

FUTURE OF CITY BUSINESS HOTELS

Approaches and recovery strategies

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Foreword

This handbook synthesizes the results of the different research stages of our project, i.e. the ideas generated by the various focus groups and discussions organised, along with the preferred criteria to be considered in the event of a possible implementation.

Although the ideas discussed were categorised into four themes that appear distinct at first glance, they all converge towards three fundamental aspects which are flexibility, hybridization and social interaction through animation.

In fact, the majority of the hoteliers surveyed see the hotel as becoming a place of interest and attraction, where people want to gather, whether they be residents wanting to enjoy a nearby meeting point, professionals seeking to work in a pleasant environment, companies requiring special services and resources, or tourists looking for a new, enriching and authentic experience.

The hotel no longer targets the business clientele only and is no longer just a place to sleep, but becomes an essential place that is open to everyone. In doing so, the hotel aims to meet the needs of each guest, hence the necessity to adopt flexible strategies, as well as to focus on personalizing the experience.

We would like to remind our readers that the strategies presented in this document are first and foremost the result of discussions and surveys in which several hotel professionals took part. This manual is not intended to be instructive, but rather informative about the current situation in the hotel industry. Above all, it highlights the doubts resulting from the health crisis, the needs of the sector to best meet the expectations of customers and staff, the challenges of industry trends and innovations, and specifically the many opportunities that business hotels could seize in order to ensure their survival.

Context

The Covid-19 pandemic has affected the global economy to a degree that no one could have imagined, let alone foreseen. The tourism industry will never be the same and the business hotel industry will probably not return to its pre-pandemic level for several years. Finding itself at an impasse following international and national restrictions, it must now rely on new business models if it wants to ensure the survival of hotels located in cities.

Achieving differentiation through creative and innovative strategies has become the main objective of urban hotels. With new technologies and customer needs constantly evolving, the hotel industry is indeed an industry shaped by change and must constantly adapt to this versatile and competitive environment to stand out and simply survive. While many hotels had already begun their digital revolution and were thinking about innovative business strategies, this desire for change has become a real imperative for the industry due to the health crisis.

However, no matter how hotels decide to innovate, they will continue to face strong competition from short-term rentals or apartments with facilities that allow people to enjoy more privacy, such as private kitchens or large spaces that enable social distancing. By offering personalized services, hotels will differentiate themselves by responding to guests' needs according to their desires and preferences, which will of course require flexible strategies.

Challenges and trends

In recent years, hotels have gradually embraced new technologies and begun to think about new offers that are more in line with today's lifestyle trends. Hotels have thus gone from being a simple place to stay to offering a whole range of services that previously seemed accessory. The ability to eat in a restaurant or drink at a bar, to take part in organised tours and activities, or to have the opportunity to relax in a wellness have become standard services.

New needs have also emerged as a result of the pandemic. For instance, with the widespread use of teleworking, companies around the world have realized that a significant number of meetings can be conducted virtually, which results in considerable cost and time savings. While face-to-face meetings will remain just as important in the future, there will be a decline in the number of face-to-face meetings, which could be filled by offers dedicated to a different customer base. However, it is important to keep in mind that the market will be even more competitive, hence the priority for business hotels to remain creative and quickly implement strategies that will attract new customers and meet the new needs of existing customers.

Trends accelerated by the pandemic

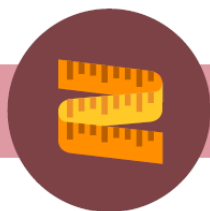


New ways of working

The rise of teleworking has accelerated the development of coworking spaces outside the company.

These spaces allow employees who can't work from home to benefit from an atmosphere that favours exchange, creativity and tranquility.

Coworking spaces and teleworking have convinced many employees, and some employers have decided to make hybrid working permanent.



Personalisation

In order to meet customers' expectations, the personalisation of offers and services is essential.

Taking into account the individual needs of each customer will be the way for a company to differentiate itself and satisfy the ever-changing habits of its customers.

From a hotel's perspective, personalisation starts with the guests choosing the services they would like to enjoy, whereas previously the offer was mainly about the type of rooms.



Habits of the client

Ever-changing customer habits reflect an ever-changing environment.

The ageing of the population will influence the expectations of older customers: the services offered will be adapted to a clientele that may be less active but generally has more time and financial resources.

People are also placing more emphasis on their wellbeing, adopting a healthier lifestyle, which may translate into a desire for more authentic, sustainable and responsible experiences.



