

## Amanpuri is in the Face of Competition

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### Abstract

Even after the intense, ongoing battle between the new owners and the founder ends, Amanpuri will still need to undergo substantial reform after the change in ownership. Amanpuri, the first resort flagship of Aman Resorts, located in Phuket, Thailand, has recently been affected dramatically. There is a new management team -- Paul Linder, a veteran Swiss hotelier, was appointed as the General Manager (GM) in 2015. Many commentators familiar with the hospitality industry have noted that Amanpuri is increasingly facing strong competition from other nearby luxury hotels, some of whom are led by executives who were formerly general managers at Amanpuri.

Amanpuri -- one of the most acclaimed resorts in Asia -- is likely to survive and thrive within the highly competitive luxury hotel market now that it is under the supervision of Mr. Linder and his new management team. The resort's architecture and aura of sanctuary is inspired by traditional Thai temples. Amanpuri sanctuary and its service-oriented hospitable employees promote a culture of "Thainess". However, now that the two former Amanpuri GMs have departed to executive positions at competitor hotels, Mr. Linder, a new leader, has the challenge to make managerial changes that will build an even more loyal customer base, ensuring that Amanpuri retains its reputation as one of the world's top resorts.

**Keywords:** Amanpuri, Phuket, Management, Competition, Luxury

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## อัมมันปุรี เผชิญหน้ากับการแข่งขัน

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### บทคัดย่อ

แม้ว่าหลังจากการต่อสู้ที่รุนแรงระหว่างกลุ่มเจ้าของใหม่และผู้ก่อตั้งจะสิ้นสุดลง อัมมันปุรี (Amanpuri) ยังคงต้องได้รับการปฏิรูปอย่างมากหลังจากการเปลี่ยนเจ้าของ อัมมันปุรี ซึ่งเป็นถือว่าเป็นรีสอร์ทแห่งแรกของกลุ่มอัมมันรีสอร์ท (Aman Resorts) ตั้งอยู่ที่จังหวัดภูเก็ตประเทศไทย โดยรับผลกระทบอย่างมากจากการเปลี่ยนแปลงโดยมีกลุ่มผู้บริหารใหม่ นำโดย มร. พอล ลินเดอร์ (Paul Linder) ผู้บริหารโรงแรมชาวสวิสที่มีประสบการณ์ โดยได้รับการแต่งตั้งให้เป็นผู้จัดการทั่วไป (General Manager: GM) ในปี พ.ศ. 2558 นักวิเคราะห์หลายคนที่คุ้นเคยกับอุตสาหกรรมบริการให้ข้อสังเกตว่า อัมมันปุรีกำลังเผชิญกับการแข่งขันที่รุนแรงจากโรงแรมหรูอื่น ๆ ที่ตั้งอยู่บริเวณใกล้เคียง โดยที่ พวกผู้บริหารเคยเป็นผู้จัดการทั่วไปของอัมมันปุรีมาก่อน

อัมมันปุรี-หนึ่งในรีสอร์ทที่มีชื่อเสียงมากที่สุดในเอเชีย-มีแนวโน้มที่จะอยู่รอดและเติบโตภายในตลาดโรงแรมหรูที่มีการแข่งขันค่อนข้างสูงอยู่ในขณะนี้ ภายใต้การดูแลของ มร. พอล ลินเดอร์ และทีมผู้บริหารใหม่ของเขา สถาปัตยกรรมของรีสอร์ท มีกลิ่นอายของวิหาร โดยได้รับแรงบันดาลใจมาจากวัดไทยโบราณ สถานที่อันสงบของอัมมันปุรี และพนักงานที่มีความกระตือรือร้นในการให้บริการจะเป็นตัวส่งเสริมวัฒนธรรมของ “ความเป็นไทย” อย่างไรก็ตาม ในขณะนี้ที่สองอดีตผู้จัดการทั่วไปของอัมมันปุรีได้ลาออกจากตำแหน่งผู้บริหาร โดยย้ายมาอยู่ในโรงแรมคู่แข่ง ทำให้ มร. ลินเดอร์ ผู้นำคนใหม่ต้องเผชิญหน้ากับความท้าทาย โดยที่ต้องมีการเปลี่ยนแปลงการบริหารจัดการ เพื่อที่จะสร้างฐานลูกค้าให้มีความจงรักภักดีมากขึ้น โดยให้มั่นใจว่า อัมมันปุรี ยังคงไว้ซึ่งชื่อเสียงในฐานะที่เป็นหนึ่งในรีสอร์ทชั้นนำของโลก

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## Introduction

Paul Linder takes his time to talk with a hotel guest before heading to a day-long meeting in his office. It is the week before *Songkran* (Thai New Year) begins. Mr. Linder is General Manager (GM) of the Amanpuri, one of the grandest hotels in the world. He is a stylish, dark-haired 52-year-old Swiss, wearing the black shirt and black trousers, but no tie, which is appropriate attire during the period of mourning following the death of the Great King Bhumibol Adulyadej.

