

hospitality
INSIDE

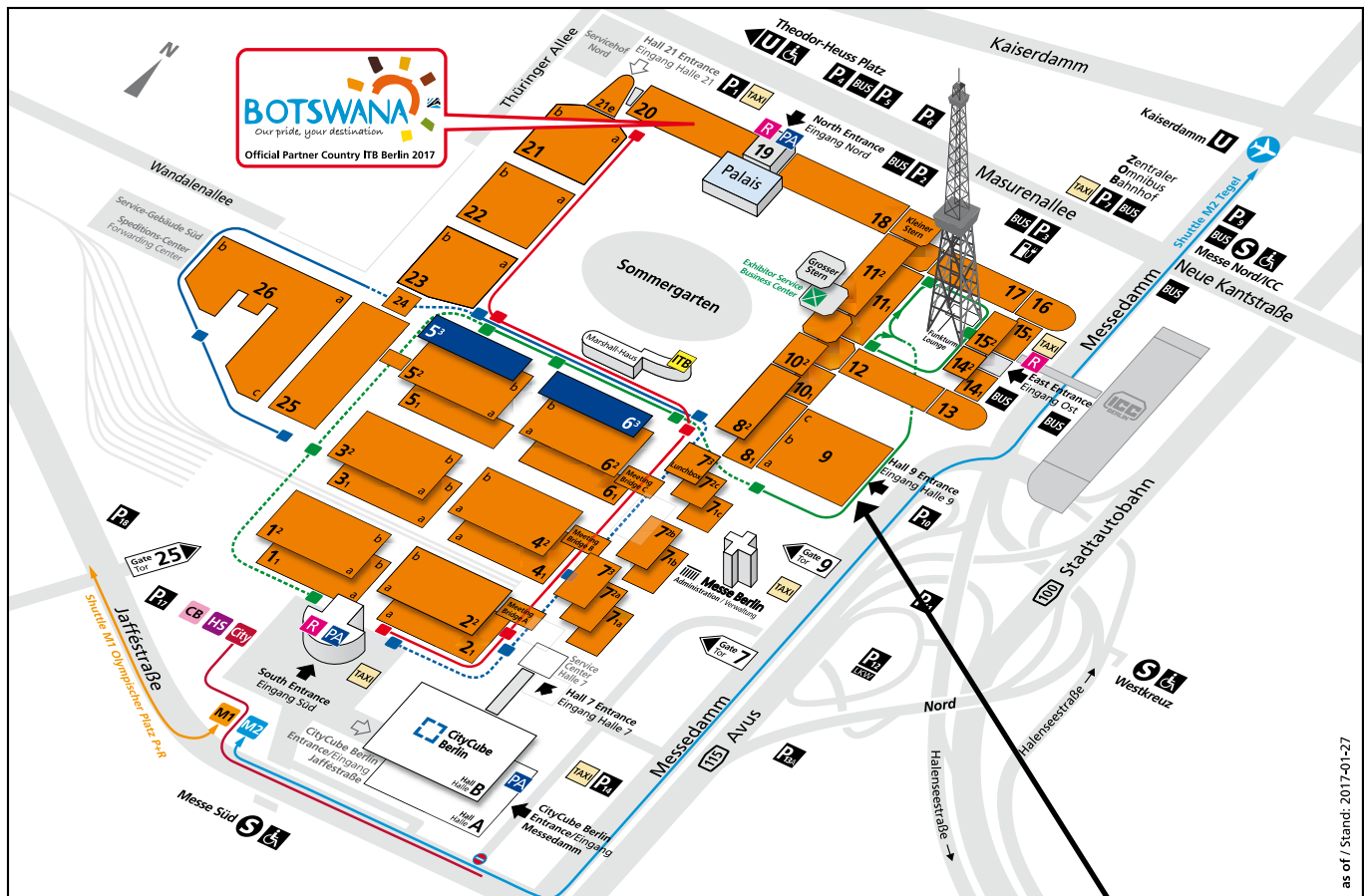


SPECIAL

MARCH 2017 • IHIF / ITB EDITION FOR EXPERTS IN HOSPITALITY & TOURISM

**Go for the
Unknown!**

**Disruption. The hospitality industry
is facing the challenge of the century.**



as of / Stand: 2017-01-27

ITB Fairground Shuttle (9:00 a.m. to 7:30 p.m.)
ITB Gelände-Shuttle (9.00 bis 19.30 Uhr)

- Blue Line / Blaue Linie
- Green Line / Grüne Linie
- Red Line (North-South Express)
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- M1 Shuttle Line/Linie
Olympischer Platz P+R
- M2 Shuttle Line/Linie
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- TAXI Taxi access / Taxi-Vorfahrt

- HS Hotel-Shuttle
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Charter Busse
- City City-Bus Stop

R Trade Visitors Registration South Entrance, North Entrance
Fachbesucher-Registrierung..... Eingang Süd, Eingang Nord

X Exhibitor Service / Business Center Grosser Stern

**World of Hospitality
Hall 9 / 108**

Asia-Pacific Asien-Pazifik

- 5.2a – South Asia/Südasiens
- Australia, Pacific/
Australien, Pazifik
- 5.2b – India/Indien
- 3.1b, 7.2a – Central Asia/Zentralasien
- 26 – Far East, Southeast Asia/
Fernost, Südostasien

Africa Afrika

- 4.2a, 20, 21a

Arabian Countries, Israel Arabische Staaten, Israel

- 2.2, 4.2b, 21b

Americas/Caribbean Amerika/Karibik

- 3.1a, 22, 23

Germany Deutschland

- 6.2, 7.2c, 8.2, 11.2, 12

Europe Europa

- 1.1, 1.2, 2.1, 3.1, 3.2, 7.2b, 10.2, 15.1, 17, 18

Tourism Companies Touristische Unternehmen

- Carrier, Hotels,
Tour Operators/Reiseveranstalter
- 8.1, 9, 10.1, 13, 14.1, 24, 25

Segments Segmente

- 3.2 – Medical Tourism
- 4.1 – Youth Travel, Adventure Travel,
Responsible Tourism,
Economy Accommodation,
ITB Stages
- 5.1 – ITB Travel Technology
- 6.1 – ITB Travel Technology,
eTravel World
- 7.1c – ITB Travel Technology,
eTravel World
- 8.1 – ITB Travel Technology
- 10.1 – ITB Travel Technology
- 11.1 – Career Center
- 16 – CULTURE LOUNGE
- 21b – Gay & Lesbian Travel (LGBT)
- 25 – Cruises/Kreuzfahrten

Media Center Medienzentrum

- 5.3, 6.3

ITB Berlin Convention ITB Berlin Kongress

- 4.1 – ITB Workshop Days
- 6.1 – eTravel World:
eTravel Showroom & eTravel Stage
- 7.1a&b – ITB Destination Days
ITB Business Travel & MICE Days,
Home of Business Travel by ITB & VDR
ITB Future Day, ITB Hospitality Day,
ITB Marketing and Distribution Day,
ITB CSR Day
- 7.1c – eTravel World: eTravel Lab
- 7.3a – ITB Experts Forum Wellness
ITB Marketing Sessions
- Palais – ITB Convention Awards



Lounge – Marshall-Haus

Business Lounge
Marshall-Haus (8.–10.3.17)

INFOX Package Station
Foyer 1.1/2.1

Hotel-Shuttle

Airport Shuttle Tegel



Dear hospitalityInsiders and guests at IHIF / ITB Berlin 2017!

The global consolidation wave is rolling in the hotel industry, changing ownership, and shaking up brands and employees. An incredible amount of capital and low interest rates are pushing this development ahead. Deal makers are left breathless. Hoteliers feel anxious and overwhelmed by technology, automation and disruption. However, only very few businesses are truly disruptive. The Harvard professor who invented this term is worried about its false usage.

What does all this have to do with this magazine and Berlin? These are catchwords on the topics, which will dominate the International Tourismus Boerse Berlin (ITB) as well as IHIF, the International Hotel Investment Forum, which traditionally takes place prior to the ITB Berlin and has done for 20 years now. At the ITB hotel conference, the "ITB Hospitality Day", HospitalityInside has been media partner for 12 years now; however, we are participating at IHIF for the first time this year. Therefore, this SPECIAL debuts topics from hotel operations as well as investment.

The above-mentioned topics keep hospitalityInside.com busy the whole year around. The articles are only available behind the paywall as our online hotel expert magazine is solely financed by subscriptions. We do not accept any advertisements in order to be able to concentrate exclusively on our readers' interests. In light of the political and social developments around the world, which are leading increasingly to "fake news", we will continue doing things our way undeterred. So far, readers in more than 20 countries have been grateful for our straightforwardness and transparency.

Despite online, you are still able to experience HospitalityInside live: come and visit our team at ITB in Hall 9/Stand 108 at the joint stand "World of Hospitality". There, you will also meet renowned hotel groups and technology-oriented businesses. You will find their profiles from page 6 in this SPECIAL.

For IHIF, I wrote a white paper about the hotel real estate transactions in the German-speaking countries in 2016. You are able to download this document – of course in German and English – on the cover page of our website and the one of IHIF for free.

We wish all participants at IHIF as well as all visitors at ITB a successful visit in Berlin! If we don't see each other, please contact us at office@hospitalityinside.com. We look forward to your suggestions and your interest in our magazine as well as our trade show activities beyond Berlin.

Yours, Maria Puetz-Willems
Editor-in-Chief
hospitalityinside.com



Visit us!
WORLD OF HOSPITALITY
ITB, Hall 9
Stand 108

Also available as
eMagazine at
www.hospitalityinside.com !

3,600 copies distributed.



CONTENT



Editorial 3

A good concept all round 6

ITB Stand "World of Hospitality"
with new design and new names

A lot of content 10

51th ITB Berlin presents Technology,
CSR, Medical and Careers

Talk technology, taste, safety and search 12

12th ITB Hospitality Day:
A wealth of trends and innovations

Hot, lukewarm and select 16

IHIF White Paper: Hotel investments and
developments in the German-speaking market 2016

Racing from deal to deal 18

Investments: Inflated prices,
dubious bidders? 2016 was hot

They will pamper us 20

Shareholders Christoph Hoffmann and Stephan
Gerhard on the 25hours deal with AccorHotels

Disruption: The great misunderstanding 22

Harvard Professor Clayton Christensen
coined the term that is misused today



IMPRINT

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Technology first!	24
The new communication channels between hoteliers and guests	
When worlds overlap	26
Virtual, Augmented and Mixed Reality find their way into tourism	
Message of the video bloggers	28
How Welf Ebeling and Maggie Wu address Chinese Millennials	
Beijing Duck? No, thank you	30
China column with COTRI and expert Prof Dr Wolfgang Arlt	
17 sqm and upgrading without limitations?	32
Does budget still have a future or are we facing uniformity in the middle?	
Compact, cost-conscious, quick to decide	34
Young budget groups get in on the mix: LetoMotel, Cocoon/Buddy, MQ	
The reason is the lack of excitement	36
EXPO REAL discussion sharply criticizes Airbnb and hotels	
Compared	39
STR analysed markets: Airbnb performance stays behind hotel performance	

ITB PARTNERS 2017

Partners of the joint stand "World of Hospitality" are (in alphabetical order): HospitalityInside, MACNETIX, Media Carrier, Motel One, Next Gen Opti, Premier Inn

Advertisement

KNOW TODAY WHAT YOU NEED TO KNOW TOMORROW

8 – 11 March 2017
itb-convention.com



Co-Host ITB Berlin
Convention 2017



TOP-CLASS LECTURES ABOUT GLOBAL TOURISM TRENDS:

ITB Future Day · ITB Hospitality Day · ITB Marketing and Distribution Day · ITB CSR Day · ITB Destination Days · ITB Business Travel Days · ITB MICE Days · ITB Young Professionals Day · ITB Workshops · eTravel World · ITB Experts forum Wellness



Official Partner Country ITB Berlin 2017

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ITB Berlin 2017

**I FEEL
SLOVENIA**

ITB STAND "WORLD OF HOSPITALITY" WITH NEW DESIGN AND NEW NAMES

A good concept **all round**

2017 will see the joint stand "World of Hospitality" for the sixth time at the ITB – this year with new design.

The semi-circular form gives the stand in Hall 9/108 softer contours. An ideal framework for intimate and serious conversations with old and new business partners. Hotel groups and technology-oriented companies have given the stand its character – and so its motto "Hotels, Technology & More".



Planning as of Feb 14, 2017. Rendering: Best Design

PARTNERS OF THE WORLD OF HOSPITALITY 2017

The co-exhibitors introduce themselves, in alphabetical order.

hospitality
INSIDE
WORLD OF HOSPITALITY INFORMATION

HOSPITALITYINSIDE is the initiator of the joint stand "World of Hospitality" at ITB Berlin. The company based in Augsburg (close to Munich) publishes the online magazine www.hospitalityInside.com, the online trade magazine for the international hotel industry, launched in March 2005. The weekly magazine publishes in two languages (German/English) every Friday, focuses on pure editorial content (no advertisements) and geographically on Continental Europe and the Middle East. Of course, the publication includes all global players of the industry.

It's no newsletter publishing (paid) press releases but a journalistic magazine focusing mainly on own research and background articles. The columns pick up topics like investment, financing, marketing, human resources, technology, etc. – everything that keeps a hotel group alive. Readers are spread over more than 20 countries: General Managers, Area Managers, Managing Directors, CEOs, owners, consultants, designers, developers, bankers, investors, leading hotel chains as well as reputable private hotels belong to the "hospitalityInsiders".