Digitalisation

Digitalisation remains the dominant trend regarding the future of the hospitality industry.

Clients are increasingly connected and expect to benefit from technological solutions during their travel, including at their place of accommodation.

Whether it be checking in at the hotel, ordering online for delivery, booking an activity or other services, some guests want to be more autonomous and not depend on the reception desk hours.

Innotour project

In order to support urban hotels that have lost a part of their business clientele, a multi-sector and inter-sector approach is necessary. The union of key players from different backgrounds allows for the acquisition of the necessary expertise and know-how to sustain the industry according to the needs of each stakeholder. To face the challenges induced by the pandemic, the Association Romande des Hôteliers (ARH) has joined forces with Swiss university centres of competence in the field of hospitality and tourism (the École hôtelière de Lausanne

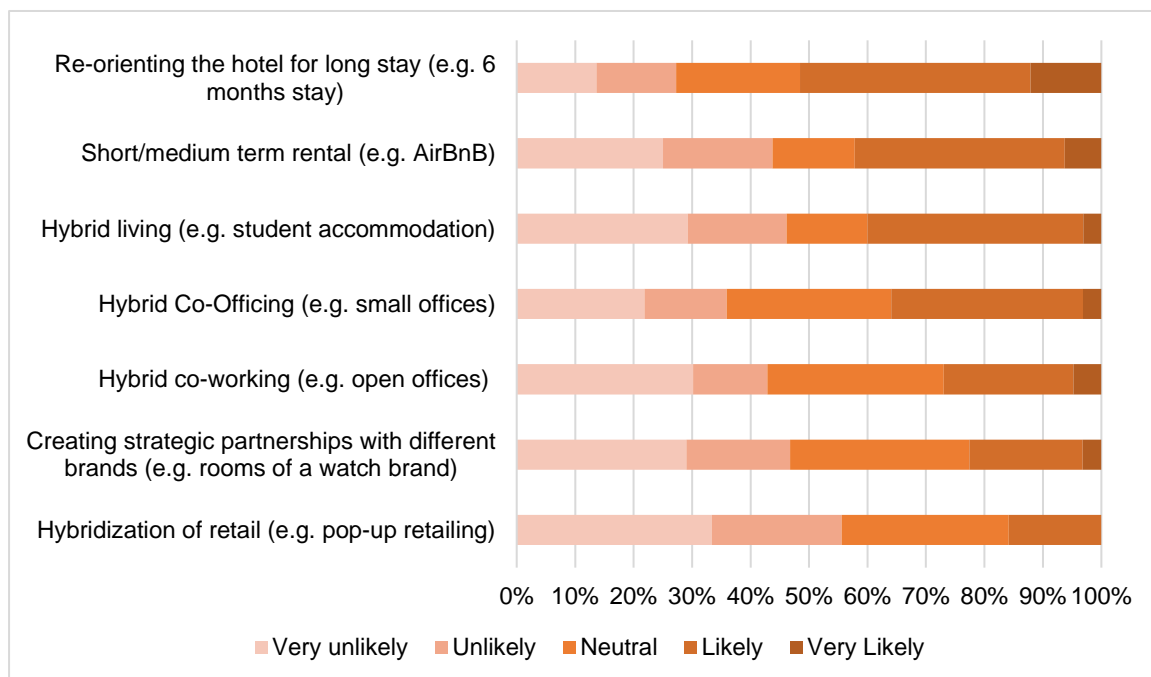
and the Institut du tourisme de la HES-SO Valais-Wallis) with the aim of developing survival strategies for this suffering sector.

Supported by Innotour (SECO), the Service de la promotion de l'économie et de l'innovation de l'Etat de Vaud and HOTELA, the project "The future of city business hotels in Switzerland" aims to encourage the collaboration of tourism and hotel industry actors (among which 6 urban business hotels) and to rapidly put in place the best short- and long-term strategies to promote the competitiveness of the Swiss urban hotel industry.

First phase of the research

Thanks to an initial survey of hoteliers in Swiss cities, an overview of how the sector was affected by the pandemic was generated. The research focused on how hotel spaces freed up by the loss of clients could be reallocated or transformed, and how hoteliers could reinvent their core business model to meet the needs of their guests and potentially target new types of guests.