Before Mr. Linder took up this position on November 1, 2015 as General Manager (GM), Amanpuri had only two prior GMs – Anthony Lark and Frederic Varnier. After ending his twelve years at Amanpuri, Mr. Lark became GM at Trisara, a rival luxury hotel, and Mr. Varnier, after his several years as GM, departed Amanpuri to become Managing Director at Anantara Layan, also an intense competitor in Phuket's luxury hotel market.

Before he assumed his new GM post at Amanpuri, Mr. Linder had worked in other notable hotel venues, mostly in Asia. His managerial work began with The Shilla Hotel (Seoul), followed by The Oriental (Bangkok) and Badrutt's Palace (St. Moritz), and then eleven and one-half years at Chiva-Som (Thailand). Thereafter, Mr. Linder was employed as GM at COMO-Bali and Ubud Estates (Indonesia). Mr. Linder's academic credentials were gained at prestige institutes: the Swiss Hotel Management School (Luzern) and Cornell University (New York). Mr. Linder knows that he must draw upon his considerable experience in hotel management in order to artfully provide the leadership needed by the Amanpuri to survive the turmoil that enveloped the Amanpuri management team – most notably the departure of the former GM, who had left Amanpuri and later joined a new rival hotel, and the public, heated legal battles between the old and new resort owners.

## The Battles

The word Aman in Sanskrit signifies peace, security, safety, shelter. Nestled elegantly within its natural setting at Pansea Beach on the west coast of Phuket Island, Amanpuri provides its guests with a serene sanctuary. From its inception,

Amanpuri was conceptualized as an exclusive, luxury resort, known for its opulent, elegant accommodation that make use of its stunning natural seaside surroundings to ensure optimal privacy for its guests.

Aman Resorts, founded by Adrian Zecha and Anil Thadani in 1988, were in the doldrums until the new owners, Vladislav Doronin (Russian billionaire) and Omar Amanat (American entrepreneur), fired the Aman Resorts' creator (Kary, 2016).

Regarding Aman Resorts, the first Aman is Amanpuri, opened in Phuket, Thailand, (1988). Then Aman has established destinations in Bhutan (Amankora, 2004), Cambodia (Amansara, 2002), China (Aman at Summer Palace, Beijing, 2008; Amanfayun, 2010; Amandayan, 2015), France (Aman Le Mélézin, 1992), Greece (Amanzoe, 2012), India (Aman-i-Khás, 2003 and Amanbagh, 2005), Indonesia (Amandari, 1989; Amanusa and Amankila, 1992; Amanwana, 1993 and Amanjiwo, 1997), Italy (Aman Venice, 2013), Laos (Amantaka, 2009), Montenegro (Aman Sveti Stefan, 2008), Morocco (Amanjena, 2000), Philippines (Amanpulo, 1993), Sri Lanka (Amangalla and Amanwella, 2005), Turkey (Amanruya, 2011), Turks & Caicos Islands (Amanyara, 2006), USA (Amangani, 1998 and Amangiri, 2009), Vietnam (Amanoi, 2013), Japan (Aman Tokyo, 2014), Dominican Republic (2015), Amanemu in Shima, Japan (2016) and now a fourth destination in China, Amanyangyun, will open in 2017 ("Aman Resorts", n.d.)

Born into an affluent family in Indonesia, Zecha built Amanpuri, the first Aman Resorts property, with his friends, including Anil Thadani. They used their own money as investment capital and without loans from financial institutions purchased the resort at a cost of US\$4 million ("Amanpuri", n.d.).

At the beginning, Aman Resorts belonged to Silverlink Holdings Limited. By 1992, the group had expanded to include several resorts in Indonesia -- the Bora Bora and the Alpine Village. In 1993, Clement Vaturi, an old friend whose family controlled Hôtelière Immobilière (a Paris listed public firm) acquired 54% of the Aman Resorts company and injected new capital. Then, in 1998, Vaturi's controlling interest in Aman Resorts was bought by Los Angeles-based Colony Capital, a real estate investment fund. Thereafter, Zecha resigned from his position at Aman Resorts and

in 2000, Colony Capital and Vaturi settled lawsuits. Vaturi sold his shares in Aman Resorts to Lee Hing Development, a Hong Kong investment company. Once the controlling investors were granted full control over the Aman Resorts, Zecha then rebounded to become Chairman and CEO of Aman Resorts (Rizzo, 2016).

After that, Aman Resorts widely expanded their property holdings and established new luxury resorts in several other locations, including Cambodia, India, Bhutan, Sri Lanka and the Caribbean. On November 27, 2007, Delhi Land & Finance (DLF) Limited -- the largest real estate company in India -- bought Lee Hing's controlling stakes of Aman Resorts for \$400 million, thereby covering its debt of \$150 million.

In February 2014, DLF traded Aman Resorts to Aman Resorts Groups Ltd. (ARG), an investment company owned by a 42-year old American entrepreneur, Omar Amanat. In turn, Omar Amanat then invited Vladislav Doronin, a Russian billionaire and real estate mogul, to acquire an enterprise value of \$358 million. This sale covered all Aman Resorts properties except for the Lodhi Hotel in Delhi. However, after they had successfully acquired this vast array of opulent resorts, the relationship between Amanat and Doronin as business partners devolved into a public, bitter conflict. News accounts have reported that their disputes included allegations of fraud, conspiracy, extortion, intimidation, breach of contract and an attempted corporate coup.

