

Operators, Agents, Hybrids And Now Ag | gre | ga | tors

AGGREGATORS - NOUN:

A website or programme that collects related items of content and displays them or links to them.

First there were operators and agents, then there were hybrids, and now there are aggregators: you might be excused for thinking - so what's the difference? And does it matter anyway?

On a normal day, in a normal environment, and in a key location, probably not much difference at all. But, then again, that is the precise time you are lulled into a false sense of security – when everything is going well, and no-one really needs anything other than a great apartment in a fab location at a competitive rate.

Mark my words however, understanding exactly what kind of programme you have and knowing whether you are predominantly using an operator, an agent, a hybrid (or an aggregator...) will make a world of difference if that dreaded fateful day ever arrives, the day when something in the world (or the world of your traveller) goes wrong.

It might be that you need traveller tracking, or you need support in a secondary or tertiary location, or you need data for your 'boss's boss' - whatever it is, you need someone to be accountable, responsible and react quickly with understanding. At that moment, knowing the deliverables within your serviced apartment programme you have in place becomes very, very important indeed.

In this article we will take a journey through understanding and reviewing what kind of serviced apartment programme you have already, whether it fits the needs of your company, your travellers and your vision, and whether you have the most safe, secure and reliable network of units that are available on the market.

Knowing that you have the best managed product (whichever one you have) is important. As we all know, challenges have a habit of becoming a priority at times when you least want or expect them to. For instance, the most dreaded challenge is the one that occurs when you are safely tucked up in bed on a Friday night, dreaming of the successful transition of your staff as they relocate across the globe, these are

the issues that when they arise in daylight hours, you take in your stride, but in the early hours, they seem 100% worse.

In a perfect world, (and definitely at 4am in the morning), we all know that you want to 'rest easy', knowing that you have dotted the i's and crossed the t's, and that you, your team, your agent and the operator will and have done everything in their power to ensure your people are always in 'safe hands'.

Let's go back a little, the history of the serviced apartment industry is interesting. It previously boasted senior leaders from the hospitality industry and the property market who in turn created operated products and hybrids - at the same time agents joined the playing field providing access to inventory either through effective databases and systems or through high staffing levels and supply managers - dependent on the style of agent.

The world of serviced apartments has continued to thrive, evolve and change. Our industry is already recognised as one of the most fast-paced in the hospitality sector, but the current changes are now driving us to another level.

The challenge for any buyer now is to understand who they are buying from, who operates the apartments, and just how many layers of commissions are included in the final rate - the buying platform is increasing in complexity.

However, now the industry is being joined swiftly by aggregators who have seen the opportunity and the 'gap' of online content and links.

Change is a constant, and the serviced apartment industry is smack bang in the middle of another change. Just one year on, from when I discussed the concept of 'Alliances', we are now seeing the rise (and potential fall) of a great number of Serviced Apartment Booking Agents and now, with the demand for online inventory becoming stronger and stronger, aggregators have joined the mix.

Hybrids do not identify a difference between their own product and those they book into, for instance, their agency can carry the same name as their operated products. Their priority is generally to fill their own units, as this is where their real investment is. They work as an agent in

locations that they do not have their own inventory, and they earn a commission or 'mark-up' for making the booking. This can be anything from \$5 a day, to a commission or % mark up.

Agents act as a third party, generally working in multiple markets and with understanding of global currency and tax challenges. Believe me, understanding TOMs and the impact of this on a programme is paramount to you being able to explain VAT to your client. Agents generally will ask the operator they book into for a 10% commission. And most boast access to thousands of apartments.

The new agents that have been in the business for a relatively short period of time, very quickly claim to be able to immediately offer global programmes – and unfortunately, with pretty limited global experience. My recommendation is, do take time to review an agent's credentials, how long they've been in business, and do look at their systems and take the time to meet their supply chain managers – these are very important people if the booking or guest experience goes wrong.

The news of 2016, is that Apartments are being aggregated, and they have been for a while - just like taxi's, just like insurance, and just like mortgages.

So what impact is this change having on the industry?

Well, quite a significant one actually. The serviced apartment industry is currently experiencing a surge of firstly, operators developing their own global agencies (Hybrids), and secondly, new 'agency' start-ups that claim to sell 'global'. Both are competing for space on the global sales platform.

The outcome of this change in our industry is potentially huge for buyers. Whether the buyer is from relocation, from business travel or from global mobility, they will need to become super savvy to understand the potential 'risk' of employing an underdeveloped, immature or inexperienced hybrid, agent or aggregator.

So let's review the differences and take a deeper dive into the aggregators. As we know, everyone is doing it. From Uber to Airbnb, from price comparison sites to eBay, from Laterooms to Booking.com.

Aggregating has fast become part of modern life. However, what are the questions and fears that follow this method of purchasing a product or a service? Is it safe? Is it insured? Who am I contracting with? How many layers of commissions are making up this final price? Who is the aggregator? So, the question is, how do you know if you have purchased through an aggregator? And just how competent are these aggregators?

From a procurement perspective – how do you ensure that you, your teams and your consultants can be safe in the knowledge of exactly what you are buying? Your priority should be to understand who is regulating or checking the standards and the safety of ‘aggregated’ units?

- 1) It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change
- 2) In the struggle for survival, the fittest win out at the expense of their rivals because they succeed in adapting themselves best to their environment.

Charles Darwin

There are of course measures, checks and balances that can help you. The Association of Serviced Apartments (ASAP) are quality assessing products across the globe, CHPA

has also taken up the mantle, and there are agent accreditations being rolled out as we write this article.

For any buyer, understanding how a supply chain is managed, knowing whether there is an ‘owner’ who is responsible 24/7 and who remains connected and accountable for the supply chain and traveler is vital. Understanding if someone is just ‘loading’ or aggregating unchecked and potentially unsafe products onto sites where they can be booked easily by your travellers is where the danger lies, so a word to the wise, aggregators are here to stay, but do make sure you do your homework.



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 and was instrumental in the expansion of the UK office.
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