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A NEW BREED OF TRAVELLER

HOW CONSUMERS ARE DRIVING CHANGE IN THE HOTEL INDUSTRY

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An Overview: A New Breed of Traveller

The way we live and the way we travel are no longer mutually exclusive. Hotels used to be places of celebration, where rooms would be equipped with gadgets and technology that the common person would not have at home. Some individuals would go to be pampered, attended to and constantly served. Others would want to enjoy a long formal dinner, before going back to their rooms. Nowadays, the new breed of traveller wants the confidence of places that understand

'The hotel industry is clinical and we have lost every essence of what the modern-day traveller needs' – Michael Levie, COO of CitizenM

them, and to be surrounded by a community of like-minded people no matter where they go. This new segment of traveller is no longer looking for white-linen service, bellboys to carry their luggage up to their room or a concierge. When the current generation of young travellers enters a hotel, they want to feel completely at home, connected and to be in a setting where they can become part of an experience.

Hotels, however, tend to be among the last industries to respond to any change. Although the hotel experience has barely changed since our parents were young, changes do seem to be brewing on the horizon. This article highlights how hotel companies are starting to embrace the demands of modern travellers. We have interviewed a number of high-level hotel executives from international hotel companies to see what they make of this new era.

From Money to Time Experiences

The luxury market is set to undergo a revolutionary change as a new generation of millennials will soon conquer the market.

Unlike preceding generations, modern-day travellers do not always seem to see money as a way to show-off and don't need to stay at five-star hotels. "A luxury traveller today might arrive by some form of public transportation, wearing a T-shirt, a pair of luxury jeans, ripped converse, a Rolex watch on his/her wrist and later drink champagne at the bar," says CEO of CitizenM, Michael Levie. They take their fashion cues from Sir Richard Branson, Mark Zuckerberg and Steve Jobs, showing that suits are no longer necessarily a part of the everyday business environment.

DINING EXPERIENCE AT 25HOURS HOTEL HAFENCITY



"Modern-day travellers are not looking for 'rich' luxury as such," states Christoph Hoffmann, Founder and CEO of 25hours. This means that they are not looking for a room filled with status symbols – do they really want a Nespresso machine in their room (the proud new addition to most hotel rooms) or wouldn't a guest be much more likely to relax in a bar in the hotel's lobby lounge and drink a coffee surrounded by other people?

Modern-day travellers see luxury more and more in the storytelling of having an experience rather than in luxury items. You can buy status symbols. However, buying an experience is much harder. Guests would much rather "participate than flaunt," says Michael Tiedy, Senior Vice President Brand Design & Innovation at Starwood Hotels and Resorts. He adds that the modern-day traveller tends to prioritise taking the "amazing self photo" that can be posted to Facebook or "checking into" a trendy, local bar with friends. Travellers today don't want to feel like they are in a corporate setting, but thrive in environments where they can interact with people, be it face-to-face or virtual. They want everyone to participate and don't mind interacting with new people. "They are ready to explore and crave a sense of community and also yearn for real social interaction," says Sara Kearney, Senior Vice President of Brands at Hyatt Hotels and Resorts.

'Modern-day travellers are not looking for rich luxury' – Christoph Hoffmann, Founder and CEO of 25hours

The Underlying Dynamics Fostering Change

So what are the underlying dynamics that are fostering this development?

1. Rising Affluence:

- The rich are getting richer;
- People want products through distinction;
- Good design is accessible and consumers appreciate it and want it;
- People crave experience over status symbols.

2. Globalisation:

- There are more like-minded people who think in similar ways;
- Brands are everywhere and you don't have to go far to find them;
- Cultural variety is diminishing;
- Solutions are becoming more universal.

3. Technology:

- Millennials have at least two devices in their pockets that are connected to the web at any time;
- The cost of communication is decreasing;
- Technology makes things easier and has led to an explosion of information;
- Social media is used daily;
- User-recommended feedback is becoming increasingly important and Internet forums are providing increased transparency.

Are Hotels Adapting?

Ultimately, yes. However, it seems that many hotels have barely changed over the last decades still consisting of the same in-room amenities, the same heavy curtains, the same check-in process, the same small desk, and so forth. This is no longer a place where the modern-day traveller feels at home.

'A lobby should be made of meetings, freedom, fizz, interactions and emotions' – Jeremie Trigano, Founder and CEO of Mama Shelter

Michael Levie, from CitizenM says, "We have messed up on every front – the hotel industry is clinical and we have lost

every essence of what the modern-day traveller needs. The hotel industry has used a horrible cliché to call itself 'a home away from home,' when in essence, it has nothing to do with a 'home'." Individuals are no longer impressed by a receptionist asking 'How was your trip?' or by other scripted processes. This new breed of traveller needs a new kind of hotel, where they can seek experiences.

'Millennials like to be alone, together' – Michael Tiedy, Senior Vice President Brand Design & Innovation at Starwood Hotels and Resorts

Fashion labels and entrepreneurs are steadily recognising that a change in the hotel industry is desperately needed and early movers have started to adapt. People are seeking unique experiences. They are seeking hotels that are distinctive from others in style, design and service. This has resulted in the proliferation of lifestyle hotels. They offer a new kind of product and service whilst travelling; one that is comfortable and simple, a place where guests can seamlessly connect, a setting where guests can become part of an experience by interacting with the people that live there as well as staff and a place where design adds to the uniqueness of the adventure. "They are pursuing something hip, something individual and something creative and perhaps even something with historical or cultural significance," says CEO of Yoo, Marco Nijhof.

