

The HETERO-FRIENDLY Concept

Juan Julia, owner of the Axel Hotel Group, is interviewed by Stéphane Abela from LGBT Capital. The Axel Hotels are a successful brand of HETEROFRIENDLY hotels, currently with a presence in Barcelona, Berlin and Buenos Aires.

Juan, you chose to position your hotels as HETEROFRIENDLY, a variation on the term 'straight-friendly' frequently used, what made you decide to choose this brand adjective as opposed to GAYFRIENDLY or simply GAY?

The Axel hotel chain started with our Barcelona hotel which used to be a gay-only hotel. Typically our guests come from the US and Spain for the major part, followed by the UK and France, and with the remainder coming from the rest of Europe. Depending on the time of the year, the hotel has got a varying percentage of gay people. In the summer - July, August and September - 90% of our customers are gay. However, if you come during the winter months, the period when Barcelona hosts various international fairs, the clientele tends to be a lot more mixed. For example, during the World Mobile Congress, which takes place in February, the number of gay customers in the hotel can get as low as 30% and our other guests are straight people attending the congress because the hotel is well located and offers a great price/quality. We want everybody to be welcome but we still want all our potential customers to know that it is a hotel focusing on the gay community, and if they are comfortable with it, that is excellent. If they are not comfortable being amongst gay people then they are not welcome here and should go to other hotels. On average, throughout the year, the hotel is around 70% gay and lesbian and 30% heterosexual. We chose not to use the label 'gay-friendly' as we feel the term has been overused. It is very easy to achieve, for example one gay guest per year makes you gay-friendly. You have to be in a Muslim country not to be gay-friendly. There is an increasingly held view amongst gay people that gay-friendly does not really mean anything anymore. We therefore thought it was non-sense to call ourselves gay-friendly. We are positioning ourselves on "the other side" as we are gay and our main target is mostly gay customers. On the other hand, we also chose not to position ourselves as a gay hotel because sometimes gay-only hotels can be a little 'too gay' and some of our customers prefer when we are mixed. We are not and do not want to be a gay ghetto, we want everybody to feel welcome but

we still want all our potential customers to know that it is a hotel focusing on the gay community. We are a hetero-friendly hotel.

You initially used to be a gay hotel but then you decided to transition to hetero-friendly, what did that entail?

I believe that to position yourself as heterofriendly you have to open as a gay hotel first and you have to be known and well-recognised in the gay community as a gay brand or a gay product focusing on a gay clientele and then and only then you can transition to heterofriendly product or brand.

When I made the transition it was the result of a long term strategy at the end of several years of working towards it. We had started as a gay hotel and were anxious as the transition is a very delicate enterprise; the switch is not as easy as it may sound as the transition can go too far! The danger comes when you start welcoming girls and straight friends of gay men to a place, be it a bar or a club, the place then starts becoming popular with these girls and their girl-friends, the ratio has become a shrinking 70% gays, the remaining being 30% of straight girls. Then all of the sudden heterosexual men chasing after the girls start transforming the place and really unbalancing the ratio. After a few months, you are not a gay bar or a gay disco anymore, gay men have stopped coming and you cannot even pretend to be gay friendly anymore. This is the reason why some bars and discos are not allowing girls, or only in very limited numbers, so they can retain their gay identity. In the case of my hotel the problem has not been so critical as we are not as transient as such places where people come to flirt - we are a hotel so the way we have positioned ourselves has been more important.

Do you think that a HETEROFRIENDLY positioning will also appeal more to younger gay people?

The fact is that the older generations of gay men, those above 40, are typically more used to the gay community and are not as open as the younger gays are now. The younger gay people like to mix when they go out, they like to be surrounded by girls, boys, straights, gays, everyone together because they don't care. I guess the fight for equal rights by the older gay generation has borne some fruits. In the same way as the young generation who seek such more mixed surroundings, we did not want a hotel that would be catering for a ghettoised gay grown-up clientele, we wanted to welcome everybody. We realised that when our more grown-up guests came to the hotel they liked to see younger people and that the younger people wanted to see a mix of people. The Sky Bar, the roof terrace bar of the Axel

Barcelona is generally very mixed, except for the two specifically themed parties that we offer each week, 1 gay and 1 lesbian. It is generally filled with 60% gay men and the 40% remaining is composed of straight men and women as well as lesbians.

Was it difficult to get your family to support and invest in the hotel?

