

HOTELS

STEERING A ROUTE TO A
RESILIENT RECOVERY



**Part Two: Collaboration,
Connectivity & Community**





Image: citizenM London Shoreditch Hotel

Navigating the seven 'C's – The Post Pandemic Era



CULTURE

Etched forever in our history will be “The Post Pandemic Era”. How will the UK hotel sector respond during the early stages of recovery? And how will it steer a path from out of the bottom of this economic cycle? The response will shape the sector’s legacy.



CREDIBILITY

As the pandemic recedes and hotels and the wider hospitality industry reopen their doors to all guests, a new strategic vision is required to embrace the ever-evolving operating environment. The pandemic has caused societal and economic disruption on a global scale and brought the international travel, tourism, airline and hotel sectors to a virtual standstill. Ongoing uncertainty around new variants, linked to the success of global inoculations have the potential to continue to cause havoc on the sector.



COLLABORATION

The goodwill crafted from the sector’s staff, communities and stakeholders during the height of the pandemic, could soon evaporate if the ability to adapt, engage, communicate, direct and innovate is not actively seized upon during the recovery phase. How businesses respond in this next phase will ultimately determine their long-term existence.



CONNECTIVITY

Looking ahead with optimism, the recovery and transformation will be guided by a path initially paved by trends which emerged pre-pandemic, then shaped at pace during the crisis, with the transition continuing to accelerate and exploit new, far-reaching opportunities. What is certain, however, is that with so many changed variables, the marketplace is very different to pre-pandemic.



COMMUNITY



CREATIVITY

As we emerge from the pandemic, new strategies will have seven C's at the heart of the great reset, from which to build back stronger.



CHANGE



COLLABORATION

Hotels are highly skilled at collaboration – bringing together people from different cultures, with varying languages and experiences is what they excel at. Adapting in order to survive has seen collaboration of a different scale. The responsiveness and flexibility that a hotel owner or operator has shown, can largely be attributed to the inclusive and valued partnerships it holds.



AS THE SECTOR BUILDS BACK, HOW IMPORTANT IS IT TO BE FLEXIBLE AND ACCEPTING OF CHANGE?

Change is inexorable and we embrace it unequivocally. We are laser focused on our relationships with all key stakeholders, especially our valued owner community. Confidence is key and throughout the pandemic, we have worked together to support the commercial recovery. We are now seeing positive signs of a meaningful return in travel, helped by the reassurance of programmes like Hilton CleanStay.

GRAHAM DODD, MANAGING DIRECTOR, DEVELOPMENT – UK & IRELAND AT HILTON



HOW ARE YOU COLLABORATING DIFFERENTLY WITH VARIOUS STAKEHOLDERS?

During this period of distress, dislocation and massive uncertainty we have focussed on communication, communication and more communication. We have communicated to our guests what we are doing to keep them safe and have adopted the same philosophy with our team members. We have worked hand-in-hand with our supply chain partners, to support both theirs and our own businesses. At a corporate level, during this period we report weekly on cashflow to our clients and their lenders, which has been well received and assisted greatly in re-financing discussions.

JIM GORDON, MANAGING DIRECTOR, LEGACY HOTELS



Ongoing frictionless relationships – Is this achievable?

During the early stages of recovery, with government support tapering off and liabilities becoming due, available cash flow and working capital will be critical. Continuing to manage a frictionless relationship between the various stakeholders will be vital to ensure the ongoing sustainability of the business.

- How much goodwill do lenders have before a tide of consensual or forced sales take place?
- How will the relationship between the landlord and tenant change with the mounting issue of rent repayments?
- How long does an owner remain supportive to a third-party operator if a hotel's GOPPAR indexation falls below market average?
- How does a hotel owner with little scale challenge the franchisor about the performance of their

distribution systems or the return of costly brand standards?

- How can an operator liaise with suppliers to maximise best price purchasing, manage ordering and deliveries?

Whilst conversations are not always easy and require diplomacy, negotiation and professionalism, having open and productive dialogues, promotes a culture of greater collaboration and an openness to shape, rebuild and compete in an increasingly changing and challenging market.

But, it's not a level playing field and the plethora of small sized businesses, which is a characteristic of the sector, are often at a disadvantage in terms of negotiation, compared to the weight of more sizeable entities.

