What Is The Future Of The Serviced Apartment And Corporate Housing Industry?

all·li·ance: ‘A union or association formed for mutual benefit, esp. between countries or organisations’.

What does a sector do when after 30 years of growth they find themselves in a situation where there are a few large good players, and thousands of small to mid-size great players?

This journey is not unusual or unique to the serviced apartment industry – in fact – it’s a rite of passage for most sectors – the good news is that this young, vibrant and passionate industry is ‘growing up’.

With the ASAP (Association of Serviced Apartment Providers) celebrating its 10th year and now at 74 members, and the CHPA (Corporate Housing Providers Association) in the US working for the industry for over 20 years with 220 members worldwide, Mary Ann Passi who is CEO for CHPA is delighted to advise that ‘over the last three years, membership has grown by 25% on average and that our high annual retention rate of around 89% reflects the value and need for the Association’.

Since the addition of James Foice as MD for ASAP last summer, the Association has already achieved a 35% growth in membership. Foice is excited to be leading the association at this stage of its journey and adds ‘one of our goals is for ASAP members to deliver best in class standards of accommodation with our support’.

This growth in member numbers of both these associations shows the want and aspirations of the serviced apartment and corporate housing industry to work together to educate, deliver standards, benchmark and define the sector.

The Serviced Apartment industry, like many other industries at the same stage of development, is going through a change process.

Most of you, who are part of large organisations, have been on training and development courses that discuss and celebrate the well-known and memorable phrase from the psychologist Bruce Tuckman who first discussed ‘forming, storming, norming, and performing’ which was published in his 1965 article, “Developmental Sequence in Small Groups.” He used it to describe the path that most teams follow on their way to high performance.

This is no different for the Serviced Apartment industry which is now reaching its ‘performing’ stage.

The tipping point, which is that magic moment when an idea, trend, or social behaviour crosses a threshold, tips, and spreads like wildfire, is, in our case, the uptake of serviced apartments into global programmes. This is being achieved primarily through the development and creation of cohesive associations, networks, partnerships and alliances that are creating platforms for all players in the industry – whatever their size, on all continents.

These alliances and networks are now challenging the status quo for the large providers that have been able to ‘sell or provide globally’ for the last decade, without competition from smaller independent operators across the globe or from huge regional brands.

These ‘new’ alliances or networks share vision and commitment to quality and service – which certainly are not new terms in this or any other industry.

So really - what is the difference? Why will these ‘new’ alliances work and why could they work better than those that are simply ‘suppliers’ to a large global providers?

It’s simple – it’s called ‘buy in’.

We all know that ‘buy in’ creates ownership and accountability which leads to individual and team passion to succeed – this of course then ensures we all go beyond the normal call of duty. It’s like being a member of a club where – and in this particular club - you can influence outcomes and business individually and as part of a team, therefore having a high impact on the success of both your company and other regional companies.

Surinder Arora (Owner and Chairman, Arora Hotels) at last years ‘Serviced Apartment Summit’ suggested that serviced apartment operators should keep their individuality. Of course, there are ‘absolutes’ in the provisions of all apartments that include the essential services of guest care, uniform levels of 24hr assistance and commitment to quality service, friendliness, cleanliness, connectivity and safety – but when an owner has developed ‘personal service’ and added ‘local’ flavour and tries to do those ‘little things that make the difference’ in his market – who are we to stamp on this spirit in the name of ‘consistency’? Surely as long as we meet the ‘absolute’ criteria there is ‘room’ for personality.

This, of course, can be a contentious subject amongst buyers who want consistency over and above personality. What buyer or booker wants to receive feedback from assignees that the programmes they are developing are inconsistent?

However, let’s be honest, just how consistent is any ‘brand’ that travels the globe – even those that can be manufactured not built! For instance, as quoted on wise geek - Coca-Cola® is an internationally recognised drink, popular in many countries throughout the world. The company that produces the soft drink has an interesting way of distributing it around the world, which many people may not realise. You don’t get exactly the same Coke® in India that you do in the US, because bottling of the drink is franchised.

And within your own brand or organisation, if you are in multiple cities, countries, regions, or continents, consider the differences and the challenges to get everyone to ‘adhere to global processes and procedures’.

How many global HR managers or Operations Directors, when they are trying to roll out a company initiative or process, have heard the objection ‘it’s different in our market’.

Let’s consider the first day of any trip to any country, be it a business trip, a relocation, a project or a graduate programme – where are the gaps?

