

A wider viewpoint on accommodation

Seeking solutions to increase hotel profitability

Hoteliers are facing rising costs and competition from on-line travel agencies (OTAs) and alternative forms of accommodation. So despite increasing revenues, gross profits have declined across many world markets.



Hotels used to exist in a niche with a combination of Real Estate, ROI and operating business profits. Now with many Public Hotel Groups having asset light policies and with more focus on franchises and management agreement the lines are blurring and a wider angle is needed.

The overlap is occurring on both the supply side with new offers of innovative new life style brands overtaking the traditional Ritz, Four Seasons and Park Hyatt model. Combine that with the over building in NY, London, Dubai etc., and the growth of the sharing economy which encourages guests to consider alternatives to the classic hotel room model such as the daily rental of the **All-Suite or a Airbnb platform**. Thus the new accommodation categories are merging as direct threats to traditional hotels. Other customary separate accommodation classes are student housing, timeshare and the private rental sector who are also entering the short-term leasing space.

True, the new threats are being facilitated by the sharing economy such as Airbnb and house trip and thus enabling these emerging accommodation providers to market more cost effectively to a wider audience of potential guests.

Our perception is that while the new alternatives initially appear to be vastly different, they actually overlap one another and have many factors in common and all actually compete with each other. So within 10 years as with the recent Starwood sale to the Marriott there is a likelihood there will be less hotel groups in the next decade and they will have more brands or guest accommodation options. It is therefore not unlikely that these mega brands would include an Airbnb concepts as Accor is doing now.

PS: The Stock Market value of **Airbnb if reverted cash could purchase any hotel company or in fact many of the largest global hotel companies at once.**