“In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most effectively have prevailed”

Charles Darwin

Image: Hampton by Hilton High Wycombe. Opened June 2021 - the UK's first fully branded compliant prototype, owned and operated by Legacy Hotels, under franchise with Hilton Worldwide



Internal collaboration – driving profit to the bottom line

Unable to rely on historical trends and former revenue sources, opportunity exists for much closer internal collaboration to drive new revenue streams and control costs. Having the systems and processes in place to report daily and weekly figures, will allow improved control of staffing and operating costs. Hotels no longer set to be staffed to former levels, achieved partly through tech-enabled efficiencies, will pave the way for enhanced multi-disciplined teams and collaborative working. This will further support empathy, respect and understanding between the departments, whilst encourage greater engagement and teamwork.

Converging and aligning the interests of the revenue, sales and marketing teams is one such example and makes strategic sense, particularly given the focus on targeting leisure business and hybrid meetings. Whilst online travel agents will always likely be part of a hotel's distribution strategy, the pandemic has caused a seismic shift to focus resources on direct booking channels, aided by the advancement in technology.

New relationships

Collaboration has shown to help make creative ideas a reality and to deliver on time. Luxury Family Hotels creation of a new luxury glamping concept in collaboration with Pop Up Hotels, is a fine example of a hotel company utilising its spacious and rural setting to capture greater staycation demand and with it the opportunity to generate new revenue streams and increase footfalls to its existing service lines.

Aligning the commercial activity with the strategic objectives and vision across the entire business, will ensure that hard earned revenues are not diluted, but instead drive profit direct to the bottom line.



What does connectivity really mean? Does connectivity mean the same thing to everyone? What impact is connectivity having on the hotel sector? Do all guests want or need the same level of connectivity? And is there a disconnect between digital transformation and traditional, face-to-face interaction with people?

CONNECTIVITY



WHAT ROLE DOES TECHNOLOGY PLAY AS THE SECTOR LOOKS BEYOND THE PANDEMIC?

Our technological transformation started five years ago with the creation of Accor's proprietary mobile technology, FOLS mobile. Whilst some businesses might have paused these innovations, we prioritised them, it was an important strategy prior to Covid-19, but it is a vital one now. In a world which is increasingly augmented by technology, we know that guests increasingly seek contact-light travel and a hotel experience that is easy to use. A priority for us is technology with heart. At Accor we are using our best asset, our people, to reinvent how we approach customer service and we're using the latest technology to enable this.

AIDEN MCAULEY, SVP OPERATIONS, ACCOR NORTHERN EUROPE



Keeping pace with technology

In a world of digital transformation, where traditional corporate companies are fast learning to become digital businesses, the pandemic was the accelerant that much of the hotel sector needed. Despite global hotel brands driving investment in recent years, the crisis has been the catalyst to the rapid and widescale adoption of digital technology within the sector.

Embracing and adopting the right technology will enable organisations to operate a leaner, more streamlined and unified view of business performance. This will be achieved by improving productivity, whilst seeking to drive customer loyalty through enriching the guest experience. Next wave technologies are constantly emerging, extending the operational capabilities, as well as increasing the reliability and scale-ability of the systems, thereby altering how we interact, travel and do business.

Innovate and disrupt successfully

Enhanced digital services available from the in-room TV, helps to create a seamless, personalised, comfortable and safe guest experience through just the touch of their own personal device. Meanwhile, integrated systems are able to collect and share valuable guest data, leading to more robust guest