The battle between two businessmen largely took the form of lawsuits, but ultimately a settlement was reached. Vladislav Doronin, the Chairman of Aman, emerged as sole owner of Aman Resorts under ARG, the parent company.

After surviving the many legal and personal battles, Doronin and Board Director Alan Djanogly eventually become the two directors responsible for managing Aman Resorts. Despite the prolonged legal turmoil, Aman Resorts continued to be acclaimed as a highly-rated luxury resort by many reputable hospitality publishers, including Condé Nast Traveler, Zagat Survey, The Gallivanter's Guide, Harper's Hideaway and Travel & Leisure.

The operational management and pricing strategies of the business have evolved over time. Approximately 50% of the clientele at Aman Resorts are repeat customers, loyal to the Aman brand. Aman Resorts does not have the practice of decreasing room rates in low seasons or when occupancy levels decrease. Yet, in 2017, Aman Resorts in Asia generally advertised an average room rate of \$1,500 US per night. This price comes with assurances of confidentiality and privacy. As no seasonal discounts are granted under its restricted capacity policy, the property generally achieves between 45-50% occupancy rate (compared with 76% occupancy reported in 2017 by competitors in the exclusive-hotel sector). Given this low occupancy rate, Aman Resorts needs the right investment and an effective business market strategy in order to increase its profitability.

### **Amanpuri: The Pearl of Asia**

Amanpuri, the first hotel opened by Aman Resorts in 1988, was quickly acclaimed as one of the ultimate world-class luxury hotels. Amanpuri was indisputably the flagship of Aman Resorts and since its inception has welcomed many distinguished guests -- royalty, celebrities, “jet-setters” and tycoons -- who have sought utmost privacy for their vacations. The luxurious privacy has enabled the resort to become one of the most illustrious resorts in Asia.

Aman Resorts have since then expanded and now includes 27 properties located in various regions of Asia, Europe, Northern African, and the United States. The brand engenders loyalty; a group of loyalists patronizing Aman Resorts are often referred to as “Aman Junkies” (Seligson, 2016).

Whatever is the compelling logic behind the loyalty of its guests, the hotel’s continuing success merits scrutiny. One imponderable it why the guests continue to pay the high Amanpuri fee, despite the much lower rates offered by several comparable luxury hotels and villas readily available in Phuket.

The Amanpuri complex has two sites: 40 Thai-styled pavilions and 43 private villas. Pavilions is the resort where Amanpuri fully manages the rent, while Amanpuri villa homes are sold as cooperative holdings by the private residents.

Amanpuri management retains control of the central facilities and provides public maintenance at both sites. The Pavilion site is under the mandates of Amanpuri, which in turn is under management by Aman Resorts.

Amanpuri does not discount their room rates (only during the post-Tsunami recovery was the price marked down by half). Generally, the properties are priced at \$1,000 (most modest pavilion) to \$2,000 per night (most expensive villa). Over the years, several strong competitors, such as Anantara Layan, Trisara, The Surin, Banyan Tree, and Christina Ong's COMO have entered the luxury hotel market in Phuket, so no one hotel has monopolized the market. One of the Amanpuri financial directors proudly explains that the resort continues to enchant and attract more celebrities than other competitors in Phuket, yet Mr. Linder aims to expand the Amanpuri's customer base within the luxury resort market. Despite his aim of achieving around 48% occupancy rate this year, Amanpuri has incrementally increased rates for the Pavilions, about 5 to 7% each year (Perman, 2014).

## **The Secret of Peace**

*Amanpuri means place of peace in Sanskrit.*

In 1988, Adrian Zecha, Amanpuri's founder, was looking for a place to build his holiday home. As he walked along Pansea beach in Phuket Island he came across a coconut estate. It was the beauty of the estate's hillside setting that caused Zecha to conceive his idea for the luxury resort. The natural setting is stunning. Located above Pansea beach on the west coast of Phuket Island, Amanpuri provides two types of accommodations: Pavilions and Villas. Built into the hillside of the old coconut estate, all look down upon blue expanse of the Andaman Sea. All of the structures are infused with Thai-temple inspired architecture. But each villa is a private home with distinctive architectural features, its own pool and rooftop lounge area, and special amenities, such as also as live-in caretakers and cooks. Additional communal facilities and services are provided to all property guests: restaurants, bars, swimming pools, gym, the Aman Spa, library, boardroom, gallery, and extensive services – provided with the highest of professional standards.

Since each guest is welcomed individually, the Amanpuri does not have a reception desk. Indeed, this personal, individual service is a key aspect of the authentic Thainess culture (the state of being Thai), that each staff member instills, and is vitally important to the Amanpuri atmosphere. Clients feel that the Thainess of the environment provides them a unique experience with enhanced value. Indeed, Thainess is a carefully crafted, intentional blend of factors. The resort's natural setting and its exquisite architectural design infuses guests with a sense of Thai culture. Beyond the Resort's physical characteristics, Amanpuri staff are encouraged to treat their customers with genuine cultural Thainess. The staff's role in creating this special, but authentic cultural atmosphere, is subtle. Amanpuri's Human Resources and Training Manager (personal communication, April 7, 2017) explained the challenges in recruiting new employees. Working at Amanpuri requires each staff to exemplify a special combination of "Thai way" and "cosmopolitan sophistication". Customers arrive at the Resort from around the world, whereas the staff are local, mostly from the immediate areas, Phuket and Phangnga. The staff have great familiarity with and respect for the local environment and culture, so that authentic Thainess becomes a subtle aspect of each interaction with an Amanpuri guest. The positive impact – Thainess authenticity imbued by the architecture, the staff, and the natural setting and culture of the region – reinforces the Amanpuri customers' intentions to revisit.

