

# The Contribution of the High End Hospitality Business to the International Renown of Courchevel

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## Introduction

Courchevel, in the Three Valleys is today an exceptional ski resort through its sheer size – it is the largest ski resort in the world – and through the men that were involved in its history; its site boasts incredible natural and geographical assets; the inventiveness of the pioneers who conceived it still lives on today. As early as 1980, Courchevel experienced a boom thanks to the comfort of its hotels, to the quality of life and of the hospitality that prevail, to word of mouth, which attracts the elites.

The hospitality business is not admittedly the sole reason for its success as one of today's most exclusive skiing destinations in the world but it has to a great extent contributed to it, and has done so since the outset in 1950. This article aims at assessing the role played by the luxury hospitality business in the development and the success of a ski resort that probably numbers the greatest quantity of palaces in the world and continues erecting them today.

## Methodology

The sources and reading material on Courchevel mainly concern the story of its beginnings; they are recollected in the interviews of the pioneers undertaken on the occasion of the 50<sup>th</sup> and 60<sup>th</sup> anniversaries of its creation<sup>1</sup>. These works contain little material on the hospitality business per se except in relation with the pioneers who contributed to its creation<sup>2</sup>.

We have as a result, in the frame of this study, undertaken qualitative interviews among 3-star, 4-star and luxury 4-star hotel managers as well as among chalet owners (listed in the appendix). These were complemented by the interviews of other players and decision makers such as the successive mayors, the chair lift operators (S3V), the ski instructors of wealthy regulars, foreign and French customers...

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<sup>1</sup> - *L'Épopée de Courchevel, 1946-1996*, Gildas Leprêtre, Edition La Fontaine de Siloé, 1996  
- Courchevel – Savoie France, le livre du soixantième anniversaire, 1946-2006.

<sup>2</sup> - *L'Épopée de Courchevel, 1946-1996*, Gildas Leprêtre, Edition La Fontaine de Siloé, 1996  
- Courchevel – Savoie France, le livre du soixantième anniversaire, 1946-2006.

The obstacles to overcome are numerous with this type of enterprise; access to the hotel guests is sometimes complicated for many reasons: they do not wish to be bothered and many affluent customers hide deliberately; the role of the hotel managers is therefore to protect them as best they can.

Safety is a crucial stake whether it be in the hotel (video surveillance systems...), customer safety (private bodyguard...) or that set up by the resort (national and local police force, private firms, border police, customs, Renseignements Généraux (RG) – the security branch of the police force-, Service de Protection des Hautes Personnalités -SPHP- protection service of public figures). The protection of the owners by their hotel managers is high (eg. the Airelles, the Cheval Blanc); the no-answer to or the rejection of certain interview requests is nonnegotiable (Bernard Arnault, Eric Tournier...).

Finally, the limits are evident when it comes to the contribution of the hospitality business to the success of a ski resort such as Courchevel. Many other factors that are not mentioned here are involved<sup>1</sup> and, like the hospitality business, make Courchevel a case study.

## **Phases and Overview**

### **- The outset**

Over the years, Courchevel has become one of the most exclusive skiing destinations in the world, notably thanks to its hotel industry and to a handful of large families closely involved in its development. As early as the late 50s, new hotel managers converged from Chamonix, Ardèche, Auvergne and established comfortable hotels, a novelty for ski resorts. The hotel « Les Grandes Alpes » run by Mrs Trêves and launched in 1950 was one of the very first, along with the Lana, the Rond Point des Pistes and the Trois Vallées hotels, surrounded as they were by unpretentious chalets. Raymonde Fenestraz and her husband André contributed then to a great extent to the construction of the resort. Their jewel in the crown Les Airelles is one of the most sumptuous mountain resort palaces throughout Europe. Jo Tournier, as for him, settled in Courchevel as early as 1948; the pioneer set up the St Joseph, the Tournier and then the Lana in 1958.

