

Best Western Hotels Move Eastward

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The sign on the Vega Hotel will soon be changing as the hotel will become the largest property in the Best Western chain. **Courtesy of Vega Hotel**

Having made an existing Moscow property the largest jewel in its worldwide crown earlier this year, international hotel chain Best Western plans to expand its presence in Russia by putting 20 more hotels under its brand in the coming years, the company said Friday.

"We expect to open 20 hotels across Russia over the course of the next three to four years," said Suzi Yoder-MacDonald, Best Western's vice president of international operations.

Best Western, which has more than 4,000 partner hotels all over the world, considers Russia a strategic market because of the size of its population and potential for tourism, she said in e-mailed comments.

The company signed an agreement in late June with the 970-room Moscow-based Vega Hotel and Convention Center, located in the Izmailovo district in the northeast part of the city. The hotel is now in the global chain's reservation base, and rebranding will be complete

by Dec. 15.

Another existing hotel — in Tyumen, Siberia — will join Best Western in November. The chain hopes to come up with another property in Moscow in the second quarter of 2012, Yoder-MacDonald said.

Joining the chain will help increase Vega's brand awareness as the country attracts more business and leisure travelers, chief executive Valery Maximov said.

The hotel counts on foreign guests, mostly executives and businessmen, who prefer the well-known chains like Hilton, InterContinental, Best Western or Holiday Inn, he said in a telephone interview.

Maximov expects that after rebranding the share of foreigners among the hotel's guests will reach 45 percent in the next 1 1/2 years, up from the current 30 percent.

He declined to comment on the amount Vega had to pay to join the Best Western chain, but Vedomosti reported in June, citing a source close to the negotiations, that the hotel had paid \$100,000 to \$150,000.

The amount paid by U.S.-based hotels to join the chain depends on the number of rooms and ranges from \$40,000 for a property with 20 rooms to \$209,000 for one with 895 to 904 rooms, according to Best Western's web site.

Vega will also pay an \$11,500 monthly fee, which includes a membership fee and reservation royalties, Maximov said.

The Vega Hotel and Convention Center is part of the Izmailovo hotel complex, which was built ahead of the 1980 Olympics and remodeled in 2007. The complex is currently owned by the Property Fund of the Moscow Trade Unions, an NGO.

To comply with Best Western's standards, Vega's monthly operating costs will go up by 4.15 million rubles (\$143,000), Maximov said. This will cover additional service offerings, like water and coffee in the rooms. He expects a one-time cost of 3.3 million rubles to cover signage and other design changes to make his facility look like a Best Western.

One of the new entrant's competitors, Holiday Inn, already has local presence, with eight hotels operating under its brand in Moscow, St. Petersburg, Samara and Chelyabinsk — and five more on the way, said Aron Libinson, associate vice president of development for InterContinental Hotels Group in Russia, the company that owns the brand.

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