

They're Back — Tokyo's Hotels Ride the Wave of a Turnaround

By Richard P. Greenfield



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Tokugawa Slept Here

When the first Tokugawa shogun ordered the daimyos to spend part of each year in Edo, inn keeping was probably not on his mind. Daimyos traveled with retinues: advisors, bodyguards, family and more. They could not all be accommodated in Edo Palace, nor even in the separate residences that some daimyos built in the city. Thus, out of necessity a solution and a tradition.

When the final presentations were given to the IOC and the Japanese word *omotenashi* (which can be translated as “the limitless tradition of Japanese hospitality”) was used, the historical background was not mentioned. It did not need to be. Both traditions and solutions grow out of necessity and they adapt or are discarded as the world changes.

No one mentioned that tradition in the interviews and visits prior to the IOC announcement. Yet many, if not most things that were mentioned as important factors for the premium hotels in Tokyo can be said to have some roots in that same tradition.

All the World's a Stage

Every hotel room is a stage in two ways: like a stage set, hotel rooms are designed to make maximum efficient use of the physical dimensions and limitations of the room space. The real difference between a stage set and a hotel room is that a stage set can be made to convey unease and cramped conditions. A hotel room is an empty space that invites a guest to fill it. This is true of the largest hotel suite (though designers, given that much space, will show off) to the smallest capsule hotel. And, just like a stage set, people come and go. One person may like more pillows, another more towels. Both people are bit players in the much larger drama (Arthur Hayley had a bestselling novel in the 1960s titled simply *Hotel*).

James Fink, senior managing director of Colliers International Japan and a longtime observer of Japan's hotel scene, notes: “It happened in waves. Pre-war the Imperial and Okura set the standards and were the places to go. Then there was the boom that began just before the 1964 Olympics, another just at the end of the bubble economy, and then when the building codes were changed in the 1990s, construction brought in many more international premium hotels.”

That fits closely with the opening of the international 5-star hotels. Hilton was the first, opening before the Tokyo Olympics (for James Bond trivia fans, there was a scene in *You Only Live Twice* filmed in



Sean Connery at a press conference at the old Tokyo Hilton for the James Bond film *You Only Live Twice* (c. 1966)

the older Hilton). Then the Park Hyatt in Shinjuku. And from 2003, in rapid succession, the Conrad, the Grand Hyatt in Roppongi, the Four Seasons Maranouchi, the Mandarin Oriental, the Peninsula, the Ritz-Carlton, the Shangri-La, and last year the reopening of the Tokyo Station Hotel (making it both the oldest and the newest).

Many Parts

That list is more significant when the hotels are either in office towers (as the Shangri-La is) or are part of a much larger development (such as the Grand Hyatt). Mixed-use buildings have a long history. In Europe, they were referred to as *pensiones* to distinguish them from stand-alone hotels. They were invariably cheaper and almost always close to a subway station or a bus stop. Zoning codes throughout Western Europe were strict. *Pensiones* could not exceed a certain size and they were almost always in residential apartment buildings or in a larger private home.

Will They Come If You Build It?

In Tokyo, the change in building codes made mixed-use buildings possible. During the bubble economy, land values alone would have been a deterrent to building a free-standing luxury hotel. The change for all the luxury premium brands from being destinations in and of themselves to sharing the marquee with other companies is a large one. Each of the international premium chains does have free standing buildings that *are* in themselves destinations in other cities.

That change was also an interesting opportunity. All of those office towers have offices of companies that are doing business overseas. Whether it is an international law firm (there is one in the building where the Shangri-La is) or a bank (Barclays is one tower over from the Grand Hyatt in the Roppongi Hills complex), there are business travelers who come in for a few days for meetings, and being close to where they must be when they are in for a few days can save time.

That core group is vitally important but of itself it is not enough. The core group “Business Travelers” has many levels within it. For hotels, two of those are most important. First, discretionary business travelers who can choose to stay anywhere. The second are business travelers whose companies have standing arrangements with particular hotels.

Leisure travelers or tourists also divide into two distinct groups: one is international travelers who are on vacation in Tokyo and the other is domestic travelers, some of whom are Tokyo residents taking what one general manager calls “a staycation”. Many of the premium chain hotels have regular guests in that category.

