

Opportunities for hoteliers in a sharing economy

By [Remy Rein](#)

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The challenge of the sharing economy and competition from short-term rental services via the internet is on the agenda of most hotel industry conferences these days.



Lulu dans ma rue pop-up concierge service. Photo: Lulu

Airbnb is a classic example of an online business which brings together homeowners and renters. It's clear the sharing economy is not going to disappear, so hoteliers should be looking at ways of participating in this new reality. The question is how?

Let's look at some of the opportunities out there. According to [PwC research](#), revenue from peer-to-peer accommodation services is forecast to post compound annual growth of 31 per cent between 2013 and 2025 so the potential growth is attractive.

Looking at Paris

Paris is one of the leading cities for tech firms looking to match up the owners of private apartments and rooms with tourists or business travellers. In November, there were 55,723 listings on Airbnb, 85.7% of which were entire houses or apartments. According to [insideairbnb.com](#), a site which tracks Airbnb data, the number of listings is 25.56% higher than last February, when there were 41,476 listings. Based on 616,403 guest reviews, the portal states that an occupancy of 92 nights per year per apartment translates into a 25.2% occupancy rate with an average price per night of 102 euros.

As for hotel rooms, Paris is estimated to have some 78,605, according to the National Institute of Statistics and Economic Studies (Insee). In 2015, the hotel occupancy rate in Paris was running at 79.4% ([Paris intra muros](#)). This means that, running at this level of occupancy, hoteliers experienced full occupancy for at least 100 days during the year. Even in a difficult year like 2016, the hotel occupancy rate in Paris ranged from 62.9 to 77%, depending on the hotel category, ([Inextenso](#)).

Opportunities for hoteliers

The opportunities for hoteliers to expand in Paris though are limited due to the high cost of real estate in the city. Based on the above data, however, there are clearly opportunities for hoteliers looking to tap the potential of the sharing economy. So

here are some areas where, in my opinion, hoteliers could see value.

Opportunity #1: Expand your hotel room stock at marginal cost

Hoteliers could offer home owners variable or fixed-term leases for renting out their apartments on the short-term rental market or take a commission each time they introduce guests to home owners looking to rent out their apartments.

Opportunity #2: Manage short-term rentals for local home owners

Until now, individuals trying to make money from renting out their apartments or rooms have not been able to do so in a professional manner. That's because they often only advertise their properties on one or two websites. Most short-term rental sites do not offer home owners either revenue management technology, which would adjust prices according to market demand, nor sales staff who would market their apartments to local businesses. On the other hand, hoteliers do have this local knowledge, as well as the computer and staffing capacity needed for revenue and sales management to offer such services.

Opportunity #3: Offer home owners professional services

Short-term rental guests need services. At the very minimum, they require check-in and check-out services, and expect the rented property to be clean on their arrival.

Hoteliers run room cleaning services every day, as well as check-in and check-out services. So why not offer these services to short-term renters? By way of comparison, a third-party contractor would charge home owners between 80 and 180 euros per check in for this service.

In addition, there's the issue of maintenance. If repairs are required, guests expect to have the problem solved quickly and efficiently. Just as many home owners will want to avoid the hassle of checking guests in and out, very few of them are qualified technicians capable of fixing leaks or electrical problems. As a Parisian myself, I personally know how expensive and time-consuming it can be to call out a qualified plumber or electrician.

Hoteliers deal with such problems daily. Some hotels have in-house technicians; others are at least able to call out external contractors at short notice.

Opportunity #4: Enlarge your customer base

The cost of acquiring new customers is high. For hoteliers, there's an opportunity to attract new customers at no extra cost. For example, you could offer breakfast, spa and concierge services, in addition to hotel rooms for the next stay – whether it be a family enjoying a vacation or one of the parents returning to the city on business.

Opportunity #5: Bring services to your local community

I've mentioned potential opportunities for hoteliers to provide services for home owners renting out their properties, but there's also an opportunity for hoteliers to provide concierge services to the local community. Demand is already growing for such services, with concierge shops now emerging in Paris' arrondissements or districts. For example, concierge shops have sprung up in Le Marais, providing a range of services to local residents, as well as to those looking to rent out their apartments. I have met some of them myself: one was an electrician, which has expanded its business to include check-in and cleaning services. Another company, [Lulu Dans Ma Rue](#), managed to convince city officials to allow them to set up a kiosk in front of the Metro so it could promote its 'new concierge service for everyone'.

Hotels offer all these services and more, but by and large local residents are not aware of them. Perhaps the time is right for hoteliers to grab some of these opportunities.

ABOUT THE AUTHOR

by Remy Rein, senior lecturer at <http://www.ehl.edu/> Ecole hôtelière de Lausanne (EHL)

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