



Why oh wifi?

Rose Dykins asks where hotel internet charges come from – and how much longer we will have to keep paying out

At the rate things are going, our planet may soon become one giant wifi hotspot. We experience free wifi in train stations, coffee shops and even entire London boroughs. Elsewhere, there have been unusual trials of free access points – from dog waste bins in Mexico City's parks to homeless people bearing log-on codes at the South by Southwest festival in Austin, Texas.

It's when we check into a hotel that we are faced with a barrier. Hotel rooms are becoming one of the few spaces where accessing the internet can come at a cost. When daily charges match the amount we are paying for our access hub at home per month, it's no wonder we feel put out.

Since wifi first started to be rolled out in hotels ten years ago, our perception of it has changed significantly. A thread on our online forum, businesstraveller.com/discussion, highlights how it is now considered a room utility. One poster, hazinheira, says: "Internet is a must these days and I do not accept having to pay for wifi. I wasn't around when hotels started to have running water

in their toilets, but I do not believe they were charging for it separately."

Another, LuganoPirate, says: "I find it totally wrong that a hotel for which you pay €350 or more per night then charges up to €30 for wifi. I now book hotels that give free access in my room. I've given up staying in a few of my regular haunts as they charge."

So what is it about wifi that warrants such hefty charges? There's

the installation cost, which varies between properties – one chain quoted £40,000 on average per hotel – and then the line rental, which, depending on

a hotel's contract with a supplier, is typically £12,000 per year.

"The capital investment is a lot at first," says Philip Mahoney, area vice-president of Radisson Blu for UK and Ireland. "The installation cost is big but there is a fairly long lifespan on it. If you look at wifi as an essential component, which it is, you cannot use that cost as a justification for charging. It's like saying: 'There's no bed in your room because it was going to cost a lot to put it there.'"

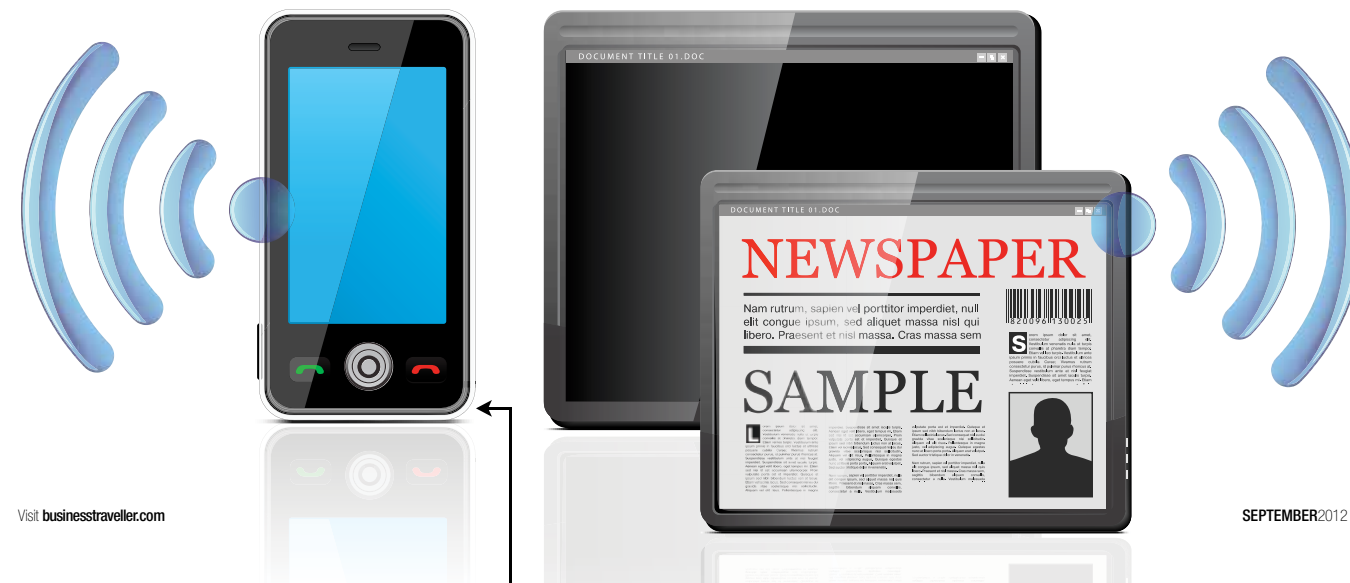
Rajul Chande, founder of blog londonhotelsinsight.com, believes international high-end hotel groups are the worst offenders. "I have less of a problem with budget hotels charging because their model is based more on pay-per-use and this is widely known," he says.

"But it's interesting that many of those have now begun to offer free wifi – and even when charging, they are a lot more transparent and reasonable than luxury hotels. It's also often the independent hotels that offer it free, whereas many big chains fail to empathise."

Radisson Blu provides free wifi as a brand standard. "We don't add on an additional cost to a room rate for wifi – we take it out of the cost ourselves, because we consider it to be part of the overall product," Mahoney says. "We've been doing it for ten years and we've been reasonably successful in that time, so there's no reason why it can't be done."

Or is there? One counter-argument is the change in what we now expect wifi to deliver. "Two years ago, business traveller wifi usage was mostly VPN [virtual private network]-type traffic

'Internet is a must these days and I do not accept having to pay for wifi'



to connect back to the office and work remotely,” says Tony Heung, internet and networks expert for Quadriga, provider of internet and technology for selected Marriott, Starwood, Accor and Intercontinental Hotels Group (IHG) brands. “Over the past nine to 12 months, the major change in bandwidth usage has been lots of video-streaming and social networking.”