In broad strokes those are really four markets and a hotel has to have appeal and a footprint in all, even when their needs are very different and sometimes even when those needs are at cross purposes. (A good example is traveling with family: some companies allow this for extended business trips — business travelers traveling with family have different needs and requirements from solo business travelers.) It needs to appeal to the local market, have a loyal local base and reach out to others to show them that the exterior of the building may look one way but once inside it changes, often dramatically, sometimes subtly but always with the aim of visual and visceral connection with the guest.

Going Up

It starts at the ground floor with separate entrances and separate elevators that connect only to reception and guest room floors. It is basic design and basic stagecraft: the guest is in a building where there are offices and people working, but not of the building, just as the hotel is not an office. When a hotel is not in or part of an office tower (the Four Seasons Maranouchi has six floors, the Tokyo Station Hotel has four, including the Atrium) a separate entrance is enough. When the hotel is part of an office tower (the Conrad, the Mandarin-Oriental and the Shangri-La all are), then a separate elevator reached through a separate lobby or corridor that speeds through to reception is the way.

The Grand Hyatt uses the more familiar layout of reception on the ground floor because it has its own tower within the Roppongi Hills complex. It is a part of the complex and connected to it by escalators and passageways but the hotel elevators are part of the building the Hyatt is in.

E.T. Phone Home

“Five years ago no one here was concentrating on smartphones or

tablets,” says Leo Frankel, director of business development at the Conrad Tokyo. His “here” is the 28th floor lobby at the Conrad, but by extension it is the lobby of any of the international premium hotels in Tokyo, or anywhere else.

His point is key to understanding the changes in the business and business models of premium hotels. Information wants to be free, as one hacker axiom has it, but bandwidth costs money. Frankel explains: “A tablet uses a lot more bandwidth than a laptop, and it is not unusual to see a guest with both a tablet and a smartphone.” Both devices would be using in-house bandwidth.

That bandwidth, which is increasingly demanded by business travelers, represents a double hit for premium hotels. First, there is the cost of installing and upgrading the hardware to maintain bandwidth throughout a particular building or part of a building. Second, many of the capabilities of smartphones and tablets eliminate what had been profit centers for hotels: local and long-distance phone calls, and on-demand movies (anyone with a subscription to one of the video services can get far more choices for movies or television than any hotel could possibly provide).

For now, the hotels are going along. Hilton (which includes the Conrad brand) partners with tech companies for development. Hyatt has its own development lab where various innovations can be tested in present room configurations and where future rooms can be “road tested”.

Leo Frankel cites a downloadable iPhone app Conrad has introduced which works even when a guest is outside the hotel. A guest can fill in check-in information from an airport bus or taxi and even order a room service meal to be served on arrival. But developing new apps and services is not cheap. Presently it is balanced against the needs and demands of the most active segment of hotel clients.

Several observers have noted that these trends are not so different than what happened in banking, where most transactions are either online or done through ATMs with no human interface or contact between bank and client. Premium hotels could, in theory, realize some of the same efficiencies of cost and scale.

The question that looms over that equation is whether the other segments of guests would accept or embrace such changes as checking in via tablet computer, fixing luggage tags for remote delivery to a room, or even ordering a meal via smartphone or tablet? Although some or all of these are already being tried at boutique hotels in the United States and Europe, their appeal may still be limited to a younger demographic. It may also not be suited for premium hotels in Japan where management personnel consistently cite the high service expectations of Japanese guests, which include a necessary amount of human interaction.

Timothy Soper, vice president of operations for Japan, South Korea and Micronesia at Hilton Worldwide, comments: “Hotels have often followed airlines in their deployment of technology. With airlines, we can already see automatic check-in and self-tagging of baggage, making the process seamless but removing most of the human interaction. That might work with certain budget brands in

parts of Asia but I cannot see it as part of what any 5-star luxury hotel would offer, or what guests would expect.”

The technology could also draw the brands away from core identities they have worked for decades to establish. Most premium hotels have real art collections, collected and created for them at great expense by contemporary artists. While an app can augment and enhance a guest’s understanding of hotel art, it cannot substitute for walking the hotel with staff who can explain the significance of a piece of artwork, any more than looking at a masterpiece by Caravaggio or Rembrandt online can substitute for seeing the painting first hand.

Although hotel art is decorative and often thematic, it is not the artistic equivalent of elevator music. The great art we now look at in museums, whether painting, sculpture, tapestry or other, was all in its time considered decorative.

