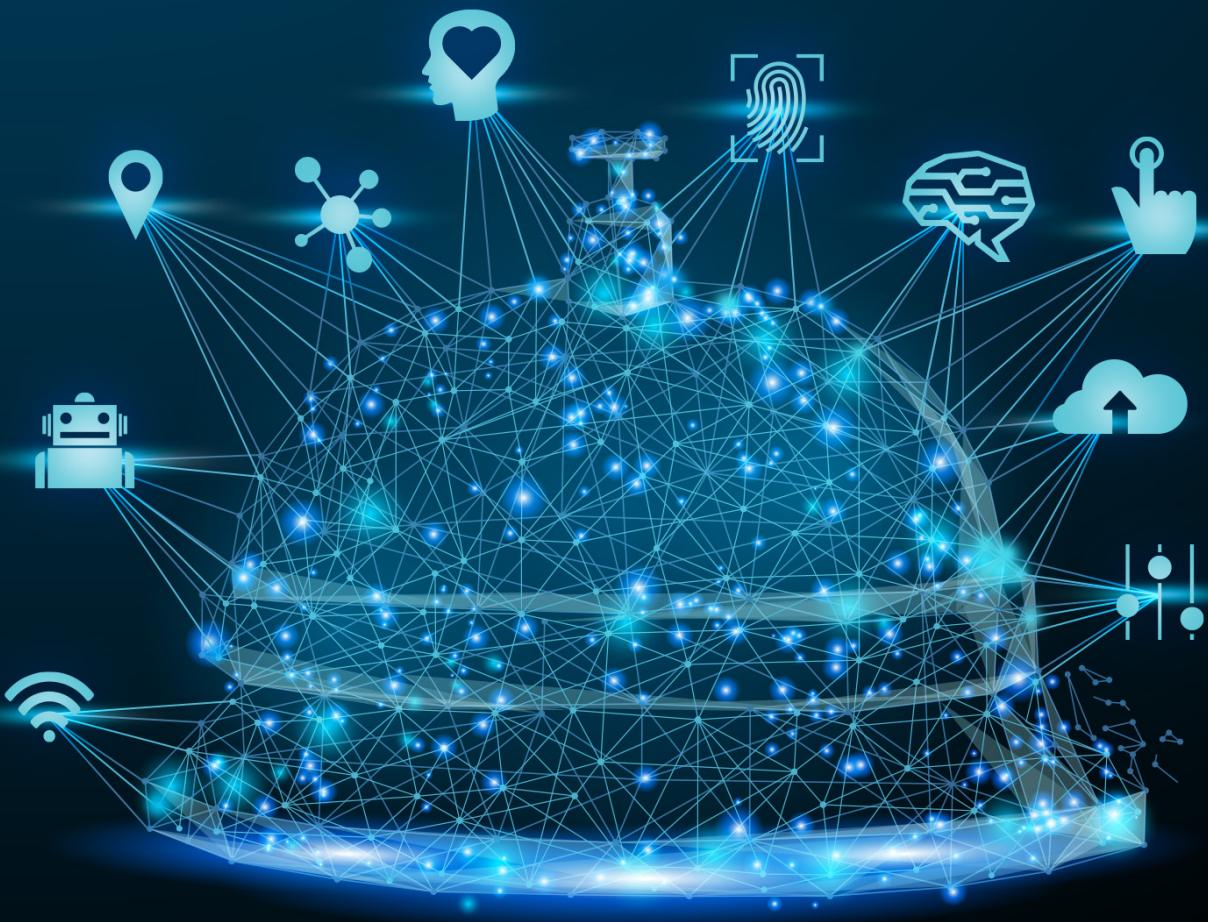


DRIVERS OF CHANGE IN HOSPITALITY



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Foreword



People's innate love of adventure continues to drive the growth and expansion of the travel sector across all regions. This looks set to continue as the luxury of choice entices travelers to explore new destinations and revisit established ones. Business travel is also expected to grow in 2019 and beyond, despite some downward pressures such as increased trade protectionism.

The hospitality sector, one of the most dynamic segments of the travel industry, continues to evolve. Whether it is embracing new business models, new technologies or new ways to personalize the offer, global hotel chains to boutique properties continue to innovate.

This paper, produced in collaboration with our partner IHG, Foresight Factory and Cornell University, looks at three emerging trends in hospitality that have the potential to transform how we, as guests, will travel in the future. Based on a global traveler survey across multiple regions, as well as expert industry insight, the report provides a thought-provoking look at the future of hospitality.

At Amadeus, we are committed to investing in and supporting the hospitality sector to meet the needs of tomorrow's guests. We hope that this report provides rich and valuable reading for anyone working in the hospitality sector and beyond.

The purpose of this study is to stimulate discussion and thinking, and I look forward to hearing your insights and perspective in the coming months.

Francisco Pérez-Lozao Rüter
President, Hospitality
Amadeus



Modern expectations around travel and its associated experiences continue to become more complex and sophisticated, with shifting consumer dynamics and increasingly intelligent technology pushing the boundaries of what is possible.

Our hospitality industry has proved itself to be pioneering and ambitious over many decades – a commitment that requires an ability to capture trends, thoughts and opinions, and to realize ways to bring them to life.

Working in partnership with Amadeus, Cornell University and the Foresight Factory, this paper explores three important examples of what lies ahead for our industry when it comes to service, loyalty and the booking experience. Threaded throughout is the increasingly powerful role technology plays in meeting the needs of the modern-day traveler.

IHG has a proud history of meeting such challenges head-on: from connecting the travel industry for the first time with our HOLIDEX booking system in the 1970s, to taking the first online hotel booking in the 90s, and most recently creating IHG Concerto, a sophisticated cloud-based technology platform with an industry-leading Guest Reservation System.

At the heart of these achievements is a commitment that our entire industry shares – a commitment to provide the very highest quality of hospitality. This paper offers a perspective on how the hotel experience could further evolve in the not too distant future.

George Turner
Chief Commercial and Technology Officer
InterContinental Hotels Group (IHG)

Executive summary

The number of international travelers is expected to almost double by 2036⁽¹⁾, and as this number grows, so too do the demands on the hospitality industry. This is a period of unprecedented change, where advances in cloud and analytical technology meet guests who both create and share more data, and place higher demands on their hospitality experience. The outcome? A new challenge is born. The industry must accommodate growth, but crucially it must also leverage a unique opportunity to future-proof operations. Integrated technology across the hospitality ecosystem will underpin the solutions and innovative applications of tomorrow.

From the fundamental role of technology to new experiences, brand loyalty and unlocking booking capabilities – these are the core elements of hospitality that must adapt. To understand what exactly is driving change and the opportunities to be unlocked, Foresight Factory worked with Cornell University, Amadeus and InterContinental Hotels Group (IHG) to identify three emerging trends that the sector must respond to today, to meet the needs of the consumer of the future.

Central to each emerging trend are changing guest behaviors and needs. To understand the guest of the future, we conducted a survey of over 7,500 consumers across 12 markets, questioned on-the-ground travelers from Foresight Factory's Trendspotter network, and interviewed a number of industry experts on the trends they see impacting the guest experience of tomorrow.

Each trend unpicks a different aspect of the hospitality industry that will be disrupted when operational advances begin capitalizing on new guest expectations. Expect tech that augments the human hospitality service, loyalty programs that are enriched with insights from guest data and booking processes that are built on what guests value rather than standard configurations. To define how the industry can meet these three new challenges through appropriate investment in technology, Cornell University offers unique and actionable recommendations throughout.

Hospitality was an early adopter of technology, dating back to Holiday Inn's launch of Holidex in 1965. As one of the first central reservation systems, it vastly improved many of the manual processes that existed to deliver experiences, and it connected airline and travel agent systems for the first time. However, industry technology has not kept pace with changing consumer behaviors and market demands, and now today's technology is holding us back from the next chapter of guest services. Tech infrastructure systems need to evolve in order to meet the needs of tomorrow's consumer, with an ultimate goal of allowing guests to share trip-specific information and express preferences and needs. Amenities, including room types and "bookable" attributes will further evolve, creating more opportunities for experience customization than ever before, all brought to life by hospitality providers whose teams are empowered by technology at their fingertips. These changes will collide to create the future of guest loyalty, which won't be driven by points and carbon-copy amenities, but by genuine connection, ease of experience, and guests feeling overall cared for, valued, and heard.

Chris K Anderson,
Director Center for Hospitality Research,
Cornell University

Introducing the drivers of change

1. The Rise of Tech-Augmented Hospitality

- The service model of the future will be delivered by sensitive collaborations between humans and technology.
- Technology will not replace the human interactions that are the hallmark of hospitality, but it will provide unprecedented support. This allows service providers to focus on building relationships with guests.
- Guests expect a seamless experience with a flawless transition between technology and human-supported aspects of their travel.
- The right technology, deployed in the right context, can deliver real competitive advantage; however, knowing when not to automate a solution is just as important. Technology that complicates operational processes will not survive the next chapter of the industry.
- Customer Relationship Management (CRM) and Property Management (PM) systems must iterate to utilize and display data in a way that supports staff efforts to improve the guest experience.
- AI will be key to analyzing the influx of data captured by hotels and address issues in real time.



2. Achieving Cult Status at Scale

- Loyalty goes beyond points, moving from a transactional to an experiential mindset to build a relationship with both new and returning guests.
- Ongoing relationships must rely on technology to function at scale. Personal attention and personality is no longer a characteristic of boutique brands only. Instead, data anticipates the best way (whether through perks, attributes, or experiences) to make guests feel valued.
- Rewards go beyond the status quo and incorporate attributes and experiences that feel unique.
- The ability to “know” the guest is key to meeting and exceeding their needs. Next-gen CRM systems provide a kaleidoscopic view of the guest, incorporating inter-industry and contextual information.



3. The Beginning of the End for Room Types

- Attribute-based booking will end room types as we know them.
- Guests will have unprecedented customization at their fingertips, with the ability to shop based on the elements they value the most.
- Properties can grow revenue because unbundling showcases the unique inventory and experiences they offer. Partnerships will bridge gaps to cater for changing consumer tastes and interests.
- To prevent the volume of new choices from being overwhelming, systems must advance, leveraging predictive analytics and AI learning to curate smart suggestions during the booking process. This requires tying booking to consumer motivations for travel.



