tourism & aviation

Future-proofing the hospitality industry

The arc of history is bending towards megacities, technological disruption and ageing societies for much of Asia, pushing the boundaries of what it means to be in the accommodation business in a rapidly evolving era.

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With the advent of new breeds of travellers, quantum leaps in technology and the emergence of new accommodation habits and tastes, never before has the hospitality industry experienced so much disruption.

Foreign tourists relax at Bang Saen Beach in Chon Buri province. Operators involved in tourism and travel need to understand new trends, including the rise of alternative products, to gain a competitive edge, participants at a business talk organised by Savills Hotel are told.WICHAN CHAROENKIARTPAKUN

Such disruptions require alternative accommodation models for nimble and progressive developers looking to gain a competitive advantage, said London-based Savills Hotels.

Savills recently organised a business talk, "Meet the Experts", in Bangkok, where industry leaders shared their insights into the hottest hospitality trends and discussed the rise of alternative hospitality products. Over 180 people participated in the event.

Rudolf Hever, director of Savills Hotels Asia-Pacific, said operators involved in tourism and travel need to understand new sentiments and the rise of alternative products.

"The sector has been transformed from the hoary to the inventive nous," he said.

Urbanisation recasting hospitality

"Major trends impacting the hotel development industry include the rapid growth of the middle-class, especially in the Asia-Pacific region. This is driving urbanisation and the emergence of megacities. The increase in population density will manifest itself by escalating land prices, creating affordability issues," said Mr Hever.

For hotel rooms, smaller unit sizes have become more common, with greater attention paid to smart design and space utilisation. Hotel developers are placing far more emphasis on smart design and maximising the utility out of every square metre of floor area.

Savills Hotels expects to see rising demand for smart living and developers paying more attention to quality of life issues for consumers.

For the wealthy segment, the ability to "get away" from the city will increasingly be viewed as a desired luxury, prompting the growth of second homes for leisure or living within gated communities. These properties will also have space for working and will still be accessible with good infrastructure links to the megacities.

Many states, particularly in Asia's emerging economies, have been enjoying a golden period of a young people entering the workforce, resulting in large and productive labour markets. But developers need to be aware of the fact that this is a temporary phenomenon that will eventually reverse as the population ages, Mr Hever warned.

Although the median age in Asia is 30, by 2050 that figure will increase to 40. This will be in line with the developing economies in Europe and North America.

"More than 60% of the population in Asia-Pacific will be living in cities in the next decade. Some 80% of the world's population will be in Asia or Africa," said Mr Hever.

He said more and more people will be living in big cities, but people then need alternative tastes when they travel. Hotel operators and developers need to rethink the design of their properties. Operators should also transform hotel lobbies into people hubs, featuring modern facilities that can help connect friends and family with quality communication networks.

Millennials setting new trends

Savills Hotels said millennials -- those born between 1980 and 1999 -- are a very important demographic for hotel and residential real estate due to their combined spending power and spending habits. Millennials are a health and resource-conscious generation. Factors they look for when choosing a hotel or leisure destination are outdoor activities, fitness, healthy food options and an environmentally friendly approach.

To capture the attention of this demographic, developers and hoteliers must provide cutting edge fitness technology, as well as outdoor activities, yoga programmes and healthy food choices. Millennials are not so concerned with a hotel having multiple food and beverage outlets because they are mobile and IT savvy, hence they have no problem with using online food delivery services and taking advantage of the limitless possibilities on offer, said Mr Hever.

Millennials are also environmentally conscious and will increasingly demand green buildings, proper waste treatment, smart consumption technology, good air quality and natural lighting. They care about experience, which must be authentic. For retired people, special communities and senior living will be an increasingly dominant sector of real estate. Residential products are increasingly integrated with retirement products, including extensive medical and health facilities.

Players focus on alternative products

At the same event, Nigel Harris, executive vice-president and chief growth officer at Bangkok based Onyx Hospitality, offered a few insights into serving evolving guest needs.

He cited the hotel's brand Ozo, created years ago to help strengthen Onyx group, as a case in point.

The brand provides new designs for guest rooms, and restaurants with open kitchens, on top of a variety of services.

"Our job is to understand what today's guests want," said Mr Harris.

Kevin J Beauvais, founder and chief executive of InVision Hospitality, said hotel operators should feature at least three elements in every property.

The first element is creative design. Hotel operators must rethink how to benefit from sunrises and sunsets, along with river or mountain views, employing new design concepts that leave a strong impression on guests.

The second quality is unique service. Hotels may create a new bar concept along with fast and efficient services as well as put forward special offers to various demographics, including children.

The last element, he said, is a strong brand image. Hotel operators may consider placing their brand or logo on food and beverage utensils or other amenities, as opposed to the name or emblem being relegated to a big sign out front. That brand can be enhanced through stories about the hotel and other factoids interesting to contemporary consumers.

Robert Collins, chief executive of Savills Thailand, said branded residences emerged in Thailand in 1980. Since then, Thailand has been seen a leader for such residences in Asia, potentially accounting for 15-30% of the overall accommodation business. In Bangkok, noteworthy projects include St Regis, Four Seasons Private Residences, the Sukhothai, The Residences at Mandarin Oriental and MahaNakhon.

Group managing director at AJT Wellity, Anthony Jude Tan, said wellness resorts are another new trend in the world of hospitality. The sector has grown 29% in Asia since 2013.

Many mixed-use projects are getting in on the game, adding wellness complexes to their properties.

"Wellness complex volume remained lower than that for the beauty and nutrition segments. But wellness amenities have became one of the key magnets at hotels," said Mr Tan.

Technological breakthrough

Hotel experts also discussed technology disruption. They expect more wearable technology, biometric recognition, virtual reality and robotics to be used in the industry.

Such technological advances will drive operating efficiencies, making hotels less reliant on staff as more functions will be replaced by automation, biometric identification and driverless transport.

In the future, tourists will demand high-speed trains to cut travel time. In the meantime, people will be seeking good wellness facilities to balance their life in a chaotic world.

By 2030, hospitality will need new services and products. For instance, they may need passenger drones for private travel, not one big aeroplanes carrying hundreds of people.

"The game has changed. Today tourists demand more things than they required in the past. To cope with the changes and keep clients content, operators need to have their own brands and strong reputations," said Mr Hever.