



# *Sleeping* PARTNERS

As the accommodation market becomes even more fragmented, how do travel buyers decide who to get into bed with? **Gill Upton** investigates

**T**he global chain, sub-brand, smaller player, independent, boutique, budget hotel, aparthotel or any number of different apartment types – the accommodation category has particularly fragmented content which can challenge any hotel programme. Ensuring it is fit for purpose requires more flex than it ever has now that traveller-centric policies are the norm in the post-pandemic world of business travel.

The basics remain the same – to have capacity in key cities, locations with proximity to company offices, robust

safety and security protocols, providing the quality, services and facilities to meet traveller expectations and, naturally, at the right rates.

But today there is more on the company agenda – hotels with the lowest emissions, serviced apartments for four colleagues sharing, or to cater for the marked shift for fewer, longer trips, and those hotels who go the extra mile and reward the company with extras in return for volume. These could be rapid check-in, access to a lounge and personalised service, such as breakfast items, a pillow menu or mini-bar selection.

There is also one other major influencer that just won't go away and that is those hotels that incentivise travellers with loyalty points.

Reason codes can knock out any bookings chosen solely to gain loyalty points and one Head of Travel and Sustainability for a major professional services group takes a pragmatic approach. "Loyalty schemes are not going to go away," he says. "Those travellers generate a certain amount of business for the company. The best advice is not to rail against it but go with it, although a price optimisation tool will



usually curb it. If that's the only problem you have with your programme then you're doing well."

**Chain reaction**

So should all the volume in a hotel programme go the way of InterContinental, Hilton, Marriott and Accor, for example, who have multiple sub-brands to satisfy multiple price points and styles, plus massive loyalty schemes?

Arguably the value of any loyalty scheme has reduced as they are so commonplace.

"Is there a USP in them anymore when everyone has them," asks Sian Sayward, Immediate Past Chair and Governance Director at industry association BEAM and Director of People, Partnerships and Strategic Projects at Inntel. "You can't get in anymore anyway when you want to use them and nine times out of 10 it's not a driver."

One buyer who favours the big chains is Carol Fergus, Director Global Travel, Meetings and Ground Transportation at Fidelity International. "We have a big

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## ACCOMMODATION



► percentage of our volume with the chains who have multiple brands and we collaborate with other parts of our business so we can leverage spend," she says.

Fidelity International supplements that with independent hotels for local requirements. The company's cheapest-on-the-day policy knocks out any premium-priced, points-led bookings.

But big isn't the best for everybody. Sayward bemoans the confusing plethora of choice in the market and questions the lack of differentiation between the global chains' sub-brands.

"Accor has 41 hotel brands so how do you choose? Plus the name above the door is not the owner if it's franchised, so a procurement person given travel post Covid can't guarantee the same price, quality and services across the same brand," she notes.

These are all challenges for the travel buyer but one upside is that chainwide discounts still work, although loyalty to them isn't the same post Covid, says Sayward.

"You can't be loyal in such a price-led market," adding that Inntel finds it easier to work with smaller brands who are more agile and tactical.

"The big brands can be hamstrung by messages from their global HQ, on rate structures, managing accounts and commissions and the like."

It means small players such as Village Hotels, Premier Inn and Virgin Hotels, can play a part in hotel programmes.

### Buying power

Jo Lydon, Executive Assistant at law firm HFW, is a smaller buyer. With under 100 bed nights a year, in many of the 20 destinations worldwide where the company has offices, she knows she can't wield the buying power

to secure deep discounts enjoyed by others.

"Instead I rely on my TMC [Good Travel Management] to group my volumes with others and get me negotiated rates at mid-priced hotels close to our offices."

Double Tree, Leonardo and Citizen M make it on to HFWs London programme, for example.

### The going rate

Rates are a big part of any negotiation and a variety of them prevail, namely standard rates for the main volume, a premium rate largely used for late room availability (LRA), and a dynamic rate, which is a discount off BAR and used by hotels as a channel to dump distressed inventory.

Channel price parity is an issue, with public OTA rates from the likes of Expedia and booking.com often undercutting negotiated rates. Sayward's strategy is simply to incorporate them to give clients the best price each time: "If you can't beat them, join them," she says.

Despite the lack of channel parity, Melanie Quinn, Head of Corporate Development at Travel Counsellors, stresses that negotiated rates are still worth having. "The value-added benefits make the negotiated rate preferable, so the free parking, breakfast and LRA so the rate is held when an event is on in town, for example.

"There is no value in going for the rock bottom rate if you're going to have add-ons because you will have no transparency of total trip cost. Adding £15 for breakfast, for example, will dilute the value of the rate."

### Value added

It makes sense to buy on value, not price as best practice. Of course, value can mean different things to different buyers but ►



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## ACCOMMODATION



BRAMA THE STUDIO



ASCOTT

► generally it's anchored around service, location, quality and being fit for purpose.

Value to Fidelity's travellers also means personal preferences. "When we go to RFP we send emails to customers asking if there are any new properties we should use," she says. Fidelity's customers are vocal over any issues and together with feedback from the TMC some properties may be taken out of the programme.

### Apartment living

Fergus' current challenge is finding apartments in the 26 markets Fidelity operates in that are also close to hotels and meet the standards of security and safety.

"Things have changed post Covid and people want choice in terms of their work-life balance and may not want to go into a hotel," she says.

The UK has sufficient product range but it's not replicated elsewhere.