You fly on a safe airline and you stay in a good hotel or serviced apartment, however, for 90% of travellers, the first true ‘out of airport’ experience in every
city is the car that takes you from the airport to your new place of residence.

If you pull away from the airport in a city taxi, you are clutching a sheet of paper with your new ‘home’ address (a hotel or serviced apartment) and at that time, it is one of the most precious pieces of information you carry. You call home from your mobile, you check your currency, all the while you are wondering why you felt more safe at 30,000 feet in the air than you do on the ground, and you realise that you and your company have taken every measure to ensure safe transit but scarcely, this stranger, whose driving and language skills sometimes leave a lot to be desired, now holds the key to your destiny as firmly as he is holding the steering wheel.

After gaining entry to your room or apartment, the most impactful part of the arrival is the welcome. When you see a note from Guest Relations, the GM or the Front Desk with their contact details telling you something as simple as ‘the water is complimentary and the chocolate bar is on us’ – doesn’t that make you smile? Then if you find an issue with your accommodation, and you already have a ‘personal’ connection, you feel completely differently about how you will handle this challenge.

And even more surprising – this ‘welcome’ can so easily be achieved either with or without human interaction. A personal note on the table, a small gift or something as simple as a pair of gloves when you arrive into sub-zero temperatures in New York (thank you Furnished Quarters!) can make you feel warm and welcome – and completely erase the total fear you had of watching the speedometer of the taxi as you swung across 4 lanes to leave the freeway.

A mix of uncompromising standards, process and personality helps to make a perfect move and create a perfect stay. All suppliers completely understand that 80% of a perfect stay is in the product, cleanliness, connectivity, location and issue resolution, but we also know that we can enhance this for our guests with a welcome and a local flavour and personality that will make the experience enjoyable – the goal of any company is 100% satisfaction and want to return.

A recent meeting with a senior employee for a global relocation company shared one of the most valuable pieces of feedback that our industry could hear. She shared that the relocation company loses the confidence of the assignee most regularly and to a higher degree with their transfer from the airport and the serviced accommodation provision. Weeks and weeks of excellent hard work can be lost if these two areas fall down. What a huge amount of pressure on our industry.

This 100% satisfaction is the aim of the Alliances and Networks that are being created across the globe.

Alliances are looking to provide global mobility managers, relocation companies, HR and bookers access to the best independently owned and operated serviced apartments and corporate housing solutions.

The GO Network in the Americas was launched more than 3 years ago, and has more than 10,000 apartments, and is a privately-funded and managed entity. GO’s clientele includes relocation companies and Fortune 1000 companies. Go quotes; ‘Our “Leading Hotels of the World” concept provides temporary housing solutions delivered with local expertise on a global scale. Our vision is to create an innovating lifestyle brand that integrates industry partners to provide a more dynamic corporate housing experience, one that is authentically local, personal, and meticulously cared for by business owners’.

New alliances are being developed across the globe – and they are exciting to be part of. The Apartment Service has also launched ‘The TAS Alliance’, which has partnered with the GO Network in the US to provide a Global Solution.

Charlie McCrow explains the rationale behind this venture; ‘Operators joining the TAS Alliance will be expected to work co-operatively to generate solutions for buyers. Our members will be required to meet exacting standards in accommodation and service. Member properties must also have robust and transparent reservation, cancellation and customer complaint handling procedures’.

What does this mean to the end user (our guests), the Booker (HR or Global Mobility), the small corporate, the large corporate and to the relocation industry as a whole?

It means the serviced apartment and corporate housing industry is taking its place amongst other mature industries – it is coming together and becoming stronger.

It will provide more choice, healthy competition, creative solutions and opportunity.

The new buzz word – Alliance.

Jo Layton MD Group Commercial Sales, The Apartment Service

Jo Layton has joined The Apartment Service as Managing Director – Group Commercial Sales. She will spend her initial 12 months establishing 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 has joined from BridgeStreet where she was responsible for sales and marketing throughout EMEA and APAC, and was instrumental in the expansion of the UK office. A committee member of the Hotel Marketing Association and Executive Committee Member of the Association of Serviced Apartment Providers (ASAP), Layton played a leading role in creating the UK grading system for serviced apartments in conjunction with Visit Britain, Jo’s hospitality career has also included nine years with Marriott and five at the flagship Intercontinental London on Park Lane.

www.apartmentservice.com