The [first survey](#) (March-April 2021) found that a majority of hoteliers anticipated a change in the nature of the customer base and were willing to work with urban players such as tourism operators to better exploit the assets of the cities in which their hotels are located. They were already confirming the importance of customisation and flexibility to meet their customers' needs and enhance their experience, whether it be by creating new offers or implementing new business models, such as providing space for teleworkers, accommodating medical patients, implementing hybrid models or offering new services.



Applied research

After this survey, an ideas contest was launched (May 2021) to invite the public, students, and anyone interested in the issue to share their vision of the future of business hotels and their expectations as potential


customers. Their proposals included new business models, new packages, new use of rooms with a focus on new trends and needs such as offering immersive activities or creating a green environment in and around the hotel. The most popular ideas concerned the reallocation of rooms (thus targeting new types of clients) and the restructuring of free spaces into coworking areas.

The second phase of the research consisted of 4 different stages, summarised in the model below:

Methodology

The project followed 4 distinct phases :

- 1. **Think Tanks:** Ideas generation by professionals of the hotel industry and relative sectors
- 2. **Survey & Focus groups :** Validation of the ideas and further exploration
- 3. **Peer review:** Evaluation of the ideas by a panel of experts
- 4. **Instructional playbook:** Presentation of the ideas





Following the ideas contest, three think tanks composed of professionals from the hotel industry and related sectors (architects, designers, economists, tourism professionals, etc.) met over several workshops. The ideas discussed were related to the concept of hybridisation, and the participants agreed that the traditional business model of urban hotels was outdated and that a diversification of their offer was a necessity. All the results converged towards a similar point, namely that the hotel should once again become a multifunctional living space.

Once all the ideas were generated and analysed, four major themes emerged:

"Cœur de quartier"

During our think tanks, a kind of common denominator became clear in most of our discussions : the urban hotel must go back to being a place of life open to its neighbourhood, to its city. Several of the ideas proposed consider the urban hotel should once again become a meeting point for residents and tourists alike. A common desire expressed by both the ideas contest and the think tanks was that the urban hotel should at all costs regain possession of the centre of its neighbourhood.

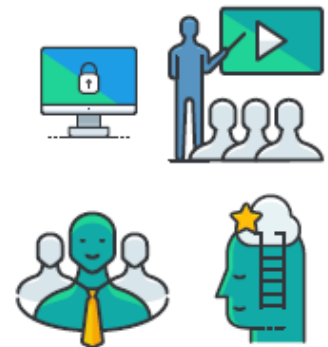


Hybrid hotel

Originally, the hotel is essentially made up of rooms. The results of the think tanks and the ideas contest suggest a hotel that is more hybrid, still composed of rooms but also of wellness areas, shops, working spaces, meeting and conference rooms, and so on. The available spaces (former rooms) allow for a thorough rethinking of their use due to the decreasing number of business clients. A new element is that these hybrid hotel configurations must be flexible in order to quickly adapt to different types of needs and to thus offer new services.

Coworking spaces

Regarding hybrid and flexible hotel configurations, the focus was often on the hotel becoming a workplace. Teleworking is likely to become more widespread and it is no longer necessary for companies to provide a workplace for every employee. The urban hotel can offer a range of services that allow the company to promote face-to-face employee interaction. This can result in significant cost savings for companies that no longer need to own fixed premises, but can explore new and innovative ways of working to increase productivity while maintaining well-being at work.



Hotel as a destination

In the past, the urban hotel was just a stopover on a journey. Our think tanks and ideas contest unveil a new concept: the hotel becomes itself a destination and any activity can be carried out in its premises. It is obvious that the first three themes above are closely linked and that the 'holistic' dimension of this new destination is crucial. The hotel becomes a destination that coordinates a whole range of activities needed by the business clients, as if they normally returned to the hotel while benefiting from additional offers rather than just an overnight stay. The hotel as a destination also contributes to the success of the business trip!

A first selection of 16 ideas representative of all the proposals made so far was submitted to a number of hoteliers through a new survey, which allowed to define specific information for each of them. Once all the necessary information collected, focus groups were held with hoteliers to discuss the possibility of actually implementing these ideas. In order to strengthen the potential implementation of these changes in urban hotels, the opinions of experts from the hotel sector were collected and their criteria taken into account. In addition, as some of the ideas presented were very similar, it was decided to organise them in a more specific way and to finally propose 10 ideas, classified in 4 main sections.