Introducing the guest of the future

As traveler numbers increase, so does the sophistication of consumer expectations. What demands are the guests of tomorrow likely to make?

The world has become a smaller place thanks to the exponential increase in international travel in recent decades. Since 1970, the number of international air travelers alone has increased from 310 million to nearly 4 billion⁽²⁾. This is driven by a number of factors from global population growth and the trend towards urbanization, to the rise of the global middle classes and the intense price competition offered by no-frills operators.

And yet, there is clearly more growth to come. The International Air Transport Association (IATA) forecasts that by 2037 this number will double to some 8.2 billion air travelers⁽¹⁾. And the majority of this growth is expected in Asia-Pacific, as a greater share of passenger numbers are from countries such as China, India, and Indonesia.

What does this mean for hospitality?

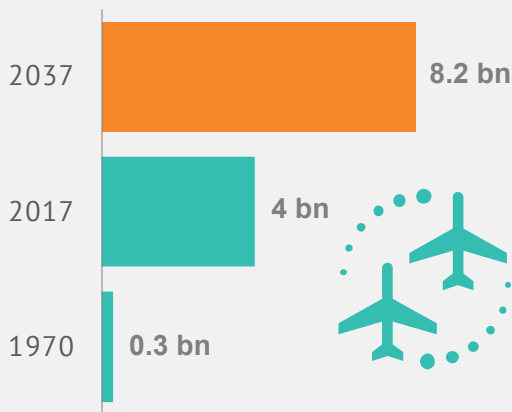
This growth in travelers directly benefits the hotel industry's revenue. Consumer spending on accommodation services is forecast to increase from \$5.6 trillion in 2018 to \$7 trillion in 2025 – an increase of over 25%⁽³⁾.

Twenty years ago, guests came to expect bathrobes in their hotel rooms, minibars, and hair dryers. Now they expect super-fast wifi, the latest tech in rooms, modern design, and personalized service. Indeed, the rise of the smartphones and social media, combined with technological amenities like AI-enabled chatbots and in-room technology, make it ever more likely that guests of the future will place much higher demands on the travel and hospitality industry.

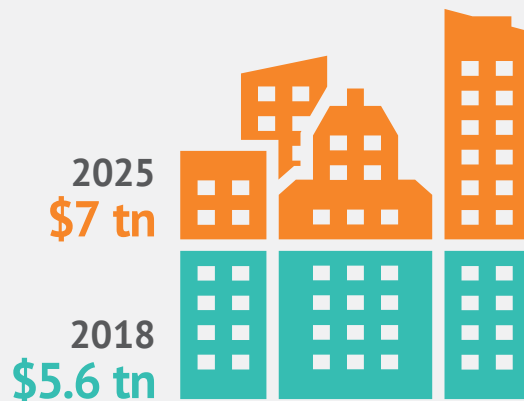
At every stage of a journey – from booking agents to airports, hotels to meetings, restaurants and visitor attractions – no detail can be overlooked in the race for rich experiences.

More than ever, the human touch of hospitality must be integrated with technological innovation – be it devices, platforms or applications – needed to meet modern consumer expectations.

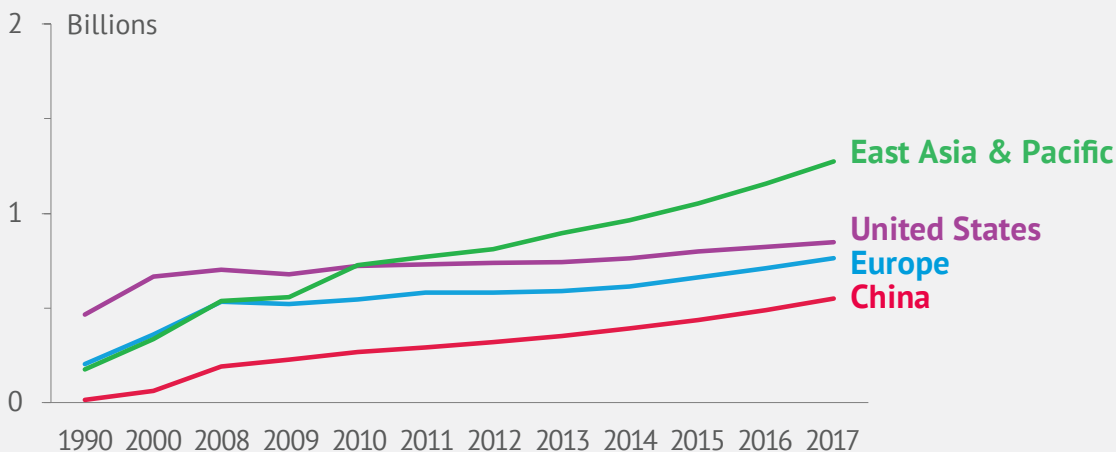
More international air travelers



Leads to greater hotel revenue growth



Growth is coming from travelers from East Asia & Pacific





Meet Celia

Celia is a traveler in her mid-twenties and a prolific user of social media. What sort of travel and hospitality experiences can she look forward to? If emerging cultural trends are a useful indicator, it's likely that Celia will look for an end-to-end travel and hospitality experience that is:

1. Optimized

Celia tries to get the most value out of every purchasing decision. With a wealth of research tools at her fingertips, from price comparison, to social media and consumer led reviews, she is empowered to make decisions. This means hospitality providers will have to work ever harder to capture her attention.

2. Seamless

Celia is intolerant of delay and expects the efficiency delivered by a high spec service. Seamless journeys become standard. From booking, check-in, room-service to checking out, paying up and arriving home, she requires a smooth experience with constant overview of her account in real time. Where appropriate, services are mobile or completely automated.

3. Individualized

Like all of us, Celia appreciates personal tailored services, and she should expect more while traveling in the future. Sophisticated hotel technology means it is now possible to offer her upgrades, deals aligned with her historical preferences, or bespoke personal touches. Future individualization will seep into all areas of the travel and hospitality experience and will become highly personal and relevant.

4. Experiential

For Celia, all elements of her travel journey are regarded as potentially interactive and experiential, where all kinds of services can be delivered. It's not just Celia who benefits; experiences can drive profit for providers too, either through new commercial opportunities or innovative ways of modernizing customer loyalty.

5. Sustainable

Celia consumes consciously, is a diligent recycler, and is alive to the challenge of climate change. She will demand that the hospitality industry invests in more sustainable practices and will start to avoid those providers who fail to meet high environmental standards.

“Today’s traveler is more educated, more sophisticated, well-traveled, informed, savvy and price-sensitive. Sophisticated tourists are more demanding and aware, hence the desire for engagement.”

*Ian Yeoman,
Associate Professor of Tourism Futures,
Victoria University of Wellington*





The Rise of Tech-Augmented Hospitality

Artificial Intelligence solutions will empower humans to deliver unprecedented levels of hospitality service.

The Rise of Tech-Augmented Hospitality

Artificial Intelligence solutions will empower humans to deliver unprecedented levels of hospitality service.

Automated service solutions, including self-service check-ins, check-outs and biometric security checks, are widely used at airports and hotels around the world. In hospitality, some have implemented human-light or even human-free solutions, while the more innovative hotels have begun experimenting with drone delivery to penthouse suites, robotic bellhops, and voice-driven smart hotel rooms.

Will dehumanized technical services negatively impact guest satisfaction levels and prevent hospitality providers from building relationships with guests?

As technology evolves, the evidence suggests quite the opposite.

It is true that some forms of automation will be essential to optimize service at scale, which is vital as the number of guests continues to grow. What will be fundamental, however, even in the relatively short-term future, is automation's potential to unlock customer service levels that go "beyond human" – from meeting basic customer service needs, to robot concierge and personalization decisions, to information retrieval, guest recognition, and access to detailed service options.

But human service is still valued. In 2018, nearly two thirds of hotel guests globally (63%) preferred interacting with hotel staff than self-service technology. And a further 67% of guests like talking to staff for emotional interactions, whether that's to arrange a celebration or make a complaint.

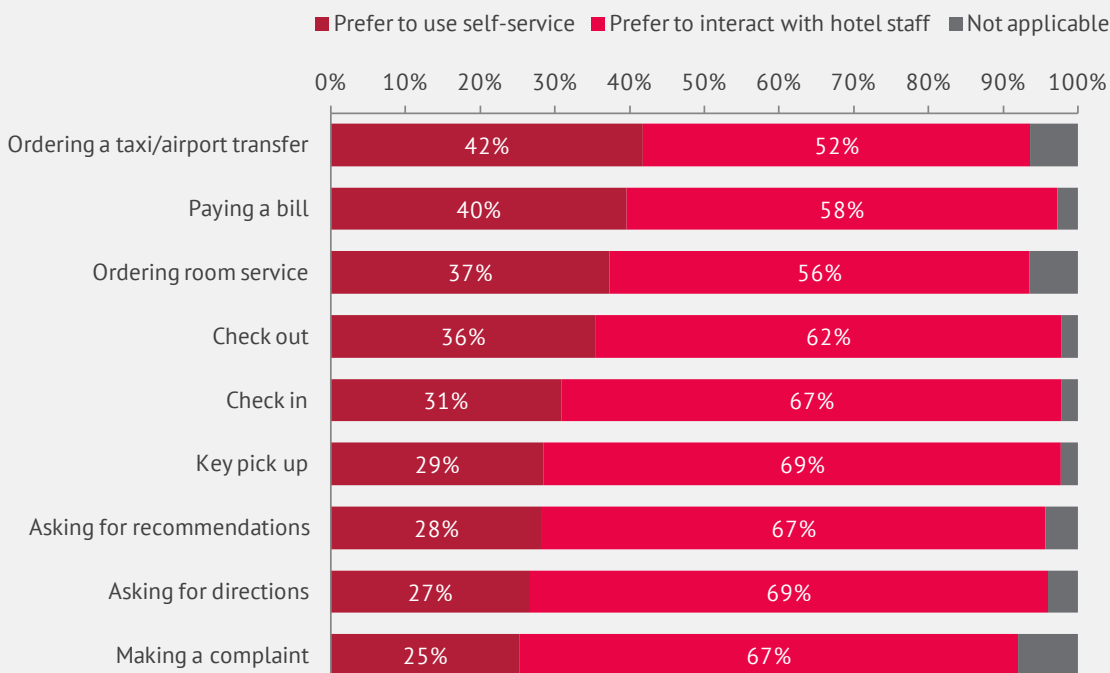
It is very easy to assume that age-related resistance to new technologies explains patterns like this, but even the most tech-savvy younger consumers can be apprehensive about self-service technology, perhaps due to their inexperience with traveling alone.