These brand identity questions will be as compelling for the premium chains as the actual deployment and incorporation into operations of technology will be.

Into a Black Hole?

The opposite of developing apps, increasing bandwidth and deploying increasing amounts of technology is pulling away from all of it. Of course, there are ashrams and monasteries of all kinds where this has always been a part of the experience. Visitors to such places are devotees or pilgrims or are in search of something outside their daily lives.

There are people who just want or need to unplug, for a weekend or a week. There are resorts that cater to that segment. No computers, Internet connections or tablets — the guest gives all mobile phones, smartphones and tablets to the resort, or leaves them home altogether. The term is “black hole resort”. But they are expensive — expensive enough to raise the question of whether the ability to be unplugged may become one of the new definitions of luxury.

It would seem natural in a city as frenetic as Tokyo for luxury hotels to offer “black hole” floors or “black hole rooms”, but so far none does.

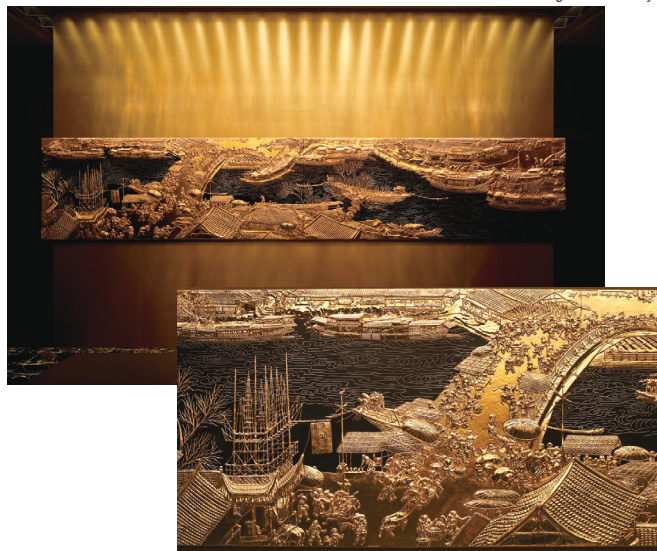
What’s Around

The following is not a complete guide or list to 5-star hotels in Tokyo but snapshots of five that are here, that have very different and distinct profiles, even where they are in proximate locations.

Horizon Found

“It’s not Shangri-La” the front desk clerk told me. For a moment I thought about President Franklin D. Roosevelt’s quip that the Doolittle raiders had taken off from Shangri-La, and I thought about trekking in the Khumbu region of Nepal, rounding a switchback and seeing Mt. Everest. The scene I was looking at was a river, a busy

Photo: The Shangri-La hotel Tokyo



Artwork above the reception desk at the Shangri-La hotel Tokyo, and a detail

scene of boats, buildings, and shoreline. It is busy, yet serene. Time stops for your pleasure.

The “Shang”, as frequent visitors call it, opened in March 2009 amidst the chaos and uncertainty of the Lehman Shock. Right after its second anniversary came 3.11.

The Shangri-La, like many of its sister properties in other cities, combines many different functions under one roof. It is a hotel with an extensive art collection (over 2,000 pieces, thematically based on classical Chinese poetry). It has both a spa and fitness club which draw non-guests from nearby offices. Two restaurants, a Japanese *kaiseki* and an Italian restaurant, both offer seasonal specialties (the Italian one draws on the cuisine of Tuscany). There is also a lounge that offers views over Maranouchi and beyond where smaller foods and afternoon tea are served.

Like most of the premium hotels, the Shangri-La also has had visiting chefs offering special menus, wine events, special events such as cigar nights and even an art auction of paintings done by an artist who was in residence for some weeks.

General Manager Jens Moesker observes: “My role can really shift from managing and overseeing hotel operations to hosting at special events.”

Like many in the Tokyo Station area, Moesker cites the renovation of Tokyo Station as being a plus for his guests: “If a guest does not want to eat in the hotel, or just has a craving for a particular food, the odds are that they can find it in comfortable walking distance from the hotel.”

Keeping It in the Family

At the opposite end of the Yaesu side of Tokyo Station is the Four Seasons at Maranouchi. It is the smallest of the international premium chain hotels in Tokyo. If it were not part of a much larger company, it would qualify as a boutique hotel.