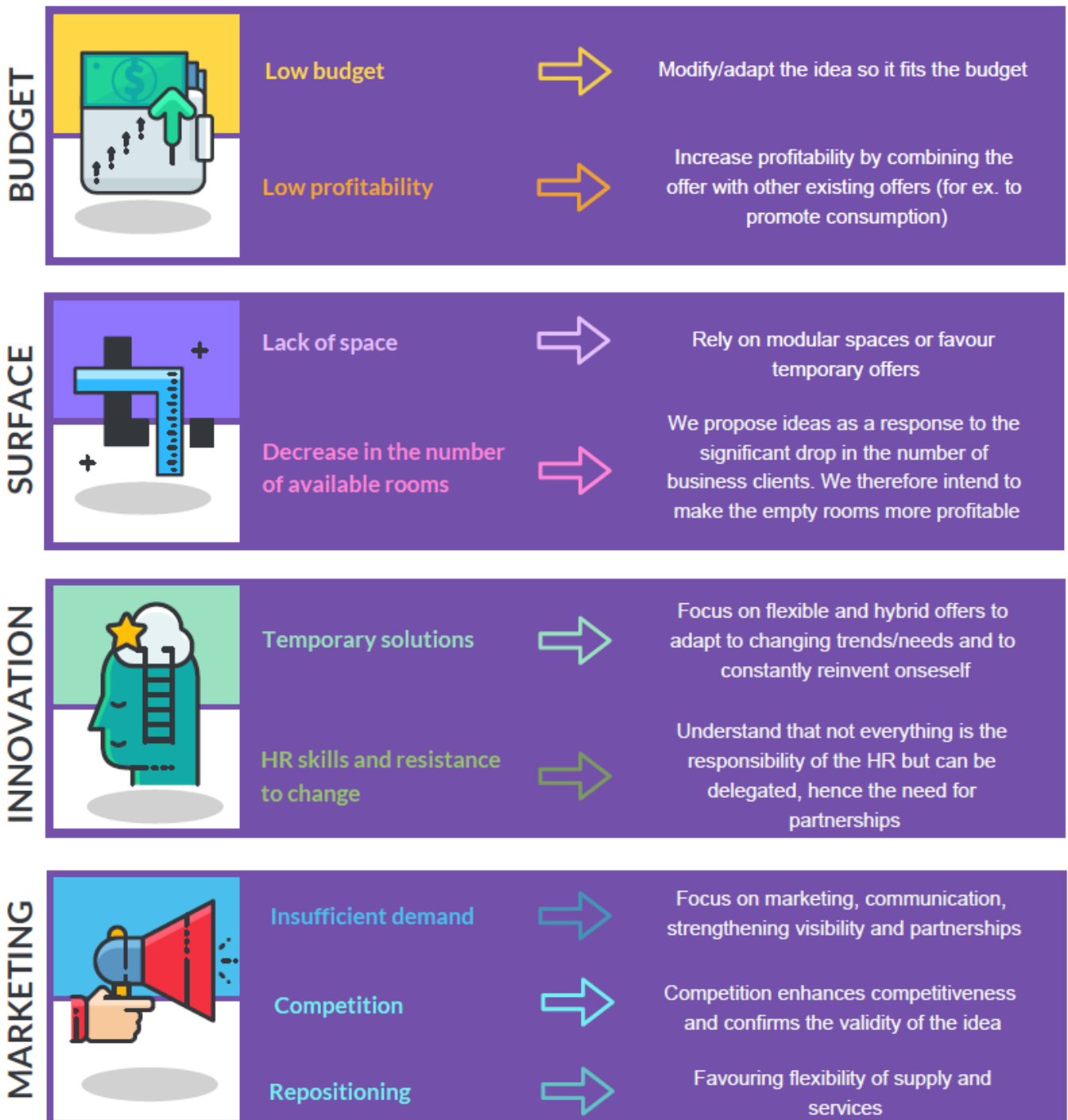
The 10 sheets that are presented at the end of this handbook are the result of these focus groups, which highlighted a common vision of the future of the hotel industry by 2030 as a mix of international, regional and local hotels, with services oriented towards health, social, wellness and economy. The hotel services of the future will be 'uberized', i.e., provided on demand, and it will be essential to give customers more flexibility, while every space or service provided by a hotel will have to be marketable. In short, customers will choose what they need and pay for what they use.

