

**A brief exploration into  
opportunities to revitalise  
hotels and serviced apartments  
post Covid-19**



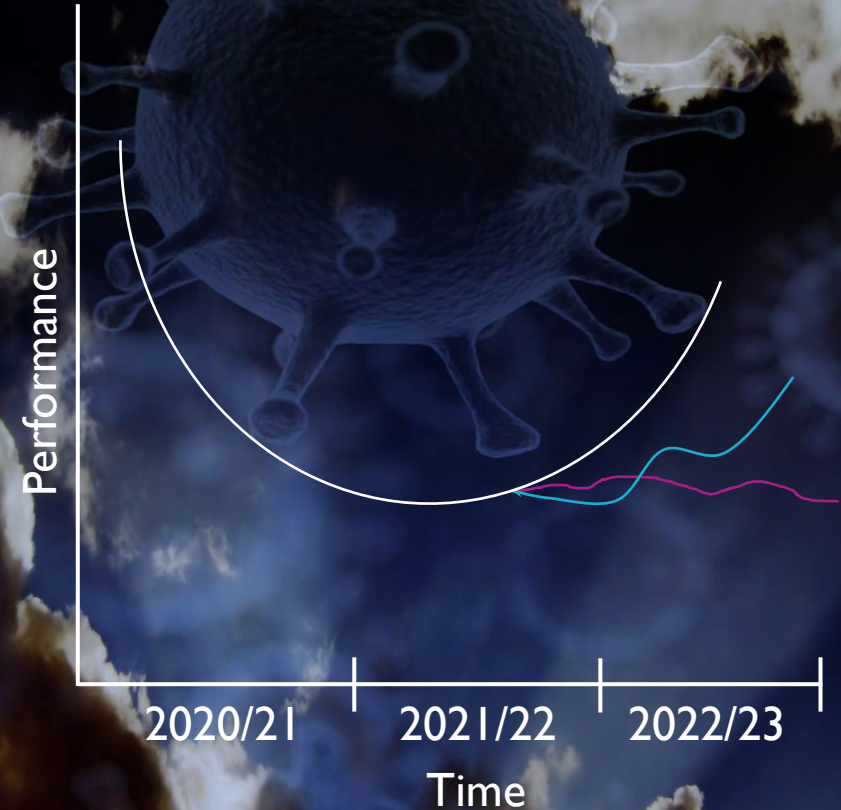
## Introduction

As the world slowly opens up again in the wake of the Covid-19 pandemic, owners and operators of hotels and serviced apartments are having to organise and manage their properties differently in order to meet new hygiene standards as well as protect guests and employees alike.

According to recent research reports from various consulting firms, many now estimate that any recovery to pre-Covid-19 levels of performance will take at least until 2022/23.

We have already witnessed many properties start implementing cost-saving schemes in the wake of continuing weak occupancy and tightening of cashflow. These have included among other things furloughing and staff redundancies, refinancing initiatives, lease negotiations and changing payment terms of suppliers.

*At this point in time, its anyone's guess how long recovery will take, although most of the world is now heading towards or is already in recession, the likes we haven't seen since the Second World War.*



There have also been numerous reports on what is important to make hotels and serviced apartments safe for both travellers as well as staff employees.

Without reiterating in detail these points, we present research from the McKinsey Consumer Leisure Travel Survey on consumer expectations on actions they would like to see at hotels and serviced apartments. For anyone interested, further information on this survey can be found at: <https://www.mckinsey.com>

The key point to state here, is that all operators will need to change their processes and procedures to deal with the new regulations that come into force, as well as consider what is important for guests.

There will be additional costs, but also opportunities to reduce overheads by carefully considering the services and amenities that are provided. This briefing paper provides some of those opportunities to consider.



## Revitalizing Your Offering

Many operators are becoming stuck with how to improve their offering in the face of increased competition and lower occupancy levels.

In this section, we set out some areas that could be implemented at relatively little cost to drive more interest in the property, as well as improve customer loyalty.

### Experiences

In the era of more staycations, consumers are wanting to travel more locally and visit places typically within 2 to 3 hours drive time from their home.