Furthermore, the company connects executives of the industries during fairs, workshops, hotel conferences and own events by its grown information network. In the "Network" column on the website you will find announcements and reports about all events and fair activities.

Since 2006, hospitalityInside also organizes annual hotel conferences: the "ITB Hospitality Day" at the world's biggest tourism fair ITB Berlin and, since 2008 the "Hospitality Industry Dialogue" at Europe's leading real estate fair Expo Real in Munich; for both fairs hospitalityInside also initiates hospitality joint stands.

www.hospitalityInside.com



We are looking for: Managers and industry experts who would like to cooperate with us as a reliable information source. Companies interested in joining our network at fairs. Strategic partners for new visions and projects. We invite subscribers and partners of ITB to visit us at our stand.

MACNETIX
■ communicate with intelligence

MACNETIX: Macnetix is an international company based in Berlin. As an independent service provider of business-critical IT infrastructure, cloud services and modular software solutions, Macnetix counts companies from the clinic and rehabilitation sector, the hotel and catering industry as well as schools, universities, banks or the retail to its customers.

everywhere / any time / any device. A long time known and common fact is that technologies are also used to simplify work and to increase the efficiency. But they also can facilitate the daily life considerably. Tablets instead of guests wallet, smartphones instead of room keys, app's instead of remote control and also the check-in / -out via smartphone during the journey are now state-of-the-art.

The Macnetix OpenAppSUITE introduces a continuous interaction platform which is available at any time, global and on any device. The Macnetix complete solution opens up a vendor-independent service portfolio on one single platform to face the progress of information technology with a future-oriented solution.

The Widgets in the widget pool can be used multiple times so that a widget can be displayed on the SmartTV as well as on the digital door plate or the mobile device. Third party services can also be created as a widget and distributed globally to each device. Macnetix offers preconfigured devices, consisting of hardware and software, in one housing. The goal is to minimize compatibility issues and simplify management.

As a registered ISP and Accessprovider, Macnetix provides highly-available system solutions for future-oriented network strategies and sustainable resource management.

Software solutions are individually tailored to customer requests. Macnetix understands IT infrastructure, hardware and software, data protection and support as a whole.

www.macnetix.com



We are looking for: As a manufacturer of individual software solutions and communicative applications, Macnetix touches a variety of areas. We are always looking for innovative partners and cooperations in the hotel as well as in the clinic sector.

MEDIA CARRIER

MEDIA CARRIER: is specialized in the distribution of digital newspapers and magazines. The company belongs to the MELO Group, which has arisen from the Munich-based press wholesaler Trunk. MELO as an international full-service-supplier in the fields media and logistics, currently employs over 2.000 employees at twenty locations in six countries.

Media Carrier has developed a digital library which offers digital editions of print media. These digital editions can be downloaded on any mobile device such as smartphones, tablets or laptops without any additional software installation.

Based on clients' requirements, Media Carrier buys digital editions of newspapers and magazines from publishing houses and composes individual portfolios using its own technical solution for distribution: the "Media Box".

Media Carrier already sources and composes tailor-made portfolios for international airlines, lounges and luxury hotel chains. Amongst others, passengers of Lufthansa, Virgin Atlantic and Oman Air and hotel guests

of the Steigenberger, Mandarin Oriental and Dorint hotel chains already enjoy great benefits of the Media Box.

With Media Carrier GmbH as its subsidiary, the MELO Group is expanding its business to include marketing and distribution of digital content. The MELO Group not only entails the press wholesaler Trunk, but for example also the News-Log AG, which supplies airports, airlines and catering companies throughout Europe with print media, and is market leader in Germany and Switzerland.

www.media-carrier.de

We are looking for: Tourism companies that want to delight their guests with an innovative service, and for cooperation partners.

MOTEL ONE

MOTEL ONE: The Munich-based company Motel One was founded in 2000 and currently has 55 hotels with over 14,600 rooms across Germany, Austria, the UK, Belgium, Switzerland, the Netherlands and Czech Republic. Within the framework of European expansion the development pipeline currently comprises of 25 hotels with approximately 8.500 rooms.

Like the Price. Love the Design. – Industry experts as well as guests appreciate the unique combination of high-quality interiors, exclusive design highlights, great service standards and first-class prime urban locations at an affordable price. Room prices start from as little as 59 euros.

Motel One aims to create a strong differentiation from other hotel brands with their consistently evolving One Lounge concept. The creative design of the One Lounge areas provide a space to "work, meet and relax", with all lounges being staged as a visual and communicative hub, a cosy meeting point for guests as well as locals from the city. Always having a focus on individual design and high demand on quality. In 2016 Dieter Müller, CEO and founder of the Motel One Group, was awarded with the "Lifetime Achievement Award" during the IHIF. Furthermore, Motel One received the German Education Award in

the category "Service Provision by Major Companies". Motel One was also given the business Award "Entrepreneur of the Year" by EY (formerly Ernst & Young) for its entrepreneurship, innovative capability and personal commitment.

www.motel-one.com

We are looking for: As a growing company we are looking for colleagues with a passion for Hospitality, as well as interesting project locations for our portfolio.

NEXT GEN OPTI

NEXT GEN OPTI Ltd is a SaaS company specialized in cloud based solutions for the hospitality industry with bases in the UK, Germany, the Netherlands and Romania. Our global team has been working together for the past 10 years, has expertise in Hotel Software Applications and Revenue Management practices and helped over 2,200 hotels in more than 20 countries. We help hotels adjust to the ever changing landscape of the tech industry, specializing in algorithms and focusing on technology that is more challenging and on trend, such as revenue management systems, central reservation systems and booking engines.





Each one has a direct impact on earnings for hotels. This leaves space to work cooperatively with property management systems and channel managers effectively.

THE NEXT GEN OPTI TOOL BOX: Next Gen Opti operates a high-end Reservations & Distribution Platform, which is designed for all possible types of eDistribution, offers a "Tool Box" with a variety of apps helping revenue managers with price recommendations, benchmarking and hotel reputation management, as well as managed services. **2017 – FOCUS ON OUTPERFORM:** Out-Perform – price optimizer and revenue management system helps revenue managers visualize, understand and analyze all past, current and future data in one place, enabling them to easily make the best price decisions, improve RevPAR and discuss reports and KPIs.

Next Gen Opti solutions are easy to deploy, simple to use and come with full 1st and 2nd level support around the clock. We have multiple support hubs: North America, Latin America, Europe (United Kingdom, Germany, Italy, Romania) for ES, EN, DE and IT speaking customers. The company has a proven track record in the hospitality industry: branded and custom built hospitality applications, white label applications for leading European Technology Suppliers and for leading European Hotel Management Companies.

www.nextgenopti.com

We are looking for: Partnerships with Revenue Management Companies who want to scale and increase performance and also with Technology Companies that want to wrap in or resell our software, to add top-line revenue and improve customer retention.



PREMIER INN – was named the UK's top-rated travel brand 2016 and the top-rated hotel chain for 2016 according to Which?. With over 750 budget hotels and more than 65,000 rooms across the UK and Ireland, Premier Inn guests are never far from a great night's sleep at fantastic value rates. Outside of the UK, Premier Inn's expansion plans are focused on two key markets, Germany and the Middle East. Premier Inn opened its first German hotel in Frankfurt in early 2016 and will open three more sites in Munich, Hamburg and Leipzig in 2018. Further locations are in the pipeline. In the past year, almost 90 per cent of Premier Inn hotels achieved a TripAdvisor Certificate of Excellence. Premier Inn has also been awarded the Best UK Family Hotel in the TripAdvisor Travellers' Choice Awards, Best UK Hotel Group in the Silver Travel Awards and the Business In The

Community Environmental Leadership Award.

Whitbread PLC is the owner of the UK's favourite hotel chain, Premier Inn and the UK's favourite coffee shop, Costa, as well as several restaurant brands like Beefeater. Whitbread has outlined growth milestones for 2018 and 2020. The 2020 milestones are to increase the number of Premier Inn UK rooms to around 85,000 and to achieve global system sales of around £2.5bn for Costa.

In the year ended 3 March 2016, Whitbread PLC reported Group Revenue of £2,921.8 million. Whitbread PLC is listed on the London Stock Exchange and is a constituent of the FTSE 100. It is also a member of the FTSE4Good Index.

www.premierinn.com

We are looking for: We are building our premium economy brand now in Germany. The opening of three new hotels is scheduled for 2018 and 2019, and further hotels are planned. A total of 6 to 8 hotels will be in operation in 2020. Feel free to contact us directly at the ITB, we are looking forward to your interest!



51TH ITB BERLIN PRESENTS TECHNOLOGY, CSR, MEDICAL AND CAREERS

A lot of content

Saving the best for last: On 12 March 2017, along with world cultures and amid a festive atmosphere, visitors, exhibitors and guests will gather to celebrate the finale of the 51st ITB Berlin – a colorful show full African music, Caribbean songs, Andalusian rhythms and German-Greek choir music (15:30-17:00 pm at Palais am Funkturm). Before, trade visitors will discover plenty of news in the ITB halls, in particular about technology. – You will find the program of the hotel conference ITB Hospitality Day on the next pages in this SPECIAL.

Double the excitement for innovation: for the first time, the eTravel World at ITB Berlin 2017 is booked up with over 70 exhibitors. In Halls 6.1 and 7.1c visitors can find established companies as well as newcomers, which includes Aldebaran, Betterspace, Conichi, Dayuse, eNett, Igola, Paymentwall, Traveltripper and Wanup... For the first time startups will be able to take part in an international pitching event powered by Phocuswright (March 10, 11:30 am). Hall 6.1 features the new eTravel Showroom, where on Wednesday, 8 and Thursday, 9 March 2017 trade visitors can find out about exhibitors' latest product innovations at some 20 sessions. On the lookout for innovative ideas and the newest developments all around Chatbots, Virtual Reality and digital marketing, trade

visitors will make a find at the different discussions and panels. Millennials, a much talked about target group, will be discussed at several events; furthermore there are speeches on Virtual Reality and Voice Command Technology.

CSR Day as socially-responsible platform

Technology seems to dominate this year's ITB halls but, still there are also social topics. The United Nations World Tourism Organization (UNWTO) has declared 2017 the year of sustainable tourism. At the ITB CSR Day on 10 March, leading figures in politics, business and science will discuss innovative concepts, best practices and the economic potential of sustainable tourism. The main topic will be 'Sustainable

Food and Beverages in the Hotel Industry and at Tourism Destinations'. Food and drink are vital to life, a part of people's lifestyle and important in tourism. Afterwards, a high-level panel discussion with sustainable tour operators, commercial airlines and experts from the German Travel Association (DRV) will debate 'Climate – Customers – Communication: How Can Sustainable Travel be Marketed Successfully?' Under the heading of 'Sustainable Tourism Destinations – The Status Quo and Lessons Learned', one year after the practical guide to sustainable tourism destinations was launched, the German Tourism Association (DTV) will be summarising developments so far. The session 'Luxury Tourism of Tomorrow: Gazing at the Stars at the door plate or under the Open Sky' will be certain to spark debate.

Medical Tourism

For the first time ITB Berlin 2017 will be devoting a platform to the fast-growing segment of medical tourism with the Medical Tourism Pavilion in Hall 3.2. There, service providers from the medical segment as well as hotels and destinations can present themselves. According to David Ruetz, Head of ITB Berlin: "Three to four percent of the global population will undertake medically motivated travels and connected treatments in the next ten years."

Career-Springboard

The Career Center in Hall 11.1 will inform job newcomers and experienced specialists on training courses and career opportunities in tourism. More than 50 exhibitors, including international universities, technical colleges, professional academies and other



service providers will be offering advice on degree courses and advanced training. Jobseekers can find out what the travel industry has to offer and establish important links with leading hotel chains, cruise companies and tour operators.

At the ITB Career Center, hosted in cooperation with the Federal Employment Agency (Bundesagentur für Arbeit), newcomers and those already in jobs can find numerous vacancies in the tourism industry. The job wall has 100 places alone currently being offered by exhibitors and the job market of the Federal Employment Agency. Jobseekers can make immediate contact with personnel managers and apply for jobs directly at the show. The advisory service of the Federal Employment Agency will be making it possible to get one's job application thoroughly

checked. Experts will examine the documents and offer valuable tips. Applicants can also get photos, professional styling and advice free of charge. The ITB Young Professionals Day on Wednesday, 8 March 2017 is an important event for jobseekers and academically qualified newcomers in the tourism industry (www.itb-berlin.com).

ITB Berlin Convention: 4 days, 200 sessions, 400 speakers

At the ITB Berlin Convention one of the key up-to-the-minute topics will be 'Disruptive Travel: The End of the World as We Know It'. Leading international experts will show how tourism professionals are successfully taking on controversial issues and current challenges such as geopolitical crises, travel safety risks and the use of artificial intelligence.

On 8 March 2017 the ITB Future Day will kick off events together with this year's Convention & Culture Partner Slovenia. The programme includes lectures on a new age defined by a lack of order and tourism in times of global political uncertainty. An exclusive global market survey conducted by Travelzoo and commissioned by ITB Berlin will provide information on how crises and disasters influence tourists.

