

# No strings attached

By Jane Ram

From modest beginnings in the early 1970s, email and associated services have become an essential part of daily life. When the technology was in its infancy many hotels regarded provision of internet as a revenue generator and charged guests accordingly. Today, however, leisure and business travellers expect to have Wi-Fi available wherever they go. And most expect it to be free.

Free internet access is among the leading criteria for selecting a hotel, says Terence Ronson. As a chef/hotelier/IT consultant and inventor, Ronson sees the topic from a broader perspective than most people and he points out that it can be expensive for a hotel to provide this service.

“A hotel firstly has to pay for the broadband infrastructure (capex), then there are on-going support costs (opex) levied by the companies who provide support and maintenance. On top of that, is the cost of the internet line, which is a fixed per month. That amount in some countries is extraordinarily high, and often the service is less than optimal.

“Since demand for internet access is constantly increasing, hotels are struggling to meet the demand, not just by increasing the size of the service/line/pipe, but in some cases their infrastructure was not deployed (especially Wi-Fi) as well as it could have been and cannot cope with the number and demand of users, many of whom are now carrying three or more devices – laptop, phone, tablet.”

“If you are an old hotel and your telecommunication wiring does not support the data transfer, then providing for it would be expensive as rewiring is a big expense,” says Vlad Reyes, cluster general manager Hilton Nanjing Riverside and DoubleTree by Hilton Wuhu.

“Most of these types of hotels partner with a broadband provider for capital investment with a revenue share business model. However, for newer hotels, the telecommunications wiring has been spec'd and the only cost (aside from the ROI needed for the investment) would be the telecom bandwidth that you have

Hilton Nanjing Riverside – hotels need quite a wide bandwidth as guests have got into the habit of downloading movies and/or viewing them via live streaming



to pay for separately. The wider the bandwidth, the more costly.

“Hotels need quite a wide bandwidth as guests have got into the habit of downloading movies and/or viewing them via live streaming. And if you have a few of these guests every night doing the same thing, it would affect the other guests who would have slower internet access and would complain.”

Indra Budiman, chief executive officer Hansar Hotels, says Wi-Fi internet throughout the hotel should be regarded as a value-added. The cost is negligible, he says – “about 0.3% of overall room revenue”.

“Good quality internet connection is hugely important in a hotel room, almost as important as the bed and bathroom. Many hotel chains including ours, already offer free Wi-Fi as a brand standard in all guest rooms and public areas, restaurants, lounges,” says Roger Mair, general manager & vice president operations, Swiss International Hotels. “Some hotels are still charging as long as the guests do not resist. I believe they charge because the equipment was invested by a third-party company, so they are contractually bound to generate that revenue for them.”

Most non-international hotels in China use free Wi-Fi as a competitive advantage to attract guests, says Reyes. “Business travellers demand it more although they use it for personal reasons to watch movies. Leisure travellers are happy to use public computers to check their emails and send messages.”

The decision to provide free Wi-Fi is not always simple, says Yngvar Stray, general manager of St Regis Beijing. “We are part of a chain and a brand, so there is a deeper dimension than just



Indra Budiman, Hansar Hotels: ‘Wi-Fi internet throughout the hotel should be regarded as a value-added’

our decision; we must follow the brand specifications. Some Starwood hotels already have it, such as Four Points by Sheraton.”

Investment in the necessary infrastructure is not a one-time matter, says Stray. “Once it is installed the lines must keep expanding in capacity. Over the past four years I have been GM here we have expanded our Wi-Fi network three times. The IT industry is expanding so fast that by the time a network is flawless, something else will be required.”

Some older hotels compromise by offering free Wi-Fi in the public areas and rationalise charging for it if guests want to use it in their rooms. Some international brands offer it free in the room for top tier clients such as Hilton Honors Gold and Diamond members, and St Regis loyalty programme members.

Meritus Hotels & Resorts is one of the latest hotel groups to announce the rollout of complimentary Wi-Fi throughout its properties in Singapore, Malaysia, Indonesia and China. But heavy bandwidth users looking to stream high-definition videos or download movies will still need to buy a premium bandwidth package albeit at competitive rates.