

Louvre targets 100 hotel openings a year

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By Tamara Thiessen

HotelNewsNow.com correspondent

[t gazette@hotmail.com](mailto:tgazette@hotmail.com)

Story Highlights

- Louvre Hôtels and Golden Tulip announced in April the launch of a new commercial entity called Louvre Hotels Group.
- Louvre is leveraging the alliance to kick-start global expansion.
- The company is tackling Accor head-on, with rapid development in the midmarket and a modernization of existing brands.



PARIS—Acquiring the Golden Tulip brand has been a “passport” to an expansion of mid-market properties in France and overseas for the Louvre Hotels Group, according to President Pierre-Frédéric Roulot.

“Since February, the network of Golden Tulip hotels is allowing for an acceleration of our development,” he said.

“Today we are a very Western European group, with a solid base of 800, 1- to 2-star budget hotels in France. Regarding our international development, our presence in the 3- to 4-star hotel segment allows us to establish some of our budget hotels in new countries,” Roulot said.

“We have a vast program of organic development where the advantage of incorporating Golden Tulip is now helping us because it is such an established brand,” he added.

A specialist in edge-of-town budget hotels, the former Louvre Hôtels Groupe is part of the Groupe du Louvre, bought in 2005 by Starwood Capital Group.

Following last year’s purchase of 225 Golden Tulip hotels, its rebranding in April as the Louvre Hotels Group was symbolic of the company’s soaring international ambitions.

Ranging from 1 to 5 stars, the group’s seven brands are Première Classe, Campanile, Kyriad, Kyriad Prestige, Tulip Inn, Golden Tulip and Royal Tulip.

Global expansion

During the next five years, the company will make a concerted worldwide effort to open 100 hotels a year. The key focus is on emerging economies, with 16 hotels already earmarked in India and 28 in Brazil.

Louvre in 2011 has added 4,000 rooms to its stable with new properties in France, the Ukraine, Thailand, Tunisia, Muscat, Oman, and Saudi Arabia.

Roulot, who has spent months in meetings with investors worldwide laying the grounds for the group’s implantation, said in Brazil, “We are already No. 3 in the midmarket.”

With such rapid progress into new terrain, he predicted the group’s current ranking of the eighth-largest hotel group in the world is headed upward.

“Louvre Hotels Group maintains the ambition to position itself within the top five of its target markets, both in Europe and the emerging countries,” he said.

Roulot said the group was not excluding partnerships—and will announce one next month with a group in China.

“Our expansion in France and Europe is easier because we are already established, with the infrastructure and expertise, the savoir-faire of the marketplace, investors and employees. But our future is in emerging markets,” he said.

“Overseas we need to find the local investors, to raise major capital and to establish partnerships. All that would have been much more difficult for us to achieve without the notoriety of Golden Tulip behind us,” Roulot added.

In India, the priority market because of its flourishing economic development, the group has forecast an additional 50 new hotels—comprising the Première Classe, Campanile and Golden Tulip brands—by 2016, up from its existing eight properties.

To achieve its objectives, the group is setting up investment funds, including US\$100 million in the case of India. The funds will be supplied by local investors, to whom Louvre will present the brand the most suited to the market.

Overseas and in France, the group is looking at “a mix of management contracts and franchises,” Roulot said.

Leading the charge

Since arriving in 2007, Roulot has been credited with steering a massive transformation of the group, culminating in its leadership of the 2-star hotel sector in France.

Louvre is looking at a “very rapid development in the middle market” and a modernization of existing brands, he said.

A spate of forecasted Golden Tulip openings represents a major diversification from the “super-economic” and budget hotels of its Première Classe, Campanile and Kyriad brands.

“You might think the French market is a bit saturated, but it is not true. Golden Tulip has given us a new and important niche, a new Eldorado, in the mid-market hotel development,” Roulot said.

The group will boost its Golden Tulip and Tulip Inn brand in France from eight to 30 hotels by the end of 2012, with both the conversion of several Kyriad Prestige properties and new developments.

“We have a target of 25 hotels between now and 2012 and about 50 hotels by 2015,” said Mathieu Evrard, the group’s VP of international development, so we are now heavily into fund-raising of US\$100 million of investment.”

In July, the group signed a national partnership with OSEO, a public company that finances the innovation and growth of small and medium enterprises, to develop franchises in the Première Classe, Campanile and Kyriad brands in France, with the aim of further modernizing the budget hotels.

“We are not seeking to be in luxury—that is another industry. We don’t want to have a presence in each country, nor a brand in every category. We have our six brands, and we shall stay with those and super-economical, budget to mid-market hotels.

“We are focusing on breaking into markets with lots of potential and a few players,” he said. “Brazil is typical of that, along with India and the Middle East. Later we shall look more to other parts of Northern Africa.”



Pierre-Frédéric Roulot
President
Louvre Hotels Group