



WHITE DAYS

"It's a tremendously romantic city with more than 250 palaces, world-class museums, orchestras, opera, and ballet. Think *Doctor Zhivago*, *Julie Christie* in a fur hat, fairy-tale shows and horse-drawn sleigh rides through the woods," says Michael Walsh, general manager of the Angleterre hotel. These are some reasons he believes the best time to visit St Petersburg is winter.

During the summer's "white nights", when most tourists come, the city is bathed in permanent daylight. But some visitors may find this unnerving.

In an effort to redress the city's occupancy peaks and troughs, hoteliers are marketing the winter period under the banner "white days". Walsh explains: "The city is easier to use because the crowds aren't there. In the winter you get the genuine article because all the domestic orchestras, ballet and theatre troupes are in town."

And instead of queuing for more than two hours to get into the State Hermitage museum, you've practically got the place to yourself. Just remember to wrap up warm.

TOP PLACES TO EAT

THE SEVENTH GUEST

3, Millionnaya. Tel: 00 7 812 325 7132
At this romantic venue, each seventh guest is offered a surprise menu. Correctly guessing what you're eating wins a prize. On our visit, the seventh guest was served a frozen tongue garnished with ketchup. But this was a joke. His real main course turned out to be crocodile, which none of us could guess. Fortunately, as guest number eight I enjoyed a more conventional dinner of salmon and crab cake with vegetable brunoise and Thai vanilla sauce, grilled dorade with marmalade of fennel and curry, and pear tarte-tartin with sorbet and chocolate sauce.

RESTORAN

2, Tamozheny. Tel: 00 7 812 327 8979
With a sparse interior reminiscent of a medieval monastery, Restoran is both stylish and traditional. For about £5 you can eat all the zakuski (small dishes) you want from the Russkiystol (Russian table): salads, fish, and pickled bulbs of garlic that are delicious to munch like an apple. Don't worry – the pickling process eliminates the garlic's pungency. After the main course,

you can return to the Russian table for aromatic tea, cakes, honey and pastries.

AQUAREL

14A Dobrolubova at the Birzhevoy Bridge. Tel: 00 7 812 320 8600
Aquarel is a trendy venue with DJs and live music on a three-floor ship moored on the river Neva. The restaurant serves fusion cooking on the second floor and Italian and Mediterranean cuisine on the third.

ADMIRALTY AT NEVSKIJ PALACE HOTEL

57, Nevsky Prospect. Tel: 00 7 812 380 2001
One of four restaurants in the hotel, traditional Russian dishes of hot borsch soup, thick slabs of black bread and meat dumplings in sour cream are specialties.

LENIN'S MATING CALL

Tel: 00 7 812 117 1343
A kitsch curiosity. Waitresses dress as Soviet-era girl guides, while TV monitors show erotica and archive political broadcasts. The pop art interior contains hundreds of busts of Lenin. Cuisine ranges from oysters to borsch. DJs and live music.

◀20 US market was a challenge, but he has focused instead on China, Japan, and European incentive markets. He has nothing but admiration for Paul Pisani, the Maltese founder and chairman of Corinthia: "He was a pioneer who had the guts to go abroad and take risks. He had a very good vision to go into Eastern Europe. Many big companies stayed away. He took the risks and the benefits." Today Corinthia owns or manages 31 hotels in 11 countries.

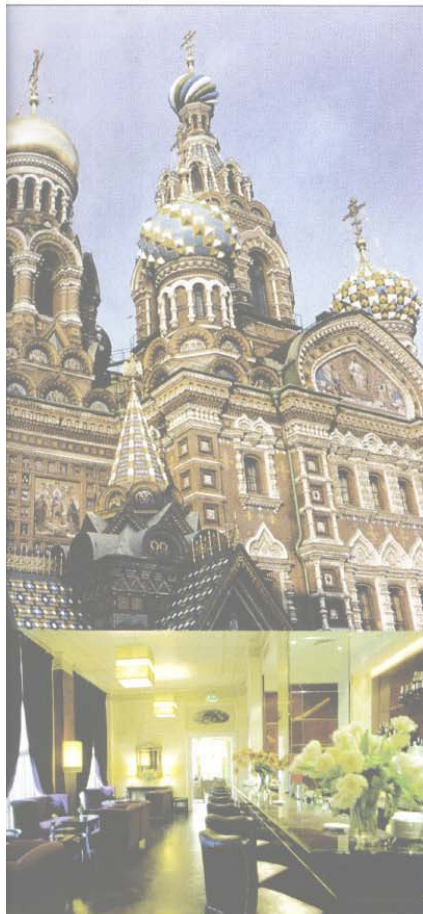
But it's not straightforward for international firms to get a foothold in Russia. Although English-language newspaper the *St Petersburg Times* carries adverts of "palaces for sale", Western entrepreneurs should approach with caution, according to Nigel Teasdale of consultancy PKF. It's often not clear who owns title or freehold. Ownership is passing back to the descendants of pre-revolutionary families, or is in dispute.

Of course, some hotel groups would prefer to snap up management contracts, but the Russians seem to favour the long-term commitments to renovation and investment that come with buying a property. Undoubtedly, those who've had the patience and endurance to jump the bureaucratic hurdles of buying – Rocco Forte Hotels, Corinthia, and Kempinski – have reaped the benefits.

Noll says Nevskij Palace is Corinthia's most profitable European hotel, with year-on-year profit growth of 25%. Total revenue of g19m (£13m) this calendar year is forecast to rise by 12% in 2005.

