



LOW-COST HOSPITALITY COMES TO THE GULF

There is a dearth of budget accommodation, but that is set to change, says **Lara Dunston**.

IF THE success of low-cost airlines in Europe is anything to go by, their proliferation in the GCC will lead to an increase in the number and diversity of inbound tourists, from flash-packers to budget business travellers.

Anna Donnison, a consultant at Impact Porter Novelli, speaking on behalf of Express By Holiday Inn, part of the InterContinental Hotel Group (IHG), says. "As visitor numbers to the Middle East increase so, too, will the diversity of the traveller... for business and leisure travel, spanning different age groups, ethnicities and income brackets."

The problem, however, is that while there's an abundance of four- and five-star hotels and tens of thousands of

budget hotels in the gritty backstreets of the Gulf's cities, there's a dearth of quality, low-cost – or limited service – accommodation. And according to Essam Abouda, vice-president of Operations of Hilton Hotels for the Arabian Peninsula and Indian Ocean, this new traveller is more astute than ever.

"They want value for money, seek a level of excitement from inspirational products and services, and want things to be simple and logical," Abouda says. "All consumers today, regardless of spending power, regard choice as their foremost right. They want products that cater to specific needs. If there is a need it needs to be met or else they have no qualms switching brands. Therefore

consumer choice is the key to future growth. The consumer market is changing and this is ultimately impacting the hotel industry."

These savvy new budget travellers are either on short breaks or last-minute holidays (thanks to the new no-frills airlines) or are doing business and simply don't want to waste company funds on a five-star hotel. The Ibis Hotel customer, for instance, according to Anthony Slewka-Armfelt, director, Sales and Distribution, Accor Hospitality Middle East, is generally a transient (normally non-contracted) business traveller or a leisure traveller (often resident in the region) visiting for weekends and short stays, such as a stopover or city break.

Accor was one of the first hotel groups to open a quality budget hotel in the GCC, and the first in Dubai, with its Ibis World Trade Centre, a hotel that PR and Marketing Manager Diana Ionescu says runs at an occupancy exceeding 96 per cent for most of the year.

Ionescu says the region's growing popularity as a tourist destination, combined with the increase in the number of business-related events, demonstrates the need for more affordable hotels. Slewka-Armfelt believes the demand for budget accommodation is greater than that for luxury accommodation. Accor is opening more Ibis hotels in the region, with one soon opening in Kuwait, and two more in Dubai.

IHG has a rapid expansion plan for its economy brand across the Middle East and Africa (MEA), with seven properties in the development pipeline, and a deal signed to open 12 Holiday Inn Express properties in Saudi Arabia within five years. According to Donnison, IHG's research has highlighted a gap in the Middle East market for branded international hotels that place an emphasis on high quality at great value for money. She said the Holiday Inn Express brand caters to travellers "looking for comfort and convenience at a great price".

Abouda says Hilton has selected three brands for the Middle East spanning three different service points to offer value-for-money accommodation. "Doubletree by Hilton is a full-service hotel chain, Hilton Garden Inn is a mid-market product and Hampton by Hilton operates in the economy sector," he says, "all offering affordable accommodation while simultaneously carrying the quality assurance associated with the Hilton name."

The GCC is a key development market for Hilton and one of their top-10 markets for growth internationally.

"Hotel occupancies (in the Middle East) are at an all-time high of 70 per cent," he says. "The region has one of the highest RevPARs in the world. With



Check it out: Tom Rowntree (left) and Essam Abouda



a population of 35 million, set to treble by 2030, and a GDP forecast growth of 5.1 per cent versus the global average of 3.3 per cent.

"The consistently rising room rates across the region, driven by high demand, is diverting a big part of this new traffic to the mid-market/economy sector," Abouda says.

Hilton already have 44 hotels across the MEA, of which 16 are in the Arabian Peninsula and they're now focusing on Abu Dhabi, Bahrain and Riyadh.

Slewka-Armfelt believes more budget brands is good for the budget business: "The more people get used to the concept the more people will use it... we are

excited about the growth of other brands and, yes, there is plenty of room."

So how do hotels plan to market their low-cost brands in the GCC, a region traditionally associated with luxury?

"This uses a direct marketing approach with a modicum of traditional distribution," Slewka-Armfelt says. "We want a lot of business coming through electronic channels."

Says Abouda: "The three brands (Hilton) are planning to launch in the Middle East cater to three specific target markets, and therefore the marketing strategies applied will be tailored to each brand and their related USPs (unique selling propositions). Doubletree, for example, is famed in the US for its warm hospitality... We already have in place a brand-awareness and educational campaign through public relations, and we will look to fine-tune this further with marketing and advertising." ■

Lara Dunston is a Dubai-based travel writer and author, and a contributor to over 35 travel guide books, including six best-selling books on Dubai/UAE.

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Comfort zones: The rebranded, refurbished Holiday Inns and Holiday Expresses are opening across the GCC