## **Employee Recruitment and Selection**

A 37-year-old Assistant Manager (personal communication, April 7, 2017) from the front office discussed some of the complexities in recruiting, hiring, and training new employees. The staff members are recruited from the local communities, mostly from Phuket and nearby Phangnga. She explained that Amanpuri benefits if the working staff retain their "Thai way" of interacting with guests, but the staff also must be attuned to understand patrons' expectations and must be able to provide a level of cosmopolitan sophistication that the clientele, who come from around the world, expect.



At Amanpuri, the process of recruiting employees is intentionally focused on local people, and the hiring decision is determined by the overall attitude of the candidate. Amanpuri looks for a staff member who projects a positive way of thinking, demonstrates a capacity to be caring, open-minded, and an innate ability to communicate diplomatically. Because Amanpuri patrons have the highest expectation for quality of service, and can dramatically (and sometimes emotionally) demand that staff adhere to their personal expectations, the staff must undergo extensive training. The frontline Amanpuri staff are trained to interact with utmost respect and patient circumspection, yet demonstrate accurate, sophisticated knowledge. In a recent work by Kim & Baker (2017), the authors identified the value provided by staff who are hired from the local community. Kim and Baker (2017) also noted that the hospitality employees' ethnicity and ties to the immediate community greatly influence customers' perceptions they are having an authentic cultural experience. The locally recruited staff members, who come from the same communities and with the same backgrounds, interact with each other with familiarities that provide an aura of authenticity to the guests who are seeking to experience genuine Thai culture. It has been noted that "authentic attributes" cause guests to feel their experience has enhanced value, which engenders patron loyalty, a willingness to return, and to provide a higher rating for the organization (Kovács, Carroll, & Lehman, 2014).

As an essential element of the training (one of many practical techniques), each employee must greet customers individually, calling the guest by name throughout their stay, and interacting consistently with a respectful, almost humble attitude. At Amanpuri, it is the Thainess ambiance and the staff's humble, patient alertness to expectation coupled with the Amanpuri's natural setting that contributes to the guests' perception that they are privileged to gain a unique experience. Buil, Martínez, & Matute (2016) noted that brand training and internal brand communication have dominant influences on developing a hotel staff's identification with the organization. This is explained by the concept of emotional brand attachment, based on attachment theory (Hazan & Shaver, 1994), where the level of psychological loyalty to an object controls the nature of a person's

interaction with that object and his/her level of devotion, investment and acceptance of sacrifices to that object (Hemsley-Brown & Alnawas, 2016).

## Employee Loyalty

A personal interview with the 43-year old Human Resource (HR) director, revealed that in her three years of experience working at Amanpuri, she had come to appreciate how inordinately proud the staff were to work there. The staff is proud to work for a company highly respected in their community, and they are proud to work in an environment that is respectful to their native culture. In the eyes of the staff, the respectful use of traditional Thai architecture and the beauty of the resort shows the best attributes of their community. In turn, the pride the staff have in the resort and its setting are communicated to guests, and is demonstrated by their attentive care in providing services and in tending to the gardens and facilities.

The staff's brand passion was confirmed by the HR training manager, who stated that the Amanpuri staff felt a sense of dignity by working for the resort, a company well-known and widely respected. She explained that many of the staff had worked at the resort many years, some since the Amanpuri had first opened. She also reported that the staff were proud to be identified as Amanpuri employees and through the many years of service had developed a sense of belonging to the Amanpuri family (Hoffman, Casnocha, & Yeh, 2014).

Mr. Linder (personal communication, April 7, 2017) explained that the Amanpuri maintains its elegance and attention to its facilities involves frequent changes and up-grade to facilities as part of the annual maintenance. Each year, during the low occupancy rainy season, Amanpuri closes for one month to renovate and renew weathered facilities. Its water-front setting and constant exposure to tropical weather are harsh on the architectural materials that are used to create the traditional Thai temple styled structures.

Another factor that contributes to staff loyalty at Amanpuri is the sense of contributing to a unique, important goal. At Amanpuri, privacy and confidentiality are the most significant signature experience– the icon of the Aman cult. Senior

supervisors, who are already committed to the employer and to other employees, share not only their job experience and level of job satisfaction with subordinate employees, but instill the importance of ensuring the signature experience for each resort guest. At Amanpuri, staff is keenly aware that there is to be no discussion about guests to others. The intense adherence to privacy and confidentiality contributes strongly to the employee's perception that the Amanpuri is an exclusive place. The shared commitment to ensuring the signature experience and appreciating its importance strengthens loyalty and retention among employees (Michelman, 2007).