The families fondly recollect the initial hardships: when Michel Rochedy purchased the Chabichou in 1963, the hotel contained nine rooms including four attic rooms and he did not have a single customer over Christmas; Mrs Trêves remembers the time when supplies and materials were dispatched on mule-back; and when Roger Toussaint turned the Bellecôte into a luxurious chalet-hotel at the end of the 70s, he would rise during the night to protect the foundations from the rain!

From the beginning, Courchevel came to life thanks to its «pacesetters». From this time onwards, the climb up to the highest standing never relented; admittedly the Zénith at 1650m was shut down but whereas in other resorts flats took over, this was never really the case in Courchevel. During the crisis, the luxury hotel trade collapsed in Méribel and in Les Ménuires; other resorts such as La Plagne lowered their standards while Courchevel developed its luxury hospitality business starting from the top of the valley and not from the bottom as elsewhere.

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<sup>1</sup> They are mentioned in another article : « Courchevel: an outstanding resort at a turning point of its history », Maud Tixier, 2009.

## - **The temporary yearning for social tourism**

During the Second World War, the government set up a youth camp in the town of Saint Bon and in 1947, the Conseil Général de la Savoie (the Savoie regional council) undertook developments there to create a ski resort destined to be patronized by work's councils. Pierre Cot, an international lawyer, President of the regional council, launched the concept of « Courchevel, social resort », approved unanimously (1945). Although the initial social scale of the project was abandoned as early as 1954 for lack of financing stemming from territorial or national authorities, social tourism is - nonetheless - present in Savoie thanks to Courchevel, via an adjustment fund.

## - **Other palaces...**

On par with luxury hotels, serviced chalets rentals and high standing tourist residences are very much sought after but the scarcity of land limits this type of offer. The Kilimandjaro for chalets, the Padisha built by MGM for flats<sup>1</sup> open for Christmas 2009 are examples of these.

Today, there are only three of four chalets still owned by the French in Courchevel<sup>2</sup> since they are very money-consuming. Moreover, building opportunities are scarce since the town council wishes to develop the hotel trade rather than allow the construction of chalets left empty most of the year.

## - **A few figures**

In Courchevel 1850, out of around fifty hotels<sup>3</sup> one will soon number eighteen palaces in a very specific context: 45% of hotel offer when it usually averages 20% elsewhere. Needless to say hotel managers are to be reckoned with in these parts. They have in no time endowed the resort with its specificities and have thus to a great extent contributed to creating its quality and elite-oriented image.

In 2008, their turnover grew by 20% on average and as elsewhere, the palaces suffered neither from the crisis, nor from the strong euro since their aura is worldwide.

Hotel beds turn out to be the main category of tourist accommodation that contributes to boosting sustainably the economy of the resort. Although they only constitute a minority 12.8 % of the tourist real estate capacity, hotel beds generate over a third (35%) of the tourist income of the resort, a little under 30% of the turnover pocketed by the Société des Trois Vallées in Courchevel, approximately 2/3 of the seasonal jobs of the town. One hotel bed generates an average tourist income of 30 000 euros per year, i.e. 1.7 to 2.3 times the income

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<sup>1</sup> The Padisha markets 42 apartments at 24 000 euros per square meter with very high end services: spas, sauna, steam room, jacuzzi, pool, gym, beauty treatments, movie theatre.

<sup>2</sup> Available for rental: from 20 000 to 90 000 euros per week (10 people); available for sale: from 4 million to 16 million euros. A quarter of them belong to Belgians. Price per square meter for old buildings: 10 000 to 15 000 euros; 20 000 euros for modern buildings.

<sup>3</sup> Account for over 4 000 hotels beds out of an offer of around 32 000 beds in terms of accommodation capacity. Paying accommodation numbers 14 022, i.e. 44% of the total, split four ways: 4259 are hotel beds, 3619 belong to the assets of estate agents, 3441 to holiday clubs and all-inclusive resorts and the accommodation managed by tours operators and lastly 2 703 belong to major tour operators such as Pierre & Vacances or Maeva. *Courchevel Prestige*, p. 19 according to the Observatoire Economique (founded in 2005) and Summer 2007, St Bon – Courchevel, *Journal d'Informations Municipales*.

of other forms of paying accommodation and 7.5 times the income of a non paying accommodation. Furthermore, the hotel customers enhance unquestionably the retail and services business in the resort<sup>1</sup>.