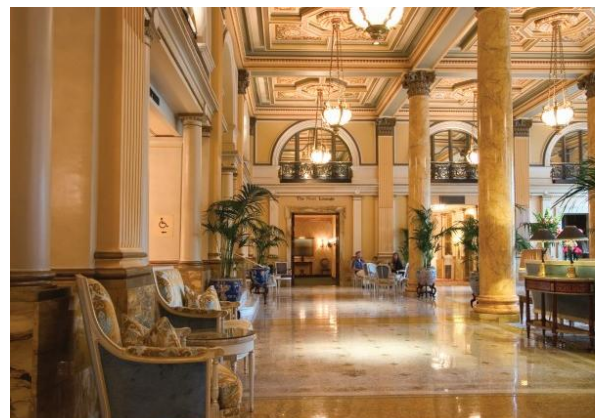
'It's about place-making and design plays an integral part' – Marco Nijhof, CEO at Yoo Hotels

From Changing Hardware...

The Lobby

Millennials like to be "alone, together!" says Michael Tiedy from Starwood Hotels & Resorts. This means that they want to be in a public place with a coffee and their tablet, but don't mind sitting alone. This has driven a significant change in the layout of hotels. Lobbies are becoming social hubs and gathering spaces, with a mix of comfortable couches, communal work-stations and even some open areas that

LOBBY/LOUNGE – CITIZEN M LONDON VERSUS A TRADITIONAL HOTEL LOBBY



could function as meeting space. Founder and CEO of Mama Shelter, Jeremie Trigano, highlights that a lobby should be, “made of meetings, freedom, fizz, interactions and emotions.”

“People are mixing work and play in this social setting and want to feel immersed in the city life that surrounds them,” says Tim Walton, Vice President of International Development at Marriott Hotels International.

Formal divisions that once separated the lobby, restaurants and bars are also disappearing. Large open spaces with different areas within the space are becoming popular. At some hotels, guests can help themselves, like at home, and eat on the couch in the lobby or ‘living room’ if they choose. This merger of space is also beneficial for hotels as they are able to generate more revenue per square metre while simultaneously reducing the cost of their staff.

The times of the ‘boring, cookie-cutter lobby’ are over. People are craving something unique. Millennials are less brand-loyal than previous generations; they are not looking for the same

‘Phenomenal service should be thoughtful and respond intuitively to what customers want’ – Sara Kearney, Senior Vice President of Brands at Hyatt Hotels and Resorts

room and social areas at every hotel they visit. They want to actually feel that they are in a unique city and experience the local culture, which begins in the hotel.

The Rooms

Given that guests now spend more time in social places, rooms are also changing. “Many larger brands are removing ‘the desk’ as most people tend to sit on a comfortable couch or work from the bed when using a tablet computer,” adds Marco Nijhof from Yoo.

Some companies are also seeing room size decrease. The new generation of travellers spend intelligently. They would much rather pay less for their room and spend more on a dinner with friends or entertainment.

The Meeting Rooms

Meetings are becoming more informal and guests do not want to be holed up in a windowless, boardroom-style meeting room. Like the other public areas in hotels, meeting rooms are becoming more ‘homely’. “Residential colour schemes are used with shards of bright colours and comfortable chairs,” says Tim Walton from Marriott International. At Hyatt, breakout space may even include an open, communal kitchen where people can prepare light snacks at their leisure, explains Sara Kearney, Senior Vice President of Brands at Hyatt.

...To Intuitive Software

As previously mentioned, luxury to the modern-day traveller no longer necessarily entails white-glove service or an

ANDAZ 5TH AVENUE (NYC) HAS MEETING AND EVENT SPACE WITH AN OPEN, COMMUNAL KITCHEN AS THE CENTRAL GATHERING POINT



Armani suit. “Service today is more a way of communicating at the same level, but with more respect,” says Christoph Hoffmann from 25hours. Employees are now allowed to have their own personality, and in some hotels no longer have to wear a uniform. The days of scripting every word that comes out of an employee’s mouth are over. This, however, does come with certain challenges as staff must be trained on how to combine both casual behaviour and professionalism. Sara Kearney from Hyatt mentions that, “phenomenal service should be thoughtful and respond intuitively to what customers want.”

The Big Picture

Globalisation, economic growth and affluence, as well as a younger generation of travellers are shaking up the hotel scene. Whereas it is difficult to generalise any characteristics of the future generation of travellers, some trends are clearly emerging. Foremost, the shift from money to time experiences is shaking up the future of hotels’ hardware and software. Public spaces are changing, particularly hotel lobbies, to become more comfortable, community-like and ‘homely’. Service is shifting to become more informal, respectful and natural, which is hard to train but leaves a lasting impression. Our interviewees have shown that hotels are indeed bracing themselves for a new breed of customer. Whether it is the independent boutique hotels or large, international hotel brands, we feel the foundations are being laid in order for hotels to become a home away from home again. As experience tells us, it will take some time to filter through the industry but at the moment early movers are creating a competitive advantage to capture this new breed of traveller.

A FINAL COMPARISON

| Previous Travellers | New Breed of Traveller |
|---------------------|------------------------|
| Disconnected | Connected |
| Privacy | Community |
| Money | Experience |
| Personal space | Being alone together |
| Status | Relationships |
| Separated outlets | Shared open-spaces |
| Desk | Couch |



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About the Authors



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