The strict cult of privacy is a key aspect of the Aman Junkies' loyalty and may provide some of the explanation as to why they remain loyal even if other comparable luxury resorts are available at lower costs. The privacy cult is increasingly difficult to maintain. Anthony Lark, former GM, pointed out the dilemma: Technology, even the mobile phone, may impair Aman's ability to ensure privacy given that non-A list clients, each an amateur photographer, could photograph celebrity guests. The obvious fear is that a loss of privacy would cause celebrities and other famous guests who cherish their privacy to move to other exclusive settings (Palling, 2014).

## **Amanpuri Staff**

That the Amanpuri staff is recruited based on attitude, not aptitude (Seligson, 2016), was verified by the HR Director, who remarked that Amanpuri looks for people with a positive attitude and a good mindset rather than someone whose credentials are academic or with other evidence of being "book smart." Amanpuri customers are mostly celebrities, royals, business leaders, and wealthy customers, all of whom have lofty expectations with regard to service. The positive attitude and service-focused mindset of the staff, she explained, provides the natural personal character that can best address difficult situations posed by some interactions with privileged guests. In the Amanpuri working environment, where clients require extremely high levels of quality service, the staff is likely to experience significant role stress. While negative attitudes can develop occupational stress (often seen in hotel jobs if the staff is beset by unclear orders from different people or if there is

disagreement regarding job guidelines), role stress arises when hotel employees do not truly understand the aims or responsibilities of their duties (Kim, Im, & Hwang, 2015) this study develops and tests a research model to investigate the influence of mentoring functions on role stress, job attitude, and turnover intention in the hotel industry. The data were collected from employees who had experienced mentoring programs at super-deluxe hotels in South Korea. This study conceptualized mentoring activity as having three main functions, including career development, psychosocial support, and role modeling. Structural equation model (SEM). In this respect, the Amanpuri staff needs to retain its positive attitude, lower its role stress, which might otherwise negatively affect job satisfaction and organizational commitment.

Employees are permitted to exercise their own judgment to make customers feel more comfortable; for example, staff have the freedom to do something special for a guest, such as providing an upgrade to a villa or providing a free dinner, without having to go through layers of corporate bureaucracy or interrupting the interaction with the guest by first requesting authorization from supervisors. This empowers Amanpuri employees to cater directly and quickly with patrons who are granted special privileges.

Amanpuri's HR & training manager (personal communication, April 7, 2017) provided additional details regarding the staff training: Although standards training is compulsory once a staff member has hired, more important is the advice and insights provided by the more experienced senior staff who work closely with new personnel

At many Aman Resorts, there is no endorsed policy that mandates an employee to hold degrees in hospitality or hotel management; even credentials gained from elite hotel schools do not necessarily sway the hiring decision. Being an Amanpuri staff member holds one special benefit that is not normally provided by other resorts – staff members are permitted to bring their family members to experience all Aman Resorts with special rates. As GM Linder (personal communication, April 7, 2017) explained, the personal experience shows them

firsthand the amazing value of Aman Resorts, so that if they are questioned about how being an “Aman” employee, they can talk about much more than just the abstract reputation and name of the resort.

## **Mr. Paul Linder**

After the legal battles were resolved, there were new faces on the management team, orchestrated by the new sole owner, Doronin, who undertook to exert an enormous impact on management, principally by the change in the GM position, Paul Linder.

Amanpuri employees observed noticeable changes in management policies and style. The charismatic former GM managed employees in more of a familiar, family-like manner and focused on employee benefits, while the new one focused on organizational outcomes: business development, customer focus, and economizing where possible so as to generate greater revenues for the organization. One employee reported that the former GM was close to the staff, was notably respectful and understanding of Thai culture. Because his wife was Thai, the GM had gained sufficient fluency to often communicate in Thai language with the resort staff.

The first GM, came to the Phuket and the Amanpuri when it first opened in 1988, with experiences gained working with Regent Hotel, Australia. He was hired by Adrian Zecha, the Aman Resort Founder. The first view was to build Amanpuri as private villas, not merely luxury bungalows, with elegant common-use spaces. Even from first inception, the founder believed that “privacy is the greatest luxury”, and the commitment to privacy became the essential cornerstone of Amanpuri. Villa design ensured that each guest could neither see nor be seen by other guests. The peaceful ambience of each villa provided stunning sea views, a wonderful bed, and muted air-conditioner – a refined luxury experience, as defined by Mr. Lark (Sun, 2014).

With some contrasts to his predecessors, GM Linder is more market-oriented and focused on cultivating closeness to customer, guest connections, and building

improved customer profiles. The goal is to gain both new and loyal clients, with higher revenues but also increased service charges to the employees.

Some current employees express a fondness for the former friendly managerial style. They feel that the previous GM was less formal, less rigid, and attentive to the employee's everyday life. They articulated a personal closeness while working with the former GM and recall how he went to the market with the staff in the early mornings and openly spent a great deal of time with employees, less than with customers.

