are chain hotels. Six are connected to an open hotel chain while sixteen of them (73%) are a part of an incorporated chain, some of which are also a part of an open hotel chain.

Half of the four-star hotels are part of a chain, most of which are located in Brussels ; 46 of them are incorporated and 67 are affiliated to an open hotel chain.

Logis de Belgique, which is based on the original French concept, is the main hotel chain in Belgium with 87 hotels, followed by Accor hotels (57) and Best Western (39). InterContinental Hotels, as the world leader with 19 hotels in Belgium, stands in fourth position.

The group Logis Europe, with headquarters in Paris, operates in Belgium under the name Logis de Belgique, with the strongest presence in Wallonia. Besides Belgium they are present in France, Grand Ducy of Luxembourg and Italy. In Belgium they are not only the

**Table 3.** Number and classification of chain hotels per province in Belgium (2005)

Province	O	H 1	H 2	H 3	H 4	H 5	Total
Antwerpen	3	1	1	17	14	1	37
Hainaut		2		7	3		12
Limburg			1	9	4		14
Liège		3	4	27	11		45
Luxembourg			5	28	11		44
Namur		1	3	14	2		20
Oost-Vlaanderen	1		4	9	7		21
Vlaams-Brabant	4	2	4	15	4	2	31
Brabant Wallon		1	3	7	2	1	14
West-Vlaanderen	2		5	35	25		67
Brussels Region			5	30	30	18	83
<b>Total Belgium</b>	<b>10</b>	<b>10</b>	<b>35</b>	<b>198</b>	<b>113</b>	<b>22</b>	<b>388</b>

Source : Own research 2005.

**Table 4.** Number of hotels and number of rooms per classification and hotel type in Belgium (2005)

	O	H 1	H 2	H 3	H 4	H 5	Total
incorporated # hotels	9	9	10	71	45	17	161
# rooms	573	751	888	6,921	6,394	4,148	19,675
open # hotels	1	1	25	128	67	5	227
# rooms	6	9	529	3,937	3,546	716	8,743
independent # hotels	199	218	372	505	117		1,411
# rooms	1,926	2,940	5,359	9,580	4,411		24,216
Total number of hotels	209	228	407	704	229	22	1,799
Total number of rooms	2,505	3,700	6,776	20,438	14,351	4,864	52,634

Source : Own research 2005.

**Table 5.** Number of hotels per classification in Belgium (2005)

	Hotel keten	O	H 1	H 2	H 3	H 4	H 5	Total
1	Logis de Belgique (BE)			11	64	12		87
2	Accor hotels (F)	6	6	8	27	8	2	57
3	Best Western (USA)			1	19	19		39
4	InterContinental (UK)				10	8	1	19
5	Atel hotels (F)			4	9	4		17
6	Louvre Hotels (F)	1	1	1	5		2	10
7	Belfort hotels (BE)	1			3	5		9
	NH hotel (ES)				4	5		9
8	Golden Tulip (NL)				4	4		8
	Hilton International (UK)					6	2	8
	Relais du Silence (F)				4	4		8
	Total Belgium	8	7	25	149	75	7	271

Source : Own research 2005.

most important chain but also the brand with the most hotels. The hotels connected to Logis de Belgique aim for the middle class two, three and four-star clientele. Belgium's Accor have different brands (cf. figure 1), four of which are in the top ten in Belgium : Formule 1 (9) and Etap (3) aim for the (low) budget market with no star and one star rated hotels. The clients of Ibis and Novotel look for a hotel in the middle class. Ibis has 20 hotels in Belgium, divided between two and three-star hotels and is the major brand of the Accor group. The twelve Novotel hotels have three stars and is the number 5 brand in Belgium. The first class hotels, the Mercure (8) hotels and the five Sofitel hotels target the luxury market.

Best Western, with 39 hotels is the third largest hotel chain in Belgium. Worldwide, it has the most hotel rooms although in Belgium it comes second after Logis de Belgique. Best Western, like Logis de Belgique, is an open hotel chain.

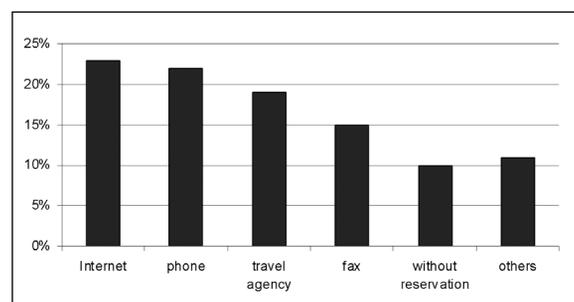
InterContinental Hotel ranks in fourth position in Belgium with 19 hotels and operates mainly under the trade name Holiday Inn with ten hotels divided over three and four-star hotels and aiming at the first class market.

#### IV. PROFILE OF THE BELGIAN BUSINESS TRAVELLERS

In attempting to determine the profile of the business travellers, our research of 2006 approached 1,400 Belgian business people, 198 of who responded. The responses were processed and analysed and used as a basis for determining the profile.

