

Malta hotel room rates lowest in Europe – survey

Situation “disappointing and distressing” – hotelier

Hotels in Malta offered the lowest average room rates in western and eastern Europe and the Mediterranean, according to an Arthur Anderson Benchmark Survey of 1999.

The average cost of a hotel room in Malta was \$60.96 (Lm24) – lower than that in another 32 cities considered in the survey, including Riga in Latvia and Budapest, where the standard of living is lower.

According to the survey, Malta was followed by Cyprus (\$69.23), while the highest room rate was \$220.18 (Lm88) in Venice.

Moreover, Malta's 1999 room rate was down by 1.4 per cent from 1998, when it was \$61.84.

The results of the survey were described by AX Holdings chairman and hotelier Angelo Xuereb as “disappointing and distressing”.

The figures, he said, were not compatible with the “generally good product” that Malta offered, and were evidence that there was “something wrong”.

The standard of four and five-star categories in Malta was similar to that of top European hotels, but Malta was attracting the lower end of the market, which had less spending power, he said.

“Where in the world would you stay at a four-star hotel for \$60?” he asked.

Room rates needed to increase gradually, but by not more than 10 per cent initially if they were to remain competitive, said Mr Xuereb.

Speaking as a hotel owner, Mr Xuereb said that to add insult to injury, running costs were increasing, particularly due to an excess of employees in shoulder months. The

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workforce was employed throughout the year, and Malta could not compete with those hotels overseas that closed down in winter and employed part-timers in summer.

Mr Xuereb suggested that it was time for hotels to employ a skeleton staff – a core team all year round – and increase that with foreign labour on a part-time basis in summer, decreasing their hefty winter payroll.

Malta did not need to wait for EU membership and freedom of movement for foreign labour, he argued, and the problem needed to be tackled immediately.

Regarding employment, Mr Xuereb said that, due to an improved standard of living, he was struggling to find room attendants, and the problem was expected to become more acute.

The way forward for the hotel industry, he said, was to join up with renowned, international chains, making use of their efficient reservation and marketing networks.

Tour operators were finding hoteliers weak and were “squeezing” room rates, and playing local hotels against each other in an effort to lower prices.

However, the large hotel chains had more “muscle.” They were in a stronger position and had the power to negotiate.

According to Mr Xuereb, the problem boiled down to marketing. Malta was different from other destinations and needed to be marketed differently. It could not be promoted

through advertisements, which were expensive and more effective for those countries with a large number of rooms to sell.

While lauding the setting up of the Malta Tourism Authority, and describing it as “a step in the right direction”, Mr Xuereb called for more indirect marketing, such as the promotion of international tournaments, which had a huge multiplier effect, to attract the international media. Through the vast exposure, Malta's culture and other tourist attractions would be viewed worldwide.

Highlighting the need for the sea passenger terminal, Mr Xuereb said that since cruise liners made frequent turnarounds and one-day calls in every harbour, they required extensive marketing. Every call in Malta meant that about 10,000 brochures on the island would be distributed, which would help to attract visitors to Malta also for longer stays.

Indeed, about 20 per cent of cruise passengers, visiting the country for a day, were known to return for a longer holiday.

Mr Xuereb described Malta as “one whole resort, the hotels making up the accommodation and the rest the facilities”, but the latter were lacking.

“If you leave your hotel room to use its facilities, you need signs to guide you,” he said. In Malta, car hire was cheap and every site on the island could be visited in a short space of time, due also to the short distances, but bad signposting was a deterrent.

Mr Xuereb suggested eye-catching, tourist signs, with icons, and specialised, tourist maps which would be distributed at airports and hotels free of charge.



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