

ON JULY 8-9 THIS YEAR, the great and good of the serviced apartment industry will descend on the five-star Montcalm London Marble Arch for the second annual Serviced Apartment Summit – media partner, a certain market-leading publication known as *Buying Business Travel*.

If early 2014 trends continue, it should be a joyous occasion, and not just because of this magazine's support. Talk to almost anyone in the apartments sector, and the optimism is almost overwhelming.

Go Native founder Guy Nixon is a case in point. "The market is really strong at the moment," he says. "This year has kicked off with a lot more gusto than at the same time last year. Most of our clients are growing, they are recruiting, they are training, they are travelling – and when all these things start to happen, you see a growing demand for serviced apartments."

He's not alone. SACO sales director Ben Harper thinks that "the state of the market is great", while Silverdoor's commercial director Chris Gee says business is up "in the region of 25 per cent" and "things are generally looking rosier". Jo Layton, now managing director of group commercial sales with The Apartment

Service (TAS), admits to feeling "pretty good", while Oakwood Worldwide sales director Claire Barrie says demand for apartments is "currently really strong".

And so it goes on. James Foice, managing director of the Association of Serviced Apartment Providers (ASAP), says his organisation's 70-plus member companies "are very optimistic that 2014 should be an excellent year".

STRONG POSITION

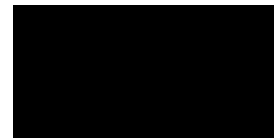
So far, so good. But a hapless hack desperate to cobble together 3,000-odd hopefully interesting words on serviced apartments needs muck to stir – all this consensual glee is deeply irritating. Go Native's Guy Nixon is scant help. His biggest headache is securing sufficient space to accommodate the punters hammering at his corporate door. "On the supply side, we still have issues – supply simply isn't keeping up with demand. Part of the problem in our industry has been the lack of large buildings, so you have a lack of ability to build the brand. As we now move into larger blocks, licensed for short stays, where we can control the look and feel and design of the building, we are beginning to be in a much stronger position."

Go Native's latest project, in the City of London, opens for business in April. Another 135 apartments, this time in east London, come onstream later this year, and a third project, next to the Tate Modern on the capital's South Bank, will welcome its first guests in 2015. "We have got around 250 serviced apartments opening in the next 18 months, but I would like it to be double that," says Nixon. "Trying to secure new business opportunities where we can influence the design and feel is the most exciting part of what we do, but for me it's also the most nail-biting part."

So where are all these customers coming from? Sabrina Carparelli, head of EMEA sales at Skyline Worldwide, is in no doubt that the economic recovery has a lot to do with it. "London is a particularly interesting market at the moment – there is currently so much relocation because this is where all the major companies are based," she says.

"Clients are still looking for value for money, and they want a quick response so that they can get on with their jobs. Having pursued the





relocation sector very proactively over the last few years, we are doing very good business.

"We don't really go after the transient market, although we don't enforce a minimum stay requirement – if a client is really stuck [for short-stay accommodation], of course we will help them out if it's at all possible – but from a technology perspective, the transient business is still very much behind the times."

TRANSIENT MARKET

The accepted wisdom is that travel management companies (TMCs) fight shy of serviced apartment companies because relatively few of them have a presence on global distribution systems (GDSs). For the long-stay relocation business, that's not an issue, but in the transient market, with far greater transaction volumes, speed and ease of booking are important.

The yet-to-be-accepted wisdom, at least according to the Ascott Limited sales director Joanna Fisher, is that the GDSs are no longer as important as they might have you believe. "With the rise of the online travel agencies and e-commerce, and with new distribution capabilities, the GDSs are only one of many channels. They're hanging on, and they still have a role to play, but perhaps a smaller one than in the past," she says. "People want the freedom to book through whichever channel they want, and for smaller companies, a GDS presence is really about visibility in the market."

Some TMCs are going with the flow, and making greater use of serviced apartments, whether they are on the GDSs or not. "There are some that have responded much better than others, and they see this as the next big thing," says Fisher. "All TMCs have to find new ways to make money, and they are looking for new solutions to offer to their customers. Some of them are said to be taking business from the relocation companies, in much the same way as they have moved into the MICE [meetings, incentives, conferences and exhibitions] market. From a total account management point of view, they can see opportunity – and money – being left on the table."

