



Tourism and hospitality

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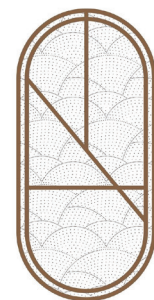


Business Assistance Facility

CASE STUDY N° 02

URBANITE HOTEL

ELEVATING HOSPITALITY THROUGH SKILLS DEVELOPMENT



Urbanite



URBANITE HOTEL

Urbanite Hotel

No. of BAF II matching grants received: **3 grants**

Types of BDS activity undertaken

- ✘ Training in financial accounting and management

BDS providers used

- ✘ Dusit Thani College, Thailand
- ✘ Vilasa Chanthalangsy

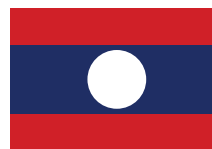
The evolving hospitality sector in Laos

The hospitality sector in Laos, like in many other countries, has been through a difficult decade. Not only did the global pandemic have a severe impact on tourism and business travellers in 2020-22, the sector has had to contend with the arrival of short-term 'home for let' services, such as Airbnb, spanning apartments and condos, houses and villas. There has also been some consolidation within the traditional hotel sector.

The demands and preferences of travellers have also evolved, with a growing focus on convenience of booking and the use of aggregated bookings platforms. These platforms provide transparency for potential customers to directly compare prices, reviews and ratings, and the relative strengths and weaknesses of rival hotels in the same location. The impact of Artificial Intelligence (AI) on the tourism sector remains to be seen, adding another layer of uncertainty.

For relatively small, boutique and independent hotel companies, it has been difficult to adapt to these trends in the hospitality sector. In the specific case of Vientiane, existing hotels have seen the arrival of new competitors, such as Crowne Plaza, Double Tree by Hilton and COSI, among others. With more room capacity available, hotels need to develop attractive offerings that set them apart from rivals. Failure to do so will oblige them to use lower prices

to attract customers, but this squeezes profit margins, and with the cost of many inputs rising, this may not be sustainable if the company wishes to remain solvent.



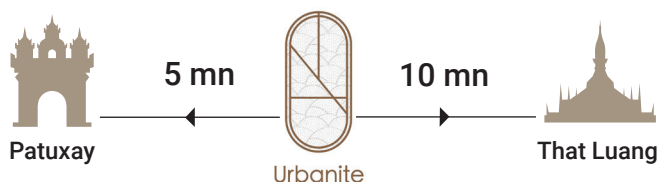
ranks 91st
in the World Travel and Tourism Development Index

Laos ranks 91st in the latest world Travel and Tourism Development Index, below Cambodia (ranked 86th), Vietnam (59th) and Indonesia (22nd). While Laos rates relatively well for safety and security, price competitiveness, and socio-economic impact, it gets a low score for non-leisure resources, cultural resources, and tourist services and infrastructure.

Although Vientiane is the capital of Laos, it is generally not seen as a major tourism destination, such as the UNESCO World Heritage Site of Luang Prabang. The majority of inbound visitors to Vientiane are either officials and business people visiting for work, or tourists that aim to stay for a relatively short period of time in the city. In this context, hotels must be proactive in attracting customers, and the level of competition for 'heads on pillows' is high.

Introducing Urbanite

Urbanite opened its doors in 2017, initially offering 45 rooms for both long-stay and short-stay guests. Located in the heart of Vientiane, Urbanite is just a 5-minute walk from the iconic Patuxay (the 'Victory Gate') and a 10-minute walk from the historic grounds of That Luang (the 'Great Stupa').



The original building had previously been leased out, but was re-purposed following the change in ownership in 2017, from father to son. The new owner decided to offer both long-stay apartments and shorter-stay hotel rooms. Currently, around 70% of the guests are South Koreans travelling in small groups, but the hotel also attracts independent travellers from Thailand and a smaller number of tourists from other countries.

70% of the guests are **South Koreans** travelling in small groups.

In 2021, the new owner hired Mr. Singthong Chanthapanya as Urbanite's General Manager. A young and dynamic individual, Mr. Singthong previously worked at the reception of another hotel in Vientiane where he gained valuable experience managing the day-to-day operations and coping with the challenges of running a hotel. When he first joined Urbanite, the business had just five staff and all the rooms were being used as long-stay apartments. Efforts to contain the COVID-19 pandemic meant that Laos' borders had largely been closed to inbound tourists from March 2020, and travel restrictions were not lifted until May 2022.



Interior view of a room at Urbanite Hotel

Since then, Mr. Singthong has worked tirelessly with the new owner to transition Urbanite from long-stay apartments to hotel rooms, principally by focusing on developing the quality of Urbanite's service offerings.

Impact of the COVID-19 pandemic and macro-economic challenges

The COVID-19 pandemic severely impacted the tourism and hospitality sector, as travel restrictions and border closures resulted in a drastic reduction in inbound tourists. Many hotels, restaurants and tour operators lost all their revenues, and as a result some were forced to close permanently. During this period, Urbanite was able to stay afloat by operating as long-stay apartments, and succeeded in maintaining an occupancy rate of between 40% and 60%.



Top floor view of Patuxay and Vientiane capital

However, since the end of the pandemic in 2022, Urbanite has transitioned to primarily catering for short-stay guests. During the high season (October to May), around 70% of rooms function as a hotel and 30% as apartments. And in the low season, the split is closer to 50-50%.

70%
of rooms function
as a hotel

30%
of rooms function
as apartments

In the low season,
the split is closer to **50-50**

One recent challenge that Urbanite has faced is rising operational costs, due to a marked decline in the local currency and high inflation. Over the last three years, the Lao Kip has lost over 50% of its value against the US dollar. This in turn has fed inflation, which peaked at 41% (year-on-year) in February 2023, and was still above 25% (year-on-year) in mid-

2024. Because Laos is so dependent on imports for a range of essential goods, any depreciation in the local currency results in ‘imported inflation’.

Fortunately, Urbanite is less impacted by the devaluation of the Lao Kip, compared to some other businesses, as in-bound tourists are usually willing to pay in foreign currency. As a result, business revenues have remained relatively steady. But even so, the operating costs have increased, which puts pressure on the company’s ‘bottom line’ (profit margin).

Staff recruitment and retention

A significant challenge in recent years has been finding capable employees. With the resumption of cross-border travel, staff in many Lao businesses are enticed by the prospect of higher wages in neighbouring Thailand, where the Baht has not depreciated against the US dollar. A key priority now is therefore to recruit, train and retain good staff members. Currently, Urbanite has 17 permanent staff, but at the time of writing, Mr. Singthong was aiming to recruit three more staff members.

With the return of in-bound tourists to Laos after the pandemic, Mr. Singthong has found himself having to compete with other hotels for staff. To do so, he has conducted surveys to find out what rival hotels are paying their staff and then offering slightly higher wages. But one must assume that his competitors are conducting their own surveys, and there is always the risk of entering into a competitive spiral of ever-higher salaries for a limited pool of suitably qualified staff.



Urbanite Hotel employees practicing hospitality skills

To mitigate this, Mr. Singthong has recognized a generational shift in the priorities of the younger generation, who tend to value not only pay rates, but also the quality of the working environment. He has therefore put greater emphasis on creating a conducive working environment, and provided staff with opportunities to voice their issues and concerns, as well as come up with suggestions for improvements.

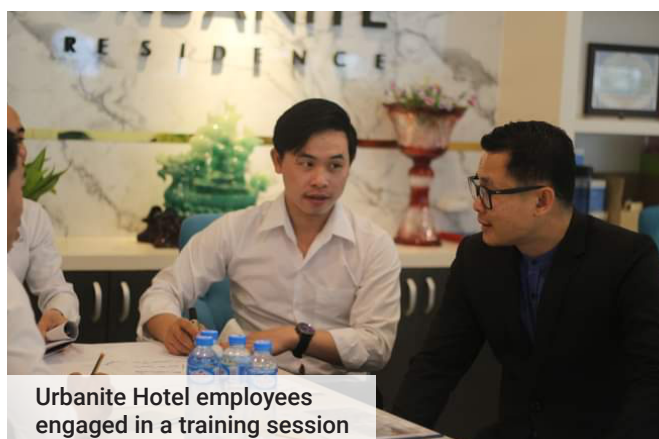
In so doing, Mr. Singthong has been able to raise employee morale, which ultimately leads to better service quality for guests, as staff have a greater sense of ownership and responsibility in what they are doing. In a sector where the quality of service provision can determine business success or failure, this realisation has been key.

Mr. Singthong also started an internship program to bring additional reception support during the high season. Over recent years, he has hired interns from local hospitality colleges, many of whom were proactive in approaching Urbanite directly, thereby saving management time and resources in the recruitment process.

Investing in staff development

Commencing in early 2023, Mr. Singthong applied for three matching grants from BAF II to help Urbanite’s management and staff attend training courses aimed at improving their skills in various key field. This has led to improved services and amenities, and thereby enabled Urbanite to better compete with new hotels entering the Vientiane hospitality market.

The first BAF II matching grant, in early 2023, allowed Mr. Singthong to attend two courses at Dusit Thani College in Bangkok - a well-known and highly regarded hospitality college. These comprised a general manager training course, and financial accounting



Urbanite Hotel employees engaged in a training session

for hotels and resorts. As a relatively inexperienced general manager, Mr. Singthong wanted to gain crucial skills in leadership, communication and financial management from an established institute that specialised in the hospitality sector.

Mr. Singthong found these courses to be very useful, believing that they covered all relevant aspects of being an effective general manager. Reflecting on his experience, Mr. Singthong identified skills pertaining to relationship management between staff and the owner, and HR matters, as key areas of learning.



Urbanite Hotel housekeeping staff undergoing training

Encouraged by the positive experience, Mr. Singthong applied for a second BAF II matching grant, this time to attend further training in revenue management for hotels and resorts, along with the company's main owner. This course helped them understand strategies to increase revenues and expand profit margins, as well as develop marketing strategies.

The owner also wanted to develop standard operating procedures (SOPs) for housekeeping functions, to standardize the quality of its service, and to make it easier for management to monitor the workflow. In addition, he was looking to enhance the communication skills of reception staff. He thus applied for a third BAF II matching grant to facilitate on-site training, hiring a local consultant that was specialized and experienced in hospitality coaching and training.

The training provided insights on how to facilitate more efficient operations for hotel cleaning and housekeeping management, covering various aspects, including the roles of housekeeping, room preparation and cleaning, the bed-making process,

bathroom cleaning, and cleaning of other hotel areas. For the front desk staff, the training provided the team with a clear framework for their roles, built skills in how to communicate with different types of customers and record essential information, such as check in and check out details.



Urbanite Hotel housekeeping team participating in a training session

Ultimately, the training supported Urbanite in building the skills of key staff and thereby provide a better-quality service to guests, positively impacting the company's business prospects.

Urbanite's plans for the future

The efforts of Urbanite's management team have started to pay off, with a significant proportion of customer reviews -- on websites like Booking.com and Agoda -- specifically mentioning the excellent quality of staff service. Urbanite was recognized in the Agoda 2023 customer review awards with an 8.5 rating, This highlights the hotel's excellent service and the team's hard work and dedication to providing their guests with an unforgettable experience.



Urbanite's management team plans to continue growing and expanding the hotel's service offerings to its guests. For example, Urbanite has a restaurant space in its building which currently only serves breakfast due to a shortage of staff. In the near future the management aims to extend the meal offerings to include lunch, dinner and room service.

Laos assumes chairmanship of the Association of Southeast Asian nations (ASEAN) in 2024. This will involve a jam-packed calendar of official meetings and events hosted by Laos, and Vientiane in particular, must host. Officials from the other nine ASEAN member countries will be arriving in Laos for these gatherings, and will need to find accommodation. Urbanite is therefore aiming for a greater occupancy level throughout the year.

Reflecting on his experience with BAF II, Mr. Singthong values the training facilitated by the matching grants, and the pro bono support from the BAF II team in identifying key areas for improvement, as well as providing guidance on what type of BDS activities the matching grants could be used for.

Key themes



Resources

Youtube video on Urbanite's journey with BAF II
https://www.youtube.com/watch?v=WocVObbP-PY&list=PLotLPXvBC8faEM3e_RsWrPBp_4nrWpNxx&index=5

Dusit Thani College
<https://dtt.ac.th/en/home>

Alternative accommodations in Southeast Asia (Asian Development Bank) - Nov. 2023
<https://www.adb.org/publications/alternative-accommodations-southeast-asia>

The State of tourism and hospitality 2024 (McKinsey & Co) - May 2024
<https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/the-state-of-tourism-and-hospitality-2024>

The promise of travel in the age of AI (Skift Research and McKinsey & Co) - Sept. 2023
<https://skift.com/wp-content/uploads/2023/09/The-Promise-of-Travel-in-the-Age-of-AI.pdf>

Travel and Tourism Development Index 2024 (World Economic Forum) - May 2024
<https://www.weforum.org/publications/travel-tourism-development-index-2024>



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 for accessing a digital version of this case study, in English or Lao language



MS THOUNI SENEYAKONE
 Business Advisor of BAF II

Urbanite Hotel is dedicated to delivering exceptional service, with the aim of exceeding guest expectations. To maintain and enhance these qualities, the hotel recognized the importance of building the skills capacity of key employees.

"Aware of the financial burdens that often occur with employee capacity-building initiatives, Urbanite Hotel sought assistance from BAF II. With BAF II's support, the hotel has streamlined its processes and made informed decisions to accelerate its growth."

Urbanite's journey from apartments to a thriving hotel exemplifies the company's resilience, strategic vision and dedication. Under new management, the hotel has navigated significant challenges, from the COVID-19 pandemic to macro-economic instability. Through targeted investments in staff development, operational efficiency, and service enhancement, Urbanite has improved its market position and gained recognition from its customers. As Laos experiences a post-pandemic resurgence in tourism, Urbanite is well-positioned to continue its upward trajectory in the future.