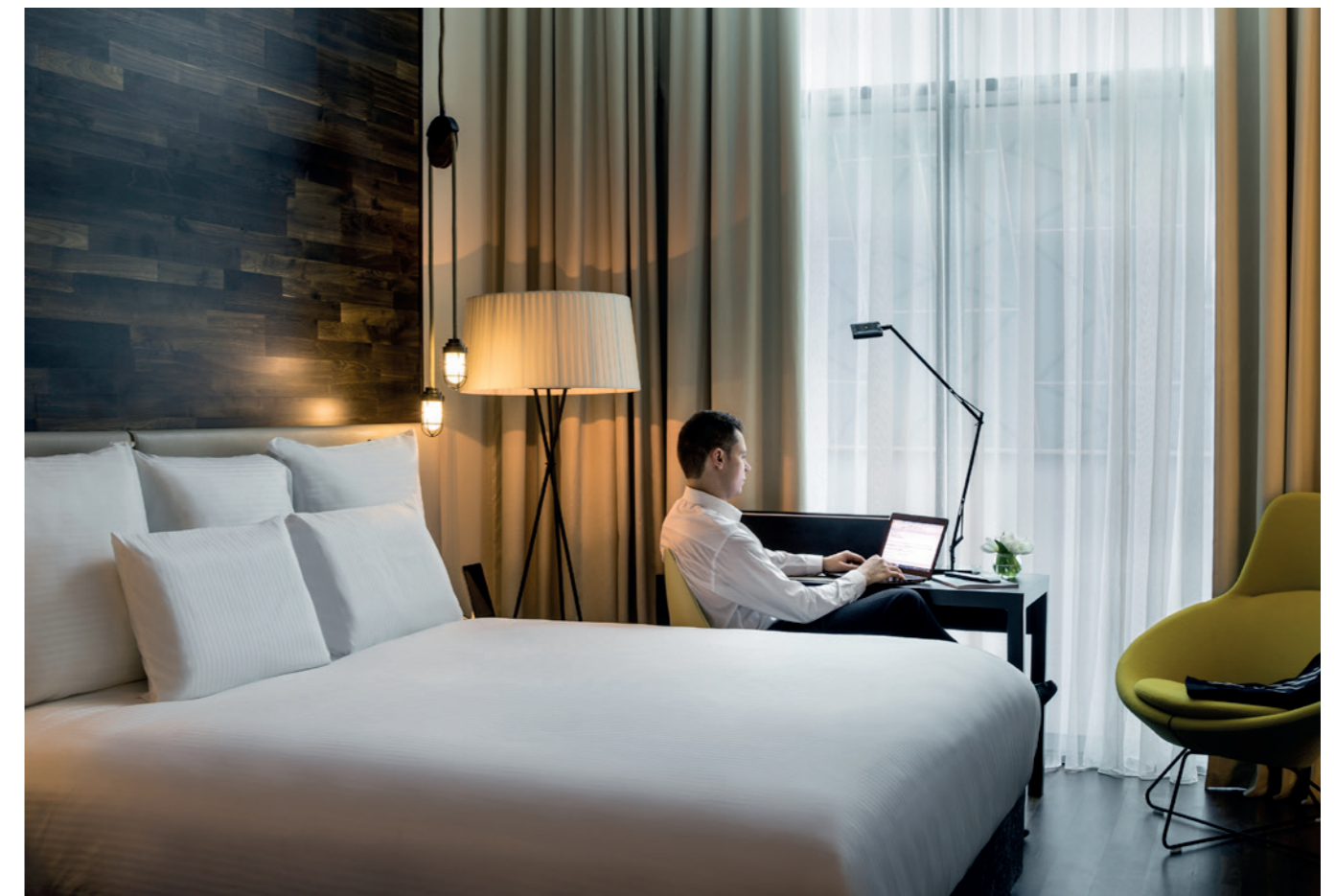
profiles, targeted guest messaging, and ultimately a more informed and personalized guest journey.

Yet whilst the global hotel brands have their own branded contactless apps, being used to reimagine all aspects and stages of the customer journey and which have the power to effortlessly connect the whole customer experience, how are independently owned and operated hotels competing at a time of ongoing digital disruption?

Moreover, at a time where hotels have suffered unprecedented hardship and continue to operate at severely reduced levels, the ability to retrofit new technology into an old hotel, is not always regarded as economical or operable with the myriad of other technological systems already in place.

Since the start of the pandemic operators have embraced the need to deliver contactless or contact-lite experiences. Consumers now expect the technology they use in their everyday lives to be readily available and accessible during their hotel stay. But does the mobile technology installed enhance or frustrate a customer's digital offering? Does it facilitate cost savings through lower staffing levels? And does it help grow revenues and facilitate management control, if the supporting infrastructure is archaic or not in situ?

Image courtesy of Accor - Accor Hotel Office





WHAT INVESTMENTS HAVE YOU MADE TO DELIVER A POSITIVE CUSTOMER EXPERIENCE?

A lot depends on the hotel's infrastructure. At our Hampton by Hilton hotel, we provide a fully digital experience - the guest can choose their own room, check-in on-line, use their mobile device to open their room and use our new F&B ordering app. We would like to implement these technologies in all of our hotels, but they require expensive infrastructural changes, but in time we are sure this will come.