BOOKING ISSUES

At TAS, Jo Layton says corporates have in some cases forced the TMCs' hand. "Ten years or so ago, that might have been an issue," she says, "but buyers have become much more willing to include serviced apartments in their travel programmes and are asking their TMCs to find a way to book."

Layton's new role at TAS puts her in charge of the new TAS Alliance – launched at the Business Travel Show in February – which she believes will help booking issues even more. "What the serviced apartment community has to do is to redefine itself, moving from being seen as lots of small independent companies to a situation where they retain their independence but come under one umbrella organisation. There was a clear need to build alliances, and that is just what we have done."

Oakwood's Claire Barrie hints at another development which may accelerate the development of alliances. "The market has changed significantly over the past couple of years," she says. "Corporates are now looking at global programmes rather than region-by-region deals."

Guy Nixon, a GDS convert since Go Native's "hugely successful" decision to go live last year, has yet to be convinced. "One of the challenges for corporates is ease of booking and, historically, serviced apartments have taken a lot longer to book. Now that we are moving into much larger buildings that are licensed for short stays, we are able to put these on the GDSs and make the booking process far simpler."

And he concedes that while extended-stay clients remain the backbone of the business, transient traffic is increasingly important. "Most corporates will start mandating serviced apartment use around the three- or four-night mark, but the demand for one- and two-night stays is growing," he says.

SACO's Ben Harper agrees that bigger buildings make a stronger case for a GDS presence – SACO now has six big apart-hotels on its books, in Bath, Birmingham, Bristol and Manchester, with two in London, but has words

of warning for those contemplating moving on to the systems. "You have to invest in it," he says. "If you are going to do it, do it properly – just launching it isn't good enough. And from the serviced apartment point of view you have to be aware that it will drive transient business."

Silverdoor's Chris Gee is unmoved. "We don't really touch the transient market – we have always had a different dynamic. We have a 34-night average stay, some of which is five-night stays, but then some guests are staying for three months and more, and 95 per cent of our business comes from the corporates themselves.

"The sort of guests we are getting are project workers: IT consultants, auditors, film crews – oil and gas is a big one these days – and these people need to stay a lot longer."

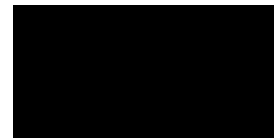
SYSTEM OF ACCREDITATION

Corporate buyers and travellers alike also need to be assured of the quality of their home-from-home, which raises the question of some form of accreditation system.

However, the sector is far from agreeing on the whys and wherefores of a universal accreditation system similar to hotel star-rating. Joanna Fisher at the Ascott Limited says: "Frankly, I don't see that we need an accreditation system, and I'm not convinced that any such scheme would work. The world is a much smaller place these days, people are travelling much more, and business and leisure travellers' requirements are so much more diverse now – a rating system isn't really in line with today's needs.

She adds: "When you look at the big companies, they are building brands rather than seeking global accreditations – brand development is the way to go."

It seems this is exactly what operator Bridgestreet is doing. This year its "refreshed brand concept", re-named Bridgestreet Global Hospitality, has launched six distinct "serviced apartment experiences", ranging from the two-star Stüdyo through to the six-star Exclusive brand. Chief executive Sean Worker said of the launch: "Bridgestreet



Global Hospitality conforms to consumer aspirations and expectations of how a brand should communicate and interface with them. With our goal to provide inspiration to evolve the serviced apartment sector, Bridgestreet is conforming to the travel language our consumers, employees and supply chain can easily understand, along with a degree of sophistication.”

For its Exclusive category, Bridgestreet is aiming for the sort of headline-grabbing, high-profile properties usually associated with luxury hotel brands. Planned Exclusive-branded properties include the Michael Schumacher World Tower in the Gurgaon district of New Delhi, featuring sky gardens, home automation systems, terraces for entertaining and a cantilevered helicopter pad (see picture, p101). It is set to open in 2015.

For Silverdoor's Gee, his agency has already answered the ratings question with its own quality control programme, Silverdoor Verified. “We can pretty much guarantee that when a corporate puts a customer in an apartment, we have already stayed there and checked it out,” he says. “The whole team is involved, getting out and inspecting properties worldwide and making recommendations where appropriate. And if the property owners respond badly to maintenance issues, for example, they do run the risk of being downgraded.”