*Reservation behavior* was the first point to be investigated (figure 2). Data indicate that it is the business guest who normally decides to which hotel he goes and in 30% of the cases he makes the reservation himself, although the secretary in 38% of the cases makes the

reservation. The mode most likely to be used to make the reservation is the Internet (23%), followed by the telephone (22%) and travel agencies (19%). In 44% cases the business guest booked between one and two weeks in advance, 27% booked 2 to 4 weeks before and 22% made the reservation the week before. More than half of the business travellers claimed to reserve as soon as they knew that they had to travel. 35% booked to be sure that they had a room and less than 5% booked to take advantage of a discount.

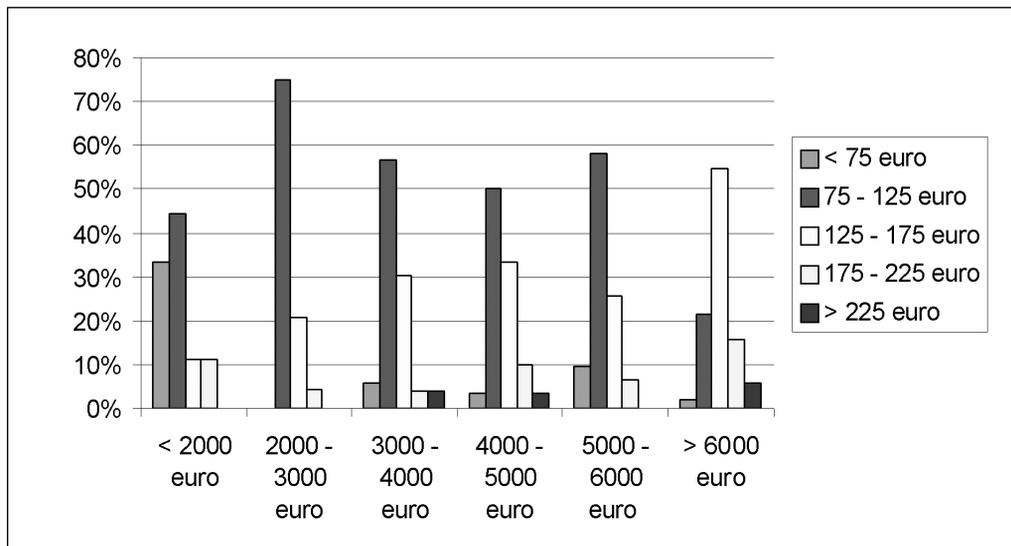


Source : Own research 2006.

**Figure 2.** Mode of reservations (in %)

The second area of investigation was the *hotel category*. 55% of those surveyed preferred a three and four star hotel and almost 20% chose a five star hotel. The difference between the choices of hotel category on basis of the company size was negligible, although managers of small companies (less than 50 employees) stayed more often in a five star hotel than those of bigger companies.

The third subject to be investigated, the *price per room* including breakfast, indicated that 48% of business guests pay about 75-125 Euros each night. Rooms with a price range of 125 to 175 Euros are chosen by 34%, while only ten percent selected a room with a price of 175-225 Euros.



Source : Own research 2006.

Figure 3. Room rate a business traveller pays according to his net income (in Euro)

Analysis of income (figure 3) figures shows that 75% of the business clients with a monthly net income of 2,000 to 3,000 Euro stayed at a hotel with a room rate of around 100 Euro. Those who earn less than 2,000 Euro tended to stay more often at hotels with lower room rates. Those with monthly salaries over three thousand euros stayed mostly in hotels with room rates of about 125 Euro per night and those earning more than 6,000 Euro a month chose a hotel room with a price between 125 and 175 Euro. This indicates a correlation between salary and room rate : the higher the position and the salary, the higher the price of the hotel room. This is obvious, especially in the two extreme cases. Company size (cf. trend into bigger companies with globalisation) does not appear to influence the price of the hotel room chosen.

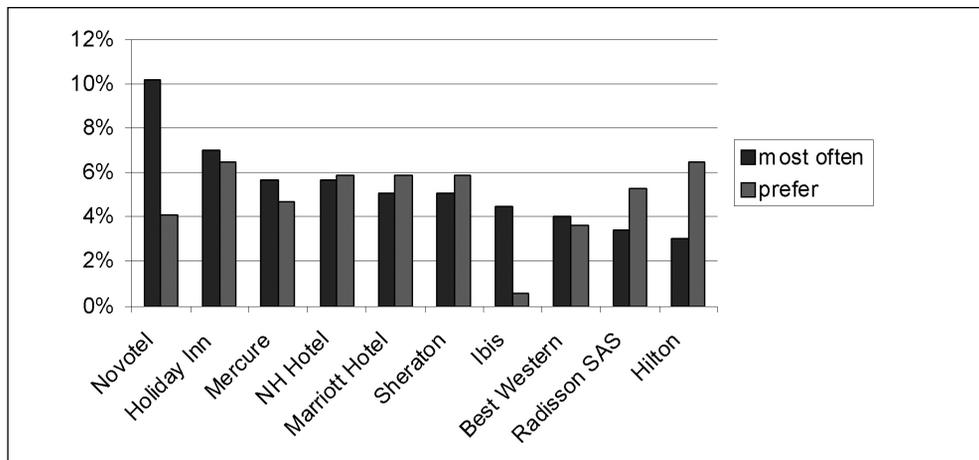
Another point investigated was the difference between the *chain and independent hotels*. In 70% of the cases, a business guest chose a hotel connected to a chain and only 30% went to an independent hotel. They mostly chose an incorporated hotel chain (65%) followed by