It comes down to use-case. For example, there is significant and growing interest in self-service technology for more functional actions like booking a taxi, paying a bill, or ordering room service. This is arguably because these are areas that are already digitized in everyday life.

What's changing is that consumers expect to bring their existing preferences on vacation and therefore require use of the latest technology when staying in a hotel.

Human service still wins over self-serve

We asked more than 7,500 people in 12 markets globally whether they would prefer to be served by hotel staff or self-service technologies for the following activities:





There is high interest in smart hospitality solutions:

% of those interested in

75%

Staying in a hotel room with smart devices

Using chat messenger to ask questions about a hotel booking

72%

Using augmented reality apps to see what a hotel room looks like

70%

Using an app/mobile phone as your hotel room key

69%

Using virtual reality to experience a vacation destination

67%

Using chat messenger to interact with hotel staff while staying at a hotel

Consumers are also receptive to using new technology to improve specific elements of their experience. Some 75% of global travelers claim to have stayed in a hotel room that contains smart devices (or would be interested in doing so in the future). Equally, interest in using chat messenger to ask questions about a hotel booking, or augmented reality apps to see what a hotel room looks like, are also high at 73% and 72% respectively.

There are regional differences to this evolving story, with Asian guests consistently more likely than their European or American counterparts to prefer self-service options. In the case of paying a bill, some 53% of guests from Asian countries preferred self-service, compared to 40% of guests from the Americas and 26% of Europeans.

To evaluate how to best meet these changing needs, hotels should ask themselves: does the technology add

value to the customer's experience, or does it empower staff to deliver service levels above and beyond previous norms?

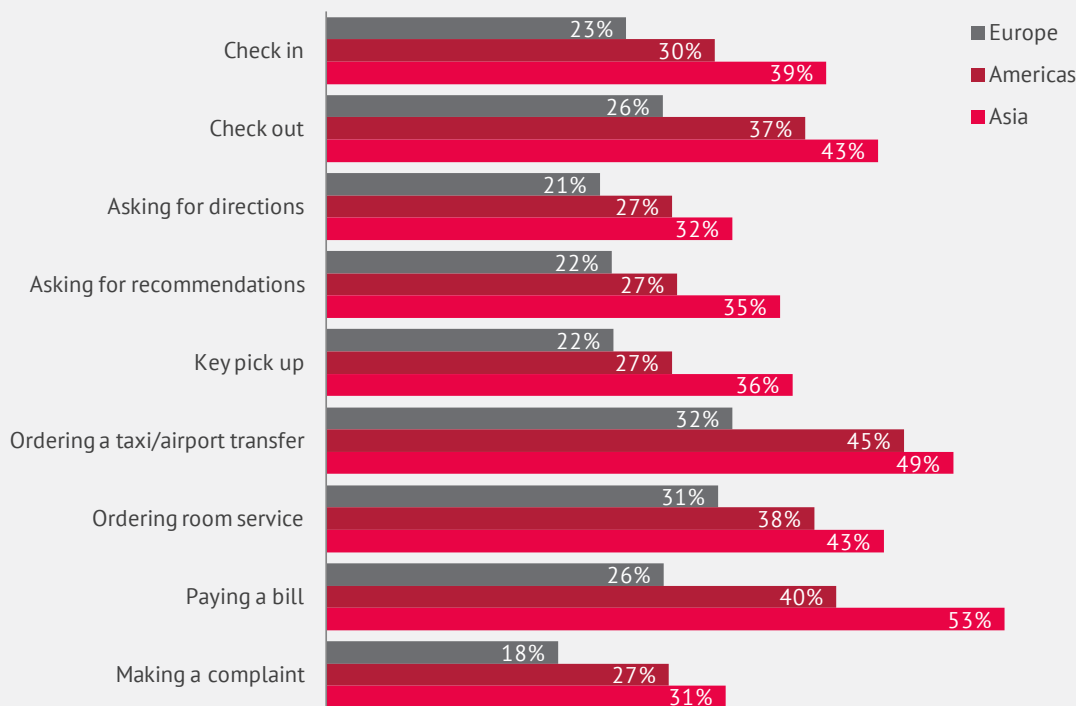
If the answer to these questions are no, then it's a negative example of installing technology for innovation's sake.

What is clear is that the fast pace and growing change in consumer demands is forcing an automated approach to service optimization: an approach that must empower staff to know more about individual consumers and customize their service levels to unprecedented heights.

Lastly, it is not possible to talk about technology without talking about data. Artificial Intelligence will be key to analyzing the myriad of data collected from both consumer facing technology and across the hotel ecosystem. AI will enrich the entire hospitality experience, from allocating rooms to recognizing patterns in guest behavior, thereby moving towards an anticipatory service.

Automated service wins in Asia

We asked more than 7,500 people in 12 markets globally whether they would prefer to be served by hotel staff or self-service technologies for the following activities. The chart below shows the % who prefer self-service.



How will the industry meet the needs of tomorrow's guests?



Tomorrow's guests:

Guests do not specifically seek automated service, self-service, or human service. However, they do desire solutions that exceed their expectations for experiences that are memorable, shareable and surprising. Consumers will very likely put pressure on hospitality providers to operate outside their own branded silos in a more connected way. Smartphones are the most important consumer-facing technology, but human staff are often the known and preferred way of accessing information when guests stay.



Recommendations to hospitality businesses:

- **Educate your teams:** on both the digital and human side of the guest interaction. Staff need to be able to switch between delivery formats (tech or human) as needed, choosing the richest option each time.
- **Apply technology:** only where it supports and complements the experience (including yielding valuable data to the operation) rather than to look hip, modern, or trendy. If a tech integration makes it more challenging, time-consuming, or difficult for your guest to experience your services, then it is not a fit.
- **Practice process improvement:** regularly examining survey data, reviews, call records, issue reporting, and anecdotal evidence can help identify gaps in staff education, available information, and the technology interface. Move beyond a passive use of social content, engaging with guests in real time to address issues.



Recommendations to technology providers:

- **Keep it easy:** front-line staff and guests won't embrace something that's difficult to use. Target touchpoints that inhibit service excellence versus simply trying to streamline effective processes.
- **Keep it in the cloud:** be mindful that hospitality organizations cannot make large capital investments on rapidly changing hardware. Seamless integration with other systems, open API access, and data sharing across platforms and providers will be key for faster adoption.
- **Curate personalization:** integrate data from multiple systems, and allow guests to provide a series of preferences both globally and from trip to trip. Facilitate the capture and sharing of data that will allow staff to make meaningful personalized enhancements. This can be enriched with data across the travel journey by ensuring connectivity with air, transfers, and local amenities.
- **Focus on the person, not the data:** the best technology will aid and assist organizations and service providers to create fantastic, memorable experiences. Embrace the obvious before trying to predict the future – simple knowledge of guest history and travel journey will enable value added touches/personalization without perceived intrusion from trying to predict needs.

Who's doing tech-enabled service well today?

Princess Cruise Medallion Class

Cruise ship tracks guests to offer a personalized experience

Carnival Cruises' Ocean Medallion Class services are now available on select Princess cruise ships. Guests are given an Ocean Medallion to wear during the trip to allow for a personalized service.

Medallions can be used for payments, as room keys, and for speeding up boarding. Several concierge features are embedded into the medallions, such as purchasing activities and excursions. Users can order drinks and other items instantly or at a specified time, and as the on-board crew has access to passenger information, they know who passengers are and their preferences without needing to ask.

The Medallion also generates huge amounts of valuable guest data that can be used to deliver a better service onboard, but also for marketing outreach during or following the voyage.



“We want to use technology to really help enable us to provide the best service, best experience, best brands possible. The service business is about people connection.”

Craig Eister, Senior Vice President, Global Revenue Management, IHG

“Hotel staff are good to have, but I don't mind automated process.”

Trendspotter, China

The entire industry is poised to make a huge pivot in terms of the role of technology. To date, most of what hoteliers and suppliers have used tech for is logistics: the back-end functions to process transactions, to keep track of reservations and events, and to market to existing guests. The opportunity of the future is co-creation of the guest experience, with technology serving the role as a conduit between guest and service provider, guest and brand, or guest and independent hotelier. Through the continued evolution or progressive use of APIs, an interface to integrate third-party programs, data will be able to flow more easily between stakeholders. This allows for an exchange of information that builds toward a final outcome, rather than a static and unshifting set of details. Technology will facilitate the building of relationships, more of which is to come in the next section of this report on achieving “cult status”. It is this dedication to relationship-building which will be the ultimate driver for the future of guest loyalty and retention, and further improve the customer's perception of travel experiences.

Chris K Anderson,
Director Center for Hospitality Research,
Cornell University

Imagine a world of tech-enabled human hospitality

In the hotel of the future, staff are empowered and informed by intelligent technology to make insight-driven decisions that benefit the business and enrich guest experiences. Daily decision-making, such as room assignment and turnover schedule, is automated by a system that draws on data such as guest preferences, personalized check-in, and check-out times. Possibilities for human error are reduced, and occupancy is maximized. Staff are highly responsive and can access real-time insight to solve tasks, whether they are checking room occupancy, stock levels, or ticket availability for the hit show being performed that evening. Their decisions are empowered through mobile and wearable devices that augment reality with relevant information quickly and help to eliminate delay.

