

The Rise of Bi-Leisure Travel Via Serviced Residences



By now, hoteliers are well-versed in espousing the many advantages of their properties in the face the numerous industry disruptors, including such features as offering a safe environment and product reliability. Both traditional hotels and any form of alternate lodging provider share a common pool of potential customers, consisting primarily of those individuals looking for short-term accommodations away from home.

Typically, those stays are measured in days, and rarely in weeks or months. The length of stay is often one of the critical differences that uniquely defines serviced residences such as apartment rentals from both the hotel and sharing economy products.

Ascott Limited is a subsidiary of Capitaland, one of Asia's largest real-estate companies. Through rapid growth over the past three decades, it has become one of the world's leading serviced residence owner-operators, now with a global portfolio of over 500 properties and over 70,000 units located in Asia, Europe, Brazil, the Middle East and, recently, New York City as its first foray into the American market. The company's brands include Ascott, Citadines, Somerset, Quest, The Crest Collection and lyf.

"Hotels are for people to stay in a city. What we offer is a place for people to live in a city," is how Marc Sandfort, Area Manager of Ascott UK, describes the key difference between the two lodging segments. Important to our discussion today, he adds that, "Alternate lodging providers have actually had a positive impact on the serviced residence sector because they've opened up the consumer experience, offering something different to a traditional hotel stay."

It's this last tidbit where bi-leisure or hybrid travel is concerned. What we are witnessing with the rise of alternate lodging providers is not only a proliferation of wholly new travel demographics, but also a more passive yet broader consumer reeducation. Travelers realize that they have significantly more options nowadays in terms of what accommodations they can select as well as their ability to work while away from their primary residences.

With the 24/7 business cycle and work-from-home employment already becoming the norm, all one really needs is an internet connection. From there, they can earn a living from anywhere and extend a traditional vacation ad infinitum so long as face-to-face meetings aren't required. Moving forward, this behavior will only become more prevalent and indeed urged on by the plethora of long-term inventory coming available via online distributors.

Suffice it to say, the guest arriving with just a carryon and a briefcase does not meet the criteria of a bi-leisure traveler whose needs are best fulfilled by a different type of lodging product. But add a spouse, a couple of kids, the family pet, a few large roll-ons and, well, you get the picture. It's one where the traditional hotel is becoming isolated from the increasingly flexible modern traveler. As Mr. Sandfort explains, "The bi-leisure guest may have one member of the family on an out-of-town assignment with the rest of the household including the dog. They need a kitchen and importantly, they need space."

Serviced residences rarely have any food and beverage facilities other than in-suite kitchens and breakfast service. Looking more specifically at this segment, it is easy to understand the differences between hotels and typical rentals in order to discern where any shortcomings in features are so that they might be corrected for the future.



	<i>Serviced Residence</i>	<i>Hotel</i>	<i>Rental Apartment</i>
<i>Lease Terms</i>	Variable; one day to one year or longer	Short-term; typically less than a week	Long-term; typically six months to a year or more
<i>Occupancy Trends</i>	Stable occupancy; combination of both long and short stays	Cyclical as dictated by the tourism industry; some seasonality in the hospitality trade	Highly dependent on the rental property market condition
<i>Services</i>	Relatively limited	Full range	Minimal or none
<i>Staff</i>	More efficient staffing due to limited services	Guests expect a comprehensive range of services that require higher staffing levels	Least possible staff requirements

In further detailing the Ascott business model, Mr. Sandfort noted, “About 15% of our guests are long stay (defined as stays lasting 30 days or more), with the bulk of guests lodging with us for at least a month. This makes for a very strong margin opportunity.” With a further 26,000+ units already under development, it is clear that Ascott is taking advantage of this high-yielding accommodation segment.

Hence, my questions for you are: First, how will your hotel best take advantage of this growing trend? Are you equipped to handle guests who might want to stay with you for extended period of time? What features can you implement to meet them halfway?

(Article by Larry Mogelonsky, published in [HotelsMag](#) on September 19, 2017)