Last year's key topic on the service provided by humanoid robots will be continued in 2017 with a focus on artificial intelligence. At the ITB Future Day the following topics will be discussed: what is the status quo and what prospects can artificial intelligence offer for business, society and humankind? On 9 March 2017 the ITB Hospitality Day will also have information on artificial intelligence in the service sector (see pages 12+14).

On Friday, 10 March 2017 the ITB Marketing and Distribution Day will look at how artificial intelligence can be usefully employed in tourism. A panel discussion under the heading of 'The Next Big Thing: Artificial Intelligence – Disrupting Travel Choices and Bookings?' will highlight the impact of artificial intelligence on business processes and report on experiences with chatbots, virtual assistants and big data analysis etc. Admission to the ITB Berlin Convention is free of charge for trade visitors. Numerous sessions at the ITB Berlin Convention will be streamed live on the internet, also the ITB Hospitality Day. Full details of the programme of events at the ITB Convention can be found at www.itb-kongress.de/en/Program/index.jsp. / kn

12TH ITB HOSPITALITY DAY: A WEALTH OF TRENDS AND INNOVATIONS

Talk Technology, Taste, Safety and Search

From clinical IT to lively travel worlds, with crises and opportunities mixed in – these are the topics of the 12th ITB Hospitality Day at the ITB Berlin Convention 2017. High-ranking speakers will be taking an in-depth look at hostels as the new social hub, at food design, safety & security, Automation, the Internet of Things and Artificial Intelligence, as well as emerging and challenging markets (Iran, Russia, Georgia, Greece). Last but not least experts will discuss the importance of metasearch. International experts on stage – on Thursday, 9 March 2017, from 10.30 a.m. in Hall 7.1b/ Auditorium London.

10:30 - 11:30

Hostels – Refreshed. The good old youth hostel has become the social hub for the young at heart. The colorful world of hostels and hotels for globetrotters with every kind of budget. A segment rediscovered by creative minds and chains.

Moderated by: Sarah Douag, Senior Journalist in Travel & Tourism

Panel guests:

Frédéric Fontaine, Senior Vice President Global Marketing Innovation Lab, AccorHotels
Eric van Dijk, Chief Operations Officer, Meininger Hotels
Frank Uffen, Director Marketing & Partnership, The Student Hotel
Paul Halpenny, Group Director of Supply, Hostelworld Group

11:45 - 12:45

Is The Hotel Industry Prepared To Welcome Digitalization, With Its Innovations In Automation, Internet Of Things And Artificial Intelligence?

Who will be most affected and how? Which ideas and interfaces might create new freedom and satisfaction for the service industry? One of the biggest sectors in tourism is facing the challenges of the century.

Moderated by: Dr. Andrew Lim, Professor of Technopreneurship and Innovation in Hospitality, HotelSchool The Hague

Panel guests:

Rohan Thakkar, Vice President Strategic Development, YOTEL
Frippe Stenberg, Vice President Brand and Guest Journey, Scandic Hotels
Sarah Kennedy Ellis, Vice President Global Marketing + Portfolio Strategy, Sabre Hospitality Solutions

Andreas Proefrock, Director Strategic Alliances and Technology Partnerships
WWV, Alcatel-Lucent Enterprise International

12:45 - 13:30 Break

13:30 - 14:30

From Foodies To Food Design To No Food: How Hotels Are Dealing With F&B Challenges. Which opportunities and alternatives do technology and New Culinary Art open?

Moderated by: Maria Puetz-Willems, Editor-in-Chief, hospitalityInside.com

Panel guests:

Jean Georges Ploner, Consultant, Trend Expert & Founder, Global F&B Heroes Network
Christoph Hoffmann, CEO, The 25hours Hotel Company
Urban Denk, Director Culinary Innovation and Development, Deutsche Hospitality

14:45 - 15:45

Safety First. Terror and catastrophes hurt people and hit destinations hard. How can cities, hotel groups and other business partners win back tourists' and business travelers' trust? A sober, practical talk with professional crisis managers, experience-proven hotel managers and a representative from the crisis-shaken city of Paris. The goal: networked safety & security.

Moderated by: Prof. Stephan Gerhard, CEO, Solutions Holding

Panel guests:

Sébastien Maire, Chief Resilience Officer, City of Paris

Georges-Pierre Cladogenis, Global Product Manager for Safety and Security, Carlson Wagonlit Travel

Paul Moxness, Vice President, Corporate Safety and Security, The Carlson Rezidor Hotel Group

Gerhard Struger, Regional Vice President Eastern Europe & Turkey, FRHI Hotels & Resorts/Swissôtel

16:00 - 17:00

The Blessed And The Cursed. Hotel managers and tourism experts discuss hotel performance in good times and bad times. In focus: Iran, Russia, Georgia and Greece.

Moderated by: Siniša Topalović, Managing Partner, Horwath HTL Zagreb

Panel guests:

Omer Z. Kaddouri, President and CEO, Rotana Hotels
Walter C. Neumann, CEO, Azimut Hotels
George Chogovadze, Head, Georgian National Tourism Administration
Dr. Aris Ikkos, Research Director, Insete

17:15 - 18:15

Metasearch & Co.: The Invisible Battle For The Guest. How much influence do platforms have on the online performance of hoteliers?

Moderated by: Carolin Brauer, Managing Director, Quality Reservations

Panel guests:

Marius Donhauser, Owner Hotel Der Salzburger Hof & Founder hotelkit
Tobias Ragge, CEO, HRS Group
Johannes Thomas, Managing Director, Trivago





Volksbanken Raiffeisenbanken
cooperative financial network



Andreas Löcher
Head of Investment Management Hotels
Union Investment

The key to unlocking complex hotel investments? Mastery of the full contractual spectrum.

We take a forward-looking approach to investment. With innovative transaction structuring.

No two hotel investments are the same. Different partners and operator concepts require a unique response to each transaction. Our experience and expertise enable us to structure complex deals and tap into new investment opportunities for us and our partners. Let's talk about achieving success together.

Discover more about forward-looking real estate investment:
www.union-investment.de/realestate



PANELISTS (Selection)



Tobias Ragge (40) has been managing the second-generation, family-owned company since March 2008. He joined HRS as an Executive Assistant in 2004 and became Head of Marketing in 2005. Since then, he has been gradually expanding the hotel portal in an international direction. He transformed the HRS family business into a global company. studied International Business Administration at the European Business School in Oestrich-Winkel, Germany. After successfully completing his studies and receiving his degree in Business Administration, he began his professional career in 2002 at Deutsche Lufthansa AG.



Urban Denk is Director of Culinary Innovation and Development at Deutsche Hospitality. In this role, he is responsible for the further development of the F&B concepts at Steigenberger Hotels and Resorts. His remit includes the creation of greater recognition value for culinary services at the various Steigenberger Hotels, modernisation of menu selection and food presentation and ongoing implementation of the Green Meeting concepts, which involve serving up light dishes prepared using regional produce. Urban originally trained as a chef and is now able to look back on 40 years of professional experience. He has worked for Hilton, SAS Hotels and Carlson Rezidor in five European countries, and his

career has also taken him to Israel, Dubai and Kuwait. He has been involved in the opening of 180 hotels on three continents.



Christoph Hoffmann, CEO and co-shareholder of the 25hours Hotel Company, includes overseeing the development of the hotel group, which currently has eight hotels in five cities around the German-speaking world. The sales and marketing specialist started his career in tourism at a German travel agent's and a New York-based incentive and incoming agency. He then studied academic disciplines in Switzerland and in Ithaca, New York. Hoffmann gained his first experiences in the hotel industry at the American Colony Hotel in Jerusalem and the Box Tree Hotel in New York. He has held managerial positions at New World Travel Inc. in New York as well as at Kempinski Hotels, the Bürgenstock Hotels & Resorts in Switzerland and in the small but high-end Hotel Louis C. Jacob in Hamburg. Hoffmann's experiences in the innovative lifestyle-hotel industry also include co-developing the Fox Hotel for Volkswagen AG in Copenhagen. In 2005, he founded 25hours with partners.

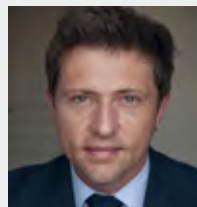


Omer Kaddouri assumed the position of President & CEO of Rotana in January 2014, at the helm of the hotel management company with a portfolio of over 100 properties

throughout the Middle East, Africa, South Asia and Eastern Europe. British-Iraqi, Omer graduated in 1986 from Les Roches in Switzerland. Since then he has gained a wealth of experience and has worked with chains such as Hilton International in UAE and London, Shangri-La in Kuala Lumpur and Rotana over the past 29 years. As President & CEO, Omer is responsible for paving the way for Rotana's expansion plans to operate 100 hotels by 2020.



Dr Andrew Lim is Professor of Technopreneurship and Innovation in Hospitality at Hotelschool The Hague (Hospitality Business School), the Netherlands. He is the Chair of the research group focusing on entrepreneurship and technology innovation for the hospitality industry. Next to his research activities, he also teaches Strategic Management course to the final year students, as well as supervises the final graduation projects. Andrew holds PhD in Industrial Engineering and Innovation Sciences (Technology Management) from Eindhoven University of Technology, the Netherlands.



Sébastien Maire is the Chief Resilience Officer for the City of Paris. An expert in local authorities management, he has been both an elected official (deputy-mayor of a city in eastern France in charge of international relationships) and an

administrative director in other French municipalities for economic and local development. From 2008 to 2014, he managed many crises, especially social ones, as the Mayor's chief of staff for an important and poor area of Paris' suburb.

Sébastien holds a Master's degree in Innovation Management in Public Organizations and Policies. He specialised in sustainable development and urbanism, and social crisis management with a focus on municipalities. As Paris CRO, he has been building the city resilience strategy with a wide panel of stakeholders, in two main directions; the first explores how to strengthen social cohesion in the face of crises, especially terrorist attacks, and the second explores how to adapt middle and long-term urban planning to face global warming consequences.



Walter C. Neumann is CEO of Azimut Hotels looking back to almost 30 years of experience in the hospitality industry in Russia and Europe. He joined Azimut Hotels from Rocco Forte Hotels where he was General Director for the Rocco Forte Hotel Astoria and Angleterre Hotel in St. Petersburg. Prior to that, he worked in Grand Hotel Europe; for 13 years he worked in Germany in senior management positions with Lindner Hotels, Arabella Sheraton Group, and as Managing Director of the Travel Charme Hotels & Resorts chain. He has an MBA in tourism management.

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IHIF WHITE PAPER: HOTEL INVESTMENTS AND DEVELOPMENTS IN THE GERMAN-SPEAKING MARKET 2016

Hot, lukewarm and select

When it comes to German-speaking hotel markets, Rupert Simoner, CEO of the Austrian Vienna House hotel group, describes it succinctly: "Germany is hot, Austria is lukewarm and Switzerland remains select," he says. With respect to investment, he is right: This is exactly how the German-speaking hotel market fanned out in 2016. Development in the "hot" German market even runs anti-cyclical toward the trends in EMEA and worldwide. One notable trend last year: hotel operators are increasingly becoming part of the transactions.

According to JLL, in 2016, global hotel investment volume amounted to approximately \$USD 61.7 billion, or about €59 billion. In 2015, it global transactions clocked in at \$USD 85 billion. Even with respect to EMEA, the hotel transaction volume went down: from \$USD 29 billion in 2015 to \$USD 20.88 billion in 2016. Compared to that, the positive development resulting in new records on the German and Austrian markets was a sensation. Despite political prophecies of doom, Germany, in particular, is considered a "safe haven" for investment. But trust in Austria and Switzerland remains strong, even though both investors and operators look at these two smaller markets clearly more selectively. So far, Germany, Austria and Switzerland – often referred to as the DACH region – have offered international capital a common and reliable safe haven. "Germany achieved record levels of hotel investment in 2016, in fact, the highest levels of investment achieved to date. From a European perspective, Germany is regarded as one of the top performing markets, a trend that we expect to see for years to come", said Markus Beike, who has been Managing Director Northern and Eastern Europe at CBRE since September of 2015 and was responsible for Germany at

Christie & Co before that. "The positive development of KPIs (room rates, occupancy and RevPAR) since 2010 – resulting in growing cash flow – is a reason why Germany is on the shopping list of an increasing number of national and global hotel investors. Another reason why Germany attracts investments from abroad is that Germany is regarded as "safe haven" in a world of uncertainty," said Beike. The one disadvantage: high demand puts pressure on yields.

GERMANY

2016 transaction figures confirm all that: The German hotel property market experienced another record year – the seventh in a row. Transaction volume clearly surpassed the previous year's results, and there is no end in sight. However, depending on the statistics, the German record amount slightly varies. CBRE real estate consultancy mentions €5.1, which corresponds to an increase in transaction volume of 15 percent. Colliers International comes up with more or less the same results of €5.2 billion, which is also a 15-percent increase. JLL's Hotels & Hospitality Group calculated €4.9 billion, an increase of 12 percent. But JLL only inclu-

ded transactions with an investment volume of at least €5 million, while small fry were not taken into account. The end of year spurt was particularly impressive. According to CBRE, roughly 43 percent of the total volume was attributable to the fourth quarter. This was mainly due to the transfer of major portfolios, not the number of transactions. The latter dropped by 29 percent compared to 2015. The run on German hotel properties was frenetic around the end of the year. Between October and December, there were 60 transactions alone – an increase of 13 percent compared to the previous-year period. Among them were both prestigious deals, such as the sale of Grand Hotel Kempinski in Dresden, and strategically driven deals like the purchase of the well-located Dorint Kongresshotel in Mannheim. Surprising off-market deals included the sale of a portfolio comprising seven hotels from the Invesco Real Estate hotel fund II to Scandinavian owner/operator Pandox.

