HOS DITALLYMENTS Issue 63 | April - May 2009 | Www.hospitalitynewsmag. com | April - May 2009 | Www.hospitalitynewsmag. com | April - May 2009 | Www.hospitalitynewsmag. com | April - May 2009 | April -

Is there a future to hotels in the region



During the last decade, the luxury hospitality sector witnessed a boom. Karim Asmar, a managing partner at HODEMA hospitality development, takes a look at the changing face of

hospitality and reveals why the budget segment is gaining momentum

segment for the years to come.

rate segment. Everyone recalls the luxury amidst the crisis. CEOs of the US car industry who travelled in a private jet to request finan- These socio-economic trends are creatbetter expenses management.

he current global financial crisis have sufficient facilities to accommois affecting the travel industry date the business traveler's needs, and there is a climate of general prices and image association will tend cost cutting and a search for alterna- to drive travelers towards alternative tive economic solutions. Companies solutions. With regards to price, propare reducing frequency of flights and erties will review their pricing stratecutting on their lodging budget. gy, with a risk of a pricing war. In front Individuals are rescheduling their of a shrinking market, survival stratevacations and holding onto their cash. gies can make rate cuts an easy temp-There is no need to gaze into a crystal tation. On the other hand, rather than ball to foresee that the budget hotel entering a price war, properties sector will gain an overall market share should push towards offering more and may become the main developing value. Luxury hospitality will be confronted with another challenge linked to the ambient climate of austerity. It The first signs come from the corpo-simply doesn't look good to travel

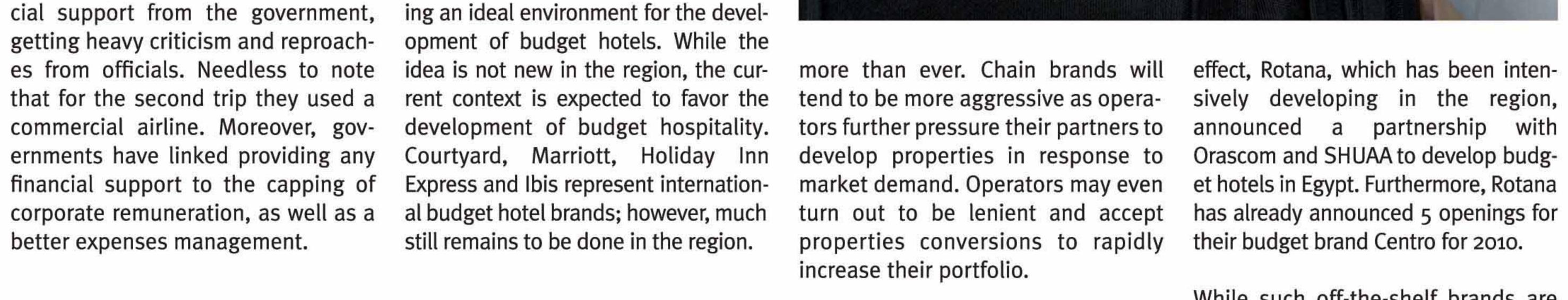
cial support from the government, ing an ideal environment for the develgetting heavy criticism and reproach- opment of budget hotels. While the still remains to be done in the region.

The Null Stern Hotel is the antithesis of the luxury and megalomania of this time

more office and meeting spaces will ty sector still prevailing. be required and surely more comfort.

better use of journey time. As a budget brands by announcing to the network. result, it is expected that 2009 will aggressive development targets. crammed schedules. In the hotel the hype around the luxury hospitali-

With the crisis dominating budgets, increasingly also develop budget in keeping the gained customers when While deluxe and first class hotels hospitality is under the limelight brands to cater to the market. To that the economy kick starts again. It is rel-



that developers will acquire and con- the main strength of the property.

While such off-the-shelf brands are Property owners, identifying the developing and have potential, their opportunities in budget hospitality, standardized approach will not suit will naturally approach operators. all clients. Recent hospitality trends The obvious advantage in such brand have shown that clients search for development is the reservation sys- charm and personalization. The traditem. Indeed, a powerful CRS provides tional approach to budget hospitality a guarantee to owners on filling their has been to reduce the level of servproperties. In the current market con- ices within the property and focus on ditions this is not a luxury. For the lodging part of the activity. instance, Holidex, the IHG reserva- Typically rooms were small, 15 to 20 The most obvious way for companies In the last five years operators such tion system, is reputed to have an m2, and designed for short-stay. The to cut on travel budgets is to reduce as InterContinental, Marriott and impact of nearly 20% in increased design focused on the functionality of the number of voyages and make Sheraton have been pushing their booking on any property integrated the room rather than on esthetics. Subsequently, the budget hospitality market was becoming a near comobserve a shift in travel behavior that Likewise the brand Easy hotels In the Middle East, budget hospitality is modity market, with an increase in will extend through 2010. The busi- announced bold targets; contracts suffering from low standards and number of brands and a no differentiness travelers of 2009 will travel less, were secured with local partners but absence of distribution solution. Under ation in terms of services. Managers stay slightly longer and have few properties were developed with pressure from demand, it is expected relied on the reservation system as vert existing properties with the objec- As budget hotels develop the chaltive of flagging them. Operators, will lenge is not in gaining momentum but lower cost offer in times of crisis, but it is harder to convince them that budget hospitality is a long term solution.