### **The Customers**

The French generally represent 15 to 20% of the patrons of luxury four-star hotels. Among the foreigners, the British are overwhelmingly represented (20 to 35 %), followed by the Russians and Eastern Europeans (15 to 35%). The French, the English and the Russians generally constitute in total around 60% of the customers. The remainder is European (Belgians, Dutch, Greeks, Spaniards, Portuguese) or Middle Easterns. Among the Europeans, only the Germans and the Italians spurn the resort. South-Americans (Brazilians are making a comeback, Venezuelans), Indians and Asians make up, along with the Russians, the new customers. The hotel Les Airelles has, at certain times, numbered thirty five different nationalities over a single period; conversely, over the Russian Christmas, during the first week in January, Russians can account for up to 90% of the customers of the palaces. Yet given the opportunity, many hotel managers would rather balance the nationalities present in their establishment. Americans and Canadians have shunned to resort over the last few years, while the English are coming in increasing droves.

Hotels witness repeat visits from around 50% of their customers and their occupancy rate generally revolves around 85%. In some palaces such as Les Airelles, the waiting list for a suite over the Christmas period can last up to eight years<sup>2</sup> ! However, foreign customers remain disloyal: North and South Americans and the Lebanese have in turn deserted Courchevel and the Russians could well proceed likewise if the circumstances were to lead to such an opportunity<sup>3</sup>.

The behaviour of the new customers has today levelled out and many come to Courchevel as a family; the adaptation period is shorter. 30% of customers do not ski and therefore grant great importance to their well-being; those who do ski do so for shorter periods during the day; relaxation and fitness centres are therefore the norm. Each hotel has its regulars, some famous with very varied backgrounds such as Mikhaïl Prokhorov<sup>4</sup>, the Russian billionaire at the Palace des Neiges (formerly Byblos des Neiges), Jean d'Ormesson, the academician, at La Sivolière followed by the Hôtel des Neiges, Martin Bouygues at the Mélezin. One indeed no longer pays heed to the number of Courchevel loyalists and among them many captains of industry, show-biz personalities, sporting, finance and media public figures.

The current customers have new demands: the living spaces must be more spacious (three rooms are often renovated to form only two)<sup>5</sup>; the rooms must also be more design friendly, functional, comfortable. Fitness centres contain pools, steam rooms, saunas, jacuzzis, cardio-training equipment, etc... Spas are all the rage.

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<sup>1</sup> By comparison, in 2008 Paris numbered seven palaces and three additional ones are currently under construction, P. Kalfon, H. Boyd, *Le touriste de demain*, *Reflets*, May-June 2008, p. 53.

<sup>2</sup> For a minimum stay of two consecutive weeks

<sup>3</sup> « Scandals » regarding Russians and Taiwanese over the last few years in Courchevel, for instance.

<sup>4</sup> Russian billionaire, CEO of Onexim (an investment fund specialized in new technologies), cofounder and major shareholder of Norilsk Nickel, the biggest producer of nickel in the world.

<sup>5</sup> The surface of the rooms has grown to 36-40 m<sup>2</sup> on average today, and to 70 m<sup>2</sup> for suites.

« Bespoke », service customization, adaptation to the customer, the French art de vivre: all these features typify these hotels and distinguish them from chain hotels, albeit luxurious and well managed. The approaches all strive at being at once sports-oriented, fun, enchanting, free... and the surrounding conviviality is the key word through what is distilled, the presence of hotel managers, what they undertake and prove. Other styles may perhaps – along the lines of the Royal Monceau in Paris- turn over a new leaf to adjust to new customers in the luxury sector and take on the appearance of gathering points for artists<sup>1</sup>. Such is the case of the Manali, which endeavours at distinguishing itself, at being exotic-minded, with its sober and zen Himalaya-inspired architecture.

