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Hotel Survival In An Airbnb World

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Of course you're concerned about the Airbnb effect on your hotel business – you should be. Home-sharing services are luring a key demographic away from traditional hotels and are vastly changing the hospitality industry. Competition is intensifying as Airbnb continues to up its game to reach an even broader audience. Earlier this month, it acquired the vacation rental company Luxury Retreats International to better compete in the high-end vacation rental market.

In response, hotel companies are now taking steps to keep up with home-sharing services. In the last few years alone, many major hotel corporations have announced new brands that are designed to compete with home-sharing services and hostels alike.

New Brands

The new brands leading this market all have several elements in common: they are affordable, the guestrooms are small, and the lobbies are designed as social hubs. They are geared for the millennial demographic, which prefers authenticity and local experiences, hence the appeal of staying in a local apartment rather than in a hotel.

Marriott brought its European-inspired Moxy brand to the United States last year when the Moxy Tempe opened in Arizona (the doors on the guestrooms reportedly have “Disturb” written on them), followed by the Moxy New Orleans a few months later. The Moxy San Francisco and the Moxy San Diego are both scheduled to open this year. Some of the brand's biggest buzz is around the upcoming flagship hotel in New York City's Times Square – one of five scheduled to open in Manhattan.

Hilton's **Tru** brand, meanwhile, was announced last January amid much industry buzz and is slated to launch this year. Hotels are underway in Georgia, Pennsylvania, Mississippi, Texas, and Virginia among others. The lobbies of these hotels will be open-plan, but divided into zones to cater to different needs – eating, working and playing.

And in France, AccorHotels has announced its new Jo&Joe brand of hostel hotels, which (as a sign of the millennials' love of socializing) will dedicate a third of each property's footprint to "together space." Even the guestrooms will be communal, set up for two to five people each. The first two properties are slated to open in Paris and Bordeaux by the end of 2018, and rooms will start at €25 per night.

How Can I Keep Up?

Whether your hotel is branded or independent, there are a variety of options to attract – and keep – a wide range of guests.

If you're targeting millennials, make sure your hotel does not look like every other property in the area. Create "Instagrammable" spaces in and around the property – this could be as simple as artwork in the lobby or a signature drink in the bar. Give your millennial guests something to talk about with their peers.

On your website, promote your property with photos of people socializing in your lobby, and be sure to tout your special amenities. Do you offer a complimentary happy hour for guests at your lobby bar? Make sure they know about it, and add interest by featuring local craft beverages chosen by the hotel bartender and local drink experts.

With millennials, authenticity is key, and the ability to provide a unique cultural experience will generate word-of-mouth and positive online reviews. And if you want those online reviews and social media buzz, make sure your hotel offers free wifi and plenty of spaces to charge devices in public areas. The young generation is always connected, and your hotel will benefit if they can praise it in real time.

But Keep in Mind...

Don't try to be all things to all guests. No one can make everyone happy, so pick a few demographics to target and cater to their needs. Millennials are important, but they aren't the only demographic out there, and you can be successful if you serve other groups.

For example, if you want to attract business guests during the week and leisure guests on weekends, consider taking a cue from Holiday Inn's recent H4 design scheme. These guestrooms have a king-sized bed that solo business travelers can use Monday through Friday, and a chaise lounge that turns into two twin beds for families to use on the weekends.

In other words, your hotel can compete with Airbnb by being authentic, knowing your target demographic, and offering opportunities for guests to socialize and share experiences. Once those three factors are in place, the rest becomes much easier to manage.