Properties should endeavour where possible to become more integrated within their local community and research everything about where they are and what is available to do, to eat and experience nearby. If possible, create packages, form closer relationships to these other businesses and provide more interesting information to guests as well as any online forums.

### Travellers are most interested in:

- Food tastings and food tours of local cuisine;
- Guided tours of the place they are visiting;
- Local distilleries/wineries and breweries;
- Activities for children and adults alike.

In the area, these could include but not be limited to branded activity centres to local businesses such as:


- Horse riding; canoeing;
- Local gyms, fitness companies, yoga, dance studios;
- Archery, clay pigeon shooting;
- Public access to tennis, swimming pools;
- Site seeing, historical houses and local walks;
- Farm and craft shops;
- Cinemas and shopping outlets.

## Hotel and Room Amenities

While guests seek unique experiences during their travels, research has also revealed that consumers try to find accommodation that has a similar or better level of comfort than their home.

Some of the amenities are an expensive outlay and its difficult to ascertain with certainty what return one receives from providing all of these to guests. Its therefore ever more important to understand the guest profile and scrutinise each and every amenity to ensure that these are justifiable.

As an example, many of the large operators like Marriott and IHG are now withdrawing single-use bathroom amenity bottles for example, as part of their environmental drive to cut down on waste and landfill. There is also no doubt a significant cost saving too, by replacing these with larger pump-dispenser bottles.



**Based on recent surveys, some of the key amenities that guests seek include:**

- Better WiFi connectivity than at home;
- In-room selection of tea and coffee;
- Bottled water;
- In-room toiletries;
- Additional blankets and pillows;
- A selection of books to read at their leisure.

## Hotel and Room Amenities

Fitness centres are also often considered as an essential facility to have in many branded properties. However, based on recent consumer research by Cornell University, guests were unlikely to make a decision on booking or returning to a hotel based on it having a fitness centre, let alone actually using the facility regularly during their stay.

These rooms may be better served by converting to other uses or leasing out the space to third parties. Examples could include flexible, communal spaces for living and co-working, to a creche facility that can attract both in-house and outside customers.

The most important aspect is to consider whether the space and amenities are being fully utilised and whether this truly adds value and revenue stream to your property.

One can also look at additional revenue streams such as using local artists to spruce up the property's corridors or create mini-galleries and in exchange, receive a commission on any paintings and art sold.



## Technology Integration

It is a misconception to believe that all guests are interested in the latest technology and that tech-hotels without any employees will be the future.

It is however still important component, especially given that most customers now have more than one smart device, as well as laptops and other gadgets.

In order to ensure that you can meet the minimum needs of most customers, the following should ideally be available in guest rooms and/or public areas:

- Sufficient plug sockets, ideally with USB connectivity by the desk/table and bed;
- High-speed internet access;
- Smart TV's with access to media streaming services.

Owners and operators can also consider apps which can facilitate the following, to drive demand and additional revenue:



**Travellers are most interested in technology (such as an app) that can be used to facilitate:**

- Room-service and housekeeping;
- Reservations for dining/spa/gym etc;
- Concierge services;
- Selected third-party providers;
- Smart check-in/out.

## Website

The property's website is the business's window to the world and as such, this should be where one should spend time making sure that it is geared to meet the latest consumer expectations.

The result should be a fine balance of impressive visuals, as well as acting as an effective booking tool, while bringing the property to life. Its important to remember that the website not only competes with similar properties on the market, but battles against online travel agents (OTAs).