## **The Management**

### **- The near absence of hotel chains**

Most palaces in the world belong to wealthy foreign families and to hospitality groups specialized in luxury. Courchevel falls prey to this rule especially with the aggravating seasonal factor (mid-December to mid-April). The risk profile of too volatile a business does not generally suit the strategies of traditional investors who seek a guaranteed return on investment.

One has a better understanding of the nearly complete absence – except for the Mercure, a unique and one of its kind case – of the Accor group whose return on invested capital of hotels would not meet the requirements of its shareholders. The seasonality is equally ill-managed by the hotel chains. Admittedly, the Mercure as the Chabichou<sup>2</sup> remain open during the summer, but these constitute the sole exceptions. Most private individual hotel managers work during two seasons (sea and mountain) or have to work for a four-month stretch during the season at inflated rates<sup>3</sup>. This renders tricky the existence of a mid-range hotel option that would be inadequately positioned. As for remaining open during the summer, or even year-round, this would be inconceivable given the substantial staffing requirements in relation with their standing and the low occupancy rate outside of the skiing season.

Besides, hiring efficient hotel managers for Courchevel is a tough task; the youngest lack charisma, confidence and ease; the more mature have families who find it hard to handle inter-seasons and the schooling issues that seasonality induces. They can as a result lack competence or shift jobs quickly. The evolution of owners into operational managers also creates a change in the state of mind feared by some.

### **- Solidarity**

Solidarity used to rule in the early Courchevel and lives on today, notably between hotel managers. Far from competing head on, all agree that the more hotels they are, the better the situation. It is therefore foremost the destination that is sold.

Initially, the pioneers « felt instantly involved in a community in which they were building. They accomplished this together and supported one another »<sup>4</sup>. This solidarity, this

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<sup>1</sup> Clotilde Briard, « Révolution de palace au Royal Monceau », *Les Echos*, 27-28 June 2008, p. 11.

<sup>2</sup> Le Chabichou strives at opening year-round except for two months.

<sup>3</sup> According to the traditional hospitality rules, a room in Courchevel will have to be sold three times the standard price with an occupancy rate ranging from 65 to 70%.

<sup>4</sup> Michel Ziegler, *L'Épopée de Courchevel 1946-1996*, Gildas Leprêtre, Ed. La Fontaine de Siloé, 1996, p. 194.

mutual assistance that lives on, now constitutes one of the assets of the resort. This is confirmed by the pioneers of yesterday such as Henri Benoist, Roger Toussaint and Henri Debernard<sup>1</sup>.

Thus, when two hotel managers and renowned chefs went bankrupt, two other hotel managers came to their rescue<sup>2</sup>, something financiers would have recoiled from. The Courchevel resort itself would have suffered had this not occurred. One of the major strengths of the resort is that, despite unavoidable rivalry, the players have always seen eye to eye on key issues.

#### - **The role of hotel managers in promoting the resort**

Attracting new foreign customers often constitutes a ten-year labour on these markets. It is often hotel managers -Raymonde Fenestraz particularly- who seek out in their native countries new customers. Each year, as soon as the season is over, they roam the world<sup>3</sup> organizing cocktail parties and press lunches to boast the charms of Courchevel to the regular patrons of rival Swiss, Austrian or American resorts. They travel there with or without the Tourism Office and can be supported by structures such as « Leading Hotels of the World » for Les Airelles notably.

#### - **Seasonal workers in the hospitality business**

It is difficult to hire seasonal workers for the four-month winter period. Hiring shoots off as early as July and locals are few and far between<sup>4</sup>. Many are from Brittany, Corsica, the South East of France or Paris. All must speak English. When they resign in the course of the season, they cannot be replaced. The hotel managers therefore prospectively hire approximately 25% additional staff at the beginning of the season compared to their needs.