Only few, but top-notch portfolios

The big-volume portfolios switched owners at three-digit million amounts: the seven transactions concluded added up to €1.9 billion, analyses Thorsten Faasch, SVP of JLL Hotels & Hospitality Group in Germany;



€960 million alone accrued during the fourth quarter. In total, the volume of portfolio transactions rose by 50 percent to a grand total of €2.8 billion (CBRE estimates this amount to be lower – only €2 billion).

According to JLL, the Interhotel deal amounted to almost 25 percent of the volume and a joint venture between Starwood Capital and Brookfield sold nine hotels with 4,131 rooms in Eastern Germany to the French investor Foncière des Murs at an unknown price.

The capital that made such mega deals possible mostly originated from foreign investors in 2016, whereas German investors were behind 65 percent of all disposals. "Asia is a growing capital market for Germany, Austria and Switzerland," said Beike.

Concretely, both CBRE and JLL identified the French to be the strongest foreign group of investors. French investors put about €1.3 billion into German hotel properties, which amounts to roughly 27 percent of the entire hotel transaction volume covering German hotels, said JLL. And CBRE considers this share to be even 30 percent.

According to CBRE, open real estate and special funds (€1.2 billion) were the most active buyer group followed by real estate stock companies/REITs (€1.1 billion). JLL stated that institutional investors were the leading investor type, followed by wealthy private individuals and private equity companies. With respect to agreements, lease agreements remain the most popular ones in Germany: about 80 percent of all transactions were carried out based on this type of agreement.

Where euros are flowing

2016 recorded a total of 154 hotel transactions with an average deal size of approximately €33 million (+63 percent compared to 2015). "This means that on the German real estate investment market, almost one in every €10 goes into hotel property today," said Armin Bruckmeier,



International Hotel
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Head of Corporate Hotel Brokerage Germany & CEE at CBRE in Germany. Thus, the hotel segment's share in the total German investment volume rose from 8 to 9.7 percent within one year.

"Germany is considered a safe haven in an economically and politically instable market environment. Due to these reasons, there is still a rising interest of investors in hotel property as an asset class despite constant yield pressure," said Jan Linsin, Head of Research at CBRE in Germany, explaining the development. He identifies the constantly good performance figures in the hotel segment to be another driver of this interest.

Cities: Top 5 lose to secondary locations

Investors are still very interested in Germany's top five cities: Berlin, Duesseldorf, Frankfurt, Hamburg and Munich. However, according

to CBRE, they experienced a decrease by 12 percent to 47 percent despite the increasing volume of the entire year compared to investments at secondary locations, which have been rated as attractive investment opportunities by investors. At the same time, the resort hotel industry is gaining in importance, too. With a transaction volume of about €696 million, Berlin surpassed Frankfurt and Duesseldorf with €651 and €376 million, respectively.

Berlin's passing maneuver concerning transactions simply relates to the fact that hotels in Berlin were more often part of portfolio transactions than hotels in Munich, for example. In Munich, nobody wants to sell properties, real estate is rare and the demand is high. The Bavarian provincial capital remains "the most wanted investment city". As such, the rents will continue to increase.

Hamburg is waiting for the realization of a large project pipeline, but also enjoys high demand, certainly increased by the opening of the Elbphilharmonie concert hall, in January 2017.

This year, another new luxury hotel in Hamburg will open: The Fontenay, a €100-million project financed by the logistics billionaire Klaus-Michael Kuehne on the ground of the former InterContinental Hotel. Duesseldorf, however, will remain dependent on strong or weak trade show years, but will spread out to Cologne, too. Frankfurt might profit from company and business relocations from London after the Brexit, but continues to develop independently concerning hotels, especially at Rhein-Main-Airport and in the east of the city, where Frankfurt and Offenbach are slowly growing together.

Extract of a White Paper for IHIF 2017 Berlin in the context of the media partnership between HospitalityInside, Augsburg and Questex Hospitality Group, New York. Author: Maria Puetz-Willems. You can download the White Paper in full length for free at www.hospitalityinside.com and at www.berlinconference.com

Dear Readers,

In this magazine, we focus on the content of "IHIF Berlin" and the "ITB Hospitality Day". Furthermore, you will find excerpts from the hospitalityinside.com online magazine.

INVESTMENTS: INFLATED PRICES,
DUBIOUS BIDDERS? 2016 WAS HOT

Racing from deal to deal

Is your hotel real estate located in Germany? No? Then you're missing out. "Located in Germany" appears to be worth a lot of late, more than in the rest of Europe. Valuation multiples soar. At the same time, complaints of greedy price-inflating bidding processes are impossible to miss. The entire scene is also driven by geopolitical factors, recent election results and persistently low interest rates. As the year draws to a close, real estate scouts are becoming increasingly breathless as they race from deal to deal. Renowned buyers and vendors, consultants and brokers give their responses.

1 In November, the Invesco-Pandox deal caused a stir in Germany: Two real estate professionals concluded their deal off market. Seven 4-star hotels in prime locations switched hands for €415 million, from the Invesco Hotel Fund II to the Scandinavian owner operator Pandox. Investors behind the Invesco fund had in actual fact only asked that the fund carry out a discreet test of the market. Pandox has now paid a price which equates to around €238,000 per room – an ambitious price for non-luxury hotels in Germany.

Those who can are selling at the moment. Especially in Germany. The "safe haven" of Europe is being flooded with capital from all over the world. Brexit and Trump's election win with all their uncertain and unforeseeable consequences for politics and economics have reinforced the trend towards safe haven investments. Investors prefer to pay higher prices and accept lower returns than to pay negative interest on their capital. The existing bottleneck in hotel supply also strengthens the trend – and continues to drive prices higher, as does the bidding procedure.

The latter is a thorn in the side of some experts. "Bidding procedures turn many investors off," Dr Mathias Jung observes, Managing Partner at the law firm Jung Schleicher in Berlin, which advises renowned clients from the global hotel industry. The reason for the general criticism: Bidding procedures mean underhand tactics with high and inflated offers (in all real estate segments, not only in the hotel sector). And this leads to bad blood.



Markus Beike, CBRE:
All hotel products are
selling like hot cakes.



**Lawyer Dr Mathias
Jung:** Bad blood in
bidding procedures.

"Previously, the deals were clear 'handshake' deals, Jung continued: "Investors simply wanted to sell."

At present, buying and selling appears to be more of a poker game. For core real estate in Munich meanwhile, prospective buyers are looking at multiples of 25 and higher, in Berlin it's 20-times annual rent. Before the current hype, core real estate in Munich could still be acquired for 15-16x. "Today, this is what B locations are selling for," Mathias Jung says, illustrating the enormous leap in prices. In short: Prices are currently pushing the maximum – especially when it's about stable core locations with lease agreements.

"We are currently living not through golden but through a platinum era," Markus Beike summarises, Managing Director Northern and Eastern Europe at CBRE. He's also observed off market deals in ever greater numbers, just like Mathias Jung: Nobody wants to lose time. The hotel real estate supply is thin, and the wallet is fat. And the bubble could soon burst.



Wild institutional investors

"The pressure to invest is huge," hotel expert Beike confirmed of the trend behind the run and the high prices. For investors, gold and equities are simply not desirable alternatives to real estate in times like these.

"Everybody wants to invest their money safely," he summarises. For this reason, he and his CBRE colleagues expect investors to continue to race from deal to deal in 2017. "All products labelled "hotel" at the moment are selling like hot cakes," Beike says. Drivers here are the funds, private equity and HNWIs.

Marc Werner, Office Managing Partner at Hogan Lovells Frankfurt, nods: In particular, institutional investors are desperately seeking hotels, are constantly outbidding each



Sheima Salloum, JLL:
More and more private sellers.



Philipp von Bodman, Primecity:
No crazy deals!

other and are even willing to waive a return. And the newest expression of pressure to invest: They are even looking at individual hotels now. Amongst insiders, this is a powerful signal: Up to now, portfolios were the absolute favourite as the cost of acquiring a portfolio is just as high as for an individual hotel measured in terms of the investment.

But more private owners are also trying their luck as individual vendors in these times. Sheima Salloum, Senior Vice President Hotels & Hospitality Group at JLL can confirm this: "They are feeling the end of the peak." When exactly this will come, nobody knows, but at the moment, instinct counts more than reason. At the Deloitte hotel conference three weeks ago in London, one expert gave the cycle in continental Europe another 18 months. That was his estimate before Donald Trump. "At JLL, since Trump's election win, we are noticing that above all Asian investors are directing their money away from the United States and generally to Germany."

Silent trends, silent deals

A few investors see Germany as overheated, certain experts are reporting. Markus Beike remains cool though: High multiples as reaction to the market situation described are also observed in other parts of Europe – e.g. in Spain and Italy. Charles Human, Managing Director of HVS Hodges Ward Elliott, London, is convinced: "Germany is not overheated!" Quite the contrary, the cycle is still on its way up, on the demand side there's still growth.

But what's the situation like for companies for which buying and selling real estate is part of day-to-day business. Philipp von Bodman, CEO of Primecity Investment, doesn't let himself be caught up in the hype - because he knows that other times will come. The company has been listed on the Paris Stock Exchange since 2014, something which provides him with quick access to lots of cash should he need it. And vendors know that too. "We receive lots of off-market offers," Bodman reports and explains this with reference to the good network that Primecity established as private company before it was listed. "In bidding procedures, we're often outbid by others," he reports - and confirms the aforementioned poker mentality in the sector. "But we don't want any crazy deals!"

At the time of the IPO, Primecity counted 26 hotels. Today, two year's later, this figure stands at 56. "Over the last 18 months, we have acquired more than 15 hotels and further acquisitions are planned," the CEO reports. Primecity has not yet sold any of its hotel properties and (for the time being) that's not the plan either. We like to invest in the existing portfolio (e.g. with extensions and renovations) in order to improve quality. The group also considers this organic growth. It remains consciously conservative in its strategy: "We want the property to generate a return from its potential and then a small amount still on top of that." / Maria Puetz-Willems

Extract from hospitaIityInside.com, Nov 25, 2016.



SHAREHOLDERS CHRISTOPH HOFFMANN AND STEPHAN GERHARD ON THE 25HOURS DEAL WITH ACCORHOTELS

They will pamper us

The deal is unique in the history of the (German) hotel industry: A standardised global chains acquires a group of eccentric creatives which have up to now completely refused to be pigeon-holed and who are committed to not letting this happen in future either. How do AccorHotels and 25hours fit together? Speculation abounds here. Maria Puetz-Willems asked two of the three partners: Christoph Hoffmann (CEO) and Prof Stephan Gerhard. They report how the deal came about and what exactly has been agreed. "AccorHotels has stated that it wants to become a lifestyle group. In order to get their lifestyle, they will pamper us. We are already a lifestyle group."



Christoph Hoffmann:
We decide.

Why have you sold 25hours now, just as you enter the phase when you're beginning to be taken seriously in a booming market for lifestyle hotels?

Christoph Hoffmann: A good year ago, we, the partners of 25hours, sat together for the first time and thought about how things were to move forward after the expansion in the German-speaking market. We asked ourselves – do we want to leave the excellent success of the brand at that and leave the group as it is with a few more hotels in Europe, continue to administer and optimise these and get older doing so, looking on as our rivals grow? Or do we want to underpin the brand with its great potential even further and expand?

Our thoughts together as partners ended with an internal shortlist... But I have to tell you something else first: In these months, we were approached by a private equity company – but there it was only about money, about pimping up the group and reselling it. That would have been the end for a company like ours.

And for this reason too, we thought hard about who the right strategic partner for us could be. We came to the conclusion that that could only be a luxury and lifestyle-oriented company such as Peninsula, Rosewood, Mandarin Oriental, Shangri-La, Four Seasons or Soho House... We found all these groups exciting because they are careful in their expansion, just as we are, and they try to remain as individual as possible. Their philosophy

has a lot of overlap with ours. AccorHotels wasn't even on this shortlist.

And why then did you choose AccorHotels as partner?

Christoph Hoffmann: It was in this phase of our considerations that I received the call from Bazin. We thought: A conversation costs nothing, you can only learn from it and so I took a flight to Paris, just about a year ago now. In the following meeting with Sébastien Bazin, Gaurav Bhushan, the Global Chief Development, and with Nicolas Broussaud, Head of Transactions, we then realised: They're good guys, they have an exciting vision – quite different to what AccorHotels represented in the past... And they also proved this with their purchases, e.g. Onefinestay, Mama Shelter, FRHI... We were impressed by this dynamic and the expansion into luxury/lifestyle, which is exactly in line with our aims and what we also believe to be sensible. Secondly, of course, we were impressed by the structures in development – this we wouldn't manage alone. Developing hotels in Asia requires a completely different structure to the one we've had up to now. Very important, and I also want to stress that: From the very beginning, AccorHotels understood that our culture, our 25hours soul, is not to be compromised. AccorHotels was interested in us precisely because we are what we are. And this freedom has now been put into writing. I'm also thoroughly convinced that they will allow us this

freedom – aside perhaps from a few restrictions in development.