We set out a summary of key pointers for you to consider when reviewing, updating or launching your website:

## Travellers are most interested in:

- **Immersive storytelling:** Offer an immediate feel of the destination and the hotel's personality. Create also an engaging website design that is an authentic representation of the property. Impressive full screen videos and high-quality photos can set the scene encouraging bookings. Support also the website design with emotive content where you highlight the benefits as well as features of the property.
- **Direct booking:** With strong competition and rising commission fees, the most powerful tool is a cleverly designed website with clear navigation and a seamless booking process. Providing the benefits of direct reservations, messages such as best rate guarantee, discounted packages and special offers and/or Free WIFI can also increase the likelihood of conversions.
- **Mobile experience:** As smartphones have overtaken desktop browsing, putting smartphone experience first is now an absolute necessity and the website should be compatible and responsive.
- **Bold headlines:** Make a statement, not just by conveying important information, but instantly setting the tone for your website and personality. Visitors often just glance at websites, but bold statements can keep them engaged longer and lead them through more content by design.
- **Quirky content:** Opportunities to add content and customer views on what are the best tables, rooms or services in the property can often lead to upselling, but also increased consumer engagement.



## Website

Before embarking on changing the website, one should consider the following:

- What is unique about your property:  
*The setting, the geographical location, the theme?*
- What do guests praise the most:  
*the staff, convenience, the F&B, the convenience?*
- Why do they choose it over others:  
*for luxury, for service, for other features?*

Also don't leave out things in your marketing material that might be negatively perceived. As an example, your property might be located outside of the city centre, so don't make describe it as a prime location. Help set the right expectations and your guests won't be aggrieved and disappointed when they arrive.



Charming and cheerful, the Tropical Paradise is a beautiful setting for a beachfront vacation. Perched just above the white sands of Four Mile Beach, the hotel has unbeatable ocean views.



## Customer Engagement

It is in the operator's best interest to encourage guest engagement. Disengaged guests are typically less likely to return to a property and more likely to go online to broadcast their dissatisfaction.

On the other hand, engaged customers are generally less price sensitive and are more likely to book again and again, despite their budget. Engaging is as simple as encouraging guests to provide feedback and treating them like they are special during their stay and 'beyond'.

For Millennials and the new generations, we would also mention that these groups are also communicating more and more on digital channels. Accommodation providers have to therefore step up their game and ensure that they maximise the opportunities offered by these channels. In many cases, this is also free marketing and customer interaction, so make the most of it!



# Customer Testimonials

Testimonials are a influential way to set the right expectations, offering assurance and helping them with their decision making process.

Its is important to note that one should only use testimonials that give context that help set expectations.

Leave out any testimonials such as ‘wonderful hotel!’ as they are meatless and don’t add any value. Instead, use more informative testimonials, even if they include negative aspects that are true.

“what helpful staff”

★★★★★ Reviewed 16 August 2006

Have just returned from a three day trip to Hotel. I would just like to say what great h one in particular Diana, what a pleasan was. She went out of her way to make were great, with clean to and courteous and very she thoroughly enjoyed to this hotel. Thank you.

What did you like best about

What did you like least about

Any tips/secrets for future

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Cygnett Hotels and Resorts

Hotel Management and Brand

In early 2013, SAN engineers

worked for Cygnett in building

The main appreciating aspect

in hospitality sector in his young

interior designing as well as

designs are good as well as

We wish him of the very best

For Cygnett Group of hotels

Sarabendra Sarkar

(Managing Director & Founde

Date : Nov 29, 2017.

Thank here W in the Thank Tu

You like Los

Dear Ary

It was nice to see you again last evening. Unfortunately I could not stay myself but I understand from my colleagues that the dinner went extremely well. I have had a number of gracious comments, particularly concerning the cuisine, and I would like to thank you personally for catering the event.

My compliments to you and your staff.

With kind regards,

With kind regards,

With kind regards,

With kind regards,

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“Based on a survey conducted by Dimensional Research, an overwhelming 90% of respondents who recalled reading online reviews claimed that positive online reviews influenced buying decisions, while 86% said buying decisions were influenced by negative online reviews.”

Source: Marketing Land

Customer Service

Excellent

Good

Neutral

## Customer Reviews

Today, nothing goes unnoticed and customers are sharing their experiences with the world.

Reviews in the travel industry are the main source of information and more and more customers do check online reviews before booking.

Operators therefore need to be on top of their game in terms of building up positive reviews as well as replying to negative ones in an empathetic manner, as opposed to employing standard responses.