Problems that arise are manifold: training, behaviour, accommodation... Among them: learning to greet is the basic rule, nipping in the bud the crises specific to the brittleness of the waiting staff, this unbeknownst to the customers<sup>5</sup>, accommodating the staff<sup>6</sup>, attempting to build loyalty<sup>7</sup>, encouraging access to the seasonal branch of the local day nursery, etc... are no small tasks.

Besides, the extravagant tips left by the very wealthy foreign customers do raise issues; these are out of proportion with the wages and disrupt the relations with the other local or holiday-going populations.

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<sup>1</sup> Henri Benoist et Henri Debernard, *L'Épopée de Courchevel 1946-1996*, Gildas Leprêtre, Ed. La Fontaine de Siloé, p. 141; Roger Toussaint, *L'Épopée de Courchevel 1946-1996*, Gildas Leprêtre, Ed. La Fontaine de Siloé, p. 142: « We got along tremendously and it lasted for a long time... I think it is the only resort where we get along that well, especially among hotel managers ».

<sup>2</sup> Michel Rochedy at the Chabichou and M. Jacob at La Pomme de Pin (both of them awarded two Michelin stars) aided by Raymonde Fenestraz and Claude Pinturault (Airelles and Annapurna hotels) who bought them out had but who were later able to buy their shares back.

<sup>3</sup> Among the countries visited: Kuwait, Greece, the USA, Russia, Brazil, Poland, Italy, Germany, Belgium, Turkey, Spain, the Baltic countries, Portugal, Israel, The United Arab Emirates (Dubai...)

<sup>4</sup> For instance at the Lana: one or two French employees out of 95 in 2007.

<sup>5</sup> Among the recurrent crises: the mimicry of the waiters or waitresses who think they are wealthy customers and squander their monthly wage in the course of one night.

<sup>6</sup> 52 additional flats will be delivered for the 2008-09 season as well as a sixth residence in Courchevel 1550.

<sup>7</sup> In principal around 50%; at Les Airelles, a 60% rate.

## The Future

### - The changes of hands

A whole generation of pioneers is today about to retire. Some hand over the business to their children, others sell, newcomers appear on the scene.

#### . the inheritances

All the major hotel managers who were responsible for creating the resort were families more often than not foreign to the area<sup>1</sup> and that did not always succeed or that were not always in a capacity to hand down the legacy. Large families remained such as the Pinturault, the Tournier, the Rochedy, the Jacob, the Trêves; some of the children at the Saint Roch or La Potinière have already sold their shares. Yet many enjoy the fact that in handing down the legacy, money is foremost a constraint and not the sole aim. The requirement for the consistency of sense that typifies the family-run business generates value for them.

#### . the sales

The French are under represented but two of them are very high profile in recently taken over luxury hotels: Stéphane Courbit at Les Airelles, Bernard Arnault with Le Cheval Blanc<sup>2</sup>. The English and the Russians outnumber the others in their bids to take over. These takeovers mark an opportunity to undertake thorough and vital refurbishments. The decision makers also appreciate the healthy management of the English, the promotion of the resort they advocate and the progression factor they embody more generally speaking, while things evolve slowly according to some. Nonetheless, many of the regular customers of these hotels need to be reassured and they need to preserve the spirit their predecessors had managed to instil in them.

### - The upcoming generation

The children of the hotel manager pioneers witnessed their parents succeeding by the sweat of their brow. Gripped by fear, they would seize every opportunity and rush into it head first, they were a generation of builders who arrived like ambitious adventurers with faith in their projects, and who invested to bring them to life. Their children, who took over the torch, embrace their times and advocate quality of life.

Although they do not practice the same hotel trade, some heirs manage to flourish and develop. They are less entrenched than the previous generation and their yearnings are those of the new elites<sup>3</sup>.

### - Current policy

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<sup>1</sup> Raymonde Fenestraz (eg. Les Airelles) was practically the sole local along with Yvette Saxe (Le Chalet de Pierre) to originate from the valley.

