

Room service

Large hotel chains are turning to reliable, high-speed internet access to lure the business traveller. Ken Young reports

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Most business travellers expect to be able to work from their hotels, even if it is just sending and receiving a few emails. No surprise, therefore, that hotels are increasingly competing to offer the most reliable high speed internet access in both guest rooms and in public areas.

A spectacular example is the 880-bed Park Inn hotel at Heathrow. Next month, it will become the largest internet-ready hotel in the UK, with all rooms and public areas covered with wireless services via Wi-Fi hotspots, as well 360 rooms cabled for Ethernet access.

The hotel is owned by Rezidor SAS, one of the largest hotel groups in Europe, and a subsidiary of SAS airlines. Rezidor SAS has 18 hotels in the UK, of which about 80% are "internet ready", using hotspots and Ethernet direct to rooms. Rezidor says internet services are used by between 4% and 20% of guests, with the higher levels usually occurring when conferences are held in a hotel.

Competition in the Heathrow area is intense. The 350-bed Hilton London Heathrow already has full connectivity. A hotspot covering all common areas has been supplied by BT Openzone, and every guest room has an Ethernet connection, supplied by STSN, hotel connectivity specialists.

BT and STSN have teamed up to become two of the leading providers of internet services in the hotel sector. BT Openzone has supplied hotspot connectivity to almost 200 hotels, including many Hilton, Ramada Jarvis, Corus and Regal hotels. Typically, hotspots cover foyers, bars, restaurants and conferencing areas. STSN has provided wired and wireless services in 150 hotels, notably in Hilton and Marriott properties.

BT Openzone also has a roaming agreement with The Cloud, a Wi-Fi hotspot provider with services in 300 UK hotels including JD Wetherlodes, Young's Inns and Enterprise Inns, plus connectivity in the bar areas of 10 Village Hotels.

These examples are still at the leading edge, but the pattern is being followed across the country in many four and five-star hotels. Three-star business-oriented hotels and upmarket tourist hotels are also beginning to install basic hotspots services.

Although most admit that hotspots make little profit, international hotels increasingly see connectivity as a new revenue stream, especially when it comes to attracting conferences.

The Hilton chain is one of the most aggressive in trying to become known as a leader in providing internet and other high-tech services to customers. It has even created an internal business, Hilton Connections, which has teamed up with BT and STSN to provide services to all 76 hotels in the group. Sixty are wired with the rest coming on stream by the end of the year.

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This internal team will also help the hotels provide more extensive services. Typically, this means laying on large amounts of extra bandwidth for conferences, when huge numbers of users can need internet access simultaneously. Hilton Connections is also working closely with mobile phone operators to boost coverage in their properties so that connectivity is improved during conferences.

Graeme Powell, the European managing director of STSN, says the stakes are high: "We wired Marriott hotels and then advised the Hilton Group, after which they were able to dramatically increase monthly revenues. Flexible connectivity is now a must-have in such hotels."

Most hotels claim that the best solution for customers and revenues is to have a mixture of hotspots in public places and wired connections in rooms. They report that usage is higher in wired rooms mainly because they can offer better bandwidth and because all laptops have Ethernet cards but only around 40% are Wi-Fi-enabled. Other hotels opt for internet provision bundled with entertainment services such as Quadriga's Genesis - an internet, TV and games platform used in 46 UK hotels.

But with usage levels still relatively low, wireless access appears to be more of a value-added service, or loss leader, rather than a revenue generator for most hotels.

Outside of the big chains, most hotels opt for the cheaper option of extending hotspots to guest rooms. Eighteen months ago, the independent 205-bed Coppid Beech Hotel in Bracknell installed a hotspot, which extends from the public areas to every room via 24 base stations. It cost less than £10,000 to install, compared with an estimated £50,000 if all the rooms had been wired. Typically about 20 to 30 guests per day pay £13 each for 24-hour access.

The hotel's general manager, Alan Blenkinsopp, says it makes a big difference: "In this area, only 10% of our competitors offer internet access, so it gives us something extra. It took a while to get the technology right, and unfortunately it reduces phone revenue because people stop connecting using modems, but it definitely makes customers more likely to stay here."

Blenkinsopp predicts the hotel will ultimately include internet access as a part of the room rate, thus providing it as a general service. He says the Wi-Fi installation cost has already been paid off despite the revenues being shared with the service provider, **Liberty Europe Network**.

However, if the US is anything to go by, quality and service cost is likely to vary over the next few years. Research by STSN found that a tendency to include internet access in the cost of the room led to hotels having to take on the cost of the data line rather than share it with providers. Thus hotels picked cheaper connections with less bandwidth, increasing guest dissatisfaction. This was followed by a swing back to higher speed connections. According to STSN, US hotels are now considering two-tier services - basic speeds free of charge and higher speeds at fixed rates.

But for the moment, any internet access in a UK hotel is the exception. Telecoms provider Nortel estimates that only 20% of business hotels in London offer a service.

And those hotels thinking about getting wired face something of a dilemma over what to install. Ethernet connections are most frequently used, but are the most expensive to install. Wi-Fi is cheap, but many users do not have Wi-Fi enabled laptops. To make matters worse, some firms ban staff from using Wi-Fi due to concerns over security.

But doing nothing may not be an option, if the UK experience follows the US. Research by Jupiter Research for BT in the US found that 87% of business travellers rate the availability of Wi-Fi in hotels as highly important.