### Research on responding to reviews:

- 94% of consumers say that a bad review has convinced them to avoid a business.
- 53% of customers expect businesses to respond to negative reviews within a week.
- 63% say that a business has never responded to their review.
- 45% of consumers say they're more likely to visit a business that responds to negative reviews.

### *The Key Takeaway:*

*Respond to reviews before they drive your customers away*

Source: [Reviewtrackers.com](http://Reviewtrackers.com)

## Customer Reviews

We also highlight the following research undertaken by TrustYou on why online reviews play an increasingly important role in driving room bookings:

- Family Travellers are most likely to book hotels rated highly for comfort (19%) and based on the reviews of the rooms (23%), particularly when staying in a large city.
- Guests travelling with friends rated a hotel's food offering as most important, with 28% booking a room based solely on positive meal reviews.
- Those travelling for romantic vacations were most likely to book a ghotel based on room reviews (36%), a significantly higher percentage than any other group.

- Business travellers tended to have differing needs, with WiFi (39%), cleanliness (52%) and comfort (36%) all ranked as extremely important to the group.
- The report also found that 40% of leisure travellers and 31% of business travellers booked directly through the hotels' website rather than via online travel agents (OTA's).

*“By understanding these triggers, operators can focus efforts to improve, optimise marketing and leverage review content to best cater to its audience and ultimately increase bookings.”*