PAUL CALLINGHAM, CHAIRMAN, STARBOARD HOTELS



How connected is connected?

Rapid technological advancement in recent years has changed consumer purchasing behaviour and booking lead times. The pandemic has incited further change, with an even greater number of bookings made online and direct online booking channels becoming an increasingly important part of the distribution mix. Yet, with large volumes of hotel inventory not synchronised, both in terms of rates and availability across the various distribution channels, how connected is connected?

What is certain, is that a hotelier cannot operate as a silo, but collaboration at every level is essential, in particular with its IT and network providers. With ongoing research & development continuing to challenge and improve the customer end-to-end journey, the outsourcing of specialist technical functions to trusted partners is critical. It is on this basis,

combined with the leasing of hardware and subscription services that the independent hotelier and smaller industry players can compete.

Targeted connectivity

Society is now more open and connected than ever before, with people learning through collaboration and sharing knowledge online. Pressure to embrace a digital culture will only increase, with the "Centennial" generation, both guests and the workforce having a much greater awareness of technology and its capability. Yet connectivity needs to be targeted and relevant, with digital connectivity not everyone's preferred choice of contact. Whilst the budget hotel sector may well thrive in a contactless era, full service and especially luxury hotels, differentiate themselves on service levels, meaning people not apps will remain a large part of a hotel's unique culture and service offering.

Image courtesy of Accor - Technology In Hotels



Image: Turing Locke, Eddington, Cambridge, edyn - Opening September 2021



- If the necessary tools are in place to attract and retain the right calibre of staff?
- How far to push the technology - before the returns become minimal or offer no return at all.
- How are we best using technology to support the challenges facing the sector, such as staff satisfaction, sustainability and building efficacy.

We have all come a long way with our IT skills during the pandemic, but most people are now craving social, face-to-face interaction. Great hospitality always means great service, but this should be driven first and foremost by people - apps and technology can support and enhance this - but the successful hotelier will be the one that differentiates themselves, whilst finding the right balance in a world that is now dominated by technology.

Considerations for a hotelier

In an increasingly connected world, leveraging the use of technology is critical in order to survive and grow. Whilst many operators are already data driven, all hoteliers need to consider:

- Investing in a channel manager to provide real time connectivity (both rates and availability) across all the distribution channels.
- The upgrade and streamlining of multiple non-compatible systems to improve standard configuration, functionality, speed of consolidating group-wide data and enhanced reporting and analytics.
- Identifying the trends in online booking via the different booking sources, including direct bookings.
- The importance of real time data to ensure accurate and considered decision making.
- How technology will facilitate the centralising of administrative tasks, enabling hotels to focus on providing great customer experiences.
- How technology can be used to enhance guest communication, through every stage of the customer journey.
- How will the guest's connected experience vary from one hotel to another within the portfolio?
- How does technology enrich the guest experience and help drive customer loyalty?
- Their guests' preferences - does an absence of human interaction exclude people who are yet to come to grips with a tech-advanced world?
- How to provide personalised experiences - the small touches which add value and improve loyalty.
- Hybrid meetings - what investments need to be made for hotels to remain competitive?



WHAT ROLE DOES TECHNOLOGY PLAY IN PROVIDING SOULFUL HOSPITALITY?

We use technology to enhance our guest experience as opposed to shaping it, however throughout the edyn family of brands we use it to varying extents. At Locke, human interaction between guests and our House Hosts remain a hallmark of the brand, but we're able to give guests the digital contactless option if they prefer. Meanwhile our next generation serviced apartment, Cove is more tech-forward, combining design with seamless technology, making our apartments flexible, adaptable and personal.

STEPHEN MCCALL, CEO, edyn





With the loss of traditional market segments and with no guarantee as to the timeframe of their return, the crisis has reinforced the importance of the local community. How do hotels build a positive image and a strong reputation within their local community?



HOW IMPORTANT IS THE LOCAL COMMUNITY TO YOUR HOTEL'S CULTURE AND STRATEGIC PLAN?

Hyatt Place London City East is truly located where the city meets the east. Capturing the vibrancy of our location and our community is key to bringing vitality and a true sense of place for our guests. We commissioned a series of London-based street artists to deliver locally inspired one-off art pieces and we work hard to support and promote our local food & beverage producers, bringing authenticity inspired by our community and location.