Stephan Gerhard: I too still had a relatively old impression of AccorHotels – from Germany. Meanwhile, I've had to revise this view on account of the personalities I'm dealing with.

How have you agreed this freedom in contract?

Stephan Gerhard: A comprehensive Shareholder Agreement sets down exactly that the freedoms are to stay as they are, that senior management remains unchanged and how the voting processes between the two companies are to take place. Everything is described in detail. The negotiations with regard to the contract of sale were actually much more relaxed, it was deciding on the non-legal elements that took much more time. We agreed exactly what destinations are suitable for our expansion. Whether we then decide upon a concrete project or not, that is a matter for us.

My impression in the negotiations – within the framework of the official announcement of the deal at the headquarters in Paris – was that, internally, there were different opinions at AccorHotels as to the speed of development?

Christoph Hoffmann: That's been clarified. But let me take you on a short excursion to our Creative Laboratory, because that is linked to development. For us, this Lab, that we original three partners had long thought about in Hamburg and Berlin, is a key requirement for international expansion – with or without AccorHotels. This component must first be developed though.

And that is also the understanding of AccorHotels and why we have agreed with them that the expansion will continue to edge forward carefully. At the moment, we anticipate roughly three to four hotels per year which we want to acquire/develop so that we will permanently have between eight and ten hotels in the pipeline – as soon as the motor with AccorHotels has kicked into action. At present, we alone already have six hotels in development.

Stephan Gerhard: That's right. So the figure isn't even set to double. But crucially: We are not just expanding in Cologne and Stuttgart in future, but in Bangkok, Singapore, New York and Tokyo.

Christoph Hoffmann: Here AccorHotels is already ready to go: Speed yes, but also with prudence. This also has something to do with the different contract models in the case of international expansion – and also to do with how quickly the 25hours Lab has a positive impact. Can we scale up and export the uniqueness and individuality of 25hours abroad with management or franchise contracts? This is a question that can only be answered by trying. So that's what we're doing. In January, I'll fly to Asia and will look at projects in Bangkok, Singapore, Sydney and Melbourne. Then we'll see what makes sense. The first projects will show how this long-distance relationship is going to work, coupled with our original hotel philosophy. If we then see that we can move faster or more effectively, then we will raise the bar.

Where does the impact of AccorHotels end? With the selection of location and stipulation of the number of rooms?

Christoph Hoffmann: As already indicated, everything starts earlier for us because for certain locations, specific contract models are to be preferred. In Europe, we tend towards lease agreements or to management, in Asia and America almost exclusively to management or even to franchise contract models. Various consequences flow from this – from the owner to FF&E. For this reason, how we position ourselves has an important role to play so that we are able to define our brand early in the development stage. There will be owners here who we don't want to work with and others who we enjoy working with. Some owners will also consciously choose to collaborate with us.

Accordingly, we again have a meeting next week in Paris at which we will present our brand more closely to AccorHotel's developers. We will ensure that they know exactly who we are in order that they find the right owners and the right locations. And that they also know that, in a pitch, we are not an alternative to Ibis or Novotel. It's here that the selection process begins. Then the last thing – the hotel story – is the simplest thing. We expect to have as much freedom as possible here and even to receive support. That sets us apart from others.

Stephan Gerhard: You could also say this more succinctly: Internally, nothing will change for us. We will simply have more projects presented over a shorter period of time. And these will possibly already be pre-sorted. If we believe that a hotel is to have 150 instead of 180 rooms or even 250 rooms, or if Christoph's gut feeling is that the micro-location or the building doesn't suit, then we simply won't follow the project up. Basically, this is a very pleasant situation for us because it ensures higher speed for things which we could not (no longer) afford.

Christoph Hoffmann: We haven't yet talked about what makes us feel very comfortable as a small group: We have a separate distribution agreement with AccorHotels. Yesterday, I was at the Luft-hansa Innovation Hub in Berlin and for them, AccorHotels is an important blueprint at the moment. I heard lots of good things about AccorHotels: There's hardly a company in the travel industry that has shown quite as much innovation in the field of digitalisation and distribution over the last three years as AccorHotels... And for this reason, I think it's great that we can benefit from this. It's also a win-win for AccorHotels...

Stephan Gerhard: We are expected to and will contribute our crazy ideas with one voice – via Christoph. I also think that we will be able to work well together with AccorHotels. They have, after all, stated that they want to become a lifestyle group. In order to get their lifestyle, they will pamper us. We are already a lifestyle group.

Many thanks for the conversation!

Extract from hospitalityInside.com, Dec 2, 2016.



Co-shareholder Stephan Gerhard:
In future, 25hours will be present in Bangkok,
Singapore, New York and Tokyo.

HARVARD PROFESSOR CLAYTON CHRISTENSEN COINED THE TERM THAT IS MISUSED TODAY

Disruption: The great misunderstanding

Harvard Professor Clayton Christensen is considered the father of the theory of "disruptive innovation". Today, hardly any other term is more commonly misused in the field of management. For the professor, Uber and Airbnb are not (!) disruptive companies. Baerbel Schwertfeger met the renowned management expert at the "Global Drucker Forum" in Vienna. For him, there are three kinds of innovation. He recommends that successfully established companies found a disruptive parallel organisation.



Prof. Clayton Christensen:
Disruption offers simpler products.

Clayton Christensen, 64, is Professor of Business Administration at Harvard Business School and is considered a globally leading expert in the field of innovation and growth. He has authored eleven books and several hundred articles. In his first book "The Innovator's Dilemma" (1997), he focused for the first time on the Theory of Disruptive Innovation. He is the founder of several companies, including the consultancy Innosight and the investment company Rose Park Advisors as well as The Christensen Institute, a non-profit think tank focusing on disruptive innovation in health and education.

Are you not frustrated that the term disruptive innovation is mostly misapplied today?

No. But unfortunately not only practitioners, but also many academics have decided to apply my theory to everything possible. Many haven't fully understood the concept. It would be good if there were more disruptive innovation. After all, this is the only type of innovation that leads to growth; growth that we so urgently need.

What is disruptive innovation exactly?

Disruption describes a process under which a small company, often with few resources, challenges a successfully established business. Established firms focus on improving their products and services for their best and most lucrative customers and in so doing neglect other customer segments. It's here that disruptive companies begin. They offer simpler products, mostly at a

lower price. Disruptive companies then work themselves up slowly and supply exactly what the majority of customers actually want. These slowly take up the new offers and in so doing create disruption. There are also disruptive firms that create new markets which previously didn't exist. Take the computer for example. Initially, mainframe computers were so expensive that even universities could only afford one. Then the PC came and the laptop and a new market came into existence. The next step was the smartphone.

When talking about disruptive companies, Uber and Airbnb are always mentioned. Are these also good examples in your view?

No. Uber has changed the manner in which taxis operate. The company has no cars and no drivers and as such no fixed costs. Just like Airbnb has no hotels and no personnel. Their business model is about using available resources differently. But that isn't disruptive, but rather conservative innovation, or innovation geared to growth.

There are then different types of innovation?

Three types of innovation have to be differentiated. Firstly, efficiency innovation. Here, production or distribution is improved so that more can be achieved at a lower cost. The second type is conservative or incremental innovation. Here, you have a good product and this is improved. A better car, for instance. The problem is here that this merely replaces the old product with a new one. This doesn't generate growth. In these two types of innovation, German companies are very good. And then there's disruptive innovation. It transforms a product which was previously very complicated and expensive and makes it simpler and cheaper so that more and new customers can afford it. Only this

form of innovation leads to real growth. In Germany, I see hardly any of this.

How are taxi providers and hotels to react to the new rivals?

They only thing that they can do would be to buy Uber and manage it differently. Taxi providers can't keep pace with this model. It doesn't make sense. They should therefore continue as long as possible. It wouldn't be sensible to give up the traditional model as long as it works. But of course, they can improve here. The alternative would be to launch something completely new. But creating a new business model within the old business model is not a good idea.

The often widespread panic that you have to react quickly or go out of business is therefore exaggerated?

Established companies should react to disruption when they are affected by it. But they shouldn't overreact by giving up profitable business. Instead, they should strengthen their relationships with their most important customers and invest in conservative innovation. They can also create new business units that focus exclusively on the

growth opportunities which arise from disruption. Our research shows: The success of these units depends strongly upon the fact that they are separate from core business. They need a completely different organisation and cost structure.

That means that companies must manage two different organisations for a while. If the disruptive business grows, it may perhaps draw customers away from core business. But you shouldn't try to solve the problem as manager before it actually becomes a problem.

How important is disruptive innovation?

All three types of innovation are important and there must be a balance. One problem is that efficiency innovation generates the greatest returns. That is difficult for companies. As with this, they can't grow. Entrepreneurship is therefore a back-up plan for companies because they can't renew themselves internally. Entrepreneurship means trial and error and we haven't yet learned how we can do this internally. Incremental innovations are also important in order to keep the market rolling. But it too, by its very definition, doesn't create growth.

Today, many companies focus on data and algorithms. Is the key to success to be found here?

Data always represent a phenomenon, but they are not themselves the phenomenon. Each component of the data was generated by a person and this person has selected certain elements of the phenomenon, included them in the data set and has excluded others. Whenever a decision is taken based on data, it is therefore always based only on the partial truth and data also only reflect the past. You need a theory in order to be able to assess the causality behind the data.

Management decisions which are based solely on data, I believe are wrong. I'm admittedly not dead and I don't know what it's like, but I imagine, if they let me into heaven, when I look around there won't be any data there. And if I ask why that is, then they'll answer: Because data always lie. And whenever data want to get into heaven, then we send them to hell.

Many thanks for sharing your thoughts.

*Extract from hospitalityInside.com,
Dec 23, 2016.*

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Classic accommodation methods are disappearing, new players are appearing on the screen, perfectly fitting the new, digital and mobile IT world. Gamification, the playful approach to the internet in connection with mobile devices, certainly reached its peak in 2016 with "Pokémon Go". The game showed what is possible as more than half of the world's adult population owns one or more smartphones and unlocks them on an average of 88 times a day (according to a survey of dscout, a US market research institute). In addition, Pokémon Go uses Augmented Reality (AR), with which users newly discover their environment and city in a playful way while captivating users.

Augmented and Virtual Reality

Augmented Reality will gain more and more ground, particularly when smartphones get replaced by a wrist watch or head-up displays (HUDs). AR and hotels? With AR, hotel guests get an appetite when looking into an empty restaurant seeing and almost smelling finely prepared dishes on the tables. Virtual Reality (VR) is already being used in tourism today not only giving potential buyers an unforgettable experience, but making offers almost physical. Expedients selling cruises talk about a major upselling effect, as guests experience the virtual trip before the real cruise starts being able to enter their cabin, which they have not necessarily seen as an option in terms of size and view before. VR and hotels? Definitely! Just imagine the possible guest experience and the hotel's

opportunity to generate sales. Receptionists, for example, make the virtual trip possible showing off the higher room category, the spa area, the various restaurants and possible seating arrangements of conference rooms without having to leave their workplace.

Robots and data

Today, experts are researching and evaluating where services could be replaced by robots – without causing disadvantages for customers and guests. The usage of robots at the front desk, as is already the case at the hotel "Henna-na" near Nagasaki in Japan, might still be a very bold experiment; however, in many other areas in the hotel industry, robots are possible, useful and have been overdue for a long time – e.g. in housekeeping.

Many repetitive tasks in this department could be done by automated "staff" in a supportive and relieving way. Vacuuming robots, for example, are able to clean a pre-defined area independently and can be activated as soon as the guests leave their rooms. Integrating these inventions into daily routines provides more time for valuable services for guests.

With intensive data analyses in the internet, they are trying to understand the digital behaviour of guests. The better they understand, the better the homepage can be designed and the users can be guided, for example. Following this principle, data collections and analyses are functioning in the physical world too. With the aid of the beacon technology, guests can be loca-

lised within the building, or it is known whether they are in their rooms, in the hotel or outside the hotel. Following this principle, a vacuuming robot can be activated or guests can be drawn back to the hotel with individualised offers.

Messengers and chatbots

There are indefinite opportunities in dealing with smartphone users. The next steps will include communication platforms, which are primarily used for private purposes at the moment. Such media are growing rapidly because their users are able to easily communicate and exchange content via pictures, videos and emojis. All businesses want to participate in these online communities. Therefore, Facebook Messenger opened up to business customers in the middle of 2016, and businesses like Hyatt, Kayak, KLM, and Uber are already using Facebook Messenger to reach more than six billion users monthly. Most businesses are still – at least for now – limited to chatbots (communication systems controlled by Artificial Intelligence, AI) to answer the questions of guests and provide information. But this is only a matter of time. In one year time, the world of technology will have changed clearly, for sure.

A guest article by Carolin Brauer, Managing Director of Quality Reservations (QR) in Langenhagen near Hanover, Germany.



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VIRTUAL, AUGMENTED AND MIXED REALITY FIND THEIR WAY INTO TOURISM

When **worlds** overlap

Pokémon GO is the first example of virtual reality for the masses. It shows clearly that virtual reality is an empathy engine. Tourism should utilise this fact. After all, the industry sells emotions. There have been first attempts. The lines between virtual reality (VR), augmented reality (AR) and mixed reality (MR) are already blurred, fuelled by an enormous momentum in this world.



