



By Daniel W. Rasmus

The Tens—Ten Factors Influencing the Future of Hotels

Hoteliers will need to pay attention to a number of factors as the global market shifts East, grows older (and younger) and expects more for their travel investment. Hoteliers that leverage these factors as opportunities will find themselves at the top of their markets over the next several years, while those who don't will struggle for relevance.

1. Demographics The overall global population continues to grow, but in the South and East, it is primarily a younger demographic, with the exception of China and Japan, while the West generally ages. Origin points, demand and types of travel will change, leading to an increased need for senior orientation, cultural awareness & translation capabilities.

2. Community Engagement It isn't enough to read customer comments, hoteliers need to interact with them at both the local and corporate level. Local managers need to address issues to avoid repeating bad experiences, while corporations need to compensate less than happy guests. Interaction through social media will be expected, and often preferred, to complicated brand or third-party sites.

3. Loyalty Competition Brand loyalty programs aren't the only game in town. Internet services like Expedia and Orbitz now offer their own point programs. Traditional loyalty programs need to offer more than points to the best customers. Immediate recognition, personal perks, mobile interactions, even free or discounted transportation should be on the list of ways brands approach retaining precious customers, while also retaining precious data about them.

4. Increasing Expectations Hotels should expect regular travelers to expect more, including a superior high-touch experiences. customization and in-depth recognition. Travelers will also expect better technology as a base measure, not an add-on. Brands have hurt themselves by charging for services, like Wi-Fi, at high-end properties, but giving away at the lower-end. Umbrella brands needs to consider a basic set of services that cross sub-brands.

5. Big Data & Analytics While loyalty programs and transactions collect large amounts of customer data, hotels should not get trapped by thinking data analysis is the key to all customer insights. Responding in a mechanical way to data-derived insights won't engage customers or keep them loyal. Integrating big data insights with a willingness to listen and authority to respond is the right formula for how to apply analytics.

6. Alternative Experiences Other hospitality options will increasingly compete with hotels, most notably the cruise industry. The cruise industry will launch larger ships, increase river cruises, and it will enter new and growing markets like China. Within the next decade, space travel will also compete for leisure dollars at the high-end. Hoteliers need to consider how they offer more memorable local experiences without going to the expense of turning every property into a Las

Vegas style venue. Getting out of the sleep-and-eat silo may be a key. Hoteliers should consider facilitating experiences like tours, concerts and attractions, proactively, without the perceived barriers of concierge.

7. Consumer Technology Advances Consumers are finding it hard to keep up with technology. Perhaps it is time for hoteliers to expand from bicycle and surfboard rentals to digital cameras, augmented reality, GPS and other technologies. If consumers know they can rent the latest technology at their destination, they can eliminate the time and cost associated with acquiring infrequently used items, while keeping bag weight down, and removing worries about technology breakdowns. Hotel rented tech will also come with optional insurance policies. In-room, basic cables should be considered the "forgotten toothbrush" of tech, easily available at the front desk. All rooms should include at least one USB charging port.

8. Employee Engagement Hoteliers won't be positioned to provide high-touch, high-tech experiences without well trained staff and lower turnover rates. That will mean professional development investments, higher salaries, and more customer service autonomy. Frontline employees can deliver customer intelligence, theory testing on analytical "insights" and technical support. Well-treated, empowered employees poised to meet customer needs will likely stay, increasing value to properties, brands and customers.

9. Emergent Models Airbnb has created an existential threat to the hotel industry by aggregating and brokering small properties at competitive prices. As with Uber and Lyft in the car-for-hire market, regulation is an issue. Hoteliers should expect that small wins against Airbnb and other competitors won't last long against an onslaught of voting consumers, at least in the U.S.—they may have better luck in Europe where cross-country regulation often ignores local sentiment. Uncertainty will dominate less democratic markets.

10. Safety & Security The world is a violent place, and that is increasingly true in places not normally associated with personal threats and public attacks. Hoteliers need to work closely with local law enforcement, as well as their own security teams, to offer guests tighter security while maintaining ease of access. Major conflicts, as always will be highly disruptive.

