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## Diary of a hotel company in digital transformation

In a fast-changing distribution landscape, who'd run a hotel these days, much less the multi-branded group with thousands of properties that is [AccorHotels](#)?

Chairman and chief executive Sebastian Bazin seems to have confronted the issues head on – not afraid to upset franchisees, tackle employee mindset and squeeze the power of online travel agents a little.

He fondly refers to the global business of 4000 hotels and 200,000 employees as a “wonderful, dutiful backpack” and believes part of his job is a quest for a new product or service in the next five years which could be bigger than what Accor is now.

There's no harm in aiming high and that's just on the digital side. [Accor is one year](#) into a Euro 250 million five-year digital transformation.

### Past and present

Before taking the reins two years ago, and with a background in finance, Bazin took 60 days to reflect on the hotel landscape in the 50 years up to 2000 as well as what has come to pass since.

Most hotel groups were created between the 1950s and 1970s and only had to worry about brands and product.

“We had very very happy days, we each had enormous growth and then 2000 happened.”

The past 15 years have been a different story with three waves of a different nature – online travel agents, meta and the sharing economy – but did the industry react each time?

Paraphrasing Bazin a little here who, describing the various waves, says with a shrug, that each time the industry didn't do anything about them. He adds that the industry “probably felt it was going to pass.”

“Did we move? No. We're going to have a fourth and fifth and we'd better move. If we don't we will be part of those old companies, probably still in existence 20 years from today but with very slim margins.”



### So, what's the plan?

Speaking at the [Phocuswright](#) conference last week, Bazin says he looked at the thirty-somethings starting tech-driven businesses with a blank sheet and compared it to his 50-year old company with “seven billion in assets, capex, management, legislation” and came up with five priorities.

Digital is just one of the priorities although it more than touches the others – operations, expansion, food and beverage and finally, company culture, which he says is the toughest.

“90% of the decisions are in the hands of people like me who are more than 50 years old. It won't work because those under 35 have a much better view of what the market needs tomorrow. I don't give them autonomy and they need breathing room, oxygen. The two populations don't listen to each other.”

He touches on having to educate people to see things need to change, how he wishes AccorHotels had thought of the “formidable concept” that is [Airbnb](#) and how different the speed a company like his can go compared to the new digital disruptors.

### Future

In a move being watched by many in the industry, [AccorHotels acquired Fastbooking in April this year](#) and shortly afterward [unveiled its marketplace](#) pitting independent hotels side-by-side with Accor's own branded, chain properties.

People would be wrong to think every independent hotel can join. It's more about the hotels rated best in strong locations within destination cities, 327 cities to be exact.

Explaining the why, Bazin says that although OTAs bring incremental business, he doesn't want to depend on them and feels a “duopoly” has been created.

“We deal with OTAs as partners and were early to welcome them and they do great business. I need direct web to be bigger, stronger, more visible and credible so I'll do everything to continue with them and at the same time to innovate.”

In addition, there are several dynamics at play from the dominance of independent hotels in terms of share in Europe, the growing number of travellers (more than a billion) as well as online penetration, the attraction of cities and the ongoing cost of digital distribution.

The market place is about rounding up those independent hotels in those 300-odd cities and presenting them online next to Accor-branded properties to provide choice and bring more visitors to the website.

In reality, it's probably focusing on more like 100 cities, according to Bazin, which is where the new build pipeline will be concentrated.

"I'm redirecting where we should be intensifying Accor marketplace because the one thing we need to be good at is controlling a destination. If you control inventory in gateway cities the more dependent OTAs are on you because they need access to supply. If you control inventory, then we start talking as adults."

He comments on the high conversion of independent hotels who want to be under the wing of the big chain:

"They need an umbrella. They need protection but I don't want to push my brand on them. The marketplace provides an oxygen room. It's an option at lesser cost to have added traffic."

All that has made for a "tough discussion" with franchisees which make up 25% of AccorHotels business but, Bazin points out, we're in 2015 and traffic is critical – more than the 280 million visitors already visiting its site.

"By extending offers in those cities from 12,000 we're going to be extending traffic by five, six, 10 times. And, guess what the conversion feature is twice better for branded hotels because there is lesser anxiety."

Bazin's strategy must be working. In a recent Tnooz article, [AccorHotels was admired by Booking.com's marketing chief](#) - just one of the giants it's working with yet battling with on a daily basis.



### [About the Writer :: Linda Fox](#)

Linda Fox is deputy editor for Tnooz. For the past eight years she has worked as a freelance journalist across a range of B2B titles including Travolution, ABTA Magazine, Travelmole and the Business Travel Magazine.

In this time she has also undertaken corporate projects for a number of high profile travel technology, travel management and research companies.

Prior to her freelance career she covered hotels and technology news for Travel Trade Gazette for seven years. Linda joined TTG from Caterer & Hotelkeeper where she worked on the features desk for more than five years.