

# Definition: (Effective) part·ner·ships?

## The (successful) co-operation between people or groups working together to book serviced apartments.

Every global serviced apartment booking agent shows their true value through their network. These networks and partnerships allow the agents to be able to provide excellent solutions for every enquiry, whether it is local, regional or global, in primary, secondary or tertiary locations.

A good question to ask yourself, your teams and potentially your third parties, is when you enter into a 'partnership' with a serviced apartment agent, a provider, a supplier or a buyer, do you ever stop to consider the spirit in which you have entered this relationship?

Is it a co-operation where your team and the team of your chosen partner/agent work together to provide the very best solutions to your business (and if you are a third party – to your clients)? Or, have you created a keen competitive environment, a race to the finish, with a winner and a loser for each piece of business? Do you want the market to compete for your business? Who is the ultimate decision maker, and what is the most effective solution for your business?

## Commitment Or Competitive?

Either through the natural evolution of your programme, challenges with providing global coverage, or frustration with current services (or of course, an excellent sales pitch from a new agent), you could feel that there is a better solution out there.

The challenge is, do you jump 100% or do you test one against the other? Can you get the best of both worlds? Can you make these agents compete for your business – what are the considerations, and at what cost?

## Who Measures The Success?

If you make the choice to compete the agents against each other, what is your criteria for success? And who is measuring this? Is the success measured on % conversion, on rates achieved, on speed of service, on personality, on added value services, on data, or on how embedded they already are in your business?

Is it you that measures? Your supply manager? Your procurement team? Your booker/consultant? Or the end user that has final say on which agent is the most effective partner and receives the lion share of the business?

Each of these stakeholders has an

excellent reason to have an opinion, a reason for choosing one agent over another – but which one is the most powerful? And is this choice or reason an objective measure or subjective? Personal or professional? Personality or performance?

*Every global serviced apartment booking agent shows their true value through their network. These networks and partnerships allow the agents to be able to provide excellent solutions for every enquiry, whether it is local, regional or global, in primary, secondary or tertiary locations.*

## The Decision Makers

Would it surprise you to hear that in the majority of cases it can be the consultant who is the ultimate decision maker.

And this choice could simply be that one agent 'is easier' to work with than the other. i.e. consultant to consultant - the relationship is more mature, the style is more compatible, there is a friendship that has developed over time, and sometimes that there is a recognition

programme in place for the individuals or teams by way of lunches, vouchers, tours that have been enjoyed for many years.

This decision can be completely aside from your company goals and aspirations. It can be subjective as to the product that the assignee is being offered, the terms and conditions of the provider, the current availability in the market, the rates offered, the potential added value services, the escalation handling after arrival, the 24 hour 'out of hours' services, consolidated/local billing, global data provision or commercial terms – these areas could be secondary to the speed of response and the relationship or friendliness of the agent.

## Multiple Agents Responsible For Regional Coverage

If you have always had a local or regional programme, but are now embarking on developing a global programme and previously you have always worked with a great local agent but are aware that your current provider maybe isn't strong outside of their current or local market, having a tri-regional, country or specific location partnership with multiple agents can work.

The depth of the success however, can depend on how important it is for you as a company to have one cohesive system to provide management data (i.e. global data versus regional data), on your agent's and consultants understanding on how to use multiple out of hours 24-hour emergency support services across markets, and also having a clear process map to ensure that each provider is exact in their responsibility and coverage for undertaking the bookings and after sales service (source markets versus home markets).

Using more than one agency partner without reviewing these areas in advance can cause some confusion and frustration both from a management perspective and at ground level.

## Data Consolidation

A solution for this is for you to employ a company (at a cost) that can merge all the data from the various systems through API links and uploads into one system that can then be presented in easily understandable dashboards with business recommendations to your business.

This option doesn't help to manage the global clock, but it does provide you with the information you need to effectively operate and manage your business, your relationships and your company spend in each region and globally as a whole.

## Cutting Out The Agents

Local relationships and effective supply management are imperative to the success of programmes, and without them even the most well thought out solutions can be derailed. However, it is key to remember that savings that are made locally (i.e. cutting out the agent, therefore the margin) can be eaten up with the ongoing and growing need for global supply management across multiple regions and products, health and safety responsibility, global management data, specific market coverage, financial acumen with consolidated invoicing and 24-hour safety and security and escalation/dilapidation management.

If you are only buying in a limited number of markets, and data and regional or global coverage isn't a critical success factor, and your teams are set up to manage the above, then buying local is definitely a cost-effective solution for a local programme.

