

## Don't Forget The Millennials In The Middle East's \$30B Hotel Boom

The UAE is known to, and indeed designed to, evoke images of luxury in a tourist's mind, with the emirate's skyline dotted with some of the most luxurious properties in the world. But, as the country aims for 20 million visitors per year in the lead up to Expo 2020, hoteliers have realized the need for a more diverse offering, prompting a building boom.

According to a forecast by the Arabian Hotel Investment Conference, hotel construction contracts worth \$30 billion are expected to be awarded between 2019 and 2023.

However, what proportion of those funds are being invested into hotel options that would be of interest to millennials—the next big promising demographic?

Typically defined as those born between 1981 to 1996, millennials reportedly make up more than 50% of hotel guests worldwide, according to a report by PwC. They are also reported to be big spenders in travel, and they will be at their peak spending power until 2035, making them an important part of the industry. A study by Visa found that millennials in the Middle East are the highest travel spenders globally, typically spending twice as much as their European counterparts.

Mid-market millennial-friendly hotels were previously scarce in the region, but new players are arriving. In 2016, Rove Hotels, a homegrown chain by Emaar Hospitality and Meraas Holdings, branded itself to appeal to the young and budget-conscious market. Accor is preparing to launch Mama Shelter, a trendy and experiential boutique brand slated to open in 2020 and designed to foster interaction. Despite some hotel chains responding to the shift in their customer base, the U.A.E. is still largely saturated with 5-star and corporate options.

The pattern is not too different across the GCC, which has historically dealt with an older demographic as guests. But this picture is changing. By 2020, 320 million international trips are expected to be made by youth travelers, reveals research by the World Travel Market. Hotels will need to undergo both a change in design and concept to remain relevant.

At the Arabian Hotel Investment Conference 2019, Christopher Lund, Collier International's Head of Hotels MENA, explained disconnect as a factor that has impeded visitor growth. "I understand why some hotels are complaining why they are not being able to attract any leisure tourists, because the hotels are built as a pure corporate vanilla concept," he explained.

Spoilt by options like co-working and hot-desking, new hotel designs are taking into account millennials' preference towards shared social experiences. Entertainment options in hotel lobbies and courtyards such as pool tables, jukeboxes, instagrammable walls and morning yoga sessions are common trends sought after by young holidaymakers according to Hotels.com. Max Wiegerinck, general manager of Aloft Palm Jumeirah, places great

significance in digitizing services and ensuring “there is something to see and take pictures of”.

Besides maintaining online engagement, hoteliers are focusing on organic marketing by designing visually-appealing opportunities on their premises, providing guests with plenty of reasons to post about their stay.

This generation also consists of socially conscious travelers whose decisions are influenced by the corporation’s social initiatives and online presence. According to Booking.com, visitors are likely to avoid a destination if they feel their visit would be damaging to the locals and their environment. Factors like the hotel’s sustainability, waste management techniques and employment ethos are of great significance to millennials.

A tech-savvy generation that is glued to their screens, millennials are bound to check and understand feedback provided by guests who have stayed with the hotels previously.

Raised in the digital age, their understanding of commendable service has been shaped by the presence of social media platforms and analysis tools that encourage constant comparison subconsciously. To ensure business success, hoteliers must offer quality and personalization at each touch point of their user experience, starting at check in.

A generation focused on experience, millennials are curious to explore local attractions like homegrown restaurants and entertainment specific to the region. Airbnb’s report on Millennial Travel reveals that eight in 10 millennials say the best way to really learn about a place is to live like the locals do, with more than 50% preferring to stay in cool local neighborhoods despite being far from tourist attractions. Integrating these interests into marketing strategies can allow hotels to better position themselves as millennial-friendly.

Amidst the pressure to stay updated in order to accommodate millennials’ continuously evolving trend-led needs, hotel stakeholders are mindful of the vast amount of research available to these travelers. “One thing that you can count on is the fact that millennials will do their research about anything and everything, and they will have a number of alternative options at their fingertips,” says Gonzalo Rodriguez, H Dubai’s General Manager.

With the Middle East home to the highest proportion of millennial entrepreneurs worldwide, hotel developers must consider meeting their demands for memorable experiences, speed and convenience.

<https://www.forbesmiddleeast.com/dont-forget-the-millennials-in-the-middle-east-30b-hotel-boom>