Staff commented that the new management team has morphed into a more business-like managerial style, concerned about financial plans and more rigid and disciplined in pressing for optimal customer services. In terms of style, GM Linder is a charming extrovert and able to engage comfortably with patrons staying at Amanpuri. He has a focused, studious, hardworking lifestyle, with a reputation for working from dawn until dusk. One employee provided an insight that GM Linder projected an intense business model, as the person who worked harder than any of the other employees. The current staff commented that before they worked more like a family -- more informal and easy-going, but that GM Linder had instilled an efficient, structured, formal business model – and had fostered an intentional revolution in the Amanpuri culture.

GM Linder (personal communication, April 7, 2017) explained that in his view, working in a resort the relationship between GM and staff is like a marriage, the longer they work together the more they become bound up together. He was not overly troubled by staff turnover when the former GM departed and opined that any time a leader left to go to some other place, some may follow, yet many stay – all part of the typical cycle life of the hotelier. Before, Amanpuri staff members were paid low salaries compared to other regional hotels, yet under GM Linder's management, their income, notably derived from service charges, has been markedly increased.

Stavrinoudis & Chrysanthopoulou (2017) pointed that the GM's skills and charismatic leadership can strengthen and increase the reputation of 4-5 star hotel.

One customer wrote on TripAdvisor (February 28, 2017) that “From the moment you enter the property you are looked after by every single one of their hundreds of staff they have. At least 4 or 5 people are waiting to welcome you, including Paul, the GM.” (“Expectations exceeded,” 2017).

## **The Services**

One HR director (personal communication, April 7, 2017) questioned whether Amanpuri employees work with a genuine sense of “belonging” or working for the best interests of the resort, or instead worked just for individual financial rewards. The director noted the pressures facing the staff and the unease some might feel when dealing with guests who have enormous wealth. As one illustration of the internal conflicting pulls the staff might experience: When a guest orders just one glass of wine, often from a new, unopened rare and expensive bottle, the staff is obliged to open a new bottle. The unpoured glasses of wine from the bottle are considered wasteful, but a necessary part of providing personalized and premium service. The unpoured wine remaining in the bottle could be served at the main bar, which would reduce waste of premium wine. But, the savings actually make some employees unhappy because it reduces their tips.

The new Amanpuri administration has implemented cost control measures to offset the high operation costs the resort must absorb, most radically felt in periods when the occupancy rate is around 30%. The HR & Training Manager confirm that to save costs, there has been a greater focus on cross-training staff to handle more than one task, so that in slower periods, the number of staff can be reduced. This change in management has brought about some human resources costs in that some employees have resigned.

Effective service communication training takes place now because new income sources are arriving from the United States, followed by Europe and Asia respectively. Regarding the knowledge, it has been sharing the experience informally between old and new staff in person, not in formal training. Sometimes it causes problems when some mistakes are from misunderstanding and miscommunication between service employees and guests.

Improperly trained staff and staff with less experienced knowledge does affect guest satisfaction. One guest's complaint on TripAdvisor, March 3, 2016 mentioned staff competencies: "While everyone was very nice, I found it difficult to communicate with most staff members. Many waiters could barely understand our orders and trying to communicate over the phone to housekeeping or room service was a nightmare. Even the concierge wasn't super easy to speak with. We came with a lot of questions and in response received extremely short answers with little to no details. Ultimately, we were never able to get enough clear information on the activities we were interested in and so sadly put our plans aside." ("Beautiful Beach, Meh Overall Service + Property," 2016).

However, under the authority of Mr. Linder and his team, the services provided are more efficient and personalized as one client recently wrote on TripAdvisor, who stayed at Amanpuri on August 2017 that "If this were an option, Amanpuri would surely deserve the rating of a 7 plus. Paul, the General Manager and resident host with the most, made sure that every aspect of our stay was impeccable with personalized service that was unmatched. The physical beauty of the hotel was of course nothing less than breathtaking, the food and beverage facilities were beyond words in terms of service and food. One night, we decided to venture outside of the hotel and we quickly realized that we had the best of the best right there at the Amanpuri. The staff in the restaurant is headed up by a top-notch manager named Ri. He looked after our every need and remembered exactly what we liked and how we like it and he made sure we had that and more." ("7 - STAR + RESORT," 2017).

## New Test

The new Amanpuri management has not only altered the seemingly informal, familial style of management and infused more exacting cost controls, but also has sought to expand the customer base with a wider marketing reach.

Revamped marketing strategies that bring in more customers generally bring in greater income, but in the case of the Amanpuri, these marketing strategies may



have also had a negative impact on the sacred privacy commitment. One customer from the United Kingdom wrote on TripAdvisor, December 28, 2016, that the quiet serenity had been undermined: “Screaming kids everywhere, nouveau riche flaunting it wildly. Staff just about keeping up with the masses of people. Now a bloody drone is videoing us from above. Not sure we came all this way for this.” (“OMG,” 2016).

Room rates at the Amanpuri have gone up. Although it continues to have lower occupancy rates than its competitors, especially during low season, Amanpuri continues to adhere to its policy of no low season discounts, yet it has incrementally raised its room rates, ostensibly to generate more revenue.

On TripAdvisor, several reviews commented on these higher rates. One customer discussed the physical condition of Amanpuri: “The outdoor Sala really makes the accommodation. Inside, I was a bit disappointed not to have a coffee machine and found the pavilion a bit dark inside. For the price of the rooms here I would expect more in terms of level of service and attention to detail.” (“Best beach in Phuket,” 2016).