## Commitment Or Dilution

Asking two agents to compete against each other, who will ultimately provide exactly the same products that should (in reality) be priced the same with the same/similar services, costs and provisions can, in many cases, dilute your brand market impact but increase market confidence, and therefore increase the value proposition of supply in the region.

Instead of using the power of your brand to engage the market, to provide you with additional added value services, preferred terms and conditions and excellent volume rates, you can risk increasing rate, skewing the demand in the market and potentially losing out on the benefits of loyalty or volume purchasing.

## Market Forces

Asking your agents to price or compete for the same business in the same region, i.e. in the world of serviced apartments, you employ 2 agents (or more) for each enquiry, there can be further impact on the market than you would expect.

Of course, the partners/agents will compete for the business on a case by case basis, but simply, if one takes a lower margin than the other, you have an immediate saving – understanding the margin and the services before you go out to market could save you setting up two competing agents.

If you have decided that you like the spirit of competition, and that you would like to employ two agents to compete on every piece of work, there will be two options for these agents and for your staff, and it really does rely on the expectations you have set your company as to the one that will be successful for you. Remember, your consultant will now be the decision maker in this programme.

**Firstly – speed.** For some bookers, this is the main priority, if you have set SLA's with

your clients that your consultants will be responding to you with options in super quick time, some agents work very well on this SLA - they move fast, and generally, don't check availability first and they send over a list of options that they have in their database.

*(This method blocks the other agents from competing as the consultant will 'turn down' the other agents as they have chosen the offer from the 'speedy' agent. Obviously, this can be pretty frustrating for the agents that have taken the time to check for actual live availability, but is effective if speed is your game plan, not quality checks or live solutions – you will find that in time both agents will follow the same route to market).*

**Secondly – book now.** This second option is to have the option to 'book now' as soon as you have the options in front of you. You know that the products are definitely available, and that the agent has actually connected with the operator of the product to ensure that the unit is available, suitable, priced correctly and can be reserved immediately.

*(The book now model is an interesting concept where there has already been a full check completed pre the submission of 'suitable products', but if speed is your priority, these options come a little slower due to the pre-check, but knowing all options offered are available and on hold does give you confidence in the long-term, but a perceived 'delayed' response to the consultant).*

## Market Demand Forecasting

One key challenge with the multiple agent model is that market confidence and pricing is reliant on demand. i.e. when there is more demand for a product or place, the prices naturally increase. Think of this like a bidding tool, or the housing market. If there is limited supply, but there is high demand, the pricing increases.

The larger markets and global suppliers understand this and so work on conversion rates in line with demand – demand forecast systems help them to price their products effectively, understanding that they may only convert a percentage of their enquiries.

Secondary and tertiary markets and smaller suppliers can be very different. If multiple agents request similar dates and stays, this can give the supplier the confidence that demand for their product is high, and therefore, there is a potential opportunity to increase the rate in line with demand – this is because although the agents are competing for the business, they are still going to the same supply chain in the market. This can equate to the rates not necessarily decreasing with the agent model, if you are using more than one agent, there is a risk that you are increasing the cost of your programme, and you are certainly not using the opportunity to drive down prices due to your volume or commitment in market. One to watch and be aware of.

The most effective way to ensure the rates are competitive is to ask the market to compete for your business, not the agent.

## Sole Or Shared Solutions – Creating Effective Partnerships

Both sole agent and multiple agents are absolutely accepted practices and both have their absolute benefits.

One of commitment and trust, one of competition and reward. Your chosen style helps both your supply chain and your clients to understand the culture, vision and values of your company.

One of the most impactful questions you can ask yourself when building your programmes is what kind of relationship do you want with your agency partners. Have you chosen your style? Or has it happened through continual change, disruption or maybe natural revolution? Was it choice, habit or evolution?

## Respectful Engagement

One thing is for sure - whether you are a buyer, a consultant, an operator or a third party, ensuring the chosen and trusted companies you work with reflects your company vision and values and will help to ensure that you have a long-lasting, effective, successful partnership.

If you would like to discuss your current programme, or are yet to create a formal serviced apartment solution and would like to review how to move this forward, please do not hesitate to contact Jo for any advice. Email: jo.layton@apartmentservice.com.



### JO LAYTON

MD Group Commercial Sales, The Apartment Service. Jo Layton has joined The Apartment Service as Managing Director – Group Commercial Sales. She has successfully established The Apartment Service's new Alliance brand as part of her overall remit to develop the company's successful agency, network and Roomspace brands. Layton joined from BridgeStreet where she was responsible for sales and marketing throughout EMEA and APAC.