

**INDONESIA**

**Aryaduta aims for high-end**

Home-grown The Aryaduta Hotel & Resort Group is repositioning its brand in Indonesia to compete head on with big international players.

The move is in line with the expansion plan of the owner, Lippo Group, both in Indonesia and overseas.



The Aryaduta Hotel Medan: the first "new Aryaduta" in Indonesia.

The first "new Aryaduta" in Indonesia, The Aryaduta Hotel Medan, with 200 keys, opened in December 2007.

The Aryaduta Hotel Surabaya, which will have 239 rooms, is targeted to open this year, and The Aryaduta Hotel, Kemang, Jakarta, with 325 rooms is scheduled to start operation in 2009.

The Jakarta property will be the group's flagship hotel.

Future plans include properties in Bali, Jakarta and Semarang with an inventory ranging between 200 and 500 rooms.

Having been in Indonesia for more than 30 years with Aryaduta Hotel Jakarta (formerly Hyatt Aryaduta Jakarta but still managed by Hyatt International) as the flagship, the Aryaduta brand has been accepted in the market as a top-tier brand.

But the entry of international five-star and luxury brands such as JW Marriott, The Ritz-Carlton, St Regis and Bulgari Hotels and Resorts has made Aryaduta concerned about the need to be on the same playing field as these big names.

The Aryaduta Hotel & Resort Group COO - hotel division, Mr Juergen Fischer, said: "We do not only improve the hardware, but most importantly the software. Our aim is to create loyalty through personalised and attention-to-detail services."

The challenge for the hotel group is to position the Medan hotel as its benchmark. Mr Fischer claimed the strategy was working in Medan. "I have been told the Medan market is very price sensitive. The fact is, in less than two months of operation, we have achieved 45 per cent occupancy and our targeted average rate of 550,000 rupiah (US\$60), while the city's ARR is 430,000 rupiah," he said.

The property is targeting an average occupancy of 70 per cent in the first year of operation.

Mr Fischer added while other hotel operators were competing in the three-star hotel category, Aryaduta would concentrate on four- and five-star properties, even in business destinations where the market was predominantly domestic.

"People have underestimated the domestic market for far too long. They forget there are a lot of sophisticated Indonesians who travel and know what good service means," he said.

KAHA Event Management managing director, Mr Harry Nugraha, noted other Indonesian hotel brands were also competing with the five-star and luxury markets. Santika Hotels and Resorts (which previously considered itself a mid-tier hotel group) is now positioning itself in the five-star and luxury category. Meanwhile, The Sahid group will be repositioned soon and Horison Hotels is expanding.

Mr Nugraha said: "The market has perceived Aryaduta as a five-star property and the location of its existing hotels are also in the prime locations. Today, Indonesia does not have a home-grown brand that matches the JW Marriott, let alone Ritz-Carlton. What Aryaduta should aim for is this category." – **Mimi Hudoyo**