

5

The Story of Change – London

Symbol of dollar supremacy

Despite the fact that in 1963 Hilton operated already 21 hotels in 16 different countries, the London hotel was to become its flagship property in Europe. Curt Strand strongly believed that a hotel in London would have similar status in the International Division as the Waldorf Astoria in the Domestic Division¹. A similar comparison was made by William Irvin, the Vice President of Hilton International and a long-time friend of Conrad's, who in 1958 recognised the Waldorf Astoria, the Plaza and the Palmer House as the most prominent properties of the Hilton Hotels Corporation. He further argued:

“While the reputation in Europe of the Istanbul Hilton and even of the Caribe Hilton is very high, there is no question that a hotel in Rome and another in London would give to Hilton International the prestige it now lacks and from a financial standpoint both of these hotels can be expected to be real money earners. (...) I feel very strongly that there is every justification for the required investment in both of these cities, but I can think of no other city outside of the United States or United States territory where an investment on our part can be justified”².

Strand also expected a very high return on investment from a hotel in London (up to 25%) and equally high profits³. Ironically, the London Hilton ended up being one of the last of the first-generation hotels to be constructed,

1 Curt Strand to Conrad Hilton on 12th January 1960.

2 William R. Irvin to Conrad Hilton on 6th November 1958.

3 Curt Strand to Conrad Hilton on 12th January 1960.

despite the fact that it was planned from as early as 1950 (Wharton, 2001). In his communication from an international hotel congress in Nice, John Houser, Executive Vice President of Hilton International, reported on his discussions with Sir Francis Towle regarding an 80,000 square foot plot in central London being available for a hotel development⁴. Towle was the managing director of Gordon Hotels and was responsible for the development of the famous Dorchester Hotel. He was, therefore, expected to be an extremely valuable partner who not only knew the local market but actually had in-depth experience in the hotel industry.

There is no data to explain the exact reasons for this arrangement not coming to fruition, but all we know is that Francis Towle's place was eventually taken by Charles Clore, a real estate magnate who had built his wealth on speculation and investments in all kinds of business, including shipbuilding, steel manufacturing and the movie industry (*Time Magazine*, 1959). He was often referred to as the man with the Midas touch and was believed to have been one of the boldest figures in British financial world (*New York Times*, 1979). Hilton wasn't Clore's first attempt at moving into the hotel business. A few years before Charles Clore had tried to gain controlling share of the stock of the Savoy Group containing some of the most admired London hotels, including Claridge's and the Savoy. Having failed at his attempts, he decided to build his own hotels, thus leaving a lasting mark on London's skyline (Rees, 1961).

Clore set up a real estate company called New City Properties and entered negotiations with Hilton International. As opposed to Madrid or Istanbul, the British government was not interested in financing the American hotel in any way, so the two private companies had to jointly fund the entire project. This led to a slight diversion from the established operating lease model, which was proving very effective in other Hilton International's locations. In London, Hilton was responsible for providing all the furnishings and equipment, as well as all the consumables and working capital, and was responsible for the taxes imposed on the occupier. Any operating losses were also to be borne by Hilton, something which the company would have preferred to avoid after their experiences in Havana. London was, however, believed to have been such a promising investment that the company decided to agree to these exceptions⁵. In May 1963 Barron

4 John Houser to Conrad Hilton on 20th September 1950.

5 Hilton International Annual Report, March 1965.

Hilton in a letter to his father stated that the London Hilton was capable of earning as much as \$250,000 a month. He further added: “Let’s get a few more deals like this and we won’t have to worry about our domestic operations so much”⁶. He was saying these words after the first couple of months of operations, but before the hotel could even be erected Hilton and Clore had to convince the Royal Fine Art Commission, London County Council, local residents and the press of their bold plans.

James Feron, writing for the *New York Times*, stated:

“The advent of this latest luxury hotel in London, where first-class hotels are not unknown, has been something special. It has attracted more comment and stirred up more argument than any other hotel opening in recent memory, certainly since the 1930s”⁷.

The first British newspaper to mention the plans to build a Hilton hotel in London was the *Dundee Courier and Advertiser* back in 1951⁸ which announced the cooperation between Hilton and New City Properties. It wasn’t, however, until 1957 that regular reports began appearing in the British press, when the public inquiry into the proposal to build a 35-storey hotel in Park Lane opened. The announcement initiated a public debate widely reported by the national press including *The Times*, *Manchester Guardian*, *Daily Mail*, *Financial Times*, *Daily Telegraph*, *Evening Standard*, *The Economist* and the *New York Times*. The press was not, however, as excited as the press in Spain and Turkey when Hilton announced development of hotels there. The headlines were actually rather critical and emotional including comments such as “35-storey hotel utterly inappropriate” and “Controversial 30-story hotel has view of the Palace” (see Exhibit 5.1).

The debate about the development of this hotel centred mainly upon the proposed height of the building and the fact that it would be taller than St Paul’s Cathedral, something inconceivable in the 1950s. Lord Blackford was reported as saying:

“To the east we have a lovely structure symbolising the Almighty God, to the west a massive structure symbolising the almighty dollar” (Wharton, 2001: 102).

6 Barron Hilton to Conrad Hilton on 31st May 1963.

7 *New York Times*, 21st April 1963.

8 *The Dundee Courier and Advertiser*, Wednesday, 30th May 1951, p. 3.



Exhibit 5.1: Selection of newspaper clippings commenting on the planned development of the London Hilton in November 1957⁹

A representative of the owner of one of the neighbouring houses commented in a similar tone:

“If this building is allowed it will represent hereafter a symbol of the supremacy in 1957 of a dollar-earning machine over values of greater importance and lasting quality”¹⁰.

The strongest argument against the London Hilton was, however, the fact that the height and location of the building would allow people to look into the Royal Gardens. This dispute rose to an iconic status as British press felt that it would be inappropriate, if not patronising, if American tourists could “look down upon” the Queen. The *New York Times* and the *Daily Telegraph* reported that the Queen ordered 12ft trees to be planted along her favourite walk, in order to protect her privacy (See Exhibit 5.2).

The local community argued that “progress did not necessarily consist of following the United States in all its actions”¹¹ and that Park Lane was not the right location for such a modern hotel. Such comments would suggest that people feared that Hilton would become a symbol of American influence over traditional English society, and that presence of the sky-scraping tower would only make this symbol more painful and unforgettable.

9 *The Times*, 7th November 1957 – 13th November 1957.
 10 *The Times*, 13th November 1957, p. 2.
 11 *The Times*, 13th November 1957, p. 2.