The hardest part was not my family, it was the banks. My background was not from the hotel industry and nor was my family's. I have a marketing background and studied economics and did an MBA. However, I had been interested in the hotel business ever since I was a child. I eventually gained some experience working for an international Spanish company, but always knew that I wanted to do something for myself. I was working on a Relais & Châteaux project for which I secured the financing. I realised then that there was a gap in the market with a niche for gay hotels. I researched and studied the opportunity and realised that the only gay hotels in the world were usually in holiday destinations in the US or Europe, in places like Fort Lauderdale, Key West, Provincetown, Sitges, Mykonos, etc. . Mostly these were either very nice, small, hip and trendy establishments focusing on a gay men or gay women clientele as well as on other types of guests like designers and fashionistas, or at the other extreme, there were trashy cheap places where you could sometimes rent a room by the hour. I realised that the niche opportunity was to focus on the gay community and offer them very nice establishments in the centres of large cosmopolitan cities that are favoured destinations of gay tourists. Of course, I had to buy the building and I put all my money into it, and while my family also took part in the investment, I still had to find a bank that would become the biggest stakeholder. I had to visit several banks and convince at least one of them of the validity of my project. You can imagine how some of the meetings would go - you would have at least 10 men, all dressed in black or navy suits, looking sternly at you while you tell them that you are gay, that you have a project of opening a hotel that will focus on the gay community and that it will cost around €12million. In some cases they would give you the feeling that you were an extra-terrestrial, recently landed from a different planet. However, I was lucky and found a person in one of the banks and who really believed in my project. He was aware of the power of the pink euro, that we are a community with great spending power, and that we travel extensively. He looked at my business plan, at where I wanted to open the hotel and agreed that it was the perfect location, right in the centre of Barcelona, right in the gay village.

Did your bank manager provide the necessary financial support due solely to him seeing a good business opportunity or was the bank itself actively engaging in attracting gay businesses?

I did not knock on the door of a particular bank because of a specific program to support the gay community. I just went to several of the major banks, and selected this particular one because I got the best feeling. The project financing was entirely driven by this specific bank manager who could see that the project was good. He had an important position in the bank, I am not sure if he was gay or not, it should and does not really matter, the key was that he was smart and that after a few conversations he could see the great potential that my project offered, he liked my business plan and looked at the pros and cons. I was buying the building in 2000, before real estate prices climbed to the 2007 peak level and before the 2008 crash and therefore, this looked like a good opportunity for them. Ultimately this is what made him support the project. Usually these types of projects are a lot easier to find support for in the US than in Europe - or in Spain in particular. Spain is not a project- finance country, if you do not have any guarantees to offer a bank, they will not support your project, end of story!

I do not think that today any bank in Spain - and I would venture even in Europe - knows or has got any active successful program to capture the pink euro. In 2000, there definitely were none. I know some Spanish banks have tried to do small campaigns for supporting gay businesses but never with any real consistent marketing strategy. Generally, these are sporadic campaigns, very localised and never part of a real strategy. In some cases companies have tried to position themselves as GAY- FRIENDLY, but frankly, in our day and age, in liberal societies and in the environment in which I move, who is not gay-friendly? You only need one gay customer to be gay-friendly and you do not even have to treat them particularly well - and the gay community has caught on to this. Most companies are trying to sell to everybody - in particular the big multinational companies - the bigger they are the more people they want to sell to, and small companies cannot compete with such a strategy as they do not have the necessary resources to achieve this – and so, they have to focus on a specific niche. The Axel chain of hotels cannot compete against the likes of the Starwood or Hilton groups but in fact, I do not even have to.

What is your view on some of these large international hotel and resort groups' strategy to open gay hotels?

Some of these companies have indeed stated that they are looking to open gay hotels and if you, for example, look at Thomson holidays they too are looking to brand some of their hotels as gay or gay-friendly. Are they looking to offer a special package-holiday for people going on a gay holiday? How many gays will there be at the destination? Is it even a gay destination? Who decides whether their hotel is gay or not? As you can imagine, I know a lot of the hotels of Barcelona, the Axel hotel is in the official tourist guide together with some other hotels that are supposed to be gay-friendly. Let me tell you, their owners and their management are not gay, and some of them are as unfriendly to gays as if they were the bishop of Rome!!! I do not know how they can have the audacity to claim to be gay-friendly. In truth most gay-friendly hotels are really simply trying to widen their revenue sources and as such will target the gay market. They will of course treat gay customers in the same way as they do all their other customers, however they will not make any efforts to attract gay guests nor attempt to engage or support the local gay community, their only aim is get a share of the pink wallet. However we all know that if you sell something to someone you had better at least fulfil, if not exceed, the expectations otherwise your clients will be very pissed off. If I say this is a gay or gay-friendly hotel, the expectation is that the hotel will be either entirely gay or have a large number of gay guests. I would not expect it to be filled with families and their children and I end up being the only gay in the hotel and everyone is staring at me. These big hotel chains are claiming that this one of their hotel is gay or that this one is gay-friendly, are they the ones deciding that? It just does not make sense. It also assumes that gay people will be booking their hotel rooms directly through them. Well if they really knew their gay audience they would already know that most gay people do their reservations through the internet usually after having investigated the destinations and the varying choices of hotels. I guess it may work if you are also trying to change the way your target customer will book, choose and consume their holidays.