Source: TrustYou

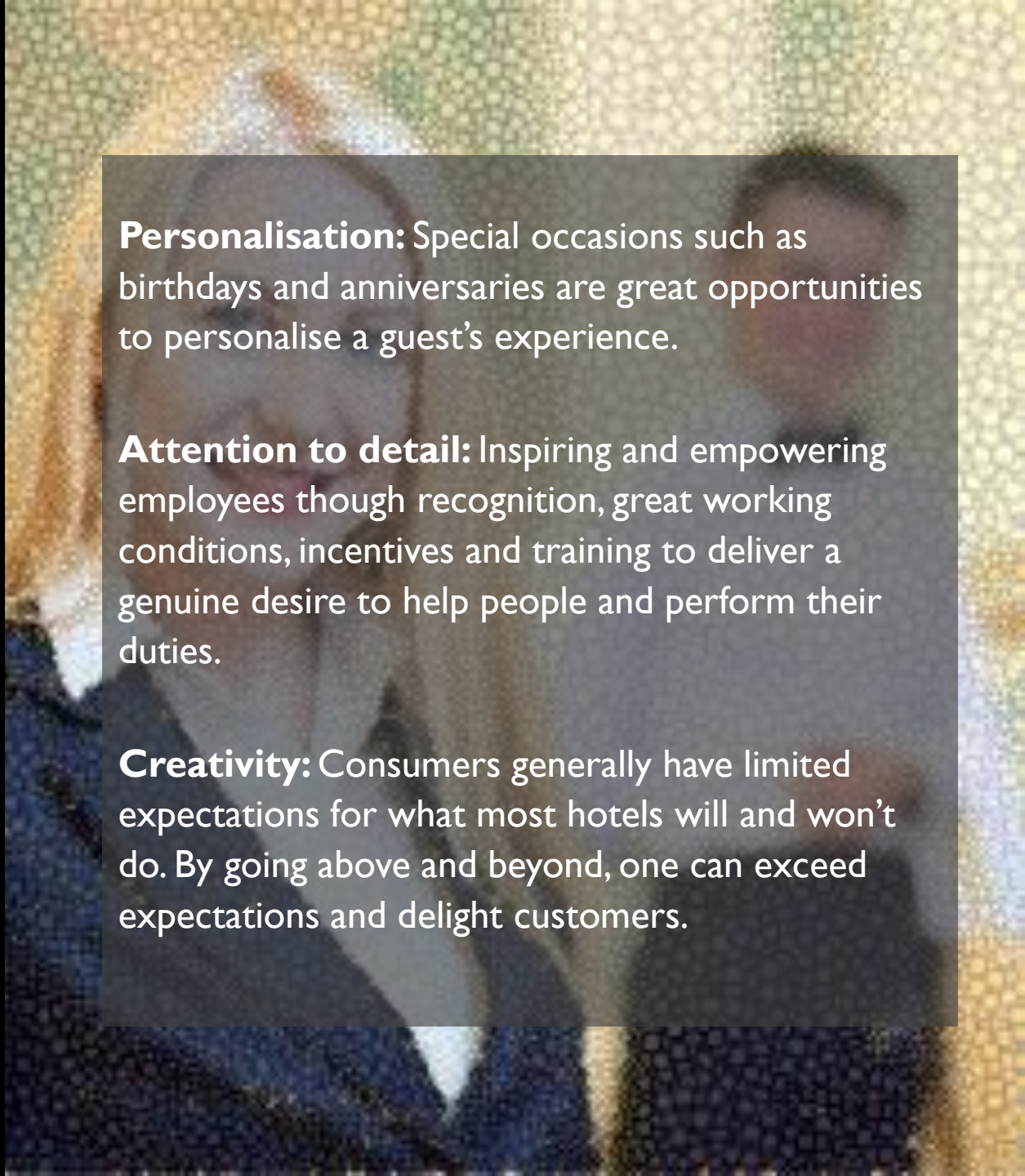
## Staff and the Personal Touch

Oracle released a recent survey that highlighted a large percentage of consumers wanting still a human touch and an emotional connection.

Whilst technology can improve guest experience, improve efficiencies and guest engagement, there will always be customers who will want to be personally welcomed, taken care of and served by employees, especially when they have an issue or problem that needs to be solved.

Poor service is and will remain a prime driver for dissatisfaction. Operators must therefore encourage a culture of impeccable customer service if they wish to gain custom, loyalty and repeat visitation.

Cutting-edge technology can enhance the guest experience, but nothing can replace an authentic service and human touch.



**Personalisation:** Special occasions such as birthdays and anniversaries are great opportunities to personalise a guest's experience.

**Attention to detail:** Inspiring and empowering employees through recognition, great working conditions, incentives and training to deliver a genuine desire to help people and perform their duties.

**Creativity:** Consumers generally have limited expectations for what most hotels will and won't do. By going above and beyond, one can exceed expectations and delight customers.