Guest-facing technology works for the traveler. Personal devices, like smartphones and wearables, interact with location-specific technology, such as beacons, to put relevant information and smart controls into the guest's hand without it ever feeling invasive or uncomfortable. Self-service options are available, but staff are never far away to deliver a warm experience. Staff are highly trained in how to maximize the benefits offered by technology. They are empowered to deliver the best experience possible thanks to guest profiles created from aggregating multiple data streams. These profiles enable staff to identify micro-moments in which to engage guests, both before and during their stay.



What sort of technology will tomorrow's guests look for?



76%

Earphones that would “immediately translate what someone speaking to me in a different language was saying”



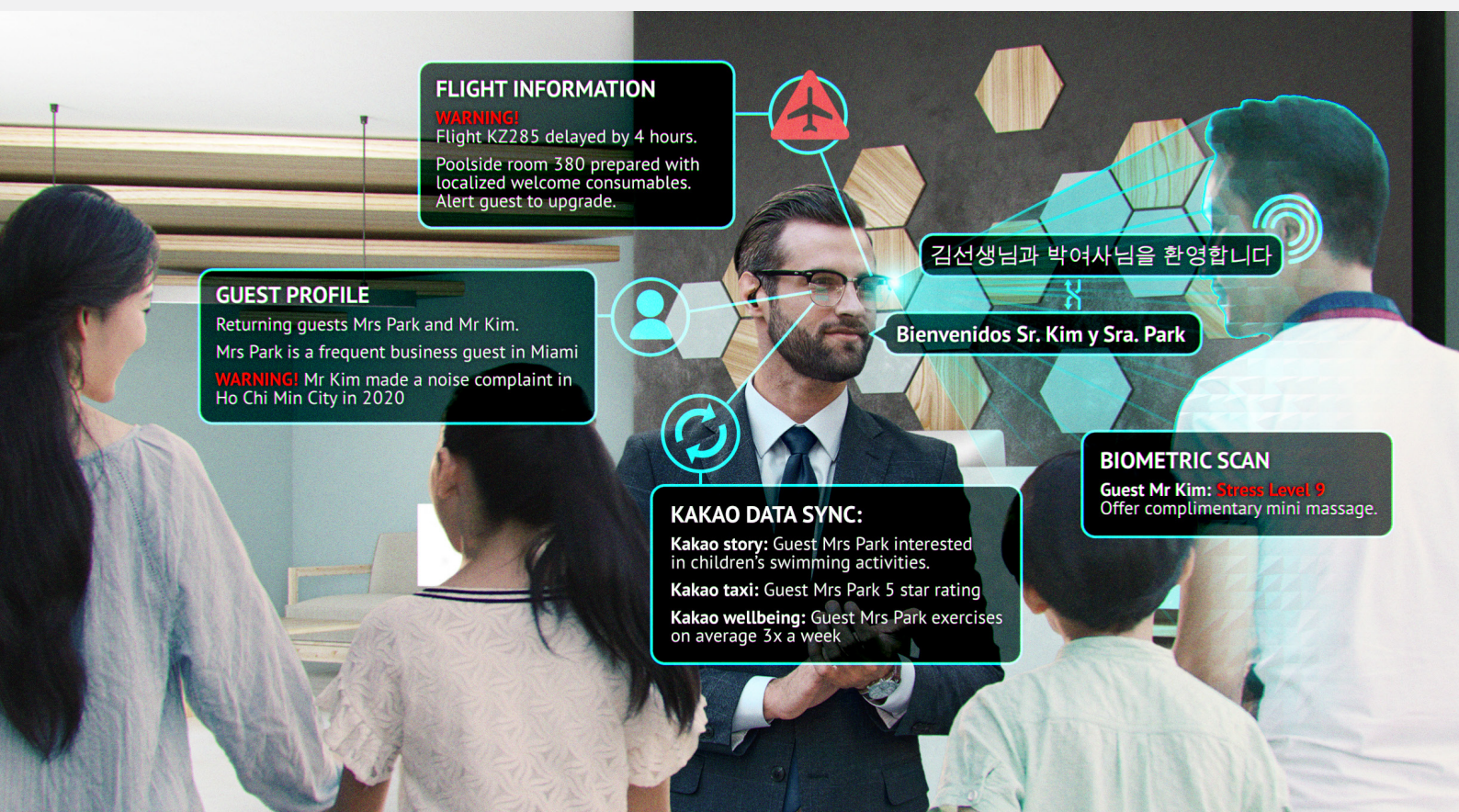
69%

An algorithm based service that “gave me suggestions of what to do when on vacation tailored to my hotel location and interests”



64%

A voice assistant (e.g. Alexa, Google Home) in my hotel room “to help with any requests I had”



Enrique provides augmented service

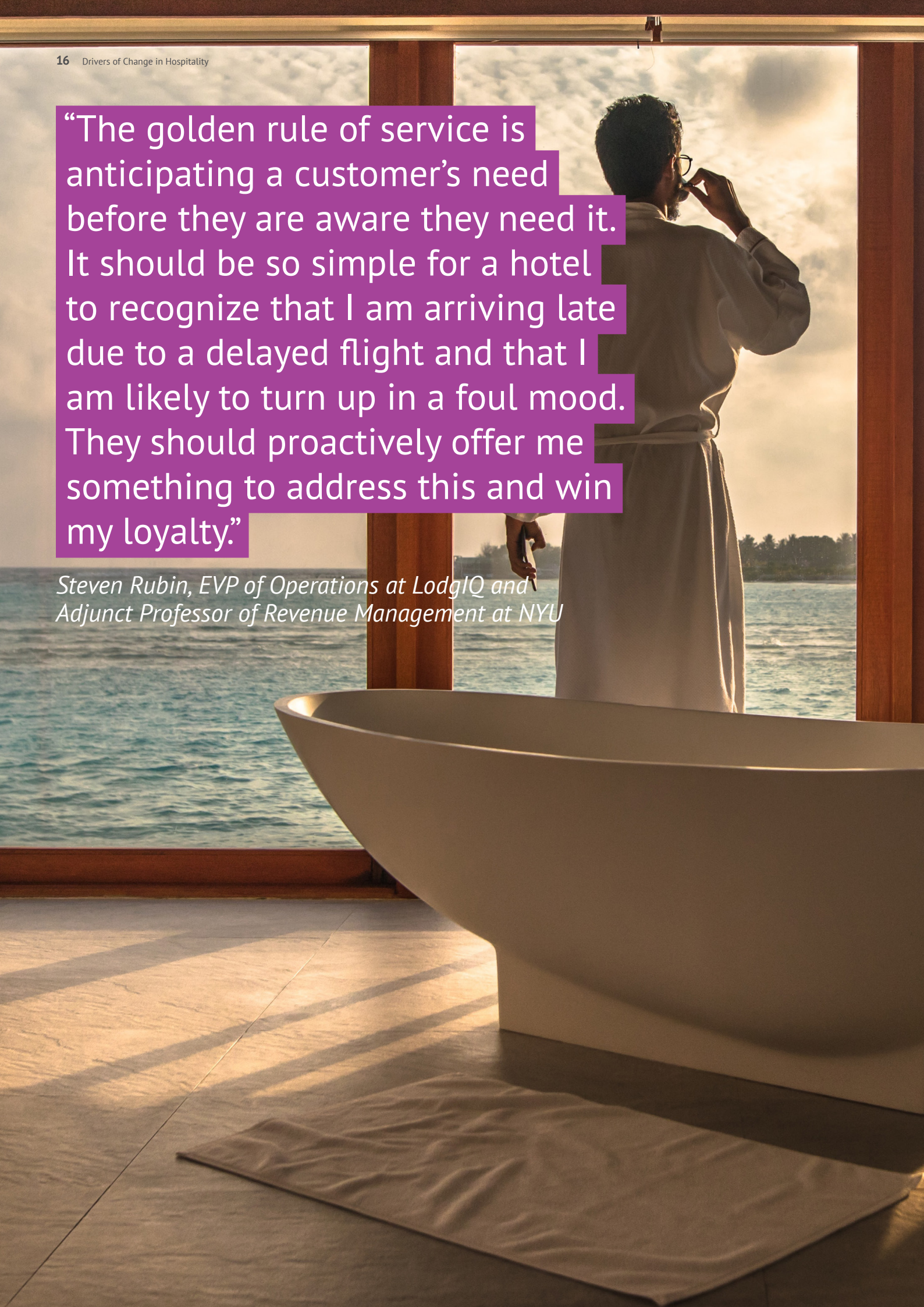
Enrique works front-of-house for a busy resort hotel that is part of a multinational chain. He loves it. The company has recently upgraded its tech systems. At first, Enrique was a bit wary, but now he wonders how he ever did his job without the various devices and applications.

The first guests to arrive soon after Enrique starts today's shift are Mr Kim and Mrs Park and their family, straight off a long and significantly delayed flight from Seoul. Mr Kim has stayed at the hotel before, and to be honest he was always a bit of a problem. Enrique had studied long and hard to improve his English, but the Kim family is not that comfortable with theirs and would rather speak in their native language. Previously, this would have led to mistakes and misunderstandings. Not anymore. Enrique passes the family a set of real-time translation earphones and taps his temple to activate his own set and his Host smart glasses. No danger of misunderstandings now! He can even speak in his native Spanish rather than make the effort to use his English, and it is instantly translated into flawless Korean.

The AR screen flashes up the family's details in front of his eyes. The Kims' delayed flight meant that their room had been given to another guest. No matter. This information was passed to the central guest management system, and Enrique can tell the family that they have been moved to another room. Based on the feedback they gave when staying previously, the system has reallocated them a poolside room – little Ji-Hyun loves to swim! Enrique projects an AR Roomview from his smart glasses onto the wall so that the family can check that they like the room and that it has been laid out to the precise specification that the family had sent ahead. He also tells them that the minibar in their room has been auto-stocked with the all-organic Korean delicacies the family loves. Enrique's Host glasses tell him that Mr Kim is incredibly stressed. Based on his frequent stays, Enrique makes the call to offer him a complimentary massage in their Spa as soon as he has seen his room. Mr Kim is delighted and agrees to pay for a massage for his wife too. Their bags are loaded onto the Robo-bellhop, and they set off to the room using the hotel's network of beacons. The Kims follow at their own pace and Enrique resets his systems, ready to welcome his next guests.