Hotels will no longer accommodate guests only but will become a place that welcomes everyone, whether they intend to stay for an hour, one day, overnight or much longer. This flexibility and the diversification of the offers will surely attract new clients and make it possible to meet their needs. Rooms will no longer be used at night only, but will be adapted in ways that will enable a wide range of activities. Bearing in mind that the industry has already shifted, hoteliers must embrace this change now if they intend to survive in this new, competitive and yet exciting era that will shape the future of this industry. In the end, the variety and amount of the ideas generated actually reflects the resilience of the industry and its businesses, which itself echoes a promising transition.

The model below summarises the most mentioned criteria in response to our survey regarding the profile of the hotel wishing to reinvent its business model, its needs relative to the areas innovation, marketing, digitalisation or finance, as well as the services and infrastructure that would best support the implementation of the proposed ideas. These criteria are based on the comments and information provided by the hoteliers interviewed. They should not be considered as indispensable and are open to interpretation.



Generally speaking, factors hindering or preventing the hotel from implementing some ideas were more numerous and varied than the enabling forces listed previously. The visual below brings together the disadvantages most mentioned by hoteliers during our discussions and identifies some options to pursue in order to possibly lessen these blocking forces. Once again, we would like to remind you that the ideas proposed in this playbook mainly represent an outline on which to base oneself, and not preconceived ideas. The hotel wishing to implement one of these strategies will of course have to adapt it according to its profile, vision, and the means and infrastructure at its disposal.



Before presenting the final 10 ideas, it is necessary to highlight the general remarks that were made about them by experts of the industry. Whether it be a criticism, a warning or a suggestion, their comments should be taken into account as they are precisely in line with those of the hoteliers and favour the successful implementation of the ideas:



Friendly co-living

Put an emphasis on the concept of friendly co-living: the hotel does not only offer spaces for rent, but goes further by providing an atmosphere of community and belonging ... that encourages social interaction



Complete tourist experience

The hotel experience must become a complete tourist experience with events and activities that contribute to making the place alive, attractive and original: we are moving from the perspective of selling rooms to business clients to offering entertainment and a real experience to leisure travellers, local residents, etc.



Flexibility and personalisation

Offer flexible facilities, customisable packages (before/during the stay), adapted rates, subscriptions or (monthly/yearly) fees regarding offers for the locals, etc. and renew ideas, concepts, activities and offers on a regular basis

Adapt each concept to each location, taking into account the hotel's (economic, social, competitive, etc.) environment



Mindsets and organisational culture

The hotel must gradually adopt a change in mindsets as well as in their corporate culture



