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BUSINESS

Airbnb? It won't kill off hotels

The boss of InterContinental Hotels still wants more regulation and higher taxes on the website

SABAH MEDDINGS



long as hotels and it's not an existential threat to the industry."

People arranging corporate travel don't want staff in strangers' homes, Barr adds, though he admits Airbnb has "taken the cream off some of the biggest cities". He is calling for greater regulation and higher tax on the website.

Barr seems sanguine but he has his work cut out, amid criticism of IHG for failing to take part in the series of mega-mergers that swept through the sector two years ago. Its rival Marriott, which owns Ritz-Carlton, bought Starwood in 2016 for \$13.3bn. Accor, owner of Ibis and Sofitel, bought the Fairmont brands for nearly \$3bn in the same year.

Elsewhere, competition is hotting up. In London, more hotel rooms (9,000) will be added by IHG and its rivals this year than before the 2012 Olympics (8,000), according to the accountancy giant PwC. Across China, where Barr has set his sights on expansion, Accor is growing swiftly, and online travel agents continue to bite. Airbnb, which has a presence in 192 countries, is now valued at 2½ times IHG's market capitalisation.

"We're going to have to do things differently," admits Barr. "The big deals happened and we weren't part of them. Our competitors are growing faster than we are." Instead of a big deal – which he claims would be too much for shareholders to swallow – he wants to buy a couple of smaller luxury brands. He is also launching Avid, which will open its first hotel in Oklahoma City later this year.

Barr, born into an Irish-American family in Boston, has worked his way across much of IHG's sprawling international group of hotels – joking that he knows the "plumbing and wiring of this company better than anyone else". He could also claim that he knows the hospitality industry better than most, given that it has been in his heart from an early age.

His parents were both college professors, but a messy divorce meant he was parted from his brother when he was 10. Barr lived with his mother, who "worked three jobs" to support them and took on a role at an all-boys school so Barr could study there free. It was here he discovered a passion for food. "It became a bit of an escape for me," he explains. "I remember when I got my braces off [my teeth], we celebrated with me making a Chinese banquet."

Food provided an income, too. "We had no money so I worked full-time in restaurants during the summer," he says, speaking in an American accent dotted with the odd English pronunciation. His family mock him for sounding "more like a Brit than a Bostonian".

After being accepted into Cornell University's school of hotel administration in New York, lack of money was a stumbling block. Even after being awarded a scholarship, a fellowship and a student grant, he worked 30-40 hours a week in restaurants and hotels to pay his way. How did he fit in the hours? Class in the morning and work in the evening.

"I actually think it benefited me to this day because it taught me discipline and focus," he says.

The next day we meet again at the flagship InterContinental hotel on London's Park Lane – and he sweeps through it

TOM STOCKILL



Keith Barr: 'Home sharing has been around as long as hotels and it's not an existential threat to the industry'

greeting almost every employee. He proudly shows off the hotel's latest addition: a Mexican-inspired restaurant where staff in orange braces (men) and gold headpieces (women) attend to the business executives at the tables.

Upstairs, in the club lounge, a colleague strides over and slaps Barr on the back before giving him a hug. "He's the man!" enthuses Alvaro Rey, general manager of the hotel, who started his career as a waiter in Colombia. Barr convinced Rey to move to London from Australia.

Guests in the lounge are greeted by name. Rey discusses a regular with one of the waiters; they want to invite him to a football match. The InterContinental has a loyal following among business travellers – some stay more than 100 nights a year.

Yet few of the staff are British. Finding good workers after Brexit is a concern that Barr shares with the rest of the hospitality industry. The UK accounts for only 5% of IHG's revenues, but with hundreds of workers needed in each hotel, the demand for eager young chefs, managers and waiters is high. If fewer European workers come to Britain, we will need to find our own.

Barr has called for more training – perhaps in the vein of Theresa May's proposed T-levels. If the UK is to have less immigrant labour, it has to "build a better vocational training environment domestically", he warns.

“ If the UK is to have less immigrant labour, it needs better vocational training

There are other pressures outside Barr's control, such as terrorism, consumer spending and political uncertainty. He had the chance to raise some of them personally when he joined political and business leaders in decamping to the InterContinental in Davos, Switzerland, for the annual meeting of the World Economic Forum. Most of his time, however, was spent dealing with the VIPs, all of whom wanted special treatment. "One prime minister pulled up outside the hotel and they tried to leave the car running outside. It was a case of them thinking, 'Do you know who I am?' We had to say, 'Do you know who else is coming?'"

