

# Sustainable And Responsible



Aitken Spence Hotels has been a driving force, uplifting the tourism industry in Sri Lanka. With hotels of the Heritance brand spreading far and wide focusing on sustainable and responsible tourism, the company has also been a Sri Lankan pioneer in venturing into Maldives, India and Oman. Malin Hapugoda, Managing Director of Aitken Spence Hotels detailed the journey of the company as it ventures forward with renewed vigour while proudly mentioning the many accolades won both at home and abroad.

By Udeshi Amarasinghe

Photography by Menaka Aravinda

---

**Aitken Spence Hotels is widespread across Sri Lanka, with further hotels in India, Maldives and Oman. What can you tell us about the performance of the company as a whole?**
As a company Aitken Spence Hotels has performed reasonably well even during the height of the war, due to our properties mainly in Maldives and also in India and Oman. By going out we were able to leverage the performance of those sectors to offset the deficits in Sri Lanka at that time. Now that the war is over, the Sri Lankan economy is gathering momentum and in this conducive environment we are performing well.

During the conflict, we were one of the very few, perhaps the only company that had confidence in the tourism sector in Sri Lanka. We invested almost Rs 1.5 billion in our Heritance Ahungalla property, which is the best five star hotel on the beach. Then we invested another Rs 700 million in Heritance Kandalama and invested almost Rs 200 million in Heritance Tea Factory. Our first hotel, Neptune has been completely refurbished with an investment of approximately Rs 800 million into an authentic ayurvedic resort; Heritance Ayurveda Maha Gedara. We are in the tourism sector for the long run, not short term.

We are in the industry for the long term because we have the confidence as we have identified the potential for tourism in Sri Lanka. Furthermore we are the first

company to venture into Maldives, India and the Middle East. Therefore, we have confidence in the growth of tourism in Sri Lanka as well as in the region.

**Going forward, what can we expect?**
We did not retrench any staff during the difficult period but utilised the strengths of our team to portray our capabilities and venture outside of Sri Lanka, especially to India and Oman on management contracts. Now that the war is over we are concentrating on Sri Lanka; that is why we have refurbished many of our hotels. At the moment the 100 room Ramada Hotel in Kalutara is being refurbished and we hope to increase it to a 200-room four star hotel.

Browns Beach hotel, which is a 40 year old hotel is being demolished and plans are afoot to construct a brand new five star 185-room hotel. Neptune was completely refurbished and converted into an ayurveda hotel. Furthermore, we have 100 acres on the beach in Trincomalee where again we are looking at building a unique integrated tourism resort with villas, while also looking at the possibility of joining with a seven star brand.

**I Can Confidently Say That All Our Properties Have Gone Green And Are Focused On Sustainable Operations. We Strongly Believe That Tourism In Sri Lanka Needs To Be Developed In A Sustainable Manner.**

We have launched a project with Six Senses next to Heritance Ahungalla. The property will consist of 54 up market luxury villas. Furthermore we will have 17 unique villas on a 27 acre island in the Madhu River back waters which will be an energy efficient, bioclimatic design based on vernacular architecture and local material, powered by renewable energy sources.The operations will be totally carbon emission free. We are the pioneers in responsible tourism, Heritance Kandalama is an example of our commitment toward sustainable operations, the hotel has won many awards both locally and internationally. I can confidently say that all our properties have gone green and are focused on sustainable operations. We strongly believe that tourism in Sri Lanka needs to be developed in a sustainable manner. Sri Lanka is a small landmass and also densely populated. Therefore, sustainability should be the key for everyone when developing tourism in this country.

**Aitken Spence Hotels is always identified for their design, hospitality and**

**management. What can you tell us about this?**
Most of our properties in both Sri Lanka and Maldives have been designed by prominent architects and built by us. About four years ago we did a study of all our properties in Sri Lanka and found that all of the properties – many created by the famous architect Geoffrey Bawa – had some unique attribute either in the architecture, in the property and as such the operations of these properties also have taken on the same lines. They were consciously or unconsciously depicting the unique attributes in their operations. In our study we found that we were actually taking forward the heritage and the inheritance of the area. Therefore, we came up with the brand Heritance, which was coined with the words ‘heritage’ and ‘inheritance’.

**Tourism is one of the significant income generators of the country. With the end of the conflict there is a massive influx of tourists to the country. What needs to be done to develop this sector?**
I personally believe that Sri Lanka tourism should not grow with numbers because of the size of our country, weak infrastructure and the density of our population. We should not compare with other countries and be set on attracting a particular number of tourists. What we need to sell in this country is the natural beauty, clean and unpolluted beaches, friendliness of the people, our cultural heritage, wildlife and the high bio-diversity of the country. Therefore, if you oversell in numbers, we might destroy the ingredients that attract the tourists in the first place.

Consequently, as a company, especially through our Heritance brand, we are targeting the upper segment of the market. We are also going into niche products such as Ayurveda in a big way. Six Senses will be a more selected market therefore we are focusing on high end and high yielding niche products. We should curtail the numbers and try to get the high yielding niche products at least to be about 40 percent of the total portfolio of Sri Lankan tourism. We should grow with the yield and the income, not just to say we have 10 million or 5 million or 4 million tourists. Last year we had a 40 percent increase in arrivals to the country; but that effectively did not reflect in the upper segment of the hotel industry in Sri Lanka. That means we need to change our image. During the period of the war years, tourists who visited Sri Lanka did not visit Sri Lanka for Sri Lanka per se. They were coming for a cheap holiday in a tropical island. But we have to change that image. We have to attract people to visit Sri Lanka for what Sri Lanka is and get a more discerning clientele than just numbers.