Another customer questioned the competitiveness of room rates: “I’ve had the pleasure of staying here several times since it opened years ago. It has changed. Evolved is a better word. It still focuses on excellent service and superior quality. But something has become missing over the years. Perhaps the competition is better. Perhaps they’ve had a talent drain. Perhaps it’s just not as unique as it once was. Perhaps it simply grossly overpriced now. It’s still an excellent experience to stay here -- but I think you have the same quality, for a better price, at several other hotels.” (“One of the best,” 2016).

With regard to the dining experience, one client wrote (“Dining at Italian restaurant,” 2016) “The Italian restaurant is a layer higher than the bar. It is open with a few fans in the center but no aircon or fans round the perimeter where the best view is. It was hot! No wonder some diners were in shorts, flip flops and t-shirts. Not exactly dressed as I would have liked to see! To start we shared a beef carpaccio which was good and included some shaved truffles. Then we had a Wagyu steak and a veal chop garnished with mash, we added grilled vegetables.

The helpings were large, too big if you are used to Asian helpings! The meat was good but not outstanding. The vegetables a little disappointing. A good choice of wines across a wide spectrum of prices. Coffee was ok. Again, surprised it was not excellent. Overall considering the price which naturally is high in such an exclusive hotel we found it all a bit disappointing. Good but not excellent. There are places I would much prefer to go to eat in Phuket.”

On the other hand, Amanpuri has retained its multiple-star status as a privileged place for customers who do not mind the room rates. One customer pleased with the excellent service wrote on TripAdvisor, May 26, 2017: “There are few words to describe the experience at Amanpuri; from the staff to the food to the place to the attention to small details everything is made to make you feel perfectly in harmony with your body and your soul. From the first minute, you feel like if you always had belonged to this place. The range of food is simply amazing and so healthy, you won’t be bored once during your stay and a special mention to the vegan dishes prepared by chef Flower day; the spa is a must and a big praise to Anamaic Apaiso who introduced me to his mind training, I just can’t do without it anymore, he is amazing. A big thank you to everyone at Amanpuri, I needed a deep break and this experience brought me more than expected.” (“Place of peace, place of dreams,” 2017).

Accolades were provided in June 24, 2017 by another client: “Every Aman Hotel has a reputation for excellence. That being said, this may be the best one I have been to. The rooms are elegant and spacious. We had a 6-bedroom villa with our own infinity pool, two living rooms, two inside dining rooms, one outside covered dining area, upstairs and downstairs outside seating areas, amazing and intuitive staff, and a chef who would blow your socks off with fresh and amazing Thai food. With a quick call to concierge, or mention to house staff, an open car would arrive within 2 minutes to take you anywhere on the premises (spa, beautiful well thought out gym, tennis courts, restaurants, 2 pools, or the beach). The beach had plenty to do if you bring the family with staff for younger kids to play any kind of sports, jetski, tubing, parasailing, snorkeling, paddle boarding, or just plain fun playing

in the sand. The water was very warm and clear. If you're thinking about going to the Amanpuri, JUST DO IT. It was an experience we will soon not forget." ("Perfect beach vacation," 2017).

Overall, the mix of TripAdvisor comments were more highly positive than negative

GM Paul Linder provided diplomatic responses to negative comments but revealed little about Amanpuri's policies: "Dear Guest, We are very grateful for the time taken to share your feedback on Tripadvisor. I would like to discuss your concerns with you and would be grateful if you could provide me with a telephone number or email address where I could contact you. With kind regards." ("OMG," 2016).

Later, on May 1, 2017, GM Paul Linder responded: "We are very grateful for the time taken to share your feedback on TripAdvisor. We are pleased to hear you think Amanpuri is beautiful and in a stunning location. We are also delighted to hear your check in experience and tour of the property was wonderful. I would like to discuss your concerns with you and would be grateful if you could provide me with a telephone number or email address where I could contact you. With kind regards." ("Mixed feelings," 2017).

## **Under Threat**

An article written (2005) in The Financial Times, May 28, 2005 posited that ". . . Aman Resorts represent an irresistible puzzle. In essence, how does a company charm so many clever people into paying a large premium when comparable hotels and villa properties are available in places like Rajasthan, Bali and even Bhutan?"

Amanpuri, the first Aman resort, is now celebrating its 30-year anniversary. Now out from under the turmoil of litigation and control of Doronin, a Russian billionaire with vision and determination, Amanpuri has undertaken to recalibrate its management style and luxury resort spa hotel concept.

Paul Linder, the new GM, has begun to instill his vision, formulated by a long pedigree of previous hotel management positions. He has set forth to reposition

the resort's personality, even more acutely focusing the resort as a sanctuary that promotes the pampered well-being and holistic nourishment of each guests. He has the requisite luxury spa experience, drawn from Chiva-Som, one of the leading wellness retreat resorts in Thailand. Amanpuri personalizes the spa experience by limiting spa access to eight customers at any one time, so as best promote the four concepts: cleansing, mental awareness, fitness, and weight through long-term balance and sustainability.

Additionally, GM Linder sought to upgrade the Resort's dining and introduced the new destination Japanese restaurant, NAMA, meaning "raw" (also formulated as the reverse spelling of AMAN) (P. Linder, personal communication, April 7, 2017).

