Return of General Cluster

Are hotel behemoths throttling individuality with relentless consolidation and one-size-fits-all formulae? Whatever happened to that old fashioned one-on-one?

By Vijay Verghese

Hotel managers simply don't abuse, holler at, and smack guests anymore - they've disappeared to backroom 'clusters'

WE ALL recall the dapper hotel general manager who shook hands with an endless stream of guests as he welcomed them to his particular piece of paradise. He knew many by name and they in turn warmed to his compliments, promising to return. That was how the hospitality business earned its brand plaudits, through face recognition and esoteric knowledge of a favourite drink or pet peeve acquired over a late night beer.

That cheerful, easy-to-spot, lobby-cruising GM is seemingly dead, interred by the very company that hired him to be its spokesman. And the person who now carries his weighty mantle is as hard to spot as the Phantom of the Opera, and equally disturbed, as he paces and frets in the bowels of some vast building focused not on guests but investors and spreadsheets and cost-cutting.

His brave new world consists not of eager palms and joyous faces but anonymous online trolls out to finesse a deal through blackmail, and professionally irate guests who take their woes online, in verbose celebrity blogs, rather than picking up the phone in the room to ask the hotel to resolve the issue right away. Where's the drama in that, they might ask?

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Hotel general managers today are glued to their computer screens staring at charts and numbers spouting KPIs and ROI and RevPar numbers, and responding to TripAdvisor blather with stock cut-and-paste replies. Some battle in vain against oppressive performance indicators like TripAdvisor ratings, for example, that might affect a salary increment. Few know their guests' names and, while data is voluminously logged into ever bigger and more efficient systems, few will know a guest's favourite drink if the system is down.

Huge hotel combines backed by REITs (real estate investment trusts) and private equity are changing the nature of the mano a mano hospitality game and not all of it is in the travellers' best interest.

Consider the acquisition price of say Marriott's Starwood takeover on 16 November 2016 - US$13.6 billion - and other nibbles amounting to a staggering 29 brands in over 150 countries and you get an idea of the costs involved and the corporate imperative to streamline, consolidate, and build back-end 'clusters' as hotels like to call them. ACCOR the French giant similarly gobbled up Raffles, Swissotel and Fairmont (and others) in friendly fashion to amass a collection of over 4,500 hotels amounting to 650,000 rooms in 100 countries. That's a lot of laundry; and a lot of hands to shake.

With a blizzard of brands to pick from and lines constantly blurring between these, flummoxed travellers have been guaranteed the 'best rates online' and more. Beware the fine print. Much of this is bed only, without breakfast; government service charges and taxes are extra, and there are date change penalties.

Under the unblinking gaze of big data programmes scooping up all room rate combinations and computations, slowly but surely the 'best deals' are being squeezed out. There is a simple reason for this. Deals exist because of a) competition (now dramatically trimmed); and b) volume discounts when a large agent is sitting on a stockpile of rooms (a declining habit as inventory is released and regulated on a daily basis by hotels).

The running feud between hotels and OTAs (online travel agents) as hotels try to eliminate the middlemen is another grating issue. As with any business, the best rates are with the retailers, not with the suppliers. Deals flourish in the shade, in margin negotiations, not in the harsh glare of a revenue pooh-bah's scrutiny.

Yet, in the balance, transparency is a good thing as customers can see exactly what they are getting. And they can shop around. Of course that may be a wearying illusion as they're likely still shopping within the same hotel family.

More worrisome from the guest experience point of view is the disappearance of many hotel general managers from the shop floor as they are too busy generating reports for their owners or have been shanghaied into a cluster role with far too many responsibilities as mega-corporations consolidate their operations. This growing dilution of the engagement between the servers and the served will have great consequences in coming years. Anonymity breeds contempt. It works both ways.

As one hotelier put it in a widely circulated e-mail: "New mega hotel companies continue to disguise their market dominance by creating a myriad of 'soft brands' to give consumers the illusion of choice… With reduced competition, consumers will inevitably see prices rise and service fall over time, but from an industry centric perspective, the impact on employees could be more serious, as the pressure to reduce overheads intensifies."

And his final lament for Asia – "Are we to follow the US standard where you carry your own bags, pick up your ice at the end of the corridor and get fresh bed sheets every three days?" We hope not.