The hotel was completely renovated earlier this year. One employee explained: “As a company we made a decision to aim for the family market.” In Tokyo that is rare because the demographics in Japan skew heavily to older travelers. Many international companies now do encourage employees to travel with family so the market is larger than domestic business or domestic leisure travelers.

The Four Seasons also has a spa and a restaurant which also hosts guest chefs and special menus (most recently one from Denver and one from a celebrated inn in Sonoma County, California).

With the theme of family, when they renovated they took out a few walls so that one three-bedroom suite was created, for large families, or for parents, grandparents and children to stay together.

Children are welcomed with personalized coloring books and plates of chocolate chip cookies with their names on them. Part of the hotel overlooks the trains at Tokyo Station and on request the staff will set up electric trains in the room. For older children there are both Nintendo and Sony controllers with a selection of game titles. When the kids want to go out there are bicycles for both parents and children with safety helmets.

The upstairs restaurant Ekki is where breakfast is served. For other meals, a staff member comments, echoing Jens Moesker: “Even children who are extremely picky eaters can find something in Tokyo Station.”

A Piece of the Past Served in the Present

At just about the midpoint of the Maranouchi side of Tokyo Station is the Tokyo Station Hotel (run by JR-East Hotels), which originally opened in 1915 and reopened in October 2012.

Tokyo Station has had almost a charmed existence. It survived both the Kanto Earthquake in 1923 and the Great East Japan Earthquake in 2011 without suffering any major damage or structural failure. The part of the station where the hotel is was hit during a bombing raid in 1945.

JR East worked with an international company (Richmond International Ltd.) that has experience in Britain, France and Hungary. This was fortunate because the result is not an empty museum-quaint structure or even a Disney 7/8s of reality version of the past. Up in the Atrium on the fourth floor, where breakfast is served, there are some exposed steel beams (they form a crucifix, but it is not an intentional irony). Hotel staff tell guests that some of this structural steel used for the original building of Tokyo Station had to be specially ordered from Britain and the United States because Japan then did not have enough facilities to produce it. It is a reminder that globalization started long before the word existed.

The immediate area around Tokyo Station and Maranouchi does not lack for good hotels, but the Tokyo Station Hotel has three real advantages. The first is the simple fact that it is closest to the station. Millions of people go through there. Being the closest does not need to matter to very many for it to be significant to a hotel with 150 rooms.

The second is the heritage factor. Tokyo has many top-line hotels, but it does not have many (hotels or places) that have a real “organic” tie to the past.

The third is simple: the rooms. I don’t remember the last time I stayed in a room shaped like a hexagon, and in a lot of traveling that covers a lot of rooms. Not many hotels have maisonette rooms on two levels, with a living-room downstairs and a bedroom upstairs. Most of Tokyo’s deluxe rooms are still on one level. That style was popular years ago and is rarely seen now, and it was a smart move for JR to reintroduce it.

Take Me to the River

It is Tokyo Bay, not a river, and from the 28th floor lobby of the Conrad on a clear day you can see the harbor scape that is really hidden from view at ground level and well above ground level in most of Tokyo.

Arriving at the Conrad by car means passing through an area in Shiodome chock-a-block with buildings and with no hint of what is beyond. Arriving by train from Shimbashi means a long walk through a labyrinth that is partly underground arcade and partly the Shiodome train station. It is a shorter walk from the Shiodome station. Either way it is up an escalator to a very understated entrance and fast elevator to the 28th floor.

There is a lounge closer to the large windows but just turning from the elevator the view is of blue water and the harbor. Between the hotel and the water there is a park, so the colors of blue and green are also featured in both the room décor and the hotel art (the Conrad’s art collection features not only colors but themes based around water).

The park in front of the hotel means that the “view wars” that can plague buildings in other areas of Tokyo are unlikely or even impossible. Land development in Tokyo can be ruthless but eliminating an entire park or even trying to would be an unwise move for any developer and political suicide for any politician who would vote to allow it.

Photo: The Conrad Tokyo



View of Tokyo Bay from the Conrad

That view, and the location of the hotel, has a surprising side effect. The weekday balance of guests tracks the other 5-star premium hotels but on weekends the clientele is 90% domestic and the majority of these are local (from Tokyo or other parts of Kanto). Director of Business Development Leo Frankel comments: “I think the Tokyo, or Tokyo/Greater Kanto, market is a sophisticated one that is not only looking for service but for other ways to explore and experience their city.” Frankel cites the trend of “experiential travel” which might better be rendered as “peak experiential travel” (since an experience can be good or bad, but a peak experience is, by definition, a high point).