“The golden rule of service is anticipating a customer’s need before they are aware they need it. It should be so simple for a hotel to recognize that I am arriving late due to a delayed flight and that I am likely to turn up in a foul mood. They should proactively offer me something to address this and win my loyalty.”

Steven Rubin, EVP of Operations at LodgIQ and Adjunct Professor of Revenue Management at NYU





Achieving Cult Status at Scale

Achieving cult status is the way to build new loyalty.

Achieving Cult Status at Scale

Achieving cult status is the way to build new loyalty

Loyalty matters to a guest when a business makes it worthwhile to be loyal. Personalization. Relevance. Individual experiences. Thoughtfulness. When these elements are not there, a transactional mindset takes hold, with the consumer conversation moving to just two things – price and location.

The hotels that bring customers back time and again are the ones who foster deeper emotional connections with their guests in order to meet their higher expectations. When a brand gets it right, it can create a cult-like status among consumers.

Currently, luxury and boutique brands are best placed to create this type of consumer connection thanks to their unique offer and their often high-touch service mantra. But technology that extrapolates emotionally sensitive data could pave the way for more brands to reach a cult status at scale.

Information about the guest, from their temperament to their hobbies, will create a holistic understanding of each individual. This in turn facilitates thoughtful interactions and a personalized experience that will truly resonate.

By joining up data, brands can predict and respond to guests' needs. Holistic data can also inform the type of third-party partnerships companies could enter as part of their efforts to connect with like-minded brands and popular services. Combined, all these things can engender greater brand loyalty that goes beyond points and maximizing behaviors.

Uniqueness as a driver of cult status

The volume of people who travel is causing a certain amount of tourist fatigue, forcing travelers to seek out something a little off the beaten track. This is

important to 73% of global travelers, who agree that “when I go on vacation, the most important thing is to have a unique experience.”

Uniqueness can be expressed as an experience, service, a hotel's personality – or all three. 59% of global travelers say they like hotels that feel unique. Hotels with a cult-like following tend to have individual personalities that attract certain travelers. This type of hotel has a deep understanding of the kind of consumer it attracts, and by sharing common values with its guests, interactions are more meaningful.

The question of scale

This is very well for a small brand, but one of the biggest challenges facing the hospitality sector is how to achieve this cult status at scale.

The biggest opportunity lies in using technology to deliver meaningful interactions. Hotels can create systems that can understand (and ideally anticipate) a guest's lifestyle needs or in-the-moment demands. Service, therefore, becomes unique to the guest.

Context-based personalization

Personalization efforts still have some way to go. Even CRM systems that store past behavior are not successfully utilized in-the-moment. But in the near-term future, context will be everything.

Personalization will be “in-the-moment.” It will recognize the multi-layered, kaleidoscopic nature of the guest, taking into account both emotional and physical state. It will monitor current behavior so that hotel staff can respond in real-time, and it will employ wider contextual data, such as preferences that the guest has expressed online or with another company.



Hotels can plan moments of surprise



70%

of global travelers would like hotels to provide more advice and tips of unique things to do on trips

Currently, only

20%

of global travelers get vacation activity ideas from their hotel

“Normally we book boutique hotels or something a bit off the beaten track, so we trust their advice to find something really local.”

Trendspotter, UK

Holistic data collection

To access this contextual information, hotels must use information that is collected and siloed across multiple companies. We predict that datasets will be shared inter-industry and then trans-industry. This will offer a holistic view of each customer.

This information will be used to deliver above and beyond service expectations. First, if personalization efforts incorporate data collected beyond the hotel, hotels can recognize a guest before their stay. Now, even the first welcome can become extra special. Second, interactions are sensitive to consumers' in-the-moment needs. Monitoring current behavior, mood, or spending allows the hotel to identify and solve friction fast and reward loyal behavior such as reaching a spending target in the restaurant or returning to the hotel bar. These data-informed in-the-moment interactions are more meaningful for the guest, creating a positive impact.

How data can be shared so widely in a way that is sensitive to a guest's privacy is yet to be seen. Our research shows that travelers are often happy to share data when they get something in return. 47% would be likely to share their data for exclusive discounts, and 30% for personalized trip advice.

The hotels that will encourage a data exchange will employ solutions such as partnerships where the hotel does not store data but accesses it. Prompts might encourage guests to link trip information along their journey, or sync with centralized information controlled by the guest themselves.

Planned spontaneity

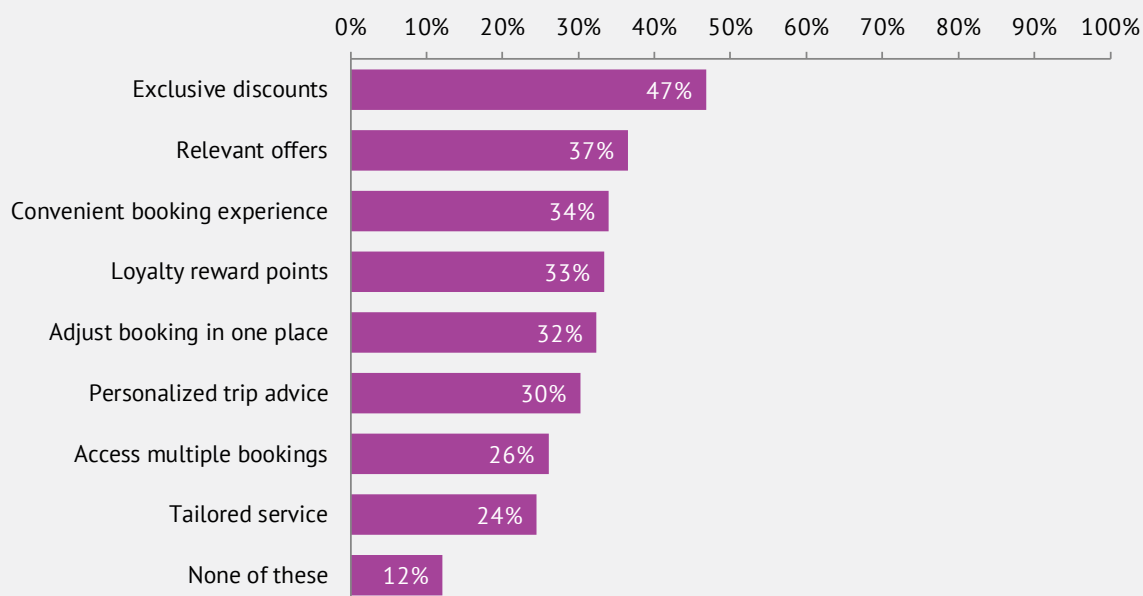
Hotels are currently capitalizing on the lucrative model of experiential ancillary sales, but with a holistic and kaleidoscopic understanding of the guest, hotels have an exciting opportunity to use data to plan experiences to create moments of surprise.

Right now, the majority of global travelers like to do a significant amount of pre-trip research to ensure they have a great stay. Nearly 80% agree that when they plan, they find out as much as possible about a destination before they go, but 62% also profess a desire to be more spontaneous. The hotels that understand their guests can step in with inspiring options, unexpected perks, unique experiences and more. These create welcome moments of surprise that feel spontaneous, but are in fact planned around the guest's interests and in-the-moment needs to drive the greatest emotional response.

This is one way that context-based personalization improves the guest experience. Hotels can target rewards at scale that make the guest feel special.

Inter-industry data sharing is incentivized

We asked more than 7,500 people in 12 markets globally under what circumstances they would be happy for accommodation services to share their personal information with another travel provider they use.



How will the industry meet the needs of tomorrow's guests?



Tomorrow's guests:

Guests can look forward to serendipitous perks that will make them feel valued. They want the certainty of a positive experience and to be delighted by something new. They want to check off the must-see tourist sites and escape the beaten track. They will look elsewhere if they can book the same room at a better price, so they will look for total transparency when booking. What changes the conversation is if the experience is rich, relevant, and personal.



Recommendations to hospitality businesses:

- **Loyalty will come from effort and insight, not from points:** stellar execution of the basics (including clean sheets, quality food and beverage options, competent staff, etc.) are necessary but not sufficient. The ability to provide service and desirable amenities (not necessarily unique or complex) will ensure guests return to where their individual needs are known and met.
- **Value creation and differentiation comes from both the expected and unexpected:** this will enhance the guest experience and your brand. Exclusivity and experiences that are unique to each property will stand out far more than those that are replicable.
- **Technology is key for supporting these initiatives:** how you collect, summarize, present, and share data will ensure access to guest preferences that will inform what you are able to do to personalize and customize the guest experience. Without a thoughtful platform buildout, companies never achieve these objectives. Hotels and brands need to be part of the discussion as they strategize about the technology and the data they need to be able to personalize their offerings. Relying on vendors to foresee hotel needs will result in vanilla experiences across brands.



Recommendations to technology providers:

- **Context is key:** the next level of tech-supported guest experience curation will allow guests to identify and specify their needs based on the changing context from trip to trip, and technology solutions need to be designed with these evolving needs in mind. Technology needs to adapt as business travel becomes self-curated away from Travel Management Companies (TMCs) and business-leisure stays become blurred.
- **Open-source API is the future:** Effective use of hospitality technology requires a lot of different partners at the organization-level. Platforms that do not integrate and work well with other products will never gain market share. Adoption will hinge on flexibility – switching costs will not become barriers but rather a lack of additional costs will increase adoption rates.
- **Invite guests into the personalization process:** the future isn't using tech to tell guests what they want based on pre-set preferences, but to use technology to help guide the guest experience and allow guests to collaborate with service personnel. Provision of à la carte shopping and product/service selection will ensure hotel partners can better meet customers' diverse needs, while simultaneously monetizing services and amenities that are otherwise provided for free. Success, however, will hinge upon presentation of appropriate options at personalized prices, requiring a full view across platforms into guest behaviors.

Delivering the expected and unexpected: who's doing this well today?

