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Yotel Rethinks the Hotel for Era of Airbnb

Today, technology impacts every single aspect of hospitality, Yotel CEO Hubert Viriot says



Yotel CEO Hubert Viriot at Wall Street Journal's New York City offices, June 6, 2016. PHOTO: STEVE ROSENBUSH/WSJ

British entrepreneur Simon Woodroffe launched the Yotel brand of hotels in 2008, the same year that Airbnb Inc. was founded. The company hardly could have picked a more volatile time to enter the hospitality business. Airbnb, through a software platform that makes it easier for people to rent out their homes to guests for short stays, has since transformed the hotel industry and established itself as a pillar of what's now known as the sharing economy.

Yotel says it has approached the market by accepting the reality of the sharing economy, and creating its own niche. The company says its brand is based on the idea of affordable luxury, and stresses small but carefully designed rooms, affordable rates, easy to use apps, efficiency, and the opportunity to travelers to socialize. The company currently operates five hotels, in New York City and the airports of London, Amsterdam and Paris. More sites are on the way, in markets such as San Francisco, Singapore and Dubai.

CIO Journal met with Yotel CEO Hubert Viriot, the former CEO of Thai real estate developer Raimon Land PLC, to talk about what it's like to run a brick-and-mortar business in a market being turned upside down by digital technology. Marriott International Inc. and Starwood Hotels and Resorts Worldwide Inc., which are merging, also are focused on the role of technology in the customer experience and the way they go to market..

Here are edited highlights of the conversation with Mr. Viriot:

What is technology's relationship to the Yotel brand?

If you think about it, 10, 15 years ago, technology was a minor component of the hotel.

If you looked at how the organizational structure of the hotel was conceived, it was very simple – there was an IT manager. Today, technology impacts every single job, every single segment of hospitality, from distribution to operation, to guest expectations, security ... everything is connected. Now, hotels are a rather sophisticated piece of technology insofar as real estate is concerned. That is very difficult to absorb for an industry that was always ... kind of behind.

We were conceived less than 10 years ago by a new generation of entrepreneurs ... and we were able to incorporate in our DNA the importance of technology to our industry. There are different aspects to it, from an operations point of view ... for instance, we introduced kiosk check-ins, similar to what you have in airlines. It sounds like a rather simple piece of technology, but when we started seven years ago, no one was doing that. Now, 98% of our customers use that, because you can basically check yourself in ... no more queues, no more wondering if my room is going to be available or not, no more arguments with the check-in clerk. Probably, we were one of the first brands to introduce free internet in our rooms. Again, it might sound very common nowadays, although it's not. Providing smart TVs from day one has been a brand standard, so you can download your email.

We're investing a lot in the applications around those facilities ... a very user friendly website ... allowing within three clicks pretty much to make a booking, change it or cancel it. Again, it sounds simple ... but I invite you to visit most hotel websites. They are not that friendly, although it has improved a lot over the last few years.

Everybody needs to be tech savvy today, not just the IT manager, everybody, from the GM down to housekeeping, which is equipped with IT devices that help them do their job more efficiently.

The other aspect is the customer, and how they behave. What are they expecting from their hotel? The bulk of our customers are between 25 and 40 years old. They are very exposed not only to technology but to embracing the sharing economy concept. Are they coming for work or leisure or both, which is what we actually find. What do they need to do besides charging their computers or downloading their emails?

What we have seen is a great link between co-working facilities and our hotel experience. We eventually concluded we should provide only two facilities for our customers. One is a multiple use area, which allows you to dine, or work or meet with other people, socialize, relax ... Lots of space and privacy to get your work done, or watch a movie without being charged for being there ... We are introducing phone booths without phones ... small, private rooms where you can make a call in full privacy .. small, private meeting rooms.

It is all very flexible. And that is how our customers think. Because when they come in, they don't have a single purpose, they have multiple purposes. And they want efficiency. We actually think we give time back to people. There is no need for five or six restaurants, for spas, for all the traditional facilities you used to find in hotels. The only other facility we provide is a gym. All of our customers are health conscious.

It is important to keep innovation at the heart of our DNA. Robots at the hotel in New York look after luggage. It is fun, it is efficient, but it is not right for all locations. It is great for New York, which is a large hotel and has lots of luggage. In Singapore, the government has full employment, and they are looking for employers to find ways to improve productivity. We are looking at different robots ... for food service and cleaning. It is not just a gimmick. It has to have a purpose and not just be technology for technology's sake.

How has the sharing economy shaped your approach to the business?

To me, Airbnb provides a new type of accommodation. It is great for some uses and not for others. We accept that we are not going to retain our customers all of the time, everywhere. If you are going on a honeymoon, go to the Four Seasons. We are focused on high volume, short stays. I travel all of the time. I don't want to spend a lot of time comparing rooms for that sort of trip. I don't have time for that. We offer consistency. And the ability to socialize.

Our approach is to remove all of the unimportant stuff and make the room more affordable. One thing people use very little of is the space in the room. The two or three square meters for the chair that no one uses is wasted, but you pay for it. People want a good bed, good amenities that smell good, a good shower. We put all of that in a small room, 170 square feet. And we took a different approach to design. In the classic design, there's a bathroom on the right and a corridor. We put the bathroom on the other side, so the room feels open. And there is a convertible bed. All of the furniture is curated, like on a yacht or a first class seat on an airline. We took that approach to the rooms, or cabins as we call them.

Let me be clear. I think Airbnb is great. It is the best tool for a specific use. We accept that it is part of the landscape.