Terrorism is having less of an effect on revenue than it used to, says Barr. Have we become desensitised? "People decide to keep living their lives," he answers.

Holiday Inn and its lower-cost cousin are key to IHG's future growth. There are already 2,600 Holiday Inn Express hotels and a further 766 to come. America's army of "road warriors" – sales reps and regional managers who travel for 100 nights a year – form its core customer base. However, Barr reckons IHG has been missing a trick. His new brand, Avid, will be 10%-15% cheaper than Holiday Inn – a move, he insists, that will not cannibalise his existing hotels. "There's a set of customers in the US – 14m of them – who are incredibly value-conscious. They aren't paying for anything they don't want." Avid's rooms are smaller, breakfast is grab-and-go.

Barr knows these customers: "My cousin is one of them. He's reasonably well off but will spend an inordinate amount of time trying to find a deal."

His other big reveal is a new "conversion brand" – "awful" corporate jargon, he admits, for the practice of bringing independent hotels under the IHG banner. He sees this as a way of increasing IHG's foothold in Europe, where the industry is fragmented. About 60% of hotels on the Continent are unbranded, he says, and it's harder for smaller groups to compete – leaving them "struggling to be good investments for their owners".

IHG is also close to signing a deal to buy another luxury brand, costing \$50-\$100 more a night than InterContinental. Last week, during a conference in Berlin, Barr said he hoped to have "more news in a short period". No comment yet on the rumours that this brand is Belmond. Perhaps IHG is about to catch up with its rivals after all.

When Keith Barr walked into a new InterContinental hotel in Shanghai, he was horrified. It was all wrong. The lobby was too small, the Italian restaurant four times too big and the nightclub was empty. Nearby staff bore the brunt of his shock as the American marched through, demanding if they knew "how many things were wrong" with the hotel.

After spending his whole career in the industry, working in Australia, China, the Middle East and Africa, the chief executive of InterContinental Hotels Group (IHG) reckoned he knew his customers. He set to work. The nightclub was ripped out and a wedding venue installed in its place. The lobby, a key meeting space for Chinese guests, was extended. "It just wasn't right for the Chinese customer," insists Barr, a boyish 47-year-old.

He chooses his words carefully, with anecdotes about loyalty programmes and mobile check-out, when we meet in a boardroom in the City.

This is his first newspaper interview since becoming chief executive of the FTSE 100 giant in July – taking over from Richard Solomons. He now oversees a workforce of more than 375,000 across IHG's branded hotels, including Holiday Inn, Holiday Inn Express and Crowne Plaza. It is an empire worth £8.7bn, with more than 5,300 hotels under its banner – most of which are now owned by hoteliers who franchise the group's brand.

Barr joined IHG in 2000 and has been working in the UK for the group for the past five years – and, perhaps because of that grounding, he is nothing like the straight-talking boss of rival Accor Hotels. Last month Sébastien Bazin accused the accommodation site Airbnb of "losing its soul" in chasing volume by letting out whole apartments, instead of rooms with a host who can share local tips.

After 25 years in the hotel industry, Barr is more measured than the private equity veteran Bazin. His response to the Airbnb threat?

"Home sharing has been around for as

“ We'll have to do things differently. Big deals happened and we weren't part of them

THE LIFE OF KEITH BARR

VITAL STATISTICS

Born: July 16, 1970
Status: married, two daughters
School: St Sebastian's Catholic school in Needham, Massachusetts
University: Cornell University school of hotel administration
First job: dishwasher in a restaurant in Boston
Pay: £2.1m from July, when he took the job, to December 31
Car: Audi A5
Homes: Virginia Water, Surrey, and Hawaii
Favourite book: The Count of Monte Cristo by Alexandre Dumas
Film: Forrest Gump
Music: Pink Floyd – Wish You Were Here

Gadget: kitchen blow torch
Last holiday: Hawaii for Christmas
Charity: British Heart Foundation

WORKING DAY

The chief executive of IHG is



Film favourite: Tom Hanks in *Forrest Gump*

up at 5.30am and exercises at home on his spin bike. He tries to have breakfast with his daughters before he leaves for work at 7.10am.

He is in the office for 8am and works until 6pm-6.30pm, before heading home. He has dinner with his children and helps with homework before working again in the evening. He often travels overseas.

DOWNTIME

Barr likes to go fly fishing in his spare time, and wants to start gardening with his girls. He tries to cook dinner for his wife every night he is at home, and always cooks a roast on Sundays. Friday night is Italian night – home-made pasta or pizza.