Kimpton® Hotels & Restaurants

Kimpton has built a renowned reputation for creating highly personal experiences, served up by an ethos of empowering hotel colleagues to delight guests in unique ways.

An essential part of the experience is Kimpton's loyalty offer, which merged with the IHG Rewards Club program in 2018 following IHG's acquisition of Kimpton in 2015. Exclusive Kimpton offers, invitations to private events, and more are at the heart of every Kimpton stay, alongside perks including:

- \$30 Spa Credit for all members to go toward an in-house treatment of their choice
- 'Raid the Bar' – which gives higher status members a drink from the minibar or hotel bar on the house
- An invitation to the highest Kimpton tier, Spire Elite Inner Circle, which gives loyal guests direct access to Kimpton's CEO, a uniquely personalized in-room amenity for each stay, and a complimentary night at new hotels.

Kimpton also shares perks on social media, offering followers seasonal secret passwords for a chance to win surprises at check in, such as an upgrade, bottle of wine, or a treat from the Chef. Guest-generated content such as wedding photos or travel moments are also a feature on Kimpton's social feeds, building authentic connections between the brand and travelers.



“Creating and then sharing a global guest profile around the industry is a matter of priority, since everyone will benefit”

Mihai Bote, Director of Technology Swire Hotels

Across industries, organizations are seeing pressure put on the middle of the market, forcing leaders to decide: will you compete on price or will you compete on service? Within the hospitality landscape it is even more extreme, as our transparent pricing requires that no one can compete on price alone, regardless of service tier, and that a focus on amenities and guest services is a must, regardless of a property's star rating.

In an effort to stay competitive, hoteliers have diluted themselves, providing the same “vanilla” amenities list, with facilities and perks that lack imagination and allow properties to claim “we have that too.”

The market will dictate that, to be successful, innovation must happen at the property level, with hotels designing unique amenities, experiences, and options that are unique to their location or region. This will force operators to become more clever and thoughtful in the experiences they deliver. Hand-in-hand with service and product design will be the ability to tell a story about the experience, bringing marketing and content down to each individual property level. This will both entice guests to book and help them achieve a great experience once on-property.

Chris K Anderson,
Director Center for Hospitality Research,
Cornell University

Imagine a world of data-driven empathy

We know that today's guests want help to maximize their time in-destination – some 59% of global travelers say they want to plan more in advance but find it difficult to know what to do locally, and 78% are interested in tips from brands about “non-tourist” activities.

Major hospitality brands that achieve cult status and build deep emotional connections with their guests will do so by leveraging technology and aligning new experiences with customer preferences. Here, we imagine how a future journey for two travelers will look when they engage with a brand that is using data in a clever way to provide in-the-moment personalization and planned spontaneity.

Rachel and Sophia are on a comparison site looking at hotels. A review says that a customer got a room upgrade because they quoted a secret code! Sophia starts digging around the hotel's website and social accounts and finds it in an Instagram story. Success!

They input the code when booking and get an option to stay in one of the hotel's rooms with in-house cats! It's like they know Rachel loves feline friends.

Sophia and Rachel get chatting to the friendly guy working in the lobby named Sebastian, who congratulates them for scoring an elusive cat room. Sebastian encourages them to allow the hotel to access some of the food and entertainment service apps they use because it opens cool personalized features and can lead to more unexpected perks. Sebastian shows Sophia how to connect to the hotel on WhatsApp. A notification asks if it can scan her phone for partner services, which she allows. It recognizes her Spotify app and she gives permission to link the two. A customized list of recommended bars and events pops up based on her music tastes.

It turns out there is a reggaeton night on Saturday just down the road – perfect! Her top playlist is softly playing when they get to the room.

The next day they tell Sebastian they would like to do a day trip hiking.

Sebastian sends local recommendations straight to Sophia's WhatsApp. It includes his personal favourite trails and he puts them in touch with some other guests that are going to the same area on Wednesday.

SECRET CODE:

welcome to the club

Lucky you!

You have been upgraded to our Feline Friends room.

Instagram stalking has never felt so good.



On the way back, in the group minivan Sebastian organized, the whole trip receives credit towards the spa the following morning. Sophie and Rachel book it to soak their tired muscles.

Rachel gave the hotel access to her morning alarm for the duration of the stay. On the day of check-out, her freshly laundered clothes are delivered to her room via the cute little robo-butler they've seen zipping around the corridors. It arrives 20 minutes after her alarm (Rachel was prone to hitting the snooze button zzzz).

Sophia and Rachel enjoyed their stay so much. They met some great people in the hotel and the staff made it so easy to explore the destination. Plus, they don't want to say goodbye to Molly, their favourite member of staff – the black cat that dropped by their room most nights and featured heavily in their posts on social.

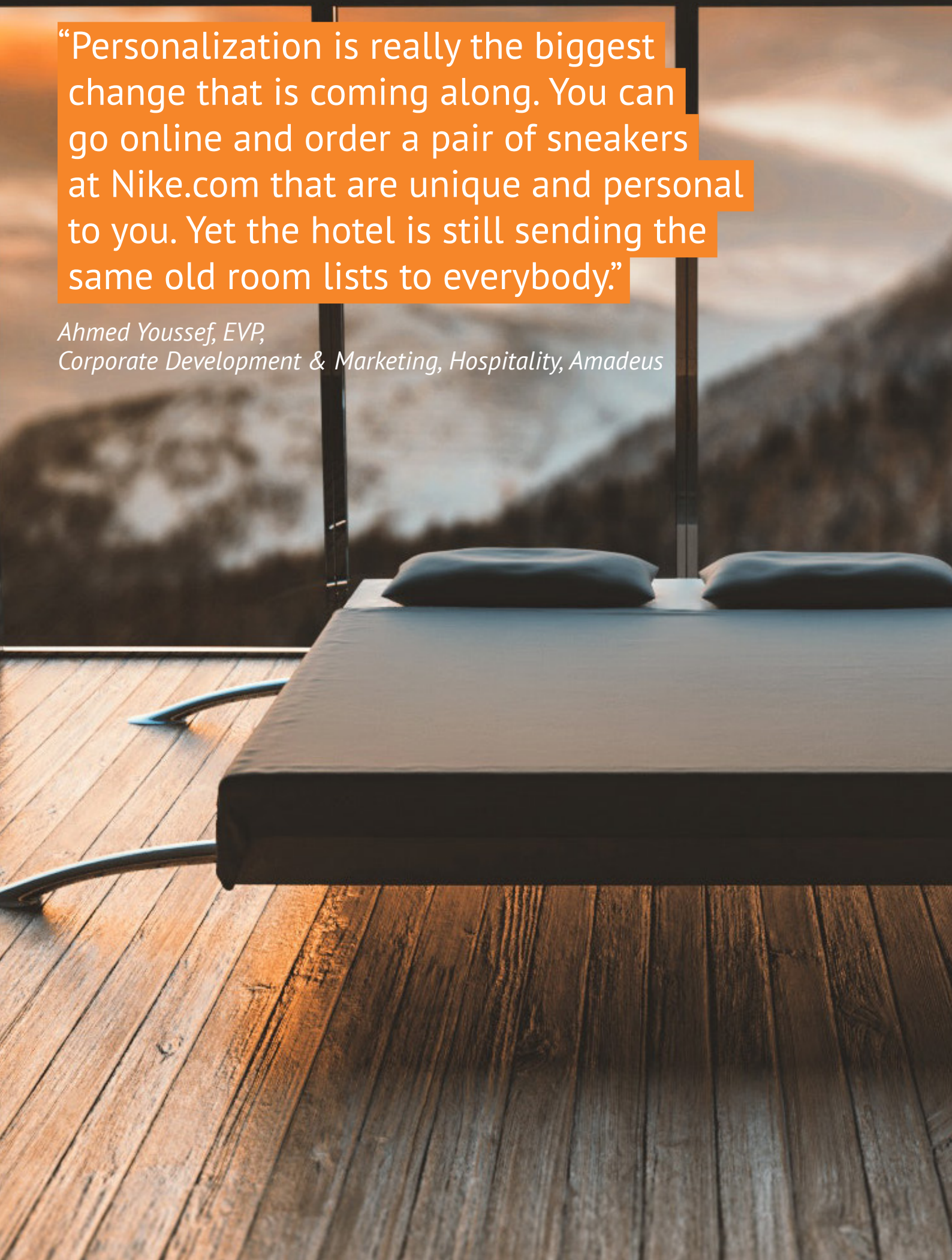
When the check-out confirmation comes, they don't hesitate about clicking on the TripAdvisor link. What's more, Sophia and Rachel sign up to the hotel brand's loyalty program which promises perks the next time they stay.

During registration for the program, they answer a few questions regarding how often they go on vacation. This, combined with the actual booking data from their current stay, is used to calculate the optimum date to reach out with an offer. Three months down the line, Sophia's WhatsApp buzzes with a notification from the hotel. A gif of Molly the hotel cat invites her to explore the brand's other locations in some of the year's top destinations. Sophie forwards the message to Rachel and so the trip planning excitement starts again.



“Personalization is really the biggest change that is coming along. You can go online and order a pair of sneakers at Nike.com that are unique and personal to you. Yet the hotel is still sending the same old room lists to everybody.”

*Ahmed Youssef, EVP,
Corporate Development & Marketing, Hospitality, Amadeus*





The Beginning of the End for Room Types

Attribute-based booking spells the end of room types as we know them.

The Beginning of the End for Room Types

Attribute-based booking spells the end of room types as we know them

Traditional room types will no longer be the core product offered by hotels. Instead, guests will choose from room configurations that match their needs.

This is known as attribute-based booking. In-room amenities, non-room inventory, and even tickets for out-of-hotel attractions can be flexibly included in bookings, and this very much represents the way that consumers want to be able to buy.

56% of consumers in Europe, 67% in the Americas and as many as 75% in Asia say that they have or are interested in customizing a room to suit their needs. In most cases, substantially fewer have done this than are interested in doing it, indicating the potential for growth in this area as hotel companies invest in new technology.