Immersing in virtual reality: At the VR Summit in Salzburg, students touch the new world.

In the tourism environment, the Salzburg University of Applied Sciences has dealt with this subject matter intensively. Their findings: The consumers are increasingly using VR and already putting pressure on the industry today... Fred Fettner on an excursion into another world. The Salzburg University of Applied Sciences, which is known for its strong focus on tourism, purchased smart glasses very early on, which enable eye tracking. For the students, this was the beginning of a very popular field of research: Under the catch-phrase

"Eye-Tracking in der Hotellerie" (eye tracking in the hotel industry), they documented the way to a hotel and at the reception from the point of view of the arriving guest; the student Larissa Neuburger analysed the effect of augmented reality at Dommuseum in Salzburg and even developed a new AR App. "AR increases experiences and enhances attention," she says concluding. The young lady has been repeatedly honoured for her meticulous work. At a first "Virtual Reality Summit" at the beginning of October at Salzburg Univer-

sity of Applied Sciences, the multi-sector state of knowledge and the current research work were eventually treated under international participation. All participants were able to experience examples of VR, AR and MR themselves.

Virtual reality: a playful approach

In a rough overview, the differences are as follows: virtual reality (VR) provides virtual contents, augmented reality (AR) superimposes them onto real existing backgrounds, and mixed reality (MR) mixes these ele-

ments again and places virtual contents – here as holograms – into a given room. Generally, the game Pokémon GO is seen as the initiator of the broad impact of VR, and even international institutions had to deal with the game as people rummaged through cultural heritages, blindly stumbled over rails and even entered a restricted military area in their search for Pokémons. For Pascal Levensohn, Managing Director at Dolby Family Ventures and founder of Levensohn Venture Partners, this is the first massive example for MR. The venture capitalist from Silicon Valley is an admired lecturer, from Los Angeles to Berlin. Accordingly, the students at Salzburg University of Applied Sciences are very attentive when he gives a discourse as guest lecturer. He expects that the battle will be fought by Christmas in this respect as simple VR applications will become part of the everyday lives of young people.

The production is still very expensive and will remain expensive for some time. In the context of tourism, it is mainly done by national tourism organisations. As in all cases so far, it is not the working environment that makes the technology suitable for the masses but games, says Levensohn. If tourism providers want to invest in VR advertising material, he recommends a playful approach. The hardware battle between mobile and console will last longer. "In the end, mobile devices will win," says Levensohn confidently.

A blink decides on pictures

"Gaming" as an engine even astonishes experts. VR is especially valuable in the professional daily routine, for live information in extreme situations, and in professional training in general. To a modest extent, the following already exists: people, who

are present as holograms in the room and whom you are able to talk to (as offered by NH Hotels, for example). At the Museum of Tyrolean Regional Heritage in Innsbruck you can see how people are posing in front of naturalistic mountain paintings to present themselves as climbing enthusiasts as it was the case at the beginning of black-and-white photography. Today, the mountain is real but the person in the foreground might be on the Maldives at that moment. "Within the next nine months, real people will be able to enter computer games as holograms," says Levensohn, venturing a glance into the near future.

However, in Salzburg, he also pointed out the prototype of motorcycle glasses based on VR (but there are already VR skiing glasses in the market). These motorcycle glasses increase the field of vision. In addition to one's own field of vision, data can be provided about what happens outside the helmet's limited field of vision. Whereas the "simultaneous" moment remains relative even at optimised transfer rates. The eye is always the natural input; therefore, the Eyefluence Company is working to make eye interaction ready for series production. "Just look, and it's done" is their slogan. So far, people still need to have a look and blink deliberately, for example, to capture a picture. Eyefluence is the first eye-interactive technology for AR, VR, and MR end devices. The American start-up was purchased by Google for 21.6 billion US dollars on October 26, 2016.

The US expert has already been able to provide concrete success for VR contents. In social media, for example: the VR software

business AltspaceVR, which is currently developing a new global, interactive communications platform for people, said that the average user remains 40 minutes on their site. This is manifold compared to other platforms. That the new technology endangers privacy and data protection even more is the dark side of the technology. Pascal Levensohn recalls the stir caused by the cameras in Google Glass.

But what happens if I see something as an eye witness but the "offender" was a hologram? What if I am at a crime scene as a hologram? He recommended developers, who were present in the room, not to focus too much on topics of technology. Real estate is a typical development area, education anyway, but also travels will be an important area of activity for VR specialists in future.

Only recently, Obergurgl (Tyrol) published the start of the new skiing season on Facebook – garnished with an alien invasion. In future, Philip Ribis from the tourism association wants to continue

experimenting with VR and AR, even if the spot, which was created by his successor, is too militaristic for his taste. But 2,000 likes on Facebook and nearly 243,000 calls are speaking a very clear language.

With "Austria 360°", Oesterreich Werbung, the national tourism marketing company, started into virtual reality: they have already produced 21 different 360-degree videos on YouTube (from the sunrise in fast motion to hiking at the Soelk Valleys). The feedback is enormous: In total, the videos were watched more than three million times via Facebook and YouTube up to now. 10.517 million people were reached. Now, four additional videos are in production for the summer 2017.

Of course, entertainment remains the driving factor. At the panel discussion "Animation and Drama" the experts at "VR Summit" agreed on two things: Hollywood missed out on the development compared to the games industry, but Hollywood studios are now investing millions in this area. VR will become part of the movie world, and Barbara Lippe is not the only one who is convinced. The founder of the business entreZ, which develops entertainment formats for VR, holds a doctorate in Game Studies and knows that "VR movies are empathy machines". /

Extract from *hospitalityinside.com*, November 25, 2016.



Special guest Pascal Levensohn: VR applications will move playfully in our living rooms.



VR drama expert Barbara Lippe is convinced: "VR movies are empathy machines".



40,000 fans follow Maggie Wu on WeChat and Weibo.



Welf Ebeling: Inter-cultural marketing from and for Far East.

Live, colourful and with a human touch: Maggie Wu experiences herself what she will blog via video.

HOW WELF EBELING AND MAGGIE WU ADDRESS CHINESE MILLENNIALS

Message of the video bloggers

Facebook, YouTube, Twitter, WhatsApp? Even better: WeChat and Weibo! Those who want to reach Chinese Millennials should not rely on western social media but meet their future guests virtually where they spend their time. A successful tool is video blogging.

Welf Ebeling, who is known to many from his time at The Leading Hotels of the World, has founded a business together with a female Chinese star blogger and not only helps western hotels but also tourism businesses and destinations to produce and place customised videos for China's "Me Generation" on the market.

The Chinese Millennials belong to the most sought-after tourism target groups in the world and their affinity for mobility is widely known. Their influence on tourism markets will continue to increase. How can this promising target group be reached? For sure, not via Western social media.

Chinese see other content

WeChat and Weibo are among the most popular social networks of Chinese Millennials; they are the Chinese equivalents of WhatsApp and Twitter. But WeChat provides many more functions than WhatsApp

today. The most established search engine in the country is Baidu, the largest tour operator is Ctrip. "Chinese Millennials always have their smartphones or tablets at hand, whereas the usage of social media is increasingly shifting from written messages to pictures and videos. And China has its own social media universe," reports Welf Ebeling.

Last year, the former COO of Leading Hotels in China and the only video travel blogger who blogs in Mandarin and English, Maggie Wu from China, founded the company Hidden Gems Media Production (HGMP). This is a production company for tourist videos (www.hiddengemsmedia.com) as well as a service provider for digital marketing and social media management (www.destinationelite.com).

"The Chinese video channels are used by the Millennials for everything," explains Ebeling, "as information medium, for self-presentation, for instructions for use." Con-

cerning the classical social media channels and internet presence of the Chinese, the expert explains: "Their structure differs widely from western websites. The Chinese sites are more downgraded and functional, they have less background. The Chinese have a totally different view concerning content." When designing one's own homepage for Chinese guests, the entire layout and address has to be adapted to Chinese taste. But most importantly, the translation has to be perfect. "The worst are home-made and tinkered websites with a Google translation," warns Ebeling.

61% of the Chinese FITs are female

Maggie Wu, a so-called KOL (Key Opinion Leader), became famous at the Chinese video channels YouKu, Sohu TV, and Iqiyi and has an audience of nearly two million followers in her videos to date. In addition, she has a community of fans with more than 40,000 members on WeChat

and Weibo (www.flywithmaggie.com). "Maggie represents exactly the target group we want to address: educated, cosmopolitan Chinese women. And as such, she describes her impressions to her friends. Bloggers and videos have a very large influence on the Chinese Millennials," says Ebeling. In the last few years, the number of travel videos in the web has increased by 700%, he says. The website of Hidden Gems Media provides a few examples for such videos from Maggie: hundreds of colourful pictures, e.g. from Berlin, Sydney, and the Caribbean, from skiing, diving, shopping, Christmas market strolls, etc. – all presented in extreme time lapse, providing those classical destination motives everybody knows and memorises and longs for...

The target group of HGMP is the rapidly growing "Chinese Fully Independent Travel" (FIT) market, which already accounts for 20 percent of the entire Chinese outbound volume. This amounts to more than 23 million tourists every year. 61 percent of these travellers are female, according to HGMP,

and most travellers are between 28 and 40 years old. 90 percent of them are yuppies and DINKs. For businesses and organisations, HGMP produces commercial destination videos in advertorial style, customised for the FIT group; they are marketed online at the most important Chinese video platforms and social media networks. "They should be most authentic and show Maggie as a guest at the tourism companies and the region," says Ebeling.

Apart from coverage about destinations, the team already works for specific hotels such as the new Amela Fushi on the Maldives or Atlantis on the Bahamas. In addition, Maggie Wu produces for Starwood Hotels on Bali. At the ITB in Berlin, HGMP agreed on a contract for a "Destination Advertorial Report" about Dresden and surroundings; in Austria, the business is preparing a project for Carinthia, Salzburg and Vienna.

However, direct bookings via videos are not possible, "as we are not an OTA," explains Ebeling. "But it is possible to link the hotel's homepage or to point out special package offers."

Experiences and tips in 90 seconds max.

The distinctiveness of every video is Maggie's personal touch. Creative ideas, feelings and experiences are combined with strategies, which attract customers. "The group of travelling women between the ages of 20 and 40 is increasing. They travel in groups of two to six women and often follow Maggie's travel advice concerning coaches or gurus," says Ebeling, providing an example.

For the take, Maggie Wu, Welf Ebeling and camera operator Junbin Guo normally travel together. Sometimes, they also work with local camera teams. "We write a script for the videos, a video should be no longer than 60 to 90 seconds. If this is too short, we recommend several videos," says Ebeling. "We currently reach between 40,000 to 60,000 views per video segment." / Susanne Stauss

Extract from hospitalityinside.com, Aug 5, 2016.

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CHINA COLUMN WITH COTRI AND EXPERT PROF DR WOLFGANG ARLT

Beijing Duck? **No, thank you**



30 With the new year 2017 and the upcoming year of the Fire Rooster, starting on January 28th, a new regular column is making its debut in *hospitalityInside.com*, the COTRI column about new development and trends in the Chinese outbound tourism and the Chinese outbound investment in tourism and hospitality investment. Prof. Wolfgang Arlt has been travelling China for over 30 years and, among others, belongs to today's 500 worldwide leading tourism experts of the UNWTO. He starts off with a light topic: No Chinese food for Chinese travelers, please!

Eating is the most enjoyable activity for human beings according to many of my Chinese friends: But do Chinese always want to eat Chinese food when travelling abroad? The Hospitality Association of Switzerland and Swiss Tourism published already in 2004 a brochure to help to adapt to Chinese visitors. The revised 2012 version which is still distributed to tourism service providers in several languages gives this advice: "Most Chinese will not recommend to their friends or family to see specific sights such as monuments or museums, but rather, will tell them not to miss the best spring rolls in town at Wang's restaurant, or that exquisite Beijing duck. In fact, it would be unthinkable for the Chinese to enjoy something other than Chinese food when on a trip abroad." In fact spring rolls and Beijing duck are dishes much more favored by foreigners than by Chinese, but more importantly there are clear differences in the role Chinese and local food play for the different market segments of the Chinese outbound travel market.

The travel-savvy 'second-wave'

The 'second-wave' of Chinese travelers who invest more time, interest and money into a service or destination than the package tourists who simply rush between various photo opportunities, can be characterized as being younger, more independent and having a taste for more sophisticated adventures and experiences. Many of them have studied overseas and/or work in an international company in China. In the last few years it has

become much easier for Chinese nationals to obtain information for popular destinations and different hotel brands, as potential travelers can also be quite certain that some of their – real or virtual – friends will have already visited and can provide peer-group information and tips.

A warm-up question at the beginning of the "Chinese Tourist Welcome" training sessions COTRI is conducting all over the world is the following: How many Chinese restaurants exist in China? Fortunately there is almost always a clever Sherlock Holmes participant in the room who understands that it cannot be 854,877 or something like that, as probably every minute ten restaurants are newly opened or closed somewhere in China. So the correct answer can only be Zero.

There are for example no European restaurants in Europe either. There are Italian or Spanish or German, and if you look more closely it will in fact rather offering Milanese, Andalusian or Bavarian cuisine. China is bigger than Europe and as diverse, with differences which result in having Hunanese, Cantonese, Shanghaiese, Sichuanese and so on restaurants in China, but not "Chinese".