The Conrad is clearly aiming there with a recently opened French restaurant, an award-winning Chinese restaurant, a cigar club and various special events. For those whose budgets are truly unlimited there is the Ultimate 50 (meaning 50 million yen) for which guests receive use of a Lamborghini, a Blancpain Tourbillon Watch, three nights in the Conrad’s Royal Hamarikyu Suite and more. Certainly an experience, and the hotel has sold dozens of them.

Frankel’s observations about the domestic/local market raise a very interesting point and one which bears directly on the business models of premium hotels in Tokyo.

In most metropolises getting away has usually meant getting away from the city to the country. In the European Union, with the growth of low-cost airlines, the common currency and common EU passport, getting away for the weekend often means getting out of the country. Even from the East Coast of the United States, trans-Atlantic travel for long weekends is not uncommon and East Coast to West Coast (or vice versa) is even more common (though in distance and flight times both are comparable to Tokyo to Singapore).

It is not as easy to get to anywhere outside Japan (the expansion of flights from Haneda notwithstanding). Unless and until that changes, the experiential travel trend cited by Leo Frankel, with a quiet surrounding, good restaurants and that bay view, will keep the Conrad as a destination for those who want to be away...just not too far away.

Anchoring the Complex

The Grand Hyatt is the anchor or “mother ship” for the Roppongi Hills complex. It is the only one of this group of premium hotels that occupies its own building (it is attached to the Roppongi Hills complex but has its own tower) and it is the largest of this group. Lobby and reception are on the ground floor. Above are meeting and reception rooms, and two different chapels (traditional Japanese style and more modern). There are restaurants that work with the hotel on the 6th floor, including a steakhouse and two different Japanese restaurants.

These are restaurants that can be reached without leaving the hotel premises. Within the Roppongi Hills complex there are dozens more. Within walking distance in Roppongi and nearby Azabu-Juban (here calculated as within one kilometer) a source estimated that it is

possible to stay at the Grand Hyatt (assuming you are eating a hotel-provided breakfast) for at least six months eating lunch and dinner, each meal, each day, at different restaurants.

As an anchor and a destination hotel in the more classic sense the Grand Hyatt (which celebrated its 10th anniversary this year) simply has to be grand. It is a challenge relished by General Manager Christophe Lorvo. A native of the Left Bank of Paris, Lorvo started his career in cooking (which must make him one of the most feared and respected guests at those restaurants where he is known).

The Grand Hyatt has already finished renovating 80% of its rooms and is presently redoing its online capability and connectivity to increase both availability and speed. It is another hotel that has a large art collection, and the hotel has partnered with Google Street View to introduce both its facilities and its artwork to a much larger group than its guests.

The Hyatt has done cooperative events with the Mori Art Museum (also located in the Roppongi Hills Complex) and it is located in and near residential neighborhoods.

“We want to be that place where people may come to take classes when they are offered,” says Lorvo.

With many, he praises the sophistication of his domestic guests. “It really means we have to be at the top of our game,” which also means learning from guest comments or comments made by guests in travel forums. People may think such comments go unread or vanish in cyberspace. At least three times general managers themselves have directed me to comments about their hotels.

Lorvo has the security of Hyatt’s Innovation Lab to field test the next generation of technology it might want to deploy in the hotel rooms but he is — as all hotels are — caught up in the bandwidth wars: “We have to also say that innovation is not just one device, or new software. Innovation is a mindset.”

Final Thoughts

In 2014 at least two more international premium hotels will open: the Andaz, another Hyatt brand that aims at a younger demographic, and the Amman, the first Japan outpost of that ultraluxe resort chain.

Past studies and surveys have indicated that Tokyo has many fewer premium rooms than cities of comparable population and density. That may be so, but these new entrants will still be competing with players who endured the fallout from the Lehman Shock and rode out 3.11 and the Fukushima crisis (either of which, or both, must have made their home offices think about the unthinkable).

They are all still here, new enough or recently renovated, and pursuing certain niche groups within their larger segments with everything from cigar nights to experiential travel (including the Ultimate 50). The city is richer and more interesting for their presence.

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