In addition, some 61% of global travelers prefer hotels to be priced in a way that allows them to add additional options. This highlights an opportunity for

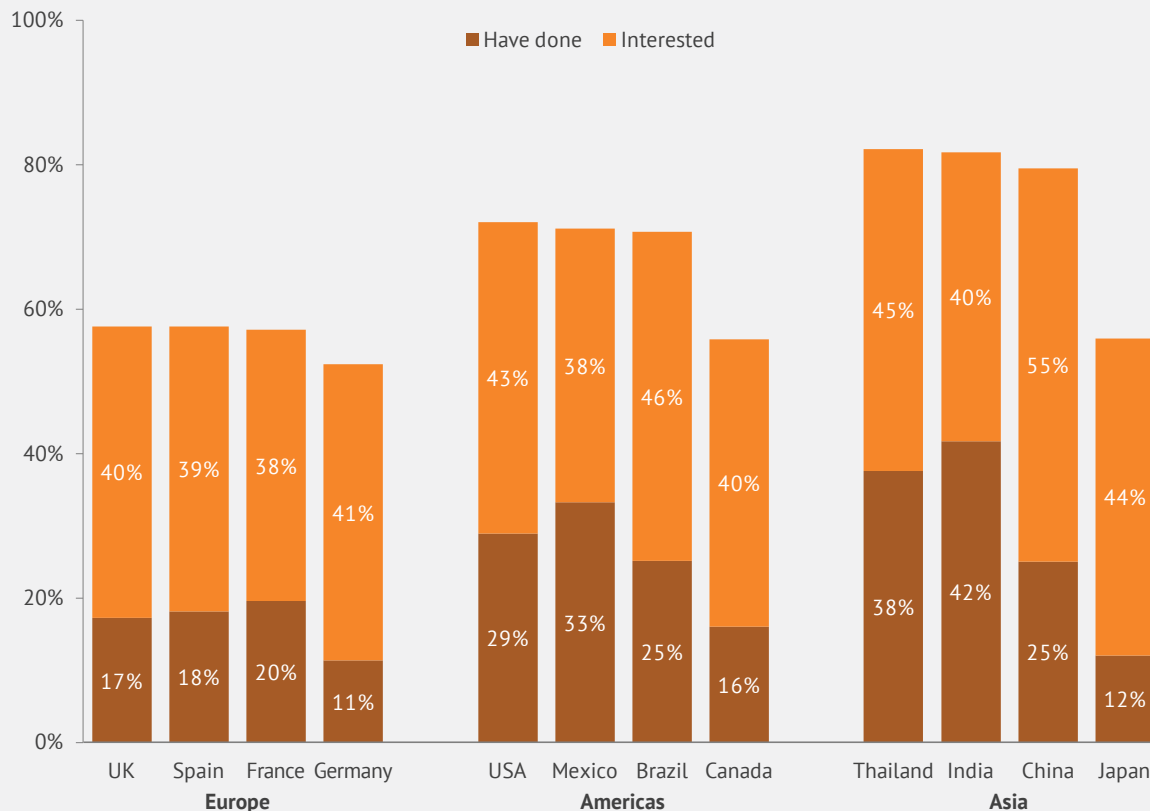
the hospitality sector to achieve incremental revenue growth from room features, via the addition of ancillary services, and from non-room inventory.

Unbundling amenities is a way of communicating value - making marketing rooms less about lowest prices and more about individual commodities which add value. By catering to a guest's specific need, whether that's a type of bed or an attractive view, a hotel can demonstrate its appeal by offering precise attributes which make each stay unique.

Hotels therefore need a better understanding of what they can offer for sale and what is in demand. An intelligent ecosystem that considers this at the point of booking will help hotels to monetize their most in-demand attributes. Over time, hotels can analyze what attributes are the most popular and profitable for future strategy.

The market for attribute-based booking

We asked more than 7,500 people in 12 markets globally if they had ever stayed in a personalized room that was "customized to my needs (e.g. furnished with my preferred furniture and room accessories)" or, if not, if they would be interested in doing so in the future



What attributes to offer:

Traditional room types are, in effect, starter bundles of room amenities, but there is increasing appetite to:

- **Maximize purchases:** Get what you pay for and only pay for what you need
- **Personalize purchases:** Stay in hotel rooms that are optimized to your tastes and preferences

Attributes that can be added into rooms include functional items, both low-tech and high-tech - a cot for infants or smart room technology. For example, some 64% of global travelers are interested in having access to a voice assistant (e.g. Alexa, Google Home) in their hotel room. Choosing which floor you stay on is also a customizable option.

But hotels will also need to consider what soft attributes their guests may value, and have a Property Management System capable of adding things to the room, like specific pillows, mattresses, or smart technology.

Equally important is that companies consider how guests book this new offering, integrating attributes into their Central Reservation Systems and showcasing the value that such attributes offer, using emerging technology such as augmented and virtual reality.

Tie attributes to motivation for travel

As ever, the best place to start when considering which features to build into an attribute-based booking system is by asking what guests want and by meeting their needs in a way that is transparent and resonates with their motivations and their schedule.

For example, it's possible that time-based check-in will increasingly enable a more authentic and personal experience with guests. Hotels can begin to accommodate guests when they are ready, not when the hotel is ready for them.

When guests are traveling for different reasons, their priorities change. The hotel of the future must understand consumer motives better – whether through actively asking them, passively collecting data, or making assumptions based on behavior.

Looking at the top motivations for traveling, creating attributes that enable friends and family to spend more time together, such as interconnected rooms, will have mass appeal. On the other hand, creating authentic cultural experiences may appeal to 26% of European guests, but just 16% of guests from the Asia Pacific region.

“Travelers are being a lot more choosy. Thanks to technology they can get what they want. It goes beyond booking as well; guests can be constantly in touch to ensure their stay with you is going to have everything they want.”

Ankur Bhatia, CTO, Hostmaker

“Hotels should be more flexible. When I stay in hotels as a DJ, I wish they would offer late check-in by default.”

Trendspotter, Germany

How will the industry meet the needs of tomorrow's guests?



Tomorrow's guests:

Many consumers will appreciate the ability to control every aspect of their stay to enhance their comfort, but there is a risk of providing them with too much choice during the booking process.

Provide guests with a way to assess how valuable an attribute may be to their stay. Accurate photos, videos, or even VR experiences will be necessary to fully share the potential experience.



Recommendations to hospitality businesses:

- **Get creative and audit your attributes:** from amenities in-room, to public spaces in the hotel, to off-site options. Understand the depth and breadth (and perceived value) of what guests can choose from to better tell the story of the different experiences you offer. Instead of just articulating the “options” for guests, display curated choices by bundling attributes into unique experiences to communicate their value e.g. spa, food & beverage, wellness rooms become a stress-busting weekend.
- **Articulate value by getting in the mind of different guests:** it will be critical to determine what attribute is important to each – and how can you go beyond stating that you have something, to showing a guest why they need something. Offerings should not just be customer-specific, but also stay dependent. For example, the same guest may need tech-enabled efficiency for a business trip, but more refined service for a leisure trip with the same brand.
- **Explore partnerships:** particularly those which allow you to leverage your property's infrastructure with new and evolving experiences. This can range from in-room amenities to programming activities. If you know your customers well, think about what other experiences or facilities your guests may enjoy. Whether it is partnering with luxury retail brands on a shopping trip, or connecting young and adventurous guests with locals who can give them insight into the local nightlife, markets and cultural events.



Recommendations to technology providers:

- **Get smart about how to leverage AI:** AI and consumer preferences can be used to make downstream recommendations. Be careful not to burn out guests with option overload.
- **Reinvent the wheel:** current PMS, CRS and CRM systems get clunky as soon as the number of room types and available attributes increases. Systems must be more sophisticated to not only foster aspirational attributes for new guests, but to ensure that returning and repeat clientele can easily replicate a “best- ever” stay. It is essential to move beyond simplified check-in/out periods and towards full flexibility in room assignment.
- **Align technology with operations:** digital recommendations must be able to be executed by on-site staff. A comprehensive understanding of operational processes and challenges is key for any successful software design. For example, full integration of CRS with labor scheduling will be critical to ensure room attendants can efficiently turn rooms and meet the needs of guests arriving on irregular schedules.

Maximizing hotel inventory: who's doing this well today?

Suiteness

Is a website that enables its members to get exclusive access to the best luxury hotel suites that are not easily accessible in online booking tools. This makes multi-room inventory accessible for large group bookings that are likely to turn to peer accommodation and apartments to access shared amenities. This helps hotels to monetize suites and makes hotels a more attractive option for families and groups that would prefer interconnected rooms or a suite to spend more time together.

Make Memories Together in a Suite

Our members get exclusive access to the best luxury hotel suites and a personal concierge.

“Why should reservations be based per night? Why can't they be time-based? Why can't I book a 24-hour slot, from 9 am until 9 am the next day?”

*Yanick Larose, VP,
Product and Development, Hospitality, Amadeus*

“By differentiating our prices, we will allow customers to buy only the things that are important to them.”

*Craig Eister, Senior Vice President,
Global Revenue Management, IHG*

Guests are willing to communicate an unprecedented amount of information, and it is the role of hoteliers to use that information as a tool to guide guests to the best possible stay. This will result in more flexibility around all of the so called “rules” of travel – ranging from which days or parts of a room are available to book, to which amenities they are willing to pay a premium for. It could even include how, where, and when guests will choose to interact with staff.

This creates an opportunity to better address customer needs with more varied options, which is paramount for hotels to adopt as online intermediaries continue to consolidate, focusing consumers on price and much less differentiated offerings. The ability for hotels to customize room, service, and amenity offerings to direct bookers could not come at a better time!

Technology will support collaborative experience curation, with guests and staff working together, and it will also create an era of micro-customization, where guests will be able to personalize details that were formerly too complex to break out as unique elements of a stay.

Chris K Anderson,
Director Center for Hospitality Research,
Cornell University

Imagine a world of attribute-based booking

We know that today's guests want ever greater control over the features in their hotel rooms – 65% of global consumers say that the room facilities were a top priority when they last booked accommodation. We know also that there is growing demand for personalization. Together, these trends suggest that "room types" will become an increasingly archaic way to categorize the way people book accommodation. Here, we conceptualize an imagined future journey for two travelers.