It should also not be forgotten that there are more than 5,000 KFC, 2,800 McDonalds, 2,300 Starbucks and almost 2,000 Pizza Hut branches covering all first and second tier and a number of third tier. Western fast food has become a part of the daily fare in China even for those who never travelled abroad. There are fur-



Prof Dr
Wolfgang Arlt

WHO IS COTRI? The China Outbound Tourism Research Institute is the world's leading independent research institute for consulting, research, information, training, and quality assessment relating to the Chinese outbound tourism market (www.china-outbound.com).

COTRI's NETWORK: COTRI is a member of ETOA European Tourism Organisation (London) and PATA Pacific Asia Travel Association (Bangkok). COTRI is also a Knowledge Partner of WTTC World Travel and Tourism Council and provider of Chinese outbound travel data for Bloomberg. Currently COTRI is involved in the organisation of the EU-China Tourism Year 2018 and partner of the ITB China. Recently, Wolfgang Arlt has also been appointed member of the UNWTO Tourism Experts Panel which makes him one of the 500 leading tourism experts in the world.

thermore of course a huge number of international restaurants offering Japanese, Italian, Lebanese etc. food to the urban Chinese.

High-spending foodies

A young digital marketing manager from Shanghai wrote in an article about Chinese individual travelers: "Granted, Chinese travelers often prefer Chinese food when they travel. However, I don't think that applies as much to the younger generation of independent travelers. Many of my friends and I are foodies. We travel to eat. Exploring local cuisine is a huge part of exploring a new place to us. It's something we can't experience in China and gives us an introduction and better understanding of the local culture."

Chinese affluent travelers are also willing to spend considerable amounts of money for a big local dinner, even to the level of disbelief by the local tourism service providers. In summer 2016, eight Chinese outbound tourists spent more than US\$ 4,000 at Abu Ghosh, a famous Israeli restaurant. The chief executive of the Israeli Incoming Tour Operators Association (IITOA) started a public debate by publishing a copy of the bill in an Israeli financial newspaper, accusing the owner of the restaurant of cheating his customers and creating a bad image of Israel as a destination. Global media and the Israeli Embassy in China got involved. Mainland Chinese official media ignored the "incident" and discussions in Chinese social media based on international media coverage mostly agreed that, for the Chinese, there is nothing unusual about spending \$500 per head on a lavish dinner. Many Chinese netizens even speculated that the group was spending government money anyway.

Seeking online advice before ordering

Eating food is not only about tasting new cuisines, it is also about bragging and sharing the experiences with the friends back home. With the help of Smartphones and WeChat pictures of the food are posted online, leading often to the demand to serve all courses of a dinner at the same time. Some Chinese travelers will even take a photo of the menu and upload it to share it with their friends back in China and ask, "What should I order?" This way they are able to bring their friends with them, even though they are not physically there. Not the least important aspect of choosing Chinese or Western food while travelling is however not concerned with the food itself. Eating together is an important social act in the Chinese culture, it enables the definition of hierarchies, gives opportunities to develop contacts and networks, and to show off knowledge and ability in ordering and commenting on food, a field which is considered as an art form by itself. The experience of

an atmosphere of sharing a large number of dishes around a round table in a group is of similar importance than the question of which dishes are consumed.

So: Do Chinese always want to eat Chinese food when they are travelling? The answer not surprisingly depends on about which kind of Chinese travelers one speaks when discussing choice of food. This does however not mean that there is no need to offer Chinese food for instance at the breakfast buffet in a hotel even if the customers are mostly more experienced younger Chinese travelers. On the one hand such offer shows the necessary respect for the Chinese culture, on the other hand also travel-savvy Chinese travelers might have some craving for Cantonese chuk or Northern soymilk and youtiao or Sichuanese Zha cai once in a while.

Extract from hospitalityinside.com, January 13, 2017.



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DOES BUDGET STILL HAVE A FUTURE OR ARE WE FACING UNIFORMITY IN THE MIDDLE?



17 sqm and **upgrading** without limitations?

Classic budget hotels upgrade their hardware, room sizes partially change, and even the gastronomic offer is topped up. In turn, the 4-star hotel industry downsizes due to continuously rising property prices. Will there soon only be uniformity left in the middle? Motel One's most recent announcement, that is to equip their new budget hotels with granite flooring, with exclusive designer furniture, tissues and safes, started a sensitive discussion on the German market.

The managers of Berlin's project developer GBI AG witness it themselves: "The hotel industry leveled off in the 3-star-minus to 4-star-plus area with a net room surface space of 22 to 24 sqm", says Chris-Norman Sauer, Head of Development. Brands of the so-called budget hotel industry, he continues, are in the middle of expanding their room sizes from what used to be 14 to 16 sqm up to 19 sqm – which nowadays rather corresponds to the economy category. In addition, public areas are designed more welcoming and thought through and more in tune with the locations. "Five years ago we still had the rule of thumb that, in a budget hotel, a maximum of 30 sqm gross floor area per room would be calculated. With 4-star hotels it was around 50 sqm – partially way beyond that. This clear difference in surface space

is halved due to a growth in surface space with the new generation of budget hotels and, at the same time, the pressure to cut costs in the 4-star class. Holiday Inn Express and other modern budget hotels have, owing to bigger rooms and more generous public areas, a gross floor area-usage of 35 sqm per room, sometimes even more than that," the GBI developer says. Hence, 4-star hotels would not only reduce their room sizes but also their fitness area and would introduce multifunctional rooms instead of conference rooms. With almost 22 sqm, the rooms of the first Premier Inn in the Frankfurt Europe district, that GBI built, is bigger than in their home country Great Britain. According to GBI chairman Reiner Nittka, this is because the property was originally planned as a GBI smartment building. "In the new Premier Inn

Hotels in Germany, the rooms will have 19 sqm," he knows. Equipped with a kitchen for the restaurant and with high quality, spacious public areas, the Premier Inn defines itself as a "Premium Economy" brand.

The guest does not pay per square meter any more

"Budget is not out. But budget is changing and is more and more becoming a serious competitor for the 3- to 4-star hotel industry," Chris-Norman Sauer explains. The customer does not care much anymore about the hotel classification. "Even with business customers, there is less and less focus on status. These days, the guest is looking for a hotel experience, variety and for surprise. He or she seeks for local connection and authenticity. That is what he or she pays for – not for the square meter of

hotel surface space any more", he says. According to Ursula Schelle-Mueller, Chief Marketing Officer of the Motel One group, even with the next generation of Motel One, the room size of 16 sqm on average would not change. However, the Motel One Upper West, which opens in Berlin in March with 580 rooms, does experience a product refinement, also with regard to its rooms. Among other items, the rooms will host an armchair of the manufacturer Freiraum and round desks, a smartTV, a safe as well as local art. There will also be further developments at the lobby-lounge-bar. Considering all these upgrades, Motel One has now decided to drop the word "low" in their brand subtitle "Low Budget Design" in the future – after all, they have not admitted to 'economy' as of yet.

Another path, different from Motel One's, was chosen by the young Ruby brand, but at the end of the day they, too, will have to compete with the further developed budget hotels. "Compared to design budget hotels, that render budget hotels chic so to speak, we slim down luxury hotels," Ruby CEO Michael Struck explains. Hereby, the luxury in the room is focused on the basics such as the quality of sleep, with high-class, 2.10 m beds, a special sound insulation and excellent light dimming features (as seen by Ruby's target group). While a classic 4-star hotel has a total surface space usage of about 40 sqm gross floor area per room, Ruby uses about 30 sqm gross floor area per room, in the new Munich hotel it is about 31.6 sqm, for instance. The room size for bathrooms starts with 16 sqm at Ruby and is 18 sqm on average. According to Struck, the RevPAR in both Ruby hotels in Vienna established itself in a 4-star area. With entry level prices, however, one stays under the magic 100 Euro mark. This alone already shows the balancing act between budget and midscale.



ibis, the leader in the budget segment in Germany now allows more freedom in design.

Too much capital on the market pushes upgrades

"Motel One pushes the market further," Marco Nussbaum, CEO at prizeotel, is convinced, "but technologically, we are still the best." For Nussbaum it is clear: "The 'Geiz-ist-geil' mentality (stinginess is sexy) is over." This is also why prizeotel is currently investing in public areas. The room size of 16 sqm won't really be changed with prizeotel either. "Unless," Nussbaum says, "we are talking about a conversion."

Wherever you look at the budget hotel industry, everywhere investments go into lobbies, food concepts, beds and also safes, Nussbaum says. This is also owing to the fact that there is a lot of capital in the market. On top, properties and equipment are getting more and more expensive yet better locations are expected. All

of this will reflect in the pricing of the budget hotel industry.

Yet, even ibis did not remain closed up to the trend towards refinement in recent times either. In almost all hotels, the group already came up with a new design, new F&B concepts and better beds. Eike Alexander Kraft, Corporate Communications Central Europe, identifies the room size of ibis budget with currently about 14 sqm, of ibis with about 16 sqm and of ibis Styles with about 17 sqm. "Generally, the room products and sizes at the ibis family are going to be designed more flexible. This helps us to better react to the different projects and needs of the respective micro markets," he says. In the Asian region, for instance, the room size is 30 sqm. A radical change to these specifications is currently not planned.

However, Kraft says, ibis has recently upgraded the public areas. "In the design concept AVANZI, which was developed by the French design studio Archange and which is being implemented step by step in all ibis hotels, the lobby plays a central role. Warm colors and decoration elements made from wood, paired with upholstered furniture and big shelves, add to one's well-being. And to always stay 'up-to-date', the reception offers large screens with current information regarding one's stay. Also in the ibis family, more freedom of scope is planned for the future in order to guarantee a better adjustment to the local market."

/ Susanne Stauss

Extract from *hospitalityInside.com*, Feb 17, 2017.



prizeotel goes international, with an exclusive design by Karim Rashid.



Cocoon Hotels: Price and value are convincing. Young budget concepts find their target groups also outside the micro markets.

YOUNG BUDGET GROUPS GET IN ON THE MIX: LETOMOTEL, COCOON/BUDDY, MQ

Compact, **cost-conscious**, quick to decide

Global giants like the Chinese Plateno Group certainly have the necessary power for a rapid brand expansion. Yet the real innovation in terms of the conceptual approach for new brands continues to come mainly from medium-sized businesses. Three small young German budget groups – LetoMotel, Cocoon/Buddy and MQ Real Estate – describe their concepts and state their figures at the Expo Real hotel conference in Munich.

Whether it be modules on the roof of parking garages, hotels distributed over various unconnected storeys with the smallest of public spaces or micro-rooms with that special something – investors, operators and brand representatives were provided with some interesting insights at the "Hospitality Industry Dialogue", in particular into the new developments in the micro markets of the budget segment. Bjoern-M. Hiss from MQ Real Estate (MQRE) in Berlin presented a prototype for his "My Quarter" (MQ) Hotels to be constructed of lightweight modules assembled on the roofs of parking garages or other commercial real estate. Such a 22 sqm module is already in operation on the

Ringcenter in Berlin-Lichtenberg and can be viewed there. Depending on particular furnishings and equipment, the modules can be produced for hotels in the 2 to 4-star category. Next year, the first hotel comprised of these modules is to go into operation in Berlin. The hotel may operate under its own brand or together with other brands, both are possible.

"We are in a position to cover various room sizes, whether 10 sqm or bigger. We have no upper limit in theory," Hiss says. It's also possible to connect the modules to one another. A hotel can be built within just six weeks using the modules.

A video is available on the company website showing how a module is lifted to the

roof. Initial costs per room are comparable with those for standard construction, Hiss said in Munich. With regard to concerns from the audience that the modules might be too heavy for the roofs, Hiss had the following to say: "An SUV weighs three tons, a load of 450kg per sqm is realistic. In two thirds of all cases, building load-bearing structures don't need strengthening."

Shops below, rooms above

LetoMotel Group intends to expand with budget hotels above retail stores. At present, it operates three hotels in Munich, further locations there as well as in other German cities are planned. In 2017, LetoMotel plans to realise a project in Nuremberg.

One of the special features of the standard LetoMotel room, Managing Director Stefan Bader says, is the separation of bathroom and WC. The bathroom contains a 2 sqm floor-level tiled shower with rainshower head. Upon entering the room, all eyes are directed to the bed. The 1.60m beds are always located below the window, which is equally wide. Behind it is a shelf with plug sockets.

"The name LetoMotel is an anagram. It reads the same backwards as it does forwards," Bader explains. "The name is intended to underline mobility and that we are always located on traffic intersections or close to metro stations. Leto is the sun goddess and stands for the warm colours that we like to incorporate into the rooms.

Rooms at a LetoMotel are between 18 and 19 sqm, including all useful space, a gross floor space of 26 to 28 sqm is required. There is no breakfast area, though the motel is always located in a building in which there is a bakery with breakfast options. At present, his group is working on harmonising hotel standards. "The guest entering a LetoMotel should know what to expect," Bader says. In response to a question from

the audience on the company's creditworthiness, he said: "We can provide our results, and have land and equity available."