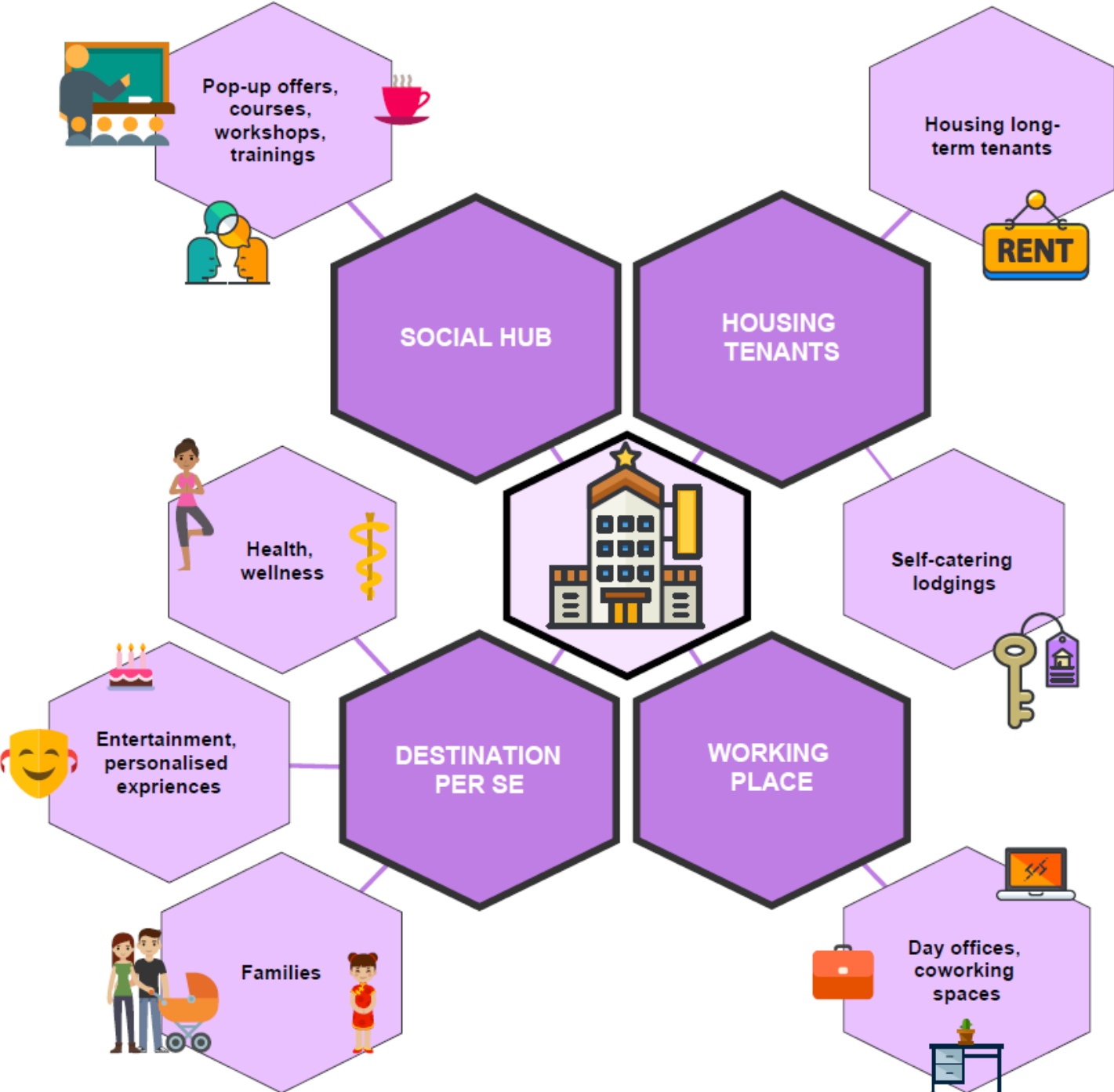
Collaborations and partnerships

The hotel can, and must, open up to others through collaborations and partnerships that will allow a diversification of the offers

In addition, it should be noted that some of the ideas presented are accessory and should be considered as a way to bring in additional income, while others require a real change in the business model along with major transformations. It is suggested that hoteliers favour the hybrid aspect of some concepts, adopting if possible various approaches allowing not only a diversification of the offer but also the broadening of the desired clientele.

Finally, although this project aims to help hoteliers as much as possible, the sector is already facing other challenges that will be difficult to overcome, notably the lack of workforce and the increasing difficulty of recruiting employees. The desire to change or modernise urban hotels will therefore also require a change in working patterns.

PRESENTATION OF THE IDEAS BY SECTION



SECTION 1 : HOUSING TENANTS

The ideas presented below are relative to the housing of long-term residents, with a focus on providing them with a flexible offer, whether it be through the rental of a room or independent accommodation, should the hotel wish to make such a transformation.

Housing long-term tenants

Targeting students, teachers, or seasonal/hybrid workers who do not require year-round accommodation, by offering them a room (a week, a month, a semester) as a customisable package with prices according to the duration of the stay/services needed (e.g. meals, laundry, lockers, kitchen); possibility of creating partnerships with companies, universities, etc. whose employees fit the targeted profile.

Developing the client experience through social interaction: organising various activities, combining meals with coworking events, etc. to facilitate meetings, exchange, and personal and professional development.



Preferred amenities



Terrace



Restaurant



Meeting rooms



Bar



Conference rooms



Business corner

Skills required

Marketing ★★★★★

Finance ★★★

Innovation ★★★

Digitalisation ★★★



Blockers

Transformation/adaptation

Insufficient demand

Insufficient space

Insufficient budget

Insufficient revenue

Loss of flexibility in management



Enablers

Amenities: kitchen, plugs, microwaves, etc.

Mailboxes, lockers

Laundry and ironing service

Modular rooms

Public transports/parking spots

Preferred criteria



Independent hotel



< 50-100 rooms



10-30 employees



Low



International, national market



Business, bleisure

Converting rooms into micro-apartments & shared spaces

If possible, investing money to convert rooms into micro-apartments and shared spaces (kitchen, living rooms, bathrooms) will turn the hotel into a true hybrid space by diversifying its business model and targeting a new clientele: students or clients who wants more autonomy (ex. AirBnB concept).

In order to make the offer more attractive, the hotel can for instance offer differentiated rates (according to the duration of the stay).