<sup>2</sup> Les Airelles was purchased 85 million euros from R. Fenestraz; Le Cheval Blanc is the takeover of the former Caravelle by the personal holding of B. Arnault.

<sup>3</sup> Stéphane Fouks, *Les nouvelles élites*, Plon, August 2007

- « la réussite comme le pouvoir ne fascinent plus », *Nouvel Economiste*, n° 1398, Sept. 6 to 12 2007.

- « Une génération lucide », *Challenges*, n° 93, September 27 2007.

Among the latest hotels, the Manali opened its doors in December 2007, thus contributing to the evolution of Courchevel 1650 towards the luxury segment; the previous year, Bernard Arnault opened the palace Le Cheval Blanc in Courchevel 1850.

Although the resort faced an erosion of its number of hotels<sup>1</sup>, the local ambition is to preserve the hotel pool, all price ranges included. To boost the development of the hotel pool, the town has established, in the framework of the Plan Local d'Urbanisme (local urban planning scheme) late 2006, urban areas to be developed specifically for the hotel business<sup>2</sup>. This orientation takes the form of real estate incentives for the refurbishment or the construction of new hotels; besides, the town is granted a simple and reinforced pre-emptive right enabling it to take the place of the buyers of hotels if they do not display all the guarantees required to securing the business.

## **Conclusion**

### **- The logic of the profit and loss account**

The greatest transformation is taking place on a financial level: fear of trusts concentrations, domination of the financial logic in the decision factor, eagerness for turnovers, development through strong financial means. During the local elections of 2008, criticism also targeted the town, which was accused of « creating an excessive number of luxury hotel rooms » and of « promoting the sleazy image of a 'money- driven Courchevel' keeping at bay traditional customers »<sup>3</sup>. This very logic could also threaten the summer season development project, which requires for the hospitality business to « plays the game ».

### **- Preserving the soul of Courchevel**

Is the sentimental value of Courchevel vanishing? The elders fear the people who are passing through and have neither ties nor personal investment. They wish to preserve the weave that built the material Courchevel is made of: the families that remain there and are exceedingly fond of the resort; always considering the men and the mountains a priority with professionals who have faith in their region and enjoy living there, prone friendliness and family spirit, maintain the entrenchment of the elders and do not endure tourism as some people do nowadays.

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<sup>1</sup> Over thirty years, the number of hotels dropped by 35% and by 17% in ten years.

<sup>2</sup> *Journal d'Informations Municipales*, St Bon-Courchevel, summer 2007.

<sup>3</sup> Michel Ziegler, « Pour un développement dynamique et équilibré », open letter to G. Blanc-Tailleur, 24-02-08.

## Appendix

This paper has been built on interviews of knowledgeable people, notably hotel/restaurant managers, artisans/shopkeepers, elective representatives, property developers, investors, the media, the world of ski/of ski tows, a clergyman, regular customers, etc..."

Bertrand Jean Jack, Blanc-Tailleur Gilbert, Bottelin Dominique, Collet René, Debernard Henri, Dumont Nicolas, Durand Terrasson Roland Claude, Durandard André, Faure Claude, Faure Patrick, Gormier Christophe, Guimbaud Jérôme, Laverge Elizabeth, Mugnier Fernand, Mugnier Philippe, Ojjeh Azziz, Pachod Noël, Pachod Patrick, Parveaux Albert, Pelisson Gérard, Pinturault Claude, Rochedy Michel, Rochedy Nicolas, Ruffier Jacky, Saxe Yvette, Vidoni Jean-Christophe, Zanon Denis, Ziegler Michel

Hotels interviewed and/or mentioned:

Les Airelles, L'Annapurna, Le Palace des Neiges, Le Carlina, Le Cheval Blanc, Le Kilimandjaro, Le Lana, Le Melezin, Le Saint Joseph, Le Saint Roch, Le Chabichou, Les Neiges, La Sivolière, Le Mercure, La Pomme de Pin, Le Manali.