For ASAP's James Foice, the challenge is rather greater. Having finally unveiled the organisation's Quality Assurance Programme in December last year – it has been two years in the making – his ambition now is to extend the scheme beyond the UK. Described as “an ongoing mechanism”, the scheme involves an annual check that operators are meeting minimum legal, health and safety and other standards (in which case they are awarded an ASAP quality marque) and the offer of a detailed benchmarking report to show companies if and where improvements are needed. “It's about how the product is communicated to the consumer,

ensuring that the provider is operating legally, and then moving on to the customer experience – the booking process, the arrival process, the physical aspects of the property, the amenities and so on,” says Foice.

Extending the scheme internationally is a tall order. ASAP now has 70-odd member companies, with more than 13,000 units in the UK and Ireland alone. Although only four members had signed up to the scheme by the end of January, Foice is already in talks with ASAP's equivalents in the US, India and the Netherlands.

The trouble is that there are plenty of countries – France and Italy, for example – where there is no equivalent, so selling the concept overseas could take a while. Foice appears undaunted. “My ambition, my hope and my dream would be for this to be adopted internationally,” he says.

There is more than a little scepticism. SACO's Ben Harper says: “The philosophy – creating some sort of consistency for our buyers and our guests – is absolutely right. But how do you compare an operator with three apartments in Milton Keynes with an organisation like SACO? It's extremely difficult.”

Oakwood's Claire Barrie is rather more enthusiastic. “What we are interested in is not some sort of ‘star rating’ system, but learning how we can raise our game. We are very interested in a neutral party coming to us and saying: ‘This is what you are like, this is what you could do better.’ That would be very useful to us. Of course we can give our own spin on it, but it is so subjective.”

So there you have it. Star ratings are the way forward – or not. Accreditation schemes will work – or won't. A greater GDS presence is a must-have – or not. With barely three months to go to July's Serviced Apartment Summit, it seems unlikely that the industry will have reached any kind of consensus.

Except, of course, on the state of the market – which, just in case you hadn't heard, is booming. ■

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BUYER'S VIEW

"We have seen an increase in the use of serviced apartments, but mostly for project-based workers, such as IT teams, rather than for generic transient travel."

"The main reason that transient use is so low is the inability to view rates and book via a GDS/online booking tool. If apartments and rates were displayed with live availability, then I'm 100 per cent sure more people would book them."

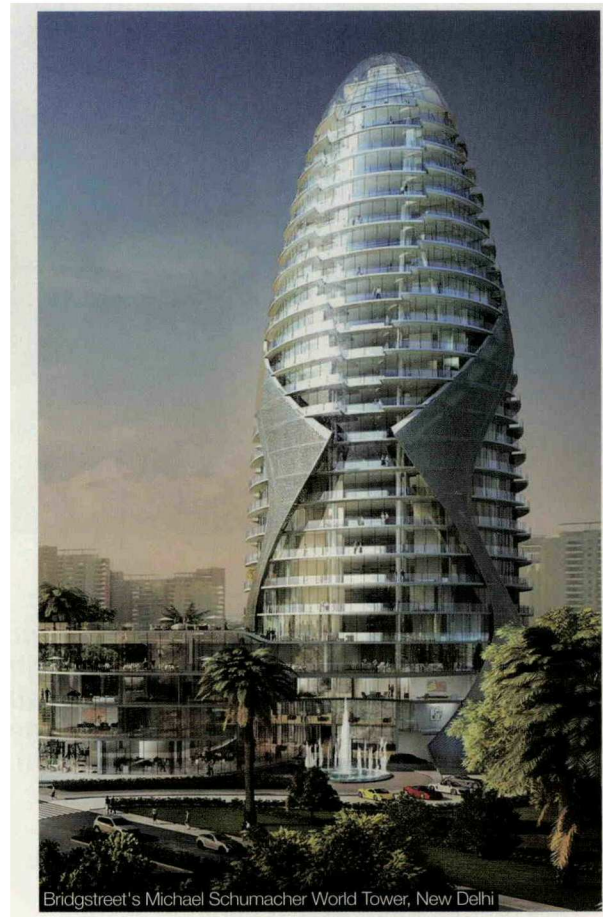
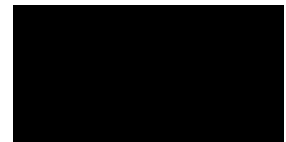
"At present, the travel management company has to check availability and rate before reverting back to the booker - which is too much bother for many."

Head of travel, support services

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