Preferred amenities



Terrace



Restaurant



Shared kitchen



Business corner

Skills required

Finance ★★★★★

Innovation ★★★★★



Blockers

- Fewer rooms available
- Insufficient revenue
- Insufficient budget
- Too small room
- Lack of flexibility
- Change of mindset



Enablers

- True hybrid concept
- Sufficient space to combine both concepts
- Existing amenities (ex. shared kitchen)
- Fixed and regular income

Preferred criteria



Independent hotel



< 50 rooms



< 10 employees



Low



National, international market



Bleisure, Business, Families

SECTION 2 : WORKPLACE

The idea presented in this section focuses on the hotel becoming a workspace for people who no longer have a private office or for teleworkers who seek a specific atmosphere (e.g. a room to use as a day office to work quietly or coworking spaces favouring exchange). These spaces should have all the necessary equipment (desks, plugs, screens, computers, printers, conference/meeting rooms, etc.)

Coworking spaces

Dedicating some spaces and rooms to clients who are teleworking, and give them the opportunity to enjoy a quiet space allowing them to work, exchange and network. In order to differentiate and complete the offer, the hotel can offer various packages including activities, meals or other, as well as providing them access to all the necessary equipment (computers, screens, printers, etc.)

The hotel can also directly collaborate with companies that need such spaces, or develop partnerships with companies specialised in coworking.



Preferred amenities



Terrace



Restaurant



Meeting rooms



Bar



Conference rooms



Business corner

Skills required

Marketing ★★

Finance ★

Innovation ★★

Digitalisation ★★★★★



Blockers

Insufficient budget
Insufficient spaces
Insufficient demand
Competition
Insufficient revenue
HR mindsets & skills



Enablers

Modular rooms
Living space, working space
Plugs, specific furniture,
microwaves
Business subscription &
partnerships
Public transports/parking spots

Preferred criteria



Independent hotel



< 50 - 100 rooms



10-30+ employees



Low



National, local market



Business, bleisure

SECTION 3 : SOCIAL HUB

The idea presented in this section highlights the importance of the hotel becoming a “social hub” within its own neighbourhood. After two years of a pandemic, people are looking for social interaction and the hotel could seize this opportunity by becoming a place that welcomes the local population in addition to its usual residents. This idea would increase the visibility of the establishment, while also offering a variety of services to generate some income.

The hotel as a "cœur de quartier"

Turn the hotel into a place that welcomes locals and visitors: a space that people make their own, a place for exchange, meeting, knowledge, authenticity and conviviality. The hotel can offer spaces or rooms on a temporary basis to artists to exhibit their work, to local craftsmen to show their products, etc. If it has a restaurant and a large kitchen, it can offer culinary courses. More simply, it can host teachers looking for a place to teach (e.g. language courses), which does not require any particular skills for the staff itself.



Preferred amenities



Terrace



Restaurant



Meeting rooms



Bar



Conference rooms



Business corner



Blockers

Insufficient revenue
Reallocation of premises
Lack of HR
Change of mindset
Responsibility of the hotelier



Enablers

Fairly large and bright area
Equipped coworking spaces
Local partnerships
Local membership

Required skills

Marketing ★★

Innovation ★★★

Digitalisation ★

Preferred criteria



Independent hotel



< 50-100+ rooms



10-30+ employees



Low



Local, national market



Business, leisure

SECTION 4 : DESTINATION PER SE

The ideas presented below are grouped under the theme of the hotel being a destination and not just a place to stay. The hotel can focus on wellness offers or become a place of recovery for some types of patients. It can also create personalised experiences, whether it be entertainment or specific event. Finally, the hotel may decide to target a clientele that was not hitherto favoured: families.

New room usage - Wellness

By dedicating some areas to wellness (e.g. by providing a relaxing atmosphere for meditation and yoga), the hotel is aligned with current and future trends that will shape the needs and habits of clients. Depending on the available budget, the hotel may invest in equipment and other amenities or create partnerships with local companies. In order to make the offer more attractive, the hotel can offer customisable packages with various services.



Preferred amenities



Terrace



Restaurant



Meeting rooms



Bar



Spa



Business corner

Skills required

Marketing ★★

Finance ★

Innovation ★★★

Digitalisation ★



Blockers

Too small rooms/spaces
Insufficient budget
Difficulty in replacing some markets



Enablers

Partnerships
Possibility to invest in low-cost material
External/local clients
Trending concept
Modular rooms

Preferred criteria



Independent hotel



50-100 rooms



10-30+ employees



Low



National market









Leisure, bleisure

Medical rooms

By adapting some rooms to accommodate hospital patients, the hotel not only relieves the health care institutions but also fills its rooms. The partner hospitals take care of the medical follow-up, and the hotel provides some services for the patients. It can also work with health insurance companies. This concept can be applied to patients who have had surgery but do not require regular care or monitoring, or to elderly people.