**We Need To Be Visible With Our Attractions Outside The Country. The Government And The Private Sector Need To Portray Sri Lanka For What Sri Lanka Truly Is.**

**What needs to be done to encourage that up market tourists to visit the country?**
There are many aspects. We need to be visible with our attractions outside the country. That is more advertising through the web, visible media such as TV and publications, which is costly, but the Government and Sri Lanka Tourism need to invest in these areas. It needs to be done gradually.

Furthermore another aspect is attracting well-known hotel chains to Sri Lanka. We are very happy that the Government has been able to entice Shangri-La to come with two hotels and now we have brought in Six Senses. Therefore we need to encourage such well-known brands to the country because that alone is a huge advantage when changing the image of the country. The Government and the private sector need to portray Sri Lanka for what Sri Lanka truly is.

**Is it prudent to increase room rates at this time?**
No. Having said that however, after the end of the war we had to increase the rates by about 20 to 30 percent because what happened during the war days was that five star hotels were selling at three star rates because of supply and demand. Tourists were coming for cheap holidays and there were not many coming from the upper segments. Therefore, after the war, to be profitable and being a public company, to be responsible to our shareholders, we had to increase our rates. But we as a company did not just increase our rates, but we improved our properties as well and increased the rate concurrently.

Another aspect is that during the war various tour operators especially in Europe were targeting a certain segment of the market. Tour operators who cater to a lower segment of the market were able to get five star hotels in Sri Lanka because the rates were cheap. When the rates went up, these tour operators could not afford the rates. At this moment however, without increasing the rates exorbitantly we need to maintain a balance.

**With international brands coming into Sri Lanka there will be competition. How is Aitken Spence geared up for this challenge?**

We are a unique brand in Sri Lanka. If you take our Heritance properties, for example, Heritance Kandalama, it has won the Sri Lanka Travel and Tourism Award for best five star hotel three years running; and was inducted into the Hall of Fame. Then last year our Heritance property in Ahungalla won the best five star hotel award. Heritance Kandalama also won the best eco hotel, and then Heritance Tea Factory for the second time won the best four star hotel in Sri Lanka.

Apart from that, Heritance Ahungalla won the Most Outstanding Hotel Team and Most Outstanding Culinary Team at the 14th Culinary Art Competition this year. This is the first time that a hotel outside of Colombo has won the said awards. Then from an environmental perspective, we have always been at the forefront. Heritance Kandalama and Heritance Tea Factory emerged winners at the National Green Awards this year. Furthermore, Heritance Hotels was recognised as the most energy efficient hotel chain in Sri Lanka by winning the Gold, Silver and Bronze Flame Awards at the Sri Lanka National Energy Efficiency Awards 2011 showing clear leadership in the Large Scale Hotel Sector category.

Our performance has been further acknowledged internationally where Heritance Tea Factory won The Gold Award for Architectural Heritage in the Private Sector International category and Heritance Kandalama won the Gold Award for Built Environment at the Green Apple Awards on Environment Sustainability 2011. Further accomplishments include Heritance Hotels winning gold, silver, bronze and a special award at the The 11th Salon International de la Gastronomie – EXPOGAST 2010 Culinary World Cup. Heritance Kandalama won Asia’s Responsible Tourism Award in the large hotel category at the ITB Asia tourism trade show in 2010 for its sustainable and green tourism.

Therefore, we are on par with international brands. As such we are confidant that we are able to perform well and we are extremely happy that international brands are coming to Sri Lanka. It will help to change the image of the country and encourage the more discerning traveller to visit Sri Lanka. We will definitely capitalise on this and it will benefit us as we are confident that we can match and operate against any of these brands especially since we are a Sri Lankan company and know the country well. As such this will be an advantage for us.

**If we look at the future plans in relation to Aitken Spence hotels, apart from what you have already mentioned, are there any plans to maybe branch out to the North or even abroad?**
We will definitely look at opportunities in Sri Lanka: one is in Colombo, where we do not currently have a property. North, yes, South and East, definitely. At the moment we have four on-going projects; The Sands by Aitken Spence Hotels ( the former Ramada, Kalutara), Browns and a state-of-the-art conference centre at Heritance Kandalama and we are also looking at the possibility of another unique niche product in the same area.

**And how about abroad?**
We are expanding in India; we will be doing the management of a property in Chennai, and we have just finalised another property in the South. We will have about seven to eight properties in India. However, in India we are only looking at the management model, we are not investing. We are also looking at various opportunities in the Middle East as well.

**Tourism, If You Let It Develop Without Proper Planning, It Can Ruin A Country. We Should Keep That In Mind So That The Industry Prevails For Future Generations As Well.**

**Any final thoughts?**
Sri Lanka has limitless potential especially with the end of the war. The Government and the private sector together must have a road map detailing the country's direction with regards to the tourism sector. We should not allow the country to develop in a disorganised manner like in the past, for example, Hikkaduwa. During the 30 year long conflict there was hardly any development; when most of the other countries developed very rapidly. However, due to their rapid development some have spoiled their image and attractions. We must learn from their mistakes and develop this country to be sustainable and responsible so that Sri Lanka will develop in the right direction. Tourism, if you let it develop without proper planning it can ruin a country. We should keep that in mind so that the industry prevails for future generations as well.