## A little story on the personal touch

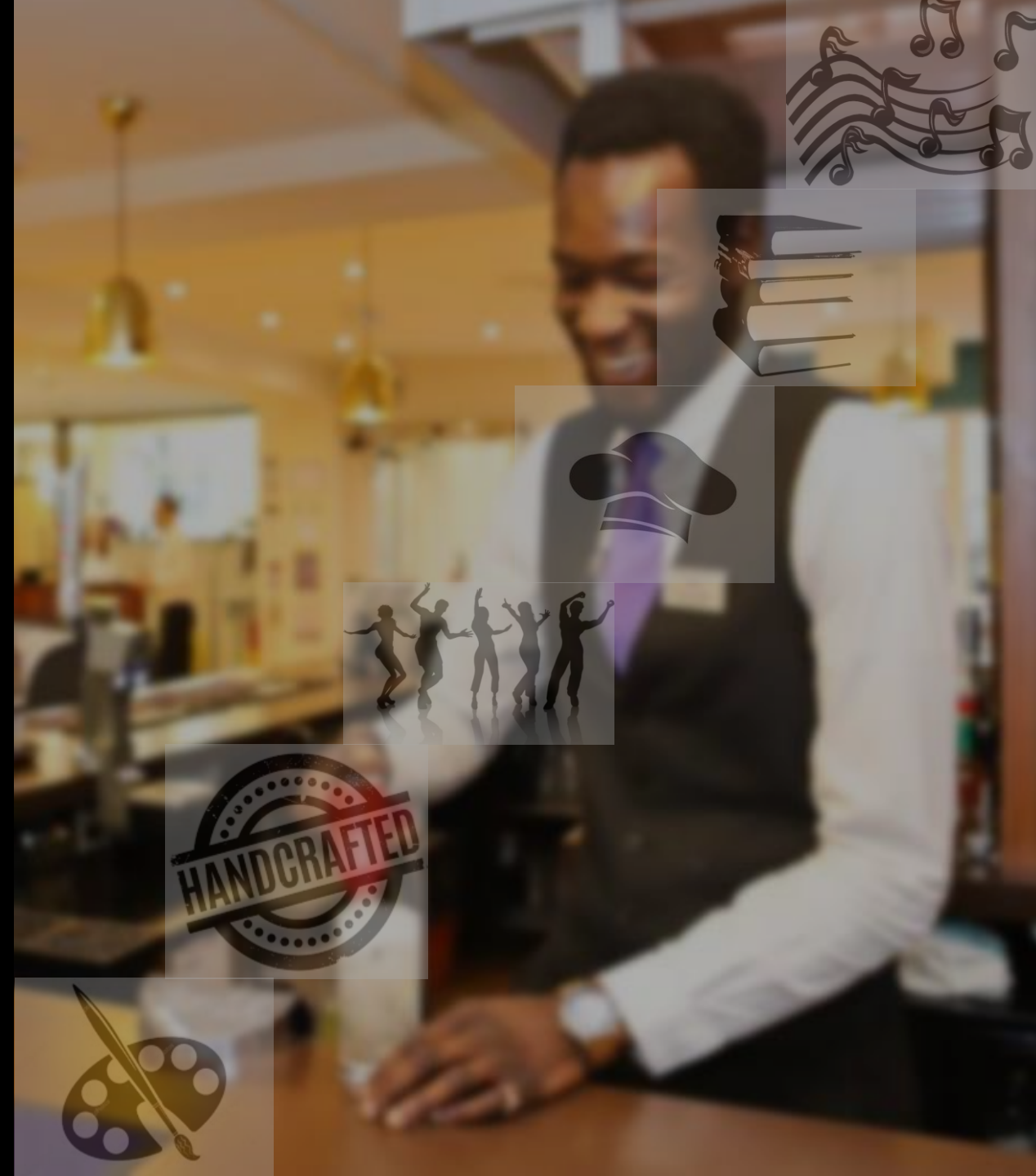
One of the most interesting properties we came across during our travels was a hotel that in its guest handbook provided on every section, a brief overview of one of the staff.

The management had actually taken the effort to find out more about their employee's personal life, their hobbies and aspirations.

We were truly surprised at the level of guest interaction and the hotel felt alive.

The hotel also benefited greatly, as not only did they create contact and stronger ties to their guests who came back year after year, but they also had opportunities to cross-sell crafts and poetry, put on events and fixtures that they had never considered previously possible, and the staff were fully onboard.

The key takeaway from this is that your employees can be your strongest asset!