Preferred amenities

-  Terrace
-  Restaurant
-  Meeting room
-  Bar
-  Conference room
-  Business corner



Blockers

- Insufficient budget
- Need for partnership (medical care)
- Responsibility of the hotelier
- Need a non-mixed space

Skills required

- Marketing ★
- Finance ★
- Innovation ★★



Enablers

- Social innovation
- Growing market
- Existing amenities (ex. restaurant)
- Medical facilities nearby

Preferred criteria



Independent hotel



50-100 rooms



10 - 30+ employees



Low



Local, national market



Leisure, families

New offers - personalised events

Thanks to its amenities (common areas, rooms, meeting rooms), the hotel can host various activities such as birthdays, private parties, corporate dinners, retirement parties, etc.
In addition to offering its services, the hotel can create customisable packages that include meals, activities and rooms for people wishing to stay overnight.



Preferred amenities



Terrace



Restaurant



Meeting rooms



Bar



Conference rooms



Business corner

Skills required

Marketing ★

Finance ★

Innovation ★★ ★

Digitalisation ★★ ★



Blockers

Insufficient budget
Little ROI
Workforce to be trained
Change of mindset
Occasional events



Enablers

Restaurant with a separate door
Public transports/parking spots
Modular rooms/spaces
Already existing idea

Preferred criteria



Independent hotel



50-100 rooms



10-30 employees



Low



National, local market



Leisure, business

The hotel as an experience per se

The hotel should not only offer its spaces to its guests. For example, it can give them the opportunity to live a real experience by organising "murder mystery" meals or by redesigning certain rooms as "escape rooms". The hotel as a tangible space therefore has the opportunity to play an active role in the experience of its guests. Experiences can range from simple mystery dinners to longer-term ones once the model is well established and successful.



© The old spaghetti factory www.osf.com

Preferred amenities



Terrace



Restaurant



Meeting rooms



Bar



Conference rooms



Business corner

Compétences requises

Marketing ★

Innovation ★★ ★

Digitalisation ★



Blockers

Insufficient budget
Insufficient space
Insufficient ROI
Conflicts between clients



Enablers

Available spaces
Existing amenities (restaurant)
Easily modular rooms
Trending concept

Preferred criteria



Independent hotel



50-100 rooms



> 30 employees



Low



Local market



Leisure, families

The room as an experience per se

Selling the room itself as an experience that immerses the guest in a new world. This concept can be implemented in a variety of ways, ranging from simple wall decoration to investments in LEDs/screens/projectors. The idea can also be developed around a more specific theme, for example by providing a "smart" room adapted to today's increasingly connected generation or by organising activities focusing on social interaction and fun. The idea is therefore to be adapted according to the targeted markets.



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Preferred amenities



Terrace



Restaurant



Meeting room



Bar



Conference room



Business corner



Blockers

Energy consumption
Insufficient budget
Insufficient demand
International competition



Enablers

Personalisation: rooms can be decorated according to the wishes of the clients
Smart concept allows to save money (heating, lights)

Skills required

Marketing ★★

Innovation ★

Digitalisation ★★

Preferred criteria



Independent hotel



50-100 rooms



10 - 30+ employees



Low



National, international market







Leisure, bleisure

New offers - families

In order to lessen the decline in business clients, the hotel can rethink its business model by targeting families more specifically and creating attractive packages that not only include services according to the needs of this type of guest (e.g. children's day care) but also offer dedicated areas (playrooms, etc.) as well as offers/activities in collaboration with the local authorities.



Preferred amenities

-  Terrace
-  Restaurant
-  Playroom
-  Outdoor area



Blockers

- Insufficient budget
- Insufficient ROI
- Demanding, noisy clients
- Competition
- Need for a change of mindset and corporate culture

Skills required

- Marketing 
- Finance 
- Innovation 
- Digitalisation 



Enablers

- Fully equipped and secure rooms
- Playrooms
- Appropriate equipment (children's chairs etc.)
- Outdoor area
- No or little transformation

Preferred criteria



Independent hotel



50-100 rooms



> 30 employees



Low



National market



Leisure