So what makes St Petersburg such a lucrative location? Noll gives three reasons: labour costs are much lower than in Europe; as yet, competition from other hotels is limited; and positive PR from the city's 300th anniversary last year stimulated the market.

Nevskij Palace was previously jointly owned by an Austrian bank and the city government. A condition of Corinthia's acquisition was to restore four neighbouring buildings to create a five-star complex,



St Petersburg has some wonderful architecture, as well as some famous tourist attractions. In summer you get permanent daylight, but if you go in winter you'll have the museums to yourself

HOTEL GROWTH

	2002	2003	change
Room occupancy	59.5%	69.2%	+ 16.3%
AARR	US\$191.05	US\$218.94	+ 14.6%
Rooms yield	US\$113.59	US\$151.51	+ 33.4%

Source: PKF Research

Given the opportunity that the 300th anniversary celebrations offered, 2003 saw a flurry of hotel openings in the city, with four new properties – the Eliseev Palace, the Dostoyevsky, the Grand Emerald and the Renaissance Baltic – adding some 430 international-standard bedrooms, a significant increase to the previous total of 1,200 rooms within this category.

While some of these new hotels did not open until midway through the year, the 2003 occupancy nonetheless suggests that this new supply was readily absorbed, and that the city is starting to overcome the seasonality from which it has traditionally suffered. The average room rate also improved significantly year on year.

2003 was an exceptional year and it's unlikely that such growth levels can be sustained. More supply changes are afoot: Kempinski is expected to operate a new hotel close to the Hermitage, due to open in the middle of next year, while there are rumours that the German group will soon relinquish management of the Grand Hotel Europe to Orient-Express Hotels.

In the medium term, it's likely that cheaper flights and an easing of visa restrictions will make it simpler for leisure visitors to travel to Russia. When these factors are coupled with the marketing and packaging expertise that a growing number of the international hotel brands in the city bring, it's likely that the short-break and conference and incentives markets, to which the city is ideally suited, will take off.

Nigel Teasdale, senior consultant, PKF

featuring a luxury retail centre with two arcades, 150 extra executive rooms, and a 1,000-seat conference and ballroom. The whole site will be managed by Corinthia with completion forecast for July 2007.

It's a bold move that Noll believes will give Corinthia a unique niche as a five-star conference hotel. "Astoria and Grand Hotel Europe are the leaders in the luxury segment. I'd say our hotel will be the leader in the conference and incentives market," he explains.

Corinthia is not the only hotel group banking on St Petersburg as a long-term proposition. Following the 102-bedroom Marriott Renaissance, which opened seven months ago, Kempinski opens its second hotel in the city next March – the four-star, 200-bedroom Hotel Moika 22. A 200-bedroom Novotel follows in May.

The new openings will succeed in filling the vacuum between five-star international hotels and Russian-run three-star hotels, but capacity will outstrip demand for a few years, according to Michael Walsh, general manager of Rocco Forte's Angleterre hotel.

Russia's policy on visas means St Petersburg is not a short-break destination to choose on a whim, despite being less than four hours from London. Entry visas cost between g30 (£20.58) if applied for two weeks in advance, and g120 (£82.32) one hour in advance.

Another drawback is the airport's limited capacity. For a city of nearly five million you'd expect more than one daily direct flight from London and a handful from Europe.

What all hoteliers agree on, however, is that the influx of international hotel groups will improve the pool of available trained staff. "For the city it's good to get more brands that give international exposure, bring in know-how, and invest in training," Noll says.

At the 29-bedroom Eliseev Palace hotel, a boutique addition to the luxury sector, general manager Sergey Scalon uses a combination of in-house training and external courses that focus on communica-

tion skills and customer relations. This has clearly paid off. After only six months in business, in June this year Eliseev Palace became the first Russian-owned and operated hotel to get membership of Leading Small Hotels of the World.

Eliseev Palace hotel's owner, the Center for Humanitarian and Business Cooperation, plans to extend the hotel to 100 bedrooms, convert an adjacent cinema into a multifunctional 700-seat concert hall, and create a shopping area with luxury brands by 2006.

Cleverly, 100 bedrooms is the limit of eligibility for Leading Small Hotel status, but Scalon is in search of further marketing measures – a franchise partner. "It would have to be a very well-known luxury brand, such as Ritz-Carlton," he adds.

Noll agrees the city can absorb a lot more tourists and his commitment to his new home goes beyond words. He founded the association of western hotels, which came up with the "white days" marketing programme. As a former chef, he started the first Russian chapter of the international Association Chaîne des Rôtisseurs, the French society founded in 1248 that brings industry professionals together with lovers of excellent food and service.

But the association isn't just an excuse to pay a subscription and pick up a medallion. Only those operators who provide excellent service and food can join. This way Noll is pushing up culinary standards in the city. On a more personal note, last year he cemented his new-found happiness by marrying Tatyana, a native of St Petersburg.

Like a man who has discovered paradise, Noll doesn't want to see it spoiled. "I like to compare it to the Nile. Twenty years ago you'd spend \$10,000 for a week on the Nile and it was everybody who had some money's dream to make this trip. Today, you pay \$500. It's mass tourism, service is poor and the environment is polluted. I wouldn't want this to happen to St Petersburg." ■ 24 ►

TRAVEL

Ben Walker flew with Czech Airlines from major UK airports direct to Prague and onward destinations. Prices to St Petersburg start at £144. For bookings go to www.czechairlines.co.uk or call: 0870 443 747.

WIN A TRIP TO ST PETERSBURG!
See page 24 for details