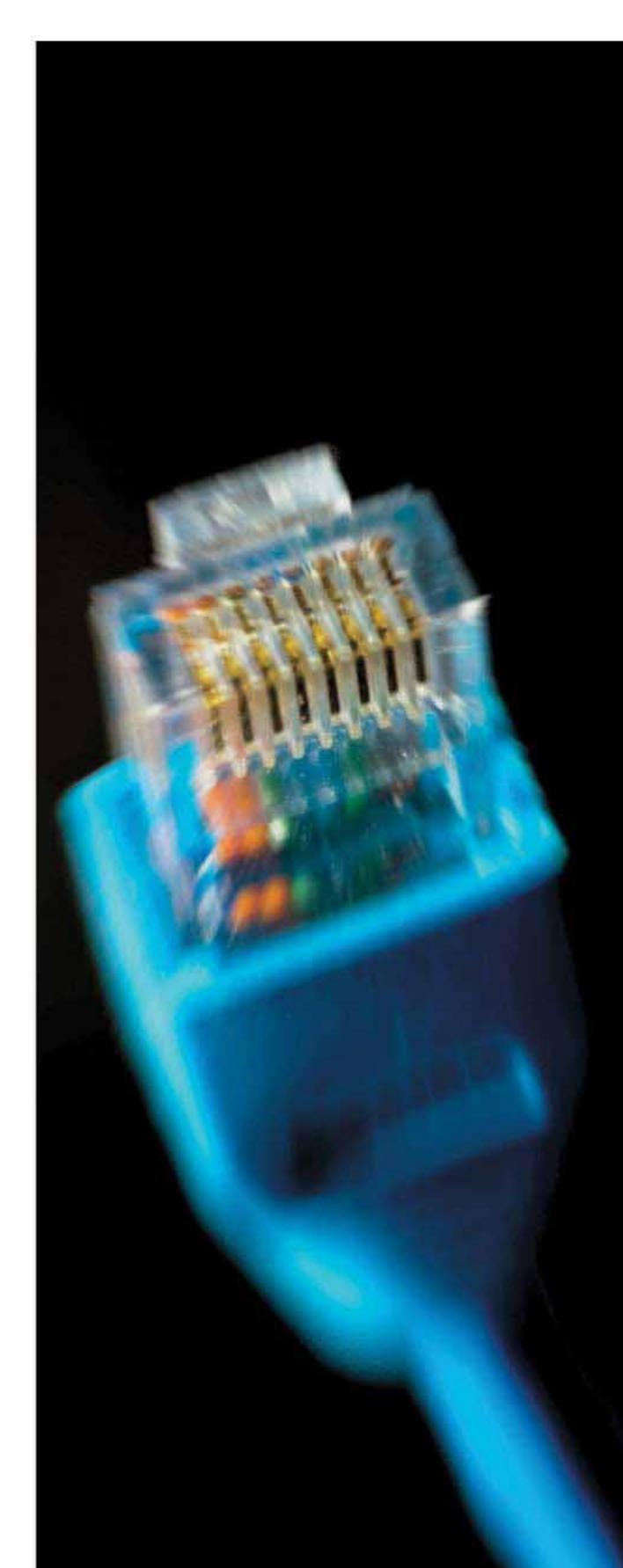
The lifestyle trend in hospitality in the last decade has shown that the customers have become more sophisti- In the region independent budget cated and demand more than just a properties often lack international standard functional product when choosing their hotel. As a result, al tour operators will get an increased budget properties will need to devel- interest in small independent properop their infrastructure and include a ties, which in turn will force owners to standard wi-fi connection, provide improve their standards due to the free Internet and in some cases, add shift in customer profile. Challenges a little to their room amenities. in the region will be in developing Guests in a budget hotel suffer from budget hotels and upgrading existing the lack of facilities, so providing budget independent properties that information on alternative facilities are not up to standard. could save the day.