In the same way as these hotels and holidays places, various multinational companies have been trying - generally with very low success rates- to attract gay consumers. Why do you think that is?

The mistake of big companies is that they do not realise that the gay community is a different niche market to the family or the golfing or the outdoors activity market. Today gay people do not have the same rights in many countries, and we are not spending our money indiscriminately. We like to really select the destinations as well as the products and services of companies that support gay people, those that

support our rights. I am not going to buy the product of a company only because they made an advertisement aimed at me. I am going to be loyal to somebody who supports me. If I am outside of Spain, why can't I have the same rights as one of my married heterosexual friends? If there is a country, a city, a company that really supports me and my rights, I will support them even if it costs me a little more. However, if they are only after my money, I will then only buy their products when it suits me and will consciously give my preference to those providers who support me. This is important in Europe and it is particularly prevalent in the US. As an example, a few years ago a major US airline was actively targeting gay travellers and claiming through advertising to be a gay friendly airline. However, some of the gay associations soon pointed out that this airline was not even offering the benefits to same sex partners as they were to the spouses of straight employees. Gay people then immediately started questioning how the airline could imagine that they would spend their money buying their flights with them – and to secure equal rights for all the airlines' employees, the gays boycotted the airline. The lost of earnings and the damage to the image of the airline became substantial enough that they promptly introduced equal benefits for all their employees.

Companies who really want to get the pink money need to support the gay communities and our demands for equal rights, and need to ensure that they offer equal benefits internally. The gay market is a niche market but it has this particularity, that if you are going to target it, you better do the right thing and make sure that internally you are supporting it and that you do not do anything that will be considered discriminatory.

You would be amazed at the number of companies that are still discriminating against gay people. In a lot of instances, this discrimination is driven by homophobia which unfortunately still endures across most walks of daily life even in the very few countries, like Spain, where the gay community has recently achieved equal rights. There is also this amazingly stupid attitude by some companies who are not even bothering to tailor their message to the gay community and are using their standard, one-size-fits-all advertising. How can you expect to sell a holiday destination to the gay community by showing an advertisement with a straight couple in gay magazines and publications? Do you think that by just advertising in gay media you will attract gay tourists? What goes through your mind to do that? A lot of companies or holiday destinations are not putting thought into what they are doing and they end up alienating rather than attracting the gay community - they

should do more research and preparatory work, and really think about what they do if they want to effectively attract the pink money.

Some cities and even countries have managed to excel at alienating the pink euro. It sounds unbelievable but a few years ago, Sitges had a town-hall administration who decided to stop supporting the gay community and stop promoting Sitges as a gay destination. You can imagine how incredibly stupid that sounded and how it made absolutely no sense as everyone knows that Sitges mostly is what it is because it is a successful and welcoming gay destination. Well, it was clear that the town hall still wanted the pink Euros but not the gay community. As part of this “enlightened” strategy, they decided to also start harassing gay tourists through heavy policing especially around the traditional gay cruising areas. It did not take long before gay people stopped coming to Sitges. After a while the local businesses in Sitges started suffering badly, with some of them actually going under. In the end, the homophobic administration was booted out at the local election thanks to the votes of all the local businesses, restaurants, bars, clubs, hotels and shop owners, gays and non-gays alike.

The gay community nowadays is a very lucrative niche market but it is a community that is very vigilant and very engaged in defending and expanding its rights, as well as being loyal to those that support them. There are a lot of gay people who are fighting for their rights – including their right to be able to get married, so they can stand next to their partner in hospital and not be barred by his or her parents with whom they might not get along, their right to adopt children all these rights that will eventual make them equal. Some are taking the fight outside their home country, including in the hope to stop the horrific persecution and killing of the many gays and lesbians that live in Muslim or African countries – it is important to actively support all these fights to secure what are really basic human rights.