Indio, find me a family room in Miami for my holiday in September.

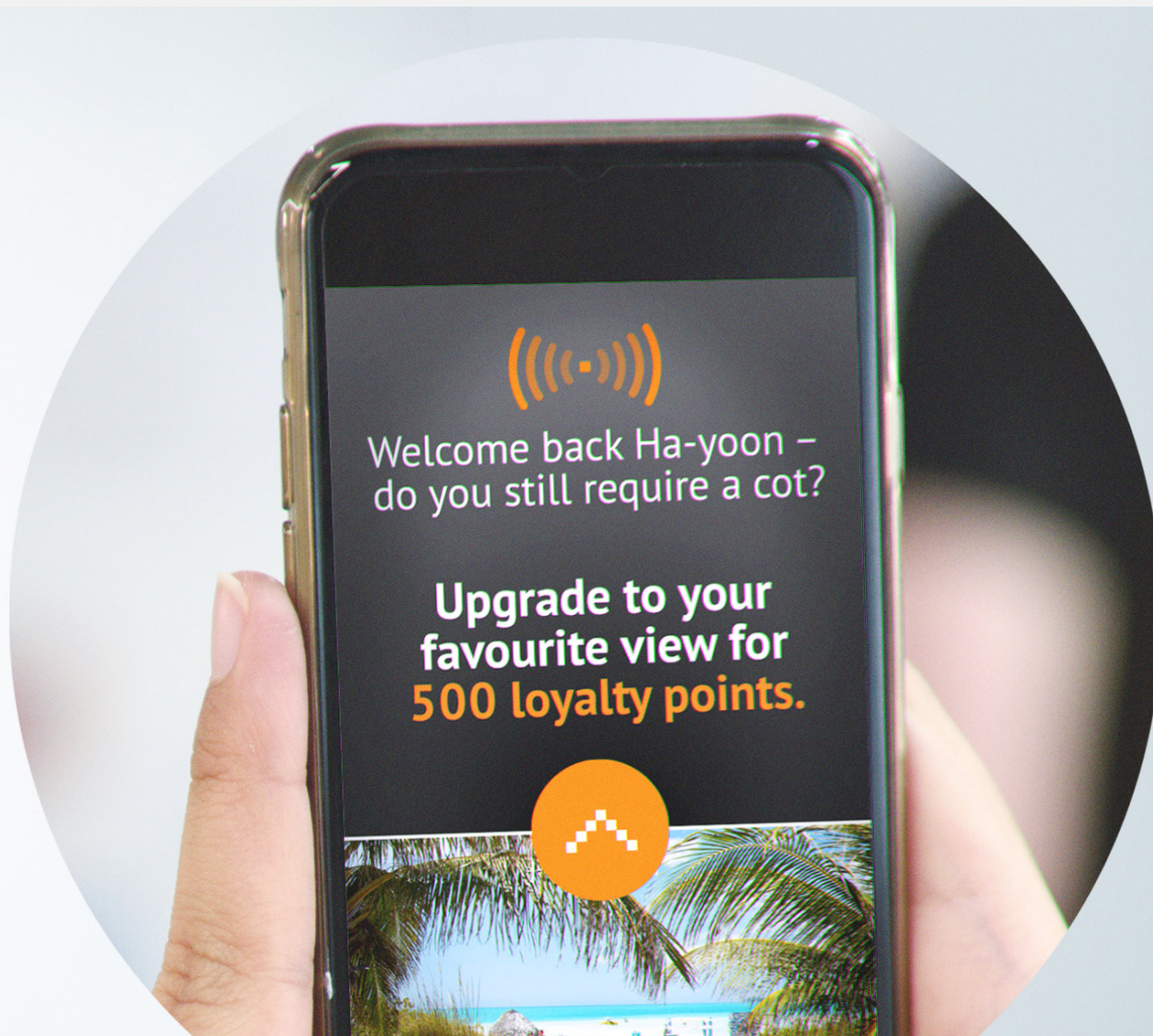
Min-Jun and Ha-yoon decide to book directly with IHG because Ha-yoon is a loyalty member. She searches on her phone using a new natural language processing engine by saying that she, her husband, and two children are visiting Miami in fall. Relevant rooms are returned, including interconnected and suite options for the whole family.

The platform recognizes Ha-yoon as a loyalty member and suggests her preferred location on the sea front. Work isn't paying this time, but the view looks great, so she adds it to the booking. The price guarantee assures her that it matches the price of a sea view for similar hotels.

Before the family arrived, the hotel asked Ha-yoon if she wanted to add anything else to the booking. She was served options relevant to traveling with her family.

Ha-yoon added two days at the kids club for her little boy as a bundle with a trip to a nearby water park. She adds a stroller and a cot for her baby girl – great!

Upon arrival, everything is in the room. She enquires about adding another day to the kids club, but Friday is full. An alternative is quickly proposed.



During her stay, Ha-yoon wanted to go shopping, but her youngest child isn't feeling well, so she stayed in the room with her instead.

The hotel has a partnership with Macy's. Staples are available on site and Ha-yoon can try on other clothes via an AR mirror from the comfort of her room.

She selects a few items, and they are delivered to the room that evening. She decides to keep the yellow dress and wears it to dinner. The other items are returned by room service.

Ha-yoon has been asked by work if she will go to New York for a meeting. It makes no sense to fly back with the family. Min-Jun travels back with the children, and Ha-yoon extends her booking for 12 hours to catch a later flight to New York.

A Final Word

The hospitality industry is on the cusp of a new chapter. Guests are seeking richer individual relationships and seamless experiences with their hospitality providers, and they are willing to share more data and insights than ever before. It is a pivotal moment for the industry to organize itself appropriately to be able to take advantage of the myriad of possibilities that lie ahead.

Technology will play an integral role in delivering the hospitality organization of the future. It will be the foundation and framework upon which new experiences are built, supporting service providers by illuminating key details and insights about guests' goals, desires, and expectations. Operating systems will speak to one another across platforms and integrate to transparently provide the necessary insight for staff to make the decisions that are in the best interest of the guest. This will yield unprecedented personalization and customization, give front line staff the tools to deliver a truly bespoke experience, and help hotels improve operational efficiency and drive incremental revenue.

Hotel brands, operators, and independents all need to examine the ways in which their amenities, experiences, and physical attributes are designed, marketed, and offered to guests. Advances in hotel system capabilities will create the stay of the future, allowing for attribute-based trip building. Guests will dictate what is important to them, and new functionality, such as flexible check-in/out times at point of individual room booking (with non-generic features), will put control back in the hands of the guest to create the experience that best suits their needs.

Guests will have the opportunity to curate and tailor their experiences based on the context of an individual trip or experience. They will move seamlessly between digital and human-centered interactions to gather information or make requests. Emphasis will move away from transactional interactions with staff, and toward rich, valuable exchanges where staff members guide guests toward exclusive experiences or authentic recommendations. AI integrations will ensure that the options now available to consumers are highly curated so that guests see only those that are relevant to their needs, and are guided, rather than overwhelmed, by the choices available.

The market demand is there. Guests want intentional experiences, the opportunity to select and design stays around their personal needs, and to share information with service providers that they trust in order to foster authentic relationships and real connections. The only question remaining is not where the industry is headed, but who will emerge as the leaders in this new landscape.

Chris K Anderson,
Director Center for Hospitality Research,
Cornell University

Methodology and Footnotes

Online survey

An online survey was conducted with people who had stayed in travel accommodation in the last 12 months. In total 7,516 interviews were conducted across 3 regions:

| Europe | 2,002 | Americas | 2,500 | Asia | 3,014 |
|---------|-------|----------|-------|----------|-------|
| UK | 500 | USA | 1,000 | China | 1,006 |
| France | 501 | Canada | 500 | India | 1,002 |
| Germany | 500 | Brazil | 500 | Thailand | 505 |
| Spain | 501 | Mexico | 500 | Japan | 501 |

Interviews typically lasted 10 minutes and were conducted during 2018.

Detailed Excel tables are available for each country, each region, and an amalgamated set for all markets.

Trendspotter input

Input from Foresight Factory's network of trendspotters across 5 markets (China, Germany, India, UK and USA)

Expert input

Interviews conducted with industry experts

Amadeus

- Tim Pelletier, Chief Technology Officer, Hospitality at Amadeus
- Ahmed Youssef, EVP, Corporate Development & Marketing, Hospitality at Amadeus
- Daniel O'Keefe, VP, Product Management, Hospitality at Amadeus
- Yanick Larose, VP, Product and Development, Hospitality at Amadeus

IHG

- Craig Eister, Senior Vice President, Global Revenue Management at InterContinental Hotels Group
- Jeff Garber, Vice President, Revenue Management Systems, InterContinental Hotels Group
- Brian Hicks, Vice President Revenue Strategy, InterContinental Hotels Group

Experts from the wider travel and hospitality industry

- Dr Ian Yeoman, Associate Professor of Tourism Futures at Victoria University of Wellington
- Ankur Bhatia, Chief Technology Officer, Hostmaker
- Steven Rubin, EVP of Operations at LodgIQ and Adjunct Professor of Revenue Management at NYU
- Mihai Bote CHTP, Director of Technology, Swire Hotels
- Chris K Anderson, Director Center for Hospitality Research, Cornell University

We'd like to thank all participants for their invaluable contributions.

Other inputs

Trends and data from Foresight Factory's online subscription platform provided further input.

About Foresight Factory

Foresight Factory is a global consumer trends and insight agency. We're a team of over 400 trendspotters, data scientists, industry consultants, researchers, and trends specialists. We combine analytical and predictive capabilities with robust data sets. This means we provide two services: Consulting and Foresight Factory online.

Footnotes

1. The International Air Transport Association (IATA), 20-Year Air Passenger Forecast, 2018
2. World Bank, World Development Indicators, Air transport, passengers carried global detail 2018, Europe refers to European Union
3. Oxford Economics, Consumer spending on Accommodation Services, USD PPP constant 2015 prices, October 2018
4. Photo credit: Justin Rearden, @justinrearden, Kimpton Aertson Hotel Nashville