An emerging trend, championed by ury hospitality was developed introthe Null Stern Hotel concept, devel- ducing diversity and innovation in the oped by two Swiss artists and twin market through the development of brothers, is the conviviality. As Frank lifestyle brands, design brands and and Patrik Rilkin put it, "the Null charm hotels. The economic crisis will Stern Hotel is the antithesis of the probably shift developer focus to the luxury and megalomania of this budget segment and introduce innotime." This concept started as an vative ideas and creative solutions to experiment that was featured on CNN satisfy the customer. However, can business traveler. The concept is cur-budget hospitality re-invent itself? rently being transformed into a This remains to be seen. worldwide venture opportunity under the newly born "Zero Star Hotel" Karim Asmar is a managing brand. Zero Star Hotel finds its roots partner of Hodema sal and values at the core of today's www.hodema.net

atively easy to attract customers to a world economic, ecological and social environments. It offers a second life to prime real estate locations by transforming them into profitable, sustainable and community-oriented business opportunities.

standards. Nevertheless, internation-

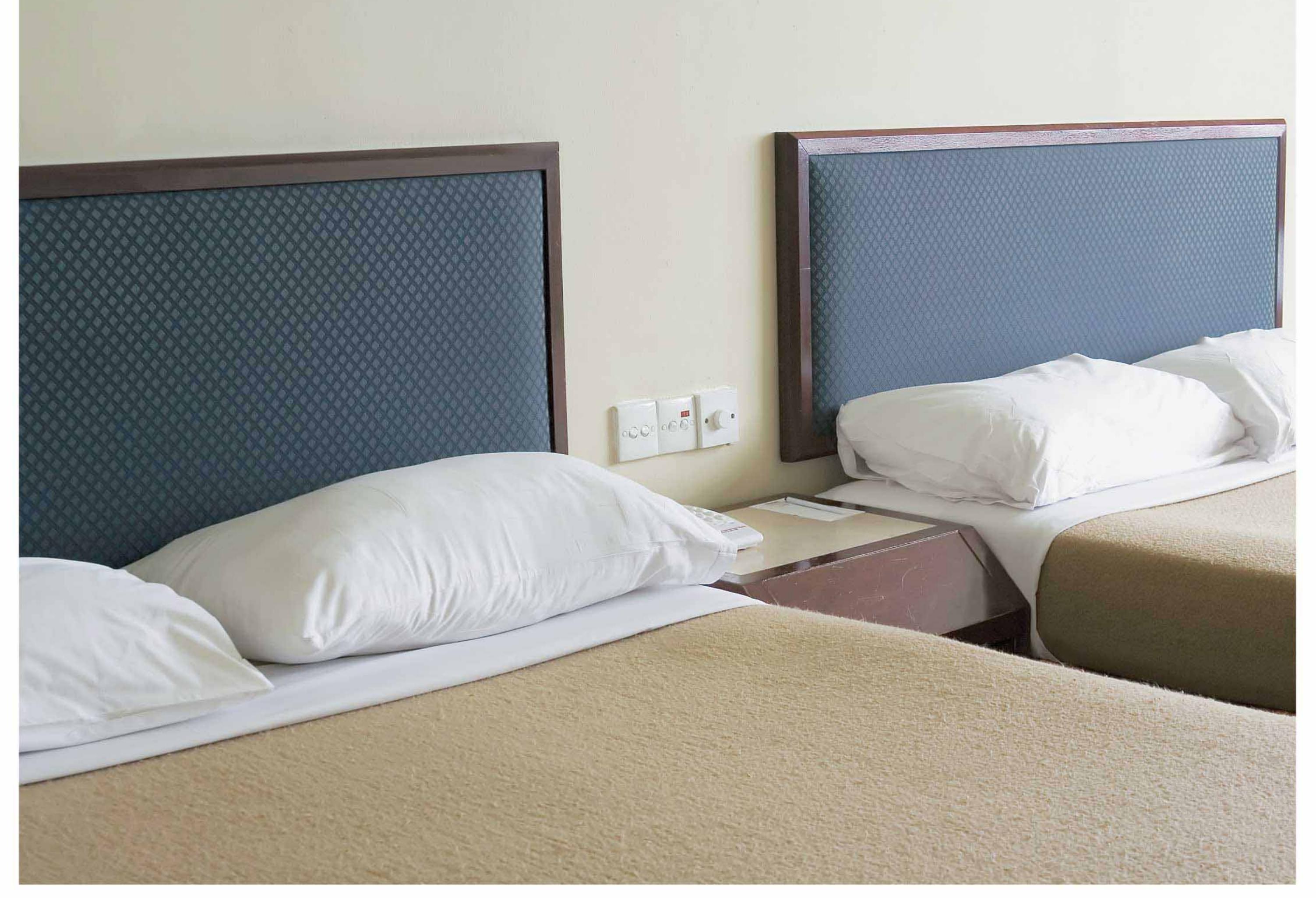
In the period of economic growth, lux-



Upgrading a budget hotel

Offer bed and breakfast rate

- Offer free Internet access in the hotel
- Add a complementary bottle of mineral water per room
- Provide a list of neighboring restaurants and their telephone number; negotiate a free welcome drink for hotel guests
- Provide a list of delivery for food and beverage and other services; negotiate a special offer for hotel guests
- □ Provide a list of taxi numbers and an estimate of taxi fares per ride; negotiate a discount for hotel guests
- Negotiate a daily rate for hotel guests in the neighboring gym
- Organize a laundry pick-up service with the neighboring dry cleaner



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