"There is no global reach on apartments yet and it requires a lot more homework and due diligence," says Fergus.

Fidelity uses The Ascott across Asia, for example, but struggles to find the right quality in India and would like to see more opportunity in France, Germany and Switzerland.

Asia accounts for the largest share of corporate serviced apartment volumes, according to annual GSAIR statistics and that might explain some of SilverDoor's ongoing expansion plans regionally and globally.

"Currently this includes a real drive to grow our portfolio and partner network in India, China, Thailand, Germany and Croatia," explains Martin Klima, Chief Customer Officer at the company. SilverDoor already operates across 125 countries.

Other providers in expansionary mode

include Staycity, lyf (Ascott's co-living brand), Hyatt Studios and Edyn's Locke brand.

GSAIR reports that the European market – which is second in size to Asia – will expand by 21.2% over the next three years.

Becca Gonzaga, Advisory Board Member of The Association of Serviced Apartment Providers (ASAP), disputes the lack of global reach. "It is global but it's clunkier. The challenge is the consistency and how the apartments can be bought."

She says it's down to each provider to install technological solutions and bring the stock to market more quickly and is optimistic that the need has been identified. "It feels like they're doing that," she says.

### Taking stock

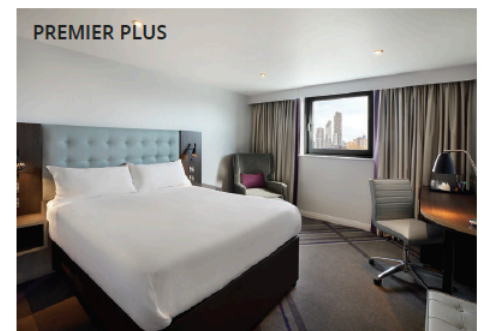
Pending UK and US licensing legislation is more of a worry, which has already seen stock in Edinburgh, for example, reduce from 23,000 to 4,000 units.

The Government is trying to combat the second homes market and the lack of licensing around Airbnb and the short and mid-stay accommodation market has got caught in the crossfire. "We will be impacted significantly unless operators and agents get involved," explains Gonzaga.

Gonzaga is also MD of the privately-owned provider SITU, which operates in 144 countries and has announced a simplification to the booking process – among other things – through the acquisition of the full technology stack of short-term rental technology company, Rentivo.

Serviced apartments have come on in leaps and bounds – with online content, manned receptions, better food options, no limit on number of nights booked and at rates more static than hotels – but a lack of global reach is still an issue. The GSAIR report highlights ►

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PREMIER PLUS

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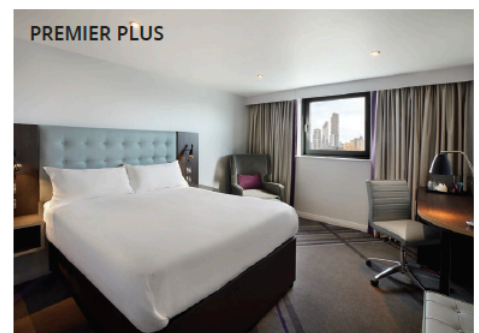
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► availability in required locations and the inconsistent quality of stock as barriers to greater use.

Fidelity doesn't mandate apartments on bookings of five days or more but it is best practice at the company. Nonetheless, with a high adoption rate in the upper 80s, Fidelity's hotel programme is working well.

The criteria for choosing hotel partners for the professional services giant is based on three things, explains its anonymised travel chief. "Does it reduce cost, does it reduce CO2 and does it improve the user experience? If they raise the bar in some way then I'm interested."

Hotels that can provide lower emission rates per room will make it on to the group's hotel programme. Two years ago it combined global mobility – which sat in HR – with travel to leverage spend and achieved a 30% rate reduction. Its travel team also managed to change what was a manual system of 27 touches down to three with a system able to book anything from a studio apartment to a three-bed family space.

With 92% online booking for all travel, it's a slick digital system. Offline bookings are the preserve of high risk and complex bookings, and each time he is looking for "consumer grade booking systems" often they feel "quite clunky".

#### Personal preference

He is a great advocate of serviced apartments. "They have better food and beverage offerings, more space, they're quieter, and you can cook.

"If you look at the average 20 sqm hotel room in New York they're pretty dreary and if

you're there for a week you need a different proposition," he explains.

"A female traveller finds it difficult to go into the bar without being hit on or they have to sit in the restaurant with their laptop."

The tipping point for serviced apartments is a four-day stay but his *bete noire* is their technology and booking systems.

Like Fergus, he is also cognisant of traveller predilections. "You have to give choice. What a 28-year-old traveller is looking for is very different to an older project manager and you have to factor it all in. Put in the groundwork at the beginning so it's not more work later on," he advises.

He is also a fan of the global chains with sub-brands, such as InterContinental's Indigo for example, which is personalised to the local market, and praises hotels for being more nimble than airlines. "Airlines can take five years before they can change something on the aircraft but hotels can be a lot more reactive."

Both stress how important it is to build good relationships with providers.

"You have no God-given right to get what you want out of the market so work with your supply chain," he advises.

Fergus adds: "Hotels is not a difficult spend category, as air is more challenging. With hotels you've got to have the right relationships and work with the right partners and do not base it on an annual RFP."

Horses for courses is a hackneyed phrase but sums up that the criteria used to create hotel programmes is entirely subjective, reflecting company agendas, cultures and working relationships, all geared to satisfying a more traveller-centric policy today.