the independent hotels (28%) and finally only 7% indicated a preference for an open chain hotel.

The success of the incorporated hotels may have been due to the fact that the majority of the guests preferred to know what they could expect of the hotel. Although they were not concerned whether or not the hotel was part of a chain, the fame or name of the hotel was important. The quality of a chain hotel was expected to be superior to that of an independent hotel by 30% of the respondents. Consequently, 15% were willing to pay more to go to a chain hotel.

Figure 4 indicates that the business guest mostly stays in Belgium and abroad in a Novotel, Holiday Inn and Mercure although they prefer being a guest at the Hilton hotels and Holiday Inns. As one would expect, the business guest mostly stays in an economy or middle class hotel despite preferring to stay in first class and luxury hotels.

The business travellers use credit cards almost 70% of the time as a *mode of payment* for his hotel. In almost



Source : Own research 2006.

Figure 4. Top ten of hotel brands where the Belgian business travellers most often stay / prefer (in %) (2006)

20% the hotel will automatically invoice the company rather than the guest. Cash cards (ATM) or cash are rarely used to pay for the hotel room.

The importance of *hotel facilities* to business guest was also investigated. An important facility a business person demanded from a hotel room was the internet access. 70% of them said it was important to have access and 60% were willing to pay extra for this facility. The presence of bath products in the room was important to 66%. About half of the respondents agreed that coffee and tea facilities in the room were necessary, while the minibar and room service were less important.

The possibility of having dinner in the hotel was rather important because of time constraints. A bar in the hotel was important for 60% of the guests and the possibility of lunch received positive votes from 58%.

The seminar room of the hotel was only used by 10% in most of their stays in the hotel. 30 % said they used this facility from time to time and 60% never used this hotel facility. Parking, on the other hand, appeared to carry more importance, with 80% of them indicating it was the most important facility.

Recreational facilities in a hotel, such as a pool, gym and sauna, were less important for business guests who normally did not appear to have enough time to enjoy these facilities, which seemed to be used more by tourists.

A business traveller who is loyal to a hotel will always go back to the same hotel because he is satisfied with the service. 67% of them liked going to different hotels although, if the service is good, 98% of them will go back to the same hotel. As a conclusion the business people are loyal to the hotels.

Furthermore, 35% of the business travellers have a loyalty card with one or more hotel chains. Another point of loyalty to a hotel chain is the price agreements between companies and hotels. 38% of the business clients have agreements with at least one hotel chain. The survey shows that the hotel brands where agreements are made with are Holiday Inn, Novotel and Mercure. As shown before, these are the brands where the business people mostly go.

## CONCLUSION

One can conclude that the worldwide globalisation in the hotel industry has gained importance over the last ten years. It started in America and step by step the European market undergoes the globalisation process although many hotels are still privately owned. In 2007, eight of the top 10 hotel chains are American groups, the number one InterContinental Hotels Group (UK) and number five Accor (F) are European companies.

In Belgium, one on five hotels is affiliated to a hotel chain, especially those hotels aiming on the first-class and luxury market. Logis de Belgique is the main hotel chain in Belgium, followed by Accor, Best Western and

InterContinental. Eight of the main hotel chains are represented in Belgium, only Wyndham Worldwide and Global Hyatt do not have any hotels located here.

We have also investigated the profile of the Belgian business travellers. They prefer three and four-star hotels and depending of their salary they pay a room rate of 100 to 150 Euros a night, breakfast included. They reserve mostly by the Internet and also the phone and travel agencies are used frequently. Mostly they pay their room by credit card.

The business travellers prefer an incorporated hotel chain ; they have a preference of spending the night in the Hilton hotels although they most often go to a Novotel because of economical reasons. The hotel facilities which are important for the business travellers are a parking and having Internet access in the hotel room. A restaurant and bar are also found as positive.

The hotels that join a chain enjoy from the scale effects and this can be seen as one of the most important effects of globalisation. Worldwide advertising creates a universal brand name, attracting more clients to the hotel. Once a client has stayed in a hotel of a certain brand, he will know the standard of service and return if he was satisfied with it.

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