Our community is nothing without people. Creating an authentic travel experience for our guests begins foremost with local employment, and I am proud that over 35% of our workforce are from local east London boroughs, building a lasting legacy of employment and apprenticeship opportunity.

MICHAEL MASON-SHAW, GENERAL MANAGER - HYATT PLACE LONDON CITY EAST, CYCAS HOSPITALITY.



HOW DOES THE LOCAL COMMUNITY INFLUENCE THE DESIGN AND CULTURE OF YOUR APARTHOTELS?

We go to painstaking lengths to ensure that each Locke is deeply embedded in the social fabric of the neighbourhood in which it inhabits. When we acquire a new site, we spend a significant amount of time walking around each neighbourhood, meeting people, researching and really getting under the skin of the locale – then crystallising it into a document which forms the ‘muse’ for each property.

The muse then underpins all we do: the design, experience, art we curate, music we play and brand partners we collaborate with. By taking this approach, it means that if you're a visitor to the area you embark on a journey of discovery that makes you feel a true connection to the area; and as a local, you feel welcomed and familiar with the spaces we create.

ERIC JAFARI, CHIEF DEVELOPMENT OFFICER, edyn



COMMUNITY

Image: Kingsland Locke, Dalston, London, Opened May 2021 – edyn



What are the benefits of engaging with the local community?

- Raising a hotel's profile – involvement in activities at the heart of a community will not go unnoticed.
- The more informed and involved the local community is, the more they will engage.
- A decentralised operating model – enables quick local decision making, encourages engagement in local communities and builds strong relationships.
- Knowledgeable staff - improves the local experience for guests.
- Helps shape the hotel's character and identity, as well as differentiate itself from its competitors.
- Provides an important and reliable pool of flexible labour of all ages.

Hotels – the central hub of community living

Communities can mean different things to different people. Hotels can become known as a central hub of activity and atmosphere, and through local partnerships hotels can extend their services, bringing culture, education, wellness and health, local gastronomy and offer promotions which are meaningful and valued. Supporting local business owners, helps to create employment and serves to strengthen the local economy.

As the recovery phase begins, pent-up demand to visit friends and family may result in an increased number of room nights which are sourced directly from the local community. And with local companies downsizing office space in need of

more flexible solutions, combined with the growth in demand for hybrid working places, greater emphasis will be placed on the need for modern, flexible, spacious, sophisticated community-focused venues. Offering a welcoming, attractive and connected venue from which to meet, dine, host events and socialise, hotels are ideally positioned and located to generate a reliable base of revenue from other income streams.

Building brand awareness

Going forward, harnessing word-of-mouth marketing, as well as leveraging social media platforms such as local Facebook pages, Instagram and Twitter to promote services and offer special promotions, helps build brand awareness and importantly provides insight into what makes a hotel unique and the exact reasons why guests choose to return.

Engaging with the local community, well beyond the summer months of 2021, will be critical to building a resilient recovery, we expect to see external partnerships significantly ramped up, as hotel operators and brands seek to offer new services and packages tailored specifically to the leisure guest and the new era of hybrid working.

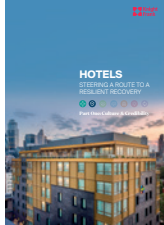
Looking ahead, all hotel businesses will have to adopt a much sharper focus on both the E and the S in ESG, becoming an employer of choice and taking responsibility for how they serve the community, with a purpose beyond financial gain and profits.

Image: Hyatt Place London City East, Opened June 2021, Operated by Cycas Hospitality

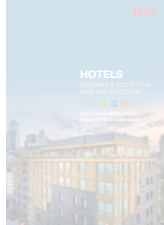


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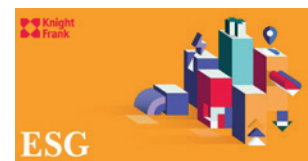
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Contacts

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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Front cover image: Hyatt Place London City East – The project, conceived by Berkeley Capital Group (BCG) in partnership with Resolution Property, achieved a BREEAM rating of Excellent at both the design and procurement stage, utilising wherever possible materials with a low environmental impact.



The project is exemplary for its adaptive reuse of the existing structure, carrying a strong sustainable message, as well as creating a smart and practical Hyatt hotel within the old shell. Close collaboration and strong working relationships were key to achieving a successful development.

PAUL WELLS, PARTNER, DEXTER MOREN ASSOCIATES