Oases in the city

The brands Cocoon Hotels & Buddy, based in Munich, were represented by CEO Johannes Eckelmann. The group currently counts seven hotels in Munich, four of these under ownership. With Cocoon, the manager says, the intention is to create urban oases in city centres. A new Cocoon opened in mid-September, its three focal points are meadows and fields, forest and birch wood as well as Alpine style and Alps. The space required for a Cocoon room is comparable to that of a LetoMotel: Eckelmann put room size at 16 to 17 sqm and gross floor space at between 28 and 32 sqm.

Cocoon and Buddy focus only on conversions as a rule. Buddy has just been offered a special location on Munich's Stachus square, Eckelmann says. A sandwich construction is being worked on there: The hotel is to occupy the second, third and sixth story. Buddy differentiates between three categories: A Buddy room has between 10 and 12 sqm, a Superbuddy between 14 and

16 sqm and a Best Buddy between 18 and 21 sqm. "The Best Buddy is therefore bigger than a Motel One or LetoMotel room," Eckelmann says. He puts gross floor space per room for a Buddy hotel at 20 sqm.

Buddy hotels do not offer breakfast and therefore don't require a kitchen. Each room has a coffee machine though, there is also a coffee machine in the lobby. Anyone who does wish to take breakfast in the hotel can order a breakfast box at reception. Three combinations are available and can be delivered to the room.

Eckelmann intends to grow in Germany's seven largest cities both with Cocoon and Buddy. "Every one of our products needs a special location. "For Buddy, it has to be closer to the city centre than is the case for Cocoon." The second Buddy is in the pipeline.

Cocoon and Buddy are also high-tech hotels: Cocoon rooms have mobile concierges in the form of iPads, room technology such as light and air-conditioning is controlled via tablet, and check-in is at the machine on the ground floor. The rooms are marketed via the company's own homepage and via OTAs. / Susanne Stauss

Extract from hospitalityInside.com, Oct 28, 2016.

15

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EXPO REAL DISCUSSION SHARPLY CRITICISES AIRBNB AND HOTELS

The **reason** is the lack of excitement

As long as cities don't keep a close watch on their housing markets and register changes brought about by online rental platforms such as Airbnb & Co, the P2P providers will have it easy. In Munich, for instance, even medical tourists use platforms such as Airbnb. The cities are also struggling with their own rules. As a result, project developers are already feeling the shadow of Airbnb & Co in planning procedures for hotels and serviced apartments. In the hotel industry, above all the chain hotel sector, the phenomenon shows just how far the industry has moved away from its core – hospitality.

Jeroen A. Oskam viewed the platforms with scepticism. Using a Delphi panel, the Dutch professor aims to bring more transparency into P2P structures. In focus: Amsterdam. He and his team quickly discovered that there was hardly any information available at all on the issue. And the commercial aspect of Airbnb was also discovered. The professor then began a collaboration with the consultancy Colliers International Real Estate and put together a study on the impact of the platform for key cities. "We began with Amsterdam, and are now working on London, Berlin and Madrid,"

Oskam says. His results are a wake-up call. He has three explanations for the lack of transparency with regard to Airbnb: On the one hand, the aim is to prevent regulation of this grey market, on the other, it's clearly a matter of data. Airbnb wants to know more about the travellers than hotels do. The third point is about marketing. Airbnb therefore also publishes its own studies, though these don't really come with clear and specific data. And also with a very foreseeable result: Airbnb is positive for these cities.

It's this argument that the study calls into question, Oskam says. "Here, we drew on two data pools. The first was the housing supply: 18,000 in Amsterdam and 91,000 in London, of which 55,000 were active." The second pool of data is daily transactions. "We initially wanted to determine the market share," Oskam explains, obviously there's a grey area here as we don't know how many people stay in an Airbnb apartment. In Amsterdam, the market share stood at 10%. In London, Berlin and Madrid, it was higher as in these cities there is also high domestic demand which was not present in Holland on account of its small size.

Oskam's findings on Airbnb revenues were also interesting: USD 110 million in Amsterdam alone. Oskam put the average revenue generated by an Airbnb host at USD 6,500. Occupancy ratios were of course lower than was the case for hotels, because not all apartments could always be put on the market and because there were caps, Oskam explained.

Airbnb marketing disproved by the figures

With respect to the commercial aspect, Oskam's findings were in line with those of Cox: 85% of the properties for rent were entire apartments. "Multi-listers were divided into groups, those with two apartments, those with three to ten apartments and then, as third category, those with more than ten apartments." In London and Amsterdam, there were providers with hundreds of apartments. "This can also be management companies," Oskam explained. Around a third of providers were multi-listers. The Airbnb argument of individual listings is therefore refuted. "We also looked at where the listings are, as Airbnb always says they are distributed throughout the entire city." But the figures didn't back this up. In all cities, there was a massive concentration in city centres and in neighbouring areas.

Municipalities and cities are increasingly responding

Berlin is leading the way in its resistance. With its ban on incorrect use of residential apartments, Berlin has nipped the development in the bud. City regulations make the commercial renting of Berlin apartments to tourists subject to licensing approval from the city. Frankfurt has followed and tightened its regulations. Residential space may no longer be converted into offices or holiday apartments. Here, the city blazes a trail for the whole of Germany. Town planning authorities systematically monitor all rental platforms in an attempt to identify properties permanently on offer to tourists. New York and Barcelona are similarly strict.

Christian Mueller, Sociopolitical Speaker for the Social Democrats on Munich City Council, drew attention through the discussion to the problems faced by the municipalities. In Munich, there's also the very particular phenomenon of medical tourism with demand for accommodation in



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particular from the Middle East. This has increased pressure on an already strained rental market.

In figures: According to Mueller, 1,000 apartments are completely withdrawn from the housing market. 300 more are misused by medical tourists. A legal approach like that taken in Berlin and Hamburg is absent in Munich. The city has to live with outdated city regulation. Meanwhile, the tolerance of many neighbours to such apartments has been tested: more rubbish, more noise and tenant communities characterised by increasing suspicion has jolted the city into action. Anonymous notifications like those in the Berlin model are not seen in Munich. But the housing authority often finds the cause of the problem.

However, Munich's special investigation group still has the feeling of a struggle between David and Goliath. Mueller therefore appealed to the federal states to intervene and legislate on this matter. Many municipalities are hoping for this. "It's important that the right regulation is forthcoming," is his appeal. But with a time horizon of five to six years, this is too long. He also hopes for court judgements and the public. If the right judgements are secured through the courts, they would have a deterrent effect.

Reiner Nittka, Chair of GBI AG Berlin, agreed here. His research department discovered that last year, 14.6 million overnight stays were made in private accommodation, one in every eleven city travellers meanwhile no longer stays in a hotel, but in private accommodation. More than ten million so-called grey market overnight stays were made in the four large cities Berlin, Munich, Hamburg and Cologne alone.

Hotel industry too far away from its roots

Jeroen Oskam once again pointed to Airbnb's extremely clever marketing. 40% of users are looking for an authentic experience, the majority to reduce costs and for palpable assets... This was underlined by Peter Norman, Senior Vice President Acquisitions & Development at Hyatt Hotels: Airbnb focuses on the local experience in high-price experience zones (tourist areas) where the barriers to entry for hotels are extremely high. Because Airbnb is offering low cost accommodation in exactly these areas, the search for services in these neighbourhoods will intensify... "The B&Bs, holiday apartments and serviced apartments will suffer here," he said, for as long as there is no regulation. The competition between the hotel industry and P2P plat-

forms will over time shift from low budget to middle and upscale offerings – "and for us, it will be interesting to see how the situation between Airbnb and the OTAs develops," Peter Norman added.

In 2014, Hyatt acquired a 12%-stake in the P2P platform Onefinestay and for an entire year was able to learn from the working methods and experience of this Airbnb luxury clone (with apartments offered from €600 per night). Shareholders subsequently sold the platform for €148 million to AccorHotels – a profitable move, Norman confirmed. So what has Hyatt learned from Onefinestay?

"Offering an authentic experience is nothing new," Peter Norman explained, "but we saw this incredible growth of Airbnb." And this is explained with respect to digitalisation and the ease of access



Market researchers Dr Stefan Brauckmann (right) for Germany and Dr Jeroen Oskam for Europe.



Peter Norman of Hyatt Hotels – finding critical words for the own industry having lost authenticity.

which users have to this type of accommodation. "We should let tourists have their authentic experience with us. We must once again return to our hospitality rooms and turn our back on uniformity," was his clear and self-critical demand to the sector. The Airbnb phenomenon could even have a healing effect... For too long, the sector had worked with the same products at all locations and had standardised everything – what ultimately resulted in a lack of excitement... / Beatrix Boutonnet

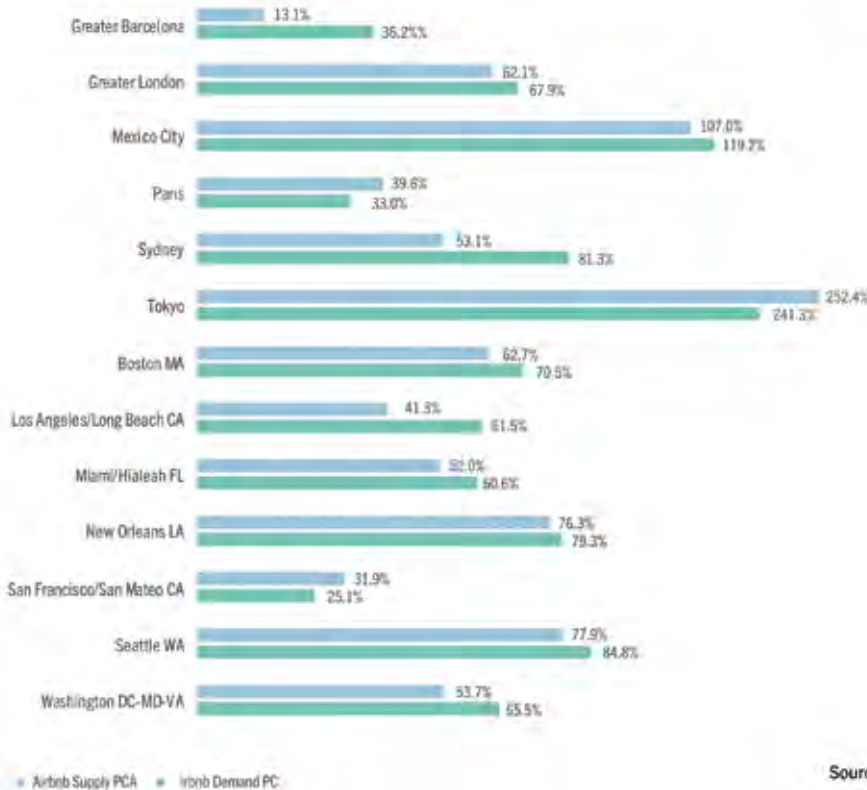
Extract from hospitalityinside.com, Oct 21, 2016.

STR ANALYSED MARKETS: AIRBNB PERFORMANCE STAYS BEHIND HOTEL PERFORMANCE

Compared

Hotel performance continued to show strength while more hosts than ever were renting their residences on Airbnb. This is a surprising result of a study that analyzed the two competitors in 13 global markets. But even though Airbnb seems to weaken at a first glance, it still stays a serious rival for hotels.

Airbnb Supply and Demand Growth July 2016, 12-Month Moving Average



- Hotel occupancy was significantly higher than Airbnb occupancy.
- While Airbnb's share of total accommodation supply (i.e. Airbnb units and hotel rooms) was growing, its share of market demand and revenues still was generally below 4% and 3%, respectively.
- Hotel average daily rates generally were higher than Airbnb rates (e.g. \$16 higher on average in our seven U.S. markets).
- Hotel ADR increased in all but one market (Paris) in the year ending July 2016. Airbnb rates decreased in eight markets and increased in five.

Supply might have been a contributing factor in that latter point, as the majority of the markets analyzed in this report saw available Airbnb units increase by more than 40% – and in some cases north of 100%. When analyzing growth rates, however, it's important to acknowledge the baseline. Airbnb is a relatively new presence in many markets, and growth rates often are commensurate with untapped potential. In other words, Airbnb has more room to grow in most markets, whereas hotels have carved out an established presence over decades.

STR removed large Airbnb listings that hold more than seven people, because groups of this size are unlikely to stay in hotel rooms. Within the remaining listings, there was still the "Airbnb experience" factor, which might include kitchens and other apartment-style amenities, meeting the host, and other factors unique to the accommodation. For example, a small percentage of Airbnb listings are eclectic accommodation types such as treehouses, camper vans, yurts, castles and so forth that were not identifiable in our dataset.

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Extract from *hospitalityInside.com*, January 20, 2017.

As of July 2016, the U.S. hotel industry had recorded its 77th consecutive month of revenue-per-available-room growth. During that same month, hoteliers sold more room nights (117 million) than ever before. Those same dynamics largely held true in the following 13 global markets analyzed in this report: Barcelona, Boston, London, Los Angeles, Mexico City, Miami, New Orleans, Paris, San Francisco, Seattle, Sydney, Tokyo and Washington, D.C. Airbnb provided more than two-and-a-half years of daily data for each market, which

STR analyzed and then compared to its hotel performance data. Performance data through July 2016 indicated hotels were following their normal cyclical trajectory, hovering at or just below the peak at a time when Airbnb listings outnumbered the world's largest hotel company by nearly three units to one.

Among the most compelling findings:

- Airbnb occupancy generally was the highest in markets where hotels had high occupancy.

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