Using smartphones to connect is also now commonplace. “The capability of mobile devices to pick up a wifi signal is different to that of a laptop,” says Liz Moores, director of marketing and product for Quadriga. “If a hotel’s internet equipment is not at the appropriate level, somebody who is on the edge of the signal using a mobile device rather than their laptop could get a poorer experience. That’s not because the hotel doesn’t want to do a great job – it’s about the speed of technology change.”

So hotels have to work hard to cater to our bandwidth-hungry habits and new array of gadgets. Who could have predicted ten years ago that every other person would own an iPhone, or that so many travellers would forgo the TV set to stream their favourite show to their laptop? Who knows what we’ll be demanding of the internet in a few years’ time, and what kind of bandwidth we’ll need? Bearing this in mind, is free wifi really a sustainable business model?

“It’s all very well saying you’ll offer it for free, but the impact of doing so and not increasing your pipe is that you deliver a poor service for all guests,” Moores says.

Radisson Blu is in the process of increasing

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the bandwidth it offers across all hotels. “We’ve developed a super-fast strategy that will still be free, but it will be really good as well,” Mahoney says. Other brands that offer free wifi include Aloft,

Malmaison, Hotel du Vin, De Vere, Shangri-La, Yotel, Hotel Indigo, Best Western, Hampton by Hilton and Hilton Garden Inn.

Last November, London Hotels Insight launched its “Free wifi touchdown” campaign. “We visited 14 hotels with free wifi to test it,” Chande says. “All offered wifi that worked immaculately for our purposes – checking emails, browsing the web, uploading photos and using social media.

The argument given by hotels that it’s worth paying for premium wifi is obsolete when even Starbucks, train stations and city councils provide always-on, rapid access.” One of the 14 properties highlighted was the

Lanesborough in Knightsbridge. “Years ago we had a 2MB line and it never topped out,” says Geoffrey Gelardi, its general manager. “Then we went to 4MB, then to 25MB and now we’re at 100MB – I’m sure by next year we’ll need 200MB. Guests do use up a lot of bandwidth, but we’re here to facilitate their needs.”

Admittedly, the ultra-deluxe Lanesborough has a bigger budget to play with – still, Gelardi maintains that wifi is not an expensive amenity for full-service hotels to provide. He says: “I think it all stems from telephone charges. Hoteliers used to make a lot of money from telephones and, over the years, people are using them less and less, and we’ve put our prices up and up, until everybody knows not to use the phone. I think the hoteliers saw that revenue dwindling and looked for other avenues of income, and along came wifi. The difference is a new telephone system could cost £200,000 in total, while putting in a wifi system would cost 10 per cent of that – and has no maintenance costs really.”

Chande says: “The excuses wheeled out often stretch credibility. One luxury hotel executive told me they offered great IT support with their wifi so it was somehow justified. Another told me they couldn’t do it because corporates were their main business and negotiated purely on the [room] rate [and not on ancillary costs]. I was also told the ‘environment’ of a five-star hotel is so special that it somehow justifies a premium charge



in the same way that an espresso in a luxury hotel lobby costs more.”

As a compromise, many properties now offer it free in some shape or form. They may offer a tiered system whereby it is free at a lower speed, with the option of more bandwidth at a cost – Marriott International recently trialled this at select US hotels, although no rollout has been confirmed. Other groups provide it free for a limited time period – Premier Inn gives complimentary access for half an hour, after which it costs £3 for 24 hours – or offer it free in public areas. Sheraton’s Link@Sheraton hub is available in 95 per cent of its lobbies, while in-room rates can be up to £19 for 24 hours.

Business travellers may not fancy traipsing down to the lobby but, as one hotel group explains, providing a decent speed in reception may require only one or two access points, whereas a typical ratio for guestrooms is one point per five rooms – with each point costing £100 to £200.

‘For full-service hotels, the expectation will be that it is included in the price’

If you want to avoid charges, consider sticking to one hotel group and building loyalty status. Hilton HHonors members earn free access once they reach the gold tier (after 16 stays, 36 nights or 60,000 base points per year). Fairmont offers it free to all President’s Club members, while Marriott Rewards gives it to members at Asian Marriott hotels.

Ultimately, those providing fast, ubiquitous wifi for free are a distinct minority. How likely is it that this will change? “Hotels are under a lot of pressure from the travel industry – particularly corporate travel managers, who really push them to include it,” Gelardi says. “Obviously they are reluctant as it brings substantial income – I would say 80 per cent of guests use wifi. But most of them know it’s perceived as a rip-off.”

Radisson Blu’s Mahoney believes a tiered system will likely prevail. “That’s something we’re seeing

now,” he says. “I think if you have a base use then it will probably be free for everyone across the board – the expectation will be there. But I think if you’re looking to download a huge amount of data then the charges will still be applied for a mid-market or budget model. However, for full-service hotels, the expectation will be that it’s part of the price.”

What do some of the other major hotel groups say? Starwood’s wifi policy reads: “Many of our 1,000 hotels spanning our nine brands do offer free wifi in rooms and in common spaces. In cases where hotels still charge in-room, we are providing creative solutions to offer guests free access in public spaces.”

IHG says: “We are reviewing how we move towards offering free wifi across all our hotels. As we have such a large number of properties across the world, the vast majority of which are owned by franchisees, this isn’t something that can be done overnight.” So you might have to keep schlepping to Starbucks. ■

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