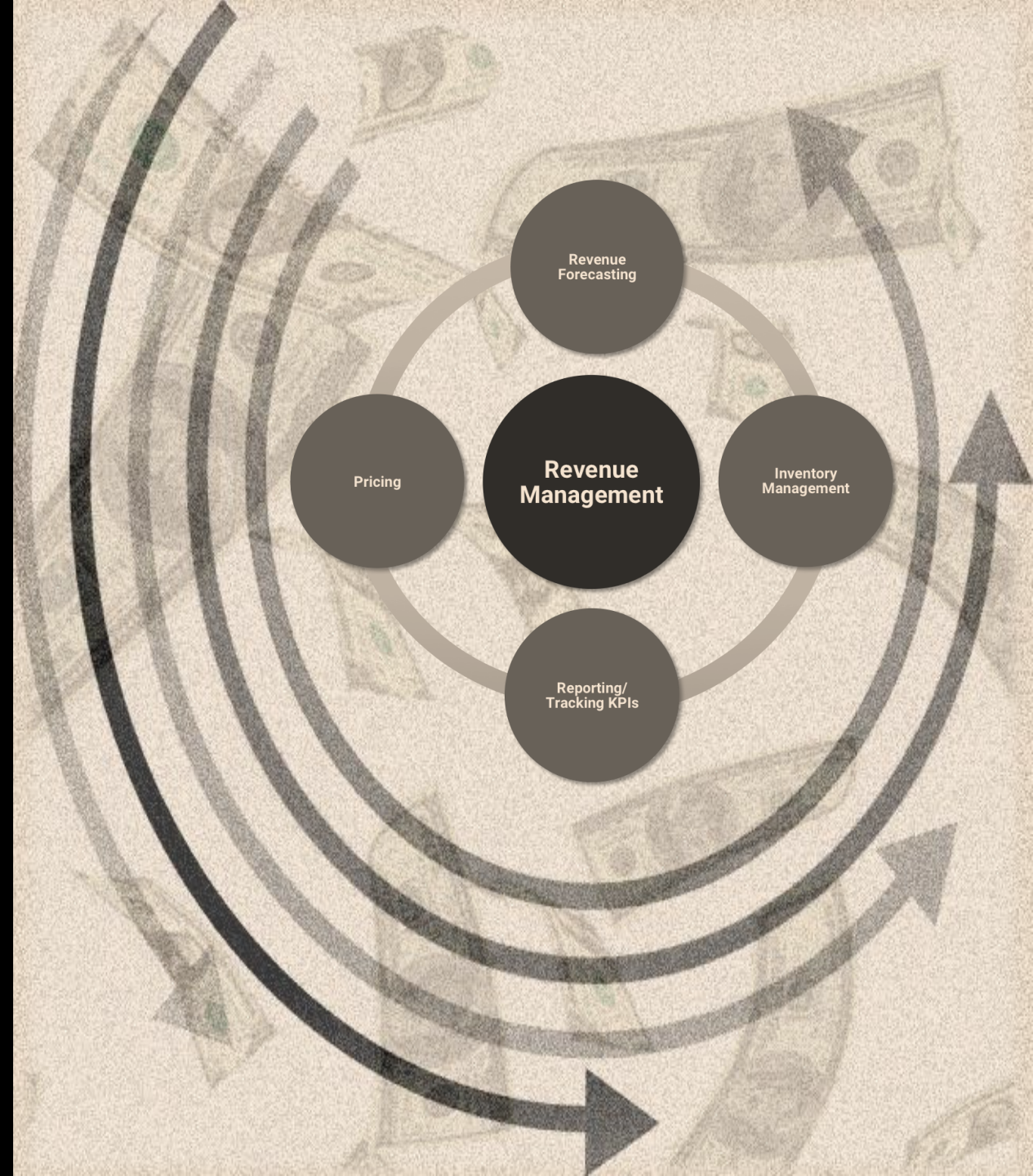
## Pricing and Revenue Management

Its worthy to mention that historical performance data from past downturns isn't going to help this time round, and neither can we with any certainty predict the time it will take to recover from this pandemic. Past monthly seasonality data can also for the time being be thrown to the wind.

It is therefore important to go back to basics and review your competition, their pricing and packages against your own.

In some cases, you may need to lower your rates to be competitive and bring in much needed occupancy and revenue.

The old cliché that it will take longer to build up rate again once you reduce your rates doesn't matter at this point in time, as if you don't have business, you aren't going to survive long-term. When demand does pick-up, you can increase your rates in tandem and guests and companies will be understanding.





## Pricing and Revenue Management

We would also comment as follows in terms of key areas that should be considered when looking at your pricing:

- **Understand your cost base per room sold:** By calculating the cost of your room sold (which includes all fixed and variable costs), you have a breakeven point on which to work from.
- **Competitive overview:** Evaluate your competitors including supply and demand trends, pricing, packages and discounts offered.

Where possible, also compare your facilities, room sizes and any other pertinent aspects to obtain a thorough overview.

This will help you position your product against the rest of the competition.

- **Promotions and discounts:** Too many operators are still trying to keep their pre-Covid rates but are offering continuous promotions and discounts of 50% or more off their standard rates. This isn't as effective however, when everyone is doing this at the same time.

We would recommend that operators need to be realistic, transparent and offer a fair value as this typically leads to more long term loyalty and patronage.

- **Packages:** With there being on the whole more leisure based demand now, the opportunity is for more varied packages and this is where potentially you can create differentiation as well as build-up new segments of demand.

# Ideas in Pictures