NAMA is under the supervision of Chef Keiji Matoba, who has 21 years of experience as a professional chef earned in five-star hotels, including the Ritz-Carlton Osaka, Okura in Tokyo and Amsterdam, and The Chedi Andermatt in the Swiss Alps. NAMA seeks to present elegant Japanese food that is authentic and uncomplicated, and each meal seeks to respect the tradition of washoku, meaning harmony in food (Stan, 2017).

Amanpuri's leading competitors are the Anantara Layan Resort and Trisara. Both of these ultra-luxury hotels are managed by former Amanpuri GMs, who have adopted strategies, concepts, and management styles drawn heavily from experienced they gained from Amanpuri. Anantara Layan resort, located on the west coast of Phuket, is the newest rival. It opened three years ago under the administration of Mr. Varnier. Anantara Layan, like the Amanpuri, provides a sense of sanctuary, enhanced by its natural environment adjacent to the Sirinat National Park. Guest properties are one or two-bedroom suites in villas that are clustered around a small bay, at the edge of the national park. The resort has a captivating alfresco Mediterranean restaurant and an open-air Thai boxing training ring. The competent staff seems to interact with genuine collegial playfulness. The staff takes great care to explain to guests that the less manicured parts of the resort's beach is intentionally preserved in order to protect Anantara Bay, which is an environmentally protected marine zone. Only 15 residences are located in Anantara Layan and all suites are

skillfully catered to by trained staff and butlers. Much like the sense of sanctuary that is an important aspect Amanpuri, the Anantara Layan offers services that ensure guests' privacy; in-room spa and bodywork treatments; fitness training and yoga; private beach walks; bays water excursions; dedicated chefs; and a variety of tutored classes, such as Thai cooking or flower arranging (Schollenbarger, 2016).

On the opposite side of the island, Trisara, which opened in 2004, is under management of Amanpuri's former first GM, Mr. Lark. Trisara has 39 villas and 20 residences with opulent landscaping. Each residence has its own pool and wide deck. Each is positioned along a shallow slope of the peninsula's curve and each faces a stunning 200-degree view of the Andaman Sea. Mr. Lark also is able to draw from his invaluable experience with Amanpuri. The Trisara's villas have rich teak and travertine floors, with lime-washed walls and ceilings that provide a more contemporary interior. Mr. Lark renovated the facilities which now include a spa and fitness center with professional trainers, and the villas are catered by professional chefs. About 25% of Trisara clientele are repeat guests, who appreciate walks alone the private beach, hiking in the Khao PhraTaew rainforest, or outing into Phang Nga Bay or over to the Similan Islands on one of Trisara's luxury yachts. There also is an extensive music library, a state-of-the-art editing suite and screening room, with stock footage (Schollenbarger, 2016).

Although these competitors have facilities and services similar to Amanpuri, the room rates at Anantara Layan Phuket are about one-third of Amanpuri, and Trisara's rates also are about 20% lower. Amanpuri, since it first opened in the late 1980s, retains its distinction as the dominant luxury hotel in Phuket.

## Conclusion

The contentious litigation has ended and full ownership has been gained by Doronin (Rizzo, 2016). Despite changes in ownership and management style, Amanpuri remains loyal to its ultra-rich customers, targeting wealthy clients, providing ultra-luxurious, personal services. Amanpuri does have luxury hotel competitors. Indeed, some of the keenest competition is provided by resorts now

managed by two former experienced Amanpuri General Managers: Antony Lark, now at Trisara, and Frederic Varnier, now at Anantara Layan Phuket. Many of the competitive capabilities that these two former GMs have were clearly gained while building and managing Amanpuri.

One of these former GM noted the distinction, ... “the rich really are different from you and me, at least when it comes to travel.”

Luxury travel is not just about the biggest and the most extravagant anymore. The rich have been there, bought that. Today, the rich are spending their money, investing in experiences rather than material possessions. “It’s really about intangible things “It’s about how they’re made to feel” (Schensul, 2017).

Many sources were relied on to gather the background and data for this case study. Personal interviews were conducted with Amanpuri top management, including the General Manager and departmental directors, and with many of the hotel staff. Newspaper articles, professional tourism newsletters, hospitality industry reports, and widely-used websites, such as TripAdvisor, were other resources. Overall, the totality of the evidence revealed that in the niche luxury resort market, price strategy is likely not be of prime importance, particularly to its loyal, rich customer base. Enhanced service quality and other non-pricing strategies are seemingly the best methods to maximize consumer response and gain optimal market performance within the luxury resort market.

Looking forward, how GM Linder will undertake to manage the Amanpuri, how he will revamp and promote the luxuriant sanctuary that has made the resort famous, is unknown – and is a considerable challenge, particularly in Phuket, which is acclaimed as a highly competitive market. Whatever decisions are reached to form Amanpuri’s effective marketing strategies must take into account its three customer groups: new, repeat, and frequent/loyal customers.

Based on the evidence provided here: If you were the General Manager, what recommendations and strategies do you have for Amanpuri? Whatever vision is implemented, the next steps are most dependent on the General Manager.

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