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CEO Interview: Cloud.7 Hotels

David Thompson, April 19th, 2016

Cloud.7 is a destination for young, spontaneous travellers. Creating an environment to connect with like-minded people and the local community is at the forefront of the concept. Cloud.7 Ataköy Marina Istanbul was the first hotel to market in February 2016, followed soon by more locations around the world. Hotelier Express caught up with Cloud.7 Hotels CEO Marloes Knippenberg and brand director Antony Doucet to discuss the inspiration behind their concept.



What fuelled your decision to compete in the Middle East on concept rather than price?

Marloes Knippenberg: We believe that being in the mid-market doesn't mean you have to create a box-like room with no life, no soul and no connection. The one thing that we said from the beginning was that our concept is like a box of Lego – when you have a Lego, you can build whatever you want to build – you just use your blocks and every day you build something new, and that is what we're doing. At Cloud.7 it's not only about price, in fact it's not only about design either; it's how to make the most profitable model that speaks the loudest to the guests of that specific location. We found a potential problem with other hotel concepts in their regimented approach – meaning that in every location they are essentially the same. Cloud.7 is different, every location offers something unique, and so we build our concept according to the customs, traditions and offerings of the local community.

Antony Doucet: Everyone is already competing on price in the mid-sector, it is a market that is upside down. Most of the other traditional hotel brands in the mid-sector focus on price because people traditionally have booked based on price, not experience. If you can provide your guests with a local experience they become loyal, and whenever the city is full and the rates are higher – guests will still choose you. Traditional mid-sector brands are stuck on the price model because previously people chose their hotel brands purely on price.

Who is Cloud.7 targeting with this concept?

Marloes: We have focussed our brand on millennials, however we have re-named this market 'the new traveller'. Millennials are no longer defined by an age group – it's a state-of-mind. When you realise that, you see this type of travel is characterised by the location, not necessarily the type of hotel, and this is what we're leveraging on. For example, when you come to Dubai you will most likely visit all the major tourist attractions, but Dubai also has a different face, a vastly diverse and cultural face. What we're trying to do at Cloud.7 is bring 'real Dubai' directly into guests' experience through our hotel concept.

Antony: Importantly, we also include the business traveller with this new concept. The mid-sector in Dubai is already heavily targeting business travellers – but even business people can visit the city, meet new people and see the culture of the location. I am convinced that you will see a trend with these travellers combining business and leisure, especially in a location like Dubai. We're not searching for extremes at Cloud.7 – some people are, and that's great – but it's all about how you fit in. With us, we're not trying to change the world; we are facilitating the change that is already underway.

Do you have a social and digital strategy you're launching to attract guests?

Marloes: Our strategy will target key social media platforms like YouTube, Twitter, Instagram, Facebook and Snapchat – because they're the platforms where our market is. One of the elements that will bring Cloud.7 to life is the collaborative nature in all we do. In every location we are present, the brand will look different; for this reason it is important to have genuine ambassadors on the ground, speaking many languages, talking about what we do. For example, we have a blog, written by people in each individual community, and we post two or three times per week. This is content written by people in the city, and in different languages too, not just using a translator, but individuals speaking each language where we operate. We're actively generating and providing the most authentic content possible to enhance our guests' experience with Cloud.7 and the destinations they visit.

Antony: We are focussing on creating rich content, but our content must be organic. For example we are creating monthly short videos, all about our concept of spontaneous living. When we talked to our videographer about this, he instantly understood our idea. We will never produce a video about one of our hotels – it's all about the location. They will all be connected too, month after month; there will be narratives and themes, but they won't look like traditional promotional videos. We are connecting with locality and the authenticity of the neighbourhood, and bringing it to the guests. This is a video series – they're not conventional commercial adverts. The idea is to capture the spontaneous living in each location – to give people a different vision of life – so where ever you go there will be a tailor-made video related to that area.

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Why will guests choose Cloud.7 hotels over other mid-sector hotels?

Marloes: I think it's all about creating communities – so one of the elements that will bring Cloud.7 to life is the creation of communities. New travellers have a different expectations and different aspirations. By developing strong communities we have a pool of people around each hotel – supporting the brand and providing rich experiences. When we first started thinking about the Middle East mid-market sector we looked to London and New York City, and we found that the mid-sector can either be price driven, or it can be design driven. From an owner's perspective, you don't have to build a luxury brand to do something different in this market. Our ambition to offer something vibrant and authentic is going to help ensure guests try Cloud.7 Hotels.

Antony: We realise that guests' demands have changed. The first thing we will say when you arrive at a Cloud.7 hotel is "hello, do you want the Wi-Fi code?" These changing demands are also why we removed the check-in desk in our hotels – they no longer serve a benefit to the owners or the guests. We have employees in the hotel – you will recognise them immediately – they will make themselves present to you, or you can approach them from the social areas of the hotel – it's not as formal; they have their C7 tee shirts and they will come naturally to you and introduce themselves. We are offering a different approach when compared to the competition. You always level against the competition in your area; you compete within your area.

How successful has DTCM been in promoting the mid-market sector in UAE?

Marloes: I think Dubai Tourism & Commerce Marketing (DTCM) has been very successful, and that will continue into the future. More mid-sector brands will come into this region, and we will see more diverse brands and more concepts too. We need to talk about it, but we also need to do something about it too. What they have envisioned is already happening – it's now a question of how we are going to bring it to life in all areas of the country.

The requirements for mid-sector hotels are changing, and DTCM is open to new concepts. We met with senior officials and engaged with the locals at the highest levels in Dubai. There is certainly a high level of interest in growing this market. Cloud.7 will do anything and everything to support DTCM to bring them to life. It is easy to criticise pioneers – but every time there is a new idea – or a new vision, acting collaboratively is surely the best solution.

Antony: DTCM has a great vision in place – in my opinion it's just a question of the market executing it. They need more people in the industry to bring it to life. Cloud.7 can help make that vision a reality. In Dubai's target of attracting 20 million guests by 2020, we see local Emiratis becoming very supportive of their own country. Emiratis travel a lot too; they see what is happening abroad and ask why can't we make it happen here? So I believe there is universal support in this country to facilitate and encourage further growth in the mid-sector.

Which countries to you see as being the next big market for mid-range travellers?

Antony: I think Turkey and the Middle East will be big markets in the coming two years for the mid-sector. When we looked holistically at the hospitality market in the Middle East we found that it is still very five-star heavy, and when people think mid-sector in Dubai we found there was this feeling that if its cheap it has to be ugly – which is totally not true. We are not questioning the existing model – traditional model – just asking if there is another way we can do this that is more convenient for both the traveller and the owner.

Marloes: People want to explore – they are adventurous. It's not about being wild – it's just about places people want to visit, but they don't have options. Often times it's not that they can't visit, rather the options available don't allow them to experience locality. We're talking about the places that people want to visit, but that they haven't visited before. Take Tehran for example; where would you go? Choose a location in Africa and ask yourself where would you stay? Even thinking about Dubai, we all know the five-star names, but for mid-sector experiences, where do you begin? This is where our Lego idea comes in; we can build the experience as per the location. If you want to try a new